

**ALLIANZ AYUDHYA GENERAL INSURANCE  
PUBLIC COMPANY LIMITED**

**INTERIM FINANCIAL INFORMATION (UNAUDITED)**

**31 MARCH 2020**





## AUDITOR'S REPORT ON THE REVIEW OF THE INTERIM FINANCIAL INFORMATION

To the Board of Directors of Allianz Ayudhya General Insurance Public Company Limited

I have reviewed the interim financial information of Allianz Ayudhya General Insurance Public Company Limited, which comprises the statement of financial position as at 31 March 2020, the related statements of comprehensive income, changes in equity, and cash flows for the three-month period then ended, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

### Scope of review

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

### Conclusion

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

### Emphasis of matter

I draw attention to note 2 and note 3 of the interim financial information, which describe the accounting policies in relation to adopting the temporary exemptions announced by the Federation of Accounting Professions to relieve the impact from COVID-19 for the reporting periods ending between 1 January 2020 and 31 December 2020. My conclusion is not modified in respect to this matter.

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in blue ink, appearing to read 'A. Leekitwattana', is written over a horizontal line.

**Anothai Leekitwattana**  
Certified Public Accountant (Thailand) No. 3442  
Bangkok  
2 June 2020

**Allianz Ayudhya General Insurance Public Company Limited**

**Statement of Financial Position**

**As at 31 March 2020**

		(Unaudited) 31 March 2020	(Audited) 31 December 2019
	Notes	Thousand Baht	Thousand Baht
<b>Assets</b>			
Cash and cash equivalents, net	6	2,822,445	4,317,580
Premium receivable, net	7	669,994	771,000
Accrued investment income		11,684	7,786
Reinsurance assets	8	2,412,393	2,741,204
Amounts due from reinsurers	9	429,554	496,239
Investments			
Investments in securities, net	10	4,269,832	3,053,335
Loans and interest receivable	11	-	14
Leasehold improvement and equipment, net	12	42,206	47,594
Goodwill		508,877	508,877
Right-of-use asset, net	13	121,074	-
Intangible assets, net	14	77,072	83,107
Deferred tax assets, net	15	262,148	301,806
Deferred commissions expenses		70,946	72,514
Other assets	16	174,080	180,722
<b>Total assets</b>		<u>11,872,305</u>	<u>12,581,778</u>

The accompanying condensed notes to interim financial information are an integral part of these interim financial information.

**Allianz Ayudhya General Insurance Public Company Limited**

**Statement of Financial Position (Cont'd)**

**As at 31 March 2020**

		(Unaudited) 31 March 2020	(Audited) 31 December 2019
	Notes	Thousand Baht	Thousand Baht
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Insurance contract liabilities	17	5,718,840	5,797,941
Amounts due to reinsurers	18	1,676,155	1,944,672
Payable from purchase of securities		698,695	992,853
Employee benefit obligations		125,529	127,849
Premium written received in advance		412,806	421,446
Commissions and brokerages payables		112,933	107,767
Accrued expenses		350,763	376,081
Lease liabilities	19	116,987	-
Other liabilities	20	240,073	279,249
<b>Total liabilities</b>		<u>9,452,781</u>	<u>10,047,858</u>
<b>Equity</b>			
Share capital	22		
Authorised share capital			
254,880,000 ordinary shares of 10 Baht each		<u>2,548,800</u>	<u>2,548,800</u>
Issued and paid-up share capital			
254,880,000 ordinary shares of 10 Baht each		2,548,800	2,548,800
Retained earnings (deficits)			
Appropriated			
Legal reserve		15,750	15,750
Unappropriated		(208,124)	(35,975)
Other components of equity			
Surplus on Investments measured at fair value through other comprehensive income		<u>63,098</u>	<u>5,345</u>
<b>Total equity</b>		<u>2,419,524</u>	<u>2,533,920</u>
<b>Total liabilities and equity</b>		<u>11,872,305</u>	<u>12,581,778</u>

The accompanying condensed notes to interim financial information are an integral part of these interim financial information.

**Allianz Ayudhya General Insurance Public Company Limited**  
**Statement of Comprehensive Income (Unaudited)**  
**For the three-month period ended 31 March 2020**

		(Unaudited) 31 March 2020	(Unaudited) 31 March 2019
	Notes	Thousand Baht	Thousand Baht
<b>Revenues</b>			
Gross premiums written	23	1,674,856	910,600
<u>Less</u> premiums ceded	23	(422,193)	(351,233)
Net premiums written		1,252,663	559,367
<u>Less</u> unearned premium reserve increased from previous period		(211,837)	(45,604)
Net premiums earned		1,040,826	513,763
Fees and commission income		117,507	113,791
Net investment income		14,751	15,039
Gain (loss) on investment		42	(9)
Gain on fair value adjustment		-	3,200
Reversal of expected credit loss		85	-
Other income		21,847	271
Total revenues		1,195,058	646,055
<b>Expenses</b>			
Gross claim paid		892,256	538,776
<u>Less</u> Claim recovered from reinsurers		(253,356)	(331,607)
Net claim paid		638,900	207,169
Commissions and brokerages expenses	23	253,691	128,750
Other underwriting expenses	23	257,267	155,511
Operating expenses	23, 24	190,807	81,812
Total expenses		1,340,665	573,242
<b>Profit (loss) before income tax</b>		(145,607)	72,813
Income tax expense		25,579	14,491
<b>Net profit (loss)</b>		(171,186)	58,322

The accompanying condensed notes to interim financial information are an integral part of these interim financial information.

**Allianz Ayudhya General Insurance Public Company Limited**  
**Statement of Comprehensive Income (Unaudited) (Cont'd)**  
**For the three-month period ended 31 March 2020**

		(Unaudited) 31 March 2020	(Unaudited) 31 March 2019
	<u>Note</u>	<u>Thousand Baht</u>	<u>Thousand Baht</u>
<b>Other comprehensive income (loss)</b>			
<b>Items that will be subsequently reclassified to profit or loss</b>			
Gain (loss) on revaluation of Investments measured at fair value through other comprehensive income		7,795	12,175
Income tax on items that will not be reclassified to profit or loss		<u>(1,559)</u>	<u>(2,435)</u>
<b>Total Items that will be subsequently reclassified to profit or loss</b>		<u>6,236</u>	<u>9,740</u>
<b>Other comprehensive income for the period, net of income tax</b>		<u>6,236</u>	<u>9,740</u>
<b>Total comprehensive income (loss) for the period</b>		<u><u>(164,950)</u></u>	<u><u>68,062</u></u>
<b>Earnings (loss) per share</b>	25		
Basic earnings (loss) per share		<u><u>(0.67)</u></u>	<u><u>0.32</u></u>

The accompanying condensed notes to interim financial information are an integral part of these interim financial information.

**Allianz Ayudhya General Insurance Public Company Limited**  
**Statement of Changes in Equity (Unaudited)**  
**For the three-month period ended 31 March 2020**

	Retained earnings (deficits)		Other components of equity		Total equity Thousand Baht
	Issued and paid-up share capital Thousand Baht	Legal reserve Thousand Baht	Unappropriated Thousand Baht	Change in fair value of available-for-sale investments Thousand Baht	
<b>Balance as at 1 January 2019</b>	1,800,000	15,750	237,863	(16,355)	2,037,258
Comprehensive income (loss) for the period	-	-	58,322	9,740	68,062
<b>Balance as at 31 March 2019</b>	<u>1,800,000</u>	<u>15,750</u>	<u>296,185</u>	<u>(6,615)</u>	<u>2,105,320</u>
<b>Balance as at 1 January 2020</b>	2,548,800	15,750	(35,975)	5,345	2,533,920
Adjustment from adoption of new financial reporting standards (Note 3)	-	-	(963)	51,517	50,554
<b>Balance after adjustment</b>	2,548,800	15,750	(36,938)	56,862	2,584,474
Comprehensive income (loss) for the period	-	-	(171,186)	-	(171,186)
Surplus on Investments measured at fair value through other comprehensive income	-	-	-	6,236	6,236
<b>Balance as at 31 March 2020</b>	<u>2,548,800</u>	<u>15,750</u>	<u>(208,124)</u>	<u>63,098</u>	<u>2,419,524</u>

The accompanying condensed notes to interim financial information are an integral part of these interim financial information.

**Allianz Ayudhya General Insurance Public Company Limited**  
**Statement of Cash Flows (Unaudited)**  
**For the three-month period ended 31 March 2020**

	2020	2019
	Note	Note
	Thousand Baht	Thousand Baht
<b>Cash flows provided from (used in) operating activities</b>		
Direct premium received	1,674,576	956,522
Cash received (paid) to reinsurance	(46,760)	10,589
Interest income	9,948	6,028
Dividend income	-	216
Other income	21,847	271
Losses incurred from direct insurance	(990,987)	(352,477)
Commissions and brokerages paid from direct insurance	(235,660)	(129,156)
Other underwriting expenses	(257,267)	(158,959)
Operating expenses	(212,808)	(80,419)
Income tax expense	(11,589)	(2,332)
Cash received from investments in securities	1,339,162	187,365
Cash paid from investments in securities	(2,736,740)	-
Deposits at bank with maturity over 3 months and deposits used as collateral	(35,060)	(68)
Loans	14	(30)
<b>Net cash flow provided from (used in) operating activities</b>	<u>(1,481,324)</u>	<u>437,550</u>
<b>Cash flows provided from (used in) investing activities</b>		
<u>Cash flows used in</u>		
Cash paid for purchasing premises and equipment	(1,736)	(1,748)
Cash paid for purchasing right-of-use assets	(9,922)	-
Cash paid for purchasing intangible assets	(1,317)	(86)
<b>Net cash flow used in investing activities</b>	<u>(12,975)</u>	<u>(1,834)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(1,494,299)	435,716
Cash and cash equivalents at the beginning of period	4,317,580	1,239,984
Cash and cash equivalents at the ending of period	2,823,281	1,675,700
<u>Less</u> Allowance for expected credit loss	(836)	-
<b>Cash and cash equivalents - net at the ending of period</b>	6 <u>2,822,445</u>	<u>1,675,700</u>
<b><u>Non-cash transactions</u></b>		
Payable from purchase of securities	698,695	992,853

The accompanying condensed notes to interim financial information are an integral part of these interim financial information.



**1 General information**

Allianz Ayudhya General Insurance Public Company Limited (the "Company") is a public limited company which is incorporated and domiciled in Thailand. The address of the Company's registered office is as follows: 1st Floor, Zone B, 7th Floor, Zone B, 8th Floor, Zone A and B, 9th Floor, Zone A2 and B2 and 18th Floor, Zone A, Ploenchit Tower, 7th floor, 898 Ploenchit Road, Lumpini, Pathumwan, Bangkok.

The principal business operations of the Company are non-life insurance which the Company was awarded its license to operate all classes of non-life insurance.

The major shareholder company is Allianz Ayudhya Capital Public Company Limited which was incorporated in Thailand, holding 99.99% of its share capital.

The interim financial information are presented in Thai Baht and rounded to the nearest thousand, unless otherwise stated.

The interim financial information were authorised for issue by the board of directors on 2 June 2020.

**2 Basis of preparation and accounting policies**

The interim financial information has been prepared in accordance with Thai Accounting Standard (TAS) no. 34, Interim Financial Reporting. The primary financial information (statement of financial position, statements of comprehensive income, statements of changes in equity and cash flows) is presented in a format consistent with the annual financial statements complying with Thai Accounting Standard (TAS) no. 1, Presentation of Financial Statements. In addition, the interim financial information presentation are based on the formats of non-life insurance interim financial information attached in an Office of Insurance Commission's notification "Principle, methodology, condition and timing for preparation, submission and reporting of financial statements and operation performance for non-life insurance company (No.2) B.E. 2562" dated on 4 April 2019 ('OIC Notification'). The notes to the interim financial information are prepared in a condensed format. Additional notes are presented as required by the aforementioned OIC Notification.

The interim financial information should be read together with the annual financial statements for the year ended 31 December 2019.

An English version of the interim financial information has been prepared from the interim financial information that is in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language interim financial information shall prevail.

**2 Basis of preparation and accounting policies (Cont'd)**

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2019, except for the following:

- 1) the adoption of the new financial reporting standards together with the application of the relevant relief measures as described in Note 3; and
- 2) the application of the temporary exemption guidance to relieve the impact from COVID-19 (temporary measures to relieve the impact from COVID-19) announced by the Federation of Accounting Professions (TFAC) for the reporting periods ending between 1 January 2020 and 31 December 2020 as described in Note 3.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

Income taxes in the interim periods are accrued by using the expected income taxes for the year.

**3 Adoption of new financial reporting standards, changes in accounting policies and reclassification**

**Adoption of new financial reporting standards effective in the accounting period beginning on or after 1 January 2020**

On 1 January 2020, the Company passes criteria of temporary exemption from TFRS 9, Financial Instruments and TFRS 7, Financial Instruments: Disclosures under TFRS 4 (revised 2018), Insurance Contracts. The Company is eligible to apply the 'financial instruments and disclosures for insurance companies' accounting guidelines' ('The Accounting Guidance') as the Company has not previously applied TFRS 9 Financial Instrument and the Company's activities are predominantly connected with insurance business. Insurance liabilities under TFRS 4 (revised 2018) Insurance Contracts as at 1 January 2018 is greater than 90% of total company's liabilities.

On 30 April 2019, the Company purchased and accepted the entire business transfer of Allianz General Insurance Public Company Limited. The company reassesses the criteria of temporary exemption from TFRS 9, Financial Instruments and TFRS 7, Financial Instruments: Disclosures under TFRS 4 (revised 2018), Insurance Contracts. The Company still passes the criteria of temporary exemption from financial reporting standards related to financial instruments. Insurance liabilities under TFRS 4 (revised 2018) Insurance Contracts as at 31 December 2019 is greater than 80% but not less than 90% of total company's liabilities and the Company does not have any other predominant non-insurance activities.

The Company has adopted new financial reporting standards relating to financial instruments (TAS 32 and Accounting Guidance) and leases standard (TFRS 16) retrospectively from 1 January 2020, but has not restated comparatives for the 2019 reporting period, as permitted in the standards. The reclassifications and adjustments arising from the new requirements are therefore recognised in the opening statement of financial position on 1 January 2020.

3 Adoption of new financial reporting standards, changes in accounting policies and reclassification (Cont'd)

Adoption of new financial reporting standards effective in the accounting period beginning on or after 1 January 2020 (Cont'd)

The adjustments made to the amounts recognised in each line item in the statement of financial position upon adoption of the financial reporting standards relate to financial instruments (TAS 32 and The Accounting Guidance) and leases standard (IFRS 16) are as follows.

	As at 31 December 2019 Previously reported Thousand Baht	TAS 32 and The Accounting Guidance Adjustments and reclassifications Thousand Baht	IFRS 16 Adjustments and reclassifications Thousand Baht	As at 1 January 2020 Restated Thousand Baht
<b>Assets</b>				
Cash and cash equivalents	4,317,580	(892)	-	4,316,688
Available-for-sale investment	489,434	(489,434)	-	-
Held-to-maturity investment	2,542,484	(2,542,484)	-	-
Investments measured at amortised cost	-	489,408	-	489,408
Investments measured at fair value through other comprehensive income	-	2,628,011	-	2,628,011
General investments	21,417	(21,417)	-	-
Deferred income tax	301,806	(12,638)	-	289,168
Leasehold improvement and equipment	47,594	-	(802)	46,792
Right-of-use assets	-	-	130,822	130,822
Other assets	180,722	-	(4,015)	176,707
<b>Total assets</b>	<b>7,901,037</b>	<b>50,554</b>	<b>126,005</b>	<b>8,077,596</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Lease liabilities	-	-	126,005	126,005
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>126,005</b>	<b>126,005</b>
<b>Equity</b>				
Unrealised gains on changes in value of investments measured at fair value through other comprehensive income	5,345	51,517	-	56,862
Deficits - unappropriated	(35,975)	(963)	-	(36,938)
<b>Total Equity</b>	<b>(30,630)</b>	<b>50,554</b>	<b>-</b>	<b>19,924</b>
<b>Total liabilities and equity</b>	<b>(30,630)</b>	<b>50,554</b>	<b>126,005</b>	<b>145,929</b>

The adoption of the new financial reporting standards on financial instruments mainly affects the Company's accounting treatment as follows;

Classification and measurement

Currently, the Company has equity instruments measured at cost of Baht 21.42 million. These instruments will be reclassified and remeasured to fair value through other comprehensive income with a corresponding adjustment to other components of equity of Baht 64.11 million as of 1 January 2020.

**3 Adoption of new financial reporting standards, changes in accounting policies and reclassification (Cont'd)**

**Adoption of new financial reporting standards effective in the accounting period beginning on or after 1 January 2020 (Cont'd)**

Classification and measurement (Cont'd)

The Company has chosen to apply the temporary measures to relieve the impact from COVID-19 announced by TFAC for the reporting periods ending between 1 January 2020 and 31 December 2020 when measuring unquoted equity investments. The unquoted equity investments at the end of the reporting period was presented at the same amount as their fair values on 1 January 2020. As a result, the equity investments measured at FVOCI as at 31 March 2020 of Baht 85.53 million was measured at their fair value as of 1 January 2020.

Impairment

The new requirements on the impairment losses of debt instruments classified as available-for-sale investments will lead to expected credit losses having to be considered and recognised at the initial recognition and subsequent period. The Company accounts for expected credit losses which involves a three-stage expected credit loss impairment model. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. As of 1 January 2020, the Company recognised impairment losses for deposits with bank and financial institution of Baht 891,877 and investment in securities of Baht 312,181. The transition adjustment will be recognised as an adjustment to the opening balance of retained earnings.

On adoption of TFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of TAS 17 Leases. These liabilities on the date of TFRS 16 adoption were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as of 1 January 2020. The weighted average the Company's incremental borrowing rate applied to the lease liabilities was 2.93%.

3 Adoption of new financial reporting standards, changes in accounting policies and reclassification (Cont'd)

Adoption of new financial reporting standards effective in the accounting period beginning on or after 1 January 2020 (Cont'd)

	<u>Thousand Baht</u>
Operating lease commitments disclosed as at 31 December 2019	25,216
(Less): Discounted using the lessee's incremental borrowing rate of at the date of initial application	(8,205)
(Less): short-term leases recognised on a straight-line basis as expense	(195)
Add: adjustments as a result of a different treatment of extension and termination options	109,189
<b>Lease liability recognised as at 1 January 2020</b>	<b><u>126,005</u></b>

The associated right-of-use assets for building and vehicle leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	<b>31 March 2020 Thousand Baht</b>	<b>1 January 2020 Thousand Baht</b>
Building	118,196	127,489
Vehicles	2,878	3,333
<b>Total right-of-use assets</b>	<b><u>121,074</u></b>	<b><u>130,822</u></b>

Practical expedients applied

In applying TFRS 16 for the first time with the existing leases the Company had before 1 January 2020, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments before application of TFRS 16 on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2020 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease, and
- elect not to reassess whether a contract is, or contains a lease as defined under TFRS 16 at the date of initial application but relied on its assessment made applying TAS 17 and TFRIC 4, Determining whether an Arrangement contains a Lease.

3 **Adoption of new financial reporting standards, changes in accounting policies and reclassification**  
(Cont'd)

**Changes in accounting policies from adoption of the financial reporting standards related to financial instruments and leases**

Investment in securities

Classification and measurements

From 1 January 2020, the Company classifies its financial assets as follows:

- Investments measured at fair value through profit or loss
- Investments measured at fair value through other comprehensive income
- Investments measured at amortised cost

The Company initially recognises a financial asset on trade date at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

On the adoption of the financial reporting standards related to financial instruments (TAS 32 and the Accounting Guidance), there are certain investments in financial instruments with puttable features having a contractual obligation for the issuer to repurchase or redeem those instruments for cash or another financial asset on exercise of a put or financial instruments that impose on the issuer an obligation to deliver to another party a pro rata share of the net assets of the issuer only on a liquidation. These instruments have been reclassified from investment in equity securities to investment in debt securities.

The Company has chosen to apply the temporary measures to relieve the impact from COVID-19 announced by TFAC for the reporting periods ending between 1 January 2020 and 31 December 2020 when measuring unquoted equity investments. The unquoted equity investments at the end of the reporting period was presented at the same amount as their fair values on 1 January 2020.

Impairment

From 1 January 2020, the Company assesses expected credit loss on a forward looking basis for its debt instruments carried at fair value through other comprehensive income and at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company always accounts for expected credit losses which involves a three-stage expected credit loss impairment model. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. In which, the three-stage expected credit loss impairment will be as the following stages:

- Stage 1 - from initial recognition of a financial assets to the date on which the credit risk of the asset has not increased significantly relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the next 12 months.
- Stage 2 - following a significant increase in credit risk relative to the initial recognition of the financial assets, a loss allowance is recognised equal to the credit losses expected over the remaining life of the asset.
- Stage 3 - When a financial asset is considered to be credit-impaired, a loss allowance equal to full lifetime expected credit losses is to be recognised.

The expected credit loss will be recognised in profit or loss.

For impairment of equity instruments which classified as investments measured at fair value through other comprehensive income will be recognised in profit and loss immediately when there is evidence supports the impairment of the instruments. The Company will recognise allowance of losses in other comprehensive income and the carrying amount of financial assets which classified as equity instruments in the statement of financial position will not be decreased.

**3 Adoption of new financial reporting standards, changes in accounting policies and reclassification (Cont'd)**

**Changes in accounting policies from adoption of the financial reporting standards related to financial instruments and leases (Cont'd)**

Right-of-use assets and lease liabilities

The Company leases buildings and vehicles. Rental contracts are typically made for fixed periods of 1 to 3 years but may have extension options. Before 2020 financial year, leases of buildings and vehicles were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2020, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Company's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

**4 Accounting estimates**

The preparation of interim financial information 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 these estimates.

In preparing the interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2019.

5 Fair value

5.1 Fair value estimation

The table below presents financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities, and the Company is able to access that market on valuation date.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data.

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

The following table presents the Company's financial assets and liabilities that are measured and recognised at fair value on the interim financial information as at 31 March 2020 and 31 December 2019.

	(Unaudited) 31 March 2020			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
<b>Financial assets</b>				
Investments in securities				
Investments measured at fair value through other comprehensive income				
Debt securities	-	3,908,985	-	3,908,985
Equity securities	-	-	85,527	85,527
<b>Total financial assets</b>	<b>-</b>	<b>3,908,985</b>	<b>85,527</b>	<b>3,994,512</b>
	(Audited) 31 December 2019			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
<b>Financial assets</b>				
Investments in securities				
Available-for-sale investments				
Debt securities	-	2,542,484	-	2,542,484
<b>Total financial assets</b>	<b>-</b>	<b>2,542,484</b>	<b>-</b>	<b>2,542,484</b>



## 5 Fair value

### 5.1 Fair value estimation (Cont'd)

The following table presents the fair values of the Company's financial assets that are not measured at fair value on the financial statement as at 31 March 2020 and 31 December 2019.

	(Unaudited)			
	As at 31 March 2020			
	Level 1	Level 2	Level 3	Total
	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht
<b>Financial assets</b>				
Investments measured at amortised cost	-	275,345	-	275,345
Cash and cash equivalents				
Short-term investments	-	2,165,996	-	2,165,996
<b>Total financial assets</b>	-	2,441,341	-	2,441,341
	(Audited)			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht
<b>Financial assets</b>				
Investments in securities				
Held-to-maturity investments	-	489,947	-	489,947
Cash and cash equivalents				
Short-term investments	-	3,807,177	-	3,807,177
<b>Total financial assets</b>	-	4,297,124	-	4,297,124

### 5.2 Valuation techniques used to measure fair value level 1

The fair value of financial instruments in level one is based on the latest bid price of common stock on the last working day of the reporting period as quoted on the Stock Exchange of Thailand.

### 5.3 Valuation techniques used to measure fair value level 2

Fair value of Government and state enterprise securities, Private debt securities, and Foreign debt securities are determined using the latest bid prices of the last working day of the reporting period as quoted by the Thai Bond Market Associate.

### 5.4 Valuation techniques used to measure fair value level 3

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. In Level 3 fair values, discounted cash flows were used as the valuation techniques. The valuation model considers the present value of the expected future cash flow without risk-adjusted which the discount rate has been adjusted to include total return to compensate the risk that market needs.

There was no transfer between levels during the period.

There was no change in valuation techniques during the period.

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**6 Cash and cash equivalents, net**

Cash and cash equivalents as at 31 March 2020 and 31 December 2019 consisted of the following:

	(Unaudited) 31 March 2020 Thousand Baht	(Audited) 31 December 2019 Thousand Baht
Cash on hand	54	306
Cheque on hand	24,550	24,412
Deposits at bank - at call	632,681	485,685
Short-term investments	2,165,996	3,807,177
<b>Total</b>	<b>2,823,281</b>	<b>4,317,580</b>
Less: Allowance for expected credit loss	(836)	-
<b>Total</b>	<b>2,822,445</b>	<b>4,317,580</b>

**7 Premiums due and uncollected, net**

As at 31 March 2020 and 31 December 2019, the balances of premiums due and uncollected were aged as follows:

	(Unaudited) 31 March 2020 Thousand Baht	(Audited) 31 December 2019 Thousand Baht
Within credit terms	534,379	614,032
Overdue:		
Less than 30 days	37,957	20,480
31 - 60 days	43,699	43,305
61 - 90 days	8,336	31,132
Over 90 days	71,643	95,153
<b>Total</b>	<b>696,014</b>	<b>804,102</b>
Less Allowance for doubtful accounts	(26,020)	(33,102)
<b>Premiums due and uncollected, net</b>	<b>669,994</b>	<b>771,000</b>

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

**8 Reinsurance assets**

Reinsurance assets as at 31 March 2020 and 31 December 2019 consisted of the following:

	(Unaudited) 31 March 2020 Thousand Baht	(Audited) 31 December 2019 Thousand Baht
<b>Insurance reserve refundable from reinsurers</b>		
Loss reserves	1,399,080	1,535,684
Unearned premium reserve		
Unearned reinsurance premium reserve	1,013,313	1,205,520
<b>Total reinsurance assets (Note 17)</b>	<b>2,412,393</b>	<b>2,741,204</b>

**9 Amount due from reinsurers**

Amount due from reinsurers as at 31 March 2020 and 31 December 2019 consisted of the following:

	(Unaudited) 31 March 2020 Thousand Baht	(Audited) 31 December 2019 Thousand Baht
Amount deposit on reinsurance	754	841
Due from reinsurers	428,800	495,398
Total reinsurance assets	<u>429,554</u>	<u>496,239</u>

**10 Investments in securities, net**

The details of investments in securities as at 31 March 2020 and 31 December 2019 are as follows:

	(Unaudited) 31 March 2020	
	Cost/ Amortised cost Thousand Baht	Fair value Thousand Baht
<b>Investments measured at fair value through other comprehensive income</b>		
Government and state enterprise debt securities	2,827,849	2,835,039
Private debt securities	1,007,153	1,013,001
Foreign debt securities	59,942	60,945
Equity securities	21,417	85,527
Total	3,916,361	3,994,512
<u>Less</u> Unrealised loss	78,151	-
<b>Total investments measured at fair value through other comprehensive income</b>	<u>3,994,512</u>	<u>3,994,512</u>
<b>Investments measured at amortised cost</b>		
Deposits at financial institutions with original maturities more than 3 months	43,772	
Deposits at banks used as collateral	217,623	
Premium saving certificates used as collateral	13,950	
<b>Total</b>	275,345	
<u>Less</u> Allowance for expected credit loss	(25)	
<b>Total investments measured at amortised cost</b>	<u>275,320</u>	
<b>Total investment in securities</b>	<u>4,269,832</u>	

10 Investments in securities, net (Cont'd)

The details of investments in securities as at 31 March 2020 and 31 December 2019 are as follows:  
(Cont'd)

	(Audited)	
	31 December 2019	
	Cost/ Amortised cost Thousand Baht	Fair value Thousand Baht
<b>Available-for-sale investment</b>		
Government and state enterprise debt securities	1,695,705	1,698,140
Private debt securities	780,230	783,673
Foreign debt securities	59,934	60,671
Equity securities	-	-
Total	2,535,869	2,542,484
<u>Less</u> Unrealised loss	6,615	-
<b>Total available-for-sale investment</b>	2,542,484	2,542,484
<b>Held-to-maturity investments</b>		
Government and state enterprise debt securities	249,149	
Deposits at financial institutions with original maturities more than 3 months	8,712	
Deposits at banks used as collateral	217,623	
Premium saving certificates used as collateral	13,950	
Total	489,434	
<u>Less</u> Allowance for expected credit loss	-	
<b>Total held-to-maturity investments</b>	489,434	
<b>General investments</b>		
Equity securities	21,417	
<b>Total general investments</b>	21,417	
<b>Total investment in securities</b>	3,053,335	

10.1 Debt securities measured at fair value through other comprehensive income

	(Unaudited)	
	31 March 2020	
	Fair value Thousand Baht	Expected credit loss recognised in other comprehensive income Thousand Baht
Investments in debt securities which credit risk has not significantly increased (Stage 1)	3,908,985	(236)
Investments in debt securities which credit risk has significantly increased (Stage 2)	-	-
Credit-impaired investments in debt securities (Stage 3)	-	-
Total	3,908,985	(236)

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**10 Investments in securities, net (Cont'd)**

10.2 Debt securities measured at amortised cost

	(Unaudited) 31 March 2020	
	Gross carrying value Thousand Baht	Expected credit loss Thousand Baht
	275,345	(25)
	275,345	-
	275,345	-
<b>Total</b>	<b>275,345</b>	<b>(25)</b>
		<b>Carrying value Thousand Baht</b>
		<b>275,320</b>

Investments in debt securities which credit risk has not significantly increased (Stage 1)

Investments in debt securities which credit risk has significantly increased (Stage 2)

Credit-impaired investments in debt securities (Stage 3)

For the three-month period ended 31 March 2020, the Company has recorded interest income amounting to Baht 19.64 million and no dividend income. (2019: Baht 13.15 million and Baht 1.97 million, respectively).

As at 31 March 2020 and 31 December 2019, certain investment in securities (certain government and state enterprise securities and certain deposits at bank) of the Company are pledged and used for assets reserved with the Registrar amounting to Baht 570.10 million and Baht 580.71 million, respectively (Note 27).

As at 31 March 2020 and 31 December 2019, premium saving certificates were used as collateral for insured drivers are the alleged offenders amounting to Baht 2.55 million and Baht 3.15 million, respectively (Note 28).

As at 31 March 2020 and 31 December 2019, certain of bank deposits were pledged as collateral for bank overdrafts and borrowing facilities amounting to Baht 20 million and Baht 20 million, respectively (Note 28).

As at 31 March 2020 and 31 December 2019, certain of bank deposits are pledged as collateral for loans to employees amounting to Baht 183.42 million and Baht 183.62 million, respectively (Note 28).

**11 Loans and interest receivables**

Loans of the Company were loans to employees with personal collateral in accordance with the welfare policy of the Company consisted of the following:

<u>Types of loans</u>	<u>Credit line of loans</u>	<u>Interest rate per year</u>
Loans to employee	Not exceed Baht 100,000 per person	3.85

The Company has no any allowance for expected credit loss for loans and interest receivables as at 1 January 2020.

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**12 Leasehold improvement and equipment, net**

Leasehold improvement and equipment, net as at 31 March 2020 and 31 December 2019 consisted of the following.

	Cost				Accumulated depreciation			Leasehold improvement and equipment - net as at 31 March 2020 Thousand Baht	Leasehold improvement and equipment - net as at 31 December 2019 Thousand Baht
	As at 1 January 2020 Thousand Baht	Increase Thousand Baht	Disposal / Write off Thousand Baht	As at 31 March 2020 Thousand Baht	As at 1 January 2020 Thousand Baht	Depreciation Thousand Baht	Disposal / Write off Thousand Baht		
Leasehold improvement Furniture, fixtures and office equipment	63,440	-	(3,221)	60,219	(47,148)	(2,232)	2,880	(46,500)	16,292
Vehicles	110,456	1,331	(3,460)	108,327	(87,202)	(2,310)	3,283	(86,229)	23,254
Leasehold improvement under installation	26,488	-	-	26,488	(19,781)	(1,246)	-	(21,027)	6,707
	539	389	-	928	-	-	-	-	539
<b>Total</b>	<b>200,923</b>	<b>1,720</b>	<b>(6,681)</b>	<b>195,962</b>	<b>(154,131)</b>	<b>(5,788)</b>	<b>6,163</b>	<b>(153,756)</b>	<b>46,792</b>

	Cost				Accumulated depreciation			Leasehold improvement and equipment - net as at 31 December 2019 Thousand Baht	Leasehold improvement and equipment - net as at 31 March 2020 Thousand Baht
	As at 1 January 2019 Thousand Baht	Increase Thousand Baht	Disposal / Write off Thousand Baht	Transfer from AZTH Thousand Baht	As at 31 December 2019 Thousand Baht	As at 1 January 2019 Thousand Baht	Depreciation Thousand Baht		
Leasehold improvement Furniture, fixtures and office equipment	51,557	3,078	(3,007)	15,423	67,051	(9,500)	2,388	(49,957)	14,338
Vehicles	63,124	4,175	(14,201)	57,358	110,456	(7,988)	13,959	(87,202)	7,635
Leasehold improvement under installation	28,870	-	(2,382)	-	26,488	(5,121)	2,362	(19,781)	11,828
	-	539	-	-	539	-	-	-	-
<b>Total</b>	<b>143,551</b>	<b>7,792</b>	<b>(19,590)</b>	<b>72,781</b>	<b>204,534</b>	<b>(22,609)</b>	<b>18,729</b>	<b>(156,940)</b>	<b>33,801</b>

The depreciation expense for the three months period ended 31 March 2020 and 2019 amounting to Baht 5.79 million and Baht 3.99 million, respectively were included in operating expenses.

As at 31 March 2020 and 31 December 2019, certain leasehold improvement and equipment of the Company at cost of Baht 80.22 million and Baht 82.02 million, respectively, were fully depreciated but still in use.

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**13 Right-of-use asset, net**

	31 March 2020 (Unaudited)									
	Cost					Accumulated depreciation				
	As at 1 January 2020 Thousand Baht	Increase Thousand Baht	Change in contract Thousand Baht	As at 31 March 2020 Thousand Baht	As at 1 January 2020 Thousand Baht	Amortisation Thousand Baht	As at 31 March 2020 Thousand Baht	Right-of-use asset, net as at 1 January 2020 Thousand Baht	Right-of-use asset, net as at 31 March 2020 Thousand Baht	
Leasehold improvement	130,298	-	-	130,298	2,809	9,293	12,102	127,489	118,196	
Vehicles	3,333	-	-	3,333	-	455	455	3,333	2,878	
<b>Total</b>	<b>133,631</b>	<b>-</b>	<b>-</b>	<b>133,631</b>	<b>2,809</b>	<b>9,748</b>	<b>12,557</b>	<b>130,822</b>	<b>121,074</b>	

For the three months period ended 31 March 2020, the lease payments resulting from lease contracts which are not capitalised comprised of short-term contracts amounting to Baht 0.12 million.



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**14 Intangible assets, net**

Intangible assets, net as at 31 March 2020 and 31 December 2019 consisted of the following:

	Cost						Accumulated amortisation					
	As at 1 January 2020 Thousand Baht	Increase Thousand Baht	Write off Thousand Baht	Transfer in/ (transfer out) Thousand Baht	As at 31 March 2020 Thousand Baht	As at 1 January 2020 Thousand Baht	Amortisation Thousand Baht	Write off Thousand Baht	Transfer from AZTH Thousand Baht	As at 31 March 2020 Thousand Baht	Intangible assets - net as at 1 January 2020 Thousand Baht	Intangible assets - net as at 31 March 2020 Thousand Baht
Computer software	233,069	1,317	-	-	234,386	(188,982)	(3,922)	-	(192,904)	44,087	41,482	
Computer software in progress	30,588	-	(886)	-	29,702	(91,568)	(2,544)	-	(94,112)	30,588	29,702	
Bancassurance agreement	100,000	-	-	-	100,000	(280,550)	(6,466)	-	(287,016)	8,432	5,988	
<b>Total</b>	<b>363,657</b>	<b>1,317</b>	<b>(886)</b>	<b>-</b>	<b>364,088</b>	<b>(280,550)</b>	<b>(6,466)</b>	<b>-</b>	<b>(287,016)</b>	<b>83,107</b>	<b>77,072</b>	

	Cost						Accumulated amortisation					
	As at 1 January 2019 Thousand Baht	Increase Thousand Baht	Write off Thousand Baht	Transfer in/ (transfer out) Thousand Baht	Transfer from AZTH Thousand Baht	As at 31 December 2019 Thousand Baht	As at 1 January 2019 Thousand Baht	Amortisation Thousand Baht	Write off Thousand Baht	Transfer from AZTH Thousand Baht	As at 31 December 2019 Thousand Baht	Intangible assets - net as at 1 January 2019 Thousand Baht
Computer software	90,055	2,671	-	-	140,343	(64,830)	(12,919)	-	(111,233)	(188,982)	25,225	44,087
Computer software in progress	7,381	-	(53,840)	-	77,048	(81,577)	(9,992)	-	-	(91,568)	7,381	30,588
Bancassurance agreement	100,000	-	-	-	100,000	(280,550)	(6,466)	-	-	(287,016)	18,423	8,432
<b>Total</b>	<b>197,436</b>	<b>2,671</b>	<b>(53,840)</b>	<b>-</b>	<b>363,657</b>	<b>(280,550)</b>	<b>(22,911)</b>	<b>-</b>	<b>(111,233)</b>	<b>(280,550)</b>	<b>51,029</b>	<b>83,107</b>

For the three months period ended 31 March 2020 and 2019, the amortisation expenses amounting to Baht 3.94 million and Baht 4.19 million, respectively, were included in operating expenses and amounting to Baht 2.52 million and Baht 0 million, respectively, were included in other underwriting expenses.

As at 31 March 2020 and 31 December 2019, certain intangible assets of the Company at cost of Baht 66.66 million and Baht 54.14 million, respectively, were fully amortised but still in use.

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**15 Deferred tax assets, net**

Deferred tax assets - net as at 31 March 2020 and 31 December 2019 were as follows:

	<b>(Unaudited)</b> <b>31 March</b> <b>2020</b> <b>Thousand Baht</b>	<b>(Audited)</b> <b>31 December</b> <b>2019</b> <b>Thousand Baht</b>
Deferred tax assets, net	<u>262,148</u>	<u>301,806</u>

Movements of deferred tax assets for the three-month period ended 31 March 2020 and for the year ended 31 December 2019 consisted of tax effects from the following items:

	<b>As at</b> <b>1 January</b> <b>2020</b> <b>Thousand Baht</b>	<b>Transactions</b> <b>recognised in</b> <b>profit or loss</b> <b>Thousand Baht</b>	<b>Transaction</b> <b>recognised in</b> <b>other comprehensive</b> <b>income or loss</b> <b>Thousand Baht</b>	<b>As at</b> <b>31 March</b> <b>2020</b> <b>Thousand Baht</b>
<b>Deferred tax assets</b>				
Allowance for doubtful accounts				
- Premium due and uncollected	6,620	(1,416)	-	5,204
Allowance for doubtful accounts				
- Other receivable	567	-	-	567
Unearned premium reserve	100,061	(27,701)	-	72,360
Claim reserve, net	137,009	6,143	-	143,152
Claim incurred but not reported	25,905	(1,524)	-	24,381
Employee benefit obligations	18,227	(464)	-	17,763
Accrued expense	11,840	(617)	-	11,223
Unrealized gain (loss) on the change in fair value of available-for-sale investments	(14,161)	-	(1,559)	(15,720)
Expected credit loss allowance	187	(15)	-	172
Others	2,913	133	-	3,046
<b>Deferred tax assets, net</b>	<u>289,168</u>	<u>(25,461)</u>	<u>(1,559)</u>	<u>262,148</u>

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**15 Deferred tax assets, net (Cont'd)**

Movements of deferred tax assets for the three-month period ended 31 March 2020 and for the year ended 31 December 2019 consisted of tax effects from the following items: (Cont'd)

	As at 1 January 2019 Thousand Baht	Transactions recognised in profit or loss Thousand Baht	Transaction recognised in other comprehensive income or loss Thousand Baht	Transfer from Allianz Insurance PCL Thousand Baht	As at 31 December 2019 Thousand Baht
<b>Deferred tax assets</b>					
Allowance for doubtful accounts					
- Premium due and uncollected	1,130	3,265	-	2,225	6,620
Allowance for doubtful accounts					
- Other receivable	567	-	-	-	567
Unearned premium reserve	102,450	(58,436)	-	56,047	100,061
Claim reserve, net	47,163	35,921	-	53,925	137,009
Claim incurred but not reported	15,737	4,048	-	6,120	25,905
Employee benefit obligations	12,799	6,835	(1,408)	-	18,226
Reinsurance payable	880	(880)	-	-	-
Accrued expense	-	(6,788)	-	18,629	11,841
Unrealized loss on the change in value of available-for-sale investments	4,089	-	(5,425)	-	(1,336)
Other	-	(69)	-	2,982	2,913
<b>Deferred tax assets, net</b>	<b>184,815</b>	<b>(16,104)</b>	<b>(6,833)</b>	<b>139,928</b>	<b>301,806</b>

Income tax expense for the three-month periods ended 31 March 2020 and 2019, consisted of the following:

	(Unaudited)	
	For the three-month periods ended	
	31 March 2020 Thousand Baht	31 March 2019 Thousand Baht
<b>Current income tax</b>		
Income tax	118	38,406
<b>Deferred tax asset</b>		
Change in temporary difference	25,461	(23,915)
<b>Total</b>	<b>25,579</b>	<b>14,491</b>

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**16 Other assets**

	(Unaudited) 31 March 2020 Thousand Baht	(Audited) 31 December 2019 Thousand Baht
Other receivables	34,623	29,590
<u>Less</u> Allowance for doubtful accounts	<u>(2,834)</u>	<u>(2,834)</u>
Revenue Department receivable	31,789	26,756
Suspense withholding tax	2,448	1,499
Refundable corporate income tax	26,121	15,629
Refundable corporate income tax	13,827	13,827
Prepaid expenses	3,243	9,066
Due from rice field insurance scheme	20,049	47,483
Accrued loss recovery	49,065	48,801
Deposits	8,470	8,590
Undue input value added tax	16,044	7,246
Others	3,024	1,825
<b>Total</b>	<b><u>174,080</u></b>	<b><u>180,722</u></b>

**17 Insurance contract liabilities**

Insurance contract liabilities as at 31 March 2020 and 31 December 2019 consisted of the following:

	<u>As at 31 March 2020 (Unaudited)</u>		
	<b>Insurance contract liabilities Thousand Baht</b>	<b>Insurance liabilities recovered from reinsurers Thousand Baht</b>	<b>Net Thousand Baht</b>
Loss reserves			
Loss incurred and reported	2,168,077	(1,327,091)	840,986
Loss incurred but not reported	193,895	(71,989)	121,906
	<u>2,361,972</u>	<u>(1,399,080)</u>	<u>962,892</u>
Premium reserve			
Unearned premium reserve	3,356,868	(1,013,313)	2,343,555
<b>Total</b>	<b><u>5,718,840</u></b>	<b><u>(2,412,393)</u></b>	<b><u>3,306,447</u></b>

17 Insurance contract liabilities (Cont'd)

Insurance contract liabilities as at 31 March 2020 and 31 December 2019 consisted of the following:  
(Cont'd)

	As at 31 December 2019 (Audited)		
	Insurance contract liabilities Thousand Baht	Insurance liabilities recovered from reinsurers Thousand Baht	Net Thousand Baht
Loss reserves			
Loss incurred and reported	2,273,231	(1,477,736)	795,495
Loss incurred but not reported	187,472	(57,948)	129,524
	<u>2,460,703</u>	<u>(1,535,684)</u>	<u>925,019</u>
Premium reserve			
Unearned premium reserve	<u>3,337,238</u>	<u>(1,205,520)</u>	<u>2,131,718</u>
Total	<u>5,797,941</u>	<u>(2,741,204)</u>	<u>3,056,737</u>

17.1 Insurance reserve for short-term insurance contract

17.1.1 Claim reserves

	31 March 2020 (Unaudited)		
	Gross Thousand Baht	Reinsurance Thousand Baht	Net Thousand Baht
Balance as at beginning period	2,460,703	(1,535,684)	925,019
Claim and loss adjustment expenses incurred during the period	562,764	(382,393)	180,371
Change in claim reserves and assumptions used in loss reserve calculation	328,463	(63,259)	265,204
Loss paid during the period	<u>(989,958)</u>	<u>582,256</u>	<u>(407,702)</u>
Balance as at ending period	<u>2,361,972</u>	<u>(1,399,080)</u>	<u>962,892</u>

	31 December 2020 (Audited)		
	Gross Thousand Baht	Reinsurance Thousand Baht	Net Thousand Baht
Balance as at beginning year	765,387	(449,047)	316,340
Claim and loss adjustment expenses incurred during the year	3,141,503	(1,153,340)	1,988,163
Change in claim reserves and assumptions used in loss reserve calculation	(621,816)	550,123	(71,693)
Loss paid during the year	<u>(2,909,908)</u>	<u>1,141,002</u>	<u>(1,768,906)</u>
Loss reserves and outstanding claim transferred from Allianz General Insurance Public Company Limited	<u>2,085,537</u>	<u>(1,624,422)</u>	<u>461,115</u>
Balance as at ending year	<u>2,460,703</u>	<u>(1,535,684)</u>	<u>925,019</u>

17 Insurance contract liabilities (Cont'd)

17.1 Insurance reserve for short-term insurance contract (Cont'd)

17.1.2 Unearned premium reserve

	31 March 2020 (Unaudited)		
	Gross Thousand Baht	Reinsurance Thousand Baht	Net Thousand Baht
As at 1 January	3,337,238	(1,205,520)	2,131,718
Premium written for the period	1,674,856	(422,193)	1,252,663
Earned premium for the period	(1,655,226)	614,400	(1,040,826)
As at 31 March	<u>3,356,868</u>	<u>(1,013,313)</u>	<u>2,343,555</u>

  

	31 December 2020 (Audited)		
	Gross Thousand Baht	Reinsurance Thousand Baht	Net Thousand Baht
As at 1 January	1,679,389	(621,263)	1,058,126
Premium written for the year	5,757,300	(2,290,390)	3,466,910
Earned premium for the year	(5,683,693)	2,276,037	(3,407,656)
Premium reserves transferred from Allianz General Insurance Public Company Limited	<u>1,584,242</u>	<u>(569,904)</u>	<u>1,014,338</u>
As at 31 December	<u>3,337,238</u>	<u>(1,205,520)</u>	<u>2,131,718</u>

17.1.3 Unexpired risk reserve

As at 31 March 2020 and 31 December 2019, no additional reserve for unexpired risk reserve has been established as the gross unexpired risk reserve estimated by the Company amounting to Baht 2,050.78 million and Baht 1,868.91 million, respectively and net of reinsurance amounting to Baht 1,659.79 million and Baht 1,387.45 million, respectively is lower than the unearned premium reserve.

18 Amount due to reinsurers

	(Unaudited) 31 March 2020 Thousand Baht	(Audited) 31 December 2019 Thousand Baht
	Amounts withheld on reinsurance	1,116,235
Reinsurance payables	<u>559,920</u>	<u>791,674</u>
Total amount due to reinsurers	<u>1,676,155</u>	<u>1,944,672</u>

**19 Lease liabilities**

The maturity analysis of lease liabilities is aged as follows.

	(Unaudited) 31 March 2020 Thousand Baht
<b>Maturity</b>	
Within 1 year	36,733
Between 1 - 2 years	37,054
Between 2 - 3 years	33,565
Between 3 - 4 years	7,662
Between 4 - 5 years	1,896
Over 5 years	77
<b>Total</b>	<b>116,987</b>
Including - Principal	111,226
- Interest	5,761

For the three-month period ended 31 March 2020, interest expenses on lease liabilities amounted to Baht 0.9 million is recorded as "finance cost" in the statement of comprehensive income.

**20 Other liabilities**

	(Unaudited) 31 March 2020 Thousand Baht	(Audited) 31 December 2019 Thousand Baht
Other payables - promotion expense	61,118	69,343
Premium received in advance	100,897	95,127
Revenue Department payable	-	10,845
Undue output VAT	17,928	23,791
Contribution to non-life guarantee fund	6,552	15,810
Others	53,578	64,333
<b>Total</b>	<b>240,073</b>	<b>279,249</b>

**21 Expected credit loss**

	(Unaudited) 31 March 2020 Thousand Baht
Cash and cash equivalent (Revesal)	(44)
Investment in securities (Reversal)	(41)
<b>Total expected credit loss (Reversal)</b>	<b>(85)</b>

## 22 Share Capital

On 11 March 2019, the Extraordinary General Meeting of Shareholders of the Company passed resolutions to decrease its registered share capital from Baht 2,400 million to Baht 1,800 million by cancelling the registered shares that have not yet been sold, 60 million ordinary shares at the par value of Baht 10.00 each. The Company registered the decrease of its share capital with Ministry of Commerce on 26 March 2019.

On 11 March 2019, the Extraordinary General Meeting of Shareholders of the Company passed resolutions to increase its registered share capital from Baht 1,800 million to Baht 2,548.80 million by issuing 74.88 million of new ordinary shares at the par value of Baht 10.00 each, to support the acceptance of the entire business transfer from Allianz General Insurance Public Company Limited. The Company registered the increase of its share capital with Ministry of Commerce on 27 March 2019.

## 23 Financial information by segment

The business segment results are prepared on the basis of preparation of management report of the company. The operating results by business segment provided to Chief Operating Decision Maker to make decisions about allocating resources to and assessing the performance of operating segments is measured in accordance with Financial Reporting Standards.

The Company has four reporting segments, which represent the major products that the Company underwrites and consists of fire, marine, motor and miscellaneous.

The Company is only operated and managed in a single geographic area, namely in Thailand. Therefore, no geographic segment information is presented.

For the three-month periods ended 31 March 2020 and 2019, there is no underwriting income with a single external customer contributed 10% or more to the Company's total revenue.

The financial information of the Company for the three-month periods ended 31 March 2020 and 2019 were presented by business segment as follows:

	(Unaudited)				
	For the three-month period ended 31 March 2020				
	Fire	Marine	Motor	Miscellaneous	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Underwriting income</b>					
Gross premiums written	169,703	89,827	850,444	564,882	1,674,856
<u>Less</u> Premium ceded	(17,942)	(55,373)	(13,468)	(335,410)	(422,193)
Net premiums written	151,761	34,454	836,976	229,472	1,252,663
<u>Less</u> Unearned premium reserve increase (decrease) from previous period	(12,973)	(17,878)	(128,209)	(52,777)	(211,837)
Net premium ceded	138,788	16,576	708,767	176,695	1,040,826
Fee and commission income	4,946	21,312	4,631	86,618	117,507
Total underwriting income	143,734	37,888	713,398	263,313	1,158,333
<b>Underwriting expense</b>					
Losses incurred	16,948	20,868	552,980	301,424	892,256
<u>Less</u> Loss recoverable from reinsurers	(4,285)	(14,858)	(79,643)	(154,570)	(253,356)
Commissions and brokerages expenses	37,655	9,126	118,648	88,262	253,691
Other underwriting expenses	21,694	3,834	132,833	98,906	257,267
Total underwriting expense	72,048	18,970	724,818	334,022	1,149,858
<b>Profit (loss) on underwriting before operating expenses</b>	71,686	18,918	(11,420)	(70,709)	8,475
<b>Operating expenses</b>					190,807
Profit (loss) on underwriting					(182,332)



**Allianz Ayudhya General Insurance Public Company Limited**  
**Condensed Notes to the Interim Financial Information (Unaudited)**  
**For the interim period ended 31 March 2020**

**23 Financial information by segment (Cont'd)**

	(Unaudited)				
	For the three-month periods ended 31 March 2019				
	Fire Thousand Baht	Marine Thousand Baht	Motor Thousand Baht	Miscellaneous Thousand Baht	Total Thousand Baht
<b>Underwriting income</b>					
Gross premiums written	167,972	68,059	441,592	262,977	910,600
<u>Less</u> Premium ceded	(48,282)	(43,692)	(146,457)	(112,802)	(351,233)
Net premiums written	119,690	24,367	265,135	150,175	559,367
<u>Less</u> Unearned premium reserve increase (decrease) from previous period	(6,376)	4,574	(34,981)	(8,821)	(45,604)
Net premium ceded	113,314	28,941	230,154	141,354	513,763
Fee and commission income	13,468	13,926	50,803	35,594	113,791
Total underwriting income	126,782	42,867	280,957	176,948	627,554
<b>Underwriting expense</b>					
Losses incurred	(41,652)	59,137	240,170	281,121	538,776
<u>Less</u> Loss recoverable from reinsurers	34,382	(49,040)	(84,185)	(232,764)	(331,607)
Commissions and brokerages expenses	36,370	7,433	47,921	37,026	128,750
Other underwriting expenses	23,324	7,895	76,847	47,445	155,511
Total underwriting expense	52,424	25,425	280,753	132,828	491,430
<b>Profit on underwriting before operating expenses</b>	<b>74,358</b>	<b>17,442</b>	<b>204</b>	<b>44,120</b>	<b>136,124</b>
<b>Operating expenses</b>					<b>81,812</b>
Profit on underwriting					<b>54,312</b>

**24 Operating expenses**

The operating expenses for the three-month periods ended 31 March 2020 and 2019 were as follows:

	(Unaudited)	
	For the three-month periods ended	
	31 March 2020 Thousand Baht	31 March 2019 Thousand Baht
Employee expenses not relating to underwriting or claim administrative expense	53,086	35,771
Premise and equipment expense not relating to underwriting expense	30,796	27,158
Stamp and tax duty	630	829
Bad debt and doubtful debt	(7,082)	542
Director's remuneration	1,984	1,313
Management fee	20,776	5,264
Advertising and sales promotion expenses	811	127
Professional fee	76,036	788
Other operating expenses	13,770	10,020
Total operating expenses	<b>190,807</b>	<b>81,812</b>

**Allianz Ayudhya General Insurance Public Company Limited**  
**Condensed Notes to the Interim Financial Information (Unaudited)**  
**For the interim period ended 31 March 2020**

**25 Basic earnings (loss) per share**

Basic earnings (loss) per share for the three-month periods ended 31 March 2020 and 2019 calculated from net profit (loss) for the period of the Company's shareholders and the number of issued share capital. The calculation were as follows:

	(Unaudited)	
	For the three-month periods ended	
	31 March 2020	31 March 2019
Net profit (loss) (Thousand Baht)	(171,186)	58,322
Number of share capital (shares)	254,880,000	180,000,000
Basic earnings (loss) per shares (Baht)	(0.67)	0.32

**26 Related parties**

A portion of the Company's assets, liabilities, revenues and expenses arose from transactions with related parties. The relationship may be by shareholding or the companies may have the same group of shareholders or directors. The Company's management believes that the Company has no significant influence over the related parties. The accompanying financial statements reflect the effects of these transactions determined on the basis of commitments and conditions as in the normal course of business. Transactions with the related parties are mainly as follows:

The relationships between the Company and its related parties are summarized below:

Companies	Relationship	Type of Business
Allianz Ayudhya Capital Public Company Ltd.	Immediate parent company	Holding
CPRN (Thailand) Co., Ltd.	Shareholder of immediate parent company	Holding
Allianz SE	Ultimate parent company	Insurance
Allianz Ayudhya Assurance Pcl	Related company of ultimate parent company	Life insurance
Allianz SE Singapore Branch	Related company of ultimate parent company	Insurance
Allianz Technology SE	Related company of ultimate parent company	Information technology
Allianz Global Corporate&Speciality SE	Related company of ultimate parent company	Insurance
Allianz Global Corporate&Speciality AG	Related company of ultimate parent company	Insurance
Allianz Australia Limited	Related company of ultimate parent company	Insurance
Euler Hermes Deutschland	Related company of ultimate parent company	Insurance
Euler Hermes Singapore Branch	Related company of ultimate parent company	Insurance
Allianz Fire and Marine Insurance Japan Ltd.	Related company of ultimate parent company	Insurance
Allianz General Insurance Malaysia Berhad	Related company of ultimate parent company	Insurance
Allianz Global Risks US Insurance Company	Related company of ultimate parent company	Insurance
AWP P&C S.A.	Related company of ultimate parent company	Service
Allianz Suisse Versicherungs-Gesellschaft AG	Related company of ultimate parent company	Insurance
Allianz China General Insurance Company Ltd.	Related company of ultimate parent company	Insurance
Allianz Benelux S.A	Related company of ultimate parent company	Insurance
AWP Services (Thailand) Co., Ltd.	Related company of ultimate parent company	Service
Allianz Technology (Thailand) Co., Ltd.	Related company of ultimate parent company	Information technology
Allianz General Insurance Plc.	Related company of ultimate parent company	Insurance
Allianz Investment Management Singapore Pte. Ltd.	Related company of ultimate parent company	Service
Allianz Global Investors Singapore Ltd.	Related company of ultimate parent company	Service
Bangkok Broadcasting & Television Co., Ltd.	Related company of immediate parent shareholders	Television
Bank of Ayudhya Plc.	Related company of immediate parent shareholders	Banking
Krungsri Asset Management Co., Ltd.	Related company of immediate parent shareholders	Fund management
Krungsri Securities Plc.	Related company of immediate parent shareholders	Finance
Ayudhya Development Leasing Co., Ltd.	Related company of immediate parent shareholders	Hire-purchase and leasing
Ayudhya Capital Auto Lease Plc.	Related company of immediate parent shareholders	Hire-purchase and auto leasing
BBTV Equity Company Limited	Related company of immediate parent shareholders	Office space rental
Siam City Cement Plc.	Related company of immediate parent shareholders	Construction Materials
Eastern Star Real Estate Plc.	Related company of immediate parent shareholders	Property
Great Luck Equity Co., Ltd	Related company of immediate parent shareholders	Advertising
Super Asset Co., Ltd.	Related company of immediate parent shareholders	Investments
CKS Holding Co., Ltd.	Related company of immediate parent shareholders	Investments
Grand Canal Land Plc.	Related company of immediate parent shareholders	Advertising
Krungsri Ayudhya AMC Ltd.	Related company of immediate parent shareholders	Asset Management
Siam Realty and Service Co., Ltd.	Related company of immediate parent shareholders	Services
Krungsri Factoring Co., Ltd.	Related company of immediate parent shareholders	Factoring
Krungsriayudhya Card Co., Ltd.	Related company of immediate parent shareholders	Services
Khao Kheow Country Club Co., Ltd.	Related company of immediate parent shareholders	Golf club

26 Related parties (Cont'd)

Significant balances with related parties as at 31 March 2020 and 31 December 2019 were as follows:

	(Unaudited) 31 March 2020 Thousand Baht	(Audited) 31 December 2019 Thousand Baht
<b>Receivables</b>		
Related company of ultimate parent		
Premium receivable	207	21
Amounts due from reinsurers	95,881	283,190
Other assets	8,928	24,969
Related company of immediate parent		
Deposits at financial institutions	202,430	290,096
Premium receivable	7,654	2,817
Other assets	4,833	5,666
<b>Payables</b>		
Related company of ultimate parent		
Amounts withheld on reinsurance	106,957	453,860
Due to reinsurers	253,978	403,537
Other liabilities	7,250	67,372
Related company of immediate parent		
Other liabilities	7,490	5,957
Commission and brokerage payable	13,919	13,284
Accrued other - underwriting expenses	23,074	29,171

Significant transactions for the periods ended 31 March 2020 and 2019 with related parties were as follows:

	(Unaudited) 31 March 2020 Thousand Baht	(Unaudited) 31 March 2019 Thousand Baht
<b>Revenues</b>		
Related company of ultimate parent		
Claim recovered from reinsurers	22,295	-
Fee and commission income	6,340	364
Premium written	193	-
Other income	8,928	-
Related company of immediate parent		
Premium written	8,162	8,614
Other income	-	605

**26 Related parties (Cont'd)**

Significant transactions for the period ended 31 March 2020 and 2019 with related parties were as follows:

	(Unaudited) 31 March 2020 Thousand Baht	(Unaudited) 31 March 2019 Thousand Baht
<b>Expenses</b>		
Related company of ultimate parent		
Premiums ceded to reinsurers	36,317	-
Other expenses	23,634	-
Related company of immediate parent		
Commission and brokerage expenses	46,769	50,966
Underwriting expenses	22,032	34,093
Other expenses	24,558	4,919
Immediate parent company		
Other expenses	-	5,265

The Company used the same pricing policy and conditions for the above premiums as it did for other customers and other insurance companies.

Interest was charged at the same interest rates as the bank has offered to other insurance companies.

The Company enters into a management service agreement with the parent company for providing about services of personnel, internal audit and information technology. Service rates are agreed by both parties which are determined based on estimated time spent and cost incurred for the parent company.

The Company paid commissions and brokerages and other underwriting expenses as specified in the Bancassurance Agreement made between the Company and such related bank. The commission rates were in compliance with the Office of Insurance Commission criteria and the same basis of the commission rate that the Company has offered to other insurance broker companies.

Custodian fee and commission were paid at the same rates and conditions as the related parties charged other customers.

The Company has office rental, equipment rental and service agreements with related companies for a term of 3 years. Rental rates and conditions are the same as the related parties offer to other companies.

The Company enters into a management service agreement with the parent company and related companies for receiving managerial, investment and administrative services of accounting, payroll and information technology. Service rates are agreed by parties which are determined based on estimated time spent and cost incurred for the Company.

26 Related parties (Cont'd)

**Directors and key management personnel's remuneration**

During the three-month periods ended 31 March, 2020 and 2019, the Company had salaries, bonuses, directors allowances and other benefits of its directors and key management personnel recognised as expenses as follows:

	(Unaudited)	
	For the three-month periods ended	
	31 March 2020 Thousand Baht	31 March 2019 Thousand Baht
<b>Directors and key management personnel's remuneration</b>		
Short-term benefits	45,766	12,972
Post-employment benefits	1,049	360
Directors' remuneration	689	165
<b>Total</b>	<b>47,504</b>	<b>13,497</b>

Directors' remunerations for the years of 2020 was pending for an approval by the ordinary shareholders' meeting of the Company (2019 were approved by the ordinary shareholders' meeting of the Company held on 26 April 2019).

27 Securities and assets pledged with the Registrar

As at 31 March 2020 and 31 December 2019, certain investments in securities of the Company were pledged and used for assets reserved with the Registrar (Note 10) in accordance with the Insurance Act and according to the announcement of the Office of Insurance Commission regarding "Rates, Rules and Procedures for pledge of unearned premium reserve of Non-Life Insurance Company B.E. 2557", respectively as follows:

- 27.1 The investments in debt securities which the company placed for policy reserve with the Registrar in accordance with the announcement of the Office of Insurance Commission regarding "Rates, Rules and Procedures for pledge of unearned premium reserve of Non-Life Insurance Company B.E. 2557" were as follows:

	(Unaudited)	(Audited)
	31 March 2020	31 December 2019
	Thousand Baht	Thousand Baht
Deposits at banks	14,000	14,000
Government and state enterprise securities	14,000	14,000

- 27.2 The investments in debt securities which the company pledged with the Registrar in accordance with the Insurance Act (No.2) B.E. 2551 were as follows:

	(Unaudited)	(Audited)
	31 March 2020	31 December 2019
	Thousand Baht	Thousand Baht
Government and state enterprise securities	542,099	552,710

## 28 Restricted assets and commitment

As at 31 March 2020 and 31 December 2019, the Company has premium saving certificates amount of Baht 2.55 million and Baht 3.15 million, respectively were used as collateral in case where the insured drivers are the alleged offenders.

As at 31 March 2020 and 31 December 2019, the Company has undrawn committed credit facilities amounting to Baht 20 million, with fixed deposit at banks amounting to Baht 20 million pledged as collateral.

As at 31 March 2020 and 31 December 2019, the Company had fixed deposits at banks amounting to Baht 183.62 million and Baht 183.62 million, respectively were pledged as collateral for loans to employees.

## 29 Contribution to non-life guarantee fund

The Company has accumulated funding amount which was paid into contribution to non-life guarantee fund as at 31 March 2020 and 31 December 2019 amounting to Baht 81.92 million and Baht 70.38 million, respectively.

## 30 Commitments

Commitments as at 31 March 2020 and 31 December 2019 consisted of the following:

Type	(Unaudited) As at 31 March 2020		
	Remaining periods		Total rental payments for the remaining periods
	Within 1 year Thousand Baht	Over 1 year to 5 years Thousand Baht	
Vehicle - others	50	-	50
	50	-	50
Type	(Audited) As at 31 December 2019		
	Remaining periods		Total rental payments for the remaining periods
	Within 1 year Thousand Baht	Over 1 year to 5 years Thousand Baht	
Building			
- related company	3,774	1,800	5,574
- others	3,154	4,382	7,536
Service			
- related company	2,346	208	2,554
- others	956	1,832	2,788
Equipment - related company	3,129	277	3,406
Vehicle - others	1,902	1,456	3,358
	15,261	9,955	25,216

For three-month periods ended March 31, 2020 and 2019, the Company recorded the rental and service fees under operating agreements as expense in statement of profit or loss and other comprehensive income in the amount of Baht 0.12 million and Baht 7.09 million, respectively.

**31 Contingent liabilities**

As at 31 March 2020 and 31 December 2019, lawsuits have been brought against the Company, as insurer, from which the Company estimates losses totalling Baht 51.10 million and Baht 47.96 million, respectively. The Company's management believes that such estimation is adequate to losses and does not expect the outcome of the litigation to result in losses that differ from the recorded liability by amounts that would be material to the Company's operating results.