

**Bangkok Life Assurance Public Company Limited
and its Subsidiary**

Financial statements for the year ended
31 December 2014
and
Independent Auditor's Report

Independent Auditor's Report

To the Shareholder of Bangkok Life Assurance Public Company Limited

I have audited the accompanying consolidated and separate statements of financial position of Bangkok Life Assurance Public Company Limited and its Subsidiary (the "Group"), and of Bangkok Life Assurance Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2014; the consolidated and separate statements of income, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and cash flows for the year ended, and notes, comprising a summary of significant accounting policies and other explanatory informations.

Management's Responsibility for the Consolidated and Separate Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2014 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Other Matter

The financial statements of the Company for the year ended 31 December 2013, were audited by another auditor who expressed an unmodified opinion on those statements on 19 February 2014.

(Chanchai Sakulkoedsin)
Certified Public Accountant
Registration No. 6827

KPMG Phoomchai Audit Ltd.
Bangkok
25 February 2015

Bangkok Life Assurance Public Company Limited and its Subsidiary
Statement of financial position

Assets	Note	Consolidated	Separate		1 January 2013 (Restate)
		financial statements	31 December 2014	31 December 2014	
			(in Baht)		
Cash and cash equivalents	5, 35	5,707,563,957	5,703,471,620	1,331,190,953	865,845,947
Accrued investment income		2,344,008,443	2,344,008,443	1,862,525,767	1,500,076,847
Premiums due and uncollected	6	1,725,232,732	1,725,232,732	1,839,665,535	1,612,729,639
Reinsurance receivables and assets	7, 35	763,784,679	763,784,679	790,087,943	510,012,812
Investments					
Investments in securities	8, 35, 37, 38				
Trading securities		17,070,295	17,070,295	100,057,865	477,236,368
Available-for-sale securities		22,012,881,057	22,012,881,057	20,187,669,759	18,395,331,360
Held-to-maturity securities		176,161,022,628	176,161,022,628	141,302,778,338	115,723,500,812
General investments		46,662,230	46,662,230	46,962,230	46,962,230
Loans	9, 35	4,735,056,801	4,735,056,801	3,525,693,845	2,649,100,421
Investment in subsidiary	4, 10	-	3,960,000	-	-
Premises and equipment	11	389,242,663	389,200,127	326,614,377	304,954,930
Goodwill	4, 12	4,955,491	-	-	-
Intangible assets	13	12,819,227	12,819,227	19,447,445	17,202,032
Deferred tax assets	14	1,482,422,298	1,482,422,298	-	-
Other assets	15, 35	186,867,026	190,501,644	462,620,007	665,580,153
Total assets		215,589,589,527	215,588,093,781	171,795,314,064	142,768,533,551

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

Bangkok Life Assurance Public Company Limited and its Subsidiary
Statement of financial position

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements		1 January 2013 (Restate)
		31 December 2014	31 December 2014	31 December 2013 (Restate)	(in Baht)	
Liabilities						
Securities sold under repurchase agreements		-	-	950,000,000		200,000,000
Income tax payable		499,591,781	499,591,781	257,241,894		581,526,761
Due to reinsurers	16, 35	379,721,980	379,721,980	450,008,758		400,098,875
Insurance contract liabilities						
Life policy reserves	17	177,434,670,858	177,434,670,858	136,616,421,004		111,259,206,400
Unpaid policy benefits	18	117,066,846	117,066,846	106,522,690		95,851,579
Loss reserves and outstanding claims	19, 35	315,052,056	315,052,056	299,680,012		343,086,954
Premium reserves	20	1,056,888,385	1,056,888,385	1,021,135,062		1,078,120,949
Other insurance liabilities	21	7,642,205,834	7,642,205,834	7,415,002,200		7,315,711,342
Employee benefit obligations	22	329,414,333	327,718,356	299,382,694		266,958,660
Deferred tax liabilities	14	-	-	31,761,253		508,303,081
Other liabilities	23, 35	2,238,701,928	2,235,949,029	2,084,501,858		1,254,899,881
Total liabilities		190,013,314,001	190,008,865,125	149,531,657,425		123,303,764,482
Equity						
Share capital	24					
Authorised share capital						
1,708,000,000 ordinary shares of Baht 1 each		1,708,000,000	1,708,000,000	1,220,000,000		1,220,000,000
(31 December 2013: 1,220,000,000 ordinary						
Issued and paid-up share capital						
1,697,850,000 ordinary shares of Baht 1 each		1,697,850,000	1,697,850,000	1,211,714,350		1,204,771,855
(31 December 2013: 1,211,714,350 ordinary						
shares of Baht 1 each)						
Share premium	24	2,987,540,018	2,987,540,018	2,846,250,643		2,759,469,456
Capital reserve on share - based payments	24, 26	103,822,366	103,822,366	66,068,779		28,315,191
Subscriptions received in advance from exercise						
of warrants	24, 26	-	-	1,246,050		35,477,257
Retained earnings						
Appropriated						
Legal reserve	25	170,800,000	170,800,000	122,000,000		122,000,000
General reserve	25	400,000,000	400,000,000	400,000,000		400,000,000
Unappropriated		14,677,674,816	14,680,638,015	13,225,119,255		9,761,362,477
Other components of equity						
Net fair value change in available-for-sale securities,						
net of income tax	8	5,538,578,257	5,538,578,257	4,391,257,562		5,153,372,833
Equity attributable to shareholders of the Company		25,576,265,457	25,579,228,656	22,263,656,639		19,464,769,069
Non-controlling interests		10,069	-	-		-
Total equity		25,576,275,526	25,579,228,656	22,263,656,639		19,464,769,069
Total liabilities and equity		215,589,589,527	215,588,093,781	171,795,314,064		142,768,533,551

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

Bangkok Life Assurance Public Company Limited and its Subsidiary
Statement of income

	<i>Note</i>	Consolidated	Separate	
		financial statements	financial statements	
		For the year ended 31 December 2014	For the year ended 31 December 2014 <i>(in Baht)</i>	2013
Revenues	35			
Net premiums earned	28	51,172,063,955	51,172,063,955	38,795,181,586
Net investment income	29	8,811,629,513	8,811,629,513	7,055,872,646
Total revenues		59,983,693,468	59,983,693,468	45,851,054,232
Expenses	35			
Underwriting expenses	28			
Life policy reserve increase from the previous year		40,818,249,854	40,818,249,854	25,357,214,604
Benefits payments to life policyholders		11,096,607,972	11,096,607,972	9,599,304,983
Insurance claims and loss adjustment expenses		1,287,791,017	1,287,791,017	1,251,922,002
Commissions and brokerages		2,806,976,538	2,805,343,254	2,705,207,319
Sales promotional expenses		310,571,097	310,527,799	351,602,258
Other underwriting expenses		28,641,899	28,641,899	31,013,149
Operating expenses	30, 31	1,880,717,001	1,877,690,771	1,720,361,682
Total underwriting expenses		58,229,555,378	58,224,852,566	41,016,625,997
Profit from underwriting		1,754,138,090	1,758,840,902	4,834,428,235
Gain on investments		1,514,736,332	1,514,736,332	592,982,350
Loss on fair value changes		(71,684,020)	(71,684,020)	(47,808,690)
Other income		48,052,445	46,342,763	39,199,458
Profit from operation		3,245,242,847	3,248,235,977	5,418,801,353
Contribution to Office of Insurance Commission		85,256,740	85,256,740	68,845,833
Contribution to Life Guarantee Fund	39	51,810,128	51,810,128	39,079,187
Profit before income tax expense		3,108,175,979	3,111,169,109	5,310,876,333
Income tax expense	32	446,452,906	446,452,906	930,372,218
Profit for the year		2,661,723,073	2,664,716,203	4,380,504,115
Profit attributable to				
Shareholders of the Company	33	2,661,753,004	2,664,716,203	4,380,504,115
Non-controlling interest		(29,931)	-	-
Profit for the year		2,661,723,073	2,664,716,203	4,380,504,115
Earnings per share	33			(Restated)
Basic earnings per share		1.57	1.57	2.59
Diluted earnings per share		1.57	1.57	2.58

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

Bangkok Life Assurance Public Company Limited and its Subsidiary
Statement of comprehensive income

		Consolidated financial statements	Separate financial statements	
		For the year ended 31 December	For the year ended 31 December	
	<i>Note</i>	2014	2014 <i>(in Baht)</i>	2013
Profit for the year		2,661,723,073	2,664,716,203	4,380,504,115
Other comprehensive income	32			
Net change in fair value of available-for-sale securities		1,434,150,869	1,434,150,869	(952,644,089)
Income tax on other comprehensive income	14	(286,830,174)	(286,830,174)	190,528,818
Other comprehensive income for the year, net of income tax		1,147,320,695	1,147,320,695	(762,115,271)
Total comprehensive income for the year		3,809,043,768	3,812,036,898	3,618,388,844
Total comprehensive income attributable to				
Shareholders of the Company		3,809,073,699	3,812,036,898	3,618,388,844
Non-controlling interests		(29,931)	-	-
Total comprehensive income for the year		3,809,043,768	3,812,036,898	3,618,388,844

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

Bangkok Life Assurance Public Company Limited and its Subsidiary
Statement of changes in equity

	Note	Consolidated financial statements							Other components		Total equity	
		Issued and paid-up share capital	Share premium	Capital reserve for share-based payments	Subscriptions received in advance from exercise of warrants	Retained earnings			of equity			
						Legal reserve	General reserve	Unappropriated	Net fair value change in available-for-sale securities	Equity attributable to shareholders of the Company		Non-controlling interests
						(in Baht)						
For the year ended 31 December 2014												
Balance at 1 January 2014		1,211,714,350	2,846,250,643	66,068,779	1,246,050	122,000,000	400,000,000	13,225,119,255	4,391,257,562	22,263,656,639	-	22,263,656,639
Transactions with shareholders, recorded directly in equity												
<i>Contributions by and distributions to shareholders of the Company</i>												
Share-based payments	24	-	-	37,753,587	-	-	-	-	-	37,753,587	-	37,753,587
Share capital increase as result of warrant exercises	24, 26	1,035,650	12,945,625	-	(1,246,050)	-	-	-	-	12,735,225	-	12,735,225
Transfer to legal reserve		-	-	-	-	48,800,000	-	(48,800,000)	-	-	-	-
Issue of ordinary shares for stock dividend	24, 34	482,324,638	-	-	-	-	-	(482,324,638)	-	-	-	-
Issue of ordinary shares by private placement	24	2,775,000	128,343,750	-	-	-	-	-	-	131,118,750	-	131,118,750
Issue of ordinary shares to employee provident fund	24	362	-	-	-	-	-	-	-	362	-	362
Dividend to shareholders of the Company	34	-	-	-	-	-	-	(678,072,805)	-	(678,072,805)	-	(678,072,805)
Total contributions by and distributions to shareholders of the Company		486,135,650	141,289,375	37,753,587	(1,246,050)	48,800,000	-	(1,209,197,443)	-	(496,464,881)	-	(496,464,881)
<i>Changes in ownership interests in subsidiary</i>	4, 10											
Acquisition of non-controlling interests without a change in control		-	-	-	-	-	-	-	-	-	40,000	40,000
Total changes in ownership interests in subsidiary		-	-	-	-	-	-	-	-	-	40,000	40,000
Total transactions with owners, recorded directly in equity		486,135,650	141,289,375	37,753,587	(1,246,050)	48,800,000	-	(1,209,197,443)	-	(496,464,881)	40,000	(496,424,881)
Comprehensive income for the year												
Profit		-	-	-	-	-	-	2,661,753,004	-	2,661,753,004	(29,931)	2,661,723,073
Other comprehensive income												
Net change in fair value of available-for-sale securities, net of income tax		-	-	-	-	-	-	-	1,147,320,695	1,147,320,695	-	1,147,320,695
Total comprehensive income for the year		-	-	-	-	-	-	2,661,753,004	1,147,320,695	3,809,073,699	(29,931)	3,809,043,768
Balance at 31 December 2014		1,697,850,000	2,987,540,018	103,822,366	-	170,800,000	400,000,000	14,677,674,816	5,538,578,257	25,576,265,457	10,069	25,576,275,526

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

Bangkok Life Assurance Public Company Limited and its Subsidiary
Statement of changes in equity

	Note	Separate financial statements							Other components of equity	Total equity	
		Issued and paid-up share capital	Share premium	Capital reserve for share-based payments	Subscriptions received in advance from exercise of warrants	Retained earnings					Net fair value change in available-for-sale securities
						Legal reserve (in Baht)	General reserve	Unappropriated			
For the year ended 31 December 2013											
Balance at 1 January 2013		1,204,771,855	2,759,469,456	28,315,191	35,477,257	122,000,000	400,000,000	9,761,362,477	5,153,372,833	19,464,769,069	
Transactions with shareholders, recorded directly in equity											
<i>Contributions by and distributions to shareholders of the Company</i>											
Share-based payments	24	-	-	37,753,588	-	-	-	-	-	37,753,588	
Share capital increase as result of warrant exercise	24, 26	6,942,495	86,781,187	-	(35,477,257)	-	-	-	-	58,246,425	
Subscriptions received in advance from exercise of warrants	24, 26	-	-	-	1,246,050	-	-	-	-	1,246,050	
Dividend to shareholders of the Company	34	-	-	-	-	-	-	(916,747,337)	-	(916,747,337)	
Total contributions by and distributions to shareholders of the Company		6,942,495	86,781,187	37,753,588	(34,231,207)	-	-	(916,747,337)	-	(819,501,274)	
Comprehensive income for the year											
Profit		-	-	-	-	-	-	4,380,504,115	-	4,380,504,115	
Other comprehensive income											
Net change in fair value of available-for-sale securities, net of income tax		-	-	-	-	-	-	-	(762,115,271)	(762,115,271)	
Total comprehensive income for the year		-	-	-	-	-	-	4,380,504,115	(762,115,271)	3,618,388,844	
Balance at 31 December 2013		1,211,714,350	2,846,250,643	66,068,779	1,246,050	122,000,000	400,000,000	13,225,119,255	4,391,257,562	22,263,656,639	

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

Bangkok Life Assurance Public Company Limited and its Subsidiary
Statement of changes in equity

	Note	Separate financial statements							Other components of equity	Total equity	
		Issued and paid-up share capital	Share premium	Capital reserve for share-based payments	Subscriptions received in advance from exercise of warrants	Retained earnings					Net fair value change in available-for-sale securities
						Legal reserve <i>(in Baht)</i>	General reserve	Unappropriated			
For the year ended 31 December 2014											
Balance at 1 January 2014		1,211,714,350	2,846,250,643	66,068,779	1,246,050	122,000,000	400,000,000	13,225,119,255	4,391,257,562	22,263,656,639	
Transactions with shareholders, recorded directly in equity											
<i>Contributions by and distributions to shareholders of the Company</i>											
Share-based payments	24	-	-	37,753,587	-	-	-	-	-	37,753,587	
Share capital increase as result of warrant exercises	24, 26	1,035,650	12,945,625	-	(1,246,050)	-	-	-	-	12,735,225	
Transferred to legal reserve		-	-	-	-	48,800,000	-	(48,800,000)	-	-	
Issue of ordinary shares for stock dividend	24, 34	482,324,638	-	-	-	-	-	(482,324,638)	-	-	
Issue of ordinary shares by private placement	24	2,775,000	128,343,750	-	-	-	-	-	-	131,118,750	
Issue of ordinary shares to employee provident fund	24	362	-	-	-	-	-	-	-	362	
Dividend to shareholders of the Company	34	-	-	-	-	-	-	(678,072,805)	-	(678,072,805)	
Total contributions by and distributions to shareholders of the Company		486,135,650	141,289,375	37,753,587	(1,246,050)	48,800,000	-	(1,209,197,443)	-	(496,464,881)	
Comprehensive income for the year											
Profit		-	-	-	-	-	-	2,664,716,203	-	2,664,716,203	
Other comprehensive income											
Net change in fair value of available-for-sale securities, net of income tax		-	-	-	-	-	-	-	1,147,320,695	1,147,320,695	
Total comprehensive income for the year		-	-	-	-	-	-	2,664,716,203	1,147,320,695	3,812,036,898	
Balance at 31 December 2014		1,697,850,000	2,987,540,018	103,822,366	-	170,800,000	400,000,000	14,680,638,015	5,538,578,257	25,579,228,656	

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

Bangkok Life Assurance Public Company Limited and its Subsidiary
Statement of cash flows

	Consolidated		Separate financial statements	
	financial statements			
	For the year ended	For the year ended	For the year ended	
Note	31 December	31 December		
	2014	2014	2013	
		<i>(in Baht)</i>		
<i>Cash flows from operating activities</i>				
Net premiums written	50,651,531,427	50,651,531,427	37,811,475,731	
Interest received	7,367,636,058	7,367,636,058	5,956,251,081	
Dividends received	962,510,779	962,510,779	737,172,646	
Other investment income	2,275,022,192	2,275,022,192	582,189,930	
Other income	42,803,671	42,803,671	39,719,192	
Benefits payments to life policyholders and insurance claims and loss adjustment expenses	(11,951,485,531)	(11,951,485,531)	(10,664,281,119)	
Commissions and brokerages	(2,816,684,021)	(2,816,684,021)	(2,708,306,946)	
Other underwriting expenses	(408,774,526)	(408,774,526)	(364,815,276)	
Operating expenses	(1,595,383,679)	(1,595,383,679)	(1,653,837,561)	
Other expenses	(132,023,166)	(139,775,503)	(107,723,171)	
Income tax paid	(2,005,116,745)	(2,005,116,745)	(1,540,670,095)	
Net cash provided by operating activities	<u>42,390,036,459</u>	<u>42,382,284,122</u>	<u>28,087,174,412</u>	
<i>Cash flows from investing activities</i>				
Cash flows provided by:				
Investments in securities	8,074,184,637	8,074,184,637	29,649,954,369	
Loans	1,049,312,471	1,049,312,471	726,549,806	
Deposit in financial institution	4,244,000,000	4,244,000,000	110,000,000	
Premises and equipment	6,159,857	6,159,857	62,493	
Cash from investing activities	<u>13,373,656,965</u>	<u>13,373,656,965</u>	<u>30,486,566,668</u>	
Cash flow used in:				
Investments in securities	(42,822,278,778)	(42,822,278,778)	(56,034,543,669)	
Loans	(1,896,037,957)	(1,896,037,957)	(1,208,911,747)	
Deposit in financial institution	(5,055,050,900)	(5,055,050,900)	(670,000,000)	
Premises and equipment	(126,074,317)	(126,074,317)	(87,685,796)	
Net cash outflow on acquisition of subsidiary	10 (3,660,000)	-	-	
Cash used in investing activities	<u>(49,903,101,952)</u>	<u>(49,899,441,952)</u>	<u>(58,001,141,212)</u>	
Net cash used in investing activities	<u>(36,529,444,987)</u>	<u>(36,525,784,987)</u>	<u>(27,514,574,544)</u>	

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

Bangkok Life Assurance Public Company Limited and its Subsidiary
Statement of cash flows

	<i>Note</i>	Consolidated	Separate financial statements	
		financial statements		
		For the year ended	For the year ended	
		31 December	31 December	
		2014	2014	2013
			<i>(in Baht)</i>	
<i>Cash flows from financing activities</i>				
Proceeds from share capital increase as a result of issue of ordinary shares by private placement	24	131,118,750	131,118,750	-
Proceeds from share capital increase as a result of issue of ordinary shares to employee provident fund	24	362	362	-
Proceeds from share capital increase as a result of warrant exercises	26	12,735,225	12,735,225	59,492,475
Proceeds (pay) from securities sold under repurchase agreements		(950,000,000)	(950,000,000)	750,000,000
Dividend paid to shareholders of the Company	34	(678,072,805)	(678,072,805)	(916,747,337)
Net cash used in by financing activities		(1,484,218,468)	(1,484,218,468)	(107,254,862)
Net increase in cash and cash equivalents		4,376,373,004	4,372,280,667	465,345,006
Cash and cash equivalents at 1 January		1,331,190,953	1,331,190,953	865,845,947
Cash and cash equivalents at 31 December	5	5,707,563,957	5,703,471,620	1,331,190,953

Supplemental cash flows information

Non-cash items

Net fair value change in available-for-sale securities	1,434,150,869	1,434,150,869	(952,644,089)
Capital reserve increase from share-based payments	37,753,587	37,753,587	37,753,588
Decreased in receivables on sale of investments	1,250,000	1,250,000	134,192,070
Decreased in payables on purchase of investments	3,171,954	3,171,954	20,762,630

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

Bangkok Life Assurance Public Company Limited and its Subsidiary

Notes to the financial statements

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Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language interim financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 25 February 2015.

1 General information

Bangkok Life Assurance Public Company Limited, “the Company”, is incorporated in Thailand and has its registered at No. 23/115-121, Royal City Avenue, Rama 9 Road, Bangkapi Sub-district, Huaykwang District, Bangkok.

The Company was listed on the Stock Exchange of Thailand on 25 September 2009.

The Company’s major shareholders during the financial year was Nippon Life Insurance Company (24.4% shareholding) (31 December 2013: 24.4% shareholding) which was incorporated in Japan, and Wattanasophonpanich Co., Ltd. (13.2% shareholding) (31 December 2013: 13.2% shareholding), which was incorporated in Thailand.

The principal business of the Company is life assurance. The principle business of the Subsidiary is non-life insurance broker. Detail of the Company’s subsidiary as at 31 December 2014 are given in note 10 and 35.

2 Basis of preparation of the financial statements

The 1st time to preparation and presentation of the consolidation of financial statements in 2014 according to acquired subsidiary (see note 4).

When the Group reclassifies items in its financial statements, it shall present, as a minimum, three statements of financial position, and the minimum two of the related notes. The Group presents statements of financial position as at 31 December 2014, 31 December 2013 and 1 January 2013.

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standard (“TFRS”) and guidelines promulgated by the Federation of Accounting Professions (“FAP”) and applicable rules and regulations of the Thai Securities and Exchange Commission. In addition the 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” No. 4 B.E. 2556 dated 31 July 2013, which allows to use the format of the previous notification dated 27 May 2010.

The FAP has issued the following new and revised TFRS relevant to the Group’s operations and effective for annual accounting periods beginning on or after 1 January 2014:

TFRS	Topic
TAS 1 (revised 2012)	Presentation of financial statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates

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Notes to the financial statements

TFRS	Topic
TAS 24 (revised 2012)	Related Party Disclosures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets
TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 8 (revised 2012)	Operating Segments
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 13	Customer Loyalty Programmes
TIC 32	Intangible Assets-Web Site Costs

The initial application of these new and revised TFRS has resulted in changes in certain of the Group's accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2015 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 43.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position which are valued at fair value.

- trading securities
- available-for-sale securities

(c) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Group'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.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 8	Investments in securities
Note 9	Loans
Note 17	Life policy reserves
Note 19	Loss reserves and outstanding claims
Note 20	Premium reserves
Note 22	Employee benefit obligations

Bangkok Life Assurance Public Company Limited and its Subsidiary

Notes to the financial statements

Note 26	Share - based payments - warrant
Note 36	Financial instruments
Note 41	Contingent liabilities

3 Significant accounting policies

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

(a) *Basis of consolidation*

The consolidated financial statements relate to the Company and its subsidiary (together referred to as the “Group”).

Business combinations

The Group applies the acquisition method for all business combinations.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiary included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Bangkok Life Assurance Public Company Limited and its Subsidiary

Notes to the financial statements

The consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity accounted investees after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount of that interest is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currencies transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currencies of Group entities at the exchange rates at the reporting date.

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

Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income:

- available-for-sale equity investments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss)

(c) Financial instruments

Derivatives

Derivative financial instruments comprise of cross currency swaps and forwards contracts. They are used to manage exposure to foreign exchange. Derivative financial instruments are not used for trading purposes.

Receivables and payables arising from the notional amount of cross currency swap and forward contracts are initially recorded at the spot rate on the date of transaction in other assets or other liabilities. At the reporting date the receivables and payables are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash balance, deposits held at call with banks and short-term highly liquid investments, with maturities of three months or less from the date of acquisition and not subject to withdrawal restrictions.

Bangkok Life Assurance Public Company Limited and its Subsidiary

Notes to the financial statements

(e) *Premiums due and uncollected*

Premiums due and uncollected are carried at anticipated realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience, future expectations of customer payments, and a review of the current status of the premium due and uncollected as at the end of reporting period. Bad debts are written off during the year when they are identified.

(f) *Investments in securities*

Investments in subsidiaries

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method.

Investments in other debt and equity securities

Debt securities and marketable equity securities held for trading are classified and stated at fair value, with any resultant gain or loss recognised in profit or loss.

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of debt securities is calculated by referencing to the price quoted by the Thai Bond Market Association.

The fair value of marketable equity securities is determined as the last bid price from the Stock Exchange of Thailand (SET) at the reporting date. For unit trusts which are non-listed, fair value is estimated using net asset value at reporting date.

The Company has recorded investment securities based on trade date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

Bangkok Life Assurance Public Company Limited and its Subsidiary

Notes to the financial statements

In the event the Group reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The differences between the carrying amount of the investments and their fair value on the date of reclassification is recorded in profit or loss from operation or recorded as revaluation surplus (deficit) on investments in equity, depending on the type of investment that is reclassified.

(g) Loans

Loans are stated at net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience, analysis of debt aging and the appraisal value of the collateral of each debt.

Bad debts are written off when incurred.

(h) Premises and equipment

Recognition and measurement

Owned assets

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 labour, 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 building and equipment have different useful lives, they are accounted for as separate items (major components) of building and equipment.

Gains and losses on disposal of an item of premises and equipment are determined by comparing the proceeds from disposal with the carrying amount of 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 Group, 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 premises and equipment are recognised in profit or loss as incurred.

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.

Bangkok Life Assurance Public Company Limited and its Subsidiary

Notes to the financial statements

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

Buildings	20 years
Condominium	20 years
Building improvements	5 years
Leasehold improvements	over period of lease
Furniture and fixtures and office equipment	3 years and 5 years
Vehicles	5 years

No depreciation is provided on land or assets under construction.

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

(i) *Intangible assets*

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3 (a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

Computer softwares

Computer softwares are acquired by the Group and have finite useful lives, are measured at cost less accumulated amortisation and any impairment losses.

Subsequent expenditure

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

Amortisation

Amortisation is calculated over the cost of the intangible asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in 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 are 3 years, 5 years and 10 years.

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

Bangkok Life Assurance Public Company Limited and its Subsidiary

Notes to the financial statements

(j) Impairment

The carrying amounts of the Group 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. For assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset 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.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

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.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of 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.

Bangkok Life Assurance Public Company Limited and its Subsidiary

Notes to the financial statements

(k) Reinsurance transactions

Reinsurance transactions are recorded based on estimates of the amounts to be received from or paid to reinsurers.

Reinsurance assets are stated at the outstanding balance of amount due from reinsurers and insurance reserve refundable from reinsurers.

Amounts due from reinsurers consist of accrued commission and brokerages income, claims and various other items receivable from reinsurers, excluding reinsurance premium receivable, less allowance for doubtful accounts. The Group records allowance for doubtful accounts for the estimated losses that may be incurred due to inability to make collection, taking into account collection experience, future expectations of reinsurers payments, and the status of receivables from reinsurers as at the end of the reporting period.

Insurance reserve refundable from reinsurers is estimated based on the related reinsurance contract of loss reserve and outstanding claims in accordance with the law regarding life insurance reserve calculation.

Amounts due to reinsurers consist of reinsurance premiums and other items payable to reinsurers, excluding claims.

The Group presents net reinsurance balances with the same entity (reinsurance assets or amounts due to reinsurers) when the following criteria for offsetting are met.

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

(l) Life policy reserves

Life policy reserves represent the accumulated total liability for the life insurance policies in force on the reporting date. Such reserves are established to meet the estimated future obligations of all the long term life insurance policies in force using generally accepted actuarial principles and methods with reference to Net level premium reserve (NPV) plus Provision for Adverse Deviation (PAD) (4% of NPV). The assumptions used in the calculation include mortality rate, discount interest rate and other terms that are established at the time the contract is issued.

At the reporting date, the Group performs a liability adequacy assessment by comparing the carrying amount of the life policy reserve against the present value of estimated future cash flows using current assumptions. Any adjustment is recognised in profit or loss.

(m) Unpaid policy benefits

Unpaid policy benefits represent claims and benefits payable to policyholders in relation to deaths, surrenders, maturities and other payables.

Bangkok Life Assurance Public Company Limited and its Subsidiary

Notes to the financial statements

(n) *Loss reserves and outstanding claims*

Outstanding claims are recorded for the estimated cost of all claims notified but not settled at the reporting date, using the information available at the time. In addition, a loss reserve is also made for the cost of claims incurred but not reported (IBNR) as at the reporting date, which is based on actuarial estimates. The maximum value of claims estimated is not, however, to exceed the sum-insured under the relevant policy.

(o) *Premium reserves*

The premium reserves comprise of the unearned premium reserve and unexpired risk reserve.

Unearned premium reserve

The unearned premium reserve is for group insurance and short-term riders which is calculated on a pro-rata basis of the premium based on the outstanding duration of each policy.

Unexpired risk reserve

At the reporting date, the Group performs a liability adequacy assessment by comparing the unearned premium reserve to the unexpired risk reserve which is determined by best estimating the claims and related costs which are expected to occur over the outstanding duration of the policies in-force with reference to its historical claim data based on actuarial method.

Where the unexpired risk reserve exceeds the unearned premium reserve, the excess is recognised as unexpired risk reserve in profit or loss.

(p) *Employee benefits obligation*

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. Short-term employee benefits comprises of salaries, wages, bonuses, and contributions to the social security fund.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group 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.

Post-employment benefits

The Group provides post-employment benefits to eligible employees under the following arrangement:

Defined contribution plan

A defined contribution plan is a post-employment benefit plan where the Group pays fixed contributions into a separate entity (provident fund) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Bangkok Life Assurance Public Company Limited and its Subsidiary

Notes to the financial statements

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating 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. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed by a qualified actuary using the projected unit credit method.

The Group recognises all actuarial gains and losses arising from defined benefit plans and all expenses related to defined benefit plans in personnel expenses in profit or loss.

Other long-term employee benefits

The Group provides also other long-term employees benefit plan namely long service awards.

The Group net obligation in respect of long-term employee benefits is the amount of future benefits that the eligible employees have earned in return for their service in the current and prior periods before retirement. In the statements of financial position, the obligations represent the present value of the other long-term employee benefits. The obligations for employee are calculated on the same basis as the defined benefit plan.

Share-based payments

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity. The Group will recognise them as “Capital reserve on share-based payments” in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met. The Group will transfer “Capital reserve on share-based payments” to be recognised as “Share premium” proportionately based on the number of warrants exercised when there is an exercise of warrant.

(q) Provisions

A provision is recognised if, as a result of a past event, the Group 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.

(r) Revenues

Premium income

First year premium income after deducting premiums ceded and cancelled, is recognised as revenue on the effective date of the insurance policies and when premium is received. For renewal insurance policies, premium income is recognised as revenue when premium is due and the policy is still in force at the end of the reporting date.

Advanced premiums are recognised as premium income based on their due date.

Bangkok Life Assurance Public Company Limited and its Subsidiary

Notes to the financial statements

Ceded premiums

Ceded premiums are recognised when the risks are transferred to the reinsurer.

Rental and service income

Rental and service is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

Net investment income

Net investment income comprises dividend and interest income from investments, loans, and bank deposits, net of investment expenses.

Dividend income

Dividend income is recognised in profit or loss on the date the Group right to receive payments is established.

Interest income

Interest income is recognised in profit or loss as it accrues.

Interest income on loans is recognised over the term of the loans based on the amount of principal outstanding. No accrual is made for loans with interest default over six consecutive months or based on cash basis.

(s) Expenses

Benefit payments to life policyholders

Benefit payments to life policyholders are set up when notices of claims have been received or when policies reach maturity under condition on insurance policies.

Commissions and brokerage

Commissions and brokerage are recognised as expenses when incurred.

Claims and loss adjustment expenses

Claims and loss adjustment expenses consist of claims and loss adjustment expenses of insurance, and include the amounts of the claims, related expenses, and loss adjustments of the current and prior period incurred during the year, less claims refundable from reinsurers.

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

Bangkok Life Assurance Public Company Limited and its Subsidiary

Notes to the financial statements

Reinsurance expenses, cost of underwriting and investment expenses

Reinsurance expenses, cost of underwriting and investment expenses are recognised in profit or loss as expenses on an accrual basis.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(t) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except 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; and differences relating to investments in subsidiaries 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 Group 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 Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group 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 Group 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.

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, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Bangkok Life Assurance Public Company Limited and its Subsidiary

Notes to the financial statements

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. 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.

(u) *Earnings per share*

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(v) *Segment reporting*

Segment results that are reported to the Chief Executive Officer (the Chief Operating Decision Maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4 Acquisition of business

On 7 July 2014, the Group obtained control of BLA Insurance Broker Company Limited (“Subsidiary”), a non-life insurance broker, by acquiring 84% of the shares and voting interests in the Company. As a result, the Group equity interest in BLA Insurance Broker Company Limited increased from 15% to 99%. (see note 10)

The subsidiary’ net assets and liabilities at the acquisition date comprised the following:

	Amount <i>(in thousand Baht)</i>
Cash and cash equivalents	2,020
Trade and other receivables	1,328
Other assets	589
Trade and other payables	(6,666)
Other liabilities	(276)
Carrying/fair value amounts of net identifiable assets and liabilities	(3,005)
<i>Less non-controlling interest</i>	<i>(30)</i>
Recognised value of net assets acquired	(2,975)
Goodwill	4,955
Total consideration transferred	1,980

The assets and liabilities since acquisition date of the Company have been included in the Group’s consolidated financial statements for the year ended 31 December 2014. Since acquisition, the subsidiary contributed total revenue of Baht 1.8 million and loss of Baht 3.0 million to the Group’s operating results. If the acquisition had occurred on 1 January 2014, management estimates that consolidated revenue would have been Baht 3.9 million and consolidated loss Baht 5.6 million for the year ended 31 December 2014.

Bangkok Life Assurance Public Company Limited and its Subsidiary
Notes to the financial statements

5 Cash and cash equivalents

	Consolidated financial statements	Separate financial statements	
	31 December 2014	2014	2013
	<i>(in thousand Baht)</i>		
Cash on hand	4,224	4,223	10,818
Deposits at banks - call deposits	874,391	870,300	1,320,373
Deposits at banks - time deposits	6,950,000	6,950,000	1,310,000
Total cash and deposits at financial institutions	7,828,615	7,824,523	2,641,191
<i>Less</i> deposits at banks with original maturities over 3 months	(5,260,000)	(5,260,000)	(1,310,000)
<i>Add</i> investments in securities with original maturities less than 3 months	3,138,949	3,138,949	-
Cash and cash equivalents	5,707,564	5,703,472	1,331,191

Cash and cash equivalents as at 31 December 2014 and 2013 were denominated entirely in Thai Baht.

As at 31 December 2014, the Group had overdraft facilities with banks amounting to Baht 21 million (2013: Baht 21 million) that are undrawn at the end of the year.

6 Premiums due and uncollected

As at 31 December 2014 and 2013, premiums due and uncollected are classified by aging as follows:

	Consolidated/Separate financial statements			Separate financial statements		
	2014			2013		
	Insured	Agents and brokers	Total	Insured	Agents and brokers	Total
	<i>(in thousand Baht)</i>					
Not yet overdue	1,643,589	36,847	1,680,436	1,779,023	28,355	1,807,378
Overdue						
less than 30 days	3,018	23,354	26,372	1	13,276	13,277
30 - 60 days	271	14,121	14,392	14,696	2,067	16,763
60 - 90 days	23	1,271	1,294	-	1,029	1,029
90 days - 1 year	428	1,521	1,949	135	365	500
Over 1 year	331	459	790	326	393	719
Total premiums due and uncollected	1,647,660	77,573	1,725,233	1,794,181	45,485	1,839,666

For individual policies which have cash value and premium due and uncollected over the grace period, the premiums due and uncollected will be settled by granting an automatic policy loan where the policy has a cash surrender value.

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7 Reinsurance receivables and assets

	Consolidated/ Separate financial statements 2014	Separate financial statements 2013
	<i>(in thousand Baht)</i>	
Due from reinsurers	445,314	499,187
Reinsurers' share of insurance contract liabilities	318,471	290,901
Reinsurance receivables and assets	<u>763,785</u>	<u>790,088</u>

As at 31 December 2014 and 2013, amounts due from reinsurers were classified by aging as follows:

	Consolidated/ Separate financial statements 2014	Separate financial statements 2013
	<i>(in thousand Baht)</i>	
Within credit terms	445,314	499,187
Due from reinsurers	<u>445,314</u>	<u>499,187</u>

8 Investment in securities

8.1 Investment in securities types

8.1.1 Trading investments comprises of:

	Consolidated/Separate financial statements					Separate financial statements				
	2014					2013				
	Cost/Amortised cost	Unrealised gains	Unrealised losses	Fair Value	Percentage of total assets	Cost/Amortised cost	Unrealised gains	Unrealised losses	Fair Value	Percentage of total assets
	<i>(in thousand Baht)</i>					<i>(in thousand Baht)</i>				
Government and state enterprise securities										
Thai government bonds	-	-	-	-	-	100,057	20	(19)	100,058	0.06
Private enterprise securities										
Unit trusts	17,045	25	-	17,070	0.01	-	-	-	-	-
Total trading investments	<u>17,045</u>	<u>25</u>	<u>-</u>	<u>17,070</u>	<u>0.01</u>	<u>100,057</u>	<u>20</u>	<u>(19)</u>	<u>100,058</u>	<u>0.06</u>

Bangkok Life Assurance Public Company Limited and its Subsidiary

Notes to the financial statements

8.1.2 Available-for-sale investments comprises of:

	Consolidated/ Separate financial statements					Separate financial statements				
	2014					2013				
	Cost/Amortised cost	Unrealised gains	Unrealised losses	Fair Value	Percentage of total assets	Cost/Amortised cost	Unrealised gains	Unrealised losses	Fair Value	Percentage of total assets
<i>(in thousand Baht)</i>										
Government and state enterprise securities										
Thai government										
bonds	691,616	50,567	-	742,183	0.34	1,789,646	37,803	(5,912)	1,821,537	1.06
Total	691,616	50,567	-	742,183	0.34	1,789,646	37,803	(5,912)	1,821,537	1.06
Private debt securities										
Equity securities	7,252,996	6,470,416	(187,828)	13,535,584	6.28	7,609,881	5,371,621	(90,083)	12,891,419	7.50
Unit trusts	5,734,721	183,479	(77,769)	5,840,431	2.71	4,009,663	122,781	(325,051)	3,807,393	2.22
Total	12,987,717	6,653,895	(265,597)	19,376,015	8.99	11,619,544	5,494,402	(415,134)	16,698,812	9.72
Foreign securities										
Unit trusts	1,320,628	574,055	-	1,894,683	0.88	1,213,438	453,883	-	1,667,321	0.97
Total	1,320,628	574,055	-	1,894,683	0.88	1,213,438	453,883	-	1,667,321	0.97
Total available-for-sale investments	14,999,961	7,278,517	(265,597)	22,012,881	10.21	14,622,628	5,986,088	(421,046)	20,187,670	11.75

8.1.3 Held-to-maturity investments comprises of:

	Consolidated/Separat financial statements		Separate financial statements	
	2014		2013	
	Cost/Amortised cost	Percentage of total assets	Cost/Amortised cost	Percentage of total assets
<i>(in thousand Baht)</i>				
Government and state enterprise securities				
Thai government bonds	91,572,879	42.48	83,649,675	48.69
State enterprise bonds	17,055,842	7.91	16,601,882	9.66
Debentures	5,443,244	2.52	2,794,134	1.63
Promissory notes	2,500,000	1.16	2,500,000	1.46
Total	116,571,965	54.07	105,545,691	61.44
Private enterprise debt securities				
Promissory notes and bills of exchange	9,891,752	4.59	10,981,685	6.39
Debentures	22,668,311	10.51	10,169,377	5.92
Total	32,560,063	15.10	21,151,062	12.31

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	Consolidated/Separat		Separate financial statements	
	financial statements			
	2014		2013	
	Cost/Amortised cost <i>(in thousand Baht)</i>	Percentage of total assets	Cost/Amortised cost <i>(in thousand Baht)</i>	Percentage of total assets
Foreign debt securities				
Bonds	2,553,909	1.18	2,608,107	1.52
Debentures	18,560,605	8.61	10,687,918	6.22
Bill of exchanges	654,481	0.31	-	-
Total	21,768,995	10.09	13,296,025	7.74
Deposits at financial institutions with original maturities over 3 months				
Deposit at banks	4,960,000	2.30	1,010,000	0.59
Certificates of deposit	300,000	0.14	300,000	0.17
Total	5,260,000	2.44	1,310,000	0.76
Total held-to-maturity investments	176,161,023	81.70	141,302,778	82.25

8.1.4 General investments comprises of:

	Consolidated/Separate		Separate financial statements	
	financial statements			
	2014		2013	
	Cost <i>(in thousand Baht)</i>	Percentage of total asset	Cost <i>(in thousand Baht)</i>	Percentage of total asset
Investments in non-marketable securities				
Domestic	29,588	0.01	29,888	0.02
Foreign	17,074	0.01	17,074	0.01
Total general investments	46,662	0.02	46,962	0.03

Bangkok Life Assurance Public Company Limited and its Subsidiary
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8.2 Remaining period of debt securities

As at 31 December 2014 and 2013, investments in debt securities which were classified as trading, available-for-sale and held-to-maturity investments were aged by the remaining period to maturity as follows:

	Consolidated /Separate financial statements			
	2014			
	Maturity			
	1 year	1 - 5 years	Over 5 years	Total
	<i>(in thousand Baht)</i>			
<i>Available-for-sale investments</i>				
Government and state enterprise debt securities	-	536,046	155,570	691,616
Add unrealised surpluses from fair value changes on securities	-	38,481	12,086	50,567
Total available-for-sale investments	-	574,527	167,656	742,183
<i>Held-to-maturity investments</i>				
Government and state enterprise debt securities	2,361,386	9,677,751	104,532,828	116,571,965
Private debt securities	178,662	4,097,000	28,284,401	32,560,063
Foreign debt securities	979,540	2,624,542	18,164,913	21,768,995
Deposit at banks with original maturities over 3 months	3,860,000	1,400,000	-	5,260,000
Total held-to-maturity investments	7,379,588	17,799,293	150,982,142	176,161,023
Total debt securities	7,379,588	18,373,820	151,149,798	176,903,206

Bangkok Life Assurance Public Company Limited and its Subsidiary
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	Separate financial statements			Total
	2013			
	1 year	1 - 5 years	Over 5 years	
	Maturity			
	<i>(in thousand Baht)</i>			
Trading investments				
Government and state enterprise debt securities	-	-	100,057	100,057
Add unrealised surpluses from fair value changes on securities	-	-	1	1
Total trading investments	-	-	100,058	100,058
Available-for-sale investments				
Government and state enterprise debt securities	-	491,341	1,298,305	1,789,646
Add unrealised surpluses from fair value changes on securities	-	9,459	22,432	31,891
Total available-for-sale investments	-	500,800	1,320,737	1,821,537
Held-to-maturity investments				
Government and state enterprise debt securities	932,679	8,663,799	95,949,213	105,545,691
Private debt securities	1,335,000	3,975,000	15,841,062	21,151,062
Foreign debt securities	490,175	3,332,505	9,473,345	13,296,025
Deposit at banks with original maturities over 3 months	1,010,000	300,000	-	1,310,000
Total held-to-maturity investments	3,767,854	16,271,304	121,263,620	141,302,778
Total debt securities	3,767,854	16,772,104	122,684,415	143,224,373

As at 31 December 2014, the Group has investments in foreign securities amounting to USD 640 million or equivalent to Baht 20,200 million and YEN 652 million or equivalent to Baht 184 million (2013: USD 407 million or equivalent to Baht 12,719 million). The Group has entered into cross currency swap contracts and forward contracts in order to protect against fluctuations in currency risks in respect of these investments.

8.3 Net fair value change in available-for-sale investments

	Consolidated/ Separate financial statements	Separate financial statements
	2014	2013
	<i>(in thousand Baht)</i>	
At 1 January 2014 / 2013	5,489,072	6,441,716
Net fair value change on equity	2,290,467	(583,550)
Net fair value change transferred to profit or loss	(856,316)	(369,094)
At 31 December 2014 / 2013	6,923,223	5,489,072
Less deferred tax	(1,384,645)	(1,097,814)
Net fair value change in available-for-sale investments, net of income tax	5,538,578	4,391,258

Bangkok Life Assurance Public Company Limited and its Subsidiary

Notes to the financial statements

8.4 Investments in structured notes

Investments in structured notes, which are classified as held-to-maturity investments, consisted of the following:

- (a) As at 31 December 2014, the Group has investments of Baht 600 million (2013: Baht 900 million), in promissory notes and bills of exchange, which were issued by local commercial banks and branches of foreign commercial banks, have remaining maturity periods of 5-14 years (2013: 6 - 15 years), and contain conditions whereby the issuer has call option or has rights to call for additional deposits.
- (b) As at 31 December 2014, the Group has investments of Baht 2,050 million (2013: Baht 1,810 million), in promissory notes and bills of exchange, which were issued by branches of foreign commercial banks, have remaining maturity periods of 2 years (2013: 3 years), and contain conditions whereby the issuer has call option and additional amounts can be deposited on a monthly basis and settlement of principal and interest is to be received on the maturity date per the agreement.
- (c) As at 31 December 2014, the Group has investments of Baht 3,600 million (2013: Baht 3,600 million), in promissory notes and bills of exchange, which were issued by branches of foreign commercial banks, have remaining maturity periods of 5 - 8 years (2013: 6 - 9 years), and bear interest that is referenced to the yield rate on government bond (CMT Index).
- (d) As at 31 December 2014, the Group has investments of Baht 2,805 million (2013: Baht 2,340 million), in promissory notes and bills of exchange, which were issued by branches of foreign commercial banks, have remaining maturity periods of 6 - 14 years (2013: 6 - 15 years), and contain conditions whereby redemption of the notes and bills is based on the credit event of the reference assets.
- (e) As at 31 December 2014, the Group has investments of Baht 758 million (2013: Baht 720 million), in promissory notes and bills of exchange, which were issued by branches of foreign commercial banks, have remaining maturity periods of 19 years (2013: 20 years). The bank has placed government bonds equivalent to 70% - 80% of the face values of the issued promissory notes and bills of exchange as collateral and such issues contain conditions whereby the redemption of the notes and bills is based on the credit event of the reference assets.

8.5 Movements of investments

Movements during the year ended 31 December 2014 and 2013 of trading, available for sale, held to maturity investments and general investments were as follows:

	<i>Note</i>	Consolidated/ Separate financial statements	Separate financial statements
		2014	2013
		<i>(in thousand Baht)</i>	
<i>Trading investments</i>			
At 1 January		100,058	477,236
Purchases during the year		62,663	2,259,274
Sales during the year		(145,675)	(2,635,699)
Valuation and amortisation adjustments		24	(753)
At 31 December		17,070	100,058

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	<i>Note</i>	Consolidated/ Separate financial statements 2014	Separate financial statements 2013
		<i>(in thousand Baht)</i>	
<i>Available for sale investments</i>			
At 1 January		20,187,670	18,395,331
Purchases during the year		3,537,753	4,912,928
Sales during the year		(3,138,274)	(2,246,226)
Capital reduction		(16,211)	(15,415)
Valuation and amortisation adjustments		1,441,943	(858,948)
At 31 December		<u>22,012,881</u>	<u>20,187,670</u>
<i>Held to maturity investments</i>			
At 1 January		141,302,778	115,723,501
Purchases during the year		39,221,863	41,209,071
Redemptions during the year		(5,161,952)	(2,883,923)
Sales during the year		(270,096)	(3,815,938)
Valuation and amortisation adjustments		1,068,430	(8,929,933)
At 31 December		<u>176,161,023</u>	<u>141,302,778</u>
<i>General investments</i>			
At 1 January		46,962	46,962
Purchases during the year	<i>10</i>	3,660	-
Reclassify	<i>10</i>	(3,960)	-
At 31 December		<u>46,662</u>	<u>46,962</u>

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9 Loans and accrued interest

As at 1 December 2014 and 2013, loans and accrued interest were classified by aging as follows:

Period	Consolidated/Separate financial statements 2014					
	Policy loans		Mortgage loans		Others loans	
	Principal	Accrued interest*	Principal	Accrued interest*	Principal	Accrued interest*
Not yet overdue	4,250,986	299,022	444,824	820	15,605	-
Overdue :						
Less than 3 months	-	-	22,295	97	-	-
6 - 12 months	-	-	211	-	-	-
Over than 12 months	-	-	1,149	79	53	2
Total	4,250,986	299,022	468,479	996	15,658	2
Less allowance for doubtful accounts	-	-	(66)	(80)	-	-
Total loans and accrued interest, net	4,250,986	299,022	468,413	916	15,658	2

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

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Separate financial statements

2013

Loans and accrued interest

Period	Policy loans		Mortgage loans		Others loans		Total		Total
	Principal	Accrued interest*	Principal	Accrued interest*	Principal	Accrued interest*	Principal	Accrued interest*	
Not yet overdue	3,163,866	225,984	344,316	230	15,968	-	3,524,150	226,214	3,750,364
Overdue :									
6 - 12 months	-	-	303	3	-	-	303	3	306
Over than 12 months	-	-	1,187	79	120	2	1,307	81	1,388
Total	3,163,866	225,984	345,806	312	16,088	2	3,525,760	226,298	3,752,058
Less allowance for doubtful accounts	-	-	(66)	(80)	-	-	(66)	(80)	(146)
Total loans and accrued interest, net	3,163,866	225,984	345,740	232	16,088	2	3,525,694	226,218	3,751,912

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

Policy loans represent loans granted to the policyholders in an amount not exceeding the cash value of the policy. The loans carry interest at not more than 4.5% - 8.0% per annum (2013: 4.5% - 8.0% per annum), as approved by the Office of Insurance Commission.

Loans to employees which are guaranteed by person, are limited to Baht 0.1 million (2013: Baht 0.1 million). The loans carry interest of 6% per annum (2013: 6.0% per annum). As at 31 December 2014, loans to employees amounted to Baht 16 million (2013: Baht 16 million).

Loans to employees under the mortgage loans are limited to 50 times the employee's monthly salary to each employee for secured loans. The loans carry interest of 5.00% - 6.25% per annum (2013: 5.00% - 6.25% per annum). As at 31 December 2014, loans to employees under the mortgage loans amounted to Baht 53 million. (2013: Baht 57 million).

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10 Investment in subsidiary

	Separate financial statements 2014 <i>(in thousand Baht)</i>
At 1 January 2014 (General investment)	300
Acquisition	3,660
Allowance for impairment	-
At 31 December 2014	<u>3,960</u>

Acquisitions

On 15 May 2014, the Company was approved by the Office of Insurance Commission to increase investment holding in BLA Insurance Broker Company Limited from 15% to 99% of the authorised and paid up share capital.

On 7 July 2014, the Company has purchased ordinary shares from the former shareholders of 168,000 shares at par Baht 10 per share, amounting to Baht 1.68 million bringing the Company's total interest in BLA Insurance Broker Company Limited increased from 15% to 99%.

On 28 July 2014, BLA Insurance Broker Company Limited has increased share capital from Baht 2.0 million to Baht 4.0 million and the Company has purchased 198,000 additional ordinary shares at par Baht 10 per share, amounting to Baht 1.98 million.

On 8 August 2014, BLA Insurance Broker Company Limited has registered the increase of the authorised share capital with the Ministry of Commerce.

Investments in subsidiary as at 31 December 2014 and 2013, and dividend income from those investments for the year ended 31 December 2014 and 2013 were as follows:

Name of subsidiary	Type of business	Ownership		Paid-up capital		Cost		Dividend income	
		2014	2013	2014	2013	2014	2013	2014	2013
		(%)				<i>(in thousand Baht)</i>			
Direct subsidiary									
BLA Insurance Broker Company Limited	Non-life insurance broker	99	15*	4,000	2,000*	3,960	300*	-	-
Total						<u>3,960</u>	<u>300</u>	<u>-</u>	<u>-</u>

Subsidiary is incorporated in Thailand.

* As at 31 December 2013, investments were classified as general investment and have been transferred to investments in subsidiary on 7 July 2014.

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Notes to the financial statements

11 Premises and equipment

	Consolidated financial statements							Total
	Land	Buildings and improvements	Condominium	Office furniture, fixture and equipment	Vehicles	Non-operating assets	Assets under construction	
	<i>(in thousand Baht)</i>							
Cost								
At 1 January 2013	97,241	329,866	36,633	449,986	20,710	6,685	6,440	947,561
Additions	21,371	10,788	-	35,214	10,357	-	9,956	87,686
Disposals and written-offs	-	(1,272)	-	(8,936)	-	-	-	(10,208)
Transfer in (out)	-	4,877	-	-	-	-	(4,877)	-
At 31 December 2013								
and 1 January 2014	118,612	344,259	36,633	476,264	31,067	6,685	11,519	1,025,039
Additions	48,199	6,611	-	27,584	4,666	-	39,049	126,109
Disposals	-	-	-	(9,309)	(9,758)	(2,285)	-	(21,352)
Acquisition	-	-	-	98	-	-	-	98
Transfer in (out)	-	8,022	-	-	-	-	(8,022)	-
At 31 December 2014	166,811	358,892	36,633	494,637	25,975	4,400	42,546	1,129,894
Accumulated depreciation								
At 1 January 2013	-	246,744	16,791	361,108	16,288	1,675	-	642,606
Depreciation for the year	-	14,588	1,832	46,496	2,999	90	-	66,005
Disposals and written-off	-	(1,272)	-	(8,914)	-	-	-	(10,186)
At 31 December 2013								
and 1 January 2014	-	260,060	18,623	398,690	19,287	1,765	-	698,425
Depreciation for the year	-	15,337	1,831	40,520	3,432	70	-	61,190
Acquisition	-	-	-	55	-	-	-	55
Disposals and written-off	-	-	-	(9,261)	(9,758)	-	-	(19,019)
At 31 December 2014	-	275,397	20,454	430,004	12,961	1,835	-	740,651
Net book value								
At 1 January 2013	<u>97,241</u>	<u>83,122</u>	<u>19,842</u>	<u>88,878</u>	<u>4,422</u>	<u>5,010</u>	<u>6,440</u>	<u>304,955</u>
At 31 December 2013								
and 1 January 2014	<u>118,612</u>	<u>84,199</u>	<u>18,010</u>	<u>77,574</u>	<u>11,780</u>	<u>4,920</u>	<u>11,519</u>	<u>326,614</u>
At 31 December 2014	<u>166,811</u>	<u>83,495</u>	<u>16,179</u>	<u>64,633</u>	<u>13,014</u>	<u>2,565</u>	<u>42,546</u>	<u>389,243</u>

The gross amount of the Group's fully depreciated buildings and equipment that were still in use as at 31 December 2014 amounted to Bath 475 million (2013: Baht 432 million).

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	Separate financial statements							Total
	Land	Buildings and improvements	Condominium	Office furniture, fixture and equipment	Vehicles	Non-operating assets	Assets under construction	
	<i>(in thousand Baht)</i>							
Cost								
At 1 January 2013	97,241	329,866	36,633	449,986	20,710	6,685	6,440	947,561
Additions	21,371	10,788	-	35,214	10,357	-	9,956	87,686
Disposals and written-offs	-	(1,272)	-	(8,936)	-	-	-	(10,208)
Transfer in (out)	-	4,877	-	-	-	-	(4,877)	-
At 31 December 2013								
and 1 January 2014	118,612	344,259	36,633	476,264	31,067	6,685	11,519	1,025,039
Additions	48,199	6,611	-	27,584	4,666	-	39,049	126,109
Disposals	-	-	-	(9,309)	(9,758)	(2,285)	-	(21,352)
Transfer in (out)	-	8,022	-	-	-	-	(8,022)	-
At 31 December 2014	166,811	358,892	36,633	494,539	25,975	4,400	42,546	1,129,796
Accumulated depreciation								
At 1 January 2013	-	246,744	16,791	361,108	16,288	1,675	-	642,606
Depreciation for the year	-	14,588	1,832	46,496	2,999	90	-	66,005
Disposals and written-offs	-	(1,272)	-	(8,914)	-	-	-	(10,186)
At 31 December 2013								
and 1 January 2014	-	260,060	18,623	398,690	19,287	1,765	-	698,425
Depreciation for the year	-	15,337	1,831	40,520	3,432	70	-	61,190
Disposals and written-offs	-	-	-	(9,261)	(9,758)	-	-	(19,019)
At 31 December 2014	-	275,397	20,454	429,949	12,961	1,835	-	740,596
Net book value								
At 1 January 2013	<u>97,241</u>	<u>83,122</u>	<u>19,842</u>	<u>88,878</u>	<u>4,422</u>	<u>5,010</u>	<u>6,440</u>	<u>304,955</u>
At 31 December 2013								
and 1 January 2014	<u>118,612</u>	<u>84,199</u>	<u>18,010</u>	<u>77,574</u>	<u>11,780</u>	<u>4,920</u>	<u>11,519</u>	<u>326,614</u>
At 31 December 2014	<u>166,811</u>	<u>83,495</u>	<u>16,179</u>	<u>64,590</u>	<u>13,014</u>	<u>2,565</u>	<u>42,546</u>	<u>389,200</u>

The gross amount of the Company's fully depreciated buildings and equipment that were still in use as at 31 December 2014 amounted to Bath 475 million (2013: Baht 432 million).

Bangkok Life Assurance Public Company Limited and its Subsidiary
Notes to the financial statements

12 Goodwill

	<i>Note</i>	Consolidated financial statements 2014 (in thousand Baht)
Cost		
At 1 January		-
Acquired through business combinations	4	4,955
At 31 December		4,955
Net book value		
At 1 January		-
At 31 December		4,955

13 Intangible assets

	Consolidated/Separate financial statements		
	Software computer	Software computer under development (in thousand Baht)	Total
Cost			
At 1 January 2013	66,347	161	66,508
Additions	9,551	2,674	12,225
Transfers in (out)	2,557	(2,557)	-
At 31 December 2013 and 1 January 2014	78,455	278	78,733
Additions	3,350	1,418	4,768
Transfers out	-	(1,119)	(1,119)
At 31 December 2014	81,805	577	82,382
Accumulated amortisation			
At 1 January 2013	49,306	-	49,306
Amortisation for the year	9,980	-	9,980
At 31 December 2013 and 1 January 2014	59,286	-	59,286
Amortisation for the year	10,277	-	10,277
At 31 December 2014	69,563	-	69,563
Net book value			
At 1 January 2013	17,041	161	17,202
At 31 December 2013 and 1 January 2014	19,169	278	19,447
At 31 December 2014	12,242	577	12,819

The gross carrying amount of the Group and the Company's fully amortised intangible assets that were still in use as at 31 December 2014 amounted to Baht 50 million (2013: Baht 38 million).

Bangkok Life Assurance Public Company Limited and its Subsidiary
Notes to the financial statements

14 Deferred tax

Deferred tax assets and liabilities as at 31 December 2014 and 2013 were as follows:

	Consolidated/ Separate financial statements	Separate financial statements	Separate financial statements
	31 December 2014	31 December 2013 (Restate)	1 January 2013 (Restate)
		<i>(in thousand Baht)</i>	
Deferred tax assets	2,867,302	1,066,287	780,102
Deferred tax liabilities	(1,384,880)	(1,098,048)	(1,288,405)
Net deferred tax assets (liabilities)	<u>1,482,422</u>	<u>(31,761)</u>	<u>(508,303)</u>

Movements in deferred tax assets and liabilities during the year ended 31 December 2014 and 2013 were as follows:

	At 1 January 2014	Consolidated/ Separate financial statements		At 31 December 2014
		(Charged) / credited to:		
		Profit or loss <i>(Note 32)</i>	Other comprehensive income	
		<i>(in thousand Baht)</i>		
<i>Deferred tax assets</i>				
Life policy reserves	1,019,005	1,795,185	-	2,814,190
Loss reserves and outstanding claims	15,485	3,824	-	19,309
Employee benefit obligations	31,542	2,006	-	33,548
Others	255	-	-	255
Total	<u>1,066,287</u>	<u>1,801,015</u>	<u>-</u>	<u>2,867,302</u>
<i>Deferred tax liabilities</i>				
Trading investments	234	1	-	235
Net fair value change in available-for-sale investments	1,097,814	-	286,831	1,384,645
Total	<u>1,098,048</u>	<u>1</u>	<u>286,831</u>	<u>1,384,880</u>
Net	<u>(31,761)</u>	<u>1,801,014</u>	<u>(286,831)</u>	<u>1,482,422</u>

Bangkok Life Assurance Public Company Limited and its Subsidiary
Notes to the financial statements

	At 1 January 2013 (Restate)	Separate financial statements (Charged) / credited to:		At 31 December 2013 (Restate)
		Profit or loss (Note 32)	Other comprehensive income	
		<i>(in thousand Baht)</i>		
Deferred tax assets				
Life policy reserves	732,915	286,090	-	1,019,005
Loss reserves and outstanding claims	16,106	(621)	-	15,485
Employee benefit obligations	31,052	490	-	31,542
Others	29	226	-	255
Total	780,102	286,185	-	1,066,287
Deferred tax liabilities				
Trading investments	62	172	-	234
Net fair value change in available-for-sale investments	1,288,343	-	(190,529)	1,097,814
Total	1,288,405	172	(190,529)	1,098,048
Net	(508,303)	286,013	190,529	(31,761)

15 Other assets

	Consolidated statements	Separate financial statements		
	31 December 2014	31 December 2014	31 December 2013 (Restate)	1 January 2013 (Restate)
		<i>(in thousand Baht)</i>		
Prepaid rental expenses	69,824	69,824	81,617	93,410
Deposits	62,705	62,705	23,404	19,160
Forward and swap exchange contracts receivables	24,963	24,963	115,305	317,601
Receivable from sales of investments	10,344	10,344	138,612	193,288
Prepaid expenses	9,768	9,768	91,970	24,460
Others	9,263	12,898	11,712	17,661
Total	186,867	190,502	462,620	665,580

16 Due to reinsurers

	Consolidated/ Separate financial statements 2014	Separate financial statements 2013
	<i>(in thousand Baht)</i>	
Premium ceded payables	379,722	450,009

Bangkok Life Assurance Public Company Limited and its Subsidiary
Notes to the financial statements

17 Life policy reserves

	Consolidated/ Separate financial statements 2014	Separate financial statements 2013
	<i>(in thousand Baht)</i>	
At 1 January 2014 / 2013	136,616,421	111,259,206
Life policy reserve for premium written during the year and increase reserve for in-force policy benefits	51,630,019	34,778,277
Benefits paid for death, maturity, surrender and other claims and benefits	(10,811,769)	(9,421,062)
At 31 December 2014 / 2013	<u>177,434,671</u>	<u>136,616,421</u>

18 Unpaid policy benefits

	Consolidated/ Separate financial statements	Separate financial statements	
	31 December 2014	31 December 2013 (Restate)	1 January 2013 (Restate)
	<i>(in thousand Baht)</i>		
Death	100,173	92,452	87,751
Maturity	13,665	11,061	709
Surrender	3,229	3,010	7,392
Total	<u>117,067</u>	<u>106,523</u>	<u>95,852</u>

19 Loss reserves and outstanding claims

	Consolidated/ Separate financial statements	Separate financial statements	
	31 December 2014	31 December 2013 (Restate)	1 January 2013 (Restate)
	<i>(in thousand Baht)</i>		
At 1 January 2014 / 2013 / 2012	299,680	343,087	333,830
Insurance claims and loss adjustment expense during the year	1,770,506	1,659,760	2,035,839
Paid insurance claims and loss adjustment expense during the year	(1,755,134)	(1,703,167)	(2,026,582)
At 31 December 2014 / 2013, 1 January 2013	<u>315,052</u>	<u>299,680</u>	<u>343,087</u>

Bangkok Life Assurance Public Company Limited and its Subsidiary
Notes to the financial statements

20 Premium reserves

20.1 Unearned premium reserve

	Consolidated/ Separate financial statements 2014	Separate financial statements 2013
	<i>(in thousand Baht)</i>	
At 1 January 2014 / 2013	1,021,135	1,078,121
Premium written during the year	2,897,001	2,786,817
Earned premium during the year	(2,861,248)	(2,843,803)
At 31 December 2014 / 2013	<u>1,056,888</u>	<u>1,021,135</u>

20.2 Unexpired risk reserve

As at 31 December 2014, no additional reserve for unexpired risk has been established by the Group as the unexpired risk reserve estimated of Baht 712 million (2013: Baht 641 million) is lower than the unearned premium reserve.

21 Other insurance liabilities

	Consolidated/ Separate financial statements 31 December 2014	Separate financial statements 31 December 2013 (Restate)	Separate financial statements 1 January 2013 (Restate)
	<i>(in thousand Baht)</i>		
Deposits form insurance contracts	6,918,339	6,545,061	6,303,569
Advanced premium	723,867	869,941	1,012,142
Total	<u>7,642,206</u>	<u>7,415,002</u>	<u>7,315,711</u>

22 Employee benefit obligations

	Consolidated financial statements 2014	Separate financial statements 2014	Separate financial statements 2013
	<i>(in thousand Baht)</i>		
Statement of financial position obligations for:			
Short-term employee benefits	160,794	159,984	141,672
Post-employment benefits	138,344	137,552	128,651
Other long -term employee benefits	30,276	30,182	29,060
Total	<u>329,414</u>	<u>327,718</u>	<u>299,383</u>

Bangkok Life Assurance Public Company Limited and its Subsidiary
Notes to the financial statements

<i>For the year ended 31 December</i>	<i>Note</i>	Consolidated financial statements	Separate financial statements	
		2014	2014	2013
<i>(in thousand Baht)</i>				
Statement of income				
Recognised as in profit or loss				
Short-term employee benefits		872,277	870,628	814,225
Defined contribution plan		33,336	33,252	28,420
Post-employment benefits		9,693	8,900	9,827
Other long -term employee benefits		1,216	1,123	(7,373)
Total	31	916,522	913,903	845,099

Post-employee benefits

The Company operates a number of employee benefit plans including post-employment benefit plans, and other long-term service award plan. All defined benefit plans are unfunded.

The defined benefit plan is based on the requirement of the Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The statement of financial position was determined as follows:

	Consolidated financial statements	Separate financial statement	
	2014	2014	2013
<i>(in thousand Baht)</i>			
Present value of unfunded obligations			
Post-employment benefits	138,344	137,552	128,651
Other long-term employee benefits	30,276	30,182	29,060
Statement of financial position obligation	168,620	167,734	157,711

Movement in the present value of the defined benefit obligations

	Consolidated financial statements	Separate financial statement	
	2014	2014	2013
<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	157,711	157,711	155,257
Current service cost	27,589	26,733	18,823
Interest cost	6,587	6,557	6,416
Benefits paid	(7,491)	(7,491)	(10,025)
Actuarial gain recognise in profit or loss	(15,776)	(15,776)	(12,760)
Defined benefit obligations at 31 December	168,620	167,734	157,711

Bangkok Life Assurance Public Company Limited and its Subsidiary
Notes to the financial statements

Expense recognised in profit or loss:

<i>For the year ended 31 December</i>	Consolidated financial statements	Separate financial statement	
	2014	2014	2013
		<i>(in thousand Baht)</i>	
Current service cost	27,589	26,733	18,823
Interest cost	6,587	6,557	6,416
Actuarial gain recognise in profit or loss	(15,776)	(15,776)	(12,760)
Total	18,400	17,514	12,479

The expense is recognised in the following line items in the statement of income:

<i>For the year ended 31 December</i>	Consolidated financial statements	Separate financial statement	
	2014	2014	2013
		<i>(in thousand Baht)</i>	
Other underwriting expenses	682	682	486
Insurance claim and loss adjustment expenses	429	429	306
Operating expenses	17,289	16,403	11,687
Total	18,400	17,514	12,479

The principal actuarial assumptions used to calculate the obligations under the defined benefit plans at 31 December 2014 and 2013 are as follows:

	2014	2013
	<i>(%)</i>	
Financial assumptions		
Discount rate	4.25,3.75	4.25,3.75
Price inflation	3.00	3.00
Future salary increase rate	6.00	5.75
Staff turnover rates	Monthly 2.80-7.75	Monthly 1 - 8
(depending on age of employee)	Daily 2.80-7.75	Daily 3 - 9
Gold per weight of 1 Baht (Baht)	19,000	20,000

Assumptions regarding future mortality are based on published statistics and mortality tables.

Bangkok Life Assurance Public Company Limited and its Subsidiary

Notes to the financial statements

23 Other liabilities

	Consolidated financial statements		Separate financial statements	
	31 December 2014	31 December 2014	31 December 2013 (Restate)	1 January 2013 (Restate)
	<i>(in thousand Baht)</i>			
Forward and swap exchange contracts payables	1,024,799	1,024,799	798,974	35,678
Accrued commission expenses	460,839	460,551	471,892	474,992
Accrued expenses	316,853	316,020	310,852	279,245
Specific Business Tax payable	117,728	117,728	93,982	73,544
Premiums received for policies not yet approved	101,961	101,961	161,133	102,989
Payable to policyholders on exempted premiums	93,757	93,757	93,382	95,834
Amounts received awaiting transfer	80,763	80,763	94,693	81,627
Withholding tax payable	23,263	23,263	25,541	57,780
Others	18,739	17,107	34,053	53,211
Total	2,238,702	2,235,949	2,084,502	1,254,900

24 Share capital and reserve

	Par value per share <i>(in Baht)</i>	Consolidated / Separate financial statements			
		2014		2013	
		Number	Amount	Number	Amount
		<i>(in thousand shares / in thousand Baht)</i>			
Authorised					
At 1 January					
- ordinary shares	1	1,220,000	1,220,000	1,220,000	1,220,000
Increase of new shares	1	488,000	488,000	-	-
At 31 December					
- ordinary shares	1	1,708,000	1,708,000	1,220,000	1,220,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Group.

Issue of ordinary shares

At the Extraordinary Shareholders' Meeting on 25 September 2014, the shareholders approved to increase the Company's authorised share capital from amounting Baht 1,220 million at par value of Baht 1 per share, amounting to Baht 488 million for the purposes of stock dividend payment, and warrant exercises. The Company's has registered the increment of the share capital with the Ministry of Commerce on 30 October 2014.

At the Extraordinary Shareholders' Meeting on 12 December 2014, the shareholders approved the remaining stock dividend payment 2,775,000 shares are offered through private placement, at the price Baht 47.25 per share, and 362 shares are offered to Bangkok Life Assurance Public Company Limited Employee Provident Fund at Baht 1 per share. The Group received Baht 2.8 million for issue and paid-up share capital Baht 128.3 million for share premium, totally amount is Baht 131.1 million. There is all issue and paid-up share capital amounting Baht 485.1 million, and Baht 128.3 million for share premium.

Bangkok Life Assurance Public Company Limited and its Subsidiary

Notes to the financial statements

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

Consolidated / Separate financial statements

Reconciliations for the year ended 31 December 2014 and 2013

	Issued and paid-up share capital		Share premium	Capital reserve on share-based payments	Subscriptions received in advance from exercises of warrants
	Number of shares (in thousand share)	Amount	Amount (in thousand Baht)	Amount	Amount
Balances at 1 January 2014	1,211,714	1,211,714	2,846,251	66,069	1,246
Issuance of ordinary shares as a result of exercise of warrant No. 1 (Note 26)	1,036	1,036	12,945	-	(1,246)
Expenses in respect of share-based payments - warrant No. 2 (Note 26)	-	-	-	37,753	-
Issue of ordinary shares for stock dividend	482,325	482,325	-	-	-
Issue of ordinary shares by private placement and employee provident fund	2,775	2,775	128,344	-	-
Balances at 31 December 2014	1,697,850	1,697,850	2,987,540	103,822	-

	Issued and paid-up share capital		Share premium	Capital reserve on share-based payments	Subscriptions received in advance from exercises of warrants
	Number of shares (in thousand share)	Amount	Amount (in thousand Baht)	Amount	Amount
Balances at 1 January 2013	1,204,772	1,204,772	2,759,470	28,315	35,477
Issuance of ordinary shares as a result of exercise of warrant No. 1	6,942	6,942	86,781	-	(35,477)
Subscription received in advance from exercises of warrants (Note 26)	-	-	-	-	1,246
Expenses in respect of share-based payments - warrant No. 2 (Note 26)	-	-	-	37,754	-
Balances at 31 December 2013	1,211,714	1,211,714	2,846,251	66,069	1,246

25 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Bangkok Life Assurance Public Company Limited and its Subsidiary

Notes to the financial statements

As at 31 December 2014, the Company has legal reserve of Baht 170.8 million (2013: 122.0 million).

Other reserve

As at 31 December 2014 and 2013, other reserves amounting to Baht 400 million were established without having any specific purpose.

Other components of equity

Fair value changes in available-for-sale securities

The fair value changes in available-for-sale securities account within equity comprise the cumulative net change in the fair value of available-for-sale securities until the investments are derecognised or impaired.

Movements in reserves

Movements in reserves are shown in the statements of changes in equity

26 Share-based payments - warrants

On 23 November 2007, the Extraordinary General Meeting No. 2 of the Company's shareholders passed a resolution approving the issuance of 20 million units of registered and non-transferrable warrants (Warrant No. 1) to be allotted to employees. The Company already allocated 12.85 million units of Warrant No. 1 to employees, leaving 7.15 million units unallocated. On 26 April 2011, the Annual General Meeting of shareholders of the Company passed a resolution approving the cancellation of the unallocated 7.15 million units of Warrant No. 1 and the issuance of 7.15 million units of registered and non-transferrable warrants (Warrant No. 2) in place of the cancelled Warrant No. 1. Warrant No. 2 was already allocated to employee, and the grant date is stipulated to be 1 April 2012.

The allocations of warrants to employees can be summarised as follows:

Approved by The Executive Board of Directors of the Company	Number of units of warrants		
	Warrants No. 1	Warrants No. 2	Total
	<i>(in thousand units)</i>		
On 29 May 2008	11,500	-	11,500
On 11 August 2009	1,350	-	1,350
On 22 February 2012	-	7,150	7,150
Total	12,850	7,150	20,000

These warrants expire the earlier of 5 years from the issue date and the termination date of employment. The exercise ratio is 1 unit of warrant to 1 new ordinary share and the exercise price is equal to Baht 13.50 per share for Warrant No. 1 and Baht 35 per share for Warrant No.2. The first exercise date is 3 years from the grant date.

The issue of Warrant No. 2 was approved by the Annual General Meeting of shareholders held after 1 January 2011, during which Thai Financial Reporting Standard No. 2 "Share-Based Payment" (TFRS 2) became effective. The Company therefore calculated the average fair value of the warrants at the grant date, which is Baht 20.45 per unit, in order to record expenses in respect of share-based payments in accordance with such accounting standard.

Bangkok Life Assurance Public Company Limited and its Subsidiary

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The following information is used to determine fair value of the warrants.

Expected dividend yield	-	1.5%
Expected stock price volatility	-	39.9% (estimated with reference to historical stock price information of the Company)
Risk-free interest rate	-	3.51% - 3.64%
Expected life of warrants	-	Not more than 5 years from the date of issuance or upon termination of an employee
Model used		Black Scholes - continuous model

Employee expenses in respect of share-based payments (Warrant No. 2) recognised for the year ended 31 December 2014 amounted to Baht 38 million (2013: Baht 38 million).

Movements units of warrants during the year ended 31 December 2014 and 2013 are summarised below.

	31 December 2014		
	Number of warrants		
	Warrants No. 1	Warrants No. 2	Total
	<i>(in thousand units)</i>		
Number of unexercised warrants at 1 January 2014	943	7,150	8,093
Exercised during the year	(943)	-	(943)
Number of unexercised warrants at 31 December 2014	-	7,150	7,150
	31 December 2013		
	Number of warrants		
	Warrants No. 1	Warrants No. 2	Total
	<i>(in thousand units)</i>		
Number of unexercised warrants at 1 January 2013	5,350	7,150	12,500
Exercised during the year	(4,407)	-	(4,407)
Number of unexercised warrants at 31 December 2013	943	7,150	8,093

During the year ended 31 December 2014, the Warrant No. 1 holders exercised 0.9 million units (2013: 4.4 million units) at an exercise price of Baht 13.5 each (2013: Baht 13.5 each), or for a total of Baht 12.7 million (2013: Baht 59.5 million). Details are summarised as below.

Exercise	Units of warrants <i>(in thousand units)</i>	Exercise price per share <i>(Baht)</i>	Proceeds from exercise	Issued and paid up share capital <i>(in thousand Baht)</i>	Share Premium	Subscriptions received in advance from exercises of warrants	Share capital registration date	Listing date
The seventh exercise	508	13.5	6,863	508	6,355	-	22 April 2014	28 April 2014
The eight exercise	333	13.5	4,495	333	4,162	-	25 July 2014	30 July 2014
The ninth exercise	102	13.5	1,377	102	1,275	-	8 October 2014	10 October 2014
Total 2014	943		12,735	943	11,792	-		

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Notes to the financial statements

Exercise	Units of warrants (in thousand units)	Exercise	Proceeds from exercises	Issued and	Share Premium	Subscriptions received	Share capital registration date	Listing date
		price per share (Baht)		paid up share capital (in thousand Baht)		in advance from exercises of warrants		
The third exercise	3,402	13.5	45,920	3,402	42,518	-	25 April 2013	26 April 2013
The fourth exercise	799	13.5	10,787	799	9,988	-	16 July 2013	17 July 2013
The fifth exercise	114	13.5	1,539	114	1,425	-	18 October 2013	22 October 2013
The sixth exercise	92	13.5	1,246	-	-	1,246	20 January 2014	21 January 2014
Total 2013	4,407		59,492	4,315	53,931	1,246		

27 Operating segments

Management considers that the Group is operating its core business in a single segment in life insurance business and in a single geographic area in Thailand. The information presented in these financial statements is consistent with the internal reports that are regularly reviewed by the Chief Operating Decision Maker. The Chief Operating Decision Maker has been identified as the Chief Executive Officer.

For the year ended 31 December 2014 and 2013, the Group has no major customer with revenue of 10 percent or more of the Group's revenues.

28 Reporting information classified by type of underwriting

	Consolidated financial statements				
	For the year ended 31 December 2014				
	Original life product, non-participating	Pension life product, non-participating	Personal accident insurance	Other	Total
	<i>(in thousand Baht)</i>				
Underwriting income					
Gross premium written	51,503,050	268,146	38,932	-	51,810,128
Less premium ceded	(619,925)	-	-	-	(619,925)
Net premiums written	50,883,125	268,146	38,932	-	51,190,203
Less (add) unearned premium reserves	(19,172)	-	1,033	-	(18,139)
Total underwriting income	50,863,953	268,146	39,965	-	51,172,064
Underwriting expenses					
Life policy reserve increase from the previous year	40,559,784	258,466	-	-	40,818,250
Benefits payments to life policyholders during the year	11,091,886	4,722	-	-	11,096,608
Insurance claims and loss adjustment expenses	1,281,404	-	6,387	-	1,287,791
Commissions and brokerages	2,782,905	21,331	1,107	1,633	2,806,976
Sale promotional expenses	308,658	1,627	243	43	310,571
Other underwriting expenses	28,470	150	22	-	28,642
Total underwriting expenses	56,053,107	286,296	7,759	1,676	56,348,838

Bangkok Life Assurance Public Company Limited and its Subsidiary
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	Separate financial statements			Total
	Original life product, non-participating	Pension life product, non-participating	Personal accident insurance	
	For the year ended 31 December 2014			
	<i>(in thousand Baht)</i>			
Underwriting income				
Gross premium written	51,503,050	268,146	38,932	51,810,128
Less premium ceded	(619,925)	-	-	(619,925)
Net premiums written	50,883,125	268,146	38,932	51,190,203
Less (add) unearned premium reserves	(19,172)	-	1,033	(18,139)
Total underwriting income	50,863,953	268,146	39,965	51,172,064
Underwriting expenses				
Life policy reserve increase from the previous year	40,559,784	258,466	-	40,818,250
Benefits payments to life policyholders during the year	11,091,886	4,722	-	11,096,608
Insurance claims and loss adjustment expenses	1,281,404	-	6,387	1,287,791
Commissions and brokerages	2,782,905	21,331	1,107	2,805,343
Sale promotional expenses	308,658	1,627	243	310,528
Other underwriting expenses	28,470	150	22	28,642
Total underwriting expenses	56,053,107	286,296	7,759	56,347,162
	Separate financial statements			
	For the year ended 31 December 2013			
	<i>(in thousand Baht)</i>			
	Original life product, non-participating	Pension life product, non-participating	Personal accident insurance	Total
Underwriting income				
Gross premium written	38,856,578	181,703	40,906	39,079,187
Less premium ceded	(565,701)	-	-	(565,701)
Net premiums written	38,290,877	181,703	40,906	38,513,486
Add (less) unearned premium reserves	284,411	-	(2,715)	281,696
Total underwriting income	38,575,288	181,703	38,191	38,795,182
Underwriting expenses				
Life policy reserve increase from the previous year	25,190,777	166,438	-	25,357,215
Benefits payments to life policyholders during the year	9,596,512	2,793	-	9,599,305
Insurance claims and loss adjustment expenses	1,243,615	-	8,307	1,251,922
Commissions and brokerages	2,685,276	18,960	971	2,705,207
Sale promotional expenses	349,609	1,647	346	351,602
Other underwriting expenses	30,838	145	30	31,013
Total underwriting expenses	39,096,627	189,983	9,654	39,296,264

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29 Net investment income

<i>For the year ended 31 December</i>	<i>Note</i>	Consolidated / Separate financial statements 2014 <i>(in thousand Baht)</i>	Separate financial statements 2013
Dividend income			
Other related parties	35	244,824	161,122
Other parties		717,593	575,917
		<u>962,417</u>	<u>737,039</u>
Interest income			
Other related parties	35	564,814	345,587
Other parties		7,325,763	6,027,729
		<u>7,890,577</u>	<u>6,373,316</u>
Investment expense		<u>(41,364)</u>	<u>(54,482)</u>
Total		<u>8,811,630</u>	<u>7,055,873</u>

30 Operating expenses

	<i>Note</i>	Consolidated / Separate financial statements 2014 <i>(in thousand Baht)</i>	Separate financial statements 2014 2013
Personnel expense, not relating to underwriting and insurance claims	31	874,696	872,077 807,726
Premises and equipment expense, not relating to underwriting		154,534	154,454 150,446
Taxes and duties		222,340	222,340 183,178
Other operating expenses		629,147	628,820 579,012
Total		<u>1,880,717</u>	<u>1,877,691</u> <u>1,720,362</u>

31 Employee expenses

	<i>Note</i>	Consolidated / Separate financial statements 2014 <i>(in thousand Baht)</i>	Separate financial statements 2014 2013
Salary and wages		785,343	783,709 732,573
Social Security fund		13,299	13,284 10,023
Contribution to defined employee benefit		33,336	33,252 28,421
Other benefits		84,544	83,658 74,082
Total		<u>916,522</u>	<u>913,903</u> <u>845,099</u>

Employee benefit expenses have been allocated to:

Other underwriting expenses and insurance claim and loss adjustments expenses		41,826	41,826 37,373
Operating expenses	30	874,696	872,077 807,726
Total		<u>916,522</u>	<u>913,903</u> <u>845,099</u>

Bangkok Life Assurance Public Company Limited and its Subsidiary

Notes to the financial statements

Defined benefit plans

Details of the defined benefit plans are given in Note 22.

Defined contribution plans

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 5% to 10% of their basic salaries and by the Group at rates ranging from 5% to 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

32 Income tax expense

Income tax recognised in profit or loss

	Note	Consolidated / Separate financial statements 2014 (in thousand Baht)	Separate financial statements 2013
Current tax expense			
Current year		2,245,926	1,216,385
Adjust prior year tax		1,541	-
Deferred tax expense			
Movements in temporary differences	14	(1,801,014)	(286,013)
Total		446,453	930,372

Income tax recognised in other comprehensive income

For the year ended 31 December 2014 and 2013

	Consolidated/Separate financial statements 2014			Separate financial statements 2013		
	Before tax	Tax expense	Net of income tax	Before tax	Tax benefit	Net of income tax
Net fair value change in available-for-sale securities	1,434,151	(286,830)	1,147,321	(952,644)	190,529	(762,115)

Reconciliation of effective tax rate

	Consolidated financial statements 2014 Rate (%)	(in thousand Baht)
Profit before income tax expense		3,108,176
Income tax using the Thai corporation tax rate	15, 20	621,635
Income not subject to tax		(185,067)
Expenses not subject to tax		8,344
Adjust prior year tax		1,541
Total	14	446,453

Bangkok Life Assurance Public Company Limited and its Subsidiary
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	Separate financial statements			
		2014		2013
	<i>Rate</i>	<i>(in thousand Baht)</i>	<i>Rate</i>	<i>(in thousand Baht)</i>
	<i>(%)</i>		<i>(%)</i>	
Profit before income tax expense		3,111,169		5,310,876
Income tax using the Thai corporation tax rate	20	622,234	20	1,062,175
Income not subject to tax		(185,067)		(140,138)
Expenses not subject to tax		7,745		8,335
Adjust prior year tax		1,541		-
Total	14	446,453	18	930,372

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively. Royal Decree No. 577 B.E. 2557 dated 10 November 2014 extends the reduction to 20% for the accounting period 2015 which begins on or after 1 January 2015.

The Company has applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2014 and 2013 in accordance with the clarification issued by the FAP in 2012.

33 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2014 and 2013 were calculated based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years after adjusting for the effect of the stock dividend. A stock dividend of approximately 482 million shares was approved at the Extraordinary Shareholders' Meeting on 25 September 2014, and has been included in the calculation of EPS at 31 December 2014. The EPS for the comparative year presented has been adjusted as if the shares comprising such stock dividends had been issued at the beginning of the earliest period reported. The calculation are as follow:

	Consolidated	Separate financial statements	
	financial statements	2014	2013
	2014	2014	(Restated)
		<i>(in thousand Baht/thousand shares)</i>	
Profit attributable to ordinary shareholders of the Company (basic)	2,661,753	2,664,716	4,380,504
Number of ordinary shares outstanding at 1 January	1,211,807	1,211,807	1,207,400
Effect of exercises warrants and issued of ordinary shares	1,050	1,050	3,030
Effect of stock dividend	482,325	482,325	482,325
Weighted average number of ordinary shares outstanding (basic)	1,695,182	1,695,182	1,692,755
Earnings per share (basic) (in Baht)	1.57	1.57	2.59

Bangkok Life Assurance Public Company Limited and its Subsidiary

Notes to the financial statements

Diluted earnings per share

The calculations of diluted earnings per share for the years ended 31 December 2014 and 2013 were based on the profit for the years attributable to ordinary shareholders of the Company weighted average number of ordinary shares outstanding during the years (as adjusted for the effect of the stock dividend) after adjusting for the effects of all dilutive potential ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year on the date of potential ordinary shares were issued as follows:

	Consolidated financial statements 2014	Separate financial statements 2014 2013 (Restated)	
	<i>(in thousand Baht/thousand shares)</i>		
Profit attributable to ordinary shareholders of the Company (basic)	2,661,753	2,664,716	4,380,504
Weighted average number of ordinary shares outstanding (basic)	1,695,182	1,695,182	1,692,755
Effect of warrant no. 1	296	296	1,852
Effect of warrant no. 2	2,972	2,972	2,111
Weighted average number of ordinary shares outstanding (diluted)	1,698,450	1,698,450	1,696,718
Earnings per share (diluted) (in Baht)	1.57	1.57	2.58

34 Dividends

Dividends declared during the years ended 31 December 2014 and 2013 consisted of the following:

	Approved by	Type	Total Dividend <i>(in Million Baht)</i>	Dividend per share <i>(in Baht)</i>	Paid date to shareholder
a) Annual dividend for 2013	Annual General Meeting of the Shareholders on 30 April 2014 and approved by the OIC on 8 April 2014	Cash	618	0.51	May 2014
b) Interim dividend from the operating performance for the six-months period ended 30 June 2014	Meeting of Board of Directors on 8 August 2014, Meeting of The Extra Ordinary Shareholder on 25 September 2014 and approved by the OIC on 12 September 2014	Cash Stock dividend (at the rate of 5 existing shares to 2 new shares)	60 482	0.05 0.40	October 2014 December 2014
Total dividends paid in 2014			1,160	0.96	

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Notes to the financial statements

	Approved by	Type	Total Dividend <i>(in Million Baht)</i>	Dividend per share <i>(in Baht)</i>	Paid date to shareholder
a) Annual dividend for 2012	Annual General Meeting of the Shareholders on 26 April 2013 and approved by the OIC on 26 April 2013	Cash	434	0.36	May 2013
b) Interim dividend from the operating performance for the six-months period ended 30 June 2013	Meeting of Board of Directors on 9 August 2013 and approved by the OIC on 29 August 2013	Cash	483	0.40	September 2013
Total dividends paid in 2013			917	0.76	

35 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group 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 Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiary is described in note 10.

Relationships with key management and related parties were as follows:

Name of entities/individuals	Country of incorporation/ nationality	Nature of relationships
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group
Nippon Life Insurance Company	Japan	Major shareholder, 24.4% holding
Wattanasophonpanich Co., Ltd	Thailand	Major shareholder, 13.2% holding
BLA Insurance Broker Co., Ltd.	Thailand	The Group's Subsidiary since 7 July 2014, and related by way of common directors are the management of the Group
Bangkok Bank Pcl.	Thailand	Related by way of common shareholders
Bangkok Insurance Pcl.	Thailand	Shareholding and related by way of common directors
Bumrungrad Hospital Pcl.	Thailand	Related by way of common directors and shareholders

Bangkok Life Assurance Public Company Limited and its Subsidiary
Notes to the financial statements

Name of entities/individuals	Country of incorporation/ nationality	Nature of relationships
Bangkok Business Building (1987) Co., Ltd.	Thailand	Related by way of common directors and shareholders
Tris Corporation Ltd.	Thailand	Related by way of common directors and shareholders
BBL Asset Management Co., Ltd.	Thailand	Related by way of common directors and shareholders
Union Textile Industries Pcl.	Thailand	Related by way of common shareholders
Narai Ruamphiphat Co., Ltd.	Thailand	Holding by an individual related to the major shareholder of the Group
TICON Industrial Connection Pcl.	Thailand	Holding by an individual related to the major shareholder of the Group
Asia warehouse Co., Ltd.	Thailand	Holding by the major shareholder of the Group
TMD Design, LLC	Thailand	Holding by an individual related to the major shareholder of the Group
Bualuang Securities Pcl.	Thailand	Subsidiary of the major shareholder of the Group
Thaire Life Assurance Pcl. ⁽¹⁾	Thailand	Subsidiary of Thai Reinsurance Pcl.
Thai Reinsurance Pcl.	Thailand	Related by way of common directors
Sorachai Vivatn Co., Ltd.	Thailand	Related by way of common directors
Thai Phyathai 1 Hospital Co., Ltd. ⁽³⁾	Thailand	Related by way of common directors
Thai Phyathai 2 Hospital Co., Ltd. ⁽³⁾	Thailand	Related by way of common directors
Thai Phyathai 3 Hospital Co., Ltd. ⁽²⁾	Thailand	Related by way of common directors
Samitivej Pcl.	Thailand	Related by way of common directors
Rajburi Sugar Co., Ltd.	Thailand	Related by way of common directors
Charoen Pokphand Foods Pcl.	Thailand	Related by way of common directors
Indorama Ventures Pcl.	Thailand	Related by way of common directors
Ek-chai Distribution System Co., Ltd.	Thailand	Related by way of common directors
Asia Insurance Company Limited	Hongkong	Related by way of common directors
Bangpain Golf Co., Ltd.	Thailand	Related by way of common directors
Bangkok Mitsubishi UFJ Lease Co., Ltd.	Thailand	Related by way of common directors
Raimonland Co., Ltd.	Thailand	Related by way of common directors

(1) It had been considered a related party until 31 July 2013 because the Group has no common directors with Thaire Life Assurance Pcl. since then.

(2) It had been considered a related party until 8 May 2013 because the Group has no common directors with the Phyathai 3 Hospital Co., Ltd. since then.

(3) It had been considered a related party until 7 May 2014 because the Group has no common directors with the Phyathai 1 Hospital Co., Ltd. and the Phyathai 2 Hospital Co., Ltd. since then.

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Premium written	Normal commercial terms for underwriting
Claim recoverable from reinsurer	At a mutually agreed percentage of reinsurance premium

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Transactions	Pricing policies
Interest income - deposits at bank, promissory notes and debentures	Same rates as those charged by financial institutions and related companies to general customers
Interest income - mortgage loans	Same rates as the Company charges to general borrowers who mortgage assets as collateral
Dividend income	As declared
Rental and service income	Rate on agreements as those charged by rental and service fees per square meter per month
Brokerage income from securities trading	Normal commercial terms for securities brokerage
Gain (loss) on forward and swap exchange contracts	Normal commercial terms on contracts
Premium ceded	Normal commercial terms for reinsurance depending on type of insurance and reinsurance contract
Commission and brokerages	At a mutually agreed percentage of premium written
Claim payment and diagnose charge	Normal commercial terms for underwriting
Bank charges	Same rates as those charged by financial institutions and related companies to general customers
Insurance premium	Normal commercial terms for underwriting
Building space rental and services	Rate on agreements as those charged by rental and service fees per square meter per month
Other services fees	Rate on agreements as those charged to member with normal commercial terms for services

Significant transactions for the year ended 31 December 2014 and 2013 with key management and related parties were as follows:

	Consolidated		
	financial statements	Separate financial statements	
	2014	2014	2013
	<i>(in thousand Baht)</i>		
Subsidiary			
Revenues			
Rental and service income	-	164	-
Other related parties			
Revenues			
Premium written	6,771	6,771	4,448
Claim recovery from reinsurance	17	17	59,859
Interest income - deposits at banks, promissory notes and debentures	555,016	555,016	334,623
Interest income - mortgage loans	9,798	9,798	10,964
Dividend income	244,824	244,824	161,122
Rental and service income	4,083	227	226
Brokerage income from securities trading	19,887	19,887	15,936
Gain on forward and swap foreign exchange contracts	117,138	117,138	108,175

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Notes to the financial statements

	Consolidated		Separate financial statements	
	2014	2014	2014	2013
	<i>(in thousand Baht)</i>			
Expenses				
Premium ceded	83	83	84,252	
Commission and brokerage	1,204,078	1,204,078	1,211,717	
Claim payments and diagnosis charges	105,147	105,147	50,426	
Bank charges	90,349	90,303	85,755	
Insurance premiums	1,894	1,894	2,038	
Building space rental and service fees	67,458	67,458	65,206	
Other service fees	558	558	617	
Key management personnel and director compensation				
Short-term employment benefit	41,690	41,690	43,997	
Post-employment benefit	2,830	2,830	1,645	
Share-based payment transactions	12,408	12,408	12,408	
Total	56,928	56,928	58,050	

Directors' remuneration

Directors' remuneration represents the benefits paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to executive directors.

The premium generated from the Bancassurance distribution channel represented approximately 70.85% of total net premium written for the year ended 31 December 2014 (2013: 63.26%).

The details of the warrants allocated to the Group's employees are presented in note 26.

Significant balances as at 31 December 2014 and 2013 with related parties were as follows:

	Consolidated		Separate	
	2014	2014	2014	2013
	<i>(in thousand Baht)</i>			
Subsidiary				
Rental and service receivables	-	526	-	
Other receivables	-	4,446	-	
Other related parties				
Deposit at financial institution	4,187,212	4,183,121	1,776,563	
Reinsurance assets	107	107	949	
Investments in securities				
Available-for-sale investments				
Equity securities	3,383,287	3,383,287	2,732,969	
Unit trusts	1,931,491	1,931,491	1,453,642	
Total available-for-sale investments	5,314,778	5,314,778	4,186,611	
Held-to-maturity investments				
Private enterprise debt securities	4,105,000	4,105,000	4,105,000	
Foreign debt securities	5,841,640	5,841,640	4,801,185	
Total held-to-maturity investments	9,946,640	9,946,640	8,906,185	

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	Consolidated	Separate	
	financial statements	financial statements	
	2014	2014	2013
	<i>(in thousand Baht)</i>		
General investments - foreign equity securities	<u>11,167</u>	<u>11,167</u>	<u>11,467</u>
Loans	<u>140,077</u>	<u>140,077</u>	<u>159,679</u>
Forward and swap foreign exchange contract receivable	<u>4,120,176</u>	<u>4,120,176</u>	<u>2,416,554</u>
Other assets	<u>71,389</u>	<u>70,970</u>	<u>83,475</u>
Amounts due to reinsurers	<u>-</u>	<u>-</u>	<u>908</u>
Outstanding claims	<u>9,280</u>	<u>9,280</u>	<u>6,866</u>
Forward and swap foreign exchange contract payable	<u>4,253,699</u>	<u>4,253,699</u>	<u>2,463,029</u>
Other liabilities	<u>137,821</u>	<u>135,405</u>	<u>198,443</u>

(a) Significant agreements with related parties

Agreements with related bank

The Company entered into various agreements and memorandum with a related bank particularly in the distribution of insurance products in return for commission and marketing support expenses.

Bank charge

The Company agreed to pay fees to a related bank in return for transactional activities of the Company's customers through the bank's branches, ATMs and other alternative channels.

Building rental and service agreements

On 21 May 2013, the Company (lessor) entered into the building rental agreement with BLA Insurance Broker Company Limited (lessee). The monthly fee for rental and service is Baht 32,250, and deposit on rental is Baht 64,500. The rental period covers 1 June 2013 until 31 May 2014. On 24 June 2014, the Company (lessor) entered into the building rental agreement with BLA Insurance Broker Company Limited (lessee). The monthly fee for rental and service is Baht 32,895, and deposit on rental is Baht 65,970. The rental period covers 1 June 2014 until 31 May 2017.

Office building rental and service agreements

On 1 August 2014, the Company (lessee) entered into the office building rental agreement with Narairuamphipat Company Limited (lessor). The monthly fee for rental is Baht 0.5 million, and deposit on rental is Baht 1.2 million. The rental period covers 1 August 2014 until 31 July 2017. On 1 August 2014, the Company (service buyer) entered into the office building service agreement with Narairuamphipat Company Limited (service provider). The monthly fee of service and maintenance is Baht 1.1 million, and deposit on service and maintenance is Baht 2.7 million. The service period covers 1 August 2014 until 31 July 2017.

Bangkok Life Assurance Public Company Limited and its Subsidiary

Notes to the financial statements

(b) Commitments with related parties

As at 31 December 2014, the Company has existing lease and service agreements for offices buildings with related companies. The terms of the agreements are generally between 3 - 25 years (2013: 3 -25 years) for leases of building space and between 3 years (2013: 3 years) for motor vehicles and equipment. The Company has a monthly rental and service fee of Baht 3.9 million (excluding value added tax) (2013: Baht 3.1 million).

	Consolidated financial statements	Separate financial statements	
	2014	2014	2013
	<i>(in thousand Baht)</i>		
Within one year	45,950	45,950	19,768
After one year but within five years	85,052	85,052	29,867
After five years	5,359	5,359	8,074
Total	136,361	136,361	57,709

36 Financial instruments

Financial assets carried in the statements of financial position include investments, loans, cash and bank balances, reinsurance receivables and assets, premium due and uncollected, accrued income on investments, loans and certain balances of other assets. Financial liabilities carried in the statements of financial position include unpaid benefits to life policies, due to reinsurers, accrued expenses, and certain balances of other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Group maintains its capital fund in accordance with the requirements of the notifications of the Office of Insurance Commission.

The Group's objectives in managing capital are to safeguard the Group's ability to continue as a going concern in order to protect policyholders and to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain as adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, and issue new shares.

(a) Interest rate risk

Interest rate risk is the risk that the future movement in market interest rates will affect the interest income from investments. Investments include both short-term and long-term investments that have fixed and floating interest rates. The Group manages the risk by considering the risk of investments together with the return on such investments.

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As at 31 December 2014 and 2013 significant financial assets classified by type of interest rates are as follows:

	Consolidated financial statements			
	2014			
	Floating interest rate	Fixed interest rate	Non-interest Bearing	Total
	<i>(in thousand Baht)</i>			
Financial assets				
Cash and cash equivalents	566,778	4,828,949	311,837	5,707,564
Investments in securities				
Government and state enterprise				
debt securities	-	117,314,148	-	117,314,148
Private debt securities	3,600,000	28,960,063	-	32,560,063
Foreign debt securities	-	21,768,995	-	21,768,995
Deposits at banks with original				
maturity over 3 months	-	5,260,000	-	5,260,000
Loans, net				
Policy loans	-	4,250,986	-	4,250,986
Mortgage loans	54,239	414,174	-	468,413
Other loans	-	15,557	101	15,658
Total	<u>4,221,017</u>	<u>182,812,872</u>	<u>311,938</u>	<u>187,345,827</u>
	Separate financial statements			
	2014			
	Floating interest rate	Fixed interest rate	Non-interest Bearing	Total
	<i>(in thousand Baht)</i>			
Financial assets				
Cash and cash equivalents	566,778	4,828,949	307,745	5,703,472
Investments in securities				
Government and state enterprise				
debt securities	-	117,314,148	-	117,314,148
Private debt securities	3,600,000	28,960,063	-	32,560,063
Foreign debt securities	-	21,768,995	-	21,768,995
Deposits at banks with original				
maturity over 3 months	-	5,260,000	-	5,260,000
Loans, net				
Policy loans	-	4,250,986	-	4,250,986
Mortgage loans	54,239	414,174	-	468,413
Other loans	-	15,557	101	15,658
Total	<u>4,221,017</u>	<u>182,812,872</u>	<u>307,846</u>	<u>187,341,735</u>

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	Separate financial statements			Total
	Floating interest rate	Fixed interest rate <i>(in thousand Baht)</i>	Non-interest Bearing	
2013				
Financial assets				
Cash and cash equivalents	1,018,948	-	312,243	1,331,191
Investments in securities				
Government and state enterprise debt securities	-	107,467,286	-	107,467,286
Private debt securities	-	21,151,062	-	21,151,062
Foreign debt securities	-	13,296,025	-	13,296,025
Deposits at banks with original maturity over 3 months	-	1,310,000	-	1,310,000
Loans, net				
Policy loans	-	3,163,866	-	3,163,866
Mortgage loans	57,665	288,075	-	345,740
Other loans	-	14,081	2,007	16,088
Total	<u>1,076,613</u>	<u>146,690,395</u>	<u>314,250</u>	<u>148,081,258</u>

Financial assets carrying interest at fixed rates as of 31 December 2014 and 2013 are classified below 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.

	Consolidated financial statements				Average interest rate <i>(% per annum)</i>
	Within 1 year	After 1 year but within 5 years	Over 5 years	Total	
2014					
Financial assets					
Cash and cash equivalents	4,828,949	-	-	4,828,949	1.50 - 6.10
Investments in securities					
Government and state enterprise debt securities	2,361,386	10,252,277	104,700,485	117,314,148	4.37
Private debt securities	178,663	4,097,000	24,684,400	28,960,063	5.19
Foreign debt securities	979,540	2,624,542	18,164,913	21,768,995	5.07
Deposits at banks with original maturity over 3 months	3,860,000	1,400,000	-	5,260,000	3.36
Loans, net					
Mortgage loans	-	122,277	291,897	414,174	5.00 - 8.00
Other loans	1,410	14,093	54	15,557	6.00
Total	<u>12,209,948</u>	<u>18,510,189</u>	<u>147,841,749</u>	<u>178,561,886</u>	

Bangkok Life Assurance Public Company Limited and its Subsidiary
Notes to the financial statements

	Separate financial statements					Average interest rate (% per annum)
	2014					
	Within 1 year	After 1 year but within 5 years	Over 5 years	Total		
Financial assets						
Cash and cash equivalents	4,828,949	-	-	4,828,949	1.50-6.10	
Investments in securities						
Government and state enterprise debt securities	2,361,386	10,252,277	104,700,485	117,314,148	4.37	
Private debt securities	178,663	4,097,000	24,684,400	28,960,063	5.19	
Foreign debt securities	979,540	2,624,542	18,164,913	21,768,995	5.07	
Deposits at banks with original maturity over 3 months	3,860,000	1,400,000	-	5,260,000	3.36	
Loans, net						
Mortgage loans	-	122,277	291,897	414,174	4.50 - 8.00	
Other loans	1,410	14,093	54	15,557	6.00	
Total	12,209,948	18,510,189	147,841,749	178,561,886		

	Separate financial statements					Average interest rate (% per annum)
	2013					
	Within 1 year	After 1 year but within 5 years	Over 5 years	Total		
Financial assets						
Investments in securities						
Government and state enterprise debt securities	1,032,737	9,164,599	97,269,950	107,467,286	4.39	
Private debt securities	1,335,000	3,975,000	15,841,062	21,151,062	5.23	
Foreign debt securities	580,333	3,297,870	9,417,822	13,296,025	5.19	
Deposits at banks with original maturity over 3 months	1,010,000	300,000	-	1,310,000	3.77	
Loans, net						
Mortgage loans	-	19,213	268,862	288,075	5.00 - 7.00	
Other loans	1,535	12,485	61	14,081	6.00	
Total	3,959,605	16,769,167	122,797,757	143,526,529		

Policy loans are fully collateralized by the value of the underlying policy and carry interest rates which follow the regulations of the Office of Insurance Commission. The average rates of interest in the years ended 31 December 2014 and 2013 were 4.50-8.00%. The contractual maturity of these loans would generally follow the maturity profile of the underlying insurance policy with which they are associated. Policyholders may repay policy loans prior to maturity.

(b) Foreign currency risk

The Group is exposed to foreign currency risk relating to its investments which are denominated in foreign currencies. The Group primarily utilizes forward and cross currency swap contracts to hedge such financial assets denominated in foreign currencies.

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At 31 December 2014 and 2013, the Group was exposed to foreign currency exchange risk in respect of financial assets and liabilities denominated in the following currencies:

	Consolidated/ Separate financial statements	Separate financial statements
	2014	2013
	<i>(in thousand Baht)</i>	
<i>Financial assets</i>		
Bonds	2,553,909	2,608,107
Debentures	18,560,605	10,687,918
Unit trusts	1,894,683	1,667,321
Bill of exchanges	654,481	-
Gross financial position exposure	<u>23,663,678</u>	<u>14,963,346</u>
<i>Financial liabilities</i>		
Cross currency swap	20,093,088	12,388,974
Forward currency swap	1,339,737	1,243,902
Total	<u>21,432,825</u>	<u>13,632,876</u>
Net exposure	<u>2,230,853</u>	<u>1,330,470</u>

(c) *Credit risk*

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

Key areas that the Group is exposed to credit risk are cash positions, premium due and uncollected, policy loans, mortgage loans, vehicle hire-purchase receivables and investments in 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 and granting loans not exceeding the value of collateral, in accordance with Office Insurance Commission Notification on Investment Regulations. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

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.

Concentrations of credit risk with respect to mortgage loans and other loans are insignificant since the borrowers and the insured are dispersed across different industries and geographic regions in Thailand. The maximum credit exposure arising from mortgage loans is the amount of the loan less the value of assets pledged as security.

Concentrations of credit risk with respect policy loans are insignificant since the borrowers and the insured are dispersed across different industries and geographic regions in Thailand and the amount lent to insured parties is less than the cash value of their policies with the Group.

(d) *Liquidity risk*

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

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The Group'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 when the Group wishes to raise fund.

(e) *Determination of fair values*

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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 income on investments and loans, premiums due and uncollected, reinsurance receivables and assets, other financial asset, due to reinsurers, other liabilities on insurance policies and other financial liabilities.

The fair value of investments in securities is determined based on methods as disclosed in Note 3(f) and it was shown in Note 8.

The fair value of investments in equity and debt securities, which are held for trading, held-to-maturity and available for sale are determined by reference to their quoted bid price or Net Assets Value ("NAV") at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only. For non-marketable debt securities, the fair value is determined by using the yield curve adjusted by an appropriate risk premium.

The fair value of derivatives is based on the market price from financial institutions which are derivative issuers.

The fair value of deposits at financial institutions which have remaining term to maturity of less than 90 days are based on carrying value. For those with remaining terms to maturity greater than 90 days, the fair values is estimated by using a discounted cash flow analysis based on current interest rates for the remaining period to maturity.

The fair value of mortgage loans and others loans which carrying floating interest rate and are fully collateralised is taken to approximate the carrying value. The fair value of fixed interest rate loans is estimated by using discounted cash flow analysis based on current interest rate for the remaining years to maturity.

The fair value of policy loans is taken to approximate the carrying value because the loans are granted to the insurer at an interest rate in accordance with the Regulations of the Office of Insurance Commission and collateralized by the cash values of the insurance policies.

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As at 31 December 2014 and 2013, the aggregate carrying values of the Group's financial instruments which are significantly different from their aggregate fair values can be defined as follows:

	Consolidated/ Separate financial statements		Separate financial statements	
	2014		2013	
	Carrying value	Fair value	Carrying value	Fair value
	<i>(in thousand Baht)</i>			
Held-to-maturity investments				
Bonds	111,182,630	120,746,568	102,859,664	102,475,814
Debentures	46,672,160	49,663,097	23,651,429	24,349,012
Promissory notes and bill of exchanges	13,046,233	14,011,464	13,481,685	13,582,700

37 Securities and assets pledged with registrar

37.1 As at 31 December 2014 and 2013, investments in debt securities were pledged with the Registrar in accordance with Section 20 of the Life Assurance Act (No. 2) B.E. 2551 as follows:

	Consolidated/ Separate financial statements		Separate financial statements	
	2014		2013	
	Book value	Face value	Book value	Face value
	<i>(in thousand Baht)</i>			
State enterprise bonds	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>

37.2 As at 31 December 2014 and 2013, investments in debt securities were pledged as life assurance policy reserve with the Registrar in accordance with Section 24 of the Life Assurance Act (No. 2) B.E. 2551 as follows:

	Consolidated/ Separate financial statements		Separate financial statements	
	2014		2013	
	Book value	Face value	Book value	Face value
	<i>(in thousand Baht)</i>			
Government bonds	35,241,617	33,750,000	20,802,166	20,750,000
State enterprise bonds	6,199,138	6,927,140	7,430,455	7,924,140
Total	<u>41,440,755</u>	<u>40,677,140</u>	<u>28,232,621</u>	<u>28,674,140</u>

38 Restricted and collateral securities

As at 31 December 2014 and 2013, the Group has government bonds were pledged as collateral as follows:

	Consolidated/ Separate financial statements		Separate financial statements	
	2014		2013	
	Book value	Face value	Book value	Face value
	<i>(in thousand Baht)</i>			
Government bonds				
Electricity usage	2,619	2,590	2,622	2,590
Court	-	-	695	652
Total	<u>2,619</u>	<u>2,590</u>	<u>3,317</u>	<u>3,242</u>

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39 Contribution to Life Guarantee Fund

	Consolidated/ Separate financial statements 2014	Separate financial statements 2013
	<i>(in thousand Baht)</i>	
At 1 January	159,806	120,727
Contribution during the year	51,810	39,079
At 31 December	<u>211,616</u>	<u>159,806</u>

40 Commitments with non-related parties

40.1 Operating lease and service commitments

The Group has entered into several lease agreements in respect of the lease of motor vehicles and equipment. The terms of the agreements are generally between 1 - 3 years (*2013: 1 - 6 years*) for leases of motor vehicles and equipment. Such agreements are non-cancellable.

	Consolidated financial statements 2014	Separate financial statements 2014	2013
	<i>(in thousand Baht)</i>		
Within one year	28,388	28,388	30,565
After one year but within five years	24,924	24,924	24,742
After five years	-	-	2,644
Total	<u>53,312</u>	<u>53,312</u>	<u>57,951</u>

40.2 Investment commitments

As at 31 December 2014 and 2013, the Group may need to deposit additional amounts in the future under the investment conditions as described in Note 8.4 (a) and (b) to the financial statements, as summarised below.

	Consolidated financial statements 2014	Separate financial statements 2014	2013
	<i>(in thousand Baht)</i>		
Within 1 year	1,140,000	1,140,000	1,140,000
After one year but within five years	1,010,000	1,010,000	950,000
After five years	-	-	300,000
Total	<u>2,150,000</u>	<u>2,150,000</u>	<u>2,390,000</u>

41 Contingent liabilities

As at 31 December 2014, lawsuits have been brought against the Group in relation to insurance claims in the normal course of business totaling approximately Baht 47 million (*31 December 2013: Baht 39 million*). The Group's management believes that the recorded amount of life policy reserves, unpaid policy benefits and due to insured in the financial statements is adequate to meet the potential losses in respect of those claims.

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42 Events after reporting period

At the Company's board of directors' meeting held on 25 February 2015, the board of directors passed a resolution to approve a dividend payment of Baht 0.46 per share. However, the payment of dividend must be approved by the resolution of the Annual General Meeting of shareholders of the Company and the Office of Insurance Commission.

43 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated, are set out below. The Group does not plan to adopt these TFRS early.

TFRS	Topic	Year effective
TAS 1 (revised 2014)	Presentation of Financial Statements	2015
TAS 7 (revised 2014)	Statement of Cash Flows	2015
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors	2015
TAS 10 (revised 2014)	Events after the Reporting Period	2015
TAS 12 (revised 2014)	Income Taxes	2015
TAS 16 (revised 2014)	Property, Plant and Equipment	2015
TAS 17 (revised 2014)	Leases	2015
TAS 18 (revised 2014)	Revenue	2015
TAS 19 (revised 2014)	Employee Benefits	2015
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates	2015
TAS 24 (revised 2014)	Related Party Disclosures	2015
TAS 27 (revised 2014)	Separate Financial Statements	2015
TAS 33 (revised 2014)	Earnings per Share	2015
TAS 34 (revised 2014)	Interim Financial Reporting	2015
TAS 36 (revised 2014)	Impairment of Assets	2015
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets	2015
TAS 38 (revised 2014)	Intangible Assets	2015
TFRS 2 (revised 2014)	Share-based Payment	2015
TFRS 3 (revised 2014)	Business Combinations	2015
TFRS 4 (revised 2014)	Insurance Contracts	2016
TFRS 8 (revised 2014)	Operating Segments	2015
TFRS 10	Consolidated Financial Statements	2015
TFRS 13	Fair Value Measurement	2015
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment	2015
TFRIC 13 (revised 2014)	Customer Loyalty Programmes	2015

The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial applications, with the exception of TFRS 4 and TFRS 13 which management is in the process of assessing the impact.

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44 Reclassification of accounts

Certain accounts in the statements of financial position as at 31 December 2013 and the statement of cash flows for the year ended 31 December 2013 which are included in the 2014 interim financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2014 interim financial statements.

	2013		
	Before reclassification	Separate financial statements Reclassification <i>(in thousand Baht)</i>	After reclassification
Statement of financial position			
as at 31 December 2013			
Deferred tax assets	1,066,287	(1,066,287)	-
Deferred tax liabilities	(1,098,048)	1,066,287	(31,761)
		<u>-</u>	
Held-to-maturity securities	140,790,981	511,797	141,302,778
Other assets	347,315	115,305	462,620
Unpaid policy benefits	(102,106)	(4,417)	(106,523)
Loss reserves and outstanding claims	(297,504)	(2,176)	(299,680)
Other insurance liabilities	(7,379,617)	(35,385)	(7,415,002)
Other liabilities	(1,499,378)	(585,124)	(2,084,502)
		<u>-</u>	

	2013		
	Before reclassification	Separate financial statements Reclassification <i>(in thousand Baht)</i>	After reclassification
Statement of Cash flows			
for the year ended			
31 December 2013			
Cash flows from investing activities			
Cash flows provided by:			
Deposit in financial institution	19,950,000	(19,840,000)	110,000
Cash flow used in:			
Deposit in financial institution	(20,510,000)	19,840,000	(670,000)
		<u>-</u>	