

Nam Seng Insurance Public Company Limited
Review report and interim financial information
For the three-month period ended 31 March 2022

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Nam Seng Insurance Public Company Limited

I have reviewed the accompanying statement of financial position of Nam Seng Insurance Public Company Limited as at 31 March 2022, and the related statements of comprehensive income, changes in owners' equity, and cash flows for the three-month period then ended, as well as the condensed notes to the interim financial statements (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34: Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410: Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34: Interim Financial Reporting.

Narissara Chaisuwan

Certified Public Accountant (Thailand) No. 4812

EY Office Limited

Bangkok: 11 May 2022

Nam Seng Insurance Public Company Limited**Statement of financial position****As at 31 March 2022**

		(Unit: Baht)	
	Note	31 March 2022	31 December 2021
		(Unaudited but reviewed)	(Audited)
Assets			
Cash and cash equivalents	3	969,308,569	950,447,203
Premium receivables	4	319,232,559	248,658,231
Accrued investment income		7,528,655	6,637,088
Reinsurance assets	5	208,211,089	169,953,895
Reinsurance receivables	6	74,012,055	48,940,998
Investment assets			
Investments in securities	7	2,447,620,797	2,499,595,686
Loans	8	7,360,028	8,050,201
Property foreclosed		8,590,942	8,590,942
Premises and equipment	9	161,670,528	163,508,191
Right-of-use assets		2,971,729	2,858,382
Intangible assets		3,310,303	3,375,858
Deferred tax assets	10	289,537,784	245,414,501
Receivable from sales of securities		180,503,793	15,770,334
Other assets	11	31,434,983	25,018,813
Total assets		4,711,293,814	4,396,820,323

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

Nam Seng Insurance Public Company Limited

Statement of financial position (continued)

As at 31 March 2022

		(Unit: Baht)	
	Note	31 March 2022	31 December 2021
		(Unaudited but reviewed)	(Audited)
Liabilities and owners' equity			
Liabilities			
Insurance contract liabilities	12	2,674,965,219	2,461,498,680
Amounts due to reinsurers	13	247,672,896	198,667,728
Income tax payable		45,144,004	21,296,882
Lease liabilities		2,082,688	1,985,728
Employee benefit obligations		65,882,844	64,147,756
Accrued commissions		60,391,775	43,757,274
Other liabilities	14	323,434,390	178,032,655
Total liabilities		3,419,573,816	2,969,386,703
Equity			
Share capital			
Registered			
20,000,000 ordinary shares of Baht 10 each		200,000,000	200,000,000
Issued and paid-up			
13,900,000 ordinary shares of Baht 10 each		139,000,000	139,000,000
Premium on share capital		594,436,835	594,436,835
Retained earnings			
Appropriated			
Statutory reserve		24,848,787	24,848,787
General reserve		6,163,850	6,163,850
Unappropriated		566,192,785	645,151,419
Other component of owners' equity			
Revaluation surplus on available-for-sale investments - net of income taxes			
		(38,922,259)	17,832,729
Total owners' equity		1,291,719,998	1,427,433,620
Total liabilities and owners' equity		4,711,293,814	4,396,820,323
		-	-

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

Directors

(Unaudited but reviewed)

Nam Seng Insurance Public Company Limited

Statement of comprehensive income

For the three-month period ended 31 March 2022

		(Unit: Baht)	
	Note	2022	2021
Profit or loss:			
Revenues			
Gross premium written	19.2	796,414,088	687,747,282
Less: Premium ceded to reinsurers		(106,949,015)	(83,833,579)
Net premium written		689,465,073	603,913,703
Less: Unearned premium reserves increased from prior period		(81,938,338)	(67,897,820)
Net earned premium		607,526,735	536,015,883
Commission and brokerage income from reinsurers		26,299,830	19,303,590
Net investment revenues		14,472,493	23,215,051
Gain on investments		1,082,604	1,096,926
Fair value gain		-	5,438,201
Rental income		3,944,329	3,991,435
Other income		7,621	218,459
Total revenues		653,333,612	589,279,545
Expenses			
Long-term insurance policy reserve increased		42,940,897	37,747,060
Gross claims		368,648,544	330,715,108
Less: Claim recovery from reinsurers		(22,515,190)	(24,046,877)
Commission and brokerage expenses	19.2	135,475,818	116,415,046
Other underwriting expenses		52,477,125	44,328,797
Operating expenses	16	97,217,357	83,111,736
Finance cost		26,156	21,337
Expected credit loss (reversal)	17	12,407	(49,782)
Total expenses		674,283,114	588,242,425
Profit (loss) before income tax expenses		(20,949,502)	1,037,120
Add: Income tax revenues	10.2	4,540,868	2,337,995
Profit (loss) for the period		(16,408,634)	3,375,115

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

(Unaudited but reviewed)

Nam Seng Insurance Public Company Limited

Statement of comprehensive income (continued)

For the three-month period ended 31 March 2022

		(Unit: Baht)	
	Note	2022	2021
Other comprehensive income:			
Items to be recognised in profit or loss in subsequent periods:			
Gain (loss) on revaluation of available-for-sale investments measured at fair value through other comprehensive income		(70,943,735)	909,747
Add (less): Benefit (expense) taxes		14,188,747	(181,949)
Items to be recognised in profit or loss in subsequent periods - net of income taxes		(56,754,988)	727,798
Other comprehensive income for the period (loss)		<u>(56,754,988)</u>	<u>727,798</u>
Total comprehensive income for the period (loss)		<u><u>(73,163,622)</u></u>	<u><u>4,102,913</u></u>
Earnings per share	18		
Basic earnings per share			
Profit (loss) for the period		<u><u>(1.18)</u></u>	<u><u>0.24</u></u>

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

(Unaudited but reviewed)

Nam Seng Insurance Public Company Limited

Statement of cash flows

For the three-month period ended 31 March 2022

	(Unit: Baht)	
	2022	2021
Cash flows from (used in) operating activities		
Direct premium written	725,354,067	641,262,863
Cash received (paid) on reinsurance	(40,058,946)	549,184
Interest income	9,213,596	13,761,407
Dividend income	4,367,329	10,427,823
Other income	3,992,084	4,242,835
Losses paid on direct insurance	(312,274,986)	(297,962,841)
Commissions and brokerages expenses on direct insurance	(118,837,108)	(109,039,305)
Other underwriting expenses	(49,394,099)	(44,231,578)
Operating expenses	(94,530,811)	(109,476,106)
Income taxes	(1,546,546)	(1,380,987)
Cash receive from brokers	75,585,136	34,710,929
Proceeds from sales of investment in securities	44,069,372	288,365,522
Cash paid for purchase of investment in securities	(226,711,177)	(329,536,809)
Loans and interest receivables	690,174	740,515
Net cash provided by operating activities	19,918,085	102,433,452
Cash flows from (used in) investing activities		
Cash received from disposals of premises and equipment	8,561	14,780
Cash received from disposals of intangible assets	-	28
Cash paid for purchase of premises and equipment	(248,543)	(1,338,528)
Cash paid for purchase of intangible assets	(300,000)	(323,400)
Net cash used in investing activities	(539,982)	(1,647,120)
Cash flows from financing activities		
Repayment of lease liabilities	(536,026)	(509,711)
Net cash flows used in financing activities	(536,026)	(509,711)
Net increase in cash and cash equivalents	18,842,077	100,276,621
Allowance for expected credit loss decreased (increased)	19,289	(21,373)
Cash and cash equivalents at beginning of the period	950,447,203	590,036,598
Cash and cash equivalents at end of the period	969,308,569	690,291,846

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

(Unaudited but reviewed)

Nam Seng Insurance Public Company Limited
Statement of changes in owners' equity
For the three-month period ended 31 March 2022

(Unit: Baht)

	Note	Issued and paid-up share capital	Premium on share capital	Retained earnings		Other component of owners' equity	Total	
				Appropriated		Revaluation surplus (deficit) on available-for-sale investments		
				Statutory reserve	General reserve	- net of income taxes		
Balance as at 1 January 2021		139,000,000	594,436,835	24,848,787	6,163,850	619,344,780	13,336,947	1,397,131,199
Profit for the period		-	-	-	-	3,375,115	-	3,375,115
Other comprehensive income		-	-	-	-	-	727,798	727,798
Total comprehensive income	22	-	-	-	-	3,375,115	727,798	4,102,913
Dividends paid		-	-	-	-	(66,025,000)	-	(66,025,000)
Balance as at 31 March 2021		<u>139,000,000</u>	<u>594,436,835</u>	<u>24,848,787</u>	<u>6,163,850</u>	<u>556,694,895</u>	<u>14,064,745</u>	<u>1,335,209,112</u>
Balance as at 1 January 2022		139,000,000	594,436,835	24,848,787	6,163,850	645,151,419	17,832,729	1,427,433,620
Loss for the period		-	-	-	-	(16,408,634)	-	(16,408,634)
Other comprehensive income		-	-	-	-	-	(56,754,988)	(56,754,988)
Total comprehensive income		-	-	-	-	(16,408,634)	(56,754,988)	(73,163,622)
Dividends paid	22	-	-	-	-	(62,550,000)	-	(62,550,000)
Balance as at 31 March 2022		<u>139,000,000</u>	<u>594,436,835</u>	<u>24,848,787</u>	<u>6,163,850</u>	<u>566,192,785</u>	<u>(38,922,259)</u>	<u>1,291,719,998</u>

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

Nam Seng Insurance Public Company Limited

Notes to interim financial statements

For the three-month period ended 31 March 2022

1. General information

1.1 Corporate information

Nam Seng Insurance Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company’s major shareholder is N.S. Alliance Co., Ltd., which was incorporated in Thailand whereby as at 31 March 2022 and 31 December 2021, such major shareholder held 28.75% of the issued and paid-up share capital of the Company. The Company is principally engaged in the provision of non-life insurance while its head office is located in Bangkok and has 26 sub-branches located in other provinces. The Company’s registered office is located at No. 767 Krungthep-Nonthaburi Road, Bangsue Sub-district, Bangsue District, Bangkok.

1.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Company operates. The Company’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

2. Basis for preparation of financial statement

2.1 Basis for preparation of interim financial information

This interim financial information is prepared in accordance with Thai Accounting Standard No. 34: Interim Financial Reporting whereby the Company choose to present condensed interim financial statements. However, the Company presented each line item in the statements of financial position, comprehensive income, changes in owners’ equity and cash flows in the same full format as that used in its annual financial statements, and in accordance with the format of financial statements specified in the Notification of the Office of Insurance Commission (“OIC”) regarding criteria, procedures, conditions and terms for preparation and submission of financial statements and operating performance reports of non-life insurance companies (No.2) B.E. 2562 dated 4 April 2019.

This interim financial information is intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. This interim financial information should therefore be read in conjunction with the latest annual financial statements.

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

2.2 New financial reporting standards

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2022, do not have any significant impact on the Company's financial statements.

However, the Company applied the temporary exemption for the adoption of Thai Financial Reporting Standard 9 (TFRS 9) : Financial Instruments and Thai Financial Reporting Standard 7 (TFRS 7): Disclosure of Information relating to Financial Instruments, which were revised in Thai Financial Reporting Standard 4: Insurance Contracts allowing the extension of the exemption period for the adoption of such TFRS 9 and TFRS 7 whereby the exemption period will end for the financial statements having the fiscal period starts on or after 1 January 2024 or when Thai Financial Reporting Standard 17: Insurances Contracts becomes effective.

2.3 Significant accounting policies

The interim financial information is prepared using the same accounting policies and methods of computation as those were used for the financial statements for the year ended 31 December 2021.

3. Cash and cash equivalents

	(Unit: Baht)	
	31 March 2022	31 December 2021
Cash on hand	200,228	128,593
Deposits at banks with no fixed maturity date	969,929,217	951,158,775
Cash and cash equivalents	970,129,445	951,287,368
Less: Expected credit losses	(820,876)	(840,165)
Total cash and cash equivalents - net	<u>969,308,569</u>	<u>950,447,203</u>

4. Premium receivables

As at 31 March 2022 and 31 December 2021, the outstanding balances of premium receivables from direct insurance are classified by overdue periods, counted from the maturity date under the stipulated law of the premium collection, as follows:

	(Unit: Baht)	
	31 March 2022	31 December 2021
Not yet due	239,022,532	206,246,740
Overdue not longer than 30 days	41,984,203	31,667,385
Overdue 31 days to 60 days	29,865,663	15,691,760
Overdue 61 days to 90 days	39,562,269	4,792,034
Overdue 91 days to 1 year	8,058,239	6,828,969
Overdue longer than 1 year	3,813,168	3,944,985
Total	362,306,074	269,171,873
Less: Allowance for doubtful accounts	(43,073,515)	(20,513,642)
Premium receivables - net	319,232,559	248,658,231

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

5. Reinsurance assets

	(Unit: Baht)	
	31 March 2022	31 December 2021
Insurance reserves refundable from reinsurers		
- Long-term insurance policy reserves	3,520,598	4,202,156
- Loss reserves	34,419,544	28,538,980
- Unearned premium reserves	170,270,947	137,212,759
Reinsurance assets - net	208,211,089	169,953,895

6. Reinsurance receivables

	(Unit: Baht)	
	31 March 2022	31 December 2021
Amounts deposited on reinsurance	-	3,074
Amounts due from reinsurers	74,012,055	48,937,924
Reinsurance receivables - net	74,012,055	48,940,998

7. Investments in securities**7.1 Classified by type of investment**

(Unit: Baht)

	31 March 2022		31 December 2021	
	Cost/		Cost/	
	Amortised cost	Fair value	Amortised cost	Fair value
Available-for-sale investments				
measured at fair value through				
other comprehensive income				
Equity securities	2,148,020	78,122,083	2,148,020	78,080,465
Unit trusts	1,333,813,480	1,180,868,259	1,304,070,406	1,221,535,554
Private enterprises debt securities	441,572,499	445,701,895	441,593,990	446,298,268
Total	1,777,533,999	<u>1,704,692,237</u>	1,747,812,416	<u>1,745,914,287</u>
Add: Unrealised gain (loss)	(48,652,823)		22,290,911	
Less: Allowance for expected credit losses	(2,026,071)		(2,026,172)	
Less: Allowance for impairment	(22,162,868)		(22,162,868)	
Total	1,704,692,237		1,745,914,287	
Held-to-maturity investments				
measured at amortised cost				
Government and state enterprise securities	282,155,587		292,901,069	
Private enterprise debt securities	415,275,403		415,300,448	
Foreign debt securities	49,917,948		49,878,943	
Deposits at financial institutions which matured over 3 months	5,000,000		5,000,000	
Total	752,348,938		763,080,460	
Less: Allowance for expected credit losses	(9,420,378)		(9,399,061)	
Total	742,928,560		753,681,399	
Investment in securities - net	<u>2,447,620,797</u>		<u>2,499,595,686</u>	

7.2 Classified by stage of credit risk

(Unit: Baht)

	31 March 2022		31 December 2021	
	Fair value	Allowance for	Fair value	Allowance for
		expected credit losses		expected credit losses
Available-for-sale investments				
measured at fair value through other comprehensive income				
Stage 1 - Debt securities without a significant increase of credit risk	445,701,895	(2,026,071)	446,298,268	(2,026,172)
Total	445,701,895	(2,026,071)	446,298,268	(2,026,172)

(Unit: Baht)

	31 March 2022			31 December 2021		
	Amortised cost - gross	Allowance for	Carrying value	Amortised cost - gross	Allowance for	Carrying value
		expected credit losses			expected credit losses	
Held-to-maturity investments						
measured at amortised cost						
Stage 1 - Debt securities without a significant increase of credit risk	707,430,990	(945,343)	706,485,647	718,201,517	(931,530)	717,269,987
Stage 2 - Debt securities with a significant increase of credit risk	29,917,948	(615,035)	29,302,913	29,878,943	(607,531)	29,271,412
Stage 3 - Debt securities with credit impairment	15,000,000	(7,860,000)	7,140,000	15,000,000	(7,860,000)	7,140,000
Total	752,348,938	(9,420,378)	742,928,560	763,080,460	(9,399,061)	753,681,399

7.3 Investments subject to restriction and obligation

As at 31 March 2022 and 31 December 2021, the Company had the following assets placed with the Registrar as securities and insurance reserves in accordance with the Non-life Insurance Act and place with court and other units to secure against performance obligations as required in normal course of business.

	31 March 2022		31 December 2021	
	Cost	Fair value	Cost	Fair value
Placed as securities				
Stated enterprise bonds	16.1	15.4	16.2	15.7
Placed as insurance reserves				
Government and state enterprise bonds	210.1	213.2	204.9	214.2
Placed as securities with the Court				
Deposits with financial institutions due more than 3 months	1.0	1.0	0.5	0.5
Placed to secure against performance obligations				
Government and state enterprise bond	26.5	25.9	25.6	25.5

8. Loans and interest receivables

As at 31 March 2022 and 31 December 2021, the balances of loans and interest receivables are classified by stage of credit risk, were as follows:

Classification	31 March 2022		
	Mortgaged loans	Others	Total
Stage 1 - Loans without a significant increase of credit risk	4,364,729	3,003,804	7,368,533
Total loans and interest receivables	4,364,729	3,003,804	7,368,533
Less: Allowance for expected credit losses	(4,441)	(4,064)	(8,505)
Loans and interest receivables - net	4,360,288	2,999,740	7,360,028

(Unit: Baht)

(Unaudited but reviewed)

(Unit: Baht)

Classification	31 December 2021		
	Mortgaged loans	Others	Total
Stage 1 - Loans without a significant increase of credit risk	4,735,402	3,324,030	8,059,432
Total loans and interest receivables	4,735,402	3,324,030	8,059,432
Less: Allowance for expected credit losses	(4,748)	(4,483)	(9,231)
Loans and interest receivables - net	4,730,654	3,319,547	8,050,201

9. Premises and equipment

The movement of premises and equipment for the three-month period ended 31 March 2022 is as follows:

(Unit: Baht)

	Land	Buildings and building improvements	Furniture, fixtures and office equipment	Vehicles	Construction in progress	Total
Net book value as at						
1 January 2022	120,562,866	22,738,261	14,675,344	5,522,520	9,200	163,508,191
Additions	-	-	248,543	-	-	248,543
Disposals/write-off - net book value	-	-	(48,694)	-	-	(48,694)
Depreciation charge for the period	-	(472,693)	(1,359,828)	(204,991)	-	(2,037,512)
Net book value as at						
31 March 2022	120,562,866	22,265,568	13,515,365	5,317,529	9,200	161,670,528

10. Deferred tax assets/Income taxes**10.1 Deferred tax assets**

As at 31 March 2022 and 31 December 2021, the components of deferred tax assets (liabilities) arose from the following temporary differences:

	(Unit: Baht)			
	Changes in deferred tax assets or liabilities that are recognised in profit or loss			
	For the three-month period ended			
	31 March			
	31 March	31 December	2022	2021
	2022	2021	2022	2021
Deferred tax assets (liabilities) arose from:				
Allowance for doubtful accounts	9,102,018	4,674,120	4,427,897	3,902,468
Allowance for impairment on available-for-sale investments measured at fair value through other comprehensive income	4,432,574	4,432,574	-	-
Premium reserves	172,725,967	154,594,230	18,131,737	19,881,096
Loss reserves on claims incurred and reported	55,064,682	48,373,393	6,691,289	6,034,291
Loss reserves on claims incurred but not yet reported	23,002,855	22,665,464	337,391	(3,002)
Employee benefits obligations	13,176,569	12,829,551	347,018	459,501
Unrealised gain (loss) on revaluation of Trading investments measured at fair value through profit or loss	-	-	-	(1,087,640)
Available-for-sale investments measured at fair value through other comprehensive income	9,730,564	(4,458,182)	14,188,747	(181,949)
Allowance for expected credit losses	2,480,363	2,477,882	2,481	(9,956)
Right-of-use assets and lease liabilities	(177,808)	(174,531)	(3,277)	1,393
Deferred tax assets	<u>289,537,784</u>	<u>245,414,501</u>	<u>44,123,283</u>	<u>28,996,202</u>
Changes in deferred tax assets or liabilities that are recognised				
- Profit or loss			29,934,536	29,178,151
- Other comprehensive income			14,188,747	(181,949)
			<u>44,123,283</u>	<u>28,996,202</u>

10.2 Income tax

Income tax revenues for the three-month periods ended 31 March 2022 and 2021 are made up as follows:

	(Unit: Baht)	
	For the three-month periods ended 31 March	
	2022	2021
Current income taxes:		
Interim corporate income tax charge	(25,393,668)	(26,840,156)
Deferred tax:		
Relating to origination and reversal of temporary differences	29,934,536	29,178,151
Income tax revenues reported in profit or loss	<u>4,540,868</u>	<u>2,337,995</u>

Reconciliations between income tax revenues and the product of accounting profit (loss) for the three-month periods ended 31 March 2022 and 2021 and the applicable tax rate are as follows:

	(Unit: Baht)	
	For the three-month periods ended 31 March	
	2022	2021
Accounting profit (loss) before income tax expenses	<u>(20,949,502)</u>	<u>1,037,120</u>
Applicable tax rate	20%	20%
Accounting profit (loss) before income tax expenses multiplied by the applicable tax rate	4,189,900	(207,424)
Net tax effect on revenues or expenses that are not taxable or not deductible in determining taxable profits	<u>350,968</u>	<u>2,545,419</u>
Income tax revenues reported in profit or loss	<u>4,540,868</u>	<u>2,337,995</u>

(Unaudited but reviewed)

11. Other assets

	(Unit: Baht)	
	31 March 2022	31 December 2021
Other assets - financial assets		
Advances payment	1,452,700	1,159,116
Postdated cheques received	13,986,798	3,524,526
Claim receivables from litigants - net	1,826,015	1,991,278
Accrued income	2,061,410	4,686,995
Total	<u>19,326,923</u>	<u>11,361,915</u>
Other assets - others		
Prepaid expenses	102,817	151,466
Undue input value added taxes	5,575,222	3,784,600
Others	6,430,021	9,720,832
Total	<u>12,108,060</u>	<u>13,656,898</u>
Total other assets	<u><u>31,434,983</u></u>	<u><u>25,018,813</u></u>

12. Insurance contract liabilities

	(Unit: Baht)		
	31 March 2022		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Long-term insurance policy reserves	712,132,970	(3,520,598)	708,612,372
Loss reserves			
- Claims incurred and reported	528,815,220	(24,782,819)	504,032,401
- Claims incurred but not yet reported	124,650,999	(9,636,725)	115,014,274
Unearned premium reserves	<u>1,309,366,030</u>	<u>(170,270,947)</u>	<u>1,139,095,083</u>
Total	<u><u>2,674,965,219</u></u>	<u><u>(208,211,089)</u></u>	<u><u>2,466,754,130</u></u>

(Unaudited but reviewed)

(Unit: Baht)

	31 December 2021		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Long-term insurance policy reserves	669,873,632	(4,202,156)	665,671,476
Loss reserves			
- Claims incurred and reported	475,524,296	(20,135,051)	455,389,245
- Claims incurred but not yet reported	121,731,248	(8,403,929)	113,327,319
Unearned premium reserves	1,194,369,504	(137,212,759)	1,057,156,745
Total	2,461,498,680	(169,953,895)	2,291,544,785

12.1 Long-term insurance policy reserves

(Unit: Baht)

	For the three-month	
	period ended 31 March 2022	For the year ended 31 December 2021
Balances - beginning of the period	669,873,632	504,702,170
Reserves increased from net of new policies and enforced policies	102,292,360	376,660,608
Reserves decreased from insurance policies	(60,033,022)	(211,489,146)
Balance - end of the period	712,132,970	669,873,632

12.2 Loss reserves

(Unit: Baht)

	For the three-month	
	period ended 31 March 2022	For the year ended 31 December 2021
Balances - beginning of the period	597,255,544	549,509,454
Claims incurred during the period	321,546,645	1,203,537,154
Changes in loss reserves of prior periods' claims	35,489,281	9,349,050
Changes in assumptions in calculation of loss reserves	2,919,751	10,136,900
Claims paid during the period	(303,745,002)	(1,175,277,014)
Balances - end of the period	653,466,219	597,255,544

(Unaudited but reviewed)

12.3 Unearned premium reserves

(Unit: Baht)

	For the three-month period ended 31 March 2022	For the year ended 31 December 2021
Balances - beginning of the period	1,194,369,504	1,049,269,649
Premium written for the period	694,121,728	2,273,213,060
Decrease in policy reserves	(579,125,202)	(2,128,113,205)
Balances - end of the period	<u>1,309,366,030</u>	<u>1,194,369,504</u>

13. Amounts due to reinsurers

(Unit: Baht)

	31 March 2022	31 December 2021
Amounts withheld on reinsurance	140,140,679	129,311,981
Other reinsurance payables	107,532,217	69,355,747
Total amounts due to reinsurers	<u>247,672,896</u>	<u>198,667,728</u>

14. Other liabilities

(Unit: Baht)

	31 March 2022	31 December 2021
Account payable - Revenue Department	9,060,393	7,996,902
Withholding income tax payable	3,338,823	3,255,331
Undue output value added taxes	13,547,632	11,542,239
Short-term employee benefit payable	10,083,266	33,961,600
Accrued expenses	38,965,403	13,251,724
Cash received from brokers	158,766,852	83,181,716
Dividend payable	62,550,000	-
Others	27,122,021	24,843,143
Total other liabilities	<u>323,434,390</u>	<u>178,032,655</u>

15. Operating segment information

The Company is organised into two non-life insurance business segments, which are motor insurance and other insurance whereby the segmental profit or loss for the three-month periods ended 31 March 2022 and 2021 were presented as follows:

	(Unit: Baht)					
	Motor		Others		Total	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2022	2021	2022	2021	2022	2021
Underwriting revenues						
Gross premium written	482,640,796	433,136,331	313,773,292	254,610,951	796,414,088	687,747,282
Less: Premium ceded to reinsurers	(554,446)	(1,977,278)	(106,394,569)	(81,856,301)	(106,949,015)	(83,833,579)
Net premium written	482,086,350	431,159,053	207,378,723	172,754,650	689,465,073	603,913,703
Less: Unearned premium reserves increased from prior period	(61,560,974)	(50,457,830)	(20,377,364)	(17,439,990)	(81,938,338)	(67,897,820)
Net earned premium	420,525,376	380,701,223	187,001,359	155,314,660	607,526,735	536,015,883
Commission and brokerage income from reinsurers	35,888	18,480	26,263,942	19,285,110	26,299,830	19,303,590
Total underwriting revenues	420,561,264	380,719,703	213,265,301	174,599,770	633,826,565	555,319,473
Underwriting expenses						
Long-term insurance policy reserve increased	-	-	42,940,897	37,747,060	42,940,897	37,747,060
Gross claims	250,832,791	242,760,133	117,815,753	87,954,975	368,648,544	330,715,108
Less: Claim recovery from reinsurers	-	-	(22,515,190)	(24,046,877)	(22,515,190)	(24,046,877)
Commission and brokerage expenses	82,062,837	72,558,026	53,412,981	43,857,020	135,475,818	116,415,046
Other underwriting expenses	32,029,411	26,827,624	20,447,714	17,501,173	52,477,125	44,328,797
Total underwriting expenses before operating expenses	364,925,039	342,145,783	212,102,155	163,013,351	577,027,194	505,159,134
Gross profit from underwriting	55,636,225	38,573,920	1,163,146	11,586,419	56,799,371	50,160,339
Operating expenses					(97,217,357)	(83,111,736)
Finance cost					(26,156)	(21,337)
Loss from underwriting					(40,404,009)	(32,972,734)
Net investment revenues					14,472,493	23,215,051
Gain on investments					1,082,604	1,096,926
Fair value gain					-	5,438,201
Rental income					3,944,329	3,991,435
Other income					7,621	218,459
Expected credit losses (reversal)					(12,407)	49,782
Profit (loss) before income tax expenses					(20,949,502)	1,037,120
Income tax revenues					4,540,868	2,337,995
Profit (loss) for the period					(16,408,634)	3,375,115

(Unaudited but reviewed)

For the three-month periods ended 31 March 2022 and 2021, the Company has premium written from a major broker (gross premium written from the broker is more than 10% of total gross premium written in each period), which is its related party, amounting to Baht 88 million and Baht 81 million, respectively, from the motor segment, contributing 11% and 12%, respectively, of total premium written.

Segment assets and liabilities as at 31 March 2022 and 31 December 2021 are as follows:

(Unit: Baht)

	Motor	Others	Unallocated assets/liabilities	Total
Assets				
31 March 2022	226,002,797	375,452,906	4,109,838,111	4,711,293,814
31 December 2021	188,943,303	278,609,821	3,929,267,199	4,396,820,323
Liabilities				
31 March 2022	1,471,788,652	1,513,704,760	434,080,404	3,419,573,816
31 December 2021	1,379,660,268	1,327,405,490	262,320,945	2,969,386,703

16. Operating expenses

(Unit: Baht)

	For the three-month periods ended 31 March	
	2022	2021
Personnel expenses	26,982,763	26,159,038
Premises and equipment expenses	14,804,706	15,193,831
Taxes and duties	1,096,795	974,410
Bad debts and doubtful accounts	22,139,487	19,512,342
Other operating expenses	32,193,606	21,272,115
Total operating expenses	<u>97,217,357</u>	<u>83,111,736</u>

17. Expected credit loss

(Unit: Baht)

For the three-month periods ended

31 March

	2022	2021
Expected credit loss from (reversal)		
Cash and cash equivalents	(19,289)	21,373
Accrued investment income	11,206	4,385
Available-for-sale investments measured at fair value through other comprehensive income	(101)	64,782
Held-to-maturity investments measured at amortised cost	21,317	(139,451)
Loans and interest receivables	(726)	(871)
Total	<u>12,407</u>	<u>(49,782)</u>

18. Earnings per share

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

19. Related party transactions**19.1 Nature of relationship**

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The relationships between the Company and its related parties are summarised below.

Name of related parties	Relationship with the Company
Dung Seng Insurance Broker Co., Ltd.	Related by way of common shareholder
Asia Hotel Plc.	Related by way of common directors
Asia Pattaya Hotel Co., Ltd.	Related by way of common directors
Zeer Property Plc.	Related by way of common directors
Asia Airport Hotel Co., Ltd.	Related by way of common directors
N.S.B. Co., Ltd.	Related by way of common directors

19.2 Related party transactions

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

	(Unit: Million Baht)	
	For the three-month periods ended 31 March	
	2022	2021
Gross premium written		
Dung Seng Insurance Broker Co., Ltd. ⁽¹⁾	87.9	80.8
Commission and brokerage expenses		
Dung Seng Insurance Broker Co., Ltd.	15.1	14.0

⁽¹⁾ Premium written from non-life insurance brokers

Transaction with related parties	Transfer pricing policy
Gross premium written	Normal commercial terms for underwriting
Commission and brokerage expenses	Normal commercial terms for non-life insurance broker

19.3 Outstanding balances

As at 31 March 2022 and 31 December 2021, the outstanding balances of accounts between the Company and those related parties are as follows:

	(Unit: Million Baht)	
	31 March	31 December
	2022	2021
Premium receivables		
Dung Seng Insurance Broker Co., Ltd.	75.2	77.3
Accrued commission expenses		
Dung Seng Insurance Broker Co., Ltd.	13.0	13.3

19.4 Directors' and key management's benefits

During the three-month periods ended 31 March 2022 and 2021, the Company had employee benefit expenses incurred on directors and key management as below.

	(Unit: Million Baht)	
	For the three-month periods ended 31 March	
	2022	2021
Short-term employee benefits	3.6	3.6
Long-term employee benefits	0.1	0.1
Total	3.7	3.7

20. Financial instruments**20.1 Fair value of financial instruments**

Most of the Company's financial instruments, which consist of cash and cash equivalents, deposit at financial institutions, accrued investment income, loans and interest receivables, other financial assets and lease liabilities are classified as short-term and/or have interest rates that are close to market rate. Therefore, the carrying amounts of these financial instruments is estimated to approximate their fair value. However, excluding held-to-maturity investments measured at amortised cost that fair value is different from carrying amounts, the comparison is as follows

	(Unit: Million Baht)			
	31 March 2022		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Held-to-maturity investments measured at amortised cost				
Government and state enterprise securities	282.2	284.9	292.9	302.3
Private enterprise debt securities	406.6	411.4	406.6	416.7
Foreign debt securities	49.2	49.6	49.1	49.5

20.2 Fair value of financial instruments

As of 31 March 2022 and 31 December 2021, the Company had the following financial assets that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	31 March 2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
Available-for-sale investments measured at fair value through other comprehensive income				
Equity securities	-	-	78.1	78.1
Unit trusts	158.4	1,022.4	-	1,180.8
Private enterprise debt securities	-	445.7	-	445.7

(Unit: Million Baht)

	31 December 2021			
	Fair value			
	Level 1	Level 2	Level 3	Total
Available-for-sale investments measured at fair value through other comprehensive income				
Equity securities	-	-	78.1	78.1
Unit trusts	159.9	1,061.6	-	1,221.5
Private enterprise debt securities	-	466.3	-	446.3

During the current period, the Company does not change the valuation technique and assumptions used in the valuation of financial assets, and there were no transfers within the fair value hierarchy.

21. Commitments and contingent liabilities**21.1 Capital commitment**

As at 31 March 2022, the Company did not have capital commitments contracted for computer program development (31 December 2021: Baht 0.3 million).

21.2 Operating lease commitments and relate services

As at 31 March 2022 and 31 December 2021, future minimum lease payments required under short-term leases and leases of low-value and related service agreements were as follows:

	(Unit: Million Baht)	
<u>Payable within</u>	<u>31 March 2022</u>	<u>31 December 2021</u>
1 year	5.5	7.5

21.3 Litigation

As at 31 March 2022 and 31 December 2021, the Company had been sued as insurer, with damaged totaling Baht 239.2 million and Baht 185.8 million, respectively. The outcomes of the cases have not yet been finalised. However, the Company considered the estimated losses that might be incurred and already recognised as loss reserves of Baht 32.4 and Baht 29.3 million, respectively, in the financial statements.

22. Dividends paid

Dividends declared during the three-month periods ended 31 March 2022 and 2021 were as follows:

	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend</u>
		(Million Baht)	per share (Baht)
Final dividends for 2021	Annual General Meeting of the shareholders on 31 March 2022	62.55	4.50
Final dividends for 2020	Meeting of Board of Directors on 31 March 2021	66.03	4.75

23. Approval of the interim financial information

These interim financial information were authorised for issue by the Audit Committee on 11 May 2022.