Thai Life Insurance Public Company Limited

Special Purpose Financial Information
for the year ended 31 December 2024
and
Independent Auditor’s Report

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Independent Auditor's Report

To the Shareholders of Thai Life Insurance Public Company Limited

Opinion

I have audited the special purpose financial information in which the equity method is applied and separate financial information of Thai Life Insurance Public Company Limited (the "Company"), which comprise the statement of financial position in which the equity method is applied and separate statement of financial position as at 31 December 2024 and 1 January 2024, the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of material accounting policies and other explanatory information.

In my opinion, the accompanying financial information in which the equity method is applied and separate financial information of the Company for the year ended 31 December 2024 are prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the special purpose financial information.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the special purpose financial Information in which the equity method is applied and separate financial Information* section of my report. I am independent of the Company in accordance with the *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that is relevant to my audit of the financial information in which the equity method is applied and separate financial information, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matters - Basis of preparation and Restriction on Distribution and Use

I draw attention to note 2 to the special purpose financial information, which describes the basis of preparation of the special purpose financial information and the purpose for preparing them. The special purpose financial information is prepared for the information of the shareholders and investors of the Company in relation to the Company's adoption of Thai Financial Reporting Standards (TFRS 9) "Financial Instruments" and TFRS 17 "Insurance Contracts" and TFRS 7 "Disclosure of Financial Instruments". The impact of this adoption is disclosed in note 3 to the special purpose financial information. The Special purpose financial Information does not present comparative information in respect of the preceding period. As a result, the special purpose financial information may not be suitable for another purpose. My report is intended solely for the Company's shareholders and investors and should not be distributed to or used by other parties. My opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the special purpose financial information in which the Equity Method is Applied and Separate Financial Information

Management is responsible for the preparation of the special purpose financial information in which the equity method is applied and separate financial information with the basis of preparation set out in Note 2 to the special purpose financial information, and for such internal control as management determines is necessary to enable the preparation of financial information in which the equity method is applied and separate financial information that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial information in which the equity method is applied and separate financial information, 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 Special Purpose Financial Information in which the Equity Method is Applied and Separate Financial Information.

My objectives are to obtain reasonable assurance about whether the financial information in which the equity method is applied and separate financial information 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 TSAs 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 information in which the equity method is applied and separate financial information.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial information in which the equity method is applied and separate financial information, 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 information in which the equity method is applied and separate financial information 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of equity-accounted investees of the Company to express an opinion on the financial information in which the equity method is applied. I am responsible for the direction, supervision and performance of the audit of the financial information in which the equity method is applied. I remain solely responsible for my audit opinion.

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Jedsada Lu

(Jedsada Leelawatanasuk)
Certified Public Accountant
Registration No. 11225

KPMG Phoomchai Audit Ltd.
Bangkok
25 April 2025

Thai Life Insurance Public Company Limited

Statement of financial position

		Financial statements in which the equity method is applied		Separate financial statements	
Assets	*Note*	31 December 2024	1 January 2024	31 December 2024	1 January 2024
		(in thousand Baht)			
Cash and cash equivalents	*5, 6*	10,917,260	7,696,198	10,917,260	7,696,198
Accrued investment income	*6*	5,254,898	5,144,392	5,254,898	5,144,392
Insurance contract assets	*9*	289	-	289	-
Reinsurance contract assets	*9*	1,649	-	1,649	-
Financial assets - debt instruments	*6, 24*	535,225,951	488,281,668	535,225,951	488,281,668
Financial assets - equity instruments	*6, 24*	34,857,266	28,315,953	34,857,266	28,315,953
Derivative assets	*6, 7, 24*	6,363,333	2,554,228	6,363,333	2,554,228
Loans and accrued interest	*6, 8*	22,179	28,826	22,179	28,826
Investment in associates, net		454,749	442,374	423,908	423,908
Property foreclosed, net		22,511	24,423	22,511	24,423
Land, premises and equipment, net		2,415,254	2,518,845	2,415,254	2,518,845
Intangible assets, net		803,743	923,260	803,743	923,260
Deferred income tax assets, net	*11*	-	536,429	-	536,429
Other assets		426,024	483,599	426,024	483,599
Total assets		**596,765,106**	**536,950,195**	**596,734,265**	**536,931,729**

The accompanying notes are an integral part of these special purpose financial information.

Thai Life Insurance Public Company Limited

Statement of financial position

Liabilities and Equity	*Note*	**Financial statements in which the equity method is applied** 31 December 2024	1 January 2024	**Separate financial statements** 31 December 2024	1 January 2024
		(in thousand Baht)			
Liabilities					
Insurance contract liabilities	*9*	457,343,179	425,939,311	457,343,179	425,939,311
Reinsurance contract liabilities	*9*	663,830	653,140	663,830	653,140
Derivative liabilities	*6, 7, 24*	530,243	891,097	530,243	891,097
Income tax payable		1,516,811	1,016,047	1,516,811	1,016,047
Employee benefit obligations		1,648,621	1,632,705	1,648,621	1,632,705
Deferred tax liabilities, net	*11*	3,513,827	-	3,513,827	-
Other liabilities	*6, 10*	6,210,395	4,256,651	6,210,395	4,256,651
Total liabilities		**471,426,906**	**434,388,951**	**471,426,906**	**434,388,951**
Equity					
Share capital					
Authorised share capital					
(11,600,000,000 ordinary shares, par value at Baht 1 per share)		11,600,000	11,600,000	11,600,000	11,600,000
Issued and paid-up share capital					
(11,450,000,000 ordinary shares, par value at Baht 1 per share)		11,450,000	11,450,000	11,450,000	11,450,000
Premium on ordinary shares		19,782,030	19,782,030	19,782,030	19,782,030
Retained earnings					
Appropriated					
Legal reserve		1,160,000	1,160,000	1,160,000	1,160,000
Unappropriated		77,649,678	72,430,725	77,611,186	72,403,818
Other components of equity		15,296,492	(2,261,511)	15,304,143	(2,253,070)
Total equity		**125,338,200**	**102,561,244**	**125,307,359**	**102,542,778**
Total liabilities and equity		**596,765,106**	**536,950,195**	**596,734,265**	**536,931,729**

The accompanying notes are an integral part of these special purpose financial information.

Thai Life Insurance Public Company Limited
Statement of comprehensive income

	Note	Financial statements in which the equity method is applied	Separate financial statements
		For the year ended 31 December 2024	
		(in thousand Baht)	
Insurance revenue	*9, 12*	32,811,372	32,811,372
Insurance service expense	*9, 12*	(20,237,721)	(20,237,721)
Net expense from reinsurance contracts held	*9, 12*	(53,874)	(53,874)
Insurance service result		**12,519,777**	**12,519,777**
Investment income	*13, 14*	17,262,039	17,264,881
Gain on financial instruments	*13, 15*	8,509,795	8,509,795
Loss on fair value and foreign exchange remeasurement of financial instruments	*13, 16*	(3,666,595)	(3,666,595)
Expected credit loss	*13, 19*	(992,726)	(992,726)
Net investment income		**21,112,513**	**21,115,355**
Finance expense from insurance contracts issued	*9*	(15,460,683)	(15,460,683)
Finance expense from reinsurance contracts held	*9*	(9,653)	(9,653)
Net insurance finance expense		**(15,470,336)**	**(15,470,336)**
Net investment income and insurance finance expense	*13*	**5,642,177**	**5,645,019**
Other operating expenses	*17*	(1,585,482)	(1,585,482)
Share of profit of associate		14,427	-
Other income		100,709	100,709
Profit before income tax		**16,691,608**	**16,680,023**
Income tax expense	*21*	(3,322,199)	(3,322,199)
Profit for the year		**13,369,409**	**13,357,824**

The accompanying notes are an integral part of these special purpose financial information.

Thai Life Insurance Public Company Limited
Statement of comprehensive income

	Note	Financial statements in which the equity method is applied	Separate financial statements
		For the year ended 31 December 2024	
		(in thousand Baht)	
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Gain on remeasurements of debt instruments at fair value through other comprehensive income	*13*	34,200,262	34,200,262
Gain on remeasurements of derivative designated at fair value for cash flow hedges	*13*	2,392,866	2,392,866
Finance expense from insurance contracts issued	*9*	(16,191,625)	(16,191,625)
Finance expense from reinsurance contracts held		(45,552)	(45,552)
Gain from currency translation of foreign associate		790	-
Income tax relating to components of other comprehensive income that will be reclassified subsequently to profit or loss	*21*	(4,071,190)	(4,071,190)
		16,285,551	**16,284,761**
Items that will not be reclassified subsequently to profit or loss			
Gain on remeasurements of equity instruments designated at fair value through other comprehensive income	*13*	1,590,565	1,590,565
Actuarial gains on defined benefit plans		23,046	23,046
Income tax relating to components of other comprehensive income that will not be reclassified subsequently to profit or loss	*21*	(322,722)	(322,722)
		1,290,889	**1,290,889**
Other comprehensive income for the year, net of income tax		**17,576,440**	**17,575,650**
Total comprehensive income for the year		**30,945,849**	**30,933,474**
Basic earnings per share *(Baht)*		**1.17**	**1.17**

The accompanying notes are an integral part of these special purpose financial information.

Thai Life Insurance Public Company Limited
Statement of changes in equity

		Financial statements in which the equity method is applied										
				Retained earnings		Other components of equity						
	Note	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Debt instruments measured at fair value through other comprehensive income (loss)	Equity instruments designated at fair value through other comprehensive income (loss)	Cash flow hedges	Currency translation of foreign associate	Insurance and reinsurance finance reserve	Total other components of equity	Total equity
		(in thousand Baht)										
Year ended 31 December 2024												
Balance at 31 December 2023 - as previously reported		**11,450,000**	**19,782,030**	**1,160,000**	**69,619,888**	**1,438,046**	**(404,903)**	**1,542,742**	**(8,441)**	**-**	**2,567,444**	**104,579,362**
Adjustment on initial application of TFRS 17, net of tax	*3*	-	-	-	(1,158,186)	-	-	-	-	-	-	(1,158,186)
Adjustment on initial application of TFRS 9, net of tax	*3*	-	-	-	3,969,023	(3,528,094)	(1,298,793)	(2,068)	-	-	(4,828,955)	(859,932)
Restated balance at 1 January 2024 - as restated		**11,450,000**	**19,782,030**	**1,160,000**	**72,430,725**	**(2,090,048)**	**(1,703,696)**	**1,540,674**	**(8,441)**	**-**	**(2,261,511)**	**102,561,244**
Transactions with shareholders, recorded directly in equity												
Distributions to shareholders												
Dividends to shareholders of the Company		-	-	-	(5,724,787)	-	-	-	-	-	-	(5,724,787)
Total distributions to shareholders		**-**	**-**	**-**	**(5,724,787)**	**-**	**-**	**-**	**-**	**-**	**-**	**(5,724,787)**
Comprehensive income (loss) for the year												
Profit for the year		-	-	-	13,369,409	-	-	-	-	-	-	13,369,409
Fair value gains on financial assets at fair value through other comprehensive income		-	-	-	-	27,360,210	1,272,452	1,914,293	-	-	30,546,955	30,546,955
Finance expense from insurance contracts issued and reinsurance contracts held		-	-	-	-	-	-	-	-	(12,989,742)	(12,989,742)	(12,989,742)
Other comprehensive income		-	-	-	18,437	-	-	-	790	-	790	19,227
Total comprehensive income (loss) for the year		**-**	**-**	**-**	**13,387,846**	**27,360,210**	**1,272,452**	**1,914,293**	**790**	**(12,989,742)**	**17,558,003**	**30,945,849**
Loss on disposal of equity instruments designated at FVOCI reclassified to retained earning		-	-	-	(2,444,106)	-	-	-	-	-	-	(2,444,106)
Balance at 31 December 2024		**11,450,000**	**19,782,030**	**1,160,000**	**77,649,678**	**25,270,162**	**(431,244)**	**3,454,967**	**(7,651)**	**(12,989,742)**	**15,296,492**	**125,338,200**

The accompanying notes are an integral part of these special purpose financial information.

Thai Life Insurance Public Company Limited
Statement of changes in equity

		Separate financial statements									
				Retained earnings		Other components of equity					
	Note	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Debt instruments measured at fair value through other comprehensive income (loss)	Equity instruments designated at fair value through other comprehensive income (loss)	Cash flow hedges	Insurance and reinsurance finance reserve	Total other components of equity	Total equity
		(in thousand Baht)									
Year ended 31 December 2024											
Balance at 31 December 2023 - as previously reported		**11,450,000**	**19,782,030**	**1,160,000**	**69,592,981**	**1,438,046**	**(404,903)**	**1,542,742**	**-**	**2,575,885**	**104,560,896**
Adjustment on initial application of TFRS 17, net of tax	*3*	-	-	-	(1,158,186)	-	-	-	-	-	(1,158,186)
Adjustment on initial application of TFRS 9, net of tax	*3*	-	-	-	3,969,023	(3,528,094)	(1,298,793)	(2,068)	-	(4,828,955)	(859,932)
Restated balance at 1 January 2024 - as restated		**11,450,000**	**19,782,030**	**1,160,000**	**72,403,818**	**(2,090,048)**	**(1,703,696)**	**1,540,674**	**-**	**(2,253,070)**	**102,542,778**
Transactions with shareholders, recorded directly in equity											
Distributions to shareholders											
Dividends to shareholders of the Company		-	-	-	(5,724,787)	-	-	-	-	-	(5,724,787)
Total distributions to shareholders		**-**	**-**	**-**	**(5,724,787)**	**-**	**-**	**-**	**-**	**-**	**(5,724,787)**
Comprehensive income (loss) for the year											
Profit for the year		-	-	-	13,357,824	-	-	-	-	-	13,357,824
Fair value gains on financial assets at fair value through other comprehensive income		-	-	-	-	27,360,210	1,272,452	1,914,293	-	30,546,955	30,546,955
Finance expense from insurance contracts issued and reinsurance contracts held		-	-	-	-	-	-	-	(12,989,742)	(12,989,742)	(12,989,742)
Other comprehensive income		-	-	-	18,437	-	-	-	-	-	18,437
Total comprehensive income (loss) for the year		**-**	**-**	**-**	**13,376,261**	**27,360,210**	**1,272,452**	**1,914,293**	**(12,989,742)**	**17,557,213**	**30,933,474**
Loss on disposal of equity instruments designated at FVOCI reclassified to retained earning		-	-	-	(2,444,106)	-	-	-	-	-	(2,444,106)
Balance at 31 December 2024		**11,450,000**	**19,782,030**	**1,160,000**	**77,611,186**	**25,270,162**	**(431,244)**	**3,454,967**	**(12,989,742)**	**15,304,143**	**125,307,359**

The accompanying notes are an integral part of these special purpose financial information.

Thai Life Insurance Public Company Limited

Statement of cash flows

	Financial statements in which the equity method is applied and separate financial statements
	For the year ended 31 December 2024
	(in thousand Baht)
Cash flows from operating activities	
Premiums received	88,272,359
Premiums paid net of ceding commissions and other directly attributable expenses paid	(293,602)
Recoveries from reinsurance	193,564
Interest received	16,853,558
Dividend received	922,351
Investment expenses	(600,938)
Other income	98,539
Claims and other directly attributable expenses paid, including non-distinct investment component	(64,385,931)
Insurance acquisition cash flows	(11,561,506)
Other operating expenses	(1,677,897)
Tax expense	(2,554,067)
Cash receipts from financial assets	205,694,140
Cash payments for financial assets	(221,584,408)
Net cash provided by operating activities	**9,376,162**
Cash flows from investing activities	
Cash flows provided by:	
Premises and equipment	3,802
Property foreclosed	2,252
Cash provided by investing activities	**6,054**

The accompanying notes are an integral part of these special purpose financial information.

Thai Life Insurance Public Company Limited

Statement of cash flows

	Note	Financial statements in which the equity method is applied and separate financial statements For the year ended 31 December 2024 *(in thousand Baht)*
Cash flows used in:		
Land, premises and equipment		(182,227)
Intangible assets		(254,768)
Cash used in investing activities		**(436,995)**
Net cash used in investing activities		**(430,941)**
Cash flows from financing activities		
Cash flows used in:		
Dividend paid to shareholders of the Company		(5,724,159)
Cash used in financing activities		**(5,724,159)**
Net cash used in financing activities		**(5,724,159)**
Net increase in cash and cash equivalents		**3,221,062**
Cash and cash equivalents at 1 January		7,696,198
Cash and cash equivalents at 31 December	*5*	**10,917,260**
Supplemental cash flows information		
Non-cash items		
Decrease in investment settlement payables		(33,536)
Increase in investment settlement receivables		(24,210)

The accompanying notes are an integral part of these special purpose financial information.

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These notes form an integral part of the special purpose financial information.

The special purpose financial information were approved and authorised for issue by the Board of Directors on 25 April 2025.

1 General information

Thai Life Insurance Public Company Limited, the "Company", is incorporated in Thailand and was listed on the Stock Exchange of Thailand on 21 July 2022. The Company's head office is registered at 123 Thai Life Insurance Building, Ratchadapisek Road, Dindaeng Subdistrict, Dindaeng District, Bangkok and it has 263 branches *(2023: 263 branches)*.

The parent company during the financial period was V.C. Property Company Limited which is incorporated in Thailand.

The Company's principal activity is the provision of life insurance.

2 Basis of preparation of the special purpose financial information

(a) Statement of compliance

The special purpose financial information is prepared in accordance with Thai Financial Reporting Standards ("TFRS") and guidelines promulgated by the Federation of Accounting Professions. The special purpose financial information is prepared for the information of the shareholders and investors of the Company in relation to the Company's adoption of TFRS 9 "Financial Instruments" and TFRS 17 "Insurance Contracts" and TFRS 7 "Disclosure of Financial Instruments". Therefore, the special purpose financial information is present only the statement of financial position in which the equity method is applied and separate statement of financial position as at 31 December 2024 and 1 January 2024, the related statements of comprehensive income, changes in equity and cash flows for the year ended 31 December 2024, and notes. They do not present comparative information in respect of the preceding period. As a result, the special purpose financial information may not be suitable for another purpose.

The special purpose financial information does not constitute the Company's statutory financial statements but is derived from those financial statements and adjusted for the changes in accounting policy. The Company's statutory financial statement were approved and authorised for issue by the Board of Directors on 28 February 2025 with unqualified opinion in independent auditor's report.

The impact of the adoption of these financial reporting standards is disclosed in Note 3 to the special financial information.

In addition, the company calculates deferred income tax for insurance contract liabilities according to tax regulation enacted for the year ended 31 December 2024.

(b) Basis of measurement

The special financial information have been prepared on the historical cost basis except for the following items.

Items	*Measurement bases*
Derivatives	Fair value
Investments measured at fair value through profit and loss, investments measured at fair value through other comprehensive income	Fair value
Insurance and reinsurance contracts	Present value of fulfilment cashflows, contractual service margin (CSM) and risk adjustment
Employee benefit obligation	Present value of the defined benefit obligation

(c) Functional and presentation currency

The special financial information are presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded to the nearest thousand unless otherwise stated.

2 Basis of preparation of the special purpose financial information (continued)

(d) Use of judgements and estimates

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

Judgements, assumptions and estimation uncertainties

Information about judgements, assumptions and estimation uncertainties at 31 December 2024 that have the most significant effects on the amounts recognised in the special financial information or that have a significant risk of resulting in a material adjustment to the carrying amounts of assets or liabilities in the special financial information is disclosed in:

Notes 3(A) (ii) transition to TFRS 17: determining whether sufficient reasonable and supportable information is available to apply a full retrospective approach.

Notes 3(A), 4(a) classification of insurance, reinsurance: assessing whether the contract transfers significant insurance risk and whether an insurance contract contains direct participation features.

Notes 4(b) (ii) level of aggregation of insurance and reinsurance contracts: identifying portfolios of contracts and determining groups of contracts that are onerous on initial recognition and those that have no significant possibility of becoming onerous subsequently.

Notes 4(b) and 9.4 - measurement of insurance and reinsurance contracts: determining the techniques for estimating risk adjustments for non-financial risk and the coverage units provided under a contract.

Notes 3(B) (i), 4(c) classification of financial assets: assessing the business model within which the assets are held and whether the contractual terms of the assets are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Information about assumptions made in measuring insurance and reinsurance contracts is included in Note 9.4 Changes in the assumptions may change the fulfilment cash flows materially during 2024. However, these changes would adjust the CSM and would not affect the carrying amounts of the contracts, unless they arise from onerous contracts or do not relate to future services.

3 Changes in material accounting policies

The Company has initially applied TFRS 17 and TFRS 9, including any consequential amendments to other standards, from 1 January 2025. These standards have brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments. As a result, the Company has restated certain financial information as at 1 January 2024 and for the year ended 31 December 2024.

Except for the changes below, the Company has consistently applied the accounting policies as set out in the statutory financial statement for the year ended 31 December 2024.

The nature and effects of the key changes in the Company's accounting policies resulting from its adoption of TFRS 17 and TFRS 9 impact on the Company's equity at 1 January 2024 as disclose in Statement of changes in equity.

3 Changes in material accounting policies (continued)

The effects of adopting TFRS 17 and TFRS 9 on each items in Statement of financial position at 31 December 2024 and 1 January 2024 are presented as below table.

	Financial information in which the equity method is applied							
	As at 31 December 2024 (Before adoption)	The effects of adoption of TFRS 17			The effects of adoption of TFRS 9			As at 31 December 2024 (After adoption)
		Reclassification	Remeasurement	Total	Reclassification	Remeasurement	Total	
	(in thousand Baht)							
Assets								
Cash and cash equivalents	10,917,251	-	-	-	-	9	9	10,917,260
Premiums due and uncollected, net	4,309,559	(4,309,559)	-	(4,309,559)	-	-	-	-
Accrued investment income	5,254,898	-	-	-	-	-	-	5,254,898
Reinsurers' share of insurance contract liabilities	353,333	(353,333)	-	(353,333)	-	-	-	-
Reinsurance receivables, net	687,734	(687,734)	-	(687,734)	-	-	-	-
Insurance contract assets	-	-	289	289	-	-	-	289
Reinsurance contract assets	-	-	1,649	1,649	-	-	-	1,649
Investments in securities	538,003,623	-	-	-	(538,003,623)	-	(538,003,623)	-
Financial assets - debt instruments	-	-	-	-	503,469,019	31,756,932	535,225,951	535,225,951
Financial assets - equity instruments	-	-	-	-	34,857,266	-	34,857,266	34,857,266
Derivative assets	6,522,672	-	-	-	(159,339)	-	(159,339)	6,363,333
Loans and accrued interest	30,718,857	(30,696,678)	-	(30,696,678)	-	-	-	22,179
Investment in associates, net	454,749	-	-	-	-	-	-	454,749
Investments held to cover linked liabilities	185,772	-	-	-	(185,772)	-	(185,772)	-
Property foreclosed, net	22,511	-	-	-	-	-	-	22,511
Land, premises and equipment, net	2,415,254	-	-	-	-	-	-	2,415,254
Intangible assets, net	803,743	-	-	-	-	-	-	803,743
Other assets	495,606	(69,582)	-	(69,582)	-	-	-	426,024
Total assets	**601,145,562**	**(36,116,886)**	**1,938**	**(36,114,948)**	**(22,449)**	**31,756,941**	**31,734,492**	**596,765,106**

3 Changes in material accounting policies (continued)

Financial information in which the equity method is applied

	As at 31 December 2024 (Before adoption)	The effects of adoption of TFRS 17			The effects of adoption of TFRS 9			As at 31 December 2024 (After adoption)
		Reclassification	Remeasurement	Total	Reclassification	Remeasurement	Total	
	(in thousand Baht)							
Liabilities and Equity								
Liabilities								
Insurance contract liabilities	474,770,015	(32,447,412)	15,020,576	(17,426,836)	-	-	-	457,343,179
Investment contract liabilities	185,531	(185,531)	-	(185,531)	-	-	-	-
Reinsurance contract liabilities	-	(74,588)	738,418	663,830	-	-	-	663,830
Reinsurance payable	966,479	(966,479)	-	(966,479)	-	-	-	-
Derivative liabilities	552,692	-	-	-	(22,449)	-	(22,449)	530,243
Income tax payable	1,516,811	-	-	-	-	-	-	1,516,811
Deferred tax liabilities, net	313,848	-	(3,151,411)	(3,151,411)	-	6,351,390	6,351,390	3,513,827
Employee benefit obligation	1,648,621	-	-	-	-	-	-	1,648,621
Other liabilities	8,653,271	(2,442,876)	-	(2,442,876)	-	-	-	6,210,395
Total liabilities	**488,607,268**	**(36,116,886)**	**12,607,583**	**(23,509,303)**	**(22,449)**	**6,351,390**	**6,328,941**	**471,426,906**
Equity								
Issued and paid-up share capital	11,450,000	-	-	-	-	-	-	11,450,000
Premium on ordinary shares	19,782,030	-	-	-	-	-	-	19,782,030
Retained earnings								
Legal reserve	1,160,000	-	-	-	-	-	-	1,160,000
Unappropriated	75,595,626	-	384,096	384,096	-	1,669,956	1,669,956	77,649,678
Other components of equity	4,550,638	-	(12,989,741)	(12,989,741)	-	23,735,595	23,735,595	15,296,492
Total equity	**112,538,294**	**-**	**(12,605,645)**	**(12,605,645)**	**-**	**25,405,551**	**25,405,551**	**125,338,200**
Total liabilities and equity	**601,145,562**	**(36,116,886)**	**1,938**	**(36,114,948)**	**(22,449)**	**31,756,941**	**31,734,492**	**596,765,106**

3 Changes in material accounting policies (continued)

	Financial information in which the equity method is applied							
	As at 31 December 2023 (As previously reported)	The effects of adoption of TFRS 17			The effects of adoption of TFRS 9			As at 1 January 2024 (As restated)
		Reclassification	Remeasurement	Total	Reclassification	Remeasurement	Total	
	(in thousand Baht)							
Assets								
Cash and cash equivalents	7,696,188	-	-	-	-	10	10	7,696,198
Premiums due and uncollected, net	4,640,299	(4,640,299)	-	(4,640,299)	-	-	-	-
Accrued investment income	5,144,392	-	-	-	-	-	-	5,144,392
Reinsurers' share of insurance contract liabilities	225,765	(225,765)	-	(225,765)	-	-	-	-
Reinsurance receivables, net	269,078	(269,078)	-	(269,078)	-	-	-	-
Investments in securities	517,258,673	-	-	-	(517,258,673)	-	(517,258,673)	-
Financial assets - debt instruments	-	-	-	-	489,356,593	(1,074,925)	488,281,668	488,281,668
Financial assets - equity instruments	-	-	-	-	28,315,953	-	28,315,953	28,315,953
Derivative assets	2,810,183	-	-	-	(255,955)	-	(255,955)	2,554,228
Loans and accrued interest	30,054,271	(30,025,445)	-	(30,025,445)	-	-	-	28,826
Investment in associates, net	442,374	-	-	-	-	-	-	442,374
Investments held to cover linked liabilities	185,302	-	-	-	(185,302)	-	(185,302)	-
Property foreclosed, net	24,423	-	-	-	-	-	-	24,423
Land, premises and equipment, net	2,518,845	-	-	-	-	-	-	2,518,845
Intangible assets, net	923,260	-	-	-	-	-	-	923,260
Deferred income tax assets, net	31,900	-	289,546	289,546	-	214,983	214,983	536,429
Other assets	568,131	(84,532)	-	(84,532)	-	-	-	483,599
Total assets	**572,793,084**	**(35,245,119)**	**289,546**	**(34,955,573)**	**(27,384)**	**(859,932)**	**(887,316)**	**536,950,195**

3 Changes in material accounting policies (continued)

	Financial information in which the equity method is applied							
	As at 31 December 2023 (As previously reported)	The effects of adoption of TFRS 17			The effects of adoption of TFRS 9			As at 1 January 2024 (As restated)
		Reclassification	Remeasurement	Total	Reclassification	Remeasurement	Total	
	(in thousand Baht)							
Liabilities and Equity								
Liabilities								
Insurance contract liabilities	458,129,769	(32,947,254)	756,796	(32,190,458)	-	-	-	425,939,311
Investment contract liabilities	183,729	(183,729)	-	(183,729)	-	-	-	-
Reinsurance contract liabilities	-	(37,796)	690,936	653,140	-	-	-	653,140
Reinsurance payable	457,047	(457,047)	-	(457,047)	-	-	-	-
Derivative liabilities	918,481	-	-	-	(27,384)	-	(27,384)	891,097
Income tax payable	1,016,047	-	-	-	-	-	-	1,016,047
Employee benefit obligation	1,632,705	-	-	-	-	-	-	1,632,705
Other liabilities	5,875,944	(1,619,293)	-	(1,619,293)	-	-	-	4,256,651
Total liabilities	**468,213,722**	**(35,245,119)**	**1,447,732**	**(33,797,387)**	**(27,384)**	**-**	**(27,384)**	**434,388,951**
Equity								
Issued and paid-up share capital	11,450,000	-	-	-	-	-	-	11,450,000
Premium on ordinary shares	19,782,030	-	-	-	-	-	-	19,782,030
Retained earnings								
Legal reserve	1,160,000	-	-	-	-	-	-	1,160,000
Unappropriated	69,619,888	-	(1,158,186)	(1,158,186)	-	3,969,023	3,969,023	72,430,725
Other components of equity	2,567,444	-	-	-	-	(4,828,955)	(4,828,955)	(2,261,511)
Total equity	**104,579,362**	**-**	**(1,158,186)**	**(1,158,186)**	**-**	**(859,932)**	**(859,932)**	**102,561,244**
Total liabilities and equity	**572,793,084**	**(35,245,119)**	**289,546**	**(34,955,573)**	**(27,384)**	**(859,932)**	**(887,316)**	**536,950,195**

3 Changes in material accounting policies (continued)

A. TFRS 17 Insurance Contracts

TFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features, which replaces TFRS 4 Insurance Contracts. The details of accounting policies are disclosed in note 4(a) to 4(b). The adoption has not had a significant effect on the classification of insurance contracts. However, the Company elected to unbundle the deposit component under TFRS 4, such option is no longer available under TFRS 17.

i. Classification, recognition, measurement and presentation of insurance contracts

TFRS 17 introduces a model that measures groups of contracts based on the Company's estimates of the present value of future cash flows that are expected to arise as the Company fulfills the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin (CSM). Previously, insurance liabilities are measured using locked in assumptions.

Under TFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and amount related to insurance acquisition cash flows by allocating the portion of the premiums that relate to recovering those cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses. Previously, the premium earned of long-term insurance contracts were earned when written with corresponding increase in changes in long term reserve recorded as expense, the premium earned of short-term insurance contracts were earned proportionally over the period of coverage.

Insurance finance income and expenses, disaggregated between profit or loss and other comprehensive income (OCI) for all insurance portfolios, except for unit link portfolio, are presented in profit or loss under insurance revenue and insurance service expenses.

The Company applies the Premium Allocation Approach (PAA) to simplify the measurement of contracts for certain selected short-term products, except for groups of contracts that do not qualify for the PAA. When measuring liabilities for remaining coverage (LRC), the PAA is similar to the Company's previous accounting treatment. However, when measuring liabilities for incurred claims (LIC), the Company now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk.

Under TFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognised once the related contracts have been recognised. Previously, all acquisition costs were recognised as expenses when incurred.

Income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented as a single net amount in profit or loss. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

3 Changes in material accounting policies (continued)

A. TFRS 17 Insurance Contracts (continued)

ii. Transition

Changes in accounting policies resulting from the adoption of TFRS 17 have been applied using a fair value approach for all insurance portfolio, except for PAA portfolio which using a full retrospective approach to the extent practicable. Under both approaches, at 1 January 2024 the Company:

- identified, recognised and measured each group of insurance and reinsurance contracts under TFRS 17;
- identified, recognised and measured any assets for insurance acquisition cash flows under TFRS 17;
- derecognised previously reported balances that would not have existed if TFRS 17 had always been applied. These included insurance receivables and payables, policy loans and its accrued interest revenue and provision that are attributable to existing insurance contract, etc. Under TFRS 17, they are included in the measurement of the insurance contracts;
- recognised any resulting net difference in equity.

The effects of adopting TFRS 17 on the special purpose financial information at 1 January 2024 are presented in the statement of changes in equity.

(a) Insurance and reinsurance contracts

Except for PAA portfolio, the Company applied the fair value approach in TFRS 17 to identify, recognise and measure certain groups of contracts at 1 January 2024 because it was impracticable to apply the full retrospective approach.

The Company considered the full retrospective approach impracticable for contracts in these Portfolios under any of the following circumstances.

- The effects of retrospective application were not determinable because the information required had not been collected (or had not been collected with sufficient granularity) and was unavailable because of system migrations, data retention requirements or other reasons. Such information included information required to allocate fixed and variable overheads to groups of contracts, because the Company's previous accounting policies did not require such information; and
- The full retrospective approach required assumptions about what management's intentions would have been in previous periods or significant accounting estimates that could not be made without the use of hindsight, the application of full retrospective approach is considered as impracticable if such assumptions and estimates were not determinable.

To indicate the effect of applying the fair value approach on the CSM, insurance revenue and insurance finance income or expenses, the Company has provided additional disclosures in Note 9.

The Company applied the full retrospective approach to all contracts and assets for insurance acquisition cash flows in the certain selected short-term product applied PAA.

3 Changes in material accounting policies (continued)

A. TFRS 17 Insurance Contracts (continued)

ii. Transition (continued)

(a) Insurance and reinsurance contracts (continued)

Insurance and reinsurance contracts - Fair value approach

Under the fair value approach, the CSM (or the loss component) at 1 January 2024 was determined as the difference between the fair value of a group of contracts at that date and the fulfilment cash flows at that date.

For all contracts measured under the fair value approach, the Company used reasonable and supportable information available at 1 January 2024 to determine:
- how to identify groups of contracts;
- whether a contract meets the definition of a direct participating contract; and
- how to identify discretionary cash flows for contracts without direct participation features.

Some groups of contracts measured under the fair value approach contain contracts issued more than one year apart. For these groups, the discount rates on initial recognition were determined at 1 January 2024 instead of at the date of initial recognition.

For all contracts measured under the fair value approach, the amount of insurance finance income or expenses accumulated in the insurance finance reserve at 1 January 2024 was determined to be zero.

(b) Assets for insurance acquisition cash flows

Insurance acquisition cash flows - Fair value approach

The Company measured an asset for insurance acquisition cash flows under the fair value approach at an amount equal to the insurance acquisition cash flows that it would incur at 1 January 2024 for the rights to obtain:
- recoveries of insurance acquisition cash flows from premiums of contracts issued before 1 January 2024 but not yet recognised at that date, and renewals of such contracts;
- renewals of contracts recognised at 1 January 2024; and
- other future contracts after 1 January 2024 without paying again insurance acquisition cash flows that it has already paid.

B. Financial Instruments

TFRS 9 establish requirements related to recognition, measurement, impairment, derecognition, including accounting for derivatives and hedge accounting. The details of accounting policies are disclosed in note 4(c). Previously, the Company applied TFAC Accounting Guidance for Financial Instruments and Disclosures for Insurance Business (FI-Guidance). The Company has adopted TFRS 9 Financial Instruments which is applied retrospectively from 1 January 2024. The adoption of TFRS 9 has not had a significant effect on the Company’s accounting policies related to impairment, derecognition, financial liabilities, derivatives and hedge accounting.

The adoption of TFRS 9 resulted in the following changes to the Company’s accounting policies.

3 Changes in material accounting policies (continued)

B. Financial Instruments (continued)

i. Classification of financial assets and financial liabilities

TFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under TFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. TFRS 9 eliminates the previous Financial Instrument and Disclosure for Insurance Business-Guidance categories of held-to-maturity investments, and available-for-sale financial assets. Under TFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of TFRS 9 are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

For an explanation of how the Company classifies and measures financial assets and accounts for related gains and losses under TFRS 9, see Note 4(c).

TFRS 9 has not had a significant effect on the Company's accounting policies for financial liabilities.

ii. Transition

Changes in accounting policies resulting from the adoption of TFRS 9 have been applied retrospectively, except as described below.

- The comparative period has been restated.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The designation of certain investments in equity instruments not held for trading as at FVOCI.

The Company's accounting policies on the classification of financial instruments under TFRS 9 are set out in Note 4. The application of these policies resulted in the reclassifications are explained below.

a) Unit trusts previously classified as held-for-trading were assessed whether they are debt instruments or equity instruments according to definition in TAS 32 *Financial Instruments: Presentation*. Under TFRS 9 if these are equity securities, these are classified at FVTPL unless the Company has elected to measure them at FVOCI.

b) Unit trusts that do not meet definition of equity securities. Then, they were assessed whether the contractual terms of the financial asset do not give rise on specified dates to cash flows that are solely payments of principal and interest. Accordingly, these debt instruments are classified at FVTPL.

c) Debt securities that classified as available for sale and carried at fair value through other comprehensive income were assessed to have a business mode whose objective is achieved by both collecting contractual cash flows and selling financial assets, and accordingly, are classified at FVOCI under TFRS 9.

d) Debt securities with embedded derivatives are assessed in a whole that they do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Therefore, they are classified at FVTPL.

e) Under Financial Instrument and Disclosure for Insurance Business-Guidance, investments in equity securities that were not designated at FVTPL were classified as available-for-sale financial assets. Under TFRS 9, these assets are mandatorily measured at FVTPL because they do not give rise to cash flows that are SPPI, unless the Company has elected to measure them at FVOCI. As permitted by TFRS 9, the Company designated these investments measured at FVOCI. The accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

4 Material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial information

(a) Classification of insurance contracts

Contracts under which the Company accepts significant insurance risk are classified as insurance contracts. Contracts held by the Company under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Company to financial risk. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts held' include contracts issued, initiated or acquired by the Company, unless otherwise stated.

Insurance contracts are classified as direct participating or without direct participation features contracts.

Direct participating contracts are contracts for which, at inception:
- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Company expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

All other insurance contracts and all reinsurance contracts are classified as contracts without direct participation features. Some of these contracts are measured under the PAA (see (b)(v)).

(b) Insurance contracts and reinsurance contracts held

i. Separating components from insurance contracts and reinsurance contracts held

At inception, the Company does not separate investment component that are highly inter-related with the insurance components. The Company also does not separate any promised to transfer to policyholders goods or services other than insurance coverage and investment services as they are not distinct.

A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Company provides a significant service of integrating the good or service with the insurance component.

ii. Aggregation and recognition of insurance contracts and reinsurance contracts held

Insurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together which the portfolio is identified by the Company and customer's risks incurred in each type of product line also as the distinction between insurance and investment risks. These similar risks are managing together with the profitability monitoring of each distribution channels which the coverage of the products offering fall into the same period, and dividing each portfolio into annual cohorts (i.e. by year of issue) and each annual cohort into three groups based on the profitability of contracts:
- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

4 Material accounting policies (continued)

(b) Insurance contracts and reinsurance contracts held (continued)

ii. Aggregation and recognition of insurance contracts and reinsurance contracts held (continued)

Insurance contracts (continued)

An insurance contract issued by the Company is recognised from the earliest of:
- the beginning of its coverage period (i.e. the period during which the Company provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

Reinsurance contracts held

Some reinsurance contracts provide cover for underlying contracts that are included in different groups. However, the Company concludes that the reinsurance contract's legal form of a single contract reflects the substance of the Company's contractual rights and obligations, considering that the different covers, lapse together and are not sold separately. As a result, the reinsurance contract is not separated into multiple insurance components that relate to different underlying groups.

A group of reinsurance contracts held is recognised on the following date.
- Reinsurance contracts initiated by the Company that provide proportionate coverage: The date on which any underlying insurance contract is initially recognised. This applies to the Company's quota share reinsurance contracts.
- Other reinsurance contracts initiated by the Company: The beginning of the coverage period of the group of reinsurance contracts. However, if the Company recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognised on that earlier date (see 'Reinsurance of onerous underlying insurance contracts' under (iv)). This applies to the Company's excess of loss and stop loss reinsurance contracts.

Insurance acquisition cash flows

Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

If insurance acquisition cash flows are directly attributable to a group of contracts (e.g. commissions paid on issuance of a contract), then they are allocated to that group and to the groups that will include renewals of those contracts.

If insurance acquisition cash flows are directly attributable to a portfolio but not to a group of contracts, then they are allocated to groups in the portfolio using a systematic and rational method.

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts (see (iv)).

Amounts allocated to a group are not revised once all contracts have been added to the group.

4 Material accounting policies (continued)

(b) Insurance contracts and reinsurance contracts held (continued)

iii. Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows:

Insurance contracts

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide insurance contract services (including insurance coverage and any investment services). A substantive obligation to provide services ends when:

- the Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The reassessment of risks considers only risks transferred from policyholders to the Company, which may include both insurance and financial risks, but exclude lapse and expense risks.

Reinsurance contracts held

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

iv. Measurement – insurance contracts not measured under the PAA

Insurance contracts - Initial measurement

On initial recognition, the Company measures a group of insurance contracts as the total of (a) the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and (b) the contractual service margin (CSM).

The fulfilment cash flows of a group of insurance contracts do not reflect the Company's non-performance risk.

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

4 Material accounting policies (continued)

(b) Insurance contracts and reinsurance contracts held (continued)

iv. Measurement – Insurance contracts not measured under the PAA (continued)

Insurance contracts - Initial measurement (continued)

The CSM of a group of insurance contracts represents the unearned profit that the Company will recognise as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date and (c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows under (ii)) is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue (see (vii)).

Insurance contracts - Subsequent measurement

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims.

The liability for remaining coverage comprises
(a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods; and
(b) any remaining CSM at that date.

The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows:

Changes relating to future services	Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous).
Changes relating to current or past services	Recognised in the insurance service result in profit or loss.
Effects of the time value of money, financial risk and changes therein on estimated future cash flows	Recognised as insurance finance income or expenses for insurance contracts without direct participation features or adjusted against CSM for insurance contracts with direct participation features.

4 Material accounting policies (continued)

(b) Insurance contracts and reinsurance contracts held (continued)

iv. Measurement – insurance contracts not measured under the PAA (continued)

Insurance contracts – Subsequent measurement (continued)

The CSM of each group of contracts is calculated at each reporting date as follows:

Insurance contracts without direct participation features

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted mainly for:
- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates determined on initial recognition that are applied to nominal cash flows that do not vary based on the returns on any underlying items;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
  - any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised in insurance service expenses and creates a loss component (see (vii)); or
  - any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss (see (vii)); and
- the amount recognised as insurance revenue because of the services provided in the period (see (vii)).

Changes in fulfilment cash flows that relate to future services comprise:
- experience adjustments arising from premiums received in the period that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;
- changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;
- differences between (a) any investment component expected to become payable in the period, determined as the payment expected at the start of the period plus any insurance finance income or expenses (see (vii)) related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the period;
- differences between any loan to a policyholder expected to become repayable in the period and the actual amount that becomes repayable in the period; and
- changes in the risk adjustment for non-financial risk that relate to future services.

Changes in discretionary cash flows are regarded as relating to future services and accordingly adjust the CSM.

Insurance contracts with direct participating features

Insurance contracts with direct participating features are contracts under which the Company's obligation to the policyholder is the net of:
- the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and
- a variable fee in exchange for future services provided by the contracts, being the amount of the Company's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items. The Company provides investment services under these contracts by promising an investment return based on underlying items, in addition to insurance coverage.

When measuring a group of direct participating contracts, the Company adjusts the fulfilment cash flows for the changes in the obligation to pay policyholders an amount equal to the policyholder's share of the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss. The Company then adjusts any CSM for changes in the amount of the Company's share of the fair value of the underlying items, which relate to future services, as following explained.

4 Material accounting policies (continued)

(b) Insurance contracts and reinsurance contracts held (continued)

iv. Measurement – Insurance contracts not measured under the PAA (continued)

Insurance contracts with direct participating features (continued)

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted mainly for:

- the CSM of any new contracts that are added to the group in the period;
- the change in the amount of the Company's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:
  - a decrease in the amount of the Company's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in insurance service expenses) and creating a loss component (see (vii)); or
  - an increase in the amount of the Company's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in insurance service expenses) (see (vii)); and
- the amount recognised as insurance revenue because of the services provided in the year (see (vii)).

Changes in fulfilment cash flows not varying based on the return on underlying items that relate to future services include the changes relating to future services specified above for contracts without direct participation features (measured at current discount rates) and changes in the effect of the time value of money and financial risks that do not arise from underlying items - e.g. the effect of financial guarantees.

Reinsurance contracts held

To measure a group of reinsurance contracts, the Company applies the same accounting policies as are applied to insurance contracts without direct participation features, with the following modifications.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

The Company measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

The risk adjustment for non-financial risk is the amount of risk being transferred by the Company to the reinsurer.

4 Material accounting policies (continued)

(b) Insurance contracts and reinsurance contracts held (continued)

iv. Measurement – insurance contracts not measured under the PAA (continued)

Reinsurance contracts held (continued)

On initial recognition, the CSM of a group of reinsurance contracts held represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of (a) the fulfilment cash flows, (b) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group, (c) any cash flows arising at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date (see 'Reinsurance of onerous underlying insurance contracts' below). However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the reinsurance, then the Company recognises the cost immediately in profit or loss as an expense.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:
- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates determined on initial recognition that are applied to nominal cash flows that do not vary based on the returns on any underlying items;
- income recognised in profit or loss in the period on initial recognition of onerous underlying contracts (see below). A loss-recovery component is established in the asset for remaining coverage of reinsurance contract held for the recognised income;
- reversals of a loss-recovery component (see 'Net expenses from reinsurance contracts' under (vii)) to the extent that they are not changes in the fulfilment cash flows of the group of reinsurance contracts;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component; and
- the amount recognised in profit or loss because of the services received in the period.

Reinsurance of onerous underlying insurance contracts

The Company adjusts the CSM of the group to which a reinsurance contract belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract is entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM is determined by multiplying:
- the amount of the loss that relates to the underlying contracts; and
- the percentage of claims on the underlying contracts that the Company expects to recover from the reinsurance contracts.

4 Material accounting policies (continued)

(b) Insurance contracts and reinsurance contracts held (continued)

iv. Measurement – insurance contracts not measured under the PAA (continued)

Reinsurance of onerous underlying insurance contracts (continued)

If the reinsurance contract held covers only some of the insurance contracts included in an onerous group of contracts, then the Company uses a systematic and rational method to determine the portion of losses recognised on the onerous group of contracts that relates to underlying contracts covered by the reinsurance contract held.

A loss-recovery component is created or adjusted in the asset for remaining coverage of reinsurance contracts held, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts held and are excluded from the allocation of reinsurance premiums paid (see 'Net expenses from reinsurance contracts' under (vii)).

v. Measurement – insurance contracts measured under the Premium Allocation Approach (PAA)

The Company uses the PAA to simplify the measurement of groups of contracts when the following criteria are met at inception.

- Insurance contracts: The coverage period of each contract in the group is one year or less.
- Loss-occurring reinsurance contracts: The coverage period of each contract in the group is one year or less.
- Risk-attaching reinsurance contracts: The Company reasonably expects that the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the accounting policies in (iv). When comparing the different possible measurements, the Company considers the impact of the different release patterns of the asset for remaining coverage to profit or loss and the impact of the time value of money. If significant variability is expected in the fulfilment cash flows during the period before a claim is incurred, then this criterion is not met.

Insurance contracts

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage (LRC) is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date, and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows under (iii)). The Company has chosen to deferred insurance acquisition cash flows through the LRC.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses, and decreased by the amount recognised as insurance revenue for services provided (see (vii)) and any additional insurance acquisition cash flows allocated after initial recognition. On initial recognition of each group of contracts, the Company expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, the Company has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

4 Material accounting policies (continued)

(b) Insurance contracts and reinsurance contracts held (continued)

v. Measurement - insurance contracts measured under the PAA (continued)

Insurance contracts (continued)

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognises a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows are discounted (at current rates) if the liability for incurred claims is also discounted.

The Company recognises the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The fulfilment cash flows are discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

Reinsurance contracts held

The Company applies the same accounting policies to measure a group of reinsurance contracts held, adapted where necessary to reflect features that differ from those of insurance contracts.

If a loss-recovery component (see ‘Reinsurance of onerous underlying insurance contracts’ under (iv)) is created for a group of reinsurance contracts measured under the PAA, then the Company adjusts the carrying amount of the asset for remaining coverage instead of adjusting the CSM.

vi. Derecognition and contract modification

The Company derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled.

The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

On derecognition of a contract from within a group of contracts not measured under the PAA:
- the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
- the CSM of the group is adjusted for the change in the fulfilment cash flows, except where such changes are allocated to a loss component; and
- the number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognised from the group (see (viii)).

If a contract is derecognised because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Company entered into a contract with the new contract’s terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the Company received the premium that it would have charged less any additional premium charged for the modification.

4 Material accounting policies (continued)

(b) Insurance contracts and reinsurance contracts held (continued)

vii. Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets recognised for insurance acquisition cash flows arising before the recognition of the related group of contracts are included in the carrying amount of the related portfolios of contracts.

The Company disaggregates amounts recognised in the statement of profit or loss and other comprehensive income (OCI) into (a) an insurance service result, comprising insurance revenue and insurance service expenses; and (b) insurance finance income or expenses.

Income and expenses from reinsurance contracts held are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as ‘net expenses from reinsurance contracts held’ in the insurance service result.

The Company disaggregates changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses.

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows:

Insurance revenue - Contracts not measured under the PAA

The Company recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of insurance contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each period represents the total of the changes in the liability for remaining coverage that relate to services for which the Company expects to receive consideration, but excludes expected investment components and mainly comprises the following items.
- A release of the CSM, measured based on coverage units provided (see ‘Release of the CSM’ below).
- Changes in the risk adjustment for non-financial risk relating to current services.
- Claims and other insurance service expenses incurred in the period, generally measured at the amounts expected at the beginning of the year.
- Other amounts, including experience adjustments for premium receipts for current or past services.

In addition, the Company determined insurance revenue related to insurance acquisition cash flow by allocating a portion of premiums that relate to recovering the insurance acquisition cash flows to each period in a systematic way based on the passage of time. The Company recognises the allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as insurance revenue and an equal amount as insurance service expenses.

4 Material accounting policies (continued)

(b) Insurance contracts and reinsurance contracts held (continued)

vii. Presentation (continued)

Release of the CSM

The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each reporting period is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the period (before any allocation) equally to each coverage unit provided in the current period and expected to be provided in future period, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the current period. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

Services provided by insurance contracts include insurance coverage and, for all direct participating contracts, investment services for managing underlying items on behalf of policyholders. In addition, life savings contracts may also provide investment services for generating an investment return for the policyholder, but only if: – an investment component exists or the policyholder has a right to withdraw an amount (e.g. the policyholder's right to receive a surrender value on cancellation of a contract);

- the investment component or withdrawal amount is expected to include an investment return; and
- the Company expects to perform investment activities to generate that investment return.

The expected coverage period reflects expectations of lapses and cancellations of contracts, as well as the likelihood of insured events occurring to the extent that they would affect the expected coverage period. The period of investment services ends no later than the date on which all amounts due to current policyholders relating to those services have been paid.

Insurance revenue - Contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Company allocates the expected premium receipts to each period on the passage of time basis.

Loss components

For contracts not measured under the PAA, the Company establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts.

4 Material accounting policies (continued)

(b) Insurance contracts and reinsurance contracts held (continued)

vii. Presentation (continued)

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and comprise the following items.
- Incurred claims and other insurance service expenses: For some life risk contracts, incurred claims also include premiums waived on detection of critical illness.
- Amortisation of insurance acquisition cash flows: For contracts not measured under the PAA, this is equal to the amount of insurance revenue recognised in the period that relates to recovering insurance acquisition cash flows. For contracts measured under the PAA, the Company amortises insurance acquisition cash flows on a passage of time basis over the coverage period of the group of contracts.
- Losses on onerous contracts and reversals of such losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk, and changes therein.

Net expenses from reinsurance contracts held

Net expenses from reinsurance contracts held comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Company expects to pay consideration.

For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

For a group of reinsurance contracts held covering onerous underlying contracts, the Company establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:
- on recognition of onerous underlying contracts, if the reinsurance contract held covering those contracts is entered into before or at the same time as those contracts are recognised; and
- for changes in fulfilment cash flows of the group of reinsurance contracts held relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Company expects to recover from the reinsurance contracts.

4 Material accounting policies (continued)

(b) Insurance contracts and reinsurance contracts held (continued)

vii. Presentation (continued)

Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein. They include changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

For certain portfolios, the Company has chosen to disaggregate insurance finance income or expenses between profit or loss and OCI. The amount included in profit or loss is determined by using the following rates;

- for groups of insurance contracts for which changes in assumptions that relate to financial risk do not have as substantial effect on the amounts paid to policyholders – discount rate determines on initial recognition, to nominal cash flows that do not vary based on the returns on an underlying item.
- for groups of insurance contracts for which changes in assumptions that relate to financial risk have substantial effect on the amounts paid to policyholders – effective interest rate (EIR), discount rates that allocate the remaining revised expected finance income or expenses over the remaining duration of the group of contracts at a constant rate.
- for measuring the changes to the contractual service margin for insurance contracts without direct participation features – discount rates determined in initial recognition.

(c) Financial instruments

(1) Classification and measurement

On initial recognition, a financial asset is classified at: amortised cost; fair value through other comprehensive income (FVOCI); or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

A debt security is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss;

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity security that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income on an investment-by-investment basis.

Debt investments measured at FVOCI are subsequently measured at fair value. Interest income, calculated using the effective interest method, foreign exchange gains and losses and expected credit loss are recognised in profit or loss. Remeasurement gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

4 Material accounting policies (continued)

(c) Financial instruments (continued)

(1) Classification and measurement (continued)

Equity investments measured at FVOCI are subsequently measured at fair value. Dividend income is recognised as income in profit or loss on the date on which the Company's right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets in foreign currencies are translated to the respective functional currencies at exchange rates at the dates of the transactions, and the balances at the end of reporting period are translated at the exchange rate at the reporting date. Foreign currency differences are generally recognised in profit or loss, except for differences arising from the translation of an investment in equity securities designated at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss), and qualifying cash flow hedges to the extent the hedge is effective, are recognised in other comprehensive income.

(2) Derecognition and offset

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred and it does not retain control of the financial asset.

The difference between the carrying amount extinguished and the consideration received or paid is recognised in profit or loss.

(3) Derivatives

Derivative are recognised at fair value. At the end of each reporting period, the fair value is measured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting, in which case recognition of any resultant gain or loss depends on nature of the item being hedged.

(4) Hedging

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

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

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the statement of profit or loss, together with fair value adjustments to the hedged item attributable to the hedged risk. If the hedge relationship no longer meets the criteria for hedge accounting, the cumulative adjustment of the hedged item is recognised in the statement of profit or loss only when the hedged item is derecognised.

4 Material accounting policies (continued)

(c) Financial instruments (continued)

(4) Hedging (continued)

Cash flow hedges

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

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

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

(5) Impairment of financial assets other than other accounts receivables

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

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

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

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Increased in loss allowance is recognised as an impairment loss in profit or loss. For debt securities at FVOCI, the Company recognises an impairment loss in profit or loss with the corresponding entry in other comprehensive income.

4 Material accounting policies (continued)

(c) Financial instruments (continued)

(5) Impairment of financial assets other than other accounts receivables (continued)

ECLs for investments in debt securities

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

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

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

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

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

(6) Write offs

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(7) Interest

Interest income and expense is recognised in profit or loss using the effective interest method. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

(8) Fair value measurement

The Company has established a control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair value.

When measuring the fair value of an asset or a liability, the Company uses observable market data as much as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

4 Material accounting policies (continued)

(d) Basis of preparation of financial information in which the equity method is applied

The financial information in which the equity method is applied relate to the Company and the Company's interests in associates.

Interest in equity - accounted investees

The Company's interests in equity-accounted investees comprises interests in associates.

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial information in which the equity method is applied include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

(e) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Thai Baht at the exchange rates at that date.

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

Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to the functional currency at the exchange rates at the dates that fair value was determined.

Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of equity investments measured at FVOCI are recognised in other comprehensive income except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss.

Foreign associate

Foreign exchange differences from foreign associate is recognised in other comprehensive income and accumulated in other components of equity.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cheques on hand, call deposits and highly liquid short-term investments, with maturities of three months or less at the date of acquisition and not subject to withdrawal restrictions.

(g) Investments in associates

Investments in associates in the separate financial information of the Company are accounted for using the cost method. Investments in associates in the financial information in which the equity method is applied are accounted for using the equity method.

4 Material accounting policies (continued)

(h) Lease

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

As a lessee

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

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

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

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

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

The Company presents right-of-use assets in 'other assets' and lease liabilities in 'other liabilities' in the statement of financial position.

As a lessor

When the Company acts as a lessor, it determines at lease inception whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

The Company recognises lease payments received under operating leases as rental income on a straight-line basis over the lease term as part of rental income. Initial direct costs incurred in arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as rental income in the accounting period in which they are earned.

The Company applies the derecognition and impairment requirements of financial instruments to the net investment in the lease.

4 Material accounting policies (continued)

(i) Property foreclosed

Property foreclosed consists of properties that belong to the Company as a result of debt settlement or the Company's purchase of properties mortgaged with the Company through an auction held by order of a court or the official receiver.

Property foreclosed is stated at cost less accumulated impairment losses and is measured at the lower of their carrying value and fair value less cost to sell.

Loss on impairment of property foreclosed is recognised in the profit or loss. Gains or losses on disposal of an item of property foreclosed are recognised net within other income in profit or loss.

(j) Land, premises and equipment

Recognition and measurement

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

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

When parts of an item of premises and equipment have different useful lives, they are accounted for as separate items (major components).

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

Subsequent costs

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

4 Material accounting policies (continued)

(j) Land, premises and equipment (Continued)

Depreciation

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

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

Buildings acquired before 2002	30 years
Buildings acquired since 2002 onward	20 years
Furniture, fixtures and equipment	5 years
Computer equipment	3 and 5 years
Vehicles	5 years

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

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

(k) Intangible assets

Computer software and right to utilise benefits

Computer software and right to utilise benefits that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and impairment losses.

Subsequent expenditure

Subsequent expenditure is recognised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the profit or loss as incurred.

Amortisation

Amortisation is calculated based on the cost of an asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods for computer software is 3 - 5 years.

For right to utilise benefits over the useful lives of the term of the arrangement.

No amortisation is provided on computer software under development and installation which are not available for use.

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

4 Material accounting policies (continued)

(l) Impairment of non-financial assets

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

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

Calculation of recoverable amount

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

Reversal of impairment

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

4 Material accounting policies (continued)

(m) Employee benefits

Defined contribution plans

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

Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

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

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

Short-term employee benefits

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

Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdrawn the offer of those benefits and when the Company recognised costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

4 Material accounting policies (continued)

(n) Provision

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(o) Net investment income

Net investment income comprises dividend and interest income from investments, loans and bank deposits, net investment expense. Dividend income is recognised in the profit or loss on the date the Company's right to receive payments is established. Interest income is recognised in the profit or loss on an accrual basis, except for interest on loans overdue more than 6 months which is recognised on a cash basis.

(p) Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition construction. Interest expenses or borrowing costs are recognised in profit or loss using the effective interest method.

(q) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except for those items recognised directly in equity or in other comprehensive income.

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

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

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

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

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

4 Material accounting policies (continued)

(q) Income tax (continued)

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) Earnings per share

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

(s) Related parties

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

(t) Segment information

Segment results that are reported to the Company’s the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly incurred head office revenue and expenses.

5 Cash and cash equivalents

	Financial information in which the equity method is applied and separate financial information	
	31 December 2024	1 January 2024
	(in thousand Baht)	
Cash	83,686	116,815
Cheques on hand	46,346	39,289
Deposits at banks - call deposits	10,187,254	6,781,409
Highly liquid short - term investments	599,974	758,685
Total cash and cash equivalents	**10,917,260**	**7,696,198**

6 Financial assets and liabilities

6.1 Classification of financial assets and liabilities

	Financial information in which the equity method is applied and separate financial information				
	31 December 2024				
	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Equity instruments designated at FVOCI	Financial instruments measured at amortised cost	Total
	(in thousand Baht)				
Financial assets					
Cash and cash equivalents	-	10,917,260	-	-	10,917,260
Accrued investment income	-	-	-	5,254,898	5,254,898
Debt instruments	43,661,314	491,564,637	-	-	535,225,951
Equity instruments	-	-	34,857,266	-	34,857,266
Derivative assets	1,411,980	4,951,353	-	-	6,363,333
Loans and accrued interest	-	-	-	22,179	22,179
Total financial assets	**45,073,294**	**507,433,250**	**34,857,266**	**5,277,077**	**592,640,887**
Financial liabilities					
Derivative liabilities	190,300	339,943	-	-	530,243
Credit Support Annex (CSA) contract payables	-	-	-	3,416,000	3,416,000
Total financial liabilities	**190,300**	**339,943**	**-**	**3,416,000**	**3,946,243**

	Financial information in which the equity method is applied and separate financial information
	31 December 2024
	Financial instruments measured at FVTPL
	(in thousand Baht)
Underlying assets for direct participating contract	
Debt instruments – local unit trusts	185,772
Total	**185,772**

6 Financial assets and liabilities (continued)

6.1 Classification of financial assets and liabilities (continued)

	Financial information in which the equity method is applied and separate financial information				
	1 January 2024				
	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Equity instruments designated at FVOCI	Financial instruments measured at amortised cost	Total
	(in thousand Baht)				
Financial assets					
Cash and cash equivalents	-	7,696,198	-	-	7,696,198
Accrued investment income	-	-	-	5,144,392	5,144,392
Debt instruments	42,746,561	445,535,107	-	-	488,281,668
Equity instruments	-	-	28,315,953	-	28,315,953
Derivative assets	814,187	1,740,041	-	-	2,554,228
Loans and accrued interest	-	-	-	28,826	28,826
Total financial assets	**43,560,748**	**454,971,346**	**28,315,953**	**5,173,218**	**532,021,265**
Financial liabilities					
Derivative liabilities	70,798	820,299	-	-	891,097
Credit Support Annex (CSA) contract payables	-	-	-	570,000	570,000
Total financial liabilities	**70,798**	**820,299**	-	**570,000**	**1,461,097**

	Financial information in which the equity method is applied and separate financial information
	1 January 2024
	Financial instruments measured at FVTPL
	(in thousand Baht)
Underlying assets for direct participating contract	
Debt instruments – local unit trusts	185,302
Total	**185,302**

6 Financial assets and liabilities (continued)

6.2 Investments in debt instruments

	Financial information in which the equity method is applied and separate financial information	
	31 December 2024	1 January 2024
	Fair value	
	(in thousand Baht)	
Debt instruments measured at fair value through profit or loss		
Private debt securities	5,777,807	7,312,239
Local unit trusts	3,287,125	190,241
Foreign unit trusts	34,596,382	35,244,081
Total	**43,661,314**	**42,746,561**
Debt instruments measured at fair value through other comprehensive income		
Government and state enterprises securities	324,519,318	270,968,589
Private debt securities	142,814,912	146,886,278
Foreign debt securities	23,781,407	27,256,240
Deposits at bank with original maturities over 3 months	449,000	424,000
Total	**491,564,637**	**445,535,107**
Total investments in debt instruments	**535,225,951**	**488,281,668**

6.3 Investments measured at fair value through other comprehensive income

	Financial information in which the equity method is applied and separate financial information			
	31 December 2024		1 January 2024	
	Fair value	Allowance for expected credit loss	Fair value	Allowance for expected credit loss
	(in thousand Baht)			
Debt securities - no significant increase in credit risk (stage 1)	488,739,053	(166,990)	443,105,985	(173,657)
Debt securities - significant increase in credit risk (stage 2)	2,825,584	(1,051,199)	2,429,122	(51,806)
Total	**491,564,637**	**(1,218,189)**	**445,535,107**	**(225,463)**

6 Financial assets and liabilities (continued)

6.4 Investments in equity instruments

	Financial information in which the equity method is applied and separate financial information	
	31 December 2024	1 January 2024
	Fair value *(in thousand Baht)*	
Equity instruments designated at fair value through other comprehensive income		
Domestic equity securities	24,994,929	28,258,969
Foreign equity securities	9,862,337	56,984
Total investment in equity instruments	**34,857,266**	**28,315,953**

6.5 Aging of debt securities

As at 31 December 2024 investments in debt securities were aged by the remaining period to maturity as follows:

	Financial information in which the equity method is applied and separate financial information			
	31 December 2024			
	Maturity period			
	Within 1 year	Over 1 year but within 5 years	Over 5 years	Total
	(in thousand Baht)			
Debt securities measured at fair value through profit or loss				
Private debt securities	350,000	2,721,090	1,770,950	4,842,040
Add Unrealised gains from fair value changes	87,212	214,536	634,019	935,767
Total debt securities measured at fair value through profit and loss	**437,212**	**2,935,626**	**2,404,969**	**5,777,807**
Debt securities measured at fair value through other comprehensive income				
Government and state enterprise debt securities	10,472,169	26,143,698	261,594,342	298,210,209
Private debt securities	10,496,536	53,741,222	74,829,889	139,067,647
Foreign debt securities	8,883,158	7,733,530	7,503,497	24,120,185
Deposits at bank with original maturities over 3 months	449,000	-	-	449,000
Add Unrealised gains from fair value changes	90,056	1,593,605	28,033,935	29,717,596
Total debt securities measured at fair value through other comprehensive income	**30,390,919**	**89,212,055**	**371,961,663**	**491,564,637**
Total debt securities	**30,828,131**	**92,147,681**	**374,366,632**	**497,342,444**
Allowance for expected credit loss	(25,275)	(1,100,792)	(92,122)	(1,218,189)

7 Derivatives

Derivatives for which hedge accounting has not been elected

		Financial information in which the equity method is applied and separate financial information				
		31 December 2024				
Type of contract	Objectives	Number of contracts	Notional value	Fair value Assets	Fair value Liabilities	Gain on remeasurements of derivative at fair value
				(in thousand Baht)		
Forward	To protect against exchange risk from investments in a foreign currency	43	52,147,237	1,411,980	190,300	479,265
Total		**43**	**52,147,237**	**1,411,980**	**190,300**	**479,265**

Derivatives for which hedge accounting has been elected

		Financial information in which the equity method is applied and separate financial information				
		31 December 2024				
Type of contract	Objectives	Number of contracts	Notional value	Fair value Assets	Fair value Liabilities	Gain on remeasurements of derivative at fair value
				(in thousand Baht)		
Cross currency swaps	To protect against exchange risk from investments in a foreign currency	63	26,933,251	1,776,894	215,272	1,381,168
Forward	To protect against exchange risk from investments in a foreign currency	24	11,062,191	112,698	124,671	16,325
Bond forward contract	To protect against price risk and interest rate risk from bond	44	21,916,000	3,061,761	-	2,293,201
Total		**131**	**59,911,442**	**4,951,353**	**339,943**	**3,690,694**
Total derivatives		**174**	**112,058,679**	**6,363,333**	**530,243**	**4,169,959**

7 Derivatives (continued)

Derivatives for which hedge accounting has not been elected

		Financial information in which the equity method is applied and separate financial information				
		1 January 2024				
Type of contract	Objectives	Number of contracts	Notional value	Fair value Assets	Fair value Liabilities	Gain (loss) on remeasurements of derivative at fair value
				(in thousand Baht)		
Forward	To protect against exchange risk from investments in a foreign currency	37	34,146,065	814,187	70,798	168,596
Warrants	To gain right to buy more shares at a certain price	-	-	-	-	(21)
Total		**37**	**34,146,065**	**814,187**	**70,798**	**168,575**

Derivatives for which hedge accounting has been elected

		Financial information in which the equity method is applied and separate financial information				
		1 January 2024				
Type of contract	Objectives	Number of contracts	Notional value	Fair value Assets	Fair value Liabilities	Gain (loss) on remeasurements of derivative at fair value
				(in thousand Baht)		
Cross currency swap	To protect against exchange risk from investments in a foreign currency	69	29,804,604	767,815	587,360	(595,329)
Forward	To protect against exchange risk from investments in a foreign currency	2	1,744,737	-	29,272	113,607
Bond forward contract	To protect against price risk and interest rate risk from bond	41	22,946,000	972,226	203,667	1,018,802
Total		**112**	**54,495,341**	**1,740,041**	**820,299**	**537,080**
Total derivatives		**149**	**88,641,406**	**2,554,228**	**891,097**	**705,655**

8 Loans and accrued interest

As at 31 December 2024 and 1 January 2024, loans and accrued interest were classified as follows:

	Financial information in which the equity method is applied and separate financial information	
	31 December 2024	1 January 2024
	(in thousand Baht)	
Mortgage loans	20,837	27,375
Staff loans	1,342	1,451
Loans and accrued interest, net	**22,179**	**28,826**

9 Insurance and reinsurance contracts

9.1 Insurance contracts

The following summary describes high level of the Company's product groups.

- Life and saving products – Whole life, endowment, annuity, term life, unit link, and universal life products.
- Other products – Credit life, personal accident and yearly renewable term products.

	Financial information in which the equity method is applied and separate financial information		
	31 December 2024		
	Insurance contract assets	Insurance contract liabilities	Net
		(in thousand Baht)	
Insurance contracts not measured under the PAA			
- Life and saving products	-	447,621,592	447,621,592
- Other products	-	9,303,041	9,303,041
Insurance contracts not measured under the PAA	-	456,924,633	456,924,633
Insurance contracts measured under the PAA	289	418,546	418,257
Total insurance contracts	**289**	**457,343,179**	**457,342,890**

	Financial information in which the equity method is applied and separate financial information		
	1 January 2024		
	Insurance contract assets	Insurance contract liabilities	Net
		(in thousand Baht)	
Insurance contracts not measured under the PAA			
- Life and saving products	-	417,043,274	417,043,274
- Other products	-	8,556,734	8,556,734
Insurance contracts not measured under the PAA	-	425,600,008	425,600,008
Insurance contracts measured under the PAA	-	339,303	339,303
Total insurance contracts	**-**	**425,939,311**	**425,939,311**

9 Insurance and reinsurance contracts (continued)

9.1 Insurance contracts (continued)

1) Reconciliation of liabilities for remaining coverage and incurred claims

	Financial information in which the equity method is applied and separate financial information					
	31 December 2024					
	Liabilities for remaining coverage		Liabilities for incurred claims			
				Contracts under PAA		
	Excluding loss component	Loss component	Contracts not under PAA	Present value of future cash flows	Risk adjustment for non-financial risk	Total
	(in thousand Baht)					
Opening insurance contract liabilities	403,754,100	-	21,999,958	166,262	18,991	425,939,311
Net opening balance	**403,754,100**	**-**	**21,999,958**	**166,262**	**18,991**	**425,939,311**
Insurance revenue	**(32,811,372)**	-	-	-	-	**(32,811,372)**
Insurance service expenses						
Incurred claims and other insurance service expenses	-	-	15,534,941	1,582,232	2,803	17,119,976
Losses and reversals of losses on onerous contracts	-	14,686	-	-	-	14,686
Amortisation of insurance acquisition cash flows	3,103,059	-	-	-	-	3,103,059
Total insurance service expenses	**3,103,059**	**14,686**	**15,534,941**	**1,582,232**	**2,803**	**20,237,721**
Insurance service result	**(29,708,313)**	**14,686**	**15,534,941**	**1,582,232**	**2,803**	**(12,573,651)**
Net finance expense (income) from insurance contracts	30,805,566	(20)	846,762	-	-	31,652,308
Total amount recognised in comprehensive income	**1,097,253**	**14,666**	**16,381,703**	**1,582,232**	**2,803**	**19,078,657**
Investment components	(46,180,434)	-	46,180,434	-	-	-
Classification	55,659	(13,270)	(42,389)	-	-	-
Cash flows						
Premiums received	88,272,359	-	-	-	-	88,272,359
Claims and other insurance service expense paid	-	-	(62,864,600)	(1,521,331)	-	(64,385,931)
Insurance acquisition cash flows	(11,561,506)	-	-	-	-	(11,561,506)
Total cash flows	**76,710,853**	**-**	**(62,864,600)**	**(1,521,331)**	**-**	**12,324,922**
Net closing balance	**435,437,431**	**1,396**	**21,655,106**	**227,163**	**21,794**	**457,342,890**
Closing insurance contract liabilities	435,440,156	1,396	21,655,106	224,988	21,533	457,343,179
Closing insurance contract assets	(2,725)	-	-	2,175	261	(289)
Net closing balance	**435,437,431**	**1,396**	**21,655,106**	**227,163**	**21,794**	**457,342,890**

9 Insurance and reinsurance contracts (continued)

9.1 Insurance contracts (continued)

2) Reconciliation by measurement component - contracts not measured under the PAA

	Financial information in which the equity method is applied and separate financial information			
	31 December 2024			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
	(in thousand Baht)			
Opening insurance contract liabilities	**327,216,021**	**13,330,262**	**85,053,725**	**425,600,008**
Changes that relate to current services				
CSM recognised for services provided	-	-	(11,501,577)	(11,501,577)
Change in the risk adjustment for non-financial risk for the risk expired	-	(2,191,664)	-	(2,191,664)
Experience adjustments	1,040,090	-	-	1,040,090
Total changes that relate to current services	**1,040,090**	**(2,191,664)**	**(11,501,577)**	**(12,653,151)**
Changes that relate to future services				
Changes in estimates that adjust the contractual service margin	(1,019,994)	918,582	101,412	-
Changes in estimates that result in onerous contract losses (reversal) of losses	13,009	(84)	-	12,925
Contract initially recognised in the period	(13,648,541)	2,221,269	11,431,191	3,919
Total changes that relate to future services	**(14,655,526)**	**3,139,767**	**11,532,603**	**16,844**
Insurance service result	**(13,615,436)**	**948,103**	**31,026**	**(12,636,307)**
Net finance expense (income) from insurance contracts	28,769,910	(8,373)	2,890,771	31,652,308
Total amount recognised in comprehensive income	**15,154,474**	**939,730**	**2,921,797**	**19,016,001**
Cash flows				
Premiums received	86,587,509	-	-	86,587,509
Claims and other insurance service expenses paid	(62,864,600)	-	-	(62,864,600)
Insurance acquisition cash flows	(11,414,285)	-	-	(11,414,285)
Total cash flows	**12,308,624**	-	**-**	**12,308,624**
Closing insurance contract liabilities	**354,679,119**	**14,269,992**	**87,975,522**	**456,924,633**

9 Insurance and reinsurance contracts (continued)

9.1 Insurance contracts (continued)

3) Reconciliation for transition balance – contracts not measured under the PAA

	Financial information in which the equity method is applied and separate financial information		
	31 December 2024		
	Contracts under fair value approach	Contracts after transition	Total
		(in thousand Baht)	
Insurance service revenue	**27,987,827**	**3,144,104**	**31,131,931**
Opening CSM	**85,053,725**	**-**	**85,053,725**
Changes that relate to current services			
CSM recognised for services provided	(10,734,183)	(767,394)	(11,501,577)
Total changes that relate to current services	**(10,734,183)**	**(767,394)**	**(11,501,577)**
Changes that relate to future services			
Contract initially recognised in the period	-	11,431,191	11,431,191
Changes in estimates that adjust the contractual service margin	(351,762)	453,174	101,412
Total changes that relate to future service	**(351,762)**	**11,884,365**	**11,532,603**
Net finance expense from insurance contracts	2,711,968	178,803	2,890,771
Total amount recognised in comprehensive income	**(8,373,977)**	**11,295,774**	**2,921,797**
Closing CSM	**76,679,748**	**11,295,774**	**87,975,522**

9 Insurance and reinsurance contracts (continued)

9.1 Insurance contracts (continued)

4) Effect of contracts initially recognised in the period – contracts not measured under the PAA

	Financial information in which the equity method is applied and separate financial information		
	31 December 2024		
	Contracts issued		
	Profitable contracts	Onerous contracts	Total
		(in thousand Baht)	
Estimate of present value of future cash outflows			
- Insurance acquisition cash flows	11,514,771	37,583	11,552,354
- Cash flows excluding insurance acquisition cash flows	52,885,628	115,042	53,000,670
Estimate of present value of future cash outflows	64,400,399	152,625	64,553,024
Estimates of present value of future cash inflows	(78,043,395)	(158,170)	(78,201,565)
Risk adjustment	2,211,805	9,464	2,221,269
CSM	11,431,191	-	11,431,191
Increase in insurance contract liabilities from contracts recognised in the period	**-**	**3,919**	**3,919**

5) Assets for insurance acquisition cash flows

	Financial information in which the equity method is applied and separate financial information
	2024
	(in thousand Baht)
Balance at 1 January	88,801
Assets recognised for insurance acquisition cash flows paid during the year	84,418
Allocation to group of insurance contracts	(102,843)
Balance at 31 December	**70,376**

Assets for insurance acquisition cashflow are presented in the carrying amount of insurance contract liabilities of related insurance portfolio.

9 Insurance and reinsurance contracts (continued)

9.2 Reinsurance contracts

	Financial information in which the equity method is applied and separate financial information		
	31 December 2024		
	Reinsurance contract assets	Reinsurance contract liabilities	Net
		(in thousand Baht)	
Reinsurance contracts not measured under the PAA	-	652,002	652,002
Reinsurance contracts measured under the PAA	1,649	11,828	10,179
Total reinsurance contracts	**1,649**	**663,830**	**662,181**

	Financial information in which the equity method is applied and separate financial information		
	1 January 2024		
	Reinsurance contract assets	Reinsurance contract liabilities	Net
		(in thousand Baht)	
Reinsurance contracts not measured under the PAA	-	647,291	647,291
Reinsurance contracts measured under the PAA	-	5,849	5,849
Total reinsurance contracts	**-**	**653,140**	**653,140**

9 Insurance and reinsurance contracts (continued)

9.2 Reinsurance contracts (continued)

1) Reconciliation of liabilities for remaining coverage and incurred claims

	Financial information in which the equity method is applied and separate financial information					
	31 December 2024					
	Liabilities for remaining coverage		Liabilities for incurred claims			
				Contracts under PAA		
	Excluding loss component	Loss component	Contracts not under PAA	Present value of future cash flows	Risk adjustment for non-financial risk	Total
	(in thousand Baht)					
Opening reinsurance contract liabilities	**903,474**	-	**(245,687)**	**(4,566)**	**(81)**	**653,140**
Net expense (income) from reinsurance contracts						
Reinsurance expenses	591,427	-	-	-	-	591,427
Claims recovered	8	(14)	(564,848)	(19,503)	47	(584,310)
Effect of changes in the risk of reinsurers non - performance	46,757	-	-	-	-	46,757
Total net expense (income) from reinsurance contracts	**638,192**	**(14)**	**(564,848)**	**(19,503)**	**47**	**53,874**
Net finance expense from reinsurance contracts	55,206	(1)	-	-	-	55,205
Total amount recognised in comprehensive income	**693,398**	**(15)**	**(564,848)**	**(19,503)**	**47**	**109,079**
Classification	(15)	15	-	-	-	-
Cash flows						
Premiums paid net of ceding commission and other directly attributable expenses	(293,602)	-	-	-	-	(293,602)
Recoveries from reinsurance	19,795	-	160,632	13,137	-	193,564
Total cash flows	**(273,807)**	**-**	**160,632**	**13,137**	**-**	**(100,038)**
Net closing balance	**1,323,050**	**-**	**(649,903)**	**(10,932)**	**(34)**	**662,181**
Closing reinsurance contract assets	(1,649)	-	-	-	-	(1,649)
Closing reinsurance contract liabilities	1,324,699	-	(649,903)	(10,932)	(34)	663,830
Net closing balance	**1,323,050**	**-**	**(649,903)**	**(10,932)**	**(34)**	**662,181**

9 Insurance and reinsurance contracts (continued)

9.2 Reinsurance contracts (continued)

2) Reconciliation by measurement component - contracts not measured under the PAA

	Financial information in which the equity method is applied and separate financial information			
	31 December 2024			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
	(in thousand Baht)			
Opening reinsurance contract liabilities	**1,353,441**	**(553,591)**	**(152,559)**	**647,291**
Changes that relate to current services				
CSM recognised for services provided	-	-	82,914	82,914
Change in the risk adjustment for non-financial risk for the risk expired	-	(3,450)	-	(3,450)
Experience adjustments	(80,122)	-	-	(80,122)
Total changes that relate to current services	**(80,122)**	**(3,450)**	**82,914**	**(658)**
Changes that relate to future services				
Changes in estimates that adjust the contractual service margin	742,860	(598,167)	(144,646)	47
Contract initially recognised in the period	313,091	272,376	(585,521)	(54)
Total changes that relate to future services	**1,055,951**	**(325,791)**	**(730,167)**	**(7)**
Effect of changes in non – performance risk of reinsurers	**46,757**	**-**	**-**	**46,757**
Net expense (income) from reinsurance contracts	**1,022,586**	**(329,241)**	**(647,253)**	**46,092**
Net finance expense (income) from reinsurance contracts	201,940	(132,273)	(14,462)	55,205
Total amount recognised in comprehensive income	**1,224,526**	**(461,514)**	**(661,715)**	**101,297**
Cash flows				
Premiums paid net of ceding commissions and other directly attributable expenses paid	(277,014)	-	-	(277,014)
Recoveries from reinsurance	180,428	-	-	180,428
Total cash flows	**(96,586)**	**-**	**-**	**(96,586)**
Closing reinsurance contract liabilities	**2,481,381**	**(1,015,105)**	**(814,274)**	**652,002**

9 Insurance and reinsurance contracts (continued)

9.2 Reinsurance contracts (continued)

3) Reconciliation for transition balance – contracts not measured under the PAA

	Financial information in which the equity method is applied and separate financial information		
	31 December 2024		
	Contracts under fair value approach	Contracts after transition	Total
		(in thousand Baht)	
Opening CSM	**(152,559)**	**-**	**(152,559)**
Changes that relate to current services			
CSM recognised for services provided	69,559	13,355	82,914
Total changes that relate to current services	**69,559**	**13,355**	**82,914**
Changes that relate to future service			
Contract initially recognised in the period	-	(585,521)	(585,521)
Changes in estimates that adjust the contractual service margin	(434,376)	289,730	(144,646)
Total changes that relate to future services	**(434,376)**	**(295,791)**	**(730,167)**
Net finance expense from reinsurance contracts	(4,778)	(9,684)	(14,462)
Total amount recognised in comprehensive income	**(369,595)**	**(292,120)**	**(661,715)**
Closing CSM	**(522,154)**	**(292,120)**	**(814,274)**

4) Effect of contracts initially recognised in the period – contracts not measured under the PAA

	Financial information in which the equity method is applied and separate financial information
	31 December 2024
	Contracts originated
	(in thousand Baht)
Estimate of present value of future cash outflows	(2,772,482)
Estimates of present value of future cash inflows	2,459,391
Risk adjustment	(272,376)
Income recognised from initial recognition in the period	(54)
CSM	**(585,521)**

9 Insurance and reinsurance contracts (continued)

9.3 Significant judgements and estimates

i. Fulfilment cash flows

For contract groups not measured under Premium Allocation Approach (PAA), the following judgement is used in the preparation of fulfilment cash flows.

Fulfilment cash flows comprise:
- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows; to the extent that the financial risks are not included in the estimates of future cash flows (discount rates); and
- a risk adjustment for non-financial risk.

Estimates of future cash flows

The Company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the probability of these scenarios. In estimating future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Company's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Company takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include claims handling, maintenance and administration costs.

9 Insurance and reinsurance contracts (continued)

9.3 Significant judgements and estimates (continued)

i. Fulfilment cash flows (continued)

Estimates of future cash flows (continued)

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads directly attribute to fulfilling insurance contracts.

The Company use activity-based costing techniques to determine if the costs are attributed to acquisition activities or other fulfilment activities. The costs attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. The Company generally allocates these costs to groups of contracts based on the total premiums or the number of policies of insurance contract group depending on the nature of the costs. Other costs considered as non-attributable to fulfilling insurance contracts are recognised in profit or loss as they are incurred.

Assumptions

Assumptions about mortality/longevity, morbidity and policyholder behaviour are used in estimating future cash flows. These assumptions have been reflected the recent experience and the profiles of policyholders within a group of insurance contracts.

Mortality Assumptions

Mortality/longevity assumptions are generally developed using a blend of national mortality data, industry trends and the Company recent experience. Experience is monitored through regular studies, the results of which are reflected both in the pricing of new products and in the measurement of existing contracts.

Morbidity Assumptions

Morbidity assumptions are developed based on the Company's own experience with industry data. Similar to Mortality/Longevity assumptions, these assumptions are reviewed and update regularly to reflect the latest long-term view of the assumptions.

Lapse/Surrender Assumptions

Lapses relate to the termination of policies due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Company's experience and vary by product type, policy duration. The assumptions are regularly reviewed and tracked.

Expenses Assumptions

Maintenance expenses assumptions reflect the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

9 Insurance and reinsurance contracts (continued)

9.3 Significant judgements and estimates (continued)

i. Fulfilment cash flows (continued)

Discount rates

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The Company generally determines the risk-free rates using the observed zero-coupon rates of government bonds from the market data. The yield curve is interpolated between the last liquid point and an ultimate forward rate, which reflects long-term real interest rate and inflation expectations. Although the ultimate forward rate is subject to revision, it is expected to be stable and would change only on significant changes to long-term expectations. To reflect the liquidity characteristics of the insurance contracts, the risk-free yield curves are adjusted by an illiquidity premium. Illiquidity premiums are generally determined by using the spreads on corporate bonds adjusted for credit risks.

	Portfolio duration as at 31 December 2024				
Portfolio duration	**1 Year**	**3 Years**	**5 Years**	**10 Years**	**20 Years**
Discount rates	2.79%	2.85%	2.90%	3.13%	3.36%

For insurance contracts with cash flows that vary based on the return on any financial underlying items, the Company applies risk-neutral measurement techniques. Cash flows that vary based on the returns on any financial underlying items are adjusted for the effect of that variability using risk-neutral measurement techniques and discounted using the risk-free rates as adjusted for illiquidity. Stochastic modelling is applied for insurance contracts with significant financial options and guarantees to estimate the time value of options and guarantees.

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the Company would require for bearing non-financial risk. The Company has considered the diversification benefits arising from the correlation of these risks. The risk adjustments for non-financial risk are determined using the following techniques: a confidence level technique.

Applying a confidence level technique, the Company estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 75th percentile (the target confidence level) over the expected present value of the future cash flows.

9 Insurance and reinsurance contracts (continued)

9.3 Significant judgements and estimates (continued)

ii. Contractual service margin

Determination of coverage units

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year based on the number of coverage units provided in the year, which is determined by considering for each contract the quantity of the benefits provided and its expected coverage period (see Note 4(b)(vii)). The coverage units are reviewed and determined when a product is launched. The quantity of service is determined for the contract as a whole based on the maximum contractual cover in each period determined as the following: Death Benefit, Annuity Benefit, Maximum Coverage (Benefit/Annual Loss/Annual Limit). For some insurance contracts may consist more than one coverage, the total coverage unit for such contracts will be the sum of all benefits provided. The Company also consider time value of money in the determination of the coverage unit.

For insurance contracts that provide both insurance coverage and investment services, the assessment of the quantity of benefits entails determining the benefits provided to the policyholder by these services, determining how the benefits provided by each service change over the coverage period and aggregating those different benefits.

An analysis of the expected timing of the allocation of the CSM to profit or loss is disclosed in (9.4).

iii. Investment components

The Company identifies the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring. Investment components are excluded from insurance revenue and insurance service expenses.

For universal life, insurance contracts with explicit surrender values, the investment component is determined as the surrender value specified in the contractual terms less any accrued fees and surrender charges. For unit linked product, policyholders' account value is the investment components.

9.4 Expected recognition of contractual service margin by remaining periods

	Financial information in which the equity method is applied and separate financial information
	31 December 2024
	(in thousand Baht)
Insurance and reinsurance contracts	
1 - 5 years	33,712,029
6 - 10 years	20,872,914
Over 10 years	32,576,305
Total	**87,161,248**

10 Other liabilities

	Financial information in which the equity method is applied and separate financial information	
	31 December 2024	1 January 2024
	(in thousand Baht)	
Credit Support Annex (CSA) contract payables	3,416,000	570,000
Suspense premium	1,122,085	1,005,545
Deposit and contribution agents	807,438	1,281,350
Investment settlement payables	365,287	370,021
Accrued operating expenses	125,166	136,601
Others	374,419	893,134
Total	**6,210,395**	**4,256,651**

11 Deferred income tax, net

Deferred tax assets and liabilities after adoption TFRS17 and TFRS9 as at 31 December 2024 and 1 January 2024 were as follows:

	Financial information in which the equity method is applied and separate financial information	
	31 December 2024	1 January 2024
	(in thousand Baht)	
Deferred tax assets	3,815,545	1,671,554
Deferred tax liabilities	(7,329,372)	(1,135,125)
Deferred tax assets (liabilities), net	**(3,513,827)**	**536,429**

11 Deferred income tax, net (continued)

Movements in deferred tax assets and liabilities for the year ended 31 December 2024 were as follows:

	At 1 January 2024	Charged / (credited) to: Profit or loss	Charged / (credited) to: Other comprehensive income	**At 31 December 2024**
		(in thousand Baht)		
Deferred tax assets (liabilities)				
Unrealised (gain)/loss on remeasurements of derivative measured at fair value through profit or loss	6,109	(7,232)	-	(1,123)
Unrealised gain on remeasurements of derivative designated at fair value for cash flow hedges	(384,353)	-	(478,573)	(862,926)
Unrealised (gain)/loss on remeasurements of debt instruments measured at fair value through profit or loss	(721,293)	495,672	-	(225,621)
Unrealised (gain)/loss on remeasurements of debt instruments measured at fair value through other comprehensive income	624,255	-	(6,840,052)	(6,215,797)
Unrealised (gain)/loss on remeasurements of equity instruments designated at fair value through other comprehensive income	324,698	-	(318,113)	6,585
Accounting provision	122,085	203,816	-	325,901
Insurance and reinsurance contracts	341,204	(348,116)	3,247,435	3,240,523
Employee benefits obligation	253,203	(6,058)	(4,609)	242,536
Others	(29,479)	5,574	-	(23,905)
Total	**536,429**	**343,656**	**(4,393,912)**	**(3,513,827)**

The adoption of the new accounting standard TFRS 17 has prompted a review of the corporate income tax regulation related to the insurance business. The insurance industry is awaiting an update of relevant tax regulations in order to assess the financial impact of such changes. The Company is closely monitoring the development and potential impact. For the deferred income tax balance at transition and as at 31 December 2024, the Company calculates deferred income tax for insurance contract liabilities according to tax regulation enacted at that time.

11 Deferred income tax, net (continued)

The effects of adopting TFRS 17 and TFRS 9 on deferred tax assets (liabilities) at 31 December 2024 and 1 January 2024 are presented as below table.

	Financial information in which the equity method is applied and separate financial information							
	As at 31 December 2024 (Before adoption)	Impact Adoption						As at 31 December 2024 (After adoption)
		Retained earnings			Other Comprehensive Income			
		TFRS17 impact	TFRS9 impact	Total	TFRS17 impact	TFRS9 impact	Total	
	(in thousand Baht)							
Deferred tax assets (liabilities)								
Unrealised (gain)/loss on remeasurements of derivative measured at fair value through profit or loss	(28,501)	-	27,378	27,378	-	-	-	(1,123)
Unrealised gain on remeasurements of derivative designated at fair value for cash flow hedges	(862,926)	-	-	-	-	-	-	(862,926)
Unrealised gain on remeasurements of debt instruments measured at fair value through profit or loss	-	-	(225,621)	(225,621)	-	-	-	(225,621)
Unrealised gain on remeasurements of debt instruments measured at fair value through other comprehensive income	(63,307)	-	-	-	-	(6,152,490)	(6,152,490)	(6,215,797)
Unrealised (gain)/loss on remeasurements of equity instruments designated at fair value through other comprehensive income	(212,007)	-	-	-	-	218,592	218,592	6,585
Accounting provision	542,739	-	(216,838)	(216,838)	-	-	-	325,901
Insurance and reinsurance contracts	86,107	(93,019)	-	(93,019)	3,247,435	-	3,247,435	3,240,523
Employee benefits obligation	242,536	-	-	-	-	-	-	242,536
Others	(18,489)	(3,005)	(2,411)	(5,416)	-	-	-	(23,905)
Total	**(313,848)**	**(96,024)**	**(417,492)**	**(513,516)**	**3,247,435**	**(5,933,898)**	**(2,686,463)**	**(3,513,827)**

11 Deferred income tax, net (continued)

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

	As at 31 December 2023 (As previously reported)	Impact Adoption: Retained earnings – TFRS17 impact	Impact Adoption: Retained earnings – TFRS9 impact	Impact Adoption: Retained earnings – Total	Impact Adoption: Other Comprehensive Income – TFRS17 impact	Impact Adoption: Other Comprehensive Income – TFRS9 impact	Impact Adoption: Other Comprehensive Income – Total	As at 1 January 2024 (As restated)
	(in thousand Baht)							
Deferred tax assets (liabilities)								
Unrealised (gain)/loss on remeasurements of derivative measured at fair value through profit or loss	(39,605)	-	45,714	45,714	-	-	-	6,109
Unrealised gain on remeasurements of derivative designated at fair value for cash flow hedges	(384,353)	-	-	-	-	-	-	(384,353)
Unrealised gain on remeasurements of debt instruments measured at fair value through profit or loss	-	-	(721,293)	(721,293)	-	-	-	(721,293)
Unrealised (gain)/loss on remeasurements of debt instruments measured at fair value through other comprehensive income	(267,203)	-	-	-	-	891,458	891,458	624,255
Unrealised loss on remeasurements of equity instruments designated at fair value through other comprehensive income	8,917	-	-	-	-	315,781	315,781	324,698
Accounting provision	438,762	-	(316,677)	(316,677)	-	-	-	122,085
Insurance and reinsurance contracts	49,119	292,085	-	292,085	-	-	-	341,204
Employee benefits obligation	253,203	-	-	-	-	-	-	253,203
Others	(26,940)	(2,539)	-	(2,539)	-	-	-	(29,479)
Total	**31,900**	**289,546**	**(992,256)**	**(702,710)**	**-**	**1,207,239**	**1,207,239**	**536,429**

12 Insurance service result

12.1 Insurance contracts

1) Insurance service revenue and expenses

For the year ended	**Financial information in which the equity method is applied and separate financial information** 31 December 2024 *(in thousand Baht)*
Insurance service revenue	
Insurance contracts not measured under the PAA	
Amount relating to the changes in the liability for remaining coverage	
- Expected incurred claims and other insurance service expenses after loss component allocation	15,095,607
- Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation	2,186,290
- CSM recognised for the services provided	11,501,577
- Experience adjustments current service premium	(597,540)
Recovery of insurance acquisition cash flows	2,945,997
Total insurance contracts not measured under the PAA	**31,131,931**
Insurance contracts measured under the PAA	1,679,441
Total insurance service revenue	**32,811,372**
Insurance service expenses	
Insurance contracts not measured under the PAA	
Incurred claims and other insurance service expenses	15,534,941
Losses and reversal of losses onerous contracts	14,686
Amortisation of insurance acquisition cash flows	2,945,997
Total insurance service expenses not measured under the PAA	**18,495,624**
Insurance service expenses measured under the PAA	1,742,097
Total insurance service expenses	**20,237,721**

2) Transition balance – contracts not measured under the PAA

For the year ended	**Financial information in which the equity method is applied and separate financial information** 31 December 2024 *(in thousand Baht)*
Insurance service revenue	
Contracts under fair value approach	27,987,827
Contracts after transition	3,144,104
Total	**31,131,931**
Contractual service margin as at 31 December 2024	
Contracts under fair value approach	76,679,748
Contracts after transition	11,295,774
Total	**87,975,522**

12 Insurance service result (continued)

12.2 Reinsurance contracts

1) Net expense (income) from reinsurance contracts held

	Financial information in which the equity method is applied and separate financial information
For the year ended	31 December 2024
	(in thousand Baht)
Expense from reinsurance contracts held	
Reinsurance contracts not measured under the PAA	
Amount relating to the changes in the liability for remaining coverage	
- Expected amount recoverable for claims and other reinsurance service expenses	484,656
- Change in the risk adjustment recognised for the risk expired	(3,380)
- CSM recognised for service received	82,914
Total expense from reinsurance contracts held - contracts not measured under the PAA	**564,190**
Expenses from reinsurance contracts held - contracts measured under the PAA	27,237
Total expense from reinsurance contracts held	**591,427**
Income from reinsurance contracts held	
Reinsurance contracts not measured under the PAA	
Effect of changes in the risk of reinsurers non-performance	46,757
Claims recovered	(564,855)
Total income from reinsurance contracts held - contracts not measured under the PAA	**(518,098)**
Income from reinsurance contracts held - contracts measured under the PAA	(19,455)
Total income from reinsurance contracts held	**(537,553)**
Net expense from reinsurance contracts held	**53,874**

2) Transition balance – contracts not measured under the PAA

	Financial information in which the equity method is applied and separate financial information
	(in thousand Baht)
Contractual service margin as at 31 December 2024	
Contracts under fair value approach	(522,154)
Contracts after transition	(292,120)
Total	**(814,274)**

13 Net investment income and insurance finance income and expenses

	Financial information in which the equity method is applied and separate financial information
For the year ended	31 December 2024
	(in thousand Baht)
Net investment income on underlying items	
Investment income	17,262,039
Gain on financial instruments	5,454,663
Gain on fair value and foreign exchange remeasurement of financial instruments	34,517,097
Expected credit loss	(992,726)
Total net investment income on underlying items	**56,241,073**
Insurance finance expense from insurance contracts	
Changes in fair value of underlying items of direct participating contracts	(19,375)
Interest accreted that recognised in profit and loss	(15,575,229)
Effect of changes in current interest rates and other financial assumptions	(16,191,625)
Effect of measuring changes in estimates and adjusting the CSM that recognised in profit and loss	133,921
Total insurance finance expense from insurance contracts	**(31,652,308)**
Insurance finance expense from reinsurance contracts	
Interest accreted	(55,205)
Total insurance finance expense from reinsurance contracts	**(55,205)**
Net insurance finance expense	**(31,707,513)**
Recognised in profit or loss	
Net investment income on participating contracts and underlying items	21,112,513
Net insurance finance expense	(15,470,336)
Total	**5,642,177**
Recognised in other comprehensive income	
Net investment income on participating contracts and underlying items	38,183,693
Net insurance finance expense	(16,237,177)
Total	**21,946,516**
Recognised in retained earnings	
Loss on disposal of equity instruments designated at FVOCI	(3,055,133)
Total	**(3,055,133)**

14 Net investment income

	Financial information in which the equity method is applied and separate financial information
For the year ended	31 December 2024
	(in thousand Baht)
Interest income	16,907,278
Dividend income	937,227
Others fee income	15,767
Investment expense	(598,233)
Total	**17,262,039**

15 Gain on financial instruments

	Financial information in which the equity method is applied and separate financial information
For the year ended	31 December 2024
	(in thousand Baht)
Debt instruments measured at fair value through profit or loss	8,476,209
Debt instruments measured at fair value through other comprehensive income	33,586
Total	**8,509,795**

16 Gain (loss) on fair value and foreign exchange remeasurement of financial instruments

	Financial information in which the equity method is applied and separate financial information
For the year ended	31 December 2024
	(in thousand Baht)
Debt instruments measured at fair value through profit or loss	(4,145,910)
Derivatives	479,265
Others foreign exchange remeasurements	50
Total	**(3,666,595)**

17 Other operating expenses

	Financial information in which the equity method is applied and separate financial information
For the year ended	31 December 2024
	(in thousand Baht)
Personnel expenses	606,309
Premises and equipment expenses	338,495
Advertising and promotion expenses	306,112
Consulting fees	85,863
Tax and duties	1,526
Others	247,177
Total	**1,585,482**

18 Expenses by nature

For the year ended	**Financial information in which the equity method is applied and separate financial information** 31 December 2024 *(in thousand Baht)*
Claims and benefits	14,703,797
Commission and other acquisition expenses	9,414,826
Losses on onerous insurance contracts	14,686
Personnel expenses	3,262,688
Marketing expenses	647,016
Premises and equipment expenses	834,880
Investment management expenses	541,314
Information technology expenses	777,766
Others	1,146,250
	31,343,223
Amounts attributed to insurance acquisition cash flows incurred during the year	(12,024,846)
Amortisation of insurance acquisition cash flows	3,103,059
Total	**22,421,436**
Represented by:	
Insurance service expenses	20,237,721
Other operating expenses	1,585,482
Investment management expenses	598,233
Total	**22,421,436**

19 Expected credit loss

For the year ended	**Financial information in which the equity method is applied and separate financial information** 31 December 2024 *(in thousand Baht)*
Expected credit loss on investments in securities	
- Debt instruments measured at fair value through other comprehensive income	992,726
Total	**992,726**

20 Segment information

The Company has two reportable segments which are the Company's strategic divisions and are managed separately because they have different sales channel and marketing strategies. The following summary describes the operations in each of the Company's reportable segments.

- Segment 1 - agent channel.
- Segment 2 - partnership and other channels which includes commercial banks, government banks, leasing & hire-purchase, consumer finance, direct marketing, group employee benefits, and digital.

Each segment's performance is measured based on segment profit from operation, management believes that such information is the most relevant in evaluating the results of certain segments.

	Financial information in which the equity method is applied 31 December 2024		
	Agent channel	**Partnership and other channels**	**Total**
		(in thousand Baht)	
Insurance revenue	25,878,922	6,932,450	32,811,372
Insurance service expense	(15,618,378)	(4,619,343)	(20,237,721)
Net expense from reinsurance contracts held	(23,733)	(30,141)	(53,874)
Insurance service result	**10,236,811**	**2,282,966**	**12,519,777**
Investment income	12,141,891	5,120,148	17,262,039
Gain on financial instruments	5,965,305	2,544,490	8,509,795
Loss on fair value and foreign exchange remeasurement to financial instruments	(2,557,605)	(1,108,990)	(3,666,595)
Expected credit loss	(693,110)	(299,616)	(992,726)
Net investment income	**14,856,481**	**6,256,032**	**21,112,513**
Finance expense from insurance contracts issued	(11,075,076)	(4,385,607)	(15,460,683)
Finance income (expense) from reinsurance contracts held	341	(9,994)	(9,653)
Net insurance finance expense	**(11,074,735)**	**(4,395,601)**	**(15,470,336)**
Net investment income and insurance finance expense	**3,781,746**	**1,860,431**	**5,642,177**
Other operation expense	(1,160,293)	(425,189)	(1,585,482)
Other income	52,635	62,501	115,136
Profit before income tax	**12,910,899**	**3,780,709**	**16,691,608**
Income tax expense			(3,322,199)
Profit for the year			**13,369,409**

21 Income tax expense

	Note	Financial information in which the equity method is applied and separate financial information 31 December 2024 *(in thousand Baht)*
Income tax recognised in profit or loss		
Current tax expense		
Current year		3,665,323
Tax exemption for previous year		532
Deferred tax expense		
Movements in temporary differences	*11*	(343,656)
Total		**3,322,199**

Income tax recognised in other comprehensive income

	Financial information in which the equity method is applied 31 December 2024		
	Before tax	Tax benefit (expense)	Net of Tax
		(in thousand Baht)	
Gain on remeasurements of debt instruments at fair value through other comprehensive income	34,200,262	(6,840,052)	27,360,210
Gain on remeasurement of derivative designated at fair value for cash flow hedges	2,392,866	(478,573)	1,914,293
Finance expenses from insurance contracts issued	(16,191,625)	3,238,325	(12,953,300)
Finance expenses from reinsurance contracts held	(45,552)	9,110	(36,442)
Gains on investment in equity instruments designated at fair value through other comprehensive income	1,590,565	(318,113)	1,272,452
Actuarial gain on defined employee benefit plans	23,046	(4,609)	18,437
Gain from currency translation of foreign associate	790	-	790
Total	**21,970,352**	**(4,393,912)**	**17,576,440**

21 Income tax expense (continued)

Income tax recognised in other comprehensive income (continued)

	Separate financial information		
	31 December 2024		
	Before tax	Tax benefit (expense)	Net of Tax
		(in thousand Baht)	
Gain on remeasurements of debt instruments at fair value through other comprehensive income	34,200,262	(6,840,052)	27,360,210
Gain on remeasurement of derivative designated at fair value for cash flow hedges	2,392,866	(478,573)	1,914,293
Finance expenses from insurance contracts issued	(16,191,625)	3,238,325	(12,953,300)
Finance expenses from reinsurance contracts held	(45,552)	9,110	(36,442)
Gains on investment in equity instruments designated at fair value through other comprehensive income	1,590,565	(318,113)	1,272,452
Actuarial gain on defined employee benefit plans	23,046	(4,609)	18,437
Total	**21,969,562**	**(4,393,912)**	**17,575,650**

Reconciliation of effective tax rate

	Financial information in which the equity method is applied	
	31 December 2024	
	Rate (%)	*(in thousand Baht)*
Profit before income tax expense		16,691,608
Income tax using the Thai corporation tax rate	*20*	3,338,321
Incomes not subject to tax		(16,654)
Tax exemption for previous year		532
Total	***20***	**3,322,199**

	Separate financial information	
	31 December 2024	
	Rate (%)	*(in thousand Baht)*
Profit before income tax expense		16,680,023
Income tax using the Thai corporation tax rate	*20*	3,336,004
Incomes not subject to tax		(14,337)
Tax exemption for previous year		532
Total	***20***	**3,322,199**

22 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2024 were based on the profit for the year attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the year as follows:

	Financial information in which the equity method is applied	**Separate financial information**
	31 December 2024	31 December 2024
	(in thousand Baht / thousand shares)	
Profit attributable to ordinary shareholder of the Company (basic)	13,369,409	13,357,824
Number of ordinary shares outstanding	11,450,000	11,450,000
Basic earnings per share *(in Baht)*	**1.17**	**1.17**

23 Risk management

Financial assets carried in the statement of financial positions include cash and cash equivalents accrued investment income, debt instruments, equity instruments, derivative assets, loans and accrued interest, and certain balances of other asset. Financial liabilities carried on the statement of financial positions include derivative liabilities, accrued expenses and certain balances of other liabilities. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

(a) Financial risk management policies

The Company is to present the risks that arising from conventional financial risks which involve various types of risk that can result financial loss or uncertainty from changes in equity price, interest rates, currency exchange rates and non-performance of contractual obligations by counterparties. The Company neither holds nor issues derivatives for speculative or trading purposes.

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

(b) Capital management

The Company's capital management policy is to maintain a strong capital base to meet policyholders' obligations and the requirements of the Office of Insurance Commission, delivering sustainable returns to shareholders and to support future business growth.

In accordance with the requirements of the Office of Insurance Commission, all insurers are required to maintain at least 140% *(2024: 140%)* of capital adequacy requirement (CAR) to meet policyholders' obligations. The CAR applies a risk-based approach to capital adequacy and is determined by the sum of the aggregate of the total risk requirement of all insurance funds established and maintained by the insurer. It is the Company's policy to hold capital levels in excess of minimum CAR.

23 Risk management (continued)

(b) Capital management (continued)

The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern in order to protect policyholders and to provide returns for shareholders and benefits for the stakeholders.

There were no changes in the Company's approach to capital management during the year.

(c) Insurance risk management

Insurance risk is the risk arising from fluctuation of claim frequency, claim severity and time of claim occurrence that deviate from the pricing, reserving assumptions and underwriting.

Underwriting risks

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

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

The Company has an underwriting process that classifies applicants into risk categories based on their medical history, health condition, occupation, etc. Coverage and premium can varies across categories, reflecting different levels of risk.

Mortality and morbidity risks

Mortality and morbidity risks refer to the possibility that the frequency or severity of claims arising from insurance contracts exceeds the level assumed when the products were priced.

The Company can be exposed to high claims from policyholders resulting from changes in their life and health expectancy or from catastrophic events, whether natural or man-made.

The Company manages mortality and morbidity risks by considering claim trends and monitoring on an ongoing basis. Exposure in excess of retention limits is ceded to reinsurers. Mortality and morbidity experience are monitored to ensure that the Company's assumptions are appropriate.

Product design and Mispricing risks (Excluding development of system for sale)

Product design and Mispricing risks (Excluding development of system for sale) refer to potential errors in the development of a particular insurance product. The Company manages product design risk through the new product approval process where product design, pricing and profit testing are reviewed against Product Pricing Guidelines which are reviewed on annual basis.

The Company monitors closely the profitability rate of new products on monthly basis and control by actuarial principle in order to proper manage product such as revised the product if it does not meet the profit expectations.

Assumptions for product pricing and monitoring of profitability rate are regularly reviewed to incorporate the latest experience and reflect the prevailing economic and business environment.

23 Risk management (continued)

(c) Insurance risk management (continued)

Claims risk

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

The Company maintains underwriting standards to determine the insurability of applicants. Claim trends are monitored on an ongoing basis. Exposure to large claims is managed by establishing policy retention limits, which vary by market. Policies in excess of the limits are reinsured with other companies. The Company manages product's profitability by evaluating the loss ratio to ensure that the product corresponds to the Company's risk appetite and expectation.

Investment returns

The Company has a policy to manage an imbalance of asset cash inflow and obligation cash outflow due to different timing of maturity and duration. Its objective is to lessen the impact from fluctuation and risk of interest rate in the future. According to such policy, status of interest rate risk has been well monitored by regularly governing assets and liabilities duration for controlling the mismatch.

Policyholder behaviour

Risk arises from policyholders' acts to discontinue/reduce contributions or surrender request prior to maturity of the contract, or to falsely obtain a particular insurance coverage or claim some benefit to which they are not otherwise entitled to.

The Company seeks to design products that minimize financial exposure to lapse, surrender and other policyholder behaviour risks. Persistency is regularly monitored through reports and comprehensive analysis. An underwriting process and claim management are also designed in place to avoid fraudulent behavior from policyholders.

Expense overrun risk

Expense overrun risk is the risk of a change in value caused by the fact that the amount of expenses incurred differs from those expected in pricing assumption. The Company prices its products to cover the expected costs of servicing and maintaining them.

Expense assumptions are regularly reviewed including comparisons of actual expenses to expense levels allowed for in pricing and valuation. This is to incorporate the latest experience and reflect the prevailing economic and business environment.

23 Risk management (continued)

(c) Insurance risk management (continued)

Concentration of insurance risk

A majority of the Company's contracts are life insurance non-par contracts with guaranteed benefit. The concentration of such products would result in the risk that could impact upon the Company's insurance contract liabilities.

The amount of risk to which the Company is exposed depends on the level of guarantees inherent in the contracts and the level of reserving comparing with the prevailing interest rate.

Sensitivity analysis

For insurance operations, adverse experience can impact the overall profitability of certain types of business written. This risk is managed through regular monitoring of experience and the implementation of management actions as necessary. Insurance contracts are exposed to mortality and morbidity risk and behavior risk (persistency risk) and changes in maintenance expense level. Changes to the assumed level of those risks will have the impact on the Company's profit as well as the shareholders' equity.

The table below shows how the profit and loss and shareholders' equity would have increased or decreased if adverse changes in the future assumptions in insurance risk that were reasonably possible at the reporting date had occurred by assuming that all other variables remain constant.

	Financial information in which the equity method is applied and separate financial information			
	31 December 2024			
	Profit or loss, net of tax		Equity, net of tax	
	Gross	Net	Gross	Net
	(in thousand Baht)			
Life risk/life savings and Participating				
Mortality/Morbidity rates (10% increase)	(1,082,390)	(1,031,172)	(1,412,381)	(1,330,651)
Attributable expenses (10% increase)	(140,391)	(140,391)	(183,842)	(183,844)
Lapse rates (10% increase)	15,656	32,237	137,407	161,963
Lapse rates (10% decrease)	(5,708)	(25,006)	(127,177)	(156,840)

23 Risk management (continued)

(d) Interest rate risk

The movement in interest rates is one of the main factors that affect the value of the Company's assets and liabilities and the overall investment return. Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate fluctuations arises when there is a tenure mismatch between rate-sensitive assets and liabilities items. The Company mitigate interest rate risk by defining the target duration gap between our assets and liabilities and, to the extent possible and practicable, lengthen the duration of our assets to better match that of our liabilities.

In addition, we use derivative instruments, principally interest rate swaps, bond forwards, and cross currency swaps (Note 7) to manage exposure to fluctuations in interest rates on debt securities.

As at 31 December 2024 significant financial assets and financial liabilities classified by type of interest rate are as follows:

	Financial information in which the equity method is applied and separate financial information			
	31 December 2024			
	Floating interest rate	Fixed interest rate	Non-interest Bearing	Total
	(in thousand Baht)			
Financial assets				
Cash and cash equivalents	10,111,307	599,974	205,979	10,917,260
Investments in debt instruments	12,512,302	484,830,142	-	497,342,444
Loans, net	211	21,968	-	22,179
Total	**22,623,820**	**485,452,084**	**205,979**	**508,281,883**
Insurance and reinsurance contracts				
Liabilities	-	-	458,007,009	458,007,009
Assets	-	-	1,938	1,938

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

		Financial information in which the equity method is applied and separate financial information			
		Maturity period			
	Interest rate	Within 1 year	Over 1 year but within 5 years	Over 5 years	Total
	(% per annum)	*(in thousand Baht)*			
At 31 December 2024					
Financial assets					
Cash and cash equivalents	2.09-2.22	599,974	-	-	599,974
Investments in securities	0.20-6.50	34,848,864	85,553,482	364,427,796	484,830,142
Loans, net	7.00-15.00	1,342	20,626	-	21,968
Total		**35,450,180**	**85,574,108**	**364,427,796**	**485,452,084**

23 Risk management (continued)

(d) Interest rate risk (continued)

Sensitivity analysis

A reasonably possible change of interest rates as at 31 December 2024 would have affected the measurement of investment in debt securities measured at fair value through profit or loss and debt securities measured at other comprehensive income which affected equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Financial information in which the equity method is applied and separate financial information			
	Profit or loss, net of tax		Equity, net of tax	
	Increase +50bps	Decrease -50bps	Increase +50bps	Decrease -50bps
	(in thousand Baht)			
31 December 2024				
Debt securities measured at fair value through profit or loss	(83,583)	83,583	(83,583)	83,583
Debt securities measured at fair value through other comprehensive income	-	-	(22,653,104)	22,653,104
Insurance contract liabilities	38	(35)	11,979,331	(12,741,082)
Reinsurance contract liabilities	-	-	31,174	(33,087)

(e) Foreign currency exchange risk

The Company is exposed to foreign currency exchange risk relating to investment in securities which are denominated in foreign currencies. The Company have entered into cross currency swaps and forward contracts to hedge such risks.

As at 31 December 2024 the Company was exposed to foreign currency exchange risk in respect of financial assets denominated in the following currencies:

	Financial information in which the equity method is applied and separate financial information		
	31 December 2024		
Assets and liabilities denominated in foreign currencies as at	United States Dollars	Others	Total
	(in thousand Baht)		
Debt securities measured at FVTPL	34,596,383	-	34,596,383
Debt securities measured at FVOCI	19,741,164	6,704,628	26,445,792
Equity securities measured at FVOCI	7,282,237	2,580,100	9,862,337
Gross balance sheet exposure	**61,619,784**	**9,284,728**	**70,904,512**
Cross currency swaps	18,509,715	6,861,914	25,371,629
Forward	42,942,348	1,862,352	44,804,700
Total	**61,452,063**	**8,724,266**	**70,176,329**
Net exposure	**167,721**	**560,462**	**728,183**

23 Risk management (continued)

(e) Foreign currency exchange risk (continued)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the THB currency against USD currency as at 31 December 2024 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sale and purchases.

	Financial information in which the equity method is applied and separate financial information			
	Profit or loss		Equity, net of tax	
	2.5% strengthening in THB	2.5% weakening in THB	2.5% strengthening in THB	2.5% weakening in THB
	(in thousand Baht)			
At 31 December 2024				
USD	(36,881)	36,881	(29,505)	29,505

(f) Equity price risk and unit trust

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

Sensitivity analysis

A reasonably possible change of the stock market as at 31 December 2024 would have affected the valuation of investment in listed equity and unit trust investments and affected equity by the amount shown below, excluding investments assets held to cover linked liabilities.

	Financial information in which the equity method is applied and separate financial information	
	31 December 2024	
	Equity, net of tax	
	(in thousand Baht)	
	10% increase	10% decrease
Stock market value	5,772,729	(5,772,729)

23 Risk management (continued)

(g) Credit risk

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

Key areas that the Company is exposed to credit risk are cash positions, policy loans, mortgage loans and financial asset - debt securities.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all policyholders, borrowers and debt securities on an ongoing basis.

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

	Financial information in which the equity method is applied and separate financial information
	31 December 2024
	(in thousand Baht)
Cash and cash equivalents	10,917,260
Investments in debt instruments measured at FVTPL	5,777,807
Investments in debt instruments measured at FVOCI	491,564,637
Mortgage loans and loans to employee and agent	22,179
Total	**508,281,883**

The maximum credit exposure arising from mortgage loans is the amount of the loan less the value of assets pledged as security.

23 Risk management (continued)

(g) Credit risk (continued)

Credit quality analysis

The following table sets out information about the credit quality as at 31 December 2024 of private debt securities measured at fair value through other comprehensive income (exclude government securities), based on TRIS ratings.

	Financial information in which the equity method is applied and separate financial information *(in thousand Baht)*		
At 31 December 2024	Stage 1	Stage 2	Total
Investments in debt securities measured at fair value through profit or loss			
Rated AA- to AA+	3,082,079	-	3,082,079
Rated A- to A+	1,426,354	-	1,426,354
Rated BBB- to BBB+	1,269,374	-	1,269,374
Carrying amount	**5,777,807**	**-**	**5,777,807**
Investments in debt securities measured at fair value through other comprehensive income			
Short-term credit rating of F1+(tha)	64,000	-	64,000
Rated AAA	48,042,756	-	48,042,756
Rated AA- to AA+	39,551,773	-	39,551,773
Rated A- to A+	101,309,746	-	101,309,746
Rated BBB	3,598,750	-	3,598,750
Rated BBB- to BBB+	18,194,944	-	18,194,944
Rated BB+	-	2,825,584	2,825,584
Carrying amount	**210,761,969**	**2,825,584**	**213,587,553**
Allowance for expected credit loss	(166,990)	(1,051,199)	(1,218,189)

Concentrations of credit risk

The company monitors concentrations of credit risk arising from investments in debt instruments by currency. An analysis of the carrying amounts of financial investments is shown below.

Concentration by currency	31 December 2024 *(in thousand Baht)*
Thai Baht	470,896,652
Other currencies	26,445,792
Total	**497,342,444**

23 Risk management (continued)

(g) Credit risk (continued)

Collateral held and other credit enhancements

The Company holds collateral and other credit enhancements against certain of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets.

Type of credit exposure

	Percentage of exposure that is subject to collateral requirements 31 December 2024 *(in thousand Baht)*	**Principal type of collateral held**
Derivative assets held for risk management	100	Cash
Mortgage loans	100	Commercial property
Debt securities	-	None

(h) Liquidity risk

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

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

The following table shows information about the estimated timing of the net undiscounted cash flows from the Company's insurance contract liabilities which is the best estimate of the Company. The table below exclude contract measured under PAA.

	Financial information in which the equity method is applied and separate financial information 31 December 2024				
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years	Total
			(in thousand Baht)		
Estimated net cash flows from insurance contract liabilities	11,719,162	93,580,586	134,625,548	274,414,415	514,339,711
Estimated net cash flows from reinsurance contract held	155,202	505,995	511,224	2,242,419	3,414,840

23 Risk management (continued)

(h) Liquidity risk (continued)

Maturity analysis for financial liabilities

The following table summarises the maturity profile of financial liabilities of the Company.

	Financial information in which the equity method is applied and separate financial information
	31 December 2024
	Up to 1 year
	(in thousand Baht)
Non-derivative liabilities	
Credit Support Annex (CSA) contract payables	3,416,000
Total	**3,416,000**

The amounts are the gross contractual undiscounted cash flows, which include estimated interest payments. The interest rate on contractual balance of Credit Support Annex (CSA) is defined according to Policy Interest Rate (1-day bilateral repurchase rate) from Monetary Policy Committee’s decision as published by Bank of Thailand (BOT). Most of the underlying assets are either cash and cash equivalents or liquid investments that can be converted into cash at short notice.

24 Fair value measurement

Financial instruments measured at fair value

Carrying amount and fair values

The following table shows the fair values of financial assets and financial liabilities including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Financial information in which the equity method is applied and separate financial information			
	31 December 2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
	(in thousand Baht)			
Financial assets				
Derivative assets	-	6,363,333	-	6,363,333
Investments in debt instruments	-	535,225,951	-	535,225,951
Investment in equity securities	34,229,961	235,199	392,106	34,857,266
Total	**34,229,961**	**541,824,483**	**392,106**	**576,446,550**
Financial liabilities				
Derivative liabilities	-	530,243	-	530,243
Total	**-**	**530,243**	**-**	**530,243**

	Financial information in which the equity method is applied and separate financial information			
	1 January 2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
	(in thousand Baht)			
Financial assets				
Derivative assets	-	2,554,228	-	2,554,228
Investments in debt instruments	-	488,281,668	-	488,281,668
Investment in equity securities	25,143,202	56,984	3,115,767	28,315,953
Total	**25,143,202**	**490,892,880**	**3,115,767**	**519,151,849**
Financial liabilities				
Derivative liabilities	-	891,097	-	891,097
Total	**-**	**891,097**	**-**	**891,097**

24 Fair value measurement (continued)

Reconciliation of Level 3 fair values

	Financial information in which the equity method is applied and separate financial information
	2024
	(in thousand Baht)
Equity securities	
At 1 January	3,115,767
Purchases during the period	-
Transferred to Level 1 Fair Value	(2,664,710)
Unrealised loss, net	(58,951)
At 31 December	**392,106**

During the year ended 31 December 2024, there was the transferred fair value of holding equity shares from fair value Level 3 to be Level 1 as the quoted price became available in an active market.

Financial instruments not measured at fair value

The carrying amounts of the following financial assets and financial liabilities are considered to be approximate to their fair values: cash and cash equivalents, accrued investment income, other loans, other receivables, and other liabilities.

The fair value of mortgage loans and other loans which carry fixed interest rates and are fully collaterised is taken to approximate the carrying value.