

Muang Thai Life Assurance Public Company Limited

Condensed Interim financial statements
for the three-month and six-month periods ended
30 June 2019
and
Independent auditor's review report



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Independent auditor's report on review of interim financial information

To the Board of Directors of Muang Thai Life Assurance Public Company Limited

I have reviewed the accompanying statement of financial position of Muang Thai Life Assurance Public Company Limited as at 30 June 2019; the statements of comprehensive income for three-month and six-month periods ended 30 June 2019; the related statements of changes in equity and cash flows for the six-month period ended 30 June 2019; and condensed notes ("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".

Chanchai S.

(Chanchai Sakulkoedsin)
Certified Public Accountant
Registration No. 6827

KPMG Phoomchai Audit Ltd.
Bangkok
6 August 2019

Muang Thai Life Assurance Public Company Limited

Statement of financial position

Assets	Note	30 June	31 December
		2019	2018
		(Unaudited)	
		(in thousand Baht)	
Cash and cash equivalents	3, 13	9,228,327	2,162,342
Premiums due and uncollected	4	4,034,514	3,681,140
Accrued investment income		3,638,204	3,633,970
Reinsurers' share of insurance contract liabilities	8	1,013,592	754,634
Due from reinsurers		14,013	-
Derivative assets	5, 13	3,098,950	1,366,296
Investments assets			
Investments in securities	6, 13, 14	456,186,691	433,948,110
Loans	7	21,847,670	23,398,889
Investment properties		2,870,793	2,804,723
Investment in subsidiary	13	10,000	10,000
Investment in associate	13	230,206	214,836
Premises and equipment		3,844,485	3,857,048
Intangible assets		1,528,595	1,496,098
Deferred tax assets		756,607	1,947,935
Other assets		3,993,422	346,451
Total assets		512,296,069	479,622,472

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

Muang Thai Life Assurance Public Company Limited
Statement of financial position

Liabilities and equity	<i>Note</i>	30 June 2019 (Unaudited)	31 December 2018
		<i>(in thousand Baht)</i>	
Liabilities			
Insurance contract liabilities	8	429,679,170	410,747,873
Due to reinsurers		800,391	929,980
Derivative liabilities	5, 13	170,495	705,295
Income tax payable		1,119,482	1,140,066
Employee benefit obligations		943,968	1,055,960
Other liabilities	9, 13	14,186,302	6,972,794
Total liabilities		446,899,808	421,551,968
Equity			
Share capital			
Authorised share capital		1,000,000	1,000,000
Issued and paid-up share capital		1,000,000	1,000,000
Share premium		2,358,938	2,358,938
Retained earnings			
Appropriated			
Legal reserve		100,000	100,000
Other reserve		284,504	284,504
Unappropriated		51,776,481	50,107,270
Other components of equity			
Fair value changes on available-for-sale securities		9,876,338	4,219,792
Total equity		65,396,261	58,070,504
Total liabilities and equity		512,296,069	479,622,472

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

Muang Thai Life Assurance Public Company Limited
Statement of comprehensive income (Unaudited)

		Three-month period ended	
		30 June	
	<i>Note</i>	2019	2018
		<i>(in thousand Baht)</i>	
Revenues			
Gross premiums written	13	21,000,920	24,668,132
<i>Less</i> premiums ceded		<u>(746,816)</u>	<u>(280,756)</u>
Net premiums written		20,254,104	24,387,376
<i>Add</i> unearned premium reserves decrease from previous period		190,472	124,275
<i>Less</i> reinsurers' share of unearned premium reserves decrease from previous period		<u>(87,615)</u>	<u>(78,385)</u>
Net premiums earned		20,356,961	24,433,266
Commission and brokerage income		13,152	15,094
Net investment income	13	4,818,385	4,414,721
Gain on investments		444,139	264,231
Gain (loss) on fair value changes	13	(71,527)	183,871
Other income	13	<u>23,777</u>	<u>14,244</u>
Total revenues		<u>25,584,887</u>	<u>29,325,427</u>
Expenses			
Long-term technical reserves increase from previous period		8,471,305	13,101,770
Benefit payments and insurance claims		10,864,088	8,887,883
<i>Less</i> benefit payments and insurance claims recovered from reinsurers		<u>(553,888)</u>	<u>(230,613)</u>
Net benefit payments and insurance claims		10,310,200	8,657,270
Commissions and brokerages	13	2,300,768	2,197,676
Other underwriting expenses		163,129	182,355
Operating expenses	13	<u>1,328,326</u>	<u>1,291,005</u>
Total expenses		<u>22,573,728</u>	<u>25,430,076</u>
Profit before income tax		3,011,159	3,895,351
Income tax		<u>564,775</u>	<u>741,007</u>
Net profit		<u>2,446,384</u>	<u>3,154,344</u>
Other comprehensive income			
<i>Components of other comprehensive income that will be reclassified subsequently to profit or loss</i>			
Net changes in fair value of available-for-sale securities		3,223,033	(2,273,202)
Income tax relating to components of other comprehensive income that will be reclassified subsequently to profit or loss		<u>(644,607)</u>	<u>454,640</u>
Other comprehensive income for the period, net of income tax		<u>2,578,426</u>	<u>(1,818,562)</u>
Total comprehensive income for the period		<u>5,024,810</u>	<u>1,335,782</u>
Basic earnings per share (in Baht)	10	<u>244.64</u>	<u>315.43</u>

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

Muang Thai Life Assurance Public Company Limited
Statement of comprehensive income (Unaudited)

	Note	Six-month period ended	
		30 June	
		2019	2018
		<i>(in thousand Baht)</i>	
Revenues			
Gross premiums written	13	42,695,732	50,602,203
Less premiums ceded		<u>(1,880,639)</u>	<u>(1,089,725)</u>
Net premiums written		40,815,093	49,512,478
Less unearned premium reserves increase from previous period		(552,359)	(458,052)
Add reinsurers' share of unearned premium reserves increase from previous period		<u>233,460</u>	<u>156,331</u>
Net premiums earned		40,496,194	49,210,757
Commission and brokerage income		22,961	27,248
Net investment income	13	9,359,596	8,471,536
Gain on investments		638,439	645,868
Gain (loss) on fair value changes	13	(26,437)	92,789
Other income	13	<u>45,604</u>	<u>30,653</u>
Total revenues		<u>50,536,357</u>	<u>58,478,851</u>
Expenses			
Long-term technical reserves increase from previous period		18,354,129	25,876,784
Benefit payments and insurance claims		20,533,479	19,299,201
Less benefit payments and insurance claims recovered from reinsurers		<u>(978,619)</u>	<u>(677,996)</u>
Net benefit payments and insurance claims		19,554,860	18,621,205
Commissions and brokerages	13	4,336,652	4,354,476
Other underwriting expenses		313,450	357,371
Operating expenses	13	<u>2,451,879</u>	<u>2,592,687</u>
Total expenses		<u>45,010,970</u>	<u>51,802,523</u>
Profit before income tax		<u>5,525,387</u>	<u>6,676,328</u>
Income tax		<u>1,038,176</u>	<u>1,273,451</u>
Net profit		<u>4,487,211</u>	<u>5,402,877</u>
Other comprehensive income			
<i>Components of other comprehensive income that will be reclassified subsequently to profit or loss</i>			
Net changes in fair value of available-for-sale securities		7,070,683	(3,150,707)
Income tax relating to components of other comprehensive income that will be reclassified subsequently to profit or loss		<u>(1,414,137)</u>	<u>630,141</u>
Other comprehensive income for the period, net of income tax		<u>5,656,546</u>	<u>(2,520,566)</u>
Total comprehensive income for the period		<u>10,143,757</u>	<u>2,882,311</u>
Basic earnings per share (in Baht)	10	<u>448.72</u>	<u>540.29</u>

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

Muang Thai Life Assurance Public Company Limited
Statement of changes in equity (Unaudited)

	Note	Retained earnings				Other components of equity		Total equity
		Issued and paid-up share capital	Share premium	Legal reserve	Other reserve	Unappropriated securities	Fair value changes on available-for-sale securities	
Six-month period ended 30 June 2018								
Balance at 1 January 2018		1,000,000	2,358,938	100,000	284,504	42,610,329	7,989,187	54,342,958
Transactions with shareholders, recorded directly in equity								
<i>Distributions to shareholders</i>								
Dividends to shareholders of the Company	11	-	-	-	-	(1,891,000)	-	(1,891,000)
<i>Total distributions to shareholders</i>		-	-	-	-	(1,891,000)	-	(1,891,000)
Comprehensive income for the period								
Net profit		-	-	-	-	5,402,877	-	5,402,877
Other comprehensive income		-	-	-	-	-	(2,520,566)	(2,520,566)
Net changes in fair value of available-for-sale securities, net of tax		-	-	-	-	-	(2,520,566)	(2,520,566)
Total comprehensive income for the period		-	-	-	-	5,402,877	(2,520,566)	2,882,311
Balance at 30 June 2018		1,000,000	2,358,938	100,000	284,504	46,122,206	5,468,621	55,334,269

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

Muang Thai Life Assurance Public Company Limited
Statement of changes in equity (Unaudited)

	Retained earnings				Other components of equity		Total equity
	Issued and paid-up share capital	Share premium	Legal reserve	Other reserve	Unappropriated securities	Fair value changes on available-for-sale securities	
<i>Note</i>							
Six-month period ended 30 June 2019							
Balance at 1 January 2019	1,000,000	2,358,938	100,000	284,504	50,107,270	4,219,792	58,070,504
Transactions with shareholders, recorded directly in equity							
<i>Distributions to shareholders</i>							
Dividends to shareholders of the Company	-	-	-	-	(2,818,000)	-	(2,818,000)
<i>Total distributions to shareholders</i>	-	-	-	-	(2,818,000)	-	(2,818,000)
Comprehensive income for the period							
Net profit	-	-	-	-	4,487,211	-	4,487,211
Other comprehensive income							
Net changes in fair value of available-for-sale securities, net of tax	-	-	-	-	-	5,656,546	5,656,546
Total comprehensive income for the period	-	-	-	-	4,487,211	5,656,546	10,143,757
Balance at 30 June 2019	1,000,000	2,358,938	100,000	284,504	51,776,481	9,876,338	65,396,261

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

Muang Thai Life Assurance Public Company Limited
Statement of cash flows (Unaudited)

	Six-month period ended	
	30 June	
<i>Note</i>	2019	2018
	<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>		
Gross premiums written	42,164,124	49,002,589
Cash paid to reinsurers	(1,048,159)	(841,033)
Interest received	8,625,287	7,916,204
Dividend received	1,099,944	957,048
Investment expenses	(412,532)	(385,198)
Other investment income	44,320	36,179
Other income	44,687	29,853
Benefit payments and insurance claims	(20,521,565)	(19,454,597)
Commissions and brokerages	(4,454,992)	(4,333,259)
Other underwriting expenses	(313,450)	(357,371)
Operating expenses	(2,378,370)	(2,383,498)
Income tax paid	(1,281,569)	(1,544,721)
Investments in securities	(13,082,694)	(26,428,961)
Loans	1,813,015	606,826
Investment properties	(101,242)	(23,738)
Deposits at financial institutions	(20,000)	10,874
Net cash flows provided by operating activities	<u>10,176,804</u>	<u>2,807,197</u>
<i>Cash flows from investing activities</i>		
Cash flows provided by		
Premises and equipment	1,542	1,174
Cash flows provided by investing activities	<u>1,542</u>	<u>1,174</u>
Cash flows used in		
Premises and equipment	(217,090)	(197,817)
Intangible assets	(77,271)	(140,549)
Cash flows used in investing activities	<u>(294,361)</u>	<u>(338,366)</u>
Net cash flows used in investing activities	<u>(292,819)</u>	<u>(337,192)</u>

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

Muang Thai Life Assurance Public Company Limited
Statement of cash flows (Unaudited)

		Six-month period ended	
		30 June	
	<i>Note</i>	2019	2018
		<i>(in thousand Baht)</i>	
<i>Cash flows from financing activity</i>			
Dividend paid	11	(2,818,000)	(1,891,000)
Net cash flows used in financing activity		(2,818,000)	(1,891,000)
Net increase in cash and cash equivalents		7,065,985	579,005
Cash and cash equivalents at 1 January		2,162,342	1,619,752
Cash and cash equivalents at 30 June	3	9,228,327	2,198,757

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

Muang Thai Life Assurance Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

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Muang Thai Life Assurance Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

These condensed notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Company's authorised directors on 6 August 2019

1 General information

Muang Thai Life Assurance Public Company Limited, (the "Company"), is incorporated in Thailand and has its registered head office at 250 Ratchadaphisek Road, Huaykwang, Bangkok and has 172 branches as at 30 June 2019 (*31 December 2018: 173 branches*).

The ultimate parent company is Kasikornbank Public Company Limited and the intermediate parent company is Muang Thai Group Holding Company Limited (75% shareholding).

The principal business of the Company is the provision of life insurance business. Details of the Company's subsidiary and associate as at 30 June 2019 and 31 December 2018 are given in note 13.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The condensed interim primary financial statements are presented in the same format as the annual financial statements and prepare its notes to the interim financial statements on a condensed basis ("interim financial statements") accordance with Thai Accounting Standard ("TAS") No. 34 (revised 2018) Interim Financial Reporting and guidelines promulgated by the Federation of Accounting Professions. In addition, the interim financial statements are prepared in accordance with the Notification of the Office of Insurance Commission regarding "Rules, Procedures, Conditions and Timing for the Preparation and Submission of the Financial Statements and Reporting the Operations of Life Insurance Companies" B.E. 2559, dated 4 March 2016.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2018. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company for the year ended 31 December 2018.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2018, except that the Company has adopted all the new and revised TFRSs that are effective for annual periods after 1 January 2019. The adoption of these new and revised TFRSs did not have any material effect on the accounting policies, methods of computation and financial performance or financial position of the Company.

For a number of new and revised TFRSs which are not yet effective for current period, the Company has not early adopted these standards in preparing these interim financial statements before the effective date. Those new and revised TFRSs that are relevant to the Company's operations are disclosed in note 17.

(b) Functional and presentation currency

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

Muang Thai Life Assurance Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

(c) Exemption from consolidation

The Company has not presented consolidated financial statements and financial statements in which equity method is applied in accordance with exemptions in TFRS 10 (revised 2018) Consolidated Financial Statements and TAS 28 (revised 2018) Investment in Associates and Joint Venture, respectively, which state that a parent need not present consolidated financial statements and financial statements in which equity method is applied if it meets all criteria. Management believes that the Company meets all the required criteria, therefore the Company has not presented consolidated financial statements and financial statements in which equity method is applied and presents only separate financial statements. The Company has informed all its common shareholders, and no objections were raised.

Kasikornbank Public Company Limited, which is the ultimate parent of the Company and incorporated in Thailand, has produced consolidated financial statements that are available for public use and comply with TFRSs. The registered head office of Kasikornbank Public Company Limited is at 1 Soi Rat Burana 27/1, Rat Burana Road, Rat Burana Sub-District, Rat Burana District, Bangkok.

(d) Judgements and estimates

In preparing these interim financial statements, judgements and estimates are made by management in applying the Company's accounting policies. Actual results may differ from these estimates. The accounting policies, methods of computation and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2018.

Judgements made in applying accounting policies that has significant effects on the amounts recognised in the financial statements include non-significant influence over a Real Estate Investment Trust and a Mutual Fund even though the Company holds 21 percent and 39 percent in their voting rights, respectively. The Trust and the Fund are structured entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls or has influence over the entities. In addition, the financial and operating policies of these entities are directed by means of their trust deeds and managed by their respective fund manager. Therefore, Management believes that the Company does not have significant influence over these entities. As of 30 June 2019, the Company has the investments in the unit trust and the fund amounting to Baht 1.9 billion (31 December 2018: Baht 1.6 billion).

3 Cash and cash equivalents

	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Cash	66	124
Deposits at banks - call deposits	1,364,338	1,926,923
Highly liquid short - term investments	7,863,923	235,295
Total	<u>9,228,327</u>	<u>2,162,342</u>

As at 30 June 2019 and 31 December 2018, the currency denomination cash and cash equivalents was entirely in Baht.

Muang Thai Life Assurance Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

4 Premiums due and uncollected

As at 30 June 2019 and 31 December 2018, the balance of premiums due and uncollected were aged as follows:

	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Within due	3,882,272	3,611,431
Overdue:		
Less than or equal to 30 days	73,431	31,429
31 - 60 days	27,098	23,936
61 - 90 days	43,278	9,949
91 days - 1 year	14,945	6,360
Over 1 year	415	1,588
Total	<u>4,041,439</u>	<u>3,684,693</u>
Less allowance for doubtful accounts	<u>(6,925)</u>	<u>(3,553)</u>
Net	<u>4,034,514</u>	<u>3,681,140</u>

5 Derivatives

Types of contract	Objectives	Notional amount	30 June 2019	
			Assets	Liabilities
			<i>(in thousand Baht)</i>	
Cross currency swap contract	To protect against exchange rate risk from investments in a foreign currency	46,892,574	3,056,023	170,495
Interest rate swap contract	To protect against interest rate risk	1,841,050	-	-
Bond forward contract	To protect against reinvestment risk	2,395,212	-	-
Index option contract	To protect against the risk of changes in fair value of an underlying index	867,500	42,927	-
Total		<u>51,996,336</u>	<u>3,098,950</u>	<u>170,495</u>

Types of contract	Objectives	Notional amount	31 December 2018	
			Assets	Liabilities
			<i>(in thousand Baht)</i>	
Cross currency swap contract	To protect against exchange rate risk from investments in a foreign currency	45,018,594	1,319,360	705,295
Interest rate swap contract	To protect against interest rate risk	1,841,050	-	-
Bond forward contract	To protect against reinvestment risk	2,329,033	-	-
Index option contract	To protect against the risk of changes in fair value of an underlying index	867,500	46,936	-
Total		<u>50,056,177</u>	<u>1,366,296</u>	<u>705,295</u>

Muang Thai Life Assurance Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

6 Investments in securities

	30 June 2019		31 December 2018	
	Cost/ amortised cost	Fair value <i>(in thousand Baht)</i>	Cost/ amortised cost	Fair value
Trading securities				
Equity securities	1,814,791	1,869,332	1,609,200	1,506,023
Add (less) unrealized surpluses (deficits) from fair value changes on investments	54,541	-	(103,177)	-
Total trading securities	<u>1,869,332</u>	<u>1,869,332</u>	<u>1,506,023</u>	<u>1,506,023</u>
Available-for-sale securities				
Government and state enterprise securities	4,737,051	6,628,386	4,656,400	6,159,311
Private debt securities	8,221,487	8,516,167	8,606,881	8,705,495
Foreign debt securities	2,783,320	2,850,238	2,945,717	2,983,474
Equity securities	35,130,703	43,778,449	32,024,310	35,687,481
Foreign equity securities	15,250,645	16,573,676	12,935,066	12,900,574
Securities lending - equity securities	413,692	528,964	-	-
Total	66,536,898	78,875,880	61,168,374	66,436,335
Add unrealised surpluses from fair value changes on investments	12,338,982	-	5,267,961	-
Total available-for-sale securities	<u>78,875,880</u>	<u>78,875,880</u>	<u>66,436,335</u>	<u>66,436,335</u>
Held-to-maturity securities				
Government and state enterprise debt securities	230,864,127		228,794,659	
Private debt securities	98,609,011		92,075,080	
Foreign debt securities	39,374,672		38,562,344	
Deposits at financial institutions with original maturities more than 3 months and saving tickets	6,274,196		6,254,196	
Total	375,122,006		365,686,279	
Less allowance for impairment	(15,571)		(15,571)	
Total held-to-maturity securities	<u>375,106,435</u>		<u>365,670,708</u>	
General investments				
Equity securities	451,045		451,045	
Less allowance for impairment	(116,001)		(116,001)	
Total general investments	<u>335,044</u>		<u>335,044</u>	
Total investments in securities	<u>456,186,691</u>		<u>433,948,110</u>	

Muang Thai Life Assurance Public Company Limited
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

7 Loans

As at 30 June 2019 and 31 December 2018, loans and accrued interest were classified by aging as follows:

Period	30 June 2019				Total				
	Policy loans		Others loans						
	Principal	Accrued interest*	Principal	Accrued interest*	Principal	Accrued interest*	Total		
Within due	18,868,567	597,046	2,601,738	4,287	321,586	52	21,791,891	601,385	22,393,276
Overdue :									
Less than 3 months	-	-	35,750	156	-	-	35,750	156	35,906
3 - 6 months	-	-	19,202	1,264	-	-	19,202	1,264	20,466
6 - 12 months	-	-	-	-	-	-	-	-	-
Over than 12 months	-	-	266,563	20,358	-	-	266,563	20,358	286,921
Total	18,868,567	597,046	2,923,253	26,065	321,586	52	22,113,406	623,163	22,736,569
Less allowance for doubtful accounts	-	-	(265,736)	(20,422)	-	-	(265,736)	(20,422)	(286,158)
Net	18,868,567	597,046	2,657,517	5,643	321,586	52	21,847,670	602,741	22,450,411

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Period	Policy loans		Mortgage loans		Others loans		Total		
	Principal	Accrued interest*	Principal	Accrued interest*	Principal	Accrued interest*	Principal	Accrued interest*	
Within due	17,794,161	571,705	2,723,758	4,574	2,785,568	812	23,303,487	577,091	23,880,578
Overdue :									
Less than 3 months	-	-	24,313	849	-	-	24,313	849	25,162
3 - 6 months	-	-	3,088	294	-	-	3,088	294	3,382
6 - 12 months	-	-	-	-	-	-	-	-	-
Over than 12 months	-	-	333,410	23,032	-	-	333,410	23,032	356,442
Total	17,794,161	571,705	3,084,569	28,749	2,785,568	812	23,664,298	601,266	24,265,564
Less allowance for doubtful accounts	-	-	(265,409)	(23,020)	-	-	(265,409)	(23,020)	(288,429)
Net	17,794,161	571,705	2,819,160	5,729	2,785,568	812	23,398,889	578,246	23,977,135

* Presented as accrued investment income in the statement of financial position.

The Company provided source of funds to structured entities which are not controlled by the Company and take the form of Real Estate Investment Trusts. The source of funds is a lending which is disbursed under normal business terms. These loans are managed in the same way as other loans and collateralised by assets of the structured entities. The outstanding loans to these structured entities, as of 30 June 2019 amount to Baht 1,840.7 million (31 December 2018: Baht 1,841.4 million).

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8 Insurance contract liabilities

	30 June 2019		31 December 2018	
	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities
	<i>(in thousand Baht)</i>			
	Net	Net	Net	Net
Long-term technical reserves	424,331,828	-	424,331,828	-
Short-term technical reserves				
Loss reserves and outstanding claims				
- Case reserves	312,362	82,656	229,706	68,743
- Incurred but not reported	243,747	66,777	176,970	55,193
Total loss reserves and outstanding claims	556,109	149,433	406,676	123,936
Unearned premium reserves	3,548,094	864,159	2,683,935	630,698
Total short-term technical reserves	4,104,203	1,013,592	3,090,611	754,634
Unpaid policy benefits	857,321	-	857,321	-
Due to insured	385,818	-	385,818	-
Total	429,679,170	1,013,592	428,665,578	754,634
				405,977,700

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	30 June 2019		31 December 2018	
	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities
		Net		Net
		(in thousand Baht)		
Long-term technical reserves				
At 1 January 2019 / 2018	405,977,700	405,977,700	359,348,901	359,348,901
Reserves increase from new and inforce policies in the period / year	35,871,372	35,871,372	80,165,202	80,165,202
Reserves released for benefit payments, lapse and cancellation in the period / year	(17,517,244)	(17,517,244)	(33,536,403)	(33,536,403)
At 30 June 2019 / 31 December 2018	424,331,828	424,331,828	405,977,700	405,977,700
Loss reserves and outstanding claims				
At 1 January 2019 / 2018	527,314	403,378	472,292	374,657
Insurance claims during the period / year	2,799,923	2,054,649	4,963,510	3,804,679
Insurance claims paid during the period / year	(2,771,128)	(2,051,351)	(4,908,488)	(3,775,958)
At 30 June 2019 / 31 December 2018	556,109	406,676	527,314	403,378
Unearned premium reserves				
At 1 January 2019 / 2018	2,995,734	2,365,036	2,498,488	2,070,419
Premiums written during the period / year	4,252,743	3,037,177	8,717,392	7,069,028
Earned premiums in the period / year	(3,700,383)	(2,718,278)	(8,220,146)	(6,774,411)
At 30 June 2019 / 31 December 2018	3,548,094	2,683,935	2,995,734	2,365,036

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9 Other liabilities

	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Accrued expenses	1,348,108	1,521,669
Accrued commission and brokerage expenses	608,990	611,349
Premiums received under underwriting process	269,162	198,717
Collateral for credit support annex contracts	6,208,000	3,841,000
Securities lending payable	533,283	-
Accounts payable for purchasing securities	4,748,118	140,519
Others	470,641	659,540
Total	<u>14,186,302</u>	<u>6,972,794</u>

10 Basic earnings per share

The calculations of basic earnings per share for the three-month and six-month periods ended 30 June 2019 and 2018 were based on the profit for the period attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the periods as follows:

	Three-month period ended 30 June		Six-month period ended 30 June	
	2019	2018	2019	2018
Profit attributable to ordinary shareholders of the Company (basic) <i>(in thousand Baht)</i>	<u>2,446,384</u>	<u>3,154,344</u>	<u>4,487,211</u>	<u>5,402,877</u>
Number of ordinary shares outstanding <i>(in thousand shares)</i>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Basic earnings per share <i>(in Baht)</i>	<u>244.64</u>	<u>315.43</u>	<u>448.72</u>	<u>540.29</u>

11 Dividends

- (a) At the annual general meeting of the shareholders of the Company held on 26 April 2019, the shareholders approved the appropriation of dividend of Baht 281.8 per share, amounting to Baht 2,818.0 million. The dividend was paid to shareholders in May 2019.
- (b) At the annual general meeting of the shareholders of the Company held on 26 April 2018, the shareholders approved the appropriation of dividend of Baht 189.1 per share, amounting to Baht 1,891.0 million. The dividend was paid to shareholders in May 2018.

12 Financial assets measured at fair value

The recurring fair value measurement for financial assets as of 30 June 2019 and 31 December 2018 were as follows:

	30 June 2019 Fair value			31 December 2018 Fair value		
	Level 1	Level 2	Total	Level 1	Level 2	Total
	<i>(in million Baht)</i>					
Trading securities						
Equity securities	<u>1,617</u>	<u>252</u>	<u>1,869</u>	<u>1,262</u>	<u>244</u>	<u>1,506</u>
Total trading securities	<u>1,617</u>	<u>252</u>	<u>1,869</u>	<u>1,262</u>	<u>244</u>	<u>1,506</u>

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	30 June 2019			31 December 2018		
	Fair value			Fair value		
	Level 1	Level 2	Total	Level 1	Level 2	Total
	<i>(in million Baht)</i>					
<i>Available-for-sale securities</i>						
Government and state enterprise securities	4,840	1,788	6,628	4,500	1,659	6,159
Private debt securities	-	8,516	8,516	-	8,706	8,706
Foreign debt securities	-	2,850	2,850	-	2,983	2,983
Equity securities	39,615	4,164	43,779	30,941	4,746	35,687
Foreign equity securities	8,879	7,694	16,573	6,883	6,018	12,901
Securities lending-equity securities	529	-	529	-	-	-
Total available-for-sale securities	53,863	25,012	78,875	42,324	24,112	66,436

The Company determines Level 2 fair values for marketable debt securities, by using the last bid price from Thai Bond Market Association or a reliable institution at the reporting date.

The Company determines Level 2 fair values for listed equity securities which are inactive in markets but they have trading transactions within 30 working days, by using the last bid price from Stock Exchanges of each country where securities are listed at reporting date. For non-listed unit trusts, fair value is calculated by using net asset value at reporting date. The Company does not adjust the last bid price or net asset value since the difference is not significant.

During the six-month period ended 30 June 2019, due to changes in market conditions, there were transfer of financial assets measured at fair value of the Company from level 1 to level 2 amounting to Baht 199.2 million (2018: 338.3 million), and transfers from level 2 to level 1 amounting to Baht 3,317.9 million (2018: 390.6 million) due to changes in market conditions.

13 Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with key management and related parties were as follows:

Name of entities/person	Country of incorporation/nationality	Nature of relationships
Key management personnel	Thai/ Foreigners	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the Company
Kasikornbank Public Co., Ltd.	Thailand	Ultimate parent of companies in Kasikornbank Group
Muang Thai Group Holding Co., Ltd.	Thailand	Parent company and holds 75.00% shareholding in the Company
Ageas Insurance International N.V.	The Netherlands	Major shareholder
MT Insure Broker Co., Ltd.	Thailand	Subsidiary of the Company, and the Company has 99.99% shareholding

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Name of entities/person	Country of incorporation/ nationality	Nature of relationships
Sovannaphum Life Assurance Public Limited Company	Cambodia	Associate of the Company, and the Company has 49.00% shareholding
Companies in Kasikornbank Group	Thailand	Subsidiaries and associates of the ultimate parent company
Other related parties	Thailand/ Foreigners	Some common directors or related parties of the Company hold their shares

Significant transactions for the three-month and six-month periods ended 30 June 2019 and 2018 with related parties were as follows:

	Three-month period ended		Six-month period ended	
	2019	2018	2019	2018
	30 June		30 June	
	<i>(in thousand Baht)</i>			
<i>Revenues from related parties</i>				
<i>(Including gains (losses) from cross currency swap contracts)</i>				
Parent	241,133	(375,213)	412,485	(57,509)
Subsidiary	66	13	149	24
Companies in Kasikornbank Group	3,070	1,732	106,033	91,494
Other related parties	13,987	21,459	27,994	32,750
Key management personnel	3,492	11,055	9,007	17,326
<i>Expenses with related parties</i>				
Parent	1,545,010	1,613,090	2,962,027	3,298,019
Subsidiary	(7)	11	(15)	16
Companies in Kasikornbank Group	96,309	77,956	150,570	141,937
Other related parties	42,913	45,768	92,438	96,806
Key management personnel	4,625	11,374	7,280	22,333
<i>Key management and director compensation</i>				
Short-term employee benefits and directors' remuneration	80,782	92,860	147,100	168,203
Post-employment benefit	4,392	3,192	13,328	6,384
Total	85,174	96,052	160,428	174,587

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Significant balances as at 30 June 2019 and 31 December 2018 with related parties were as follows:

	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>	
<i>Parent</i>		
Deposits at bank	755,895	1,533,283
Derivative assets	441,028	191,231
Derivative liabilities	30,205	159,433
Other liabilities	1,737,713	1,406,869
<i>Subsidiary and associate</i>		
Investment in subsidiary	10,000	10,000
Investment in associate *	230,206	214,836
<i>Companies in Kasikornbank Group</i>		
Other liabilities	135,763	42,870
<i>Other related parties</i>		
Investments in securities - equity securities**	487,091	477,547
Investments in securities - debt securities	399,927	-

* On 15 January 2018, the Company paid additional capital amounting to USD 1.5 million or Baht 47.0 million in respect of its existing shareholding of 49.0% to Sovannaphum Life Assurance Public Limited Company. The capital injection was under the limit of Baht 240.0 million approved by the Company's Board of Directors on 18 October 2012 and by the Office of Insurance Commission on 27 November 2012.

On 1 February 2019, the Company paid additional capital amounting to USD 0.5 million or Baht 15.4 million in respect of its shareholding of 49.0% to Sovannaphum Life Assurance Public Limited Company. The capital injection was under the limit of Baht 240.0 million approved by the Company's Board of Directors on 18 October 2012 and by the Office of Insurance Commission on 27 November 2012.

** On 26 June 2018, the Company paid additional capital amounting to VND 40.0 million or Baht 57.7 million in respect to its existing shareholding of 10.0% to MB Ageas Life Insurance. The capital injection was approved by the Company's Board of Directors on 25 May 2018 and by the Office of Insurance Commission on 20 June 2018. The increase in capital was registered on 28 September 2018.

Commitments with related parties

	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>	
<i>(a) Operating lease commitments</i>		
Within one year	38,230	33,643
After one year but within five years	88,186	83,994
Total	<u>126,416</u>	<u>117,637</u>
<i>(b) Cross currency swap contracts commitments (in million)</i>		
- USD	205	208
- Euro	15	15

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14 Securities and assets pledged with registrar

14.1 The Company has pledged investments in debt securities with the Registrar in accordance with Section 20 of the Life Assurance Act B.E. 2535 as follows:

	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Government bonds	<u>19,518</u>	<u>19,520</u>

14.2 The Company has pledged investments in debt securities with the Registrar as life assurance policy reserve in accordance with Section 24 of the Life Assurance Act B.E. 2535 and amendment Act (No. 2) B.E. 2551 as follows:

	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Government bonds	<u>103,756,799</u>	<u>95,578,383</u>

15 Commitments with non-related parties

	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>	
(a) Capital commitments		
Contracted but not provided for:		
Building improvement furnitures, fixtures and office equipment	2,430,024	612,869
Equipments and computer systems	<u>97,600</u>	<u>74,472</u>
Total	<u>2,527,624</u>	<u>687,341</u>
(b) Operating lease commitments and service agreement commitments		
Within one year	76,556	23,999
After one year but within five years	<u>77,209</u>	<u>20,651</u>
Total	<u>153,765</u>	<u>44,650</u>
(c) Cross currency swap contracts commitments (in million)		
- USD	798	788
- Euro	268	233
- Thai Baht	632	632
- Yen	7,900	6,500
(d) Commitment from bond forward contracts		

As at 30 June 2019, the Company has commitments for bond forward contracts amounting to USD 18.3 million and Baht 1,830.2 million (31 December 2018: amounting to USD 18.3 million and Baht 1,733.0 million).

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16 Contingent liabilities

As at 30 June 2019, the Company has been sued as insurer approximately for Baht 71.9 million (31 December 2018: Baht 78.1 million). Judgement is yet to be handed down in these cases; however, the Company expects the verdict to be favorable. Therefore, no provision for potential losses has been made in the financial statements.

17 Financial Reporting Standards (TFRSs) and not adopted

A number of new and revised TFRSs which are relevant to the Company's operations are expected to have significant impact on the Company's financial statements on the date of initial application. Those TFRSs become effective for annual financial reporting periods beginning on or after 1 January 2020; which are as follows:

TFRSs	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments
Accounting Guideline for financial instruments and Disclosure for insurance company	

* TFRSs - Financial instruments standards

(a) TFRSs - Financial instruments standards

These TFRSs establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. These TFRSs replaced the following standards:

TFRSs	Topic
TAS 101	Doubtful accounts and bad debts
TAS 104	Troubled Debt Restructuring
TAS 105	Accounting for investments in Debt and Equity Securities
TAS 106	Accounting for Investment Companies
TAS 107	Financial Instruments: Disclosure and Presentation

(i) Classification - Financial assets

TFRS 9 classifies financial assets into three categories: measured at amortised cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The standard eliminates the existing TAS 105 categories of held to maturity debt securities, available for sale, trading and general investment. The classification is based on the cash flow characteristics of the financial asset and the business model in which they are managed.

Under TFRS 9, derivatives will be measured at FVTPL.

(ii) Measurement at amortised cost

Under TFRS 9, interest income and interest expenses recognised from all financial assets and financial liabilities measured at amortised cost shall be calculated using effective interest rate method.

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(iii) Impairment - Financial assets and contract assets

TFRS 9 introduces forward-looking 'expected credit loss' (ECL) model whereas currently the Company estimates allowance for doubtful account by analysis of payment histories and future expectation of customer payment. TFRS 9 will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

(iv) Classification - Financial liabilities

TFRS 9 contains a new classification and measurement approach for financial liabilities consisting of two principal classification categories: amortised cost and FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Under TFRS 9, fair value changes for financial liabilities classified as FVTPL are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

(v) Hedge accounting

TFRS 9 provides guidance on hedge accounting while current TFRSs are silent. There are three hedge accounting models and the type of model applied depends on the hedged exposures consisting of a fair value exposure, a cash flow exposure or a foreign currency exposure on a net investment in a foreign operation. Under TFRS 9, the Company is required to ensure that hedge accounting relationships are aligned with the Company's risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

Currently, the Company has derivative for currency exchange rate risk which was recognised when the derivative was exercised. However, TFRS 9 has the woption to apply the hedge accounting for any transaction that meets the specific requirement of hedge accounting under TFRS 9 at date of initial application.

Management is presently considering the potential impact of adopting and initially applying TFRSs - Financial instruments standards on the financial statements.

(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. This standard replaced existing lease standards as follows:

TFRSs	Topic
TAS 17	<i>Leases</i>
TFRIC 4	<i>Determining whether an Arrangement contains a Lease</i>
TSIC 15	<i>Operating Leases-Incentives</i>
TSIC 27	<i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>

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Currently, the Company recognises payments made under operating leases and relevant lease incentives in profit or loss on a straight line basis over the term of the lease.

Management is presently considering the potential impact of adopting and initially applying TFRS 16 on the Company's financial statements.