

ALLIANZ AYUDHYA GENERAL INSURANCE
PUBLIC COMPANY LIMITED

INTERIM FINANCIAL INFORMATION (UNAUDITED)

30 SEPTEMBER 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 30 September 2020, the related statements of comprehensive income for the three-month and nine-month periods then ended, changes in equity, and cash flows for the nine-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".

PricewaterhouseCoopers ABAS Ltd.

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

Anothai Leekitwattana
Certified Public Accountant (Thailand) No. 3442
Bangkok
11 November 2020

Allianz Ayudhya General Insurance Public Company Limited
Statement of Financial Position
As at 30 September 2020

		(Unaudited) 30 September 2020	(Audited) 31 December 2019
	Notes	Thousand Baht	Thousand Baht
Assets			
Cash and cash equivalents, net	6	2,948,356	4,317,580
Premium receivable, net	7	586,794	771,000
Accrued investment income		15,066	7,786
Reinsurance assets	8, 17	2,400,260	2,741,204
Amounts due from reinsurers	9	410,016	496,239
Investments			
Investments in securities, net	10	3,281,636	3,053,335
Loans and interest receivable	11	-	14
Leasehold improvement and equipment, net	12	39,526	47,594
Goodwill		508,877	508,877
Right-of-use asset, net	13	157,194	-
Intangible assets, net	14	64,107	83,107
Deferred tax assets, net	15	243,819	301,806
Deferred commissions expenses		75,965	72,514
Other assets, net	16	177,184	180,722
Total assets		<u>10,908,800</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 30 September 2020

		(Unaudited) 30 September 2020	(Audited) 31 December 2019
	Notes	Thousand Baht	Thousand Baht
Liabilities and equity			
Liabilities			
Insurance contract liabilities	17	5,510,792	5,797,941
Amounts due to reinsurers	18	1,555,870	1,944,672
Payable from purchase of securities		37,952	992,853
Employee benefit obligations		132,915	127,849
Premium written received in advance		375,898	421,446
Commissions and brokerages payables		101,028	107,767
Accrued expenses		478,590	376,081
Lease liabilities	19	158,716	-
Other liabilities	20	234,797	279,249
Total liabilities		<u>8,586,558</u>	<u>10,047,858</u>
Equity			
Share capital	21		
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		(303,627)	(35,975)
Other components of equity			
Surplus on Investments measured at fair value through other comprehensive income		<u>61,319</u>	<u>5,345</u>
Total equity		<u>2,322,242</u>	<u>2,533,920</u>
Total liabilities and equity		<u>10,908,800</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 30 September 2020

		30 September 2020	30 September 2019
	Notes	Thousand Baht	Thousand Baht
Revenues			
Gross premiums written	22	1,281,576	1,716,389
<u>Less</u> premiums ceded	22	<u>(397,850)</u>	<u>(714,807)</u>
Net premiums written		883,726	1,001,582
<u>Add</u> unearned premium reserve decreased from previous period	22	<u>166,179</u>	<u>22,045</u>
Net premiums earned		1,049,905	1,023,627
Fees and commission income	22	81,153	179,653
Net investment income		15,784	25,130
Loss on investment		-	(29,098)
Loss on fair value adjustment		(1,050)	(5,034)
Other income		<u>21,563</u>	<u>10,250</u>
Total revenues		<u>1,167,355</u>	<u>1,204,528</u>
Expenses			
Gross claim paid	22	1,016,613	1,059,860
<u>Less</u> Claim recovered from reinsurers	22	<u>(369,321)</u>	<u>(448,194)</u>
Commissions and brokerages expenses	22	193,385	214,042
Other underwriting expenses	22	144,551	208,379
Operating expenses	22, 23	229,321	240,041
Finance cost		1,209	-
Expected credit loss	24	<u>495</u>	<u>-</u>
Total expenses		<u>1,216,253</u>	<u>1,274,128</u>
Loss before income tax		(48,898)	(69,600)
Income tax expense (income)	15	<u>27,544</u>	<u>(14,161)</u>
Net loss		<u>(76,442)</u>	<u>(55,439)</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) (Cont'd)
For the three-month period ended 30 September 2020

		30 September 2020	30 September 2019
	Note	Thousand Baht	Thousand Baht
Other comprehensive income (loss)			
Items that will not be subsequently reclassified to profit or loss			
Actuarial gain (loss) on defined employee benefit plans		-	-
Income tax on items that will not be reclassified to profit or loss		-	-
Total Items that will not be subsequently reclassified to profit or loss		<u>-</u>	<u>-</u>
Items that will be subsequently reclassified to profit or loss			
Gain on revaluation of Investments measured at fair value through other comprehensive income		1,636	7,404
Income tax on items that will be reclassified to profit or loss		<u>(327)</u>	<u>(1,481)</u>
Total Items that will be subsequently reclassified to profit or loss		<u>1,309</u>	<u>5,923</u>
Other comprehensive income for the period, net of income tax		<u>1,309</u>	<u>5,923</u>
Total comprehensive loss for the period		<u><u>(75,133)</u></u>	<u><u>(49,516)</u></u>
Loss per share (Baht)			
Basic loss per share	25	<u><u>(0.30)</u></u>	<u><u>(0.22)</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 Comprehensive Income (Unaudited)
For the nine-month period ended 30 September 2020

		30 September 2020	30 September 2019
	Notes	Thousand Baht	Thousand Baht
Revenues			
Gross premiums written	22	4,319,514	3,998,219
<u>Less</u> premiums ceded	22	<u>(1,226,148)</u>	<u>(1,573,935)</u>
Net premiums written		3,093,366	2,424,284
<u>Add(Less)</u> unearned premium reserve (increased) decreased from previous period	22	<u>69,234</u>	<u>(34,579)</u>
Net premiums earned		3,162,600	2,389,705
Fees and commission income	22	280,756	440,634
Net investment income		43,276	65,321
Gain (loss) on investment		42	(29,551)
Gain (loss) on fair value adjustment		16,011	(300)
Other income		<u>53,149</u>	<u>19,432</u>
Total revenues		<u>3,555,834</u>	<u>2,885,241</u>
Expenses			
Gross claim paid	22	2,882,858	1,889,772
<u>Less</u> Claim recovered from reinsurers	22	<u>(953,311)</u>	<u>(676,697)</u>
Commissions and brokerages expenses	22	644,327	521,410
Other underwriting expenses	22	588,279	538,591
Operating expenses	22, 23	611,921	526,933
Finance cost		3,353	-
Expected credit loss	24	<u>861</u>	<u>-</u>
Total expenses		<u>3,778,288</u>	<u>2,800,009</u>
Profit (loss) before income tax		(222,454)	85,232
Income tax expense	15	<u>44,235</u>	<u>18,262</u>
Net profit (loss)		<u>(266,689)</u>	<u>66,970</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) (Cont'd)
For the nine-month period ended 30 September 2020

	30 September 2020	30 September 2019
Note	Thousand Baht	Thousand Baht
Other comprehensive income (loss)		
Items that will not be subsequently reclassified to profit or loss		
Actuarial gain (loss) on defined employee benefit plans	-	7,038
Income tax on items that will not be reclassified to profit or loss	-	(1,408)
Total Items that will not be subsequently reclassified to profit or loss	-	5,630
Items that will be subsequently reclassified to profit or loss		
Gain on revaluation of Investments measured at fair value through other comprehensive income	5,571	26,386
Income tax on items that will not be reclassified to profit or loss	(1,114)	(5,277)
Total Items that will be subsequently reclassified to profit or loss	4,457	21,109
Other comprehensive income for the period, net of income tax	4,457	26,739
Total comprehensive income (loss) for the period	(262,232)	93,709
Earnings (loss) per share		
Basic earnings (loss) per share	25 (1.05)	0.30

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Allianz Ayudhya General Insurance Public Company Limited
Statement of Changes in Equity (Unaudited)
For the nine-month period ended 30 September 2020

	Notes	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	
Balance as at 1 January 2020		2,548,800	15,750	(35,975)	5,345	2,533,920
Adjustment from adoption of new financial reporting standards	3	-	-	(963)	51,517	50,554
Balance after adjustment		2,548,800	15,750	(36,938)	56,862	2,584,474
Net loss for the period		-	-	(266,689)	-	(266,689)
Surplus on Investments measured at fair value through other comprehensive income		-	-	-	4,457	4,457
Balance as at 30 September 2020		2,548,800	15,750	(303,627)	61,319	2,322,242
Balance as at 1 January 2019		1,800,000	15,750	237,863	(16,355)	2,037,258
Increase capital	21	748,800	-	-	-	748,800
Net profit for the period		-	-	66,970	-	66,970
Surplus on Investments measured at fair value through other comprehensive income		-	-	-	21,109	21,109
Remeasurements of post-employment benefit obligations		-	-	5,630	-	5,630
Balance as at 30 September 2019		2,548,800	15,750	310,463	4,754	2,879,767

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 nine-month period ended 30 September 2020

	2020	2019
	<u>Thousand Baht</u>	<u>Thousand Baht</u>
Cash flows provided from (used in) operating activities		
Direct premium received	4,267,838	3,968,001
Cash paid for reinsurance	(253,866)	(99,394)
Interest income	28,492	3,152
Dividend income	16	10,696
Other income	53,149	19,381
Claim incurred from direct insurance	(2,625,187)	(1,916,005)
Commissions and brokerages paid from direct insurance	(635,752)	(526,613)
Other underwriting expenses	(591,415)	(538,009)
Operating expenses	(458,566)	(517,278)
Income tax expense	(16,766)	(66,594)
Cash received from investments in securities	4,456,924	3,268,755
Cash paid for investments in securities	(5,777,310)	-
Cash paid for deposit at bank with maturity over 3 months and deposits used as collateral	(236,301)	-
Cash received from deposits at bank with maturity over 3 months and deposits used as collateral	-	214,767
Loans	14	(4)
Net cash flow provided from (used in) operating activities	<u>(1,334,268)</u>	<u>3,820,855</u>
Cash flows provided from (used in) investing activities		
<u>Cash flows provided from</u>		
Cash received from selling premises and equipment	3,564	22
<u>Cash flows used in</u>		
Cash paid for purchasing entire business transfer	-	(848,800)
Cash paid for purchasing premises and equipment	(15,113)	(4,663)
Cash paid for purchasing intangible assets	(1,926)	(7,276)
Net cash flow used in investing activities	<u>(13,475)</u>	<u>(860,717)</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) (Cont'd)
For the nine-month period ended 30 September 2020

	2020	2019
	<u>Note</u> <u>Thousand Baht</u>	<u>Thousand Baht</u>
Cash flows provided from (used in) financing activities		
Increase capital	-	748,800
Cash paid for lease liability	(16,986)	-
Cash paid for finance cost	(3,646)	-
Net cash flow provided from financing activities	<u>(20,632)</u>	<u>748,800</u>
Net increase (decrease) in cash and cash equivalents	(1,368,375)	3,708,938
Cash and cash equivalents at the beginning of period	4,317,580	1,239,984
Cash received from the entire business transfer	-	1,047,398
Cash and cash equivalents at the ending of period	2,949,205	5,996,320
<u>Less</u> Allowance for expected credit loss	<u>(849)</u>	<u>-</u>
Cash and cash equivalents, net at the ending of period	6 <u><u>2,948,356</u></u>	<u><u>5,996,320</u></u>
<u>Non-cash transactions</u>		
Payable from purchase of securities	37,952	1,311,342

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 11 November 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.

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 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

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 (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 (TFRS 16) are as follows.

	As at 31 December 2019 Previously reported Thousand Baht	TAS 32 and The Accounting Guidance Adjustments and reclassifications Thousand Baht	TFRS 16 Adjustments and reclassifications Thousand Baht	As at 1 January 2020 Restated Thousand Baht
Assets				
Cash and cash equivalents	4,317,580	(892)	-	4,316,688
Held-to-maturity investment	489,434	(489,434)	-	-
Available-for-sale 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
Total assets	7,901,037	50,554	126,005	8,077,596
Liabilities and equity				
Liabilities				
Lease liabilities	-	-	126,005	126,005
Total liabilities	-	-	126,005	126,005
Equity				
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)
Total Equity	(30,630)	50,554	-	19,924
Total liabilities and equity	(30,630)	50,554	126,005	145,929

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 (Cont'd)

Classification and measurement (Cont'd)

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 assets 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 investments have been reclassified from investment in equity securities to investment in debt securities. However, this reclassification excludes investment in Real Estate Investment Trust (REIT) and Infrastructure Trust, Property Funds and Infrastructure Funds registered in Thailand in accordance with the clarification from the Federation of Accounting Professions (TFAC): classification of investments in REIT and Infrastructure Trust, Property Funds and Infrastructure Funds announced on 14 May 2020. The announcement requires the Company to classify the aforementioned investments as investments in equity instruments. The Company measured those investments at fair value through other comprehensive income.

Impairment

The new requirements on the impairment losses of debt instruments 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%.

	<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	<u>109,189</u>
Lease liability recognised as at 1 January 2020	<u>126,005</u>

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.

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

Adoption of new financial reporting standards (Cont'd)

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

	30 September 2020 Thousand Baht	1 January 2020 Thousand Baht
Building	155,225	127,489
Vehicles	1,969	3,333
Total right-of-use assets	157,194	130,822

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.

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 designated 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.

Impairment

From 1 January 2020, the Company assesses expected credit loss on a forward looking basis for its financial assets classified as 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:

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)

Investment in securities (Cont'd)

- 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.

Right-of-use assets and lease liabilities

The Company leases are buildings and vehicles. Rental contracts are typically made for fixed periods of 1 - 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 of 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.

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

New and amended financial reporting standards that are relevant and have impacts to the Company

Financial reporting standards effective on 1 January 2020

TAS 12	Income tax
TAS 19	Employee benefits
TFRIC 23	Uncertainty over Income Tax Treatments

Amendment to TAS 12, Income tax - clarified that the income tax consequences of dividends of financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

Amendment to TAS 19, Employee benefits (plan amendment, curtailment or settlement) - clarified accounting for defined benefit plan amendments, curtailments and settlements that the updated assumptions on the date of change are applied to determine current service cost and net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement.

TFRIC 23, Uncertainty over income tax treatments - explained how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- that the Company should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored.
- that the Company should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment.
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Company's management has adopted the new standard and considered that the above new standard does not have a significant impact on the Company.

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 30 September 2020 and 31 December 2019.

	(Unaudited)			
	30 September 2020			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
Financial assets				
Investments in securities				
Investments measured				
at fair value through other				
comprehensive income				
- Debt securities	-	2,905,881	-	2,905,881
- Equity securities	-	-	85,695	85,695
Investments designated at				
fair value through profit or loss				
- Debt securities	18,823	-	-	18,823
Total financial assets	<u>18,823</u>	<u>2,905,881</u>	<u>85,695</u>	<u>3,010,399</u>

	(Audited)			
	31 December 2019			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
Financial assets				
Investments in securities				
Available-for-sale investments				
- Debt securities	-	2,542,484	-	2,542,484
Total financial assets	<u>-</u>	<u>2,542,484</u>	<u>-</u>	<u>2,542,484</u>

5 Fair value (Cont'd)

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 30 September 2020 and 31 December 2019.

	(Unaudited)			
	As at 30 September 2020			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
Financial assets				
Investments in securities				
Investments measured at amortised cost	-	271,274	-	271,274
Cash and cash equivalents				
Short-term investments	-	2,413,381	-	2,413,381
Total financial assets	-	2,684,655	-	2,684,655
	(Audited)			
	As at 31 December 2019			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
Financial assets				
Investments in securities				
Held-to-maturity investments	-	489,947	-	489,947
Cash and cash equivalents				
Short-term investments	-	3,807,177	-	3,807,177
Total financial assets	-	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.

6 Cash and cash equivalents, net

Cash and cash equivalents as at 30 September 2020 and 31 December 2019 consisted of the following:

	(Unaudited) 30 September 2020 Thousand Baht	(Audited) 31 December 2019 Thousand Baht
Cash on hand	518	306
Cheque on hand	37,563	24,412
Deposits at bank - at call	497,743	485,685
Short-term investments	2,413,381	3,807,177
Total	2,949,205	4,317,580
<u>Less</u> Allowance for expected credit loss	(849)	-
Cash and cash equivalents, net	2,948,356	4,317,580

7 Premiums due and uncollected, net

As at 30 September 2020 and 31 December 2019, the balances of premiums due and uncollected were aged as follows:

	(Unaudited) 30 September 2020 Thousand Baht	(Audited) 31 December 2019 Thousand Baht
Within credit terms	370,247	614,032
Overdue:		
Less than 30 days	77,258	20,480
31 - 60 days	72,520	43,305
61 - 90 days	21,910	31,132
Over 90 days	77,851	95,153
Total	619,786	804,102
<u>Less</u> Allowance for doubtful accounts	(32,992)	(33,102)
Premiums due and uncollected, net	586,794	771,000

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 30 September 2020 and 31 December 2019 consisted of the following:

	(Unaudited) 30 September 2020 Thousand Baht	(Audited) 31 December 2019 Thousand Baht
Insurance reserve refundable from reinsurers		
Claim reserves	1,634,776	1,535,684
Unearned premium reserve		
Unearned reinsurance premium reserve	765,484	1,205,520
Total reinsurance assets (Note 17)	2,400,260	2,741,204

9 Amount due from reinsurers

Amount due from reinsurers as at 30 September 2020 and 31 December 2019 consisted of the following:

	(Unaudited) 30 September 2020 Thousand Baht	(Audited) 31 December 2019 Thousand Baht
Amount deposit on reinsurance	-	841
Due from reinsurers	410,016	495,398
Total reinsurance assets	410,016	496,239

10 Investments in securities, net

The details of investments in securities as at 30 September 2020 and 31 December 2019 are as follows:

	(Unaudited) 30 September 2020 Cost/ Amortised cost Thousand Baht	Fair value Thousand Baht
Investments designated at fair value through profit or loss		
Foreign debt securities	4,222	18,823
Add Unrealised gain	14,601	-
Total Investments designated at fair value through profit or loss	18,823	18,823
Investments measured at fair value through other comprehensive income		
Government and state enterprise debt securities	1,351,643	1,356,667
Private debt securities	1,483,105	1,488,367
Foreign debt securities	59,957	60,847
Equity securities	21,417	85,695
Total	2,916,122	2,991,576
Add Unrealised gain	75,454	-
Total investments measured at fair value through other comprehensive income	2,991,576	2,991,576
Investments measured at amortised cost		
Deposits at financial institutions with original maturities more than 3 months	223,438	
Deposits at banks used as collateral	34,486	
Premium saving certificates used as collateral	13,350	
Total	271,274	
Less Allowance for expected credit loss	(37)	
Total investments measured at amortised cost	271,237	
Total investment in securities	3,281,636	

10 Investments in securities, net (Cont'd)

The details of investments in securities as at 30 September 2020 and 31 December 2019 are as follows:
(Cont'd)

	(Audited)	
	31 December 2019	
	Cost/ Amortised cost Thousand Baht	Fair value Thousand Baht
Available-for-sale investment		
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
Total	2,535,869	2,542,484
<u>Less</u> Unrealised loss	6,615	-
Total available-for-sale investment	<u>2,542,484</u>	<u>2,542,484</u>
Held-to-maturity investments		
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	<u>489,434</u>	
Total held-to-maturity investments	<u>489,434</u>	
General investments		
Equity securities	21,417	
Total general investments	<u>21,417</u>	
Total investment in securities	<u><u>3,053,335</u></u>	

10.1 Debt securities measured at fair value through other comprehensive income

	(Unaudited)	
	30 September 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)	2,905,881	(1,179)
Investments in debt securities which credit risk has significantly increased (Stage 2)	-	-
Credit-impaired investments in debt securities (Stage 3)	-	-
Total	<u><u>2,905,881</u></u>	<u><u>(1,179)</u></u>

10 Investments in securities, net (Cont'd)

10.2 Debt securities measured at amortised cost

	(Unaudited) 30 September 2020		
	Gross carrying value Thousand Baht	Expected credit loss Thousand Baht	Carrying value Thousand Baht
Investments in debt securities which credit risk has not significantly increased (Stage 1)	271,274	(37)	271,237
Investments in debt securities which credit risk has significantly increased (Stage 2)	-	-	-
Credit-impaired investments in debt securities (Stage 3)	-	-	-
Total	<u>271,274</u>	<u>(37)</u>	<u>271,237</u>

For the three-month period ended 30 September 2020, the Company has recorded interest income amounting to Baht 13.68 million and no dividend income (2019: Baht 23.50 million and Baht 3.19 million, respectively).

For the nine-month period ended 30 September 2020, the Company has recorded interest income and dividend income amounting to Baht 51.35 million and Baht 0.02 million, respectively. (2019: Baht 56.93 million and Baht 10.73 million, respectively).

As at 30 September 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 629.03 million and Baht 580.71 million, respectively (Note 27).

As at 30 September 2020 and 31 December 2019, premium saving certificates were used as collateral for insured drivers are the alleged offenders amounting to Baht 1.75 million and Baht 3.15 million, respectively (Note 28).

As at 30 September 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).

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:

Types of loans	Credit line of loans	Interest rate per year
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.

Allianz Ayudhya General Insurance Public Company Limited
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12 Leasehold improvement and equipment, net

Leasehold improvement and equipment, net as at 30 September 2020 and 31 December 2019 consisted of the following.

	Cost				Accumulated depreciation				Leasehold improvement and equipment, net as at 1 January 2020		Leasehold improvement and equipment, net as at 30 September 2020	
	As at 1 January 2020 Thousand Baht	Increase Thousand Baht	Disposal / Write off Thousand Baht	Transfer in/ (transfer out) Thousand Baht	As at 30 September 2020 Thousand Baht	As at 1 January 2020 Thousand Baht	Depreciation Thousand Baht	Disposal / Write off Thousand Baht	As at 30 September 2020 Thousand Baht	As at 1 January 2020 Thousand Baht	Leasehold improvement and equipment, net as at 1 January 2020 Thousand Baht	Leasehold improvement and equipment, net as at 30 September 2020 Thousand Baht
Leasehold improvement Furniture, fixtures and office equipment	63,440	10,284	(19,610)	-	54,654	(47,148)	(5,992)	16,371	(36,769)	16,292	17,885	
Vehicles	110,456	3,796	(11,341)	399	103,310	(87,202)	(6,627)	8,235	(85,594)	23,254	17,716	
Leasehold improvement under installation	539	493	-	(399)	633	(19,781)	(3,415)	-	(23,196)	6,707	3,292	
Total	200,923	15,113	(30,951)	-	185,085	(154,131)	(16,034)	24,606	(145,559)	46,792	39,526	

	Cost				Accumulated depreciation				Leasehold improvement and equipment, net as at 1 January 2019		Leasehold improvement and equipment, net as at 31 December 2019	
	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	Disposal / Write off Thousand Baht	Transfer from AZTH Thousand Baht	As at 31 December 2019 Thousand Baht	Leasehold improvement and equipment, net as at 1 January 2019 Thousand Baht	Leasehold improvement and equipment, net as at 31 December 2019 Thousand Baht
Leasehold improvement Furniture, fixtures and office equipment	51,557	3,078	(3,007)	15,423	67,051	(37,219)	(9,500)	2,388	(5,626)	(49,957)	14,338	17,094
Vehicles	63,124	4,175	(14,201)	57,358	110,456	(55,489)	(7,988)	13,959	(37,684)	(87,202)	7,635	23,254
Leasehold improvement under installation	28,870	-	(2,382)	-	26,488	(17,042)	(5,121)	2,382	-	(19,781)	11,828	6,707
Total	143,551	7,792	(19,590)	72,781	204,534	(109,750)	(22,609)	18,729	(43,310)	(156,940)	33,801	47,594

The depreciation expense for the three-month and nine-month period ended 30 September 2020 amounting to Baht 4.71 million and Baht 16.03 million, respectively were included in operating expenses (30 September 2019: Baht 6.47 million and Baht 16.31 million, respectively).

As at 30 September 2020 and 31 December 2019, certain leasehold improvement and equipment of the Company at cost of Baht 91.50 million and Baht 82.02 million, respectively, were fully depreciated but still in use.

Allianz Ayudhya General Insurance Public Company Limited
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13 Right-of-use asset, net

	30 September 2020 (Unaudited)									
	Cost					Accumulated depreciation				
	As at 1 January 2020 Thousand Baht	Increase Thousand Baht	Change in contract Thousand Baht	As at 30 September 2020 Thousand Baht	As at 1 January 2020 Thousand Baht	Amortisation Thousand Baht	Change in contract Thousand Baht	As at 30 September 2020 Thousand Baht	As at 1 January 2020 Thousand Baht	Right-of-use asset, net as at 30 September 2020 Thousand Baht
Leasehold improvement	130,298	34,052	14,805	179,155	(2,809)	(22,424)	1,303	(23,930)	127,489	155,225
Vehicles	3,333	-	-	3,333	-	(1,364)	-	(1,364)	3,333	1,969
Total	133,631	34,052	14,805	182,488	(2,809)	(23,788)	1,303	(25,294)	130,822	157,194

For the three-month and nine-month period ended 30 September 2020, the lease payments resulting from lease contracts which are not capitalised comprised of short-term contracts amounting to Baht 0 million and Baht 0.15 million.

Allianz Ayudhya General Insurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
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14 Intangible assets, net

Intangible assets, net as at 30 September 2020 and 31 December 2019 consisted of the following:

	Cost					Accumulated amortisation					Intangible assets, net as at 30 September 2020 Thousand Baht
	As at 1 January 2020 Thousand Baht	Increase Thousand Baht	Write off Thousand Baht	Transfer in/ (transfer out) Thousand Baht	As at 30 September 2020 Thousand Baht	As at 1 January 2020 Thousand Baht	Amortisation Thousand Baht	Write off Thousand Baht	As at 30 September 2020 Thousand Baht	Intangible assets, net as at 1 January 2020 Thousand Baht	
Computer software	233,069	1,794	-	22,062	256,925	(188,982)	(13,356)	-	(202,338)	44,087	54,587
Computer software in progress	30,588	132	-	(22,062)	8,658	-	-	-	-	30,588	8,658
Bancassurance agreement	100,000	-	-	-	100,000	(91,568)	(7,570)	-	(99,138)	8,432	862
Total	363,657	1,926	-	-	365,583	(280,550)	(20,926)	-	(301,476)	83,107	64,107

	Cost					Accumulated amortisation					Intangible assets, net as at 31 December 2019 Thousand Baht
	As at 1 January 2019 Thousand Baht	Increase Thousand Baht	Write off Thousand Baht	Transfer in/ (transfer out) 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	
Computer software	90,055	2,671	-	-	233,069	(64,830)	(12,919)	-	(111,233)	(188,902)	25,225
Computer software in progress	7,381	-	(53,840)	77,048	30,588	(81,577)	(9,992)	-	-	-	7,381
Bancassurance agreement	100,000	-	-	-	100,000	(81,577)	(9,992)	-	-	(91,568)	18,423
Total	197,436	2,671	(53,840)	217,391	363,657	(146,407)	(22,911)	-	(111,233)	(280,550)	51,029

For the three-month period ended 30 September 2020 and 2019, the amortisation expenses amounting to Baht 4.37 million and Baht 2.03 million, respectively, were included in operating expenses and amounting to Baht 2.50 million and Baht 0 million, respectively, were included in other underwriting expenses.

For the nine-month period ended 30 September 2020 and 2019, the amortisation expenses amounting to Baht 13.33 million and Baht 13.40 million, respectively, were included in operating expenses and amounting to Baht 7.57 million and Baht 0 million, respectively, were included in other underwriting expenses.

As at 30 September 2020 and 31 December 2019, certain intangible assets of the Company at cost of Baht 72.99 million and Baht 54.14 million, respectively, were fully amortised but still in use.

Allianz Ayudhya General Insurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
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15 Deferred tax assets, net

Deferred tax assets, net as at 30 September 2020 and 31 December 2019 were as follows:

	(Unaudited) 30 September 2020 Thousand Baht	(Audited) 31 December 2019 Thousand Baht
Deferred tax assets, net	243,818	301,806

Movements of deferred tax assets for the nine-month period ended 30 September 2020 and for the year ended 31 December 2019 consisted of tax effects from the following items:

	As at 1 January 2020 Thousand Baht	Transactions recognised in profit or loss Thousand Baht	Transaction recognised in other comprehensive income or loss Thousand Baht	As at 30 September 2020 Thousand Baht
Deferred tax assets				
Allowance for doubtful accounts				
- Premium due and uncollected	6,620	(22)	-	6,598
Allowance for doubtful accounts				
- Other receivable	567	-	-	567
Unearned premium reserve	100,061	(52,724)	-	47,337
Claim reserve, net	137,009	3,351	-	140,360
Claim incurred but not reported	25,905	9,880	-	35,785
Employee benefit obligations	18,226	1,014	-	19,240
Accrued expense	11,841	(2,706)	-	9,135
Unrealised loss on the change in fair value of available-for-sale investments	(14,158)	-	(933)	(15,091)
Expected credit loss allowance	184	174	(181)	177
Unrealised gain on the change in fair value adjustment	-	(3,202)	-	(3,202)
Others	2,913	-	-	2,913
Deferred tax assets, net	289,168	(44,235)	(1,114)	243,819

	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
Deferred tax assets					
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
Deferred tax assets, net	184,815	(16,104)	(6,833)	139,928	301,806

Allianz Ayudhya General Insurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 30 September 2020

15 Deferred tax assets, net (Cont'd)

Income tax expense for the three-month and nine-month periods ended 30 September 2020 and 2019, consisted of the following:

	(Unaudited)		(Unaudited)	
	For the three-month periods ended		For the nine-month periods ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Current income tax				
Income tax	-	(47,238)	-	(61,025)
Deferred tax asset				
Change in temporary difference	27,544	33,077	44,235	79,287
Total	27,544	(14,161)	44,235	18,262

16 Other assets, net

	(Unaudited)	(Audited)
	30 September 2020	31 December 2019
	Thousand Baht	Thousand Baht
Other receivables	49,428	29,590
<u>Less</u> Allowance for doubtful accounts	(2,834)	(2,834)
	46,594	26,756
Revenue Department receivable	35,966	29,456
Withholding tax receivable	16,767	1,499
Prepaid expenses	6,677	9,066
Due from rice field insurance scheme	1,264	47,483
Accrued loss recovery	34,363	48,801
Deposits	8,557	8,590
Undue input value added tax	5,668	7,246
Others	21,328	1,825
Total other assets, net	177,184	180,722

17 Insurance contract liabilities

Insurance contract liabilities as at 30 September 2020 and 31 December 2019 consisted of the following:

	As at 30 September 2020 (Unaudited)		
	Insurance contract liabilities	Insurance liabilities recovered from reinsurers	Net
	Thousand Baht	Thousand Baht	Thousand Baht
Claim reserves			
Claim incurred and reported	2,420,225	(1,551,102)	869,123
Claim incurred but not reported	262,599	(83,674)	178,925
	2,682,824	(1,634,776)	1,048,048
Premium reserve			
Unearned premium reserve	2,827,968	(765,484)	2,062,484
Total	5,510,792	(2,400,260)	3,110,532

17 Insurance contract liabilities (Cont'd)

Insurance contract liabilities as at 30 September 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
Claim reserves			
Claim incurred and reported	2,273,231	(1,477,736)	795,495
Claim 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	3,337,238	(1,205,520)	2,131,718
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

	30 September 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	2,216,497	(638,844)	1,577,653
Change in claim reserves and assumptions used in claim reserve calculation	657,278	(349,710)	307,568
Claim paid during the period	(2,651,654)	889,462	(1,762,192)
Balance as at period ended	<u>2,682,824</u>	<u>(1,634,776)</u>	<u>1,048,048</u>
	31 December 2019 (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)
Claim paid during the year	(2,909,908)	1,141,002	(1,768,906)
Claim 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 year ended	<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

	30 September 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	4,319,514	(1,226,148)	3,093,366
Earned premium for the period	(4,828,784)	1,666,184	(3,162,600)
As at 30 September	<u>2,827,968</u>	<u>(765,484)</u>	<u>2,062,484</u>
	31 December 2019 (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 30 September 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 1,387.64 million and Baht 1,868.91 million, respectively and net of reinsurance amounting to Baht 1,279.33 million and Baht 1,387.45 million, respectively is lower than the unearned premium reserve.

18 Amount due to reinsurers

	(Unaudited)	(Audited)
	30 September 2020 Thousand Baht	31 December 2019 Thousand Baht
Amounts withheld on reinsurance	906,175	1,152,998
Reinsurance payables	<u>649,695</u>	<u>791,674</u>
Total amount due to reinsurers	<u>1,555,870</u>	<u>1,944,672</u>

19 Lease liabilities

The maturity analysis of lease liabilities is aged as follows:

Maturity	(Unaudited) 30 September 2020 Thousand Baht
Within 1 year	36,766
Between 1 - 2 years	30,533
Between 2 - 3 years	28,044
Between 3 - 4 years	24,143
Between 4 - 5 years	22,386
Over 5 years	16,844
Total lease liabilities	158,716
Including - Principal	171,368
- Interest	(12,652)

For the three-month and nine-month period ended 30 September 2020, interest expenses on lease liabilities amounted to Baht 0.7 million and Baht 2.81 million, respectively are recorded as "finance cost" in the statement of comprehensive income.

20 Other liabilities

	(Unaudited) 30 September 2020 Thousand Baht	(Audited) 31 December 2019 Thousand Baht
Other payables - promotion expense	30,324	69,343
Premium received in advance	136,516	95,127
Withholding tax payable	13,554	10,845
Undue output VAT	4,137	23,791
Contribution to non-life guarantee fund	15,042	15,810
Others	35,224	64,333
Total other liabilities	234,797	279,249

21 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 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 millions of new ordinary shares at the par value of Baht 10 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.

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22 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 and nine-month periods ended 30 September 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 and nine-month periods ended 30 September 2020 and 2019 were presented by business segment as follows:

	(Unaudited)				
	For the three-month period ended 30 September 2020				
	Fire Thousand Baht	Marine Thousand Baht	Motor Thousand Baht	Miscellaneous Thousand Baht	Total Thousand Baht
Underwriting income					
Gross premiums written	159,573	64,385	580,470	477,148	1,281,576
<u>Less</u> Premium ceded	(15,518)	(48,030)	(171)	(334,131)	(397,850)
Net premiums written	144,055	16,355	580,299	143,017	883,726
<u>Add (Less)</u> Unearned premium reserve (increase) decrease from previous period	2,235	(1,936)	124,810	41,070	166,179
Net premium ceded	146,290	14,419	705,109	184,087	1,049,905
Fee and commission income	3,616	13,785	(23)	63,775	81,153
Total underwriting income	149,906	28,204	705,086	247,862	1,131,058
Underwriting expense					
Gross claim paid	83,120	16,025	519,656	397,812	1,016,613
<u>Less</u> Claim recovered from reinsurers	(27,870)	(4,692)	(46,684)	(290,075)	(369,321)
Commissions and brokerages expenses	34,320	7,954	89,729	61,382	193,385
Other underwriting expenses	22,357	6,457	55,266	60,471	144,551
Total underwriting expense	111,927	25,744	617,967	229,590	985,228
Profit on underwriting before operating expenses	37,979	2,460	87,119	18,272	145,830
Operating expenses					229,321
Loss on underwriting					(83,491)

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22 Financial information by segment (Cont'd)

The financial information of the Company for the three-month and nine-month periods ended 30 September 2020 and 2019 were presented by business segment as follows: (Cont'd)

	(Unaudited)				Total Thousand Baht
	For the three-month period ended 30 September 2019				
	Fire Thousand Baht	Marine Thousand Baht	Motor Thousand Baht	Miscellaneous Thousand Baht	
Underwriting income					
Gross premiums written	167,916	79,139	790,592	678,742	1,716,389
<u>Less</u> Premium ceded	(38,893)	(48,012)	(177,916)	(449,986)	(714,807)
	129,023	31,127	612,676	228,756	1,001,582
Net premiums written					
<u>Add(Less)</u> Unearned premium reserve (increase) decrease from previous period	(9,275)	4,828	59,188	(32,696)	22,045
Net premium ceded	119,748	35,955	671,864	196,060	1,023,627
Fee and commission income	9,729	12,789	59,735	97,400	179,653
Total underwriting income	129,477	48,744	731,599	293,460	1,203,280
Underwriting expense					
Gross claim paid	17,976	33,665	524,032	484,187	1,059,860
<u>Less</u> Claim recovered from reinsurers	(4,250)	(23,793)	(87,551)	(332,600)	(448,194)
Commissions and brokerages expenses	38,476	7,748	99,797	68,021	214,042
Other underwriting expenses	22,717	8,886	115,211	61,565	208,379
Total underwriting expense	74,919	26,506	651,489	281,173	1,034,087
Profit on underwriting before operating expenses	54,558	22,238	80,110	12,287	169,193
Operating expenses					240,041
Loss on underwriting					(70,848)
	(Unaudited)				Total Thousand Baht
	For the nine-month period ended 30 September 2020				
	Fire Thousand Baht	Marine Thousand Baht	Motor Thousand Baht	Miscellaneous Thousand Baht	
Underwriting income					
Gross premiums written	485,651	223,577	2,053,899	1,556,387	4,319,514
<u>Less</u> Premium ceded	(45,941)	(155,684)	(13,369)	(1,011,154)	(1,226,148)
	439,710	67,893	2,040,530	545,233	3,093,366
Net premiums written					
<u>Add(Less)</u> Unearned premium reserve (increase) decrease from previous period	(12,932)	(20,336)	85,863	16,639	69,234
Net premium ceded	426,778	47,557	2,126,393	561,872	3,162,600
Fee and commission income	11,905	50,352	4,431	214,068	280,756
Total underwriting income	438,683	97,909	2,130,824	775,940	3,443,356
Underwriting expense					
Gross claim paid	113,237	25,519	1,559,537	1,184,565	2,882,858
<u>Less</u> Claim recovered from reinsurers	(35,764)	(4,658)	(185,130)	(727,759)	(953,311)
Commissions and brokerages expenses	105,874	25,473	296,296	216,684	644,327
Other underwriting expenses	72,127	19,661	294,955	201,536	588,279
Total underwriting expense	255,474	65,995	1,965,658	875,026	3,162,153
Profit (Loss) on underwriting before operating expenses	183,209	31,914	165,166	(99,086)	281,203
Operating expenses					611,921
Loss on underwriting					(330,718)

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22 Financial information by segment (Cont'd)

The financial information of the Company for the three-month and nine-month periods ended 30 September 2020 and 2019 were presented by business segment as follows: (Cont'd)

	(Unaudited)				Total Thousand Baht
	For the nine-month period ended 30 September 2019				
	Fire Thousand Baht	Marine Thousand Baht	Motor Thousand Baht	Miscellaneous Thousand Baht	
Underwriting income					
Gross premiums written	496,196	244,102	1,884,388	1,373,533	3,998,219
<u>Less</u> Premium ceded	(123,969)	(154,274)	(470,342)	(825,350)	(1,573,935)
	372,227	89,828	1,414,046	548,183	2,424,284
Net premiums written					
<u>Add(Less)</u> Unearned premium reserve (increase) decrease from previous period	(22,251)	738	16,981	(30,047)	(34,579)
Net premium ceded	349,976	90,566	1,431,027	518,136	2,389,705
Fee and commission income	32,487	43,669	161,126	203,352	440,634
Total underwriting income	382,463	134,235	1,592,153	721,488	2,830,339
Underwriting expense					
Gross claim paid	(21,468)	76,639	1,129,861	704,740	1,889,772
<u>Add(Less)</u> Claim (recovered) reverse from reinsurers	35,890	(50,541)	(231,350)	(430,696)	(676,697)
Commissions and brokerages expenses	108,619	25,433	222,508	164,850	521,410
Other underwriting expenses	71,213	25,555	284,166	157,657	538,591
Total underwriting expense	194,254	77,086	1,405,185	596,551	2,273,076
Profit on underwriting before operating expenses	188,209	57,149	186,968	124,937	557,263
Operating expenses					526,933
Profit on underwriting					30,330

23 Operating expenses

The operating expenses for the three-month and nine-month periods ended 30 September 2020 and 2019 were as follows:

	(Unaudited)		(Unaudited)	
	For the three-month periods ended		For the nine-month periods ended	
	30 September 2020 Thousand Baht	30 September 2019 Thousand Baht	30 September 2020 Thousand Baht	30 September 2019 Thousand Baht
Employee expenses not relating to underwriting or claim administrative expense	55,651	107,099	200,359	254,674
Premise and equipment expense not relating to underwriting expense	32,934	41,422	101,810	110,246
Stamp and tax duty	71	209	917	1,270
Bad debt and doubtful debt (Reversal)	1,230	16,630	(109)	19,118
Director's remuneration	974	888	3,647	3,443
Management fee	56,742	16,637	135,134	39,686
Advertising and sales promotion expenses (Reversal)	(3,254)	4,995	(2,019)	7,755
Professional fee	35,269	4,901	89,583	11,381
Other operating expenses	49,704	47,260	82,599	79,360
Total operating expenses	229,321	240,041	611,921	526,933

24 Expected credit loss

	(Unaudited) For the three-month period ended 30 September 2020 Thousand Baht	(Unaudited) For the nine-month period ended 30 September 2020 Thousand Baht
Cash and cash equivalent (Reversal)	(238)	(43)
Investment in securities		
Investments measured at fair value through other comprehensive income	709	893
Investments measured at amortised cost	24	11
Total expected credit loss	<u>495</u>	<u>861</u>

25 Basic earnings (loss) per share

Basic earnings (loss) per share for the three-month and nine-month periods ended 30 September 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		(Unaudited) For the nine-month periods ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
Net profit (loss) (Thousand Baht)	(76,442)	(55,439)	(266,689)	66,970
Number of weighted averages share capital (Thousand shares)	<u>254,880</u>	<u>254,880</u>	<u>254,880</u>	<u>222,240</u>
Basic earnings (loss) per shares (Baht)	<u>(0.30)</u>	<u>(0.22)</u>	<u>(1.05)</u>	<u>0.30</u>

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 30 September 2020 and 31 December 2019 were as follows:

	(Unaudited) 30 September 2020 Thousand Baht	(Audited) 31 December 2019 Thousand Baht
Receivables		
Related company of ultimate parent		
Premium receivable	-	21
Amounts due from reinsurers	205,359	283,190
Other assets	8,013	24,969
Related company of immediate parent		
Deposits at financial institutions	119,970	290,096
Premium receivable	44,470	2,817
Other assets	4,833	5,666
Payables		
Related company of ultimate parent		
Amounts withheld on reinsurance	437,093	453,860
Due to reinsurers	305,501	403,537
Other liabilities	30,257	67,372
Related company of immediate parent		
Commission and brokerage payable	15,032	13,284
Accrued other - underwriting expenses	34,178	29,171
Other liabilities	7,733	5,957

Significant transactions for the three-month and nine-month periods ended 30 September 2020 and 2019 with related parties were as follows:

	(Unaudited) For the three-month period ended	
	30 September 2020 Thousand Baht	30 September 2019 Thousand Baht
Revenues		
Related company of ultimate parent		
Claim recovered from reinsurers	118,886	81,800
Fee and commission income	30,608	39,185
Other income	20,014	9,077
Immediate parent company		
Other income	1,275	475
Related company of immediate parent		
Premium written	68,381	71,375
Other income	-	732

26 Related parties (Cont'd)

Significant transactions for the period ended 30 September 2020 and 2019 with related parties were as follows:

	(Unaudited)	
	For the three-month period ended	
	30 September	30 September
	2020	2019
	Thousand Baht	Thousand Baht
Expenses		
Related company of ultimate parent		
Premiums ceded to reinsurers	124,842	48,259
Other expenses	82,007	23,743
Immediate parent company		
Other expenses	-	584
Related company of immediate parent		
Commission and brokerage expenses	44,382	50,549
Underwriting expenses	49,172	30,024
Other expenses	731	4,888
	(Unaudited)	
	For the nine-month period ended	
	30 September	30 September
	2020	2019
	Thousand Baht	Thousand Baht
Revenues		
Related company of ultimate parent		
Claim recovered from reinsurers	251,747	142,402
Fee and commission income	89,126	70,062
Premium written	193	364
Other income	31,065	17,298
Immediate parent company		
Other income	3,825	775
Related company of immediate parent		
Premium written	94,342	89,285
Other income	-	1,203
Expenses		
Related company of ultimate parent		
Premiums ceded to reinsurers	386,299	306,078
Operating expenses	168,334	38,771
Immediate parent company		
Operating expenses	-	9,153
Related company of immediate parent		
Commission and brokerage expenses	135,572	147,750
Underwriting expenses	105,476	98,034
Operating expenses	8,786	14,785

26 Related parties (Cont'd)

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 managerial and administrative services of accounting, 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.

Directors and key management personnel's remuneration

During the three-month and nine-month periods ended 30 September 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)		(Unaudited)	
	For the three-month periods ended		For the nine-month periods ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Directors and key management personnel's remuneration				
Short-term benefits	32,350	35,606	106,067	73,848
Post-employment benefits	944	1,134	2,913	2,590
Directors' remuneration	340	-	1,717	207
Total	33,634	36,740	110,697	76,645

Directors' remunerations for the years of 2020 and 2019 were approved by the ordinary shareholders' meeting of the Company held on 10 July 2020 and 26 April 2019, respectively.

27 Securities and assets pledged with the Registrar

As at 30 September 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. 2558", 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. 2558" were as follows:

	(Unaudited) 30 September 2020 Thousand Baht	(Audited) 31 December 2019 Thousand Baht
Government and state enterprise securities	601,034	552,710

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

28 Restricted assets and commitment

As at 30 September 2020 and 31 December 2019, the Company has premium saving certificates amount of Baht 1.75 million and Baht 3.15 million, respectively were used as collateral in case where the insured drivers are the alleged offenders.

As at 30 September 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.

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 30 September 2020 and 31 December 2019 amounting to Baht 94.07 million and Baht 70.38 million, respectively.

30 Commitments

As indicated in note 3, the Company has adopted TFRS 16 retrospectively from 1 January 2020, but has not restated comparatives for the 2019 reporting period as permitted under the specific transition provisions in the standard. Prior to the adoption of TFRS 16, the Company had future aggregate minimum lease payments under non-cancellable operating leases as follows:

Type	(Unaudited) As at 30 September 2020		
	Remaining periods		Total rental payments for the remaining periods Thousand Baht
	Within 1 year Thousand Baht	Over 1 year to 5 years Thousand Baht	
Vehicle - others	-	-	-
	-	-	-
	-	-	-
Type	(Audited) As at 31 December 2019		
	Remaining periods		Total rental payments for the remaining periods Thousand Baht
	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 the three-month and nine-month periods ended 30 September 2020 and 2019, the Company recorded the rental and service fees under operating agreements as expense in statement of profit or loss as follow:

	(Unaudited) For the three-month period ended		(Unaudited) For the nine-month period ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Rental and service fees	-	9,732	155	25,552

31 Contingent liabilities

As at 30 September 2020 and 31 December 2019, lawsuits have been brought against the Company, as insurer, from which the Company estimates losses totalling Baht 188.20 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.