

# ANNUAL REPORT 2020

KRUNGTHAI PANICH INSURANCE  
PUBLIC COMPANY LIMITED

# CIT-TI

CORE  
VALUES



กรุงไทยพานิชประกันภัย  
KRUNGTHAI PANICH INSURANCE

# C O N T E N T S

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## VISION

"Creating our corporate culture to develop our staff members as an effective and high potential team in the highly competitive market and to advance our business with innovation and excellence in service in responding to the customers' and partners' demand for sustainable profit-making."

## CORE VALUES

### CUSTOMER-CENTRIC

Have service-mindedness with the emphasis on responsiveness and co-operation with the customers through perfectly-matched products and excellent service.

### INTEGRITY

Behave accordingly to the rules and regulations.

### TEAMWORK

Have empathy, vigor, dynamism, co-operation, creativity, responsibility, inquisitiveness to learn and willingness towards change.

### TARGET-DRIVEN

Have a mutual goal and motivation to achieve the set target.

### INTEGRATED PROCESS

Operate an integrated process via modern technology which is both efficient and effective.

# FINANCIAL HIGHLIGHTS

Unit : Million Baht (Except Earnings Per Share Unit : Baht)

| ITEMS                        | 2018         | 2019          | 2020          |
|------------------------------|--------------|---------------|---------------|
| <b>GROSS WRITTEN PREMIUM</b> | <b>3,092</b> | <b>3,117</b>  | <b>3,933</b>  |
| % CHANGE                     | 0.22         | 0.78          | 26.20         |
| <b>NET WRITTEN PREMIUM</b>   | <b>2,397</b> | <b>2,140</b>  | <b>2,280</b>  |
| % CHANGE                     | -5.91        | -10.73        | 6.54          |
| <b>UNDERWRITING INCOME</b>   | <b>521</b>   | <b>490</b>    | <b>532</b>    |
| % CHANGE                     | 30.27        | -5.99         | 8.53          |
| <b>INVESTMENT INCOME</b>     | <b>325</b>   | <b>405</b>    | <b>341</b>    |
| % CHANGE                     | -12.22       | 24.39         | -15.59        |
| <b>NET INCOME</b>            | <b>694</b>   | <b>732</b>    | <b>716</b>    |
| % CHANGE                     | 10.53        | 5.46          | -2.10         |
| <b>EARNINGS PER SHARE</b>    | <b>21.03</b> | <b>22.18</b>  | <b>21.71</b>  |
| % CHANGE                     | 10.53        | 5.46          | -2.10         |
| <b>TOTAL LIABILITIES</b>     | <b>3,652</b> | <b>3,904</b>  | <b>5,126</b>  |
| % CHANGE                     | 8.29         | 6.89          | 31.33         |
| <b>SHAREHOLDER'S EQUITY</b>  | <b>6,141</b> | <b>6,562</b>  | <b>6,695</b>  |
| % CHANGE                     | 3.85         | 6.85          | 2.04          |
| <b>TOTAL ASSETS</b>          | <b>9,793</b> | <b>10,465</b> | <b>11,822</b> |
| % CHANGE                     | 5.47         | 6.86          | 12.96         |

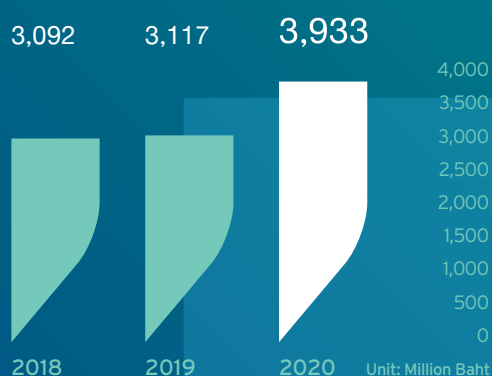


| FINANCIAL RATIO                          | 2018   | 2019   | 2020          |
|--|--------|--------|---------------|
| Net Profit / Net Written Premium         | 28.95  | 34.20  | <b>31.43</b>  |
| Net Profit / Total Assets (ROA)          | 7.09   | 6.99   | <b>6.06</b>   |
| Net Profit / Shareholder's Equity (ROE)  | 11.30  | 11.15  | <b>10.70</b>  |
| Total Liabilities / Shareholder's Equity | 59.47  | 59.49  | <b>76.57</b>  |
| Capital Adequacy Ratio (CAR Ratio)       | 767.82 | 750.11 | <b>760.17</b> |

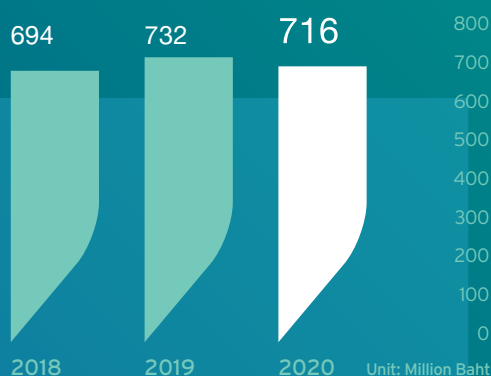
**Note :**

\* CAR Ratio 2020 is prior to submission to the Office of Insurance Commission (OIC)

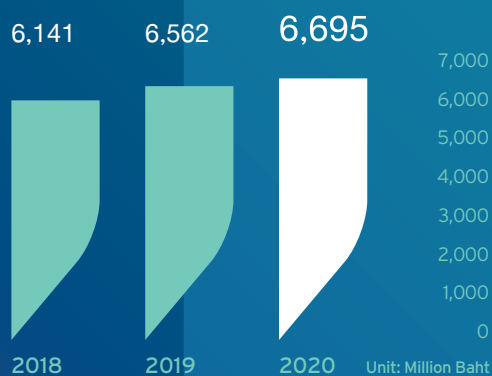
## GROSS WRITTEN PREMIUM



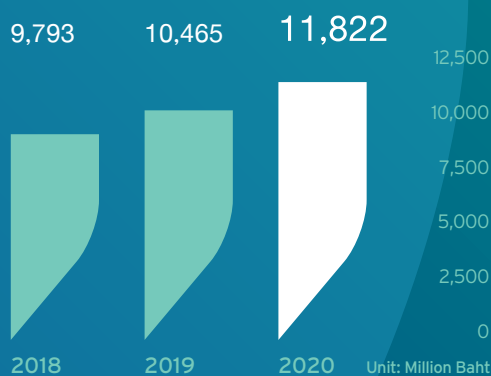
## NET INCOME



## SHAREHOLDER'S EQUITY



## TOTAL ASSETS





## CIT-TI

Five Core Values that combine corporate values into one concept and a method of working for all employees in an organization is called CIT-TI.

The company has designated CIT-TI as the defined corporate value to be a way of transferring and instilling employees of all levels to adhere and act with goals in the same direction that results in creating a good corporate culture.

## CUSTOMER CENTRIC

The company gives great importance to the customers' needs with products that are relevant. This reassures employees to be more service-minded by providing the best customer experience. Open-mindedness, listening to customers and sincere communication as well as being ready to accept mistakes and taking corrective action are the solutions to meet the customers' needs at the very best.

# INTEGRITY

The company aims to maintain business ethics and good corporate governance. This encourages the personnel to work responsibly and to be honest towards oneself and others. This also ensures transparency, being open and verifiable as well as abiding strictly by the rules and regulations of the company.





## TEAMWORK

The company emboldens people to work together with compassion by taking into account the options that are most beneficial for all parties. Listening to and respecting different perspectives, joint responsibility, being flexible and dare to learn new things will lead the organisation to become a unity.



# TARGET DRIVEN

The company supports all personnel to work towards their goals, to be ready to create something new and open to all challenges. Being courageous to face changes and taking initiatives for quality and efficient work will bring mutual success.

# INTEGRATED PROCESS

The company promotes the process management in both development and improvement of work efficiency to achieve a unified basis. With the introduction of modern technology, this enhances the efficiency of the integrated management system.

# MESSAGE FROM THE BOARD OF DIRECTORS



**DR.DHIRAPHORN SRIFUENGFUNG**  
Chairman of the Board of Directors



According to the Bank of Thailand (BOT) forecasts, the Thai economy in 2020 is likely to contract decrease by 6.6 percent, less than previously estimated (data as of January 2021) as the economy in the third quarter recovered faster than expected. In particular, the export sector gradually improved in line with trading partners' economies as well as improved private consumption after easing control measures for the continuous domestic Coronavirus outbreak (COVID-19). Furthermore, the issuing public fiscal and monetary measures have helped support the people's purchasing power through various projects. Nonetheless, the tourism sector and the private investment continued to contract at a high rate while the overall non-life insurance business in 2020 will grow at only 0.9 percent from 2019, with direct insurance premiums of 246,345 million baht. (Source: Thai Re Knowledge Center)

Accordingly, in 2020 the Company's income from direct premiums amounted to 3,933 million baht, an increase of 26.2 percent from 2019, and the income after operation expenditure was 532 million baht, the income from net investment amounted to 341 million baht and the net profit from business operation after deducting corporate income tax amounted to 716 million baht.

In 2021, the Thai economy is expected to increase by 3.2 percent from 2020. The export sector is likely to recover well according to the trading partners' economic expansion. Meanwhile the tourism sector is likely to decrease at a higher rate and recover much slower than expected because of the overseas situation of COVID-19 which is prolonging and becoming more severe. Thus this affects Thailand in welcoming foreign tourists in limited numbers. For the domestic demand, the new outbreak is still the factor that depresses private consumption. The government expenditure is still the key motivation. However, this may slow down slightly due to the budget cuts and decreases in 2021 and the budget overlap in the fiscal year after the accelerating disbursement in 2020, along with the postponing investment plans and reducing investment budgets of the state-owned enterprises.

Accordingly, in 2021, KPI would continue to focus in middle-sized and retail customers as our primary target segments. While for large-sized customer, our business expansion would be strictly to industrial sector that has shown low Loss Ratio in order to harness growth at secure and sustainable rate. In addition, we will continue to strengthen relationships with our customers, business partners and business alliances to maintain, increase and maximize renewal rate of the existing insurance policies. This also includes the selection of new business partners and alliances who have potentials in expanding and increasing sales via online channels. We will further enhance our data analysis and assessment of our current customers to identify opportunities for upselling new insurance products while offering more comprehensive solutions. Moreover, we will keep on improving our distribution channels, ensuring that all insurance products and solutions can be introduced in easy, convenient and efficient manner. Our information technology system has also been constantly up-to-date to accommodate the ever-changing consumer behaviors that have been relying more and more on online platform. In 2021, the Company will further improving our customer service quality while maintaining business profits at sustainable level. Besides the aforementioned business growth, we also emphasize on our corporate social responsibilities by organizing CSR projects and activities as well as continue giving importance to strict supervision, auditing and risk management to build good governance through our future.

On behalf of our Board of Directors, I would like to express my sincere appreciation to all shareholders, customers, business partners as well as our employees at all levels for your strong and dedicated support in our business operations throughout 2020. We are determined to continue our commitment to maintain steady and sustainable growth as well as utilise our competitive advantage to achieve greater success and strong performance.



**DR.DHIRAPHORN SRIFUENGFUNG**  
(Chairman of the Board of Directors)

# BOARD OF DIRECTORS



**DR.DHIRAPHORN  
SRIFUENGFUNG**

Chairman of The Board  
of Directors



**MR.PAYUNGSAK  
CHARTSUTIPOL**

Independent Director /  
Chairman of Audit Committee /  
Chairman of Corporate  
Governance Committee



**MR.UDOMSAK  
ROJVIBOONCHAI**

Independent Director /  
Chairman of Executive Director





**MS.SARANYA  
VEJAKUL**

Director /  
Executive Director



**MR.WARAWUT  
SITTHIYOS**

Director /  
Audit Committee



**MR.PONSAK  
JITPRASERT**

Director



**ASST.PROF.KULAYA  
JANTADEJ PH.D.**

Independent Director /  
Audit Committee



**MR.TANET  
PHANICHEWA**

Director /  
Corporate Governance  
Committee



**MR.KERATI  
PANICHEWA**

Director /  
Executive Director



**DR.PONGPANU  
DAMRONGSIRI**

Director /  
Executive Director



**MS.SUCHAVADEE  
SANGANONG**

Director /  
Executive Director

# BOARD OF DIRECTORS' PROFILE

## DR.DHIRAPHORN SRIFUENGFUNG CHAIRMAN OF BOARD OF DIRECTORS

### > EDUCATION

- Ph.D. Civil Engineering University of Missouri, USA

### > TRAINING

- National Defence Course for public, private and political defence class 1, National Defence College
- Directors Accreditation Program (DAP) Thai Institute of Directors Association (IOD)

### > NO. OF SHARES

- None

### > RELEVANT IMPORTANT POSITION

- Chief Executive Officer of Pimai Salt Co., Ltd.
- Chairman of Goodyear (Thailand) Public Co., Ltd.
- President of Patong Beach Hotel (Phuket) Co., Ltd.
- President of Baan Samui Resort Co., Ltd.
- Executive Director of Thai Refined Salt Co., Ltd.
- Executive Director of Boonsong Co., Ltd.
- Executive Director of Boonpermpoon Co., Ltd.
- Director of TTL Industries Public Co., Ltd.

## MR.PAYUNGSACK CHARTSUTIPOL INDEPENDENT DIRECTOR / CHAIRMAN OF AUDIT COMMITTEE / CHAIRMAN OF CORPORATE GOVERNANCE COMMITTEE

### > EDUCATION

- Honorary Degree of Doctor of Engineering, Suranaree University of Technology
- Honorary Degree of Doctor of Philosophy, Organization Development Administration, Chaopraya University
- Certificate of Management Development Program, North Western University, USA
- Bachelor of Engineering, Electrical Engineering, Chulalongkorn University

### > TRAINING

- Director Accreditation Program (DAP SCC / 2004), Thai Institute of Directors
- Risk Management Program for Corporate Leaders (RCL 3 / 2016), Thai Institute of Directors
- Top Executives in the Energy Education Program (Batch 1), Thailand Energy Academy (TEA)
- Executive Program, Poompalungpandin Program (Batch 1), Chulalongkorn University
- Administrative Justice for Executives (Batch 2), Administrative Court
- Capital Market Academy Leader Program (Batch 11), Capital Market Academy (CMA)
- Top Executive Program in Commerce and Trade (TEPCoT Class 2), Commerce Academy, University of the Thai Chamber of Commerce

### > NO. OF SHARES

- None

### > RELEVANT IMPORTANT POSITION

- Chairman Glow Energy Public Company Limited
- Independent Director / Chairman of Corporate Governance and Sustainability Committee, Global Green Chemicals Public Company Limited
- Chairman, Siam City Leasing and Factoring Public Company Limited
- Director, Linde (Thailand) Public Company Limited
- Director, The Siam United Stell (1995) Company Limited
- Independent Director / Vice Chairman, Sapthip Company Limited
- Director, Glow Company Limited

# BOARD OF DIRECTORS' PROFILE

## MR.UDOMSAK ROJVIBOONCHAI INDEPENDENT DIRECTOR / CHAIRMAN OF EXECUTIVE DIRECTOR

### > EDUCATION

- Master of Commerce, Chulalongkorn University

### > TRAINING

- The Leadership Grid - The Power to Change
- Modern Management Strategy (2008)
- Financial Executive Development Program (Finex)
- Fiscal Management Program
- TLCA Executive Development Program (EDP)
- Advanced Certificate Course in Public Economics Management for Executives
- Corporate Governance for Capital Market Intermediaries (CGI)
- Leader Program (CMA)
- Institute of Business and Industrial Development for top executive (IBID 3)
- Advanced Audit Committee Program (AACP 24 / 2016)
- Director Accreditation Program (DAP 131 / 2016)
- Director Certification Program (DCP) Class 248 / 2017 Thai Institute of Directors (IOD)

### > NO. OF SHARES

- None

### > RELEVANT IMPORTANT POSITION

- Chairman of Board of Directors Terabyte Net Solution Co.,Ltd.
- Chairman of Audit Committee Siamrajathane Plc.

## MS.SARANYA VEJAKUL DIRECTOR / EXECUTIVE DIRECTOR

### > EDUCATION

- MBA Executive Program, Chulalongkorn University
- Bachelor of Economics (Accounting), Kasetsart University

### > TRAINING

- Financial and Fiscal Management Program for Senior Executive (FME) 2020
- TRFS9 Financial Instrument - Hedge Accounting (Workshop) 2020
- CFO Focus on Financial Reporting 2019
- The Anti-Money Laundering and the Counter - Terrorism and Proliferation of Weapon of Mass
- Destruction Financing (AML/CTPF) 2019

### > NO. OF SHARES

- None

### > RELEVANT IMPORTANT POSITION

- None

# BOARD OF DIRECTORS' PROFILE

## MR.WARAWUT SITTHIYOS DIRECTOR / AUDIT COMMITTEE

### > EDUCATION

- Master Degree MBA, Ramkhamhaeng University
- Bachelor Degree MBA, Ramkhamhaeng University

### > TRAINING

- Executive Leadership Development Program (ELDP)
- Director Certification Program (DCP) Class 240 / 2017 Thai Institute of Directors (IOD)

### > NO. OF SHARES

- None

### > RELEVANT IMPORTANT POSITION

- None

## MR.PONSAK JITPRASERT DIRECTOR

### > EDUCATION

- Master Degree of Business Administration, Ramkhamhaeng University
- Bachelor Degree of Arts, Ramkhamhaeng University

### > TRAINING

- None

### > NO. OF SHARES

- None

### > RELEVANT IMPORTANT POSITION

- None

# BOARD OF DIRECTORS' PROFILE

## **ASST.PROF. KULAYA JANTADEJ, PH.D.** **INDEPENDENT DIRECTOR / AUDIT COMMITTEE**

### **> EDUCATION**

- Doctor of Philosophy (Accounting Specialization), University of Nebraska-Lincoln, U.S.A.
- Master of Financial Management, The University of Queensland, Australia
- Bachelor of Business Administration (1st Class Honors, Gold Medal), Accounting Major, Thammasat University

### **> TRAINING**

- IFRS 9 Financial Instruments: Practical Application organized by PwC's Academy, Singapore
- TFRS 9 Impairment of Financial Assets organized by Federation of Accounting Professions under the Royal Patronage of His Majesty the King
- TFRS 13 Fair Value Measurement organized by Federation of Accounting Professions under the Royal Patronage of His Majesty the King
- TFRS 15 Revenue from Contracts with Customers organized by Thai Accounting Association
- TFRS 16 Leases organized by Thai Accounting Association
- The Conceptual Framework for Financial Reporting organized by Federation of Accounting Professions under the Royal Patronage of His Majesty the King

### **> NO. OF SHARES**

- None

### **> RELEVANT IMPORTANT POSITION**

- None

## **MR.TANET PHANICHEWA** **DIRECTOR / CORPORATE GOVERNANCE COMMITTEE**

### **> EDUCATION**

- Master of Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University, Bangkok, Thailand
- Bachelor of Industrial Engineering, School of Engineering, Newcastle University, NSW, Australia

### **> TRAINING**

- Capital Market Academy (CMA)
- Future Entrepreneurs Forum (FEF)
- Academy of Business Creativity (ABC)
- Tourism Management Program for Executives (TME)
- Top Executive Program in Commerce and Trade (TEPCoT)
- Top Executive Program for Creative & Amazing Thai Services (ToPCATS)

### **> NO. OF SHARES**

- 30,089

### **> RELEVANT IMPORTANT POSITION**

- Chairman / Director  
KIARTI THANEE COUNTRY CLUB CO., LTD.
- Director TTL INDUSTRIES PUBLIC CO., LTD.

# BOARD OF DIRECTORS' PROFILE

## MR.KERATI PANICHEWA DIRECTOR / EXECUTIVE DIRECTOR

### > EDUCATION

- Master of Business Administration, College of Notre Dame, California, USA
- Bachelor Degree in Insurance, University of Hartford, Connecticut, USA

### > TRAINING

- Director Certification Program, Class 1/2000, Thai Institute of Directors Association (IOD)
- Leadership Program Class 11, Capital Market Academy, The Stock Exchange of Thailand

### > NO. OF SHARES

- None

### > RELEVANT IMPORTANT POSITION

- Director of Thai Reinsurance Public Company Limited
- Director of TTL Industries Public Company Limited
- Director of Kiarti Thaneer Country Club Company Limited
- Director of Thai Public Port Company Limited

## DR.PONGPANU DAMRONGSIRI DIRECTOR / EXECUTIVE DIRECTOR

### > EDUCATION

- Ph.D. Organization Development, Assumption University
- M.S. Insurance University of Hartford, Connecticut, USA
- B.B.A. Life Insurance Assumption University

### > TRAINING

- Police Administration in Digital Age (PADA), The Royal Thai Police Association
- Digital Transformation for CEO, Nation Group
- Director Certification Program Class 283/ 2019, Thai Institute of Directors
- The CMO Academy, Marketing Association of Thailand
- Thailand Insurance Leadership Program Batch 5, OIC Advanced Insurance Institute
- Allianz Recognition and Education Conference (AREC) in Singapore
- Separation Notification Training
- "Managing the Business the AIU Personal Lines Way", New York
- "Maximum Impact Presentation Skills", Bangkok
- "AIG Leadership Breakthrough Part II", Hong Kong
- "AIG Leadership Breakthrough" in Hong Kong
- "AIG Strategic Leadership in the Marketplace"

### > NO. OF SHARES

- None

### > RELEVANT IMPORTANT POSITION

- None

# BOARD OF DIRECTORS' PROFILE

## **MS.SUCHAVADEE SANGANONG** **DIRECTOR / EXECUTIVE DIRECTOR**

### › **EDUCATION**

- MBA (Finance), University of Hartford, Connecticut, United States of America
- MS (Insurance), University of Hartford, Connecticut, United States of America
- BBA (General Management and Insurance & Risks Management), Assumption University

### › **TRAINING**

- Capital Market Academy Programs (CMA) – Class 29
- Top Executive Program for Creative & Amazing Thai Service (ToPCATS) – Class 1
- Top Executive Program in Commerce and Trade (TEPCoT), Commerce Academy – Class 11
- International Management Seminar : Partnership for Success - New York, United States of America
- Cyber Conference – Seoul, South Korea
- Digital Economy for Management (DE4M), Institute of Research and Development for Public Enterprises (IRDP) – Class 1
- Successful Formulation and Execution of Strategy (SFE), Thai Institute of Directors (IOD) – Class 25
- Director Certification Program (DCP), Thai Institute of Directors (IOD) – Class 194
- Enterprise Risk Management Workshop (ERM) – Munich, Germany
- Advance Insurance Institution (AII), Office of Insurance Commission (OIC) – Class 3
- Leadership Program, PacRim Group
- East Asian Insurance Congress (EAIC)
- Singapore Reinsurance Conference (SIRC)

### › **NO. OF SHARES**

- None

### › **RELEVANT IMPORTANT POSITION**

- None



# THE EXECUTIVES



**DR.PONGPANU  
DAMRONGSIRI**  
President



**MS.SUCHAVADEE  
SANGANONG**  
Senior Executive Vice  
President



**MR.RANISORN  
PHOUNGVARINTARA**  
Executive Vice President



**MRS.TASANEE  
HRUETRAKON**  
Executive Vice President



**MR.APICHART  
CHONGCHAROEN**  
Executive Vice President



**MS. VEECHALITA  
JIRASANTIPONG**  
Executive Vice President

# THE EXECUTIVES' PROFILE

## DR.PONGPANU DAMRONGSIRI PRESIDENT

### › EDUCATION

- Ph.D. Organization Development, Assumption University
- M.S. Insurance University of Hartford, Connecticut, USA
- B.B.A. Life Insurance Assumption University

### › WORK EXPERIENCE

- Senior Executive Vice President, Chief of Agency. Chubb Samaggi Insurance Public Company Limited
- Chief Executive Officer. KSK Insurance (Thailand) Public Company Limited
- CAO Management Team. Allianz Aydhaya Life Insurance Public Company Limited
- Vice President, Agency and Broker Channel Management Department. New Hampshire Insurance Company
- Vice President, Personal Lines Department, New Hampshire Insurance Company
- Senior Assistant Vice President, Personal Lines Department. New Hampshire Insurance Company
- Special Project Manager. Krungthai Panich Insurance Co., Ltd.

### › TRAINING

- Police Administration in Digital Age (PADA), The Royal Thai Police Association
- Digital Transformation for CEO, Nation Group
- Director Certification Program Class 283/ 2019, Thai Institute of Directors
- The CMO Academy, Marketing Association of Thailand
- Thailand Insurance Leadership Program Batch 5, OIC Advanced Insurance Institute
- Allianz Recognition and Education Conference (AREC) in Singapore
- Separation Notification Training
- "Managing the Business the AIU Personal Lines Way", New York
- "Maximum Impact Presentation Skills", Bangkok
- "AIG Leadership Breakthrough Part II", Hong Kong
- "AIG Leadership Breakthrough" in Hong Kong
- "AIG Strategic Leadership in the Marketplace"

## MS.SUCHAVADEE SANGANONG SENIOR EXECUTIVE VICE PRESIDENT

### › EDUCATION

- MBA (Finance), University of Hartford, Connecticut, United States of America
- MS (Insurance), University of Hartford, Connecticut, United States of America
- BBA (General Management and Insurance & Risks Management), Assumption University

### › WORK EXPERIENCE

- Thai Reinsurance PLC.
- American Reinsurance, New York & New Jersey, United State of America
- Kasikorn Asset Management Co., Ltd.
- Muang Thai Life Assurance PLC.
- Thai Insurance Institution (Lecturer)
- Assumption University (Lecturer)

### › TRAINING

- Capital Market Academy Programs (CMA) - Class 29 Top Executive Program for Creative & Amazing Thai Service (ToPCATS) - Class 1
- Top Executive Program in Commerce and Trade (TEPCoT), Commerce Academy - Class 11
- International Management Seminar: Partnership for Success - New York, United States of America
- Cyber Conference - Seoul, South Korea Digital Economy for Management (DE4M), Institute of Research and Development for Public Enterprises (IRDP) - Class 1
- Successful Formulation and Execution of Strategy (SFE), Thai Institute of Directors (IOD) - Class 25
- Director Certification Program (DCP), Thai Institute of Directors (IOD) - Class 194
- Enterprise Risk Management Workshop (ERM) - Munich, Germany
- Advance Insurance Institution (All), Office of Insurance Commission (OIC) - Class 3
- Leadership Program, PacRim Group East Asian Insurance Congress (EAIC) Singapore Reinsurance Conference (SIRC)

# THE EXECUTIVES' PROFILE

## MR.RANISORN PHOUNGVARINTARA EXECUTIVE VICE PRESIDENT

### > EDUCATION

- Faculty of Laws Ramkhamhaeng University
- Young executive MBA Chulalongkorn university
- Principal of insurance and engineering Munich Re insurance Germany
- Executive MM Thammasat university

### > WORK EXPERIENCE

- The Thai commercial Insurance co.,ltd
- One insurance.co
- Thai insurance co.,ltd
- Aioi Bangkok insurance co.,ltd

### > TRAINING

- Victoria Insurance Dusseldorf Germany
- General insurance at Association of Thailand
- Marine cargo insurance at Association of Thailand
- Kepner and tregoe Thailand
- John robert power Thailand
- Factoring model at Toyota Nagoya Japan

## MRS.TASANEE HRUETRAKON EXECUTIVE VICE PRESIDENT

### > EDUCATION

- Master Degree of MBA, Major Finance and Banking Ramkhamhaeng University
- Bachelor Degree of Business Administration, Major in Accounting, Ramkhamhaeng University
- Professional Controller Certification Program
- Federation of Accounting Professions

### > WORK EXPERIENCE

- Managerial Accounting Manager  
Chubb Smaggi Insurance Public Company Limited
- Accounting Manager  
Chubb Smaggi Insurance Public Company Limited
- Supervisor of General Accounting  
Chubb Smaggi Insurance Public Company Limited
- Accounting Officer  
Chubb Smaggi Insurance Public Company Limited

# THE EXECUTIVES' PROFILE

## MR.APICHART CHONGCHAROEN EXECUTIVE VICE PRESIDENT

### EDUCATION

- Master of Science, Major Information Technology  
King Mongkut's University of Technology Thonburi
- Bachelor's degree of Engineer, Major Computer  
Engineering King Mongkut's Institute of Technology

### WORK EXPERIENCE

- Head of IT Infrastructure  
Kiatnakin Bank Plc.
- Head of Solution Architecture  
Kasikorn Bank Plc.
- Head of Security Operation  
Kasikorn Bank Plc.
- Enterprise Architecture  
Kasikorn Bank Plc.
- Managing Director  
GSB Co., Ltd.
- Presale Manager  
Teledata Inc.
- Technical Sale  
The Communication Solution Co., Ltd.
- Security Consultant  
Equant Integration Service Inc.
- Network Specialist Manager  
The Communication Solution Co., Ltd.

### › TRAINING

- Cisco Certified Internetwork Expert (1999)

## MS.VEECHALITA JIRASANTIPONG EXECUTIVE VICE PRESIDENT

### › EDUCATION

- Master Degree of MBA, Bangkok University
- Bachelor of Arts and Science, Major in Business English  
South-East Asia University

### › WORK EXPERIENCE

- HR and Admin Senior Manager (Head of Department)  
Aegon Insights (Thailand) Limited.
- HR & Admin Senior Manager (Head of Department)  
KSK Insurance (Thailand) Public Company Limited.
- HR & Admin Manager  
MJR Development Company Limited.
- HR Business Partner - AVP  
United Overseas Bank (Thai) Public Company Limited.
- HR Business Partner Manager  
Ayudhya Capital Auto Lease Public Company Limited.
- Recruitment Specialist  
Pruksa Real Estate Public Company Limited.
- Executive Consultant  
Progress HR Company Limited. (KasikornBank Group)
- Sales Executive (Export Department)  
TPI Polene Company Limited.

### › TRAINING

- The 7 Habits of Highly Effective People @ Signature  
Edition
- Insurance Digital Go!
- Privacy and Cybersecurity Law
- AGILE Training for the Delivery Organization
- Digital Foundation
- Unconscious Bias Group
- Digital Transformation
- Future Fit and Team Development Workshop

# SUMMARY OF THE MEETING PARTICIPATION

(JANUARY-DECEMBER 2020)

**KRUNGTHAI PANICH INSURANCE PCL.**

| #  | LIST OF DIRECTORS                 | APPOINTED DATE  | NO. OF PARTICIPATIONS <sup>(1)</sup> |
|----|-----------------------------------|-----------------|--------------------------------------|
| 1  | DR.DHIRAPHORN SRIFUENGFUNG        | APRIL 10 , 2019 | 6 / 7                                |
| 2  | MR.PAYUNSAK CHARTSUTIPOL          | MARCH 31 , 2020 | 6 / 7                                |
| 3  | MR.UDOMSAK ROJVIBOONCHAI          | APRIL 23 , 2018 | 7 / 7                                |
| 4  | MS.SARANYA VEJAKUL <sup>(2)</sup> | MARCH 31 , 2020 | 4 / 5                                |
| 5  | MR.WARAWUT SITTHIYOS              | APRIL 23 , 2018 | 7 / 7                                |
| 6  | MR.PONSAK JITPRASERT              | APRIL 10 , 2019 | 6 / 7                                |
| 7  | ASST.PROF.KULAYA JANTADEY PH.D.   | MARCH 28 , 2018 | 5 / 7                                |
| 8  | MR.TANET PHANICHEWA               | APRIL 23 , 2018 | 6 / 7                                |
| 9  | MR.KERATI PANICHEWA               | APRIL 10 , 2019 | 7 / 7                                |
| 10 | DR.PONGPANU DAMRONGSIRI           | JUNE 3 , 2019   | 7 / 7                                |
| 11 | MS.SUCHAVADEE SANGANONG           | APRIL 10 , 2019 | 7 / 7                                |

Note

(1) No. of Participation / No. of Total Meeting

(2) Assigned in March 31 , 2020

# MAJOR SHAREHOLDERS

| NAME                       | SHARES            | % SHARE       |
|----------------------------|-------------------|---------------|
| 1. KRUNGTHAI BANK PCL      | 14,850,000        | 45.00         |
| 2. PAIBUL CAPITAL CO.,LTD. | 8,661,273         | 26.25         |
| 3. BOONPERMPOON CO.,LTD.   | 4,723,866         | 14.31         |
| 4. MR.SOMBATH PHANICHEWA   | 1,327,719         | 4.02          |
| 5. SRI BROTHERS CO.,LTD.   | 918,648           | 2.78          |
| 6. OTHERS                  | 2,518,494         | 7.63          |
| <b>TOTAL</b>               | <b>33,000,000</b> | <b>100.00</b> |

# GENERAL INFORMATION

Krungthai Panich Insurance Public Company Limited was established on 1st September 1953 by the initiation of General Pramarn Adireksarn (his rank at that time) under the name of Ror Sor Por Insurance Company Limited with a registered capital of three million baht. The company's core business was motor insurance. In 1954, one of the most significant years in the company's history, the cabinet of Field Marshal Plaek Phibulsongkram announced that the government would take the company under its patronage. This is based on the company's policy in managing its business operation with transparency, loyalty, and trustworthiness towards strong and steady progress into the future. It is the first and only insurance company in Thailand to be bestowed the honor from the administration at that time.

In 1971, the company increased its business capability and expanded its business to provide total solutions in non-life insurance in accordance with Non-life Insurance Act (1967) and in response to the country's rising economic growth while developing its service to be on par with international standards.

On 1<sup>st</sup> August 1995, it was the year of expanding business opportunities to ensure the company's constant strong growth. By jointly investing with Thailand's leading financial institution, Krungthai Bank PCL held 40% of 100 million Thai baht registered capital and changed its name to Krungthai Panich Insurance Co., Ltd. The continuing growth in its business operation in subsequent years had prompted the company to increase its registered capital to 110 million baht with Krung Thai Bank PCL in 2007 with increased share holding to 45% of the registered capital.

On 1<sup>st</sup> June 2012, the company was transformed into a public company limited in accordance with Non-Life Insurance Act (2nd Ed.), 2008, Article 56, Clause 2, which had stated that non-life insurance company in form of "Company Limited" must change into "Public Company Limited" from the promulgation date of the Act since 5th February 2008 with the approval by the Company's Board of Directors. In the 59th annual general meeting, an extraordinary resolution was agreed to transform "Krungthai Panich Insurance Company Limited" into the registered name as "Krungthai Panich Insurance Public Company Limited."

In 2019, the company also increased the registered capital from 110 million baht to 330 million baht.

Throughout the years of our business operation, the company has firmly believed that a strong and secure financial foundation is vital to earn trust and reliability from our customers. The company, therefore, has a policy to maintain the high level of Capital Adequacy Ratio and Liquidity Ratio. From its financial report dated 31st December 2019, the company's Capital Adequacy Ratio was at 760.17 percent and Liquidity Ratio was at 620.27 percent. They are significantly higher than standard ratios that have been set by Office of Insurance Commission (OIC) at no lower than 120 percent and 100 percent respectively. Furthermore, we are determined to uphold our commitment to conduct our business with integrity, transparency and good corporate governance practice in order to achieve strong and sustainable growth. As the result, we have increasingly gained trust from our customers, business alliances and other organizations. For many consecutive years, KPI has proven its quality and exceptional working standards by winning several industry's prestigious awards. We have developed and have constantly improved our service standard to be fast and efficient whilst strengthening our staffs' capabilities and professionalism. The ultimate goal is to further develop our organization to be stronger and moving forward with sustainable growth along with our social responsibility towards the Thai society. The company believes that non-life insurance business will help heal and subside the loss of people's life and property as well as being the solid social pillar for the Thai society's better livelihood and happiness.

## KRUNGTHAI PANICH INSURANCE PUBLIC COMPANY LIMITED

The Well-established and Secure Non-life Insurance Company for All Thais

## HEADQUARTER

1122 KPI Tower, New Petchaburi Road, Makkasan,  
Ratchathewi, Bangkok 10400  
Tel. 0 2624 1111  
Fax 0 2624 1234  
[www.kpi.co.th](http://www.kpi.co.th)

# ACHIEVEMENT OF THE YEARS



**2019**  
**THE SECOND PRIZE**  
for Non-Life Insurance  
with Excellent Management



**PRIZE FOR NON-LIFE INSURANCE WITH  
EXCELLENT MANAGEMENT FROM OFFICE  
OF INSURANCE COMMISSION (OIC)**

“Great testimonies to KPI’s excellent management policies with preparedness to become a non-life insurance company that offers fully integrated heartfelt services while creating utmost benefits for its customers, business alliances and counterparts, employees and people in Thai Society.”



2006

HONORARY MENTION

for Non-Life Insurance  
with Excellent Management

2005

HONORARY MENTION

for Non-Life Insurance  
with Excellent Management

2004

HONORARY MENTION

for Non-Life Insurance  
with Excellent Management

2010

THE SECOND PRIZE

for Non-Life Insurance  
with Excellent Management

2008

THE SECOND PRIZE

for Non-Life Insurance  
with Excellent Management

2007

THE THIRD PRIZE

for Non-Life Insurance  
with Excellent Management

2015

THE WINNER

FOR NON-LIFE INSURANCE  
WITH OUTSTANDING  
DEVELOPMENT

2014

THE THIRD PRIZE

for Non-Life Insurance  
with Excellent Management

2013

THE THAI CHAMBER

OF COMMERCE BUSINESS  
ETHICS STANDARD TEST AWARD  
(TCC BEST AWARD)

2011

THE SECOND PRIZE

for Non-Life Insurance  
with Excellent Management



## ENVIRONMENTAL / SOCIAL / GOVERNANCE (ESG)

Among the challenges in various fields occurring at present, the Company continues to focus on and gives further more importance to integrate sustainability in the public responsibility projects along with conducting business in all aspects in terms of social concerns, environmental issues and corporate governance. This is to develop and to benefit the general public, including employees and all stakeholders of the organization that will bring together sustainability. The Company has implemented various projects under the ESG program in 2020 as follows:

### ENVIRONMENTAL ASPECTS (ENVIRONMENTAL)

#### HOW TO (DON'T) WASTE ... HOW TO DRINK AND LEAVE NO TRACE PROJECT

Raising awareness of the plastic waste problem by campaigning for employees to reduce drinking water from plastic bottles and the use of plastic straws by focusing on behavioural adjustments in using personal water bottles and decreasing the provision of plastic bottled water in meeting rooms. As a result of this activity, the waste from plastic straws and water bottles is reduced up to 1,600 bottles/plastic straws per month (from the monthly usage of 2,000 bottles to only 400 bottles) and to achieve sustainable project success. Thus the Company keeps retaining this project.



## WE CARE KPI SAVE ENERGY

Project by converting all light bulbs in every restroom inside the KPI Tower building to automatic on-off energy-saving light bulbs and by campaigning for employees to turn off electrical switches and appliances of all kinds after using it. Therefore this becomes a good habit in saving electricity.

## KPI PROJECT RE-BOX... MY BOX IS SHARED WITH YOU.

The world in the new era makes online shopping more popular but it also creates an impact on the environment by increasing the amount of waste from the parcel boxes. "KPI Project re-box... My Box is Shared with You" is a point of connection between a person who wants to give and the person who needs. By bringing used package boxes that are still in good condition for reuse. In addition to reducing waste problems, employees can also make the best use of resources and save money.

## SOCIAL ASPECTS

### BLOOD DONATION PROJECT FOR THE THAI RED CROSS SOCIETY

The project has been organised for the eighth consecutive year by the Company, which organised a total of 15 blood donation activities. The participants donated 1,778 units of blood to the Thai Red Cross Society. In 2020 there were two activities on 20th March and 18th September 2020. The total of 189 blood bags were given.

### MEDICAL EQUIPMENT AND DEVICES DONATION PROJECT TO HELP PATIENTS WITH COVID-19

During the period that Thailand encountered the COVID-19 epidemic, the Company realised the importance of helping patients and supporting medical equipment and devices. To help patients and medical personnel, the company has taken part in the donation of medical equipment for Rajavithi Hospital by delivering them on 9th April 2020 as follows:

- 5 machines to observe and monitor patient vital signs (Bedside Monitor Brand NIHON KOHDEN, model SVM-7600), totalling 450,000 baht.
- 125 PPE protective clothing, totalling 50,000 baht
- Donation of 500,000 baht for funding to support the COVID-19 patients.

## HELPING FLOOD VICTIMS IN NAKHON SRI THAMMARAT PROVINCE PROJECT

On 9th December 2020, volunteer employees of Krungthai Panich Insurance from Nakhon Sri Thammarat, Surat Thani, Hat Yai, and Phuket branch offices went to the flooded sites to give 500 survival bags for communities in flood-affected areas in Tha Rua Sub-district in Muang District and Klong Noi Sub-district in Pak Phanang District, Nakhon Sri Thammarat Province.

## SCHOOL LIBRARY IMPROVEMENT PROJECT: "KPI STEP UP FOR THE FUTURE OF THAI CHILDREN IN 2020"

The Company still continues to improve the "Living Library" project at Ban Hua Wua Community School, Muang District, Buriram Province, with volunteer employees participating in activities from the South Isaan branch of Krungthai Panich Insurance. On 18th December 2020, a total budget of 500,000 baht was spent and scholarships totalling 153,000 baht was given to 51 students.

## PUBLIC SERVICE PROJECT IN POLICY CONDITION GUIDE (AUDIOBOOK FORMAT)

The Company has prepared audiobooks to provide information service about insurance policy conditions to increase the convenience of listening to information and details about the coverage. This is more convenient for customers to listen to information at anytime and anywhere.



EP.1

# ออมให้มีความสุข... เริ่มอย่างไร?

## SAVINGS CREATES HAPPINESS PODCAST PROJECT

Due to the downturn in global economic crisis caused by the effects of the COVID-19 event, the company has organised a project called "Savings Creates Happiness" Podcast. This features the President who shares his experiences in financial management techniques during the COVID era. It also encourages employees to be aware of financial disciplines through the Company's Facebook account and YouTube channel.

## KPI INTERNSHIP PROGRAM

This project supports education and promotes interns to be creative and enhance the virtual work experience. This also includes cultivating a sense of work ethics in 2020 under the theme of designing and developing insurance policies for online small and medium-sized merchants. The Company accepted six students or interns who participated in this project from Mahidol University and King Mongkut's University of Technology North Bangkok.

## CAMPAIGN FOR AWARENESS AND PREVENTION OF COVID-19 (KPI TOWER)

The Company pays attention to the regulations for strict protection inside the KPI Tower for the safety of the general public and all employees of the Company inside the building through strict procedures.

## THE ASPECT OF CORPORATE GOVERNANCE

In 2020, the Company has issued various guidelines and policies for all employees to abide by according to the principles of good governance as follows:

### RULES AND GUIDELINES FOR TREATING CUSTOMERS WITH FAIRNESS.

This is to provide the public and the insured to receive good quality service from insurance companies and insurance intermediaries. Fair services are provided throughout the process, such as developing and issuing insurance policies, insurance intermediary selection, distribution channel, establishing standards for the sales process and providing information for purchasing insurance policies, after-sales service, and handling of complaints and indemnity etc.

### POLICY AND PROCEDURES FOR INFORMATION TECHNOLOGY.

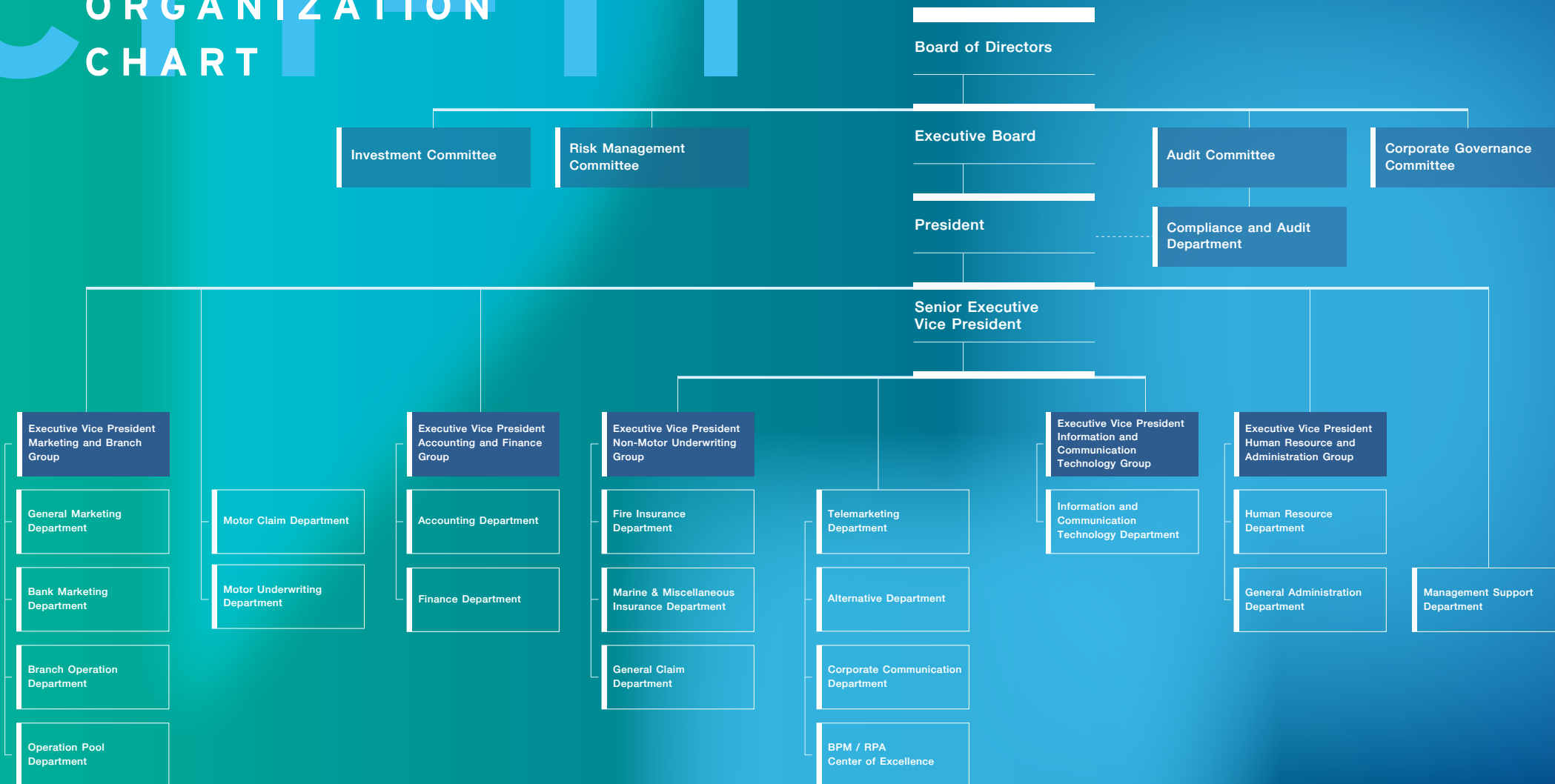
The Company supports business operations by applying information technology to work development as well as prevent problems that may arise from the misuse of information technology systems, and prevent being threatened by various threats that may affect the business operation of the company.

### RISK MANAGEMENT POLICY AND RISK ASSESSMENT CRITERIA FOR MONEY LAUNDERING AND TERRORISM FINANCING AND PROLIFERATION OF WEAPONS OF MASS DESTRUCTION.

The Company has conducted a policy statement. It is considered to be of utmost importance, which is a goal that employees must strictly comply with.

# CIT-TI

## ORGANIZATION CHART



# BUSINESS CHARACTERISTICS

The Company's main business is to insure all classes of Non-Life insurance which can be classified as follows :

1

## FIRE INSURANCE

- Residential Fire Insurance
- Residential "Saving" Fire Insurance
- Commercial Fire Insurance

2

## MARINE AND TRANSPORTATION INSURANCE

- Cargo Insurance (Sea & Air)
- Inland Transit Insurance
- Hull Insurance
- Carrier's Liability Insurance

3

## MISCELLANEOUS INSURANCE

### 3.1 ACCIDENTAL AND HEALTH INSURANCE

- Individual and Group Personal Accident Insurance
- Individual and Group Travel Accident Insurance
- Hospital Income Insurance
- Cancer Insurance
- Critical Illness Insurance

### 3.2 COMMERCIAL AND INDUSTRIAL INSURANCE

- Industrial All Risks Insurance
- Public Liability Insurance
- Business Interruption Insurance
- Leasehold Insurance
- SMEs Package Insurance

### 3.3 CONTRACTOR'S INSURANCE

- Contractor's All Risks Insurance
- Erection All Risks Insurance
- Contractor's Plant and Machinery Insurance

### 3.4 OTHERS

- Burglary Insurance
- Golfer's Indemnity Insurance

4

## MOTOR INSURANCE

- Compulsory Motor Insurance
- Voluntary Motor Insurance Type 1
- Voluntary Motor Insurance Type 2
- Voluntary Motor Insurance Type 2+
- Voluntary Motor Insurance Type 3
- Voluntary Motor Insurance Type 3+

# KPI BRANCHES

## SMART SHARING SPACE



# KPI BRANCHES

## HEAD OFFICE

1122 KPI Tower, New Petchaburi Road, Makkasan,  
Ratchathewi, Bangkok 10400

Tel. 0 2624 1111

Fax. 0 2624 1234

## KHON KAEN

138 / 27 - 28 Mitraphap Road, T.Naimuang,  
A.Nuang, Khon Kaen 40000

Tel. 0 4334 8848, 0 4334 8850

Fax. 0 4334 8852

## CHONBURI

64 / 32 - 33 M.4 Sukhumvit Road, T.Huaykapi,  
A.Muang, Chonburi 20130

Tel. 0 3838 1503

Fax. 0 - 3838 1215

## CHIANG MAI

9 / 17 - 18 M. 3 Super Hiway Road, T.Changpuak,  
A.Muang, Chiang Mai 50300

Tel. 0 5340 9503 - 4

Fax. 0 5340 9505

## NAKHON PATHOM

366 Tesa Road, T.Phra Prathon,  
A.Muang, Nakhon Pathom 73000

Tel. 0 3421 2125 - 6

Fax. 0 3421 1976

## NAKHON RATCHASIMA

2112 / 12 - 13 Mitraphap Road, T.Naimuang,  
A.Muang, Nakhon Ratchasima 30000

Tel. 0 4435 1274

Fax. 0 4434 1275

## NAKHON SI THAMMARAT

50, 52 Wandeechositkulporn Road, T.Naimuang,  
A.Muang, Nakhon Si Thannarat 80000

Tel. 0 7543 2150 - 1

Fax. 0 7543 2154

## NAKHON SAWAN

605 / 390 - 2 M. 10 Sai Nakhon Sawan - Phitsanulok Road,  
T.Nakhon Sawan Tuk,

A.Muang, Nakhon Sawan 60000

Tel. 0 5623 1771 - 2

Fax. 0 5622 4561

## BURI RAM

341 / 14 - 15 M. 9 Banyang, T.Isan,

A.Muang, Buri Ram 31000

Tel. 0 4466 6773 - 4

## PHITSANULOK

338 M. 2 Singhawat Road, T.Braklong,  
A.Muang, Phisanulok 65000

Tel. 0 5523 1421

Fax. 0 5523 1424

## PHUKET

22 / 3 - 4 Luongpovatchalong Road, T.Taladyai,

A.Muang, Phuket 83000

Tel. 0 7623 2965 - 6

Fax. 0 7623 2967

## RAYONG

300 / 41 - 42 M. 5 T.Chengnean,

A.Muang, Rayong 21000

Tel. 0 3891 5795

Fax. 0 3891 5645



# KPI BRANCHES

## LAMPANG

589 Super Highway Lampang - Ngao Road, T.Hua Wiang,  
A.Muang, Lampang 52000  
Tel. 0 5422 8261, 0 5422 8264  
Fax. 0 5422 8115

## SAKON NAKHON

59 / 24 I.T.U. Road, T.Thatcherngchoom,  
A.Muang, Sakon Nakhon 47000  
Tel. 0 4271 5682 - 3  
Fax. 0 4271 5685

## SARABURI

95 / 1 Phshon Yothin Road, T.Pak Phriao,  
A.Muang, Saraburi 18000  
Tel. 0 3621 1803, 0 3622 1975  
Fax. 0 3631 0669

## SUPHANBURI

292 - 292 / 1 M. 4 T.Sanamchai,  
A.Muang, Suphanburi 72000  
Tel. 0 3550 1462 - 3  
Fax. 0 3550 1465

## SURAT THANI

12 / 28 - 29 Bypass Road, T.Makhamtia,  
A.Muang, Surat Thani 84000  
Tel. 0 7726 4204 - 5  
Fax. 0 7726 4206

## HUA HIN

14 / 16 Petch Kasem Road, T.Hua Hin,  
A.Hau Hin, Prachuab Khiri Khan 77110  
Tel. 0 3254 7393, 0 3254 7399  
Fax. 0 3254 7398

## HADYAI

17, 19 Soi 10 Petch Kasem Road, T.Hadyai,  
A.Hadyai, Songkhla 90110  
Tel. 0 7434 5313, 0 7434 5315  
Fax. 0 7434 5314

## UDON THANI

969 / 30 - 31 M. 7 Soi Baannonpibon, Bypass Roda,  
T.Mak Khaeng, A.Muang, Udon Thani 41000  
Tel. 0 4221 2661 - 2  
Fax. 0 4221 2665

## UBON RATCHATHANI

233 Satidnimankan Road, T.Warinchamrap,  
A.Warinchamrap, Ubon Ratchathani 34190  
Tel. 0 4526 9281 - 2  
Fax. 0 4526 9283

# AUDIT COMMITTEE'S REPORT

Krungthai Panich Insurance Public Company Limited's Audit Committee consists of four directors as follows:

1. Mr. Payungsak Chartsutipol,  
the Committee's Chairman
2. Asst. Prof. Kulaya Jantadech Ph.D.,  
the Committee's member
3. Mr. Warawut Sitthiyos,  
the Committee's member (Appointed on 18 June 2020)
4. Mr. Suwat Nestsawat,  
the Committee's member (End of terms on 31 March 2020)

The Audit Committee had performed their duty in accordance to the Audit Committee's Charter assigned by the Company's Board of Directors in lieu with the Office of Insurance Commission (OIC)'s rules and regulations.

In 2020, the Audit Committee had convened six meetings to consider matters and issues in accordance to the scope of responsibilities including other duties that were assigned by the Company's Board of Directors. All four of the Committee members were present at all meetings by consulting with the Management, the auditor and the internal auditor on the related agenda. The report of the Audit Committee was presented to the Board of Directors with main points as follows:

## REVIEW OF ANNUAL FINANCIAL REPORT

The review of 2020 annual financial report was conducted together with auditor from EY Company Limited and the management from the Company's accounting department to discuss the validity of the financial report, financial adjustments effecting the financial report in order to ascertain that the accounting system and the financial report were produced according to general certified accounting standards with appropriate level of disclosure, its entirety and reliability. Furthermore, at least one meeting was held with the auditor but without the management in order to discuss the independence in working process and in expressing opinion of the auditor. The auditor had already reported all issues found during the audit to the Audit Committee for consideration.

As the Company hired PricewaterhouseCoopers ABAS Limited to conduct the evaluation of gap analysis, including the analysis in the effects of financial reporting between the current financial reporting standard and the new standard model by the International Financial Reporting Standard model 17 (IFRS 17). This has enabled the Company to know about the gap analysis and the effects that the International Financial Reporting Standard model 17 (IFRS 17) have towards the company. The audit committee has received the results from the gap analysis and realised the importance of IFRS 17 towards the Company's financial report. The company has assigned the Department of Human Resources, Planning and Management and arranged more plans in other aspects that are related to the preparation before IFRS 17 will be effective in 2024.

## TRANSACTIONS RELATING TO OR WITH POSSIBLE CONFLICT OF INTEREST

The review and the opinion on transactions relating to or with possible conflict of interest including the consideration for accurate and full public disclosure will adhere to the principle of transparency and appropriate disclosure and in complying with the principles of Good Corporate Governance.

## REVIEW OF RISK MANAGEMENT

The Company's risk management policy and risk assessment for 2020 had been approved from the first meeting of the Company's Board of Directors on 30th January 2020. The follow-up on the result of the risk management was discussed in the meeting between the management supporting team, who had taken responsibility in the Company's risk management quarterly. This was to ascertain that all aspects of the Company's risk management were appropriate, efficient, and at an acceptable level.

## AUDITOR SELECTION

The Board of Directors proposed for the consideration and the approval from the Company's shareholder meeting to appoint auditors from EY Company Limited who are independent, knowledgeable, competent and trustworthy and experienced at the forefront of auditing practice to be the Company's auditors for the year 2020.

## REVIEW THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEM

To review of the internal control system assessment report for 2020, the Company hired PricewaterhouseCoopers ABAS Limited to review the internal control system, including monitoring the improvement of the internal control system. This is to ensure that the Company's system's adequacy and effectiveness.

## REVIEW OF REGULATIONS COMPLIANCE

The review of Regulations Compliance had been carried out by the Control and Monitoring Department to ascertain the validity of all transactions in accordance to the relevant law and regulations of the insurance industry. While meetings had been held together with the management of the department to ensure the conduct was also added by the law and regulations of the insurance industry.

## INTERNAL AUDIT MONITORING

The Company had selected and hired the internal auditors from PricewaterhouseCoopers ABAS Limited to perform the audit and the review of the internal control system for 2020 as well as the follow-up on the audit to ascertain its validity according to the approved plan. Further recommendations had been put forward in order to increase proficiency in the business operation by coordinating with the Control and Monitoring Department to ensure the quality of the Audit Committee.

## AUDIT COMMITTEE'S QUALITY CONTROL

There was the review of the Audit Committee's Charter including individual self-evaluation, the Committee's work performance as a whole by following the format of the evaluation form of the Committee's evaluation by Thai Institute of Director (IOD) to ensure the effectiveness of the Committee and to achieve the objectives approved in the Audit Committee Charter.

As stated in the Audit Committee's Charter, the Committee must perform and achieve their appointed tasks with prudence, independence, honesty, transparency and accountability according to the Good Corporate Governance principles. The Committee had confidence that the Company's financial report, transactions pertaining to or with possible conflict of interest, and information disclosure were complete, reliable and in lieu with general certified accounting standards. The risk management and the internal control system were effective and satisfactory. The internal audit was independent and covered the high-risk operation procedures and the audit procedures was in line with the auditing standards. Additionally, the Company has upheld the principles of Good Corporate Governance and conducted its business in accordance to the industry's relevant law and regulations suitable to today's business environment. For higher confidence, the Company has made the necessary preparations before the new International Financial Reporting Standard (IFRS 17) on insurance contracts, which will be changed and effectively applicable in 2024.



**(MR.PAYUNGSACK CHARTSUTIPOL)**

Chairman of the Audit Committee

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Krungthai Panich Insurance Public Company Limited

## OPINION

I have audited the accompanying financial statements of Krungthai Panich Insurance Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2020, and the related statements of comprehensive income, changes in owners' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Krungthai Panich Insurance Public Company Limited as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

## BASIS FOR OPINION

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants 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.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the

Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am responsible for the audit resulting in this independent auditor's report.



**NARISSARA CHAISUWAN**  
Certified Public Accountant (Thailand) No. 4812

**EY OFFICE LIMITED**  
BANGKOK: 25 MARCH 2021

# STATEMENT OF FINANCIAL POSITION

KRUNGTHAI PANICH INSURANCE PUBLIC COMPANY LIMITED

As at 31 December 2020

(Unit: Baht)

|   | NOTE | 2020                  | 2019                  |
|---|------|-----------------------|-----------------------|
| <b>Assets</b>                           |      |                       |                       |
| Cash and cash equivalent                | 7    | 378,461,849           | 227,442,511           |
| Premium receivables                     | 8    | 474,669,494           | 390,530,448           |
| Accrued investment income               |      | 18,563,891            | 19,663,645            |
| Reinsurance assets                      | 9    | 1,668,554,899         | 975,444,148           |
| Reinsurance receivables                 | 10   | 101,387,398           | 196,891,446           |
| Investment assets                       |      |                       |                       |
| Investments in securities               | 11   | 7,830,416,461         | 7,600,016,081         |
| Loans                                   | 12   | 176,117               | 344,118               |
| Investment properties                   | 13   | 200,467,681           | 207,072,936           |
| Properties foreclosed                   |      | 5,784,186             | 5,784,186             |
| Property, buildings and equipment       | 14   | 595,529,776           | 616,248,623           |
| Right-of-use assets                     | 15   | 15,145,623            | -                     |
| Intangible assets                       | 16   | 95,898,470            | 87,785,080            |
| Deposits on rice field insurance scheme |      | 197,839,906           | -                     |
| Other assets                            | 18   | 238,818,908           | 137,868,602           |
| <b>Total assets</b>                     |      | <b>11,821,714,659</b> | <b>10,465,091,824</b> |

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

(Unit: Baht)

|  | NOTE | 2020                  | 2019                  |
|--|------|-----------------------|-----------------------|
| <b>Liabilities and equity</b>              |      |                       |                       |
| <b>Liabilities</b>                         |      |                       |                       |
| Insurance contract liabilities             | 19   | 3,152,318,013         | 2,396,835,705         |
| Due to reinsurers                          | 20   | 517,833,743           | 379,626,871           |
| Income tax payable                         |      | 69,223,521            | 59,874,543            |
| Lease liabilities                          | 15   | 15,336,559            | -                     |
| Employee benefit obligations               | 21   | 57,544,509            | 52,327,396            |
| Deferred tax liabilities                   | 17   | 137,827,764           | 171,505,312           |
| Premiums received in advance               |      | 814,990,361           | 479,898,934           |
| Dividend payable                           |      | 174,072               | 1,171,070             |
| Other liabilities                          | 22   | 361,209,062           | 362,342,083           |
| <b>Total liabilities</b>                   |      | <b>5,126,457,604</b>  | <b>3,903,581,914</b>  |
| <b>Equity</b>                              |      |                       |                       |
| Share capital                              | 23   |                       |                       |
| Registered                                 |      |                       |                       |
| 33,000,000 ordinary shares of Baht 10 each |      | 330,000,000           | 330,000,000           |
| Issued and paid up                         |      |                       |                       |
| 33,000,000 ordinary shares of Baht 10 each |      | 330,000,000           | 330,000,000           |
| Premium on share capital                   |      | 934,570,000           | 934,570,000           |
| Retained earnings                          |      |                       |                       |
| Appropriated                               |      |                       |                       |
| Legal reserve                              | 24   | 33,000,000            | 33,000,000            |
| General reserve                            |      | 249,120,176           | 249,120,176           |
| Unappropriated                             |      | 4,003,033,833         | 3,756,754,310         |
| Other components of equity                 | 11.5 | 1,145,533,046         | 1,258,065,424         |
| <b>Total equity</b>                        |      | <b>6,695,257,055</b>  | <b>6,561,509,910</b>  |
| <b>Total liabilities and equity</b>        |      | <b>11,821,714,659</b> | <b>10,465,091,824</b> |

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

# STATEMENT OF COMPREHENSIVE INCOME

KRUNGTHAI PANICH INSURANCE PUBLIC COMPANY LIMITED

For the year ended 31 December 2020

(Unit: Baht)

|   | NOTE | 2020                 | 2019                 |
|---|------|----------------------|----------------------|
| <b>Profit or loss</b>                                     |      |                      |                      |
| <b>Income</b>   |      |                      |                      |
| Gross premium written                                     |      | 3,932,915,043        | 3,116,503,194        |
| Less: Premiums ceded to reinsurers                        |      | (1,653,113,247)      | (976,721,168)        |
| Net premium written                                       |      | 2,279,801,796        | 2,139,782,026        |
| Add (less): Unearned premium reserves decrease (increase) |      |                      |                      |
| from prior year   |      | (71,782,323)         | 88,131,747           |
| Net earned premium  |      | 2,208,019,473        | 2,227,913,773        |
| Fee and commission income from reinsurers                 |      | 372,555,108          | 224,551,204          |
| Net investment incomes                                    | 25   | 247,491,758          | 254,896,647          |
| Gains on investments                                      | 11.6 | 30,408,199           | 81,984,242           |
| Fair value gain (loss)                                    |      | (914,842)            | 230,493              |
| Other income  |      | 68,203,756           | 67,400,808           |
| <b>Total income</b>                                       |      | <b>2,925,763,452</b> | <b>2,856,977,167</b> |
| <b>Expenses</b>   |      |                      |                      |
| Gross claims  |      | 1,771,062,767        | 1,639,434,654        |
| Less: Claim recovery from reinsurers                      |      | (984,378,968)        | (737,039,394)        |
| Commission and brokerage expenses                         |      | 458,948,344          | 361,198,839          |
| Other underwriting expenses                               |      | 539,904,857          | 430,145,336          |
| Operating expenses  | 26   | 262,701,381          | 268,734,853          |
| Finance cost  |      | 531,500              | -                    |
| Expected credit loss                                      | 28   | 3,746,118            | -                    |
| <b>Total expenses</b>                                     |      | <b>2,052,515,999</b> | <b>1,962,474,288</b> |
| <b>Profit before income tax expenses</b>                  |      | <b>873,247,453</b>   | <b>894,502,879</b>   |
| Income tax expenses                                       | 17   | (156,766,538)        | (162,624,056)        |
| <b>Profit for the year</b>                                |      | <b>716,480,915</b>   | <b>731,878,823</b>   |

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



(Unit: Baht)

|  | NOTE | 2020               | 2019               |
|--|------|--------------------|--------------------|
| <b>Other comprehensive income</b>  |      |                    |                    |
| <i>Other comprehensive income to be classified to profit or loss in subsequent period</i>                              |      |                    |                    |
| Gain (loss) on revaluation of available-for-sale investments measured at fair value through other comprehensive income |      | (255,745,163)      | 146,450,779        |
| Add (less): Income taxes   | 17   | 51,149,033         | (29,290,156)       |
| Other comprehensive income to be classified to profit or loss in subsequent period - net of income tax (loss)          |      | (204,596,130)      | 117,160,623        |
| <i>Other comprehensive income not to be classified to profit or loss in subsequent period</i>                          |      |                    |                    |
| Actuarial gain (loss)  |      | (4,285,833)        | 786,333            |
| Add (less): Income taxes   | 17   | 857,167            | (157,266)          |
| Other comprehensive income not to be classified to profit or loss in subsequent period - net of income tax (loss)      |      | (3,428,666)        | 629,067            |
| Other comprehensive income for the year - net of income tax (loss)   |      | (208,024,796)      | 117,789,690        |
| <b>Total comprehensive income for the year</b>   |      | <b>508,456,119</b> | <b>849,668,513</b> |
| <b>Earnings per share</b>  | 30   |                    |                    |
| Basic earnings per share   |      |                    |                    |
| Profit for the year  |      | 21.71              | 22.18              |

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

# STATEMENT OF CHANGES IN OWNERS' EQUITY

KRUNGTHAI PANICH INSURANCE PUBLIC COMPANY LIMITED

For the year ended 31 December 2020

(Unit: Baht)

|  | NOTE | ISSUED AND<br>PAID-UP<br>SHARE CAPITAL | PREMIUM ON<br>SHARE CAPITAL | RETAINED EARNINGS |                    |                      | OTHER COMPONENT OF<br>OWNERS' EQUITY  | TOTAL                |
|--|------|--|-----------------------------|-------------------|--------------------|----------------------|---|----------------------|
|  |      |  |                             | APPROPRIATED      |                    | UNAPPROPRIATED       | OTHER COMPREHENSIVE INCOME  |                      |
|  |      |  |                             | LEGAL RESERVE     | GENERAL RESERVE    |                      | REVALUATION SURPLUS ON<br>AVAILABLE-FOR-SALE INVESTMENTS<br>MEASURED AT FAIR VALUE THROUGH<br>OTHER COMPREHENSIVE INCOME<br>- NET OF INCOME TAXES |                      |
| <b>Balance as at 1 January 2019</b>                    |      | 110,000,000                            | 934,570,000                 | 11,000,000        | 249,120,176        | 3,695,246,420        | 1,140,904,801   | 6,140,841,397        |
| Profit for the year                                    |      | -                                      | -                           | -                 | -                  | 731,878,823          | -   | 731,878,823          |
| Other comprehensive income for the year                |      | -                                      | -                           | -                 | -                  | 629,067              | 117,160,623   | 117,789,690          |
| Total comprehensive income for the year                |      | -                                      | -                           | -                 | -                  | 732,507,890          | 117,160,623   | 849,668,513          |
| Increase in share capital                              | 23   | 220,000,000                            | -                           | -                 | -                  | -                    | -   | 220,000,000          |
| Transferred to retained earnings - legal reserve       | 24   | -                                      | -                           | 22,000,000        | -                  | (22,000,000)         | -   | -                    |
| Dividend paid  | 31   | -                                      | -                           | -                 | -                  | (649,000,000)        | -   | (649,000,000)        |
| <b>Balance as at 31 December 2019</b>                  |      | <u>330,000,000</u>                     | <u>934,570,000</u>          | <u>33,000,000</u> | <u>249,120,176</u> | <u>3,756,754,310</u> | <u>1,258,065,424</u>  | <u>6,561,509,910</u> |
| <b>Balance as at 1 January 2020</b>                    |      | 330,000,000                            | 934,570,000                 | 33,000,000        | 249,120,176        | 3,756,754,310        | 1,258,065,424   | 6,561,509,910        |
| Cumulative effect of the change in accounting policies | 4    | -                                      | -                           | -                 | -                  | (4,772,726)          | 92,063,752  | 87,291,026           |
| Balance as at 1 January 2020 - as restated             |      | 330,000,000                            | 934,570,000                 | 33,000,000        | 249,120,176        | 3,751,981,584        | 1,350,129,176   | 6,648,800,936        |
| Profit for the year                                    |      | -                                      | -                           | -                 | -                  | 716,480,915          | -   | 716,480,915          |
| Other comprehensive income for the year (loss)         |      | -                                      | -                           | -                 | -                  | (3,428,666)          | (204,596,130)   | (208,024,796)        |
| Total comprehensive income for the year (loss)         |      | -                                      | -                           | -                 | -                  | 713,052,249          | (204,596,130)   | 508,456,119          |
| Dividend paid  | 31   | -                                      | -                           | -                 | -                  | (462,000,000)        | -   | (462,000,000)        |
| <b>Balance as at 31 December 2020</b>                  |      | <u>330,000,000</u>                     | <u>934,570,000</u>          | <u>33,000,000</u> | <u>249,120,176</u> | <u>4,003,033,833</u> | <u>1,145,533,046</u>  | <u>6,695,257,055</u> |

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

# STATEMENT OF CASH FLOWS

KRUNGTHAI PANICH INSURANCE PUBLIC COMPANY LIMITED

For the year ended 31 December 2020

(Unit: Baht)

|   | 2020                 | 2019                 |
|---|----------------------|----------------------|
| <b>Cash flows from (used in) operating activities</b>       |                      |                      |
| Direct premium written                                      | 4,171,043,919        | 3,227,006,498        |
| Cash paid for reinsurance                                   | (479,761,844)        | (296,558,993)        |
| Interest income   | 80,516,513           | 74,319,258           |
| Dividend income   | 167,943,865          | 177,811,349          |
| Other income  | 52,400,091           | 51,712,382           |
| Gross claims on direct insurance                            | (1,388,493,453)      | (1,496,313,053)      |
| Commissions and brokerages on direct insurance              | (518,582,584)        | (371,805,262)        |
| Other underwriting expenses                                 | (536,036,514)        | (433,846,408)        |
| Operating expenses  | (384,323,296)        | (165,517,874)        |
| Corporate income tax  | (150,911,667)        | (168,580,807)        |
| Cash received on investments in securities                  | 3,162,254,205        | 2,304,479,907        |
| Cash paid for investment in securities                      | (3,513,432,685)      | (2,498,712,880)      |
| Cash received on loans                                      | 268,001              | 298,152              |
| Cash paid for loans   | (100,000)            | (130,000)            |
| <b>Net cash from operating activities</b>                   | <b>662,784,551</b>   | <b>404,162,269</b>   |
| <b>Cash flows from (used in) investing activities</b>       |                      |                      |
| Purchase of property and equipment                          | (26,054,081)         | (36,185,530)         |
| Disposals of property and equipment                         | 4,865,365            | 32,897               |
| Purchase of Intangible assets                               | (18,278,500)         | (14,763,618)         |
| <b>Net cash used in investing activities</b>                | <b>(39,467,216)</b>  | <b>(50,916,251)</b>  |
| <b>Cash flows from (used in) financing activities</b>       |                      |                      |
| Repayment of lease liabilities                              | (10,195,127)         | -                    |
| Cash dividend paid  | (461,973,960)        | (428,643,478)        |
| <b>Net cash used in financing activities</b>                | <b>(472,169,087)</b> | <b>(428,643,478)</b> |
| <b>Net increase (decrease) in cash and cash equivalents</b> | <b>151,148,248</b>   | <b>(75,397,460)</b>  |
| Increase in allowance for expected credit losses            | (128,910)            | -                    |
| Cash and cash equivalents at beginning of year              | 227,442,511          | 302,839,971          |
| <b>Cash and cash equivalents at end of year (Note 7)</b>    | <b>378,461,849</b>   | <b>227,442,511</b>   |

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

# NOTES TO FINANCIAL STATEMENTS

KRUNGTHAI PANICH INSURANCE PUBLIC COMPANY LIMITED

For the year ended 31 December 2020

## 1. > GENERAL INFORMATION

### 1.1 Corporate information

Krungthai Panich Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Krung Thai Bank Public Company Limited, existing under Thai laws. The Company is principally engaged in the provision of non-life insurance. The registered office of the Company is at 1122, KPI Tower, New Petchaburi Road, Makkasan, Ratchathewi, Bangkok.

### 1.2 Coronavirus 2019 pandemic

The second wave of the Coronavirus 2019 pandemic is resulting in an economic slowdown and impacting most businesses and industries. This situation may uncertainties and have an impact on the environment in which the Company operates and the decrease in fair value of investment in securities. The Company’s management has continuously monitored the ongoing developments, assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and updated the business plan and management to minimise the impact of the situation. In this regard, the management has exercised estimates and judgments on various matters in assessing the impact which requires continuity if the situation changes.

## 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 Note 5 to the financial statement, significant accounting policies.

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

### 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 (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial information. However, the new standard involves changes to key principles, which are summarised below:

##### Financial reporting standards related to financial instruments

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

##### Financial reporting standards

|        |                                    |
|--------|------------------------------------|
| TFRS 7 | Financial Instruments: Disclosures |
| TFRS 9 | Financial Instruments              |

##### Accounting standard

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

##### Financial Reporting Standard Interpretations

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

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

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

The Accounting Guidance related to financial instruments and disclosures applicable to insurance business was issued to comply with TFRS 4 (revised 2019) Insurance Contracts, which allows insurers who meet certain criteria stipulated in this TFRS to delay adoption of TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures, and to adopt the Accounting Guidance related to financial instruments and disclosures applicable to insurance business instead the adoption of TFRS 9 and TFRS 7 for the financial reporting period beginning before 1 January 2023 or before the effective date of TFRS 17 Insurance Contracts.

According to the Company's statement of financial position as of 31 December 2017, the Company had liabilities, in connection with insurance services under the scope of TFRS 4: Insurance Contracts, of 80% or more but less than 90% of the carrying value of total liabilities and the Company does not have a significant operation in non-insurance related business. For such reasons, the Company meets certain criteria stipulated in TFRS 4: Insurance Contracts, and the Company has no change in the entity's core activities in the following accounting periods. The Company's management, therefore, considered to adopt such accounting guidance instead of the adoption of TFRS 9 and TFRS 7.

There will be impact in the following matters to the Company's financial information from the adoption of this Accounting Guidance.

### Classification and measurement of financial assets

The Company shall classify financial assets as trading securities, available for sale securities, held to maturity debt securities, and receivables and loans by not taking into consideration of its business model and the characteristics of the contractual cash flows.

- Classification and measurement of investments in trading securities that are listed equity instruments measured at fair value through profit or loss, the Company considers and decides to continue classifying them as investments in trading securities measured at fair value through profit or loss.
- Classification and measurement of investments in available for sale securities that are listed equity instruments and debt instruments which measured at fair value through other comprehensive income, the Company considers and decides to continue classifying them as investments in available for sale securities measured at fair value through other comprehensive income. Gain or loss on derecognition are to be recognised in profit or loss.

- Classification and measurement of investments in non-listed equity instruments, these investments were classified as other investments under the former discontinued accounting standard, and have been reclassified as investments in available for sale securities and presented at fair value. Gain or loss from changes in fair value are recognised in other comprehensive income. Gain or loss on derecognition are to be recognised in profit or loss.
- Loans, which the Company holds to collect contractual cash flow (both principal and interest), the Company has decided to continue to classifying and presenting these as loans measured at amortised cost.

#### Classification and measurement of financial liabilities

- The adoption of this Accounting Guidance does not have any significant impact on the classification of the Company's financial liabilities. The Company continues to classify them as financial liabilities, measured at amortised cost.

#### Impairment of financial assets

- The adoption of this Accounting Guidance requires the Company to move from incurred loss provisioning, under the previous accounting policy, to expected loss provisioning, whereby recognises an allowance for expected credit loss on its financial assets and it is no longer necessary for a credit-impaired event to have occurred. The Company has decided to apply the general approach and the simplified approach to determine expected credit losses on financial assets.
- The Company recognised immediately impairment loss of equity instruments and unit trust that classified as available-for-sale investments measured at fair value through other comprehensive income to profit or loss, when there is objective evidence of impairment, determined on the basis of evidence that indicates the cost of investment may not be recovered and there is a significant or prolonged decline in fair value of investments to below its costs.

#### Transition

The Company has adopted this Accounting Guidance, recognising the cumulative effect of initial adoptions as adjustments against retained earnings or other components of owners' equity as at 1 January 2020, with no restatement of the comparative information. Therefore, the presentation of items of the year 2019 is not comparable with the financial statements of the year 2020

The cumulative effect of the change in accounting policies are described in Note 4 to the financial statements.

## **TFRS 16 Leases**

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

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases adopting the same principles as those of TAS 17.

The Company initially adopted this financial reporting standards whereby the adjustment of the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020 (if any), and the comparative information was not restated.

The cumulative effect of the change in accounting policies were described in Note 4 to the financial statements.

### **Accounting Guidance on Temporary Relief Measures**

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

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy. Its objectives are to provide temporary relief measures solely for entities providing assistance to debtors impacted by the situations that affect the Thai economy, such as Covid-19, economic conditions, trade wars and drought, and to provide an alternative for all entities providing assistance to debtors in accordance with measures to assist debtors specified in the circular of the Bank of Thailand No. BOT.RPD.(23)C. 276/2563 “Guidelines on providing assistance to debtors impacted by situations that affect the Thai economy” and the circular of the Bank of Thailand.

On 22 April 2020, the Accounting Guidance was announced in the Royal Gazette and it is effective for entities providing assistance to debtors impacted by such situations during the period from 1 January 2020 to 31 December 2021 or until the Bank of Thailand makes changes, with which the entities are to comply.

The Company has not adopted such Accounting Guidance.



## **Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic**

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

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

During the first quarter to the third quarter of 2020, the Company elected to apply the temporary relief measures on accounting alternatives relating to fair value measurement of investments in non-listed equity instruments as of each period end date by using the fair value as of 1 January 2020 and not to account for any reduction in lease payment by lessors resulting from the COVID-19 situation as a lease modification.

In the fourth quarter of 2020, the Company assessed the financial impacts, and decided to discontinue application of that temporary relief measures on accounting alternative relating to fair value measurement of investments in non-listed equity instruments by measuring such investments at fair value at the end of year. The result is a decrease in the fair value of investments in non-listed equity instrument of Baht 49.7 million. Loss on change in fair value is recognised in other comprehensive income.

However, the Company has elected to continue to apply the temporary relief measures on accounting alternatives, elected not to account for any reduction in lease payments by lessors resulting from the COVID-19 situation as a lease modification, with the lease liabilities that come due in each period reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognised in each period reversed in proportion to the reduction, with any differences then recognised in profit or loss.

The Company is evaluating the impact on the financial statements and will consider recording the impact after the relief measures expire.

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

The Federation of Accounting Professions announced 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 management of the Company is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

## **4. > CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING POLICIES DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARDS AND ACCOUNTING GUIDANCE**

As described in Note 3 to the financial statements, during the current year, the Company has adopted Thai financial reporting standards related to financial instruments (TAS 32 Financial instruments: Presentation), Accounting Guidance related to financial instruments and disclosures applicable to insurance business and TFRS 16 leases. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings and other component of equity as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts on the beginning balance of retained earnings and other components of owners' equity of 2020 due to the adoption of these Accounting Guidance and standard are presented as follows:

(Unit: Baht)

|  | THE IMPACTS OF   |  |             |            |                |
|--|------------------|--|-------------|------------|----------------|
|  | 31 DECEMBER 2019 | TAS 32 AND ACCOUNTING GUIDANCE<br>RELATED TO FINANCIAL INSTRUMENTS |             | TFRS 16    | 1 JANUARY 2020 |
|  |                  | CLASSIFICATION   | MEASUREMENT |            |                |
|  |                  |  |             |            |                |
| <b>Statement of financial position</b> |                  |  |             |            |                |
| <b>Assets</b>                          |                  |  |             |            |                |
| Cash and cash equivalents              | 227,442,511      | -  | (50,961)    | -          | 227,391,550    |
| Accrued investment income              | 19,663,645       | -  | (66,185)    | -          | 19,597,460     |
| Investments in securities              | 7,600,016,081    | -  | 109,230,929 | -          | 7,709,247,010  |
| Right-of-use assets                    | -                | -  | -           | 17,793,605 | 17,793,605     |
| <b>Liabilities</b>                     |                  |  |             |            |                |
| Lease liabilities                      | -                | -  | -           | 17,793,605 | 17,793,605     |
| Deferred tax liabilities               | 171,505,312      | -  | 21,822,757  | -          | 193,328,069    |
| <b>Owners' equity</b>                  |                  |  |             |            |                |
| Retained earnings - unappropriated     | 3,756,754,310    | -  | (4,772,726) | -          | 3,751,981,584  |
| Other components of owners' equity     | 1,258,065,424    | -  | 92,063,752  | -          | 1,350,129,176  |

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

Details of the impact on owners' equity as at 1 January 2020 due to the adoption of Accounting Guidance related to financial instruments and disclosures applicable to insurance business are presented as follows:

(Unit: Baht)

|   |                    |
|---|--------------------|
| <b>Retained earnings - Unappropriated</b>   |                    |
| Recognition of an allowance for expected credit losses on financial assets          | (5,965,907)        |
| Relating income tax   | 1,193,181          |
| Total   | <u>(4,772,726)</u> |
| <b>Other components of owners' equity</b>   |                    |
| Fair value measurement of investments in equity instruments of non-listed companies | 110,224,354        |
| Recognition of an allowance for expected credit loss on financial assets            | 4,855,336          |
| Relating income tax   | (23,015,938)       |
| Total   | <u>92,063,752</u>  |

The classification and measurement of financial assets in accordance with Accounting Guidance related to financial instruments and disclosures applicable to insurance business and with the classification and measurement under the former basis, are as follows:

(Unit: Baht)

| CLASSIFICATION AND MEASUREMENT UNDER THE FORMER BASIS AS AT 31 DECEMBER 2019 |   | CLASSIFICATION AND MEASUREMENT IN ACCORDANCE WITH ACCOUNTING GUIDANCE AS AT 1 JANUARY 2020 |   |  |                |               |
|--|---|--|---|--|----------------|---------------|
|  | CARRYING AMOUNTS UNDER THE FORMER BASIS | TRADING SECURITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS                           | AVAILABLE FOR SALE SECURITIES MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME | HELD TO MATURITY SECURITIES MEASURED AT AMORTISED COST | AMORTISED COST | TOTAL         |
| Cash and cash equivalents  | 227,442,511                             | -  | -   | -  | 227,391,550    | 227,391,550   |
| Accrued investment income  | 19,663,645                              | -  | -   | -  | 19,597,460     | 19,597,460    |
| Loans  | 344,118                                 | -  | -   | -  | 344,118        | 344,118       |
| Other assets - Advance payment:<br>and other receivable                      | 21,173,884                              | -  | -   | -  | 21,173,884     | 21,173,884    |
| Investments in trading   |   |  |   |  |                |               |
| Equity instruments   | 12,469,816                              | 12,469,816   | -   | -  | -              | 12,469,816    |
| Investments in available-for-sale  |   |  |   |  |                |               |
| Debt instruments   | 2,412,382,006                           | -  | 2,412,382,006   | -  | -              | 2,412,382,006 |
| Equity instruments   | 4,382,296,217                           | -  | 4,382,296,217   | -  | -              | 4,382,296,217 |
| Held-to-maturity investments   |   |  |   |  |                |               |
| Debt instruments   | 781,992,319                             | -  | -   | 780,998,894  | -              | 780,998,894   |
| Other investments  |   |  |   |  |                |               |
| Equity instruments   | 10,875,723                              | -  | 121,100,077   | -  | -              | 121,100,077   |

As at 1 January 2020, the Company has not designated any financial liabilities at fair value through profit or loss.

The following table shows a reconciliation of the closing allowance for impairment as at 31 December 2019, recognised in accordance with TAS 101 Doubtful Accounts and Bad Debts and TAS 105 Accounting for Investments in Debt and Equity Securities, to the opening allowance for expected credit loss as at 1 January 2020, determined in accordance with Accounting Guidance related to financial instruments and disclosures applicable to insurance business. Such changes are due to remeasurement of allowance for expected credit loss under requirement of this guidance.

(Unit: Baht)

|  | ALLOWANCE FOR<br>IMPAIRMENT AS AT<br>31 DECEMBER 2019 | REMEASUREMENT | ALLOWANCE FOR<br>IMPAIRMENT AS AT<br>1 JANUARY 2020 |
|--|---|---------------|---|
| Cash and cash equivalents  | -   | 50,961        | 50,961  |
| Accrued investment income  | -   | 66,185        | 66,185  |
| Held to maturity investments<br>measured at amortised cost   | -   | 993,425       | 993,425   |
| Available-for-sale investments which<br>are measured at fair value through<br>other comprehensive income -<br>Debt instruments | -   | 4,855,336     | 4,855,336   |
| Total  | -   | 5,965,907     | 5,965,907   |

## 4.2 Leases

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

(Unit: Baht)

|  |             |
|--|-------------|
| Operating lease commitments as at 31 December 2019     | 25,163,075  |
| Less: Short-term leases and leases of low-value assets | (7,791,700) |
| Add: Others  | 1,047,049   |
| Less: Deferred interest expenses                       | (624,819)   |
| Lease liabilities as at 1 January 2020                 | 17,793,605  |

Weighted average incremental borrowing rate (percent per annum) 3.05

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

(Unit: Baht)

|                           |            |
|---------------------------|------------|
| Lease buildings           | 3,508,058  |
| Office equipment          | 4,032,912  |
| Motor vehicles            | 10,252,635 |
| Total right-of-use assets | 17,793,605 |

## 5. > SIGNIFICANT ACCOUNTING POLICIES

### 5.1 Revenue recognition

(a) Premium income

Premium income consists of direct premium and reinsurance premium less premium of canceled policies and premiums refunded to policy holders.

Direct premium income is recognised on the date the insurance policy comes into effect. For long-term insurance policies with coverage periods of longer than one year, related premium is recorded as “premiums received in advance”, and recognised as income over the coverage period each year.

Reinsurance premium income is recognised as income when the reinsurer places the reinsurance application or the statement of accounts with the Company.

(b) Fee and commission income from reinsurers

Fee and commission income from reinsurers are recognised as income when services have been rendered.

(c) Net investment incomes

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

(e) Gain (loss) on investments

Gain (loss) on investments consist of gain (loss) on disposal of investments and impairment of investment.

Gain (loss) on investments is recognised as income or expense on the transaction date.

(f) Fair value gain (loss)

Fair value gain (loss) from the change in fair value of trading investments measured at fair value through profit or loss.

## 5.2 Expenses recognition

### (a) Premium ceded to reinsurers

Premium ceded to reinsurers is recognised as expense when the insurance risk is transferred to reinsurer as amounts specified in policies.

### (b) Claims and loss adjustment expenses

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

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

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

Claims recovery from reinsurers are recognised when claims and loss adjustment expenses are recorded as the condition in the relevant reinsurance contracts.

### (c) Commission and brokerage fees expenses

Commissions and brokerage fees are recognised as expense when incurred.

Commission and brokerage fees paid for policies with coverage periods of longer than one year are recorded as prepayment items and recognised as expense over the coverage period.

### (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 at amortised cost is calculated using the effective interest method and recognised on an accrual basis.



### 5.3 Classification of insurance contracts

The Company classifies the insurance contract and reinsurance contract based on the nature of the contract. An insurance contract is one under which the insurer has accepted significant insurance risk from another party by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Determination of whether a significant insurance risk has been accepted is based on comparison of the amount of benefit payable under the contract if an insured event occurs with the payment obligation if the insured event does not occur. If a contract does not meet these criteria, the Company classifies it as an investment contract. Investment contract is insurance contract in legal form that transfer significant financial risk but not significant insurance risk. Financial risk is the risk of a possible future change in interest rate, foreign exchange rate and index of price or rates.

The Company classifies contracts based on an assessment of the insurance risk at an inception of contract on a contract-by-contract basis. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, unless all rights and obligations are extinguished or expire. If any contract is previously classified as an investment contract at an inception date, it can, however, be reclassified as insurance contracts after inception if 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, 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.

### 5.4 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.

### 5.5 Premium receivables and allowance for doubtful accounts

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

Increase (decrease) in allowance for doubtful accounts is recognised as expense during the year.

## 5.6 Reinsurance assets

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

The Company records impairment loss whenever there are object evidences as a result of events that occurred after initial recognition of the reinsurance assets, and the Company may not receive whole of reinsurance assets and the effect of such amount can be measured with reliability.

Increase (decrease) in allowance for impairments is recognised as expense during the year.

## 5.7 Reinsurance receivables and due to reinsurers

- (a) Receivables from reinsurance contracts consist of amounts due from reinsurers and amounts deposits on reinsurance.

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

- (b) Amounts due to reinsurers consist of reinsurance payable and amounts withheld on reinsurance.

Reinsurance payable consist of reinsurance premiums and other items payable to reinsurers, excluding loss reserves from reinsurance contracts.

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

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

## 5.8 Investments in securities

Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.

Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income.

Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium or discount on debt securities is amortised or accreted by the effective rate method with the amortised or 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 are classified as investments in available-for-sale securities measured through other comprehensive income. Gain or loss arising from changes in the fair value are separately presented in other comprehensive income. (Before 1 January 2020, investments in non-marketable equity instruments classified as other investment are stated at cost net of an allowance for impairment (if any)).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. 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 the general accepted fair value techniques.

At end of reporting period, investments in debt instruments measured at fair value through other comprehensive income are stated at fair value net of an allowance for expected credit loss (if any) and investments in debt instruments measured at amortised cost are stated at amortised cost net of an allowance for expected credit loss (if any)

On disposal of an investment, the difference between net disposal proceeds and the cost of the investment is recognised in profit or loss. The weighted average method is used for computation of the cost of investment.

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

Loss from impairment of equity instruments classified as investments in available-for-sale securities is immediately recognised through profit or loss when there is an objective evidence supporting impairment of the instruments, which indicate that the cost of the investment in an equity instrument may not be recovered, and there is a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss and loss on impairment (if any) are recorded as expenses in profit or loss.

## **5.9 Expected credit loss of financial assets**

### Accounting policies adopted since 1 January 2020

The Company recognises expected credit loss on its financial assets that are debt instruments, such as cash and cash equivalent, financial assets that debt instruments measured at amortised cost, and financial assets that are debt instruments measured at fair value through comprehensive income and loan by applying the general approach are as follow:

#### Measurement of expected credit loss

An expected credit loss represents the present value of expected cash shortfalls over the residual term of a financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contractual terms of the instrument and the cash flows that are expected to be received over the contractual life of the instrument.

Estimates of expected cash shortfalls are determined by multiplying the probability of default (PD) with the loss given default (LGD) and the expected exposure at the time of default (EAD). The estimates calculate the probability of default and potential loss when a counterparty defaults, based on information from the Thai Bond Market Association (in case of debt securities investment), historical data, adjusted for current observable data and forecasts of future events that are supportable and reasonable. The Company reviews and revises of the methods, assumptions and forecasts of future events on a regular basis.

For expected credit loss recognition, financial assets are classified in any of the below 3 stages. A financial asset can move between stages during its lifetime. The stages are based on changes in credit quality since initial recognition and defined as follows:

#### Stage 1 Financial assets without a significant increase in credit risk

Financial assets that have not had a significant increase in credit risk since initial recognition (i.e. no stage 2 or 3 triggers apply) or debt instrument that considered to have low credit risk at each reporting date. An allowance for expected credit losses are recognised at the amount equivalent to the expected credit losses in the next 12 months.

The Company identifies government and state enterprise securities and private debt instruments with a credit rating not lower than BBB- as low credit risk and classified them as investment grade. Debt instruments with a credit rating lower than BBB- and/or subject to any event which negatively affects their credit quality are classified as non-investment grade, and investment officer is to closely monitor and review the quality of these assets to determine whether the credit risk has increased significantly.

#### Stage 2 Financial assets with a significant increase in credit risk

When financial assets have a significant increase in credit risk since initial recognition but not credit-impaired, expected credit losses are recognised for possible default events over the lifetime of the financial assets. A significant increase in credit risk is assessed by using a number of quantitative and qualitative factors that are significant to the increase in credit risk.

Quantitative factors include an assessment of whether there has been a significant increase in the probability of default (PD) since origination, such as downgrade of counterparty credit rating. If the changes exceed the thresholds, the financial assets are considered to have experienced a significant increase in credit risk.

Qualitative factor assessments are part of current credit risk management processes, such as an assessment of significant deterioration in the counterparties' or debt instrument issuers' ability to repay. Qualitative indicators include operating results, financial liquidity and other reliable indicators.

Financial assets can be transferred to stage 1 in case they have proven that their ability to repay are back to normal.

#### Stage 3 Credit impairment financial assets

Financial assets are also considered to be credit-impaired where the counterparties or debt instrument issuers are unlikely to pay on the occurrence of one or more observable events that have a negative impact on the estimated future cash flows of the financial assets. Evidence that a financial asset is credit-impaired include observable information such as significant financial difficulty of counterparties or debt instrument issuers, a breach of contract or past due event and probability that the borrower will enter bankruptcy or other financial reorganisation and so on.

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 or counterparties and the economic environment.

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

#### **5.10 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.

#### **5.11 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 neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

#### **5.12 Offsetting of financial instruments**

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

#### **5.13 Loans and expected credit loss**

##### *Accounting policies adopted since 1 January 2020*

Loans are stated at net realisable value. Allowance for expected credit loss is provided for the general approach to determine the allowance for expected loss over the lifetime.

Increase (decrease) in allowance for expected credit loss is recorded as expense during the year.

#### Accounting policies adopted before 1 January 2020

Loans are stated at net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of loans.

Increase (decrease) in allowance for doubtful accounts is recognised as expense in profit or loss.

#### **5.14 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 40 years. Depreciation of the investment properties is included in determining income.

#### **5.15 Property, buildings and equipment and depreciation**

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on 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, Building improvement         | 10 - 40 years |
| Office furniture, fixture and equipment | 5 - 10 years  |
| Motor vehicles                          | 5 years       |

Depreciation is included in determining income.

No depreciation is provided for land and construction in progress.

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

#### **5.16 Intangible assets**

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

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



The useful lives of intangible assets with finite useful lives which are computer software are expected to generate economic benefit within 10 years.

No amortisation is provided for computer software under installation.

## 5.17 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 as a lessee

#### Accounting policies adopted since 1 January 2020

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

#### (a) Right-of-use assets

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

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

|                |   |       |
|----------------|---|-------|
| Buildings      | 3 | years |
| Equipment      | 3 | years |
| Motor vehicles | 5 | years |

**(b) Lease liabilities**

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

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

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

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

*Accounting policies adopted before 1 January 2020*

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

## **The Company as a lessor**

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

### **5.18 Impairment of non-financial assets**

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

An impairment loss is recognised in profit or loss.

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

### **5.19 Related party transactions**

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

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

## 5.20 Insurance contract liabilities

Insurance contract liabilities consist of claim reserves and unearned premium reserves.

### (a) Claim reserves

Claim reserves consist of outstanding claims which are recorded at the amount to be actually paid and claim reserves which 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 shall not exceed the sum-insured of the related insurance policies.

Claims reserves were calculated by using an actuarial method based on a best estimate of the claims, that are expected to be paid in respect of loss that occurred before or as at the reporting date, covering both reported and not reported loss, and including claim handling expenses, after deducting salvage values and other recoverable values. Differences between the calculated claims reserves and the claims already recognised are recorded as incurred but not reported claims (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 (the one-three hundred and sixty fifth basis)                                 |

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

In the second quarter of 2019, the Company changed the method it uses to calculate unearned premium reserve for all type of insurance, except for transportation (cargo) and travelling accident with coverage periods of not over six-months, from a monthly average basis (the one-twenty fourth basis or 1/24) to a daily average basis (the one-three hundred sixty five basis or 1/365) for policies are effective. This change is treated as changes in accounting estimate so prospective method is applied, in order that the recognition of unearned premium reserve would more reflect the period of coverage under insurance policy. However, this change in estimation has no significant impact on the financial statements.

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

(2) Unexpired risk reserve

Unexpired risk reserve is the reserve for the future 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 to be incurred during the remaining period of coverage, based on historical claims data.

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 presented in the financial statements.

## 5.21 Employee benefits

### Short-term employee benefits

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

### 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 gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognises restructuring-related costs.

## **5.22 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 they recognise deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

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

### 5.23 Provisions

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

### 5.24 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 that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

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

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

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

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

## 6. > SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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



## **6.1 Recognition and derecognition of assets and liabilities**

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

## **6.2 Allowance for doubtful accounts**

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

## **6.3 Impairment on reinsurance assets**

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

## **6.4 Allowance for impairment of equity instruments**

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

## **6.5 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 and counterparties status analysis, the probability of debt collection. This estimation has various relevant factors; therefore, the actual results may differ from estimates.

## **6.6 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 and losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

## **6.7 Property, buildings and equipment and depreciation**

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

## **6.8 Intangible assets**

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

## **6.9 Insurance contracts classification**

In determining whether insurance contracts meet the definition of insurance contracts under Thai Financial Reporting Standard, the Company is required to test whether the contracts accept significant insurance risk from the reinsurers, using actuarial technique based on assumptions regarding historical claim data and other assumptions. The management is required to exercise judgement in determining these assumptions.

## **6.10 Claim reserves and outstanding claims**

At the end of each reporting period, the Company has to estimate claim reserves and outstanding claims taking into account two parts. These are the claims incurred and reported, and the claims incurred but not reported (IBNR). Such estimates are calculated using an actuarial method and the main assumptions underlying these techniques relate to historical experience, including the development of claims estimates, claims paid, average costs per claim and claim numbers, etc. These claim reserves are determined by an independent actuary as insurance product types. Nevertheless, the estimation requires the management's judgements reflecting the best estimates available at that time. Such estimates are forecasts of future outcomes, and actual results could differ.

### **6.11 Unexpired risk reserve**

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

### **6.12 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.

### **6.13 Leases**

#### **The Company as a lessee**

Determining the lease term with extension and termination options

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.

Estimating the incremental borrowing rate

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 environment.

#### **The Company as lessor**

Lease classification

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to exercise judgement as to whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

### **6.14 Litigation**

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

## 6.15 Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercises judgment, 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.

## 7. > CASH AND CASH EQUIVALENTS

(Unit: Baht)

|   | 2020        | 2019        |
|---|-------------|-------------|
| Cash on hand                                  | -           | 830,000     |
| Deposits at banks with no fixed maturity date | 378,590,759 | 226,582,511 |
| Deposits at banks with fixed maturity date    | -           | 30,000      |
| Total   | 378,590,759 | 227,442,511 |
| Less: Allowance for expected credit loss      | (128,910)   | -           |
| Total cash and cash equivalents - net         | 378,461,849 | 227,442,511 |

As at 31 December 2020, saving account carried interest rate between 0.05 and 0.30 percent per annum (2019 saving account and fixed deposit account carried interest rate between: 0.10 and 0.63 percent per annum).

## 8. > PREMIUM RECEIVABLES

The balances as at 31 December 2020 and 2019 of premium receivables are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

(Unit: Baht)

|                                    | 2020         | 2019         |
|------------------------------------|--------------|--------------|
| Not yet due                        | 415,818,194  | 336,293,446  |
| Not over 30 days                   | 29,238,435   | 27,504,179   |
| Over due 30 days to 60 days        | 12,046,891   | 7,626,052    |
| Over due 60 days to 90 days        | 5,375,377    | 6,370,973    |
| Overdue longer than 90 days        | 26,125,460   | 27,164,684   |
| Total premium receivables          | 488,604,357  | 404,959,334  |
| Less: Allowance for double account | (13,934,863) | (14,428,886) |
| Premium receivables - net          | 474,669,494  | 390,530,448  |

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.

## 9. > REINSURANCE ASSETS

(Unit: Baht)

|  | 2020          | 2019        |
|--|---------------|-------------|
| Insurance reserve refundable from reinsurers |               |             |
| Loss reserves                                | 873,689,485   | 536,908,834 |
| Unearned premium reserves                    | 794,865,414   | 438,535,314 |
| Total reinsurance assets                     | 1,668,554,899 | 975,444,148 |

## 10. > REINSURANCE RECEIVABLES

(Unit: Baht)

|                                 | 2020        | 2019        |
|---------------------------------|-------------|-------------|
| Amount withheld from reinsurers | 2,515,610   | 3,572,965   |
| Amounts due from reinsurers     | 98,871,788  | 193,318,481 |
| Total reinsurance receivables   | 101,387,398 | 196,891,446 |

The balances as at 31 December 2020 and 2019 of amounts due from reinsurers are classified by aging as follows:

(Unit: Baht)

|                                   | 2020       | 2019        |
|-----------------------------------|------------|-------------|
| Not yet due                       | 21,938,384 | 113,744,063 |
| Not over 12 months                | 76,820,283 | 75,185,493  |
| Over 1 year to 2 years            | 57,302     | 1,200,161   |
| Over 2 years                      | 55,819     | 3,188,764   |
| Total amounts due from reinsurers | 98,871,788 | 193,318,481 |

## 11. > INVESTMENTS IN SECURITIES

### 11.1 Classified by type of investments

(Unit: Baht)

|   | 2020                    |                      | 2019                    |                      |
|---|-------------------------|----------------------|-------------------------|----------------------|
|   | COST/<br>AMORTISED COST | FAIR VALUE           | COST/<br>AMORTISED COST | FAIR VALUE           |
| <b>Trading investments measured at fair value through profit or loss</b>                        |                         |                      |                         |                      |
| Equity instruments  | 16,000,708              | 15,444,090           | 12,110,645              | 12,469,816           |
| Total   | 16,000,708              | 15,444,090           | 12,110,645              | 12,469,816           |
| Add (Less): Unrealised gain (loss)  | (556,618)               | -                    | 359,171                 | -                    |
| <b>Total</b>  | <b>15,444,090</b>       | <b>15,444,090</b>    | <b>12,469,816</b>       | <b>12,469,816</b>    |
| <b>Available-for-sale investments measured at fair value through other comprehensive income</b> |                         |                      |                         |                      |
| Government and state enterprise instruments   | 57,909,854              | 59,030,657           | 66,501,525              | 67,531,092           |
| Private enterprises debt instruments  | 2,631,409,328           | 2,652,297,273        | 2,291,388,147           | 2,314,570,848        |
| Foreign debt instruments  | 30,000,000              | 30,125,889           | 30,000,000              | 30,280,066           |
| Equity instruments  | 536,161,394             | 2,111,051,907        | 481,645,324             | 1,925,512,083        |
| Unit trusts   | 2,847,174,206           | 2,637,088,590        | 2,359,861,446           | 2,456,784,134        |
| Total   | 6,102,654,782           | 7,489,594,316        | 5,229,396,442           | 6,794,678,223        |
| Add: Unrealised gains   | 1,431,916,308           | -                    | 1,572,581,781           | -                    |
| Less: Allowance for expected credit loss  | (8,880,037)             | -                    | -                       | -                    |
| Less: Allowance for impairment  | (36,096,737)            | -                    | (7,300,000)             | -                    |
| <b>Total</b>  | <b>7,489,594,316</b>    | <b>7,489,594,316</b> | <b>6,794,678,223</b>    | <b>6,794,678,223</b> |
| <b>Held-to-maturity investments measured at amortised cost</b>                                  |                         |                      |                         |                      |
| Government and state enterprise instruments   | 30,150,000              |                      | 30,000,000              |                      |
| Private enterprises debt instruments  | -                       |                      | 99,029,781              |                      |
| Deposits at financial institutions matured over 3 months  | 295,800,000             |                      | 652,962,538             |                      |
| Total   | 325,950,000             |                      | 781,992,319             |                      |
| Less: Allowance for expected credit loss  | (571,945)               |                      | -                       |                      |
| <b>Total</b>  | <b>325,378,055</b>      |                      | <b>781,992,319</b>      |                      |
| <b>Other investments</b>  |                         |                      |                         |                      |
| Equity instruments  | -                       |                      | 27,672,460              |                      |
| Less: Allowance for impairment  | -                       |                      | (16,796,737)            |                      |
| <b>Total</b>  | <b>-</b>                |                      | <b>10,875,723</b>       |                      |
| <b>Total investments in securities</b>  | <b>7,830,416,461</b>    |                      | <b>7,600,016,081</b>    |                      |

## 11.2 Classified by stage of credit risk

(Unit: Baht)

|   |  | 2020          |  |
|---|--|---------------|--|
|   |  | FAIR VALUE    | ALLOWANCE FOR EXPECTED CREDIT LOSS WHICH IS RECOGNISED IN PROFIT OR LOSS |
| <b>Available-for-sale investments measured at fair value through other comprehensive income</b> |  |               |  |
| Stage 1 - Debt instruments without a significant increase of credit risk                        |  | 2,709,445,524 | (5,683,416)  |
| Stage 2 - Debt instruments with a significant increase of credit risk                           |  | 29,643,295    | (561,621)  |
| Stage 3 - Credit impaired   |  | 2,365,000     | (2,635,000)  |
| Total   |  | 2,741,453,819 | (8,880,037)  |

(Unit: Baht)

|  |  | 2020                  |  |                 |
|--|--|-----------------------|--|-----------------|
|  |  | GROSS CARRYING AMOUNT | ALLOWANCE FOR EXPECTED CREDIT LOSS WHICH IS RECOGNISED IN PROFIT OR LOSS | CARRYING AMOUNT |
| <b>Held-to-maturity investments measured at amortised cost</b>           |  |                       |  |                 |
| Stage 1 - Debt instruments without a significant increase of credit risk |  | 325,950,000           | (571,945)  | 325,378,055     |
| Total  |  | 325,950,000           | (571,945)  | 325,378,055     |

The significant increase in allowance for expected credit loss of Baht 2.6 million in debt instruments was mainly due to the debt issuer facing significant financial problems.



### 11.3 Remaining periods of debt securities

Investments in debt securities and deposit at financial institutions as at 31 December 2020 and 2019 has remaining period to maturity as from the ending period as follows:

(Unit: Baht)

| 2020  |                      |                      |              |                      |
|---|----------------------|----------------------|--------------|----------------------|
|   | PERIOD TO MATURITY   |                      |              | TOTAL                |
|   | 1 YEAR               | 1 - 5 YEARS          | OVER 5 YEARS |                      |
| <b>Available-for-sale investments measured at fair value through other comprehensive income</b> |                      |                      |              |                      |
| Government and state enterprise instruments   | 40,310,811           | 17,599,043           | -            | 57,909,854           |
| Private enterprises debt instruments  | 942,051,670          | 1,689,357,658        | -            | 2,631,409,328        |
| Foreign debt instruments  | 30,000,000           | -                    | -            | 30,000,000           |
| Total   | 1,012,362,481        | 1,706,956,701        | -            | 2,719,319,182        |
| Add: Unrealised gain  | 1,631,359            | 20,503,278           | -            | 22,134,637           |
| <b>Total</b>  | <b>1,013,993,840</b> | <b>1,727,459,979</b> | <b>-</b>     | <b>2,741,453,819</b> |
| <b>Held-to-maturity investments measured at amortised cost</b>                                  |                      |                      |              |                      |
| Government and state enterprise instruments   | 150,000              | 30,000,000           | -            | 30,150,000           |
| Deposits with financial institutions matured over than 3 months                                 | 5,000,000            | 290,800,000          | -            | 295,800,000          |
| <b>Total</b>  | <b>5,150,000</b>     | <b>320,800,000</b>   | <b>-</b>     | <b>325,950,000</b>   |
| (Unit: Baht)  |                      |                      |              |                      |
| 2019  |                      |                      |              |                      |
|   | PERIOD TO MATURITY   |                      |              | TOTAL                |
|   | 1 YEAR               | 1 - 5 YEARS          | OVER 5 YEARS |                      |
| <b>Available-for-sale investments measured at fair value through other comprehensive income</b> |                      |                      |              |                      |
| Government and state enterprise instruments   | 8,989,913            | 57,511,612           | -            | 66,501,525           |
| Private enterprises debt instruments  | 692,140,221          | 1,599,247,926        | -            | 2,291,388,147        |
| Foreign debt instruments  | -                    | 30,000,000           | -            | 30,000,000           |
| Total   | 701,130,134          | 1,686,759,538        | -            | 2,387,889,672        |
| Add: Unrealised gain  | 2,573,448            | 21,918,886           | -            | 24,492,334           |
| <b>Total</b>  | <b>703,703,582</b>   | <b>1,708,678,424</b> | <b>-</b>     | <b>2,412,382,006</b> |
| <b>Held-to-maturity investments measured at amortised cost</b>                                  |                      |                      |              |                      |
| Government and state enterprise securities  | 30,000,000           | -                    | -            | 30,000,000           |
| Private enterprises debt securities   | 99,029,781           | -                    | -            | 99,029,781           |
| Deposits with financial institutions matured over than 3 months                                 | 652,962,538          | -                    | -            | 652,962,538          |
| <b>Total</b>  | <b>781,992,319</b>   | <b>-</b>             | <b>-</b>     | <b>781,992,319</b>   |

## 11.4 Fair values of investments in debt securities

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)

|  | 2020   |  |  |  |
|--|--|--|--|--|
|  | 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 ONLY OUTSTANDING PRINCIPAL AMOUNT |  | THE CONTRACTUAL TERMS OF FINANCIAL ASSETS GIVE RISE ON SPECIFIED DATES TO CASH FLOWS THAT ARE SOLELY PAYMENTS OF PRINCIPAL AND INTEREST ON THE ONLY OUTSTANDING PRINCIPAL AMOUNT |  |
|  | FAIR VALUE   | CHANGES IN UNREALISED GAIN OR LOSS DURING THE YEAR | FAIR VALUE   | CHANGES IN UNREALISED GAIN OR LOSS DURING THE YEAR |
| Available-for-sale investments measured at fair value through other comprehensive income |  |  |  |  |
| Government and state enterprise instruments  | -  | -  | 59,030,657   | 91,236   |
| Private enterprises debt instruments   | -  | -  | 2,652,297,273  | (2,294,756)  |
| Foreign debt instruments   | -  | -  | 30,125,889   | (154,177)  |
| Unit trusts  | 2,164,070,397  | (134,310,334)                                      | -  | -  |
| Held-to-maturity investments measured at amortised cost                                  |  |  |  |  |
| Government and state enterprise instruments  | -  | -  | 30,150,000   | (5,676)  |
| Deposits with financial institutions matured over than 3 months                          | -  | -  | 295,800,000  | -  |
| Total  | 2,164,070,397  | (134,310,334)                                      | 3,067,403,819  | (2,363,373)  |

### 11.5 Other components of equity - revaluation surplus on available-for-sale investments measured at fair value through other comprehensive income

(Unit: Baht)

|   | FOR THE YEARS ENDED 31 DECEMBER |               |
|---|---------------------------------|---------------|
|   | 2020                            | 2019          |
| Balance - beginning of the year   | 1,258,065,424                   | 1,140,904,801 |
| Cumulative effect of change in accounting policy-net of related income tax (Note 4) | 92,063,752                      | -             |
| Changes during the year   |                                 |               |
| Unrealised gain (loss) during the year  | (223,773,039)                   | 227,280,554   |
| Realised gain in profit or loss   | (31,972,124)                    | (80,829,775)  |
|   | (255,745,163)                   | 146,450,779   |
| Relating income tax   | 51,149,033                      | (29,290,156)  |
| Net comprehensive income for the year (loss)  | (204,596,130)                   | 117,160,623   |
| Balance - end of the year   | 1,145,533,046                   | 1,258,065,424 |

### 11.6 Gain on investments

(Unit: Baht)

|                                  | 2020         | 2019        |
|----------------------------------|--------------|-------------|
| Gain form disposal on investment | 42,408,199   | 84,984,242  |
| Impairment of investment         | (12,000,000) | (3,000,000) |
| Total                            | 30,408,199   | 81,984,242  |

## 12. > LOANS

As at 31 December 2020 and 2019, the balances of loans and interest receivables are classified by stage of credit risk, were as follows:

(Unit: Baht)

| CLASSIFICATION  | 2020      |                      |         |
|---|-----------|----------------------|---------|
|   | PRINCIPAL | INTEREST RECEIVABLES | TOTAL   |
| Stage 1 - Loans without a significant increase of credit risk | 176,117   | -                    | 176,117 |
| Total   | 176,117   | -                    | 176,117 |

| OUTSTANDING PERIOD | 2019      |                      |         |
|--------------------|-----------|----------------------|---------|
|                    | PRINCIPAL | INTEREST RECEIVABLES | TOTAL   |
| Not yet due        | 344,118   | -                    | 344,118 |
| Total              | 344,118   | -                    | 344,118 |

Loans provided to employees are in accordance with employee's benefits plan under a credit line of Baht 100,000 or less for personal guarantee loans. The interest rates for the loans charge at the rates of 6.50 - 8.50 percent per annum. At the end of reporting period, the loan balances have no accrued interest.

### 13. > INVESTMENT PROPERTIES

The balances of investment properties, which are offices for rent, as at 31 December 2020 and 2019 are presented below.

(Unit: Baht)

| NAME OF PROJECT | 2020        |             | 2019        |             |
|-----------------|-------------|-------------|-------------|-------------|
|                 | COST        | FAIR VALUE  | COST        | FAIR VALUE  |
| KPI Tower       | 200,467,681 | 325,187,332 | 207,072,936 | 327,513,770 |
| Total           | 200,467,681 | 325,187,332 | 207,072,936 | 327,513,770 |

The fair values of the above investment properties, office building for rent, have been determined based on valuations performed by independent valuer. The fair value of the office building for rent has been determined using the income approach. The main assumptions used in the valuation are yield rate and discount rate.

A reconciliation of the net book value of investment properties for the years ended 31 December 2020 and 2019 is presented below.

(Unit: Baht)

|                                | 2020         | 2019         |
|--------------------------------|--------------|--------------|
| Cost                           | 263,668,781  | 263,668,781  |
| Less: Accumulated depreciation | (63,201,100) | (56,595,845) |
| Net book value                 | 200,467,681  | 207,072,936  |

(Unit: Baht)

|   | FOR THE YEARS ENDED 31 DECEMBER |             |
|---|---------------------------------|-------------|
|   | 2020                            | 2019        |
| Net book value at beginning of the year | 207,072,936                     | 213,660,144 |
| Depreciation charged                    | (6,605,255)                     | (6,587,208) |
| Net book value at end of the year       | 200,467,681                     | 207,072,936 |

Revenue and expense related to investment properties are recognised in profit or loss as

(Unit: Baht)

|  |  | FOR THE YEARS ENDED 31 DECEMBER |            |
|--|--|---------------------------------|------------|
|  |  | 2020                            | 2019       |
| Rental income  |  | 47,124,777                      | 45,536,530 |
| Direct operating expenses which related to rental income |  | 16,572,931                      | 17,870,330 |

## 14. > PROPERTY, BUILDINGS AND EQUIPMENT

(Unit: Baht)

|  | LAND        | BUILDINGS AND BUILDINGS IMPROVEMENT | FURNITURE, FIXTURES AND OFFICE EQUIPMENT | MOTOR VEHICLES | CONSTRUCTION IN PROGRESS | TOTAL         |
|--|-------------|-------------------------------------|--|----------------|--------------------------|---------------|
| <b>Cost</b>                              |             |                                     |  |                |                          |               |
| 1 January 2019                           | 253,003,250 | 556,020,846                         | 226,772,974                              | 20,416,000     | 132,500                  | 1,056,345,570 |
| Additions                                | -           | -                                   | 32,800,700                               | 1,593,000      | 1,862,430                | 36,256,130    |
| Transfers in (out)                       | -           | -                                   | 1,994,930                                | -              | (1,994,930)              | -             |
| Transfers of assets type                 | -           | (147,200)                           | 147,200                                  | -              | -                        | -             |
| Disposals / write-off                    | -           | -                                   | (16,744,675)                             | -              | -                        | (16,744,675)  |
| Reclassify                               | (4,625,336) | (1,574,664)                         | -  | -              | -                        | (6,200,000)   |
| 31 December 2019                         | 248,377,914 | 554,298,982                         | 244,971,129                              | 22,009,000     | -                        | 1,069,657,025 |
| Additions                                | -           | 44,666                              | 11,144,917                               | 8,799,000      | 6,418,625                | 26,407,208    |
| Transfers in (out)                       | -           | 2,030,800                           | -  | -              | (2,030,800)              | -             |
| Disposals / write-off                    | -           | (2,001,122)                         | (3,507,004)                              | (15,027,700)   | -                        | (20,535,826)  |
| 31 December 2020                         | 248,377,914 | 554,373,326                         | 252,609,042                              | 15,780,300     | 4,387,825                | 1,075,528,407 |
| <b>Accumulated depreciation</b>          |             |                                     |  |                |                          |               |
| 1 January 2019                           | -           | 220,161,561                         | 187,226,395                              | 14,373,526     | -                        | 421,761,482   |
| Depreciation for the year                | -           | 24,420,559                          | 21,357,272                               | 2,972,198      | -                        | 48,750,029    |
| Depreciation on transfers of assets type | -           | (31,923)                            | 31,923                                   | -              | -                        | -             |
| Depreciation on disposals/write-off      | -           | -                                   | (16,687,295)                             | -              | -                        | (16,687,295)  |
| Depreciation on reclassify               | -           | (415,814)                           | -  | -              | -                        | (415,814)     |
| 31 December 2019                         | -           | 244,134,383                         | 191,928,295                              | 17,345,724     | -                        | 453,408,402   |
| Depreciation for the year                | -           | 24,115,843                          | 17,384,097                               | 2,600,077      | -                        | 44,100,017    |
| Depreciation on disposals/write-off      | -           | (735,355)                           | (3,485,540)                              | (13,288,893)   | -                        | (17,509,788)  |
| 31 December 2020                         | -           | 267,514,871                         | 205,826,852                              | 6,656,908      | -                        | 479,998,631   |
| <b>Net book value</b>                    |             |                                     |  |                |                          |               |
| 31 December 2019                         | 248,377,914 | 310,164,599                         | 53,042,834                               | 4,663,276      | -                        | 616,248,623   |
| 31 December 2020                         | 248,377,914 | 286,858,455                         | 46,782,190                               | 9,123,392      | 4,387,825                | 595,529,776   |
| <b>Depreciation for the year</b>         |             |                                     |  |                |                          |               |
| 2019                                     |             |                                     |  |                |                          | 48,750,029    |
| 2020                                     |             |                                     |  |                |                          | 44,100,017    |

As at 31 December 2020, certain buildings and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 228.0 million (2019: Baht 226.1 million).

## 15. > LEASES

### The Company as a lessee

The Company has lease contracts for buildings, office equipment and motor vehicles used in its operations. Lease buildings and office equipment have lease terms of 3 years, and motor vehicles have a lease term of 5 years.

#### 15.1 Right-of-use assets

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

|  | (Unit: Baht)       |                     |                   |              |
|--|--------------------|---------------------|-------------------|--------------|
|  | LEASE<br>BUILDINGS | OFFICE<br>EQUIPMENT | MOTOR<br>VEHICLES | TOTAL        |
| Right-of-use assets as at  |                    |                     |                   |              |
| 31 December 2019   | -                  | -                   | -                 | -            |
| Cumulative effect of the change in<br>accounting policies (Note 4) | 3,508,058          | 4,032,912           | 10,252,635        | 17,793,605   |
| Net book value as at 1 January 2020                                | 3,508,058          | 4,032,912           | 10,252,635        | 17,793,605   |
| Addition during the period   | 4,246,505          | 475,609             | 2,819,399         | 7,541,513    |
| Depreciation for the period  | (2,633,214)        | (2,239,546)         | (5,316,735)       | (10,189,495) |
| Net book value as at 31 December 2020                              | 5,121,349          | 2,268,975           | 7,755,299         | 15,145,623   |

#### 15.2 Lease liabilities

|  | (Unit: Baht)       |                     |                   |              |
|--|--------------------|---------------------|-------------------|--------------|
|  | LEASE<br>BUILDINGS | OFFICE<br>EQUIPMENT | MOTOR<br>VEHICLES | TOTAL        |
| Lease liabilities as at 31 December 2019                           | -                  | -                   | -                 | -            |
| Cumulative effect of the change in<br>accounting policies (Note 4) | 3,508,058          | 4,032,912           | 10,252,635        | 17,793,605   |
| Lease liabilities as at 1 January 2020                             | 3,508,058          | 4,032,912           | 10,252,635        | 17,793,605   |
| Add: Financial cost for the period                                 | 137,244            | 94,278              | 318,640           | 550,162      |
| Add: Increased lease liabilities                                   | 4,246,505          | 475,609             | 2,819,399         | 7,541,513    |
| Less: Lease payments during the period                             | (2,722,224)        | (2,304,000)         | (5,522,497)       | (10,548,721) |
| Lease liabilities as at 31 December 2020                           | 5,169,583          | 2,298,799           | 7,868,177         | 15,336,559   |

(Unit: Baht)

**2020**

|  | LEASE<br>BUILDINGS | OFFICE<br>EQUIPMENT | MOTOR<br>VEHICLES | TOTAL       |
|--|--------------------|---------------------|-------------------|-------------|
| Lease payments                             | 5,295,382          | 2,336,000           | 8,163,886         | 15,795,268  |
| Less: Deferred interest expenses           | (125,799)          | (37,201)            | (295,709)         | (458,709)   |
| Total                                      | 5,169,583          | 2,298,799           | 7,868,177         | 15,336,559  |
| Less: Portion due within one year          | (3,037,310)        | (1,947,184)         | (4,167,915)       | (9,152,409) |
| Lease liabilities - net of current portion | 2,132,273          | 351,615             | 3,700,262         | 6,184,150   |

**15.3 Expenses relating to leases that are recognised in profit or loss**

(Unit: Baht)

|   | FOR THE YEAR ENDED<br>31 DECEMBER 2020 |
|---|--|
| Depreciation of right-of-use assets                         | 9,853,908                              |
| Finance cost on lease liabilities                           | 531,500                                |
| Short-term contracts expenses and lease of low-value assets | 3,534,895                              |
| Total expenses  | 13,920,303                             |

**15.4 Other**

The Company had total cash outflows for leases for the year ended 31 December 2020 of Baht 13.7 million, including the cash outflow related to short-term lease and lease of low-value assets. Moreover, the Company had non-cash additions to right-of-use assets and lease liabilities of Baht 7.5 million.

**15.5 The Company as a lessor**

The Company has entered into operating leases for its investment property, building (Note 13) of the lease terms are between 3 and 6 years.

The Company has future minimum rentals receivable under non-cancellable operating leases as at 31 December 2020 as follows:

(Unit: Baht)

|                          | 2020       |
|--------------------------|------------|
| Within 1 year            | 34,279,065 |
| Over 1 and up to 5 years | 9,751,115  |
| Total                    | 44,030,180 |



## 16. > INTANGIBLE ASSETS

(Unit: Baht)

|                                       | COMPUTER<br>SOFTWARE | COMPUTER SOFTWARE<br>UNDER INSTALLATION | TOTAL       |
|---------------------------------------|----------------------|---|-------------|
| <b>Cost</b>                           |                      |   |             |
| 1 January 2019                        | 130,523,674          | 53,025,947                              | 183,549,621 |
| Additions                             | 9,019,188            | 6,098,230                               | 15,117,418  |
| Transfers in (out)                    | 3,780,448            | (3,780,448)                             | -           |
| 31 December 2019                      | 143,323,310          | 55,343,729                              | 198,667,039 |
| Additions                             | 16,031,354           | 5,650,945                               | 21,682,299  |
| Transfer in (out)                     | 16,935,040           | (16,935,040)                            | -           |
| 31 December 2020                      | 176,289,704          | 44,059,634                              | 220,349,338 |
| <b>Amortisation</b>                   |                      |   |             |
| 1 January 2019                        | 63,559,866           | -                                       | 63,559,866  |
| Amortisation for the year             | 11,471,364           | -                                       | 11,471,364  |
| 31 December 2019                      | 75,031,230           | -                                       | 75,031,230  |
| Amortisation for the year             | 13,568,909           | -                                       | 13,568,909  |
| 31 December 2020                      | 88,600,139           | -                                       | 88,600,139  |
| <b>Allowance for impairment loss:</b> |                      |   |             |
| 31 December 2019                      | -                    | 35,850,729                              | 35,850,729  |
| 31 December 2020                      | -                    | 35,850,729                              | 35,850,729  |
| <b>Net book value</b>                 |                      |   |             |
| 31 December 2019                      | 68,292,080           | 19,493,000                              | 87,785,080  |
| 31 December 2020                      | 87,689,565           | 8,208,905                               | 95,898,470  |
| <b>Amortisation for the year</b>      |                      |   |             |
| 2019                                  |                      |   | 11,471,364  |
| 2020                                  |                      |   | 13,568,909  |

As at 31 December 2020, the Company has computer software which has been fully amortised but are still in use, with the gross carrying amount before deducting accumulated amortisation, amounting to approximately Baht 25.2 million (2019: Baht 25.0 million).

## 17. ► DEFERRED TAX LIABILITIES/INCOME TAX EXPENSES

As of 31 December 2020 and 2019, the components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Baht)

|   | 31 DECEMBER          |                      | CHANGE IN DEFERRED TAX ASSETS OR<br>LIABILITIES THAT ARE RECOGNISED IN<br>PROFIT OR LOSS<br>FOR THE YEARS ENDED 31 DECEMBER |              |
|---|----------------------|----------------------|---|--------------|
|   | 2020                 | 2019                 | 2020  | 2019         |
| <b>Deferred tax assets</b>  |                      |                      |   |              |
| Allowance for doubtful accounts   | 2,786,973            | 2,868,259            | (81,286)  | (45,056)     |
| Allowance for expected credit loss  | 1,942,405            | -                    | 749,224   | -            |
| Allowance for loss on impairment of<br>investments  | 7,219,347            | 4,819,347            | 2,400,000   | 600,000      |
| Allowance for loss on impairment of<br>assets   | 7,170,146            | 7,170,146            | -   | -            |
| Premium reserves  | 27,020,242           | 23,865,359           | 3,154,883   | 2,959,042    |
| Provision for losses incurred but<br>not yet reported                                     | 33,649,830           | 26,085,682           | 7,564,148   | (4,257,953)  |
| Claim reserves  | 48,751,711           | 60,398,357           | (11,646,646)  | (14,482,809) |
| Employee benefit obligations  | 11,508,902           | 10,465,479           | 186,256   | 699,824      |
| Difference between accounting and<br>taxation relating to depreciation<br>expenses        | 8,356,431            | 7,410,249            | 946,182   | 923,313      |
| Loss on changes in values of<br>investments - trading securities                          | 111,323              | -                    | 111,323   | -            |
| Right-of-use assets and lease liabilities   | 38,187               | -                    | 38,187  | -            |
| <b>Total</b>  | <b>148,555,497</b>   | <b>143,082,878</b>   |   |              |
| <b>Deferred tax liabilities</b>   |                      |                      |   |              |
| Gains on changes in values of<br>investments - trading securities                         | -                    | (71,834)             | 71,834  | (46,098)     |
| Gains on changes in values of<br>investments - available-for-sale<br>securities           | (286,383,261)        | (314,516,356)        |   |              |
| <b>Total</b>  | <b>(286,383,261)</b> | <b>(314,588,190)</b> |   |              |
| <b>Deferred tax liabilities - net</b>   | <b>(137,827,764)</b> | <b>(171,505,312)</b> |   |              |
| Changes in deferred tax assets or<br>liabilities that are recognised in<br>profit or loss |                      |                      | 3,494,105   | (13,649,737) |

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

|   | (Unit: Baht)       |                    |
|---|--------------------|--------------------|
|   | 2020               | 2019               |
| <b>Current income tax:</b>                                    |                    |                    |
| Current corporate income tax charge                           | 160,367,544        | 149,061,674        |
| Adjustment of prior year's corporate income tax               | (106,901)          | (87,355)           |
| <b>Deferred tax:</b>  |                    |                    |
| Relating to origination and reversal of temporary differences | (3,494,105)        | 13,649,737         |
| <b>Income tax expense reported in profit or loss</b>          | <b>156,766,538</b> | <b>162,624,056</b> |

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

|  | (Unit: Baht) |              |
|--|--------------|--------------|
|  | 2020         | 2019         |
| Deferred tax relating to:  |              |              |
| Gain or loss on changes in value of available-for-sale investments | 51,149,033   | (29,290,156) |
| Actuarial gain or loss   | 857,167      | (157,266)    |

Reconciliation between the accounting profits and income tax expenses for the years ended 31 December 2020 and 2019 are as follows:

|   | (Unit: Baht)       |                    |
|---|--------------------|--------------------|
|   | 2020               | 2019               |
| Accounting profits before income tax expenses             | 873,247,453        | 894,502,879        |
| Applicable corporate income tax rates                     | 20%                | 20%                |
| Income taxes at the applicable corporate income tax rates | 174,649,491        | 178,900,576        |
| Adjustment of prior year's corporate income tax           | (106,901)          | (87,355)           |
| Tax effect of:  |                    |                    |
| Non-taxable revenues                                      | (15,614,027)       | (15,163,860)       |
| Non-tax deductible expense                                | 237,818            | 917,814            |
| Other   | (2,399,843)        | (1,943,119)        |
| <b>Income tax expenses reported in profit or loss</b>     | <b>156,766,538</b> | <b>162,624,056</b> |

## 18. > OTHER ASSETS

(Unit: Baht)

|                                       | 2020        | 2019        |
|---------------------------------------|-------------|-------------|
| Input tax refundable                  | 15,891,740  | 12,347,537  |
| Prepaid commission expenses           | 140,311,177 | 81,775,438  |
| Deposits and guarantee                | 1,761,379   | 1,321,725   |
| Prepaid expenses                      | 9,252,647   | 11,613,367  |
| Advance payments and other receivable | 8,299,564   | 21,173,884  |
| Advance payment of ceded premium      | 58,795,869  | 4,840,655   |
| Others                                | 4,506,532   | 4,795,996   |
| Total other assets                    | 238,818,908 | 137,868,602 |

## 19. > INSURANCE CONTRACT LIABILITIES

(Unit: Baht)

| 2020                             |      |                                   |                               |               |
|----------------------------------|------|-----------------------------------|-------------------------------|---------------|
|                                  | NOTE | INSURANCE<br>CONTRACT LIABILITIES | REINSURANCE<br>ON LIABILITIES | NET           |
| Loss reserves                    |      |                                   |                               |               |
| Claims incurred and reported     |      | 839,127,752                       | (570,635,712)                 | 268,492,040   |
| Claims incurred but not reported |      | 471,302,919                       | (303,053,773)                 | 168,249,146   |
| Total loss reserves              | 19.1 | 1,310,430,671                     | (873,689,485)                 | 436,741,186   |
| Premium reserves                 |      |                                   |                               |               |
| Unearned premium reserve         | 19.4 | 1,841,887,342                     | (794,865,414)                 | 1,047,021,928 |
| Total                            |      | 3,152,318,013                     | (1,668,554,899)               | 1,483,763,114 |

(Unit: Baht)

| 2019                             |      |                                   |                               |               |
|----------------------------------|------|-----------------------------------|-------------------------------|---------------|
|                                  | NOTE | INSURANCE<br>CONTRACT LIABILITIES | REINSURANCE<br>ON LIABILITIES | NET           |
| Loss reserves                    |      |                                   |                               |               |
| Claims incurred and reported     |      | 667,311,141                       | (351,587,598)                 | 315,723,543   |
| Claims incurred but not reported |      | 315,749,645                       | (185,321,236)                 | 130,428,409   |
| Total loss reserves              | 19.1 | 983,060,786                       | (536,908,834)                 | 446,151,952   |
| Premium reserves                 |      |                                   |                               |               |
| Unearned premium reserve         | 19.4 | 1,413,774,919                     | (438,535,314)                 | 975,239,605   |
| Total                            |      | 2,396,835,705                     | (975,444,148)                 | 1,421,391,557 |

During the years 2020 and 2019, 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, the management still requires to disclose insurance contract liabilities on both a gross and net basis in order to provide a comprehensive set of disclosures.

### 19.1 Loss reserves

(Unit: Baht)

|   | FOR THE YEARS ENDED 31 DECEMBER |                 |
|---|---------------------------------|-----------------|
|   | 2020                            | 2019            |
| Balances - beginning of the year                    | 983,060,786                     | 891,253,334     |
| Claims incurred in the current accident year        | 1,670,202,657                   | 1,608,693,027   |
| Change in estimating claim reserves                 | (54,693,164)                    | 26,383,507      |
| Change in assumption for calculating claim reserves | 155,553,274                     | 4,358,120       |
| Claims paid during the year                         | (1,443,692,882)                 | (1,547,627,202) |
| Balance - end of the year                           | 1,310,430,671                   | 983,060,786     |

As at 31 December 2020 and 2019, the Company, which is a reinsurer under the reinsurance contracts, has loss reserve under such contracts of Baht 24.7 million and Baht 33.1 million, respectively.

## 19.2 Claims development table

### (a) Gross claims table

| ACCIDENT YEAR /<br>REPORTING YEAR                              |                    |               |               |               |               |               |               |               |               |               | (Unit: Baht)   |
|--|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
|  | PRIOR YEAR<br>2012 | 2012          | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          | 2019          | 2020          | TOTAL          |
| Claims estimates:  |                    |               |               |               |               |               |               |               |               |               |                |
| - As at accident year  | 2,803,594,649      | 1,422,782,055 | 1,351,491,271 | 1,189,977,226 | 1,247,299,384 | 1,376,473,480 | 1,540,832,131 | 1,777,579,530 | 1,758,040,578 | 2,005,986,572 |                |
| - Next one year  | 2,901,322,992      | 1,403,195,035 | 1,374,129,756 | 1,185,185,376 | 1,276,215,842 | 1,285,574,999 | 1,496,732,321 | 1,643,242,094 | 1,629,511,642 |               |                |
| - Next two years   | 2,886,987,241      | 1,371,801,606 | 1,348,257,836 | 1,159,529,873 | 1,250,080,650 | 1,270,240,079 | 1,495,996,497 | 1,534,074,875 |               |               |                |
| - Next three years   | 2,888,599,115      | 1,378,827,846 | 1,352,012,680 | 1,161,178,754 | 1,246,137,057 | 1,269,593,373 | 1,498,711,734 |               |               |               |                |
| - Next four years  | 2,887,663,557      | 1,382,513,635 | 1,350,007,135 | 1,157,426,449 | 1,246,489,398 | 1,268,730,278 |               |               |               |               |                |
| - Next five years  | 2,889,747,785      | 1,378,669,663 | 1,344,938,136 | 1,157,605,903 | 1,246,620,620 |               |               |               |               |               |                |
| - Next six years   | 2,893,375,113      | 1,383,282,036 | 1,344,891,904 | 1,159,107,251 |               |               |               |               |               |               |                |
| - Next seven years   | 2,890,720,090      | 1,380,589,137 | 1,344,955,597 |               |               |               |               |               |               |               |                |
| - Next eight years   | 2,889,381,050      | 1,381,209,655 |               |               |               |               |               |               |               |               |                |
| - Next nine years  | 2,892,623,806      |               |               |               |               |               |               |               |               |               |                |
| Ultimate claims reserves                                       | 2,892,623,806      | 1,381,209,655 | 1,344,955,597 | 1,159,107,251 | 1,246,620,620 | 1,268,730,278 | 1,498,711,734 | 1,534,074,875 | 1,629,511,642 | 2,005,986,572 | 15,961,532,030 |
| Cumulative claims payment                                      |                    |               |               |               |               |               |               |               |               |               |                |
| to date  | 2,889,172,014      | 1,381,208,655 | 1,342,275,597 | 1,159,104,247 | 1,246,274,445 | 1,268,577,843 | 1,435,790,318 | 1,499,552,067 | 1,525,411,364 | 953,171,645   | 14,700,538,195 |
| Total  | 3,451,792          | 1,000         | 2,680,000     | 3,004         | 346,175       | 152,435       | 62,921,416    | 34,522,808    | 104,100,278   | 1,052,814,927 | 1,260,993,835  |
| Unallocated loss adjustment expenses                           |                    |               |               |               |               |               |               |               |               |               | 33,168,682     |
| Claim reserves for inward treaty contracts                     |                    |               |               |               |               |               |               |               |               |               | 11,502,117     |
| Other claim reserves   |                    |               |               |               |               |               |               |               |               |               | 4,766,037      |
| Total claim reserves and outstanding claims before reinsurance |                    |               |               |               |               |               |               |               |               |               | 1,310,430,671  |

(b) Net claims table

|   |                    |             |               |               |               |               |               |               |             |             | (Unit: Baht)   |
|---|--------------------|-------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------|-------------|----------------|
| ACCIDENT YEAR /<br>REPORTING YEAR                             | PRIOR YEAR<br>2012 | 2012        | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          | 2019        | 2020        | TOTAL          |
| Claims estimates:   |                    |             |               |               |               |               |               |               |             |             |                |
| - As at accident year   | 2,046,048,875      | 931,887,715 | 1,155,312,917 | 1,127,980,157 | 1,128,821,373 | 1,272,886,588 | 1,207,594,177 | 1,156,948,157 | 949,275,828 | 810,372,996 |                |
| - Next one year   | 2,056,280,917      | 958,777,292 | 1,192,527,613 | 1,122,411,439 | 1,163,575,187 | 1,193,984,673 | 1,171,861,756 | 1,101,898,144 | 911,499,245 |             |                |
| - Next two years  | 2,046,550,843      | 935,169,755 | 1,167,361,853 | 1,096,003,277 | 1,136,544,939 | 1,179,243,325 | 1,113,886,703 | 1,040,077,058 |             |             |                |
| - Next three years  | 2,048,521,191      | 942,594,657 | 1,173,202,738 | 1,097,667,967 | 1,132,555,289 | 1,179,420,820 | 1,116,398,911 |               |             |             |                |
| - Next four years   | 2,048,622,138      | 946,350,320 | 1,171,176,392 | 1,094,165,114 | 1,132,853,227 | 1,180,315,416 |               |               |             |             |                |
| - Next five years   | 2,050,456,230      | 942,505,820 | 1,166,393,400 | 1,094,309,661 | 1,132,935,605 |               |               |               |             |             |                |
| - Next six years  | 2,051,270,508      | 944,348,726 | 1,166,404,598 | 1,095,810,883 |               |               |               |               |             |             |                |
| - Next seven years  | 2,051,542,142      | 944,471,779 | 1,166,464,300 |               |               |               |               |               |             |             |                |
| - Next eight years  | 2,051,415,140      | 945,091,288 |               |               |               |               |               |               |             |             |                |
| - Next nine years   | 2,052,394,131      |             |               |               |               |               |               |               |             |             |                |
| Ultimate claims reserves                                      | 2,052,394,131      | 945,091,288 | 1,166,464,300 | 1,095,810,883 | 1,132,935,605 | 1,180,315,416 | 1,116,398,911 | 1,040,077,058 | 911,499,245 | 810,372,996 | 11,451,359,833 |
| Cumulative claims payment                                     |                    |             |               |               |               |               |               |               |             |             |                |
| to date   | 2,050,972,531      | 945,090,288 | 1,165,014,136 | 1,095,823,155 | 1,132,841,664 | 1,180,752,942 | 1,114,601,197 | 1,034,019,944 | 857,290,766 | 487,648,860 | 11,064,055,483 |
| Total   | 1,421,600          | 1,000       | 1,450,164     | (12,272)      | 93,941        | (437,526)     | 1,797,714     | 6,057,114     | 54,208,479  | 322,724,136 | 387,304,350    |
| Unallocated loss adjustment expenses                          |                    |             |               |               |               |               |               |               |             |             | 33,168,682     |
| Claim reserves for inward treaty contracts                    |                    |             |               |               |               |               |               |               |             |             | 11,502,117     |
| Other claim reserves  |                    |             |               |               |               |               |               |               |             |             | 4,766,037      |
| Total claim reserves and outstanding claims after reinsurance |                    |             |               |               |               |               |               |               |             |             | 436,741,186    |



### 19.3 Assumptions

Assumptions for insurance contract liabilities are as follows:

#### (a) Assumptions regarding incurred claims and paid claim development

The incurred claim development method assumes that the relative change in a given accident quarter's cumulative incurred claim estimates from one development quarter to the next is constant, which can imply that the relative adequacy of the Company's outstanding reserves has been consistent over time, and that there have been no material changes in the rate at which claims have been reported and paid. The appropriate loss development factors are selected to project the actual cumulative incurred claims for any accident quarter and to estimate the ultimate loss.

The paid claim development method assumes that the relative change in a given accident quarter's cumulative paid claims from one development quarter to the next is constant, which can imply that there are no material changes in the rate at which claims have been paid. However, the paid claim development method could lead to erratic and unreliable projections if the coverage payment is delayed because the movement in claim payments during the initial period is too small. The appropriate loss development factors are selected to project the actual cumulative incurred claims for any accident quarter, and to estimate the ultimate loss. This method differs from the incurred claim development method in that the Company's case reserves are excluded from the analysis. As a result, this method has the advantage of avoiding the distortions which might be reflected in the incurred claim development method from abnormal reserve increases or decreases due to either changes to reserve policy or errors in determination of claim reserve.

The appropriate development factors are selected by referring to the historical development pattern, observed trends in historical claim development, changes in claim management personnel or policy, changes in underwriting control, and reinsurance arrangements. However, the calculation does not reflect the time value of money. For inward treaty reinsurance, the IBNR reserve is calculated by assuming the IBNR reserve and case reserve of treaty business share a similar relationship with the direct business.

## (b) Assumptions regarding expenses

The ratio of unallocated loss adjustment expenses (ULAE) to the total gross claims paid is based on the historical information for the period from 2014 - 2020, and selected to broadly reflect the Company's actual experience in the past few years, taking into consideration any observed trends and distortion as a result of the 2011 floods. The assumption that half of the unallocated claims expenses are incurred when the claims file is opened and the remaining half are incurred when the claims are settled is used to derive the ULAE liability.

### 19.4 Unearned premium reserves

(Unit: Baht)

|                                     | FOR THE YEARS ENDED 31 DECEMBER |                 |
|-------------------------------------|---------------------------------|-----------------|
|                                     | 2020                            | 2019            |
| Beginning balance                   | 1,413,774,919                   | 1,382,513,307   |
| Premium written for the year        | 3,932,915,043                   | 3,116,503,194   |
| Premium earned for the current year | (3,504,802,620)                 | (3,085,241,582) |
| Ending balance                      | 1,841,887,342                   | 1,413,774,919   |

## 20. > DUE TO REINSURERS

(Unit: Baht)

|                                 | 2020        | 2019        |
|---------------------------------|-------------|-------------|
| Amounts withheld on reinsurance | 379,624,217 | 255,638,085 |
| Others reinsurance payables     | 138,209,526 | 123,988,786 |
| Total due to reinsurers         | 517,833,743 | 379,626,871 |

## 21. > EMPLOYEE BENEFIT OBLIGATIONS

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

(Unit: Baht)

|  | FOR THE YEARS ENDED 31 DECEMBER |              |
|--|---------------------------------|--------------|
|  | 2020                            | 2019         |
| Provision for long-term employee benefits at beginning of year | 52,327,396                      | 49,614,606   |
| Recognised in profit or loss                                   |                                 |              |
| Current service cost   | 5,740,745                       | 6,068,804    |
| Interest cost  | 1,149,513                       | 1,373,654    |
| Past service cost  | (3,339,771)                     | 12,487,625   |
| Recognised in other comprehensive income                       |                                 |              |
| Actuaial (gain) loss arising from                              |                                 |              |
| Demographic assumption changes                                 | 5,838                           | 253,997      |
| Financial assumption changes                                   | 4,692,606                       | 2,444,971    |
| Experience adjustments   | (412,611)                       | (3,485,301)  |
| Benefits paid during the year                                  | (2,619,207)                     | (16,430,960) |
| Provision for long-term employee benefits at end of year       | 57,544,509                      | 52,327,396   |

The Company expects to pay Baht 2.0 million of long-term employee benefits during the next year (2019: Baht 2.5 million).

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 13 years (2019: 13 years).

Principal actuarial assumptions at the valuation date were as follows:

|                             | 2020          | 2019          |
|-----------------------------|---------------|---------------|
|                             | (% PER ANNUM) | (% PER ANNUM) |
| Discount rate               | 1.56          | 2.38          |
| Future salary increase rate | 6.00 - 7.00   | 6.00 - 7.00   |
| Turnover rate               | 0.00 - 23.00  | 0.00 - 27.00  |

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2020 and 2019 are summarised below:

(Unit: Baht)

| 2020                        |              |                               |              |                               |
|-----------------------------|--------------|-------------------------------|--------------|-------------------------------|
|                             | CHANGE       | INCREASE AMOUNT<br>(DECREASE) | CHANGE       | INCREASE AMOUNT<br>(DECREASE) |
| Discount rate               | Increase 1%  | (5,519,010)                   | Decrease 1%  | 6,191,718                     |
| Future salary increase rate | Increase 1%  | 5,934,360                     | Decrease 1%  | (5,267,244)                   |
| Turnover rate               | Increase 20% | (6,440,043)                   | Decrease 20% | 8,049,748                     |

(Unit: Baht)

| 2019                        |              |                               |              |                               |
|-----------------------------|--------------|-------------------------------|--------------|-------------------------------|
|                             | CHANGE       | INCREASE AMOUNT<br>(DECREASE) | CHANGE       | INCREASE AMOUNT<br>(DECREASE) |
| Discount rate               | Increase 1%  | (4,567,249)                   | Decrease 1%  | 5,233,566                     |
| Future salary increase rate | Increase 1%  | 4,916,589                     | Decrease 1%  | (4,388,268)                   |
| Turnover rate               | Increase 20% | (5,866,843)                   | Decrease 20% | 7,343,495                     |

## 22. > OTHER LIABILITIES

(Unit: Baht)

|                                       | 2020        | 2019        |
|---------------------------------------|-------------|-------------|
| Accrued commission expenses           | 102,325,819 | 106,341,807 |
| Accounts payable - others             | 39,774,240  | 53,616,342  |
| Accounts payable - Revenue Department | 14,719,884  | 11,312,288  |
| Undue output tax                      | 12,398,742  | 11,539,085  |
| Accrued expenses                      | 76,740,304  | 88,481,478  |
| Endorsement payable                   | 18,341,077  | 2,324,403   |
| Accrued bonus                         | 45,000,000  | 42,000,000  |
| Premium in advance                    | 24,858,568  | 28,472,746  |
| Suspense accounts - premium written   | 11,928,604  | 4,329,451   |
| Advance deposit                       | 8,786,041   | 8,740,442   |
| Others                                | 6,335,783   | 5,184,041   |
| Total other liabilities               | 361,209,062 | 362,342,083 |

## 23. > SHARE CAPITAL

On 10 April 2020, the 2020 Annual General Meeting of shareholders approved an increase of the Company's registered share capital from Baht 110 million to be Baht 330 million (33 million shares of Baht 10 each) by newly issued the ordinary shares in amount of 22 million shares with the par value at 10 Baht per share, totaling Baht 220 million, to support the stock dividend payment. The Company registered the increase of share capital with the Ministry of Commerce on 13 June 2020.

## 24. > STATUTORY RESERVE

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. During the year ended 31 December 2019, the Company had set aside the statutory reserve of Baht 22 million from its net profit. At present, the statutory reserve has fully been set aside.

## 25. > INVESTMENT INCOME

During the years ended 31 December 2020 and 2019, the Company has investment income as follows:

|   | (Unit: Baht) |             |
|---|--------------|-------------|
|   | 2020         | 2019        |
| Interest income from debt instruments   | 80,322,867   | 75,865,020  |
| Interest income from loans              | 10,960       | 17,398      |
| Dividend income from equity instruments | 121,107,292  | 107,372,239 |
| Dividend income from units trusts       | 45,681,539   | 71,335,190  |
| Other investment income                 | 369,100      | 306,800     |
| Total                                   | 247,491,758  | 254,896,647 |

## 26. > OPERATING EXPENSES

|                                 | (Unit: Baht) |             |
|---------------------------------|--------------|-------------|
|                                 | 2020         | 2019        |
| Personnel expenses              | 158,877,731  | 146,083,683 |
| Premises and equipment expenses | 83,520,510   | 84,050,418  |
| Taxes and duties                | (1,287,160)  | 3,926,391   |
| Other operating expenses        | 21,590,300   | 34,674,361  |
| Total                           | 262,701,381  | 268,734,853 |

## 27. > EXPENSES BY NATURE

Expenses by nature are comprised significant expense transactions as follows:

(Unit: Baht)

|                                    | 2020          | 2019          |
|------------------------------------|---------------|---------------|
| Claims expenses                    | 721,602,397   | 832,941,434   |
| Personnel expenses                 | 358,934,537   | 338,938,327   |
| Commissions and brokerage expenses | 458,948,344   | 361,198,838   |
| Other underwriting expenses        | 127,587,996   | 110,400,299   |
| Premises and equipment expenses    | 145,599,502   | 142,267,772   |
| Promotion expenses                 | 145,361,501   | 76,548,336    |
| Finance cost                       | 531,500       | -             |
| Expected credit loss               | 3,746,118     | -             |
| Other expenses                     | 90,204,104    | 100,179,282   |
| Total                              | 2,052,515,999 | 1,962,474,288 |

## 28. > EXPECTED CREDIT LOSS

(Unit: Baht)

|  | 2020      | 2019 |
|--|-----------|------|
| <b>Expected credit loss expenses (reversal)</b>  |           |      |
| Cash and cash equivalents  | 77,949    | -    |
| Accrued investments income   | 64,948    | -    |
| Investment in available-for-sale measured at fair value through other comprehensive income | 4,024,701 | -    |
| Investments in held-to-maturity measured at amortised cost                                 | (421,480) | -    |
| Total  | 3,746,118 | -    |

## 29. > PROVIDENT FUND

The Company and its employees jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the employees and the Company contribute to the fund monthly, at rates ranging from 3% to 7% of the employees' basic salaries, based on the length of employment. The fund which is managed by Krung Thai Asset Management Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2020, the Company contributed Baht 11.5 million (2019: Baht 11.0 million) to the fund.

### 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, after adjusting the number of ordinary shares as a result of the increase in share capital arising from the issue of stock dividend.

On 10 April 2020, the Annual General Meeting of shareholders for the year 2020 approved to pay stock dividend of 22 million shares to the existing shareholders. For the purpose of calculating earnings per share, the Company therefore adjusted the number of ordinary shares used to calculate the earnings per share, as though it had issued the stock dividend at the beginning of the reporting period.

|   | FOR THE YEARS ENDED 31 DECEMBER |             |
|---|---------------------------------|-------------|
|   | 2020                            | 2019        |
| Number of ordinary shares issued during the period (Shares) | 33,000,000                      | 11,000,000  |
| Issue stock dividend during the year (Shares)               | -                               | 22,000,000  |
| Total (Shares)  | 33,000,000                      | 33,000,000  |
| Profit for the year (Baht)                                  | 716,480,915                     | 731,878,823 |
| Earnings per share (Baht per share)                         | 21.71                           | 22.18       |

### 31. > DIVIDEND PAID

#### 31.1 Cash dividend paid

Cash dividend declared during the periods 2020 and 2019 consist of the following:

| APPROVED BY                         |   | TOTAL DIVIDEND | DIVIDEND PER SHARE |
|-------------------------------------|---|----------------|--------------------|
|                                     |   | (BAHT)         | (BAHT)             |
| Interim dividends for 2020          | Meeting of Board of Directors on 27 August 2020             | 165,000,000    | 5                  |
| Final dividends for 2019            | Annual General Meeting of the Shareholders on 31 March 2020 | 297,000,000    | 9                  |
| Total dividends for the period 2020 |   | 462,000,000    | 14                 |
| Interim dividends for 2019          | Meeting of Board of Directors on 26 September 2019          | 165,000,000    | 5                  |
| Final dividends for 2018            | Annual General Meeting of the Shareholders on 10 April 2019 | 264,000,000    | 24                 |
| Total dividends for the period 2019 |   | 429,000,000    | 29                 |

### 31.2 Stock dividend paid

The Annual General Meeting of Shareholders declared its stock dividends as the increase in the Company's registered share capital. Stock dividends were paid at the rate of 1 existing shares per 2 stock dividends, or a total stock dividend of 22 million ordinary shares, at a par value of Baht 10, totaling Baht 220 million.

## 32. > RELATED PARTY TRANSACTIONS

### 32.1 Nature of relationship

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

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

| Name of related parties              | Relationship with the Company                       |
|--------------------------------------|---|
| Krung Thai Bank Plc.                 | Related by way of shareholding                      |
| Thai Reinsurance Plc. <sup>(1)</sup> | Related by way of common directors and shareholding |
| Dhipaya Insurance Plc.               | Related by way of shareholding                      |
| Rabidham Co., Ltd                    | Related by way of shareholding                      |
| Krungthai Card Plc.                  | Related by way of common shareholders               |
| Krungthai Zmico Securities Co., Ltd. | Related by way of common shareholders               |

<sup>(1)</sup> The Company held shares until April 2020 and sold in full amount.



## 32.2 Significant related party transactions

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

|   | FOR THE YEARS ENDED<br>31 DECEMBER |             | (Unit: Baht)   |
|---|------------------------------------|-------------|--|
|   | 2020                               | 2019        | PRICING POLICY   |
| Premium written                                   | 51,546,449                         | 78,673,395  | According to terms of underwriting agreement   |
| Premium ceded                                     | 30,597,997                         | 29,664,766  | According to terms of reinsurance agreement and depending on type of reinsurance                     |
| Inward premium                                    | 9,474,696                          | 15,449,616  | According to terms of reinsurance agreement  |
| Fee and commission income                         | 5,305,335                          | 4,768,622   | According to terms of reinsurance agreement and depending on type of reinsurance                     |
| Claim recoverable from reinsurers                 | 7,230,167                          | 16,461,557  | According to terms of reinsurance agreement and depending on type of reinsurance                     |
| Commissions and brokerages                        | 132,436,399                        | 122,382,923 | According to terms of underwriting agreements  |
| Claim payment                                     | 97,318,125                         | 133,134,816 | At actually incurred   |
| Interest income - deposits at bank and debentures | 4,823,880                          | 3,672,019   | Similar rates to the rates the financial institutions and related companies offer to other costumers |
| Dividend income                                   | 99,998,160                         | 87,961,580  | The declared amount  |
| Cash dividend paid                                | 207,900,000                        | 193,050,000 | The declared amount  |
| Stock dividend paid                               | -                                  | 99,000,000  | The declared amount  |
| Other fees  | 4,983,117                          | 5,220,765   | Similar rates to the rates the related companies offer to their general customers                    |

### 32.3 Outstanding balances

The Company had the following significant balances of assets and liabilities with its related companies.

(Unit: Baht)

|   | 2020                    |                      | 2019                    |                      |
|---|-------------------------|----------------------|-------------------------|----------------------|
|   | COST/<br>AMORTISED COST | FAIR VALUE           | COST/<br>AMORTISED COST | FAIR VALUE           |
| <b>Investments in securities</b>        |                         |                      |                         |                      |
| <b>- available-for-sale investments</b> |                         |                      |                         |                      |
| <b>Investments in listed stocks</b>     |                         |                      |                         |                      |
| Dhipaya Insurance Plc.                  | 203,393,196             | 1,587,890,600        | 203,393,196             | 1,444,081,640        |
| Krung Thai Bank Plc.                    | 25,882,566              | 16,650,000           | 25,882,566              | 24,600,000           |
|   | <u>229,275,762</u>      | <u>1,604,540,600</u> | <u>229,275,762</u>      | <u>1,468,681,640</u> |
| <b>Investments in non-listed stocks</b> |                         |                      |                         |                      |
| Rabidham Co., Ltd.                      | 492,163                 | 492,163              | 492,163                 | 492,163              |
| <b>Investments in debentures</b>        |                         |                      |                         |                      |
| Krungthai Card Plc.                     | 55,000,000              | 55,661,813           | 55,000,000              | 55,805,248           |
| Krungthai Zmico Securities Co., Ltd.    | 50,000,000              | 50,006,126           | -                       | -                    |
|   | <u>105,000,000</u>      | <u>105,667,939</u>   | <u>55,000,000</u>       | <u>55,805,248</u>    |
| <b>Investment in bill of exchange</b>   |                         |                      |                         |                      |
| Krungthai Zmico Securities Co., Ltd.    | 49,900,543              | 49,908,850           | 49,462,271              | 49,555,962           |

(Unit: Baht)

|  | 2020             | 2019             |
|--|------------------|------------------|
| <b>Deposits at financial institution</b>                     |                  |                  |
| Krung Thai Bank Plc.   | 244,969,029      | 400,957,172      |
| <b>Premium receivables</b>                                   |                  |                  |
| Krung Thai Bank Plc.   | 11,956,531       | 8,885,948        |
| <b>Accrued investment income</b>                             |                  |                  |
| Krung Thai Bank Plc.   | 7,911            | 1,604,936        |
| Krungthai Card Plc.  | 415,636          | 415,636          |
| Krungthai Zmico Securities Co., Ltd.                         | 306,301          | -                |
|  | <u>729,848</u>   | <u>2,020,572</u> |
| <b>Reinsurance receivables - amounts due from reinsurers</b> |                  |                  |
| Thai Reinsurance Plc.  | 3,436            | 327,418          |
| Dhipaya Insurance Plc.                                       | 2,405,307        | 5,639,642        |
|  | <u>2,408,743</u> | <u>5,967,060</u> |

|  | (Unit: Baht) |            |
|--|--------------|------------|
|  | 2020         | 2019       |
| <b>Insurance contract liabilities - claim reserves</b> |              |            |
| Krung Thai Bank Plc.                                   | 170,915,330  | 93,363,441 |
| Dhipaya Insurance Plc.                                 | 92,010       | 93,945     |
|  | 171,007,340  | 93,457,386 |
| <b>Reinsurance payables - outward premium payables</b> |              |            |
| Thai Reinsurance Plc.                                  | 4,521,533    | 3,383,345  |
| Dhipaya Insurance Plc.                                 | 6,063,589    | 1,931,500  |
|  | 10,585,122   | 5,314,845  |
| <b>Other liabilities - accrued commission</b>          |              |            |
| Krung Thai Bank Plc.                                   | 29,513,942   | 33,081,697 |

### 32.4 Directors and management's remuneration

During the years ended 31 December 2020 and 2019, the Company had employee benefit expenses to its directors and management as below.

|                              | (Unit: Baht) |            |
|------------------------------|--------------|------------|
|                              | 2020         | 2019       |
| Short-term employee benefits | 102,092,106  | 89,413,425 |
| Long-term employee benefits  | 1,967,946    | 8,189,137  |
| Total                        | 104,060,052  | 97,602,562 |

## 33. > ASSETS WITH RESTRICTIONS AND COMMITMENTS

### 33.1 Asset placed as guarantee securities and placed as insurance reserves

As at 31 December 2020 and 2019, the following assets have been placed as securities and reserved as insurance reserves with the Registrar in accordance with the Non-Life Insurance Act.

|  | 2020                    |             | 2019                    |             |
|--|-------------------------|-------------|-------------------------|-------------|
|  | COST/<br>AMORTISED COST | FAIR VALUE  | COST/<br>AMORTISED COST | FAIR VALUE  |
| <b>Assets placed as securities</b>                   |                         |             |                         |             |
| Government securities                                | 14,398,338              | 14,801,608  | 14,536,090              | 14,632,694  |
| <b>Assets reserved as insurance reserves</b>         |                         |             |                         |             |
| Fixed deposit  | 290,000,000             | 290,000,000 | 290,000,000             | 290,000,000 |
| Government securities                                | 30,316,118              | 30,961,689  | 30,642,255              | 31,427,544  |
| Total assets pledged and reserved with the Registrar | 334,714,456             | 335,763,297 | 335,178,345             | 336,060,238 |

### 33.2 Investments subject to restriction

As at 31 December 2020 and 2019, the Company has placed the following securities as collateral.

(Unit: Baht)

|  | 2020       | 2019       |
|--|------------|------------|
| Fixed deposits - pledged with the court and bank       | 5,830,000  | 5,830,000  |
| Saving lottery - pledged with the court                | 1,050,000  | 1,900,000  |
| Bonds - pledged as a security in the electricity usage | 3,252,707  | 3,235,383  |
| Total  | 10,132,707 | 10,965,383 |

## 34. > CONTRIBUTION TO THE GENERAL INSURANCE FUND

(Unit: Baht)

|   | FOR THE YEARS ENDED 31 DECEMBER |            |
|---|---------------------------------|------------|
|   | 2020                            | 2019       |
| Accumulated General Insurance fund at the beginning of the year | 70,131,018                      | 62,440,974 |
| Contribution during the year                                    | 9,740,736                       | 7,690,044  |
| Accumulated General Insurance fund at the end of the year       | 79,871,754                      | 70,131,018 |

## 35. > COMMITMENTS AND CONTINGENCIES

### 35.1 Capital commitments

As at 31 December 2020, the Company has capital commitments of approximately Baht 21.5 million relating to acquisition of computer systems (2019: Baht 17.3 million).

### 35.2 Operating lease commitments

As at 31 December 2020, The Company has entered into several lease agreements in respect of office equipment which related leases of low-value assets, leases term 1 - 5 year and short-term leases within 1 year. The future minimum payments required under lease were as follows.

|                  | BAHT      |
|------------------|-----------|
| Payable within:  |           |
| Less than 1 year | 2,502,000 |
| 1 - 5 years      | 2,502,000 |

### 35.3 Litigation

As at 31 December 2020, the Company had been sued as insurer, with the total sum insured of relevant policies is Baht 14.6 million (2019: Baht 10.0 million). Judgement has yet to be handed down in these cases. The Company has recorded provisions for potential losses amounting to Baht 5.5 million (2019: Baht 2.1 million) in the financial statements. The Company's management believes that such provision is adequate.

## 36. > NON-LIFE INSURANCE COMPANY'S RISKS

### 36.1 Underwriting risk

The Company determines the type of basic information required for the consideration of various types of insurance underwriting. The insurer must ensure that the insured person's information is accurate and that the actual condition of the property or the individual applying for insurance is correct. The insured must sign to confirm the accuracy of the information submitted to the Company. The assignment of the Company's staff is consistent with the basic knowledge and experience of personnel at each level. The development of the Company's database system must be sufficient for the decision making by the insurer, and the insurer must always arrange for allocation and / or reinsurance prior to underwriting.

Insurance contract liabilities segregated by insurance types as follows:

(Unit: Baht)

|                           | 2020                   |                          |               | 2019                   |                          |             |
|---------------------------|------------------------|--------------------------|---------------|------------------------|--------------------------|-------------|
|                           | GROSS PREMIUM RESERVES | OUTWARD PREMIUM RESERVES | NET           | GROSS PREMIUM RESERVES | OUTWARD PREMIUM RESERVES | NET         |
| Fire                      | 240,626,730            | (17,856,932)             | 222,769,798   | 226,301,086            | (16,148,782)             | 210,152,304 |
| Marine and transportation | 5,222,158              | (756,009)                | 4,466,149     | 3,442,101              | (1,378,992)              | 2,063,109   |
| Motor                     | 757,031,963            | (430,516,762)            | 326,515,201   | 587,356,968            | (283,402,511)            | 303,954,457 |
| Miscellaneous             | 839,006,491            | (345,735,711)            | 493,270,780   | 596,674,764            | (137,605,029)            | 459,069,735 |
| Total                     | 1,841,887,342          | (794,865,414)            | 1,047,021,928 | 1,413,774,919          | (438,535,314)            | 975,239,605 |

(Unit: Baht)

|                           | 2020                |                       |             | 2019                  |                       |             |
|---------------------------|---------------------|-----------------------|-------------|-----------------------|-----------------------|-------------|
|                           | GROSS LOSS RESERVES | OUTWARD LOSS RESERVES | NET         | OUTWARD LOSS RESERVES | OUTWARD LOSS RESERVES | NET         |
| Fire                      | 39,064,587          | (21,180,238)          | 17,884,349  | 21,809,909            | (11,520,793)          | 10,289,116  |
| Marine and transportation | 26,570,980          | (16,588,857)          | 9,982,123   | 27,575,283            | (19,244,385)          | 8,330,898   |
| Motor                     | 661,169,791         | (417,550,206)         | 243,619,585 | 528,754,023           | (220,518,350)         | 308,235,673 |
| Miscellaneous             | 583,625,313         | (418,370,184)         | 165,255,129 | 404,921,571           | (285,625,306)         | 119,296,265 |
| Total                     | 1,310,430,671       | (873,689,485)         | 436,741,186 | 983,060,786           | (536,908,834)         | 446,151,952 |

The sensitivity test is the risk analysis of insurance contract liabilities that may be increased or decreased as a result of change in assumptions used in calculation, which may impact on both gross and net loss reserves. The risks may be caused by the frequency of loss, value of loss and claims, or loss adjustment expenses that are not as expected.

The impact on the best estimate of insurance liabilities of changes in key variables as at 31 December 2020 and 2019 are summarised below.

(Unit: Baht)

| 2020                    |                   |  |  |  |                               |
|-------------------------|-------------------|--|--|--|-------------------------------|
|                         | ASSUMPTION CHANGE | INCREASE (DECREASE) IN GROSS CLAIM LIABILITIES | INCREASE (DECREASE) IN NET CLAIM LIABILITIES | INCREASE (DECREASE) IN PROFIT BEFORE TAX | INCREASE (DECREASE) IN EQUITY |
| Loss ratio              | +10%              | 245,487,878                                    | 93,471,323                                   | (93,471,323)                             | (74,777,058)                  |
|                         | -10%              | (243,636,002)                                  | (91,619,449)                                 | 91,619,449                               | 73,295,559                    |
| Loss development factor | +1%               | 22,784,387                                     | 11,136,160                                   | (11,136,160)                             | (8,908,928)                   |
|                         | -1%               | (22,778,049)                                   | (11,129,855)                                 | 11,129,855                               | 8,903,884                     |
| ULAE ratio              | +1%               | 8,460,173                                      | 8,460,173                                    | (8,460,173)                              | (6,768,138)                   |
|                         | -1%               | (8,460,173)                                    | (8,460,173)                                  | 8,460,173                                | 6,768,138                     |

(Unit: Baht)

| 2019                    |                   |  |  |  |                               |
|-------------------------|-------------------|--|--|--|-------------------------------|
|                         | ASSUMPTION CHANGE | INCREASE (DECREASE) IN GROSS CLAIM LIABILITIES | INCREASE (DECREASE) IN NET CLAIM LIABILITIES | INCREASE (DECREASE) IN PROFIT BEFORE TAX | INCREASE (DECREASE) IN EQUITY |
| Loss ratio              | +10%              | 180,389,786                                    | 108,037,018                                  | (108,037,018)                            | (86,429,614)                  |
|                         | -10%              | (177,873,474)                                  | (105,536,155)                                | 105,536,155                              | 84,428,924                    |
| Loss development factor | +1%               | 24,282,952                                     | 14,498,311                                   | (14,498,311)                             | (11,598,649)                  |
|                         | -1%               | (24,151,357)                                   | (14,444,423)                                 | 14,444,423                               | 11,555,538                    |
| ULAE ratio              | +1%               | 6,110,383                                      | 6,110,383                                    | (6,110,383)                              | (4,888,306)                   |
|                         | -1%               | (6,110,383)                                    | (6,110,383)                                  | 6,110,383                                | 4,888,306                     |

## 36.2 Risk management

### (a) 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 terms of a financial instrument. The Company is exposed to credit risk primarily with respect to premium receivables, investment in debt instruments, loans, reinsurance assets and reinsurance receivables. The Company's maximum exposure to credit risk is limited to the book value less allowance for doubtful debt as presented in the statement of financial position.

The guidelines on the credit risk management are as follows.

- Set criteria for credit approval and updated the criteria to reflect current circumstances and business environment. It has also performed an evaluation and assessment of past issues and limitations to ensure more appropriate operational practices. In addition, the Company ensures that the risk management performance is reported to its Risk Management Committee or Investment Committee on a monthly basis.
- Prepares reports on reinsurance statistics by treaty contract to review the performance of each contract on a quarterly basis. The Company also prepares reports on the credit rating of the insurance and reinsurance companies under the insurance contracts, together with the distribution of reinsurance by risk level on a monthly basis, security review of insurance and reinsurance companies in the form of an annual report or financial report before preparation and/or renewal of reinsurance contracts. In addition, the Company prepares and submits a report on the investment portfolio to the Board of Directors and the Investment Committee on a regular basis.

#### Maximum exposure to credit risk

The maximum exposure to credit risk of financial assets by credit rating of counterparty is carrying amount as at 31 December 2020 as follow

(Unit: Baht)

|   | 2020                |                         |               |
|---|---------------------|-------------------------|---------------|
|   | INVESTMENT<br>GRADE | NON-INVESTMENT<br>GRADE | TOTAL         |
| Cash and cash equivalents   | 378,461,849         | -                       | 378,461,849   |
| Debt instruments - available-for-sale investments<br>measured at fair value through other<br>comprehensive income | 2,709,445,524       | 32,008,295              | 2,741,453,819 |
| Debt instruments - held-to-maturity investments<br>measured at amortised cost                                     | 325,378,055         | -                       | 325,378,055   |
| Accrued investment income   | 18,551,714          | 12,177                  | 18,563,891    |

If the credit rating is non-investment grade and lower than the investment criteria, the Company will consider qualitative and quantitative data of the counterparty and other external information, including the use of rating information from external credit rating agencies.

In addition, the Company has loans and other financial assets exposed to credit risk with no rating amounting to approximately Baht 8.3 million.

The Company determined that the disclosure of such information was to be made from 2020 onwards, as the financial reporting standards relating to financial instruments has been adopted since 1 January 2020.

#### Credit impairment assessment of financial assets

The Company's measurement and valuation method of the expected credit losses relating to financial assets are as follows:

##### *Financial assets with a significant increase in credit risk*

The Company continuously monitors and analyses the status of financial assets to assess whether there has been a significant increase in credit risk since initial recognition, taken into account in credit rating downgrade of counterparties. Moreover, financial assets are considered credit impaired when one or more events occur affecting the counterparty's future cashflow estimates. Evidence of a financial asset being credit impaired includes observable information such as default in payment of counterparties, the issuer of a financial instrument facing significant financial difficulties, a high probability that the counterparty will enter into bankruptcy or undergo financial restructuring. To manage risks, the Company monitors and reports on the status of credit rating to Investment Committee.

##### *Allowance for expected credit losses*

The Company continuously monitors the estimate of expected credit losses to comply with relevant Thai financial reporting standards. The estimate is made based on credit rating of financial assets and observable data for asset classification.



The credit quality of financial assets exposed to credit risk, the amounts presented for financial assets are carrying amount as of 31 December 2020 as follow.

(Unit: Baht)

|   | 2020   |   |  |               |
|---|--|---|--|---------------|
|   | STAGE 1<br>FINANCIAL ASSETS<br>THAT WITHOUT A<br>SIGNIFICANT<br>INCREASE IN<br>CREDIT RISK<br>(12-MTH ECL) | STAGE 2<br>FINANCIAL ASSETS<br>THAT WITH A<br>SIGNIFICANT<br>INCREASE IN<br>CREDIT RISK<br>(LIFETIME ECL -<br>NOT CREDIT<br>IMPAIRED) | STAGE 3<br>FINANCIAL ASSETS<br>THAT ARE<br>CREDITIMPAIRED<br>(LIFETIME ECL -<br>CREDIT IMPAIRED) | TOTAL         |
| <b>Cash and cash equivalents</b>  |  |   |  |               |
| Investment grade  | 378,590,759  | -   | -  | 378,590,759   |
| Non-investment grade  | -  | -   | -  | -             |
| Total   | 378,590,759  | -   | -  | 378,590,759   |
| Less: Allowance for expected credit losses  | (128,910)  | -   | -  | (128,910)     |
| Net book value  | 378,461,849  | -   | -  | 378,461,849   |
| <b>Available-for-sale investments measured at fair value through other comprehensive income</b> |  |   |  |               |
| Investment grade  | 2,709,445,524  | -   | -  | 2,709,445,524 |
| Non-investment grade  | -  | 29,643,295  | 2,365,000  | 32,008,295    |
| Total fair value  | 2,709,445,524  | 29,643,295  | 2,365,000  | 2,741,453,819 |
| Allowance for expected credit losses  | 5,683,416  | 561,621   | 2,635,000  | 8,880,037     |
| <b>Held-to-maturity investments measured at amortised cost</b>                                  |  |   |  |               |
| Investment grade  | 325,950,000  | -   | -  | 325,950,000   |
| Non-investment grade  | -  | -   | -  | -             |
| Total   | 325,950,000  | -   | -  | 325,950,000   |
| Less: Allowance for expected credit losses  | (571,945)  | -   | -  | (571,945)     |
| Net book value  | 325,378,055  | -   | -  | 325,378,055   |
| <b>Accrued investment income</b>  |  |   |  |               |
| Investment grade  | 18,632,098   | -   | -  | 18,632,098    |
| Non-investment grade  | -  | 12,625  | 50,301   | 62,926        |
| Total   | 18,632,098   | 12,625  | 50,301   | 18,695,024    |
| Less: Allowance for expected credit losses  | (80,384)   | (448)   | (50,301)   | (131,133)     |
| Net book value  | 18,551,714   | 12,177  | -  | 18,563,891    |

The movement in the allowance for expected credit losses for the year ended 31 December 2020 are as below

(Unit: Baht)

|  | 2020  |  |  |             |
|--|---|--|--|-------------|
|  | STAGE 1<br>FINANCIAL<br>ASSETS THAT<br>WITHOUT A<br>SIGNIFICANT<br>INCREASE IN<br>CREDIT RISK<br>(12-MTH ECL) | STAGE 2<br>FINANCIAL<br>ASSETS THAT<br>WITH A<br>SIGNIFICANT<br>INCREASE IN<br>CREDIT RISK<br>(LIFETIME ECL -<br>NOT CREDIT<br>IMPAIRED) | STAGE 3<br>FINANCIAL<br>ASSETS THAT ARE<br>CREDIT-IMPAIRED<br>(LIFETIME ECL -<br>CREDIT<br>IMPAIRED) | TOTAL       |
| <b>Available-for-sale investment<br/>measured at fair value through<br/>other comprehensive income</b> |   |  |  |             |
| Beginning balance  | 4,855,336   | -  | -  | 4,855,336   |
| Change due to hierarchy change   | (63,231)  | 58,721   | 4,510  | -           |
| Change due to remeasurement of<br>allowance for impairment   | 137,940   | 502,900  | 2,630,490  | 3,271,330   |
| Newly purchased or acquired financial<br>assets  | 2,025,870   | -  | -  | 2,025,870   |
| Amounts written off  | (1,272,499)   | -  | -  | (1,272,499) |
| Ending balance   | 5,683,416   | 561,621  | 2,635,000  | 8,880,037   |

## (b) Market risk

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

The Company has set up an investment policy, investment objectives, criteria for consideration, types of investments, investment limits and conditions of each type of investment in accordance with the related notifications of the Office of Insurance Commission, and the Company's investment policy and other business policies which are approved by the Board of Directors after rigorous review on a yearly basis. It also monitors, appraise and reports on the performance of its investments to the Board of Directors on a monthly basis.

(1) Interest rate risk

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

Significant assets and liabilities as at 31 December 2020 and 2019 classified by type of interest rate are summarised in the table below, 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 follow.

(Unit: Baht)

2020

|   | FIXED INTEREST RATES                                    |               |              | FLOATING<br>INTEREST RATE | NON-<br>INTEREST<br>BEARING | TOTAL         | EFFECTIVE<br>INTEREST RATE<br><br>(% PER ANNUM) |
|---|---|---------------|--------------|---------------------------|-----------------------------|---------------|---|
|   | REMAINING PERIODS TO REPRICING RATE<br>OR MATURITY DATE |               |              |                           |                             |               |   |
|   | WITHIN<br>1 YEAR  | 1 - 5 YEARS   | OVER 5 YEARS |                           |                             |               |   |
| <b><u>Financial assets</u></b>                      |   |               |              |                           |                             |               |   |
| Cash and cash equivalents                           | -   | -             | -            | 378,461,849               | -                           | 378,461,849   | 0.05 - 0.30                                     |
| Investments in securities                           | -   | -             | -            | -                         | 18,563,891                  | 18,563,891    | -   |
| Government and state                                |   |               |              |                           |                             |               |   |
| enterprise instruments                              | 41,107,943  | 48,072,714    | -            | -                         | -                           | 89,180,657    | 0.23 - 2.50                                     |
| Private enterprise debt                             |   |               |              |                           |                             |               |   |
| instruments   | 942,910,007   | 1,709,387,266 | -            | -                         | -                           | 2,652,297,273 | 1.40 - 4.50                                     |
| Foreign debt instruments                            | 30,125,889  | -             | -            | -                         | -                           | 30,125,889    | 4.30  |
| Equity instruments                                  | -   | -             | -            | -                         | 2,111,051,907               | 2,111,051,907 | -   |
| Unit trust  | -   | -             | -            | -                         | 2,637,088,590               | 2,637,088,590 | -   |
| Deposits with financial                             |   |               |              |                           |                             |               |   |
| institutions matured                                |   |               |              |                           |                             |               |   |
| over than 3 months                                  | 4,998,889   | 290,229,166   | -            | -                         | -                           | 295,228,055   | 0.38 - 1.45                                     |
| Loans   | -   | 176,117       | -            | -                         | -                           | 176,117       | 1.80 - 6.50                                     |
| Other asset - Advance                               |   |               |              |                           |                             |               |   |
| payment and other                                   |   |               |              |                           |                             |               |   |
| receivable  | -   | -             | -            | -                         | 8,299,564                   | 8,299,564     | -   |
| <b><u>Assets under insurance contracts</u></b>      |   |               |              |                           |                             |               |   |
| Premium receivables                                 | -   | -             | -            | -                         | 474,669,494                 | 474,669,494   | -   |
| Claims reserves refundable                          |   |               |              |                           |                             |               |   |
| from reinsurers                                     | -   | -             | -            | -                         | 873,689,485                 | 873,689,485   | -   |
| Reinsurance receivables                             | -   | -             | -            | -                         | 101,387,398                 | 101,387,398   | -   |
| <b><u>Liabilities under insurance contracts</u></b> |   |               |              |                           |                             |               |   |
| Claim reserves                                      | -   | -             | -            | -                         | 1,310,430,671               | 1,310,430,671 | -   |
| Due to reinsurers                                   | -   | -             | -            | -                         | 517,833,743                 | 517,833,743   | -   |
| <b><u>Financial liabilities</u></b>                 |   |               |              |                           |                             |               |   |
| Lease liabilities                                   | 9,152,409   | 6,184,150     | -            | -                         | -                           | 15,336,559    | 3.05  |

2019

|   | FIXED INTEREST RATES                                    |               |              | FLOATING<br>INTEREST RATE | NON-<br>INTEREST<br>BEARING | TOTAL         | EFFECTIVE<br>INTEREST RATE<br><br>(% PER ANNUM) |
|---|---|---------------|--------------|---------------------------|-----------------------------|---------------|---|
|   | REMAINING PERIODS TO REPRICING RATE<br>OR MATURITY DATE |               |              |                           |                             |               |   |
|   | WITHIN<br>1 YEAR  | 1 - 5 YEARS   | OVER 5 YEARS |                           |                             |               |   |
| <b><u>Financial assets</u></b>                      |   |               |              |                           |                             |               |   |
| Cash and cash equivalents                           | 30,000  | -             | -            | 224,391,606               | 3,020,905                   | 227,442,511   | 0.10 - 0.63                                     |
| Investments in securities                           | -   | -             | -            | -                         | 19,663,645                  | 19,663,645    | -   |
| Government and state                                |   |               |              |                           |                             |               |   |
| enterprise instruments                              | 38,996,749  | 58,534,343    | -            | -                         | -                           | 97,531,092    | 1.88 - 4.30                                     |
| Private enterprise debt                             |   |               |              |                           |                             |               |   |
| instruments   | 793,736,614   | 1,619,864,015 | -            | -                         | -                           | 2,413,600,629 | 1.85 - 4.50                                     |
| Foreign debt instruments                            | -   | 30,280,066    | -            | -                         | -                           | 30,280,066    | 4.30  |
| Equity instruments                                  | -   | -             | -            | -                         | 1,948,857,622               | 1,948,857,622 | -   |
| Unit trust  | -   | -             | -            | -                         | 2,456,784,134               | 2,456,784,134 | -   |
| Deposits with financial                             |   |               |              |                           |                             |               |   |
| institutions matured                                |   |               |              |                           |                             |               |   |
| over than 3 months                                  | 652,962,538   | -             | -            | -                         | -                           | 652,962,538   | 0.60 - 1.90                                     |
| Loans   | -   | 344,118       | -            | -                         | -                           | 344,118       | 1.80 - 6.50                                     |
| Other asset - Advance                               |   |               |              |                           |                             |               |   |
| payment and other                                   |   |               |              |                           |                             |               |   |
| receivable  | -   | -             | -            | -                         | 21,173,884                  | 21,173,884    | -   |
| <b><u>Assets under insurance contracts</u></b>      |   |               |              |                           |                             |               |   |
| Premium receivables                                 | -   | -             | -            | -                         | 390,530,448                 | 390,530,448   | -   |
| Claims reserves refundable                          |   |               |              |                           |                             |               |   |
| from reinsurers                                     | -   | -             | -            | -                         | 536,908,834                 | 536,908,834   | -   |
| Reinsurance receivables                             | -   | -             | -            | -                         | 196,891,446                 | 196,891,446   | -   |
| <b><u>Liabilities under insurance contracts</u></b> |   |               |              |                           |                             |               |   |
| Claim reserves                                      | -   | -             | -            | -                         | 983,060,786                 | 983,060,786   | -   |
| Due to reinsurers                                   | -   | -             | -            | -                         | 379,626,871                 | 379,626,871   | -   |

### Interest rates sensitivity analysis

This sensitivity shows the effect of the Company's equity of changes in interest rates of financial assets as of 31 December 2020 in according with domestic and international economic conditions, including interest rates policies, that are reasonably likely to occur within the next 12 months, with other variables fixed. There are as follow:

|                                       | INCREASE/<br>(DECREASE) | EFFECT ON OTHER<br>COMPREHENSIVE<br>INCOME | EFFECT ON<br>EQUITY |
|---------------------------------------|-------------------------|--|---------------------|
|                                       | (%)                     | (BAHT)                                     | (BAHT)              |
| Change in value of available-for-sale |                         |  |                     |
| debt instruments                      | 1 %                     | (41,233,344)                               | (32,986,675)        |
|                                       | (1 %)                   | 41,233,344                                 | 32,986,675          |

#### (2) Equity price risk

Equity price 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 2020 and 2019, the Company has risk from its investments in securities of which the price will change with reference to market conditions.

#### (c) 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 clearly establishes the rules, procedures and authority levels for approval of various transactions, including rigorous compliance with the requirements of the Office of Insurance Commission. The Company prepares monthly reports on cash flow estimates, which are then compared to the actual cash flows, so that the causes of transactional irregularities can be determined and reported to the management for quick resolution. A monthly liquidity report is also prepared to report any early warning signals detected. Moreover, the Company transfers certain risk to reinsurers, in order to pay claims to customers and mitigate financial liquidity risk, and has prepared a contingency plan in case of a financial crisis.

Counting from the financial position date, the periods to maturity of assets and liabilities held as at 31 December 2020 and 2019 are as follows:

(Unit: Baht)

## 2020

|  | AT CALL       | WITHIN 1 YEAR | 1 - 5 YEARS   | OVER 5 YEARS | UNSPECIFIED | TOTAL         |
|--|---------------|---------------|---------------|--------------|-------------|---------------|
| <b>Financial assets</b>                            |               |               |               |              |             |               |
| Cash and cash equivalents                          | 378,461,849   | -             | -             | -            | -           | 378,461,849   |
| Accrued investment income                          | -             | 18,563,891    | -             | -            | -           | 18,563,891    |
| Investments in securities                          | 4,692,186,753 | 1,019,142,728 | 2,047,689,146 | -            | 71,397,834  | 7,830,416,461 |
| Loans  | -             | -             | 176,117       | -            | -           | 176,117       |
| Other asset - Advance payment and other receivable | -             | 8,299,564     | -             | -            | -           | 8,299,564     |
| <b>Assets under insurance contracts</b>            |               |               |               |              |             |               |
| Premium receivables                                | -             | 474,669,494   | -             | -            | -           | 474,669,494   |
| Claims reserves refundable from reinsurers         | -             | 425,205,248   | 444,089,168   | 4,395,069    | -           | 873,689,485   |
| Reinsurance receivables                            | -             | 101,387,398   | -             | -            | -           | 101,387,398   |
| <b>Liabilities under insurance contracts</b>       |               |               |               |              |             |               |
| Claims reserves                                    | -             | 767,604,751   | 535,257,808   | 7,568,112    | -           | 1,310,430,671 |
| Due to reinsurers                                  | -             | 517,833,743   | -             | -            | -           | 517,833,743   |
| <b>Financial liabilities</b>                       |               |               |               |              |             |               |
| Lease liabilities                                  | -             | 9,152,409     | 6,184,150     | -            | -           | 15,336,559    |

(Unit: Baht)

## 2019

|  | AT CALL       | WITHIN 1 YEAR | 1 - 5 YEARS   | OVER 5 YEARS | UNSPECIFIED | TOTAL         |
|--|---------------|---------------|---------------|--------------|-------------|---------------|
| <b>Financial assets</b>                            |               |               |               |              |             |               |
| Cash and cash equivalents                          | 227,412,511   | 30,000        | -             | -            | -           | 227,442,511   |
| Accrued investment income                          | -             | 19,663,645    | -             | -            | -           | 19,663,645    |
| Investments in securities                          | 4,394,766,033 | 1,485,695,901 | 1,708,678,424 | -            | 10,875,723  | 7,600,016,081 |
| Loans  | -             | -             | 344,118       | -            | -           | 344,118       |
| Other asset - Advance payment and other receivable | -             | 21,176,884    | -             | -            | -           | 21,173,884    |
| <b>Assets under insurance contracts</b>            |               |               |               |              |             |               |
| Premium receivables                                | -             | 390,530,448   | -             | -            | -           | 390,530,448   |
| Claims reserves refundable from reinsurers         | -             | 290,403,709   | 201,035,840   | 45,469,285   | -           | 536,908,834   |
| Reinsurance receivables                            | -             | 196,891,446   | -             | -            | -           | 196,891,446   |
| <b>Liabilities under insurance contracts</b>       |               |               |               |              |             |               |
| Claims reserves                                    | -             | 615,729,651   | 314,206,940   | 53,124,195   | -           | 983,060,786   |
| Due to reinsurers                                  | -             | 379,626,871   | -             | -            | -           | 379,626,871   |

### 36.3 Fair value of financial instruments

As of 31 December 2020 and 2019, the Company had financial assets measured at fair value, or measured at cost but have to disclose fair value, using different levels of inputs as follows:

| (Unit: Baht)   |               |               |               |             |               |
|--|---------------|---------------|---------------|-------------|---------------|
| 2020   |               |               |               |             |               |
|  | BOOK VALUE    | FAIR VALUE    |               |             | TOTAL         |
|  |               | LEVEL 1       | LEVEL 2       | LEVEL 3     |               |
| <u>Assets measured at fair value</u>   |               |               |               |             |               |
| Trading investments measured at fair value through profit or loss                        |               |               |               |             |               |
| Equity instruments   | 15,444,090    | 15,444,090    | -             | -           | 15,444,090    |
| Available-for-sale investments measured at fair value through other comprehensive income |               |               |               |             |               |
| Debt instruments   | 2,741,453,819 | -             | 2,741,453,819 | -           | 2,741,453,819 |
| Equity instruments   | 2,111,051,907 | 2,039,654,073 | -             | 71,397,834  | 2,111,051,907 |
| Unit trusts  | 2,637,088,590 | 473,018,193   | 2,164,070,397 | -           | 2,637,088,590 |
| <u>Assets disclosed at fair value</u>  |               |               |               |             |               |
| Cash and cash equivalents  | 378,461,849   | 378,461,849   | -             | -           | 378,461,849   |
| Accrued investment income  | 18,563,891    | -             | 18,563,891    | -           | 18,563,891    |
| Held-to-maturity investments measured at amortised cost                                  |               |               |               |             |               |
| Debt instruments   | 30,150,000    | -             | 30,150,000    | -           | 30,150,000    |
| Cash at banks  | 295,228,055   | 295,228,055   | -             | -           | 295,228,055   |
| Loans  | 176,117       | -             | -             | 176,117     | 176,117       |
| Investment properties  | 200,467,681   | -             | -             | 325,187,332 | 325,187,332   |
| Other asset - Advance payment other receivable   | 8,299,564     | -             | -             | 8,299,564   | 8,299,564     |

2019

|  | BOOK VALUE    | FAIR VALUE    |               |             |               |
|--|---------------|---------------|---------------|-------------|---------------|
|  |               | LEVEL 1       | LEVEL 2       | LEVEL 3     | TOTAL         |
| <u>Assets measured at fair value</u>   |               |               |               |             |               |
| Trading investments measured at fair value through profit or loss                        |               |               |               |             |               |
| Equity instruments   | 12,469,816    | 12,469,816    | -             | -           | 12,469,816    |
| Available-for-sale investments measured at fair value through other comprehensive income |               |               |               |             |               |
| Debt instruments   | 2,412,382,006 | -             | 2,412,382,006 | -           | 2,412,382,006 |
| Equity instruments   | 1,925,512,083 | 1,925,512,083 | -             | -           | 1,925,512,083 |
| Unit trusts  | 2,456,784,134 | 590,453,993   | 1,866,330,141 | -           | 2,456,784,134 |
| <u>Assets disclosed at fair value</u>  |               |               |               |             |               |
| Cash and cash equivalents  | 227,442,511   | 227,442,511   | -             | -           | 227,442,511   |
| Accrued investment income  | 19,663,645    | -             | 19,663,645    | -           | 19,663,645    |
| Held-to-maturity investments measured at amortised cost                                  |               |               |               |             |               |
| Debt instruments   | 129,029,781   | -             | 129,035,437   | -           | 129,035,437   |
| Cash at banks  | 652,962,538   | 652,962,538   | -             | -           | 652,962,538   |
| Other investments  | 10,875,723    | -             | -             | 121,100,077 | 121,100,077   |
| Loans  | 344,118       | -             | -             | 344,118     | 344,118       |
| Investment properties  | 207,072,936   | -             | -             | 327,513,770 | 327,513,770   |
| Other asset - Advance payment other receivable   | 21,173,884    | -             | -             | 21,173,884  | 21,173,884    |

The fair value hierarchy of financial assets as at 31 December 2020 and 2019 presents according to Note 5.24 to the financial statements.

The method used for fair value measurement depends upon the characteristics of the financial instruments. The Company establishes the fair value of its financial instruments by adopting the following methods:

- Financial assets which have short-term maturity, which consist of cash and cash equivalents, deposits with financial institutions, accrued investment income and other asset, the fair values are estimated based on the carrying value presented in the statement of financial position.
- Investments in debt securities are presented at fair value 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 book values if the fair value cannot be reliably estimated.
- d) Investment in units trust has been presented at fair value by using market price and investments in units trust that are not trade on the Stock Exchange of Thailand is presented by using the net asset value per unit as announced by the asset management company.
- e) The fair value of loans is determined by discounting the expected future cash flows by the current market interest rate of similar loans.
- f) Investment properties are presented at fair values, which are appraised by an independent valuer using the income approach.

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

Reconciliation of recurring fair value measurements of equity instrument, categorised within

(Unit: Baht)

|   | EQUITY INSTRUMENTS |
|---|--------------------|
| Balance as of 1 January 2020 - stated at cost         | 10,875,723         |
| Change due to adoption of new accounting standards    | 110,224,354        |
| Balance as of 1 January 2020 - stated at fair value   | 121,100,077        |
| Net loss recognised in other comprehensive income     | (49,702,243)       |
| Balance as of 31 December 2020 - stated at fair value | 71,397,834         |

The information used to evaluate the fair value of equity instruments announced by the Thailand General Insurance Association. The fair value calculated using discounted cashflows method.

### **37. > CAPITAL MANAGEMENT**

The primary objectives of the Company's capital management are to ensure that it preserves ability to continue its business as a going concern, provide returns to the shareholders and relevant stakeholders and to balance the financial structure as well as maintain risk-based capital in accordance with notifications of the Office of Insurance commission.

### **38. > EVENTS AFTER THE REPORTING PERIOD**

On 25 March 2021, the Company's Board of Director's Meeting passed a resolution proposing the Annual General Meeting to approve dividend payment of Baht 15 per share, distributed from 2020 net profit. An interim dividend of Baht 5 per share was already paid to the shareholders, and therefore the remaining dividend of Baht 10 per share, or a total of Baht 330 million, is to be paid.

### **39. > APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were authorised for issue by the Company's Boards of Directors on 25 March 2021.



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