

**ALLIANZ AYUDHYA GENERAL INSURANCE PUBLIC
COMPANY LIMITED**

FINANCIAL STATEMENTS

31 DECEMBER 2020



Independent auditor's report

To the Shareholders of Allianz General Insurance Public Company Limited

My opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Allianz Ayudhya General Insurance Public Company Limited (the Company) as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Company in accordance with Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of management for the financial statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.



Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the audit committee and management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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
25 February 2021

Allianz Ayudhya General Insurance Public Company Limited
Statement of Financial Position
As at 31 December 2020

		2020	2019
	<u>Notes</u>	<u>Thousand Baht</u>	<u>Thousand Baht</u>
Assets			
Cash and cash equivalents, net	11	1,535,960	4,317,580
Premium receivable, net	12	555,606	771,000
Accrued investment income		14,446	7,786
Reinsurance assets	13	2,060,737	2,741,204
Amounts due from reinsurers	14	439,285	496,239
Investments			
Investments in securities, net	15	4,233,430	3,053,335
Loans and interest receivable	16	-	14
Leasehold improvement and equipment, net	17	52,223	47,594
Right-of-use asset, net	18	208,804	-
Goodwill	19	508,877	508,877
Intangible assets, net	20	70,501	83,107
Deferred tax assets, net	21	355,131	301,806
Deferred commissions expenses		78,959	72,514
Other assets, net	22	135,110	180,722
Total assets		<u>10,249,069</u>	<u>12,581,778</u>

Director

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

Allianz Ayudhya General Insurance Public Company Limited

Statement of Financial Position (Cont'd)

As at 31 December 2020

		2020	2019
	<u>Notes</u>	<u>Thousand Baht</u>	<u>Thousand Baht</u>
Liabilities and equity			
Liabilities			
Insurance contract liabilities	23	5,157,764	5,797,941
Amounts due to reinsurers	24	1,249,805	1,944,672
Payable from purchase of securities		-	992,853
Employee benefit obligations	25	151,266	127,849
Premium written received in advance		343,710	421,446
Commissions and brokerages payables		99,257	107,767
Accrued expenses		449,171	376,081
Lease liabilities	26	207,876	-
Other liabilities	27	276,603	279,249
Total liabilities		<u>7,935,452</u>	<u>10,047,858</u>
Equity			
Share capital	28		
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	29	15,750	15,750
Unappropriated		(297,006)	(35,975)
Other components of equity			
Surplus on Investments measured at fair value through other comprehensive income		46,073	5,345
Total equity		<u>2,313,617</u>	<u>2,533,920</u>
Total liabilities and equity		<u>10,249,069</u>	<u>12,581,778</u>

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

Allianz Ayudhya General Insurance Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2020

		2020	2019
	Notes	Thousand Baht	Thousand Baht
Revenues			
Gross premiums written	30	5,676,918	5,757,300
<u>Less</u> premiums ceded	30	(1,564,003)	(2,290,390)
Net premiums written		4,112,915	3,466,910
<u>Add(Less)</u> unearned premium reserve decreased (increased)	30	57,381	(59,254)
Net premiums earned		4,170,296	3,407,656
Fees and commission income	30	292,826	605,176
Net investment income		54,923	82,617
Gain(Loss) on investment		42	(28,536)
Gain on fair value adjustment		4,105	-
Other income		65,307	34,127
Total revenues		4,587,499	4,101,040
Expenses			
Gross claim paid	30	3,456,194	2,695,109
<u>Less</u> Claim recovered from reinsurers	30	(981,646)	(756,371)
Commissions and brokerages expenses	30	854,028	754,742
Other underwriting expenses	30	766,695	814,213
Operating expenses	30, 31	811,033	856,712
Finance cost		4,652	-
Expected credit loss	33	(123)	-
Total expenses		4,910,833	4,364,405
Loss before income tax		(323,334)	(263,365)
Income tax income (expense)	35	63,266	(16,104)
Net loss		(260,068)	(279,469)

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

Allianz Ayudhya General Insurance Public Company Limited

Statement of Comprehensive Income (Cont'd)

For the year ended 31 December 2020

		2020	2019
	Notes	Thousand Baht	Thousand Baht
Other comprehensive income (loss)			
<u>Items that will not be subsequently reclassified to profit or loss</u>			
Actuarial gain on defined employee benefit plans		-	7,038
Income tax on items that will not be reclassified to profit or loss	21	-	(1,408)
Total Items that will not be subsequently reclassified to profit or loss		-	5,630
<u>Items that will be subsequently reclassified to profit or loss</u>			
(Loss) Gain on revaluation of Investments measured at fair value through other comprehensive income		(13,486)	27,125
Income tax on items that will be reclassified to profit or loss	21	2,697	(5,425)
Total Items that will be subsequently reclassified to profit or loss		(10,789)	21,700
Other comprehensive income for the period, net of income tax		(10,789)	27,330
Total comprehensive loss for the period		(270,857)	(252,139)
Loss per share (Baht per share)			
Basic loss per share	34	(1.02)	(1.21)

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

Allianz Ayudhya General Insurance Public Company Limited
Statement of Changes in Equity
For the year ended 31 December 2020

	Notes	Issued and paid-up share capital		Retained earnings (deficits)		Other components of equity		Total equity
		Thousand Baht	Thousand Baht	Legal reserve	Unappropriated	Gain (loss) on revaluation of Investments measured at fair value through other comprehensive income	Thousand Baht	
Balance as at 1 January 2019		1,800,000	15,750	237,863		(16,355)		2,037,258
Increase capital	28	748,800	-	-		-		748,800
Net loss for the period		-	-	(279,468)		-		(279,468)
Gain on revaluation of Investments measured at fair value through other comprehensive income		-	-	-		21,700		21,700
Remeasurements of post-employment benefit obligations		-	-	5,630		-		5,630
Balance as at 31 December 2019		<u>2,548,800</u>	<u>15,750</u>	<u>(35,975)</u>		<u>5,345</u>		<u>2,533,920</u>
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	6	-	-	(963)		51,517		50,554
Balance after adjustment as at 1 January 2020 (After adjustment)		2,548,800	15,750	(36,938)		56,862		2,584,474
Net loss		-	-	(260,068)		-		(260,068)
Loss on revaluation of Investments measured at fair value through other comprehensive income		-	-	-		(10,789)		(10,789)
Balance as at 31 December 2020		<u>2,548,800</u>	<u>15,750</u>	<u>(297,006)</u>		<u>46,073</u>		<u>2,313,617</u>

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

Allianz Ayudhya General Insurance Public Company Limited

Statement of Cash Flows

For the year ended 31 December 2020

	2020	2019
	<u>Thousand Baht</u>	<u>Thousand Baht</u>
Cash flows provided by (used in) operating activities		
Direct premium received	5,540,022	5,547,714
Cash (paid) received for reinsurance	(622,169)	224,595
Interest income	43,594	33,170
Dividend income	16	10,725
Other income	65,307	34,074
Claim incurred from direct insurance	(3,410,586)	(3,067,333)
Commissions and brokerages paid from direct insurance	(838,300)	(740,428)
Other underwriting expenses	(766,695)	(778,130)
Operating expenses	(605,979)	(745,434)
Income tax expense	(7,362)	(70,564)
Cash received from investments in securities	4,573,611	1,534,231
Cash paid for investments in securities	(6,939,682)	-
Cash paid for deposit at bank with maturity over 3 months and deposits used as collateral	(236,301)	157,871
Cash received from deposits at bank with maturity over 3 months and deposits used as collateral	488,650	-
Loans	14	15
Net cash flow (used in) provided by operating activities	<u>(2,715,860)</u>	<u>2,140,506</u>
Cash flows provided by (used in) investing activities		
<u>Cash flows provided by</u>		
Cash received from selling premises and equipment	695	634
<u>Cash flows used in</u>		
Cash paid for purchasing entire business transfer	-	(848,800)
Cash paid for purchasing premises and equipment	(24,641)	(8,272)
Cash paid for purchasing intangible assets	(13,360)	(2,670)
Net cash flow used in investing activities	<u>(37,306)</u>	<u>(859,108)</u>

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

Allianz Ayudhya General Insurance Public Company Limited

Statement of Cash Flows (Cont'd)

For the year ended 31 December 2020

	2020	2019
Notes	Thousand Baht	Thousand Baht
Cash flows provided by (used in) financing activities		
Increase capital	28	-
Cash paid for lease liability	(23,239)	-
Cash paid for finance cost	(4,652)	-
Net cash flow (used in) provided by financing activities	(27,891)	748,800
Net (decrease) increase in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	4,317,580	1,239,984
Cash received from the entire business transfer	-	1,047,398
Cash and cash equivalents at the ending of the year	1,536,523	4,317,580
<u>Less</u> Allowance for expected credit loss	(563)	-
Cash and cash equivalents, net at the ending of the year	11	1,535,960
<u>Non-cash transactions</u>		
Payable from purchase of securities	-	992,853

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

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: Ploenchit Tower, 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 financial statements are presented in Thai Baht and rounded to the nearest Thousand, unless otherwise stated.

The financial statements are authorised for issue by the board of directors on 25 February 2021.

2 Significant events during the current year

After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, it has resulted in the effects on the operating results for the year ended 31 December 2020 as follows:

The Company can continue the business as usual. There was only Phuket branch which was temporarily closed according to the lockdown policy of those provinces, from March to April 2020. The Company has activated its Business Continuity Plan with introduction of digital sales tools and implemented work from home. 80%-90% of staff have been working from home to ensure continuity of operation. Furthermore, an internal COVID taskforce established and included key members of the management to immediately handle matters related to COVID-19.

3 Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards ("TFRS") and the format prescribed by the Notification of the Office of Insurance Commission entitled "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 financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 7.

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

4 New and amended financial reporting standards

4.1 New and amended financial reporting standards that are effective for accounting period beginning on or after 1 January 2020 and have significant impacts to the Company

a) Financial instruments

The new financial standards related to financial instruments are as follows:

TAS 32	Financial instruments: Presentation
The Accounting Guidance	Financial instruments and disclosures for insurance companies' accounting guidance'
TFRS 7	Financial instruments: Disclosures
TFRS 9	Financial instruments

TFRS 4 provides insurance companies an optional exemption from compliance with TFRS 9 and TFRS 7. The exemption is temporarily effective and not mandatory. Entities who choose to use the exemption must follow the 'Financial Instruments and Disclosure for Insurance Companies' accounting guidelines issued by the Federation of Accounting Professions until TFRS 17 becomes effective.

The new financial reporting standards related to financial instruments and the accounting guidance introduce new classification and measurement requirements for financial instruments as well as provide derecognition guidance on financial assets and financial liabilities. The new guidance also provides an option for the Company to apply hedge accounting to reduce accounting mismatch between hedged item and hedging instrument. In addition, the new rule provides detailed guidance on financial instruments issued by the Company whether it is a liability or an equity. Among other things, they require extensive disclosure on financial instruments and related risks. The new guidance requires assessment of impairment of financial assets as well as contract assets and recognition of expected credit loss from initial recognition.

TFRS 9 Financial instruments has determined that the new classification requirements of financial assets require the Company to assess both i) business model for holding the financial assets; and ii) cash flow characteristics of the asset whether the contractual cash flows represent solely payments of principal and interest (SPPI). The classification affects the financial assets' measurement.

On 1 January 2020, the Company has adopted the financial reporting standards related to financial instruments in its financial statements. The impact from the first-time adoption has been disclosed in Note 6.

4 New and amended financial reporting standards (Cont'd)

4.1 New and amended financial reporting standards that are effective for accounting period beginning on or after 1 January 2020 and have significant impacts to the Company (Cont'd)

b) **TFRS 16, Leases**

Where the Company is a lessee, TFRS 16, Leases will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. A right-of-use asset and a lease liability will be recognised, with exception on short-term and low-value leases.

On 1 January 2020, the Company has adopted the new lease standard in its financial statements. The impact from the first-time adoption has been disclosed in Note 6.

c) **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.

The Company's management has adopted new financial reporting standards and believes that the Company has no significant effect.

d) **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.

The Company's management has adopted new financial reporting standards and believes that the Company has no significant effect.

e) **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 new financial reporting standards and believes that the Company has no significant effect.

4 New and amended financial reporting standards (Cont'd)

4.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2021 and have significant impacts to the Company

Certain amended financial reporting standards have been issued that are not mandatory for current reporting period and have not been early adopted by the Company.

a) **Revised Conceptual Framework for Financial Reporting** added the following key principals and guidance:

- Measurement basis, including factors in considering difference measurement basis
- Presentation and disclosure, including classification of income and expenses in other comprehensive income
- Definition of a reporting entity, which maybe a legal entity, or a portion of an entity
- Derecognition of assets and liabilities

The amendment also includes the revision to the definition of an asset and liability in the financial statements, and clarification to the prominence of stewardship in the objective of financial reporting.

b) **Amendment to TFRS 3, Business combinations** amended the definition of a business which requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers and to exclude returns in the form of lower costs and other economic benefits.

c) **Amendment to TFRS 9, Financial instruments and TFRS 7, Financial instruments: disclosures** amended to provide relief from applying specific hedge accounting requirements to the uncertainty arising from interest rate benchmark reform such as IBOR. The amendment also requires disclosure of hedging relationships directly affected by the uncertainty.

d) **Amendment to TAS 1, Presentation of financial statements and TAS 8, Accounting policies, changes in accounting estimates and errors** amended to definition of materiality. The amendment allows for a consistent definition of materiality throughout the Thai Financial Reporting Standards and the Conceptual Framework for Financial Reporting. It also clarified when information is material and incorporates some of the guidance in TAS 1 about immaterial information.

e) **Amendment to TFRS 16, Leases** amended to provide a practical expedient where lessees are exempted from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications. It applies to rent concessions that reduce lease payments due from 1 June 2020 to 30 June 2021. The amendment is effective for the annual accounting period beginning on or after 1 June 2020 where early application is permitted.

The Company has chosen not to early apply the exemption for the current reporting period.

The Company's management is currently assessing the impacts from these standards.

4 New and amended financial reporting standards (Cont'd)

4.3 Amended financial reporting standards that are effective for accounting period beginning or after 1 January 2022 and have significant impacts to the Company

Certain amended financial reporting standards have been issued that are not mandatory for current reporting period and have not been early adopted by the Company.

- a) **Amendment to TFRS 16, Leases** amended to include a practical expedient for leases that are modified as a direct consequence of IBOR reform (e.g. replacement of THBFIX as a benchmark interest rate due to the cancellation of LIBOR) for lessee to remeasure the lease liability by discounting the revised lease payments using a discount rate that reflects the change in the interest rate. An early application of the amendment is permitted.

The Company has chosen not to early apply the exemption for the current reporting period.

5. Accounting policies

5.1 Product classification

The Company has classified its contracts written as either insurance contracts or investment contracts, depending on the level of insurance risk.

An insurance contract is a contract under which the Company (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Once a contract is classified as an insurance contract, it remains classified as an insurance contract until all rights and obligations are extinguished or expired.

However, the contract that has financial risk to the Company but has no insurance risk is not classified as insurance contract.

Short term insurance contracts are insurance contract which the term of contract is less than 1 year.

Long term insurance contracts are insurance contract which the term of contract is more than 1 year or less than 1 year or equal to 1 year which have automatic approve of renewal which the Company cannot terminate and cannot increase or decrease of premium including of change in other benefit throughout the contract term.

5.2 Foreign currency translation

- a) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company's functional and presentation currency.

5. Accounting policies (Cont'd)

5.2 Foreign currency translation (Cont'd)

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or revaluation.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Any exchange component of gains and losses on a non-monetary item that recognised in profit or loss, or other comprehensive income is recognised following the recognition of a gain or loss on the non-monetary item.

5.3 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call, short-term highly liquid investments with maturities of three months or less from acquisition date and not subjected to withdrawal restrictions.

5.4 Premium receivables and allowance for doubtful accounts

Premium receivable are carried at its net realisable value. The Company sets up an allowance for doubtful accounts based on the estimated loss that may be incurred in collection of the premium due, on the basis of collection experience and a review of current status of the premium due as at the Statement of Financial Position date. Bad debts are written off during the year in which they are identified.

5.5 Reinsurance asset

Reinsurance assets are stated at insurance reserve refundable from reinsurers.

Insurance reserve refundable from reinsurers is estimated based on the related reinsurance contract of premium reserve and loss reserve and outstanding claims.

5.6 Amount due from and due to reinsurers

(a) Amount due from reinsurance are stated at the outstanding balance of amount due from reinsurers and amounts deposit on reinsurance.

Amounts due from reinsurers consist of accrued commission and brokerage income, claims and various other items receivable from reinsurers less allowance for doubtful accounts. The Company records allowance for doubtful accounts for the estimated losses that may be incurred due to inability to make collection, taking into account collection experience and the status of receivables from reinsurers as at the end of the reporting the year.

(b) Amounts due to reinsurers are stated at the outstanding balance payable from reinsurance and amounts withheld on reinsurance.

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

5. Accounting policies (Cont'd)

5.7 Investments in securities

For the year ended 31 December 2020

a) Classification

From 1 January 2020, the Company classifies its financial assets depending on the purpose of investment 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
- Investments designated at fair value through profit or loss

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.

b) Recognition and derecognition

Regular way purchases, acquisitions and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

c) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt Securities

There are three measurement categories to classify the investments in securities:

- Amortised cost: Investments in securities that are held to maturity are measured at amortised cost. Interest income from these investments in securities is included in net investment income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.

5. Accounting policies (Cont'd)

5.7 Investments in securities (Cont'd)

For the year ended 31 December 2020 (Cont'd)

c) Measurement (Cont'd)

Debt Securities (Cont'd)

- FVOCI: Investments in securities that are held i) for maturity; and ii) for selling are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of interest income using the effective interest method, and foreign exchange gains and losses which are recognised in profit or loss. When the Investments in securities are derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income is included in net investment income. Impairment expenses are presented separately in the statement of comprehensive income.
- FVPL: Investments in securities that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss that is subsequently measured at FVPL is recognised in profit or loss and presented net within gains/(losses) from fair value in the period in which it arises.

Equity Securities

The Company measures all equity investments at fair value. Where the Company has elected to present fair value gains and losses on equity instruments in OCI, there is subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as dividend income when the right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of comprehensive income.

Impairment losses (and reversal of impairment losses) on equity investments are reported together with changes in fair value.

The Company presents its investments in Property Fund unit trusts / Real Estate Investment Trust units / Infrastructure Fund units / Infrastructure Trust units (the trust) established and registered in Thailand as equity investments and measures them at FVOCI following the TFAC's clarification, "Interpretation of investments in Property Fund unit trusts, Real Estate Investment Trust units, Infrastructure Fund units, and Infrastructure Trust units established and registered in Thailand" dated 25 June 2020. The trust is required to distribute benefits of not less than 90% of its adjusted net profit.

5 Accounting policies (Cont'd)

5.7 Investments in securities (Cont'd)

For the year ended 31 December 2020 (Cont'd)

f) Impairment

From 1 January 2020, the Company assesses expected credit loss on a forward looking basis for its debt instrument financial assets carried at FVOCI 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.

In addition, the Company assesses the impairment of equity instruments by considering supporting factors that the Company might not recover the cost of investment in equity. The Company also considers for a significant or prolonged decline in the fair value of an investment in equity instruments below its cost or net book value of the invested entity. The Company will immediately recognise impairment for equity instruments which carried at fair value through other comprehensive income in profit or loss if there is existence of objective evidence that lead the instruments to be devalued.

5 Accounting policies (Cont'd)

5.7 Investments in securities (Cont'd)

For the year ended 31 December 2019

Investments in debt and equity securities

Investments other than investments are initially recognised at fair value of consideration paid plus direct transaction cost.

Available-for-sale investments

Available-for-sale investments are subsequently measured at fair value. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income and are subsequently reclassified to profit or loss when the investment is disposed.

Held-to-maturity investments

Held-to-maturity investments are carried at amortised cost using the effective interest method less impairment.

General investments

General investments are carried at cost less impairment.

Disposal of investments

On a disposal of an investment, the difference between the net disposal proceeds and the carrying amount (including cumulative changes in fair value recognised in equity) is recognised to the profit or loss. When The Company disposes an investment partially, the carrying amount of the disposed part is determined by the weighted average method.

5.8 Loans

Loans are stated at their principal amount less allowance for doubtful accounts, if any. The Company estimates the allowance for doubtful accounts based on an analysis of payment histories, future expectation of each customer payments and the valuation of the assets pledged.

5 Accounting policies (Cont'd)

5.9 Leasehold improvements and equipment

Building improvement and equipment are stated at historical cost less accumulated depreciation and impairment, if any.

The cost of building improvement and equipment comprises its purchase price, import duties and non-refundable purchase taxes (after deducting trade discounts and rebates) and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. These can include the initial estimate of costs of dismantling and removing the items, and restoring the site on which it is located, the obligation for which a Company incurs either when the item is acquired or as a consequence of having used the item during a particular the year.

The cost of replacing a part of an item of building improvement and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of building improvement and equipment are recognised in profit or loss as incurred.

Depreciation is calculated based on the depreciable amount of building improvement and equipment, which is the cost of an asset, or other amount substituted for cost, less its residual value.

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

Leasehold improvement	5-10 years
Furniture, fixture and equipment	5 years
Vehicles	5 years
Computer equipment	5 years

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

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other gains and losses in the statements of comprehensive income.

5 Accounting policies (Cont'd)

5.10 Goodwill

The Company recognises the business combinations by using the acquisition method. The Company (acquirer) measures the cost of the acquisition by using the fair value at the acquisition date of consideration transferred.

The Company recognises the acquisition-related cost as expenses in the periods of which the costs are incurred and the services are received. The measurement of goodwill at initial recognition is measured at the fair value of the acquisition less the net recognised amount (fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Subsequent to the initial recognition, goodwill is measured at cost less allowance for impairment. The Company assesses an impairment of goodwill annually, without consideration of indication that such goodwill may be impaired.

Goodwill is allocated to each of the Company's cash-generating units that is expected to benefit from the synergies of the business combination.

5.11 Intangible assets

Intangible assets with definite useful life are stated at cost less accumulated amortisation and impairment losses (if any).

Amortisation is charged to the statement of profit or loss and other comprehensive income on a straight-line basis from the date that intangible assets are available for use over the estimated useful lives of the assets. The estimated useful lives are as follows:

Computer software	5 - 10 years
Bancassurance agreement	10 years

Intangible assets with definite useful lives are tested for impairment when there is an indicator that the asset may be impaired. Intangible assets with indefinite useful lives are tested for impairment annually or when there is an indicator that the asset may be impaired.

5.12 Impairment of assets

Assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever there is an indication of impairment. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Where the reasons for previously recognised impairments no longer exist, the impairment losses on the assets concerned other than goodwill is reversed

5 Accounting policies (Cont'd)

5.13 Leases

For the year ended 31 December 2020

Leases - where the Company is the lessee

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.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

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.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee'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.

5 Accounting policies (Cont'd)

5.13 Leases (Cont'd)

For the year ended 31 December 2020 (Cont'd)

Leases - where the Company is the lessee (Cont'd)

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. Low-value assets comprise office equipment.

For the year ended 31 December 2019

Long term leases - where the Company is the lessee

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

At the inception of finance lease, the lower of the fair value of the leased property and the present value of the minimum lease payments is capitalised. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the liabilities balance outstanding. The corresponding rental obligations is presented net of finance charges. Finance cost is charged to profit or loss over the lease period.

5.14 Insurance liabilities

a) Unearned premium reserve

Unearned premium reserve is set aside in compliance with the basis as specified in the Notification of the Office of Insurance Commission as follows:

Fire, Marine (Hull), Motor and Miscellaneous	- Monthly average basis (the one- twenty fourth basis)
Transportation (Cargo), travelling accident with coverage periods of not over six-months	- 100% of premiums as from the effective date of the inforce policies over the insurance coverage period

b) Loss reserve and outstanding claims

Loss reserve and outstanding claims have been provided upon receipt of claim advices from the insured and recorded at the amount appraised by an independent appraiser or by the Company's appraiser. In addition, the Company records a provision for losses incurred but not yet reported (IBNR) which assessed by certified actuary.

5 Accounting policies (Cont'd)

5.14 Insurance contract liabilities (Cont'd)

c) **Unexpired risks reserve**

Unexpired risks reserves are the best estimate of the claims that are expected be incurred during the remaining period of coverage of in-force policies, based on analysis of historical claims data by an actuary.

Unexpired risk reserves are only recognised in the financial statements to the extent that they exceed unearned premium reserves.

d) **Liability adequacy test**

The liability of the Company under insurance contracts is tested for adequacy by comparing the best estimate of future contractual cash flows with the carrying amount of gross insurance contract provisions for unearned premiums and insurance claims. Provisions for insurance, claims are assessed based on the Company's experience and historical data which use actuarial methods. Where an expected shortfall is identified, additional provisions are made for unearned premiums or insurance claims and are recognised in profit or loss.

5.15 Employee benefits

a) **Provident fund**

The Company has a provident fund which is contributory by the employee and the Company matching the individuals' contributions. The provident fund has been registered in accordance with the Provident Fund Act B.E. 2530 (1987). The Company's contribution to the Fund is recorded as expense for the year.

b) **Employee benefit obligations**

The Company provides for employee benefit obligations, payable to employees under the Thai Labor Protection Act. The liability in respect of employee benefits is the present value of the defined benefit obligation which is calculated by an actuary using the projected unit credit method. The present value of the defined benefits obligation is determined by discounting estimated future cash flows using yields on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, length of service and other factor. Actuarial gains or losses will be recognized in the statement of profit or loss and other comprehensive income in the period to which they are related. The costs associated with providing these benefits are charged to the statement of profit or loss and other comprehensive income so as to spread the cost over the employment period during which the entitlement to benefits is earned.

Past service cost related to the plan amendment is recognized as an expense in the statement of profit or loss and other comprehensive income when the plan amendment is effective.

5 Accounting policies (Cont'd)

5.16 Share-based compensation

Allianz SE which is one of the parent companies of the Company, launched share-based compensation plans for the Company's employee, under which the Company receives services from the employees, as consideration for the shares of Allianz SE. The condition of the plans is set by Allianz SE.

The fair value of the employee services received in exchange for the grant of shares or share options is recognized as an expense over the vesting period. The obligation from share-based payment is presented under "Employee benefits obligation" on the statement of financial position.

5.17 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

5.18 Share capital

Ordinary shares and premium on ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options (net of tax) are shown as a deduction in equity.

5.19 Recognition of revenues and expenses

5.19.1 Premium written

For insurance policies with coverage period for one year, premium income is recognised on the date the insurance policy is effective after deducting premium ceded and premium cancelled and refunded. For long-term insurance policies which coverage periods is longer than one year, related revenues and expenses are recorded as unearned and prepaid items which recognised as income and expenses over the coverage annual.

5.19.2 Reinsurance premium

Reinsurance premium income is recognised when the Company receives the reinsurance application or statement of accounts from the ceding company. Reinsurance profit commissions are recognised when the Company receives the statement of accounts from the reinsurers.

5.19.3 Commission and brokerage income

Commission and brokerage income are recognised as income on an accrual basis.

5 Accounting policies (Cont'd)

5.19 Recognition of revenues and expenses (Cont'd)

5.19.4 Interest and dividend income

Interest income is recognised as income on an accrual basis. Dividend income are recognised as income on the declaration date.

5.19.5 Claim and loss adjustment expenses

Claim and loss adjustment expenses consist of claim and loss adjustment expenses of direct insurance and reinsurance of both reported claims and not reported claims, and are stated at the amounts of the claims, related expenses, and claim adjustments of the current and prior period incurred during the year, less residual value and other recoveries (if any), and claim recovery from reinsurers.

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

Claim and loss adjustment expenses of reinsurance are recognised when the reinsurer places the loss advice with the Company.

5.19.6 Claim recovery from reinsurers

Claim recovery from reinsurers is recognised when claim and loss adjustment expenses are recorded. They are estimated as proportion and condition relevant to reinsurance contracts. The Company presents the claim recoverable amount as a deduction from gross claims.

5.19.7 Commissions and brokerages and other expenses

Commissions and brokerages and other expenses are recognised as expenses on an accrual basis.

5.20 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

5 Accounting policies (Cont'd)

5.21 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is recognised on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not recognised for temporary differences arise from:

- initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss is not recognized
- investments in subsidiaries, associates and joint arrangements where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is measured using tax rates of the period in which temporary difference is expected to be reversed, based on tax rates and laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

5.22 Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that such conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

6 Impacts from initial application of the new and revised financial reporting standards

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 Disclosure 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. Total carrying amount of liabilities connected with insurance contract under TFRS 4 (revised 2018) Insurance Contracts of Baht 3,131.53 million as at 1 January 2018 is greater than 90% of the total carrying amount of all its liabilities which allows the Company to apply this Accounting Guidance and the effect of the adoption of this financial reporting standards has been explain in this note to financial statement.

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 contract 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 financial reporting standards relating to financial instruments (TAS 32 and the Accounting Guidance) and leases standard (TFRS 16). The Company has adopted new financial reporting standards 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 were therefore recognised in the opening statement of financial position on 1 January 2020.

Allianz Ayudhya General Insurance Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2020

6 Impacts from initial application of the new and revised 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
	Note				
Assets					
Cash and cash equivalents, net	A	4,317,580	(892)	-	4,316,688
Held-to-maturity investments, net	A,B	489,434	(489,434)	-	-
Available-for-sale investments, net	A,B	2,542,484	(2,542,484)	-	-
Investments measured at amortised cost, net	A,B	-	489,408	-	489,408
Investments measured at fair value through other comprehensive income, net	B	-	2,628,011	-	2,628,011
General investments, net	A,B	21,417	(21,417)	-	-
Deferred income tax, net	B,C	301,806	(12,638)	-	289,168
Leasehold improvement and equipment, net	C	47,594	-	(802)	46,792
Right-of-use assets, net	C	-	-	130,822	130,822
Other assets	C	180,722	-	(4,015)	176,707
Total assets		7,901,037	50,554	126,005	8,077,596
Liabilities and equity					
Liabilities					
Lease liabilities	C	-	-	126,005	126,005
Total liabilities		-	-	126,005	126,005
Equity					
Unrealised gain on changes in value of investments measured at fair value through other comprehensive income	A,B	5,345	51,517	-	56,862
Deficits - unappropriated	A,B	(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

Note:

- A) Adjustments on impairment of financial assets (Note 6.1)
- B) Impacts from changes in classification and measurement of financial assets (Note 6.1)
- D) Recognition of right of use assets and lease liabilities under TFRS 16 (Note 6.2)

6 Impacts from initial application of the new and revised financial reporting standards
(Cont'd)

6.1 Financial instruments

The total impact on the Company's unappropriated retained earnings as of 1 January 2020 are as follows:

	<u>Thousand Baht</u>
Unappropriated retained earnings as of 31 December 2019 (as previously reported)	(35,975)
Recognition of an allowance for expected credit losses	(1,204)
Increase in deferred tax assets / deferred tax liabilities related to the above adjustments	<u>241</u>
Total adjustments to opening retained earnings from adoption of the Accounting Guidance	<u>(963)</u>
Unappropriated retained earnings as of 1 January 2020 after reflecting The Accounting Guidance	<u>(36,938)</u>

The impact of these changes on the Company's equity as of 1 January 2020 are as follows:

	<u>Remeasurements of investments measured at fair value through other comprehensive income (FVOCI) Thousand Baht</u>	<u>Effect on retained earnings Thousand Baht</u>
Balance as of 31 December 2019 (Previously reported)	5,345	(35,975)
Reclassification of investments from available-for- sale to FVOCI	-	-
Reclassification of debt investments from available-for-sale to FVOCI	-	-
Reclassification of general investments to FVOCI	51,287	-
Increase in deferred tax assets / deferred tax liabilities	-	241
Recognition of an allowance for expected credit losses	230	(1,204)
Adjustments to opening unappropriated retained earnings from adoption of The Accounting Guidance	<u>-</u>	<u>-</u>
Total impact	<u>51,517</u>	<u>(963)</u>
Opening balance as of 1 January 2020 – TAS 32 and the Accounting Guidance adoption	<u>56,862</u>	<u>(36,938)</u>

6 Impacts from initial application of the new and revised financial reporting standards (Cont'd)

6.1 Financial instruments (Cont'd)

On 1 January 2020 (the date of initial application), the management has classified its financial instruments into the appropriate TAS 32 and The Accounting Guidance categories as follows.

	Cash and cash equivalents Thousand Baht	Available-for-sale investments Thousand Baht	General investments Thousand Baht	FVOCI Thousand Baht	Held-to-maturity Thousand Baht	Amortised cost Thousand Baht
Financial assets						
Balance as at 31 December 2019 (Previously reported)	4,137,580	2,542,484	21,417	-	489,434	-
Reclassify investments from held-to-maturity to amortised cost	-	-	-	-	(489,434)	489,434
Reclassify general investments to FVOCI	-	-	(21,417)	85,527	-	-
Reclassify debt investments from available-for-sale to FVOCI	-	(2,542,484)	-	2,542,484	-	-
Impairment adjustments	(892)	-	-	-	-	(26)
Opening balance 1 January 2020 – TAS 32 and the Accounting Guidance adoption	4,316,688	-	-	2,628,011	-	489,408

6 Impacts from initial application of the new and revised financial reporting standards (Cont'd)

6.1 Financial instruments (Cont'd)

Reclassifications of financial assets upon adoption of the 'Financial Instruments and Disclosures for Insurance Companies' accounting guidance'

The impact of the adoption of the 'Financial Instruments and Disclosures for Insurance Companies' accounting guidance' ('The Accounting Guidance') was applied from 1 January 2020, the Company classifies its financial assets as follows:

- Investments measured at fair value through profit or loss (FVPL)
- Investments measured at fair value through other comprehensive income (FVOCI)
- Investments measured at amortised cost

Which show details as follows

- (a) Reclassification from held-to-maturity investments to investments measured at amortised cost

Debenture and government bonds that were previously classified as held-to maturity are now classified at amortised cost. However, the Company has recognised the loss allowance amounting to 0.03 million for these assets in opening retaining earnings.

- (b) Reclassification from general investments to investments measured at fair value through other comprehensive income (FVOCI)

The Company has equity instruments measured at cost of Baht 21.42 million. These instruments have been reclassified and remeasured to fair value through other comprehensive income with a corresponding adjustment to other components of equity of Baht 85.53 million as of 1 January 2020.

- (c) Reclassification from available-for-sale investments to investments measured at fair value through other comprehensive income (FVOCI)

As of 1 January 2020, listed and unlisted bonds have been reclassified from available-for-sale to FVOCI. As a result, Company's debt instruments with a fair value of Baht 2,542.48 million, have been reclassified from available-for-sale financial assets to financial assets at FVOCI.

- (d) Impairment of financial assets

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 0.89 million and investment in securities of Baht 0.31 million. The transition adjustment will be recognised as an adjustment to the opening balance of retained earnings.

6 Impacts from initial application of the new and revised financial reporting standards (Cont'd)

6.1 Financial instruments (Cont'd)

For assessment of impact if the Company applied TFRS 9 – Financial Instruments, financial assets of the Company are separated into (i) financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI) in accordance with TFRS 9 and are not held for trading or managed on fair value basis and (ii) all financial assets other than those specified in (i).

The following table shows the fair value and change in fair value of these two groups of financial assets as at 31 December 2020:

	31 December 2020	
	Ending Fair value Thousand Baht	Changes in Fair value Thousand Baht
Financial assets only give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates except for financial assets for trading as defined by TFRS9 (when announced) or financial assets managed by the Company and performance evaluated on a fair value basis	5,540,117	(36,538)
Financial assets which the performance is evaluated based on fair value.	24,792	6,082
Other financial assets	44,469	23,052

As of 31 December 2020, financial assets qualifying as SPPI includes debt securities, other receivables, accrued investment income and cash and cash equivalents whereas the remaining includes equity securities and debt securities measured at fair value through profit or loss.

Certain financial assets included within the financial statements, including amount due from reinsurance and premium receivables amounting to Baht 994.89 million are not included above.

The financial assets presented above that met SPPI criteria and not held for trading or managed on fair value basis are primarily debt securities.

6 Impacts from initial application of the new and revised financial reporting standards
(Cont'd)

6.2 Leases

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 for leases of premises and equipment with lease terms more than 12 months. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2020. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2020 was 2.93%.

	Thousand Baht
Operating lease commitments disclosed as at 31 December 2019	25,216
Less: impact from discounted using the lessee's incremental borrowing rate of at the date of initial application	(8,205)
Less: contracts reassessed as service agreements / service portion included in leases	(195)
Add: adjustments as a result of a different treatment of extension and termination options	109,189
Lease liability recognised as at 1 January 2020	<u>126,005</u>

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. The right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepayment 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:

	31 December 2020 Thousand Baht	1 January 2020 Thousand Baht
Buildings and improvements	207,289	127,489
Others	1,515	3,333
Total right-of-use assets	<u>208,804</u>	<u>130,822</u>

6 Impacts from initial application of the new and revised financial reporting standard (Cont'd)

6.2 Leases (Cont'd)

Practical expedients applied

In applying TFRS 16 for the first time for lease contracts existed 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 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.

7 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ from these estimate. Significant judgments and estimates are as follows:

7.1 Goodwill impairment

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The calculations use cash flow projections based on financial budget approved by management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated in note 19. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

7.2 Impairment of premium receivable and amount due from reinsurers

The Company sets an allowance for doubtful accounts and amount due from reinsurers to reflect impairment of premium due, uncollected receivables and claim recoveries from reinsurer. The allowance for doubtful accounts and amount due from reinsurers are based on collection experience and a review of current status of the premium due as at the date of statement of financial position.

7 Critical accounting estimates, assumptions and judgements (Cont'd)

7.3 Reinsurance assets estimation

Reinsurance assets are determined from estimation using the same methods as the estimation of claims incurred but not yet reported by insured (Note 3.14) and the unearned premium reserve calculation. The reinsurance assets are assessed at the period end date to ensure that the amount shown in the financial statement reflects the expected amount to be received in the future by taking into account the credit rating of the reinsurance company and the contractual terms of reinsurance contracts.

7.4 Deferred tax

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. The Company considers future taxable income and ongoing prudent and feasible tax planning strategies in assessing whether to recognise deferred tax assets. The Company's assumptions regarding the future profitability and the anticipated timing of utilisation of deductible temporary differences and significant changes in these assumptions from year to year may have a material impact on the Company's reported financial position and results of operations.

7.5 Loss reserve and outstanding claims

The Company determines the loss reserves and outstanding claims in accordance with survey information, and also reviews the outstanding claims at the end of each reporting date which are sufficient to cover any liabilities arising out of insurance contracts to the extent that can be reasonably foreseen.

There are 3 major methods to estimate the ultimate loss which are Chain Ladder, Bornhuetter-Ferguson and Expected Loss Ratio. The most appropriate method for each product category was selected based on actuarial judgement for both gross and net of reinsurance basis.

However, given the uncertainty in establishing a provision for insurance claims, it is likely that the final outcome could prove to be significantly different from the original liability established.

7.6 Unexpired risk reserve

Unexpired risk reserve is calculated using an actuarial method, based on a best estimate of the claims expected to incur over the remaining term of the insurance. Estimating the reserve requires the management to exercise judgment, with reference to historical data and the best estimates available at the time.

7 Critical accounting estimates, assumptions and judgements (Cont'd)

7.7 Liability adequacy test

At the end of each reporting period, the company assesses the adequacy of Insurance contract liabilities recognised in the financial position by comparing to the present value of the estimated future cash flows from insurance contracts. If the assessment shows that the carrying amount of Insurance contract liabilities less related deferred acquisition cost is inadequate when compared to the estimated future cash flows. The liabilities is increased by the deficiency and it is charged to profit or loss.

7.8 Employee benefits obligations

Employee benefits obligations are determined by independent actuary. The amount recognised in the statement of financial position is determined on an estimation basis utilising various assumptions including the rate of salary inflation and employee turnover. Any change in these assumptions will impact the estimation for employee benefits. On an annual basis the Company determines the appropriate assumptions, which represents the provision expected to be required to settle the employee benefits.

8 Insurance risk management

a) Insurance risk management policy

The Company's management takes responsibility for strategic decisions and plans with clear steps so that the process of translating strategy into implementation is actionable, timely and appropriate to changes.

Insurance risk means the fluctuation of the frequency and severity of events that is out of the standard assumption used in establishing the rate of insurance calculations, and underwriting considerations. The Company examines thoroughly the level of risk that is acceptable by referring to the insurance underwriting manual, and considering the concentration risk by way of geography or by type of risk. If the risk exceeds the defined level, the Company extends the risk to reinsurers by means of reinsurance.

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

8 Insurance risk management (Cont'd)

a) Insurance risk management policy (Cont'd)

The key elements of the Company's insurance risk management framework are as below.

Product Design and Development, and Price Structure

In developing any new non-life insurance product, considerations are given to the range of coverage as well as applying actuarial methods to calculate insurance rates. This is to ensure that products are competitive and sufficient in covering for claims. Monitoring procedures and evaluations for each product are regularly conducted in order to make appropriate improvements in coverage and/or pricing.

Underwriting strategy

The underwriting strategy is set out in an annual Company business plan that establishes the classes of business to be written, the business to be written and the industry sectors to be written. This strategy is cascaded by the business units to individual underwriters through detailed underwriting authorities that set out the limits that any one underwriter can write by line size, class of business risk, scope and industry in order to ensure appropriate risk selection within the portfolio.

Reinsurance strategy

The Company has a combination of proportionate and non-proportionate reinsurance treaties. In term of significant exposure loss, reinsurer is responsible for claim as specified in the agreement to limit the net exposure loss to the Company.

The Company sets the minimum security criteria for acceptable reinsurance and monitoring the purchase of reinsurance by the business units against those criteria. The Company's management monitors developments in the reinsurance programme and its ongoing adequacy.

b) Concentration of insurance risks

Concentration of risk may arise where a particular event or a series of events could impact heavily upon the Company's insurance contract liabilities.

The Company sets out the total aggregate exposure that it is prepared to accept in relation to general insurance risk concentration. It monitors these exposures both at the time of underwriting a risk and on a monthly basis by reviewing reports which show the key aggregations to which the Company is exposed. A number of additional stress and scenario tests are run during the year to identify risk concentration.

The following table shows the Company's exposure to concentration of insurance contract liabilities per category of business.

	Fire Thousand Baht	Marine Thousand Baht	Motor Thousand Baht	Miscellaneous Thousand Baht	Total Thousand Baht
December 31, 2020					
Gross of reinsurance	88,568	107,442	776,061	1,464,710	2,436,781
Net of reinsurance	56,077	19,001	711,778	235,834	1,022,690
December 31, 2019					
Gross of reinsurance	23,060	110,290	802,777	1,524,576	2,460,703
Net of reinsurance	15,316	15,765	682,322	211,616	925,019

9 Financial risk management

The Company is exposed to a variety of financial risk: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Financial risk management is carried out by the Company's Risk Committee. The Company's policy includes areas such as foreign exchange risk, interest rate risk, price risk, credit risk and liquidity risk. The framework parameters are approved by the Board of Directors and uses as the key communication and control tools by Risk Committee.

9.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Market risk consists of three types of risks: foreign exchange risk, interest rate risk and price risk.

a) Foreign exchange risk

The Company operates internationally and is exposed to foreign currency risk arises from insurance premium and reinsurance with foreign insurance companies that are denominated in foreign currencies. The Company has no forward exchange contract to reduce the exposure. The management considers that the Company has no significant effect.

The Company's exposure to foreign currency risk as of 31 December 2020 and 2019, expressed in Baht are as follows:

	As at 31 December 2020		As at 31 December 2019	
	US Dollar Thousand Baht	Euro Thousand Baht	US Dollar Thousand Baht	Euro Thousand Baht
Cash and cash equivalents	9,079	72	9,109	66

Foreign exchange risk sensitivity analysis

The Company calculates the impact on the sensitivity of exchange rates. The management considers that the Company has no significant impact from such risk.

b) Cash flow and interest rate risk

Interest rate risk is the risk that the value of a financial instrument and the Company's cash flows will change due to changes in market interest rates. The Company's investments include both short-term and long-term investments that have floating rate and fixed rates. The Company manages the risk by considering the risk of investments together with the return on such investments.

9 Financial risk management (Cont'd)

9.1 Market risk (Cont'd)

b) Cash flow and interest rate risk (Cont'd)

As at 31 December 2020 and 2019, significant financial assets and liabilities classified by type of interest rates are summarised in the table below.

	2020								Interest rate (% p.a)	
	Fixed interest rate		Variable interest rate					Total Thousand Baht		
	Within 1 Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht	Within 1 year Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht	Non-interest bearing Thousand Baht			
Financial assets										
Cash and cash equivalents	1,097,022	-	-	426,886	-	-	-	12,615	1,535,523	0.00-1.75
Investment in securities										
Government and state enterprise securities	709,806	1,747,579	-	-	-	-	-	-	2,457,385	0.61-6.40
Private debt securities	381,041	1,088,682	-	-	-	-	-	-	1,469,723	1.17-5.50
Deposits at financial institutions with original maturities more than 3 months	237,086	-	-	-	-	-	-	-	237,086	0.79
	<u>2,424,955</u>	<u>2,836,261</u>	<u>-</u>	<u>426,886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,615</u>	<u>5,700,717</u>	
Financial liabilities										
Lease liabilities	29,642	96,418	81,816	-	-	-	-	-	207,876	2.93
	<u>29,642</u>	<u>96,418</u>	<u>81,816</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,876</u>	

9 Financial risk management (Cont'd)

9.1 Market risk (Cont'd)

b) Cash flow and interest rate risk (Cont'd)

As at 31 December 2020 and 2019, significant financial assets and liabilities classified by type of interest rates are summarised in the table below. (Cont'd)

	2019								Interest rate (% p.a)	
	Fixed interest rate		Variable interest rate					Total Thousand Baht		
	Within 1 Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht	Within 1 year Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht	Non-interest bearing Thousand Baht			
Financial assets										
Cash and cash equivalents	3,807,177	-	-	485,685	-	-	-	24,718	4,317,580	0.10-1.30
Investment in securities										
Government and state enterprise securities	1,161,357	536,783	-	-	-	-	-	-	1,698,140	1.32-3.65
Private debt securities	239,651	544,021	-	-	-	-	-	-	783,672	1.75-4.19
Foreign debt securities	-	60,671	-	-	-	-	-	-	60,671	3.00
Deposits at financial institutions with original maturities more than 3 months	488,716	719	-	-	-	-	-	-	489,435	0.40-1.75
	5,696,901	1,142,194	-	485,685	-	-	485,685	24,718	7,349,498	

9 Financial risk management (Cont'd)

9.1 Market risk (Cont'd)

b) Cash flow and interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

Profit or loss is sensitive to higher or lower interest income from cash and cash equivalents, and interest expenses as a result of changes in interest rates.

The table below shows the interest sensitivity for the financial assets and financial liabilities held as at reporting date.

	31 December 2020	
	Interest rate - increase 1%* Thousand Baht	Interest rate - decrease 1%* Thousand Baht
Impact to net profit	4,271	(669)
Impact to other components of equity	(72,981)	72,981
* Holding all other variables constant		

c) Equity price risk

The Company's exposure to equity securities price risk arises from investments held by The Company which are classified either as at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVPL).

The Company manages the capital risk by establishing guideline of investment policy and investment plan in written. The guideline sets the framework and investment direction for the year by specifying the limitation in all types and levels of investments based on targeted rate of returns and liquidity by setting both internal investment limits and compliance to the Office of Insurance Commission.

Price risk sensitivity analysis

The Company completely calculates the impact on the sensitivity of Price risk. The management considers that the Company has no significant impact from such risk.

Net profit for the period would increase or decrease as a result of gains/losses on equity instrument carried at fair value through profit or loss (FVPL). Other components of equity would increase or decrease as a result of gains/losses on equity instrument carried at fair value through other comprehensive income (FVOCI).

9 Financial risk management (Cont'd)

9.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk arises from cash and cash equivalents, contractual cash flows of investment in debt instruments carried at amortised cost and at fair value through other comprehensive income (FVOCI).

a) Risk management

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

b) Impairment of financial assets

The Company has 2 types of financial assets that are subject to the expected credit loss model:

- Cash and cash equivalent
- Investment in debt instruments measured at amortised cost and FVOCI

Forward-looking economic information is also included in determining the next 12 months or over the remaining lifetime.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Cash and cash equivalents

The Company considers that cash and cash equivalent have low credit risk, So the Company considered credit rating of bank institutes from reliable organization.

The reconciliations of loss allowances for cash and cash equivalents for the year ended 31 December 2020 are as follows:

	2020
	Thousand Baht
	<u> </u>
As of 31 December 2019 - calculated under TAS 101	
Amount restated through opening retained earnings	892
Opening loss allowance as at 1 January 2020 - calculated under the Accounting Guidance	892
Increase in loss allowance recognised in profit or loss during the year	(329)
Written off during the year	<u> -</u>
As at 31 December 2020	<u><u> 563</u></u>

9 Financial risk management (Cont'd)

9.2 Credit risk (Cont'd)

b) Impairment of financial assets (Cont'd)

Debt investments

The Company considers that all debt investments measured at amortised cost has low credit risk, and the loss allowance recognised during the year was therefore limited to 12 months expected losses. Management consider 'low credit risk' for bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations.

Other financial assets measured at amortised cost

Other financial assets measured at amortised cost include debenture assets, zero coupon bonds and listed corporate bonds (previously held-to-maturity).

The reconciliations of loss allowances for other financial assets measured at amortised cost for the year ended 31 December 2020 are as follows:

	Fixed Deposits Thousand Baht
As at 31 December 2019 - calculated under TAS 101	
Amount restated through opening retained earnings	26
Opening loss allowance as at 1 January 2020 - calculated under accounting guidance	26
Unused amount reversed	(1)
As at 31 December 2020	<u>25</u>

The allowance of expected credit loss for investment in debt instruments measured at amortised cost by stage of risk are as follows:

	31 December 2020			Total Thousand Baht
	Loss allowance measured at amount equal to 12 months expected credit losses Thousand Baht	Loss allowance measured at amount equal to lifetime expected credit losses Thousand Baht	Loss allowance measured at amount equal to lifetime expected credit losses (credit-impaired financial assets) Thousand Baht	
Investment in debt instruments measured at amortised cost				
As at 1 January 2020	26	-	-	26
Changes occurred from measurement	(1)	-	-	(1)
As at 31 December 2020	<u>25</u>	<u>-</u>	<u>-</u>	<u>25</u>

9 Financial risk management (Cont'd)

9.2 Credit risk (Cont'd)

b) Impairment of financial assets (Cont'd)

Debt investments measured at fair value through other comprehensive income (FVOCI)

Debt investments measured at fair value through other comprehensive income (FVOCI) include listed and unlisted debt securities. The loss allowance is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

The reconciliation of loss allowances for debt investments measured at FVOCI as at 31 December 2020 are as follows:

	<u>Thousand Baht</u>
As at 31 December 2019	
Amount restated through opening retained earnings	286
Opening loss allowance as at 1 January 2020	286
Increase in loss allowance recognised in profit or loss during the year	207
As at 31 December 2020	<u>493</u>

The allowance of expected credit loss for investment in debt investments measured at FVOCI by stage of risk are as follows:

	31 December 2020			Total Thousand Baht
	Loss allowance measured at amount equal to 12 months expected credit losses Thousand Baht	Loss allowance measured at amount equal to lifetime expected credit losses Thousand Baht	Loss allowance measured at amount equal to lifetime expected credit losses (credit-impaired financial assets) Thousand Baht	
Investment in debt instruments measured at FVOCI				
As at 1 January 2020	286	-	-	286
New financial assets purchased or originated	207	-	-	207
As at 31 December 2020	<u>493</u>	<u>-</u>	<u>-</u>	<u>493</u>

Financial asset measured at fair value through profit or loss (FVPL)

The Company is also exposed to credit risk in relation to debt investments that are measured at fair value through profit or loss. The maximum exposure at the end of the reporting period is the carrying amount of these investments.

The maximum exposure to credit risk of the financial asset

The exposure to credit risk equals their carrying amount in the statement of financial position as at reporting date.

9 Financial risk management (Cont'd)

9.3 Liquidity risk

Liquidity risk, is the risk that the insurance company encounters difficulty to settle the obligation related to financial liabilities which must be settled in cash or other financial assets.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the Company held deposits at call of Baht 440 million (2019: Baht 509 million) that are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, the Company's treasury deputy maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's cash and cash equivalents on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary, monitoring balance sheet liquidity ratios and maintaining financing plans.

Maturity of financial liabilities

The tables below analyse the maturity of financial liabilities based on their contractual maturities. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps, the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

Maturity of financial liabilities	Within 1 months Thousand Baht	1 - 3 months Thousand Baht	3 months - 1 year Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht	Total Thousand Baht
As at 31 December 2020						
Lease liabilities	3,735	4,575	21,332	96,418	81,816	207,876
Total	3,735	4,575	21,332	96,418	81,816	207,876

9.4 Capital management

The objectives when managing capital are to:

- safeguard the Company's ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt, and also complies with the requirement of the Office of Insurance Commission.

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10 Fair value

10.1 Fair value estimation

The following table shows fair values and carrying amounts of financial assets and liabilities by category;

	Fair value through profit or loss (FVPL) Thousand Baht	Fair value through other comprehensive income (FVOCI) Thousand Baht	Amortised cost Thousand Baht	Total carrying amount Thousand Baht	Fair value Thousand Baht
As at 31 December 2020					
Investments measured at fair value (FV)					
Debt securities	24,792	3,927,108	-	3,951,900	3,951,900
Equity securities	-	44,469	-	44,469	44,469
	<u>24,792</u>	<u>3,971,577</u>	<u>-</u>	<u>3,996,369</u>	<u>3,996,369</u>
Financial assets not measured at fair value					
Cash and cash equivalents	-	-	1,536,523	1,536,523	1,536,523
Investments at amortised cost	-	-	237,086	237,086	237,086
Accrued investment income	-	-	14,446	14,446	14,446
Others	-	-	66,582	66,582	66,582
	<u>-</u>	<u>-</u>	<u>1,854,637</u>	<u>1,854,637</u>	<u>1,854,637</u>
Financial liabilities not measured at fair value					
Lease liabilities	-	-	207,876	207,876	207,876
Others	-	-	85,593	85,593	85,593
	<u>-</u>	<u>-</u>	<u>293,469</u>	<u>293,469</u>	<u>293,469</u>

10 Fair value (Cont'd)

10.1 Fair value estimation (Cont'd)

The following table presents financial assets that are measured at fair value or disclosed by their fair value hierarchy as at 31 December 2020 and 2019.

	As at 31 December 2020			Total Thousand Baht
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	
Financial assets				
Investment in securities				
Investments measured at fair value through other comprehensive income				
- Debt securities	-	3,927,108	-	3,927,108
- Equity securities	-	-	44,469	44,469
Investments measured at fair value through profit or loss				
- Debt securities	24,792	-	-	24,792
Total financial assets	24,792	3,927,108	44,469	3,996,369
	As at 31 December 2019			Total Thousand Baht
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	
Financial assets				
Investment in securities				
Available-for-sale Investments				
- Debt securities	-	2,542,484	-	2,542,484
Total financial assets	-	2,542,484	-	2,542,484

Financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

10 Fair value (Cont'd)

10.2 Valuation techniques for assets and liabilities measured at fair value

The carrying amounts of the following financial assets and financial liabilities are considered to be approximate to their fair values: cash and cash equivalents, accrued investment income, premiums due and uncollected, reinsurance receivables, other receivables, due to reinsurers, and other payables.

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.

Valuation techniques used to measure fair value level 2

Fair value of debt securities in level two are determined using the latest bid prices of the last working day of the reporting period as quoted by the Thai Bond Market Associate.

Fair value of debt securities in level two are determined using the unit trust's net asset value of the last working day of the reporting period.

Valuation techniques used to measure fair value level 3

Management has put a process of performing the valuations of financial assets required for financial reporting purposes, including Level 3 fair values. Appropriate valuation techniques and unobservable inputs are selectively used based on the characteristic of financial assets. The valuation of Level 3 fair value is reviewed and approved by management for financial reporting purposes.

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.

Changes in level 3 financial instruments for the year ended 31 December 2020 is as follows:

	31 December 2020 Thousand Baht
Beginning balance of the year	85,527
Unrealized gain (loss)	(41,058)
Ending balance of the year	<u>44,469</u>

The fair value measurement of financial assets and financial liabilities is in accordance with the accounting policies disclosed in Note 5.6

Transfer between fair value hierarchy

There were no significant changes in economics or business circumstances that affected the fair value of the Company's financial assets and there was no change in classification of the financial assets for the years ended 31 December 2020 and 2019.

There were no transfers between levels and no changes in valuation techniques during the year.

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11 Cash and cash equivalents, net

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

	2020	2019
	Thousand	Thousand
	Baht	Baht
Cash	3,733	306
Cheque on hand	8,882	24,412
Deposits at bank - at call	426,886	485,685
Short term investments	1,097,022	3,807,177
Total	1,536,523	4,317,580
<u>Less</u> Allowance for expected credit loss	(563)	-
Cash and cash equivalents, net	<u>1,535,960</u>	<u>4,317,580</u>

12 Premiums receivable, net

The balances as at 31 December 2020 and 2019 of premium receivables are classified by aging as follows:

	2020	2019
	Thousand	Thousand
	Baht	Baht
Within credit terms	393,625	614,032
Overdue:		
Less than 30 days	63,494	20,480
31 - 60 days	34,837	43,305
61 - 90 days	24,286	31,132
Over 90 days	70,189	95,153
Total	586,431	804,102
<u>Less</u> Allowance for doubtful accounts	(30,825)	(33,102)
Premiums receivable, net	<u>555,606</u>	<u>771,000</u>

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 process with such agents and brokers in accordance with the Company's policy and procedures.

13 Reinsurance assets

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

	2020	2019
	Thousand	Thousand
	Baht	Baht
Insurance reserve recovered from reinsurers		
Loss reserves	1,414,091	1,535,684
Unearned premium reserves		
Unearned premium reserves	646,646	1,205,520
Total reinsurance assets (Note 23)	<u>2,060,737</u>	<u>2,741,204</u>

14 Amount due from reinsurance

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

	2020	2019
	Thousand	Thousand
	Baht	Baht
Deposits on reinsurance	-	841
Due from reinsurers	439,285	495,398
Amount due from reinsurance	<u>439,285</u>	<u>496,239</u>

The balances of reinsurance receivable as at December 31, 2020 and 2019 were aged as follows:

	2020	2019
	Thousand	Thousand
	Baht	Baht
Within credit terms	113,533	436,308
Not over 12 months	281,958	46,474
Over 1 year but less than 2 years	25,128	6,754
Over 2 years	18,666	5,862
Total reinsurance receivable	<u>439,285</u>	<u>495,398</u>

15 Investments in securities, net

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

	2020	
	Cost/ Amortised cost Thousand Baht	Fair value Thousand Baht
Investments designated at fair value through profit or loss		
Foreign debt securities	18,710	24,792
<u>Add</u> Unrealised gain	6,082	-
Total Investments designated at fair value through profit or loss	24,792	24,792
Investments measured at fair value through other comprehensive income		
Government and state enterprise debt securities	2,442,316	2,457,385
Private debt securities	1,390,802	1,409,044
Foreign debt securities	59,965	60,679
Equity securities	21,417	44,469
Total	3,914,500	3,971,577
<u>Add</u> Unrealised gain	57,077	-
Total investments measured at fair value through other comprehensive income	3,971,577	3,971,577
Investments measured at amortised cost		
Deposits at financial institutions with original maturities more than 3 months	200,250	
Deposits at banks used as collateral	34,486	
Premium saving certificates used as collateral	2,350	
Total	237,086	
<u>Less</u> Allowance for expected credit loss	(25)	
Total investments measured at amortised cost	237,061	
Total investment in securities, net	4,233,430	

15 Investments in securities, net (Cont'd)

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

	<u>2019</u>	
	<u>Cost/ Amortised cost Thousand Baht</u>	<u>Fair value Thousand Baht</u>
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 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, net	<u><u>3,053,335</u></u>	

15 Investments in securities, net (Cont'd)

15.1 Investments designated at fair value through profit or loss

- a) Classification of financial assets at fair value through profit or loss (2019: fair under TAS 105)

Investments designated at fair value through profit or loss include the following:

	2020 Fair value Thousand Baht	2019 Thousand Baht
Foreign debt securities (2019 : Fair Value)	24,792	-
Total	24,792	-

- b) Amounts recognised in profit or loss

The following gains/(losses) were recognised in profit or loss during the year as follows:

	2020 Thousand Baht	2019 Thousand Baht
Fair value gains (losses) on debt securities measured at FVPL recognised in profit (loss) (2019 : Fair Value)	6,082	-

15.2 Investments at fair value through other comprehensive income

- a) Classification of financial assets at fair value through other comprehensive income (2019: fair value under TAS 105)

Investments at FVOCI comprise the following investments:

	2020 Fair value Thousand Baht	2019 Thousand Baht
Investments in equity investments Unlisted securities (2019: at cost)	44,469	21,417
Investments in debt securities Listed bonds (2019: fair value)	3,927,108	2,542,484
Total	3,971,577	2,563,901

15 Investments in securities, net (Cont'd)

15.2 Investments at fair value through other comprehensive income (Cont'd)

b) Amounts recognised in profit or loss and other comprehensive income

The following gains/(losses) were recognised in profit or loss and other comprehensive income during the year as follows:

	2020
	Thousand Baht

Gains/(losses) recognised in other comprehensive income (2019: relating to general investments)	23,052
Gains/(losses) reclassified from other comprehensive income to profit or loss on the sale of investments measured at FVOCI (reclassified AFS reserve in OCI to other gains/(losses))	42
Dividends from equity securities measured at FVOCI recognised in profit or loss	
- Related to investments derecognised during the period	-
- Related to investments held at the end of the reporting period	16
Interest income from debt securities at FVOCI recognised in profit or loss	51,477
Expected credit losses for debt securities measured at fair value through other comprehensive income recognised in profit or loss (12 months expected credit losses/ Lifetime expected credit losses) (2019: impairment losses under TAS 105)	(493)

c) Expected credit loss

	2020	
	Fair value	Expected credit losses recognised in other comprehensive income
	Thousand Baht	Thousand Baht
	_____	_____
Investments in debt securities which credit risk has not significantly increased (Stage 1)	3,297,108	(493)
Investment in debt securities which credit risk has significantly increased (Stage 2)	-	-
Credit-impaired investments in debt securities (Stage 3)	-	-
Total	3,297,108	(493)

15 Investments in securities, net (Cont'd)

15.2 Investments at fair value through other comprehensive income (Cont'd)

d) The maturity of investment in securities measured at fair value through other comprehensive income

The details of investment in securities measured at fair value through other comprehensive income as at 31 December 2020 and 2019 are aged as follows:

	2020						2019					
	Maturing within			Total			Maturing within			Total		
	1 year Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	1 year Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Investment in securities measured at fair value through other comprehensive income												
Government bonds and State enterprise debt securities *	704,969	1,737,347	-	2,442,316			1,160,384	535,321	-	1,695,705		
Private debt securities	318,162	1,072,640	-	1,390,802			239,434	540,796	-	780,230		
Foreign debt securities	59,965	-	-	59,965			-	59,934	-	59,934		
Total	1,083,096	2,809,987	-	3,893,083			1,399,818	1,136,051	-	2,535,869		
Add Unrealized gains	7,751	26,274	-	34,025			1,190	5,425	-	6,615		
Total investment in securities measured at fair value through other comprehensive income	1,090,847	2,836,261	-	3,927,108			1,401,008	1,141,476	-	2,542,484		

*As at 31 December 2020, government bonds amounting to Baht 14 million (2019: Baht 14 million) have been deposited as a security with the registrar in accordance with the Life Insurance Act (No. 2) B.E. 2551 (Note 38).

15 Investments in securities, net (Cont'd)

15.3 Investments at amortised cost

a) Classification of financial assets at amortised cost (2019: at cost)

Investments at amortised cost comprise the following investments:

	2020 Amortised cost Thousand Baht	2019 At cost Thousand Baht
Debt securities that are measured at amortised cost		
Deposits at financial institutions with original more than 3 months	200,250	8,712
Deposits at banks used as collateral (2019: at cost)	34,486	217,623
Premium saving certificates used as collateral	2,350	13,950
Total	<u>237,086</u>	<u>489,434</u>

b) Expected credit loss

	2020		
	Initial book value Thousand Baht	Expected credit loss Thousand Baht	Book Value Thousand Baht
Investments in debt securities which credit risk has not significantly increased (Stage 1)	237,086	(25)	237,061
Investment in debt securities which credit risk has significantly increased (Stage 2)	-	-	-
Credit-impaired investments in debt securities (Stage 3)	-	-	-
Total	<u>237,086</u>	<u>(25)</u>	<u>237,061</u>

The Company's debt investments at amortised cost are considered to have low credit risk. The loss allowance recognised during the period was therefore limited to 12 months expected losses. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations.

15 Investments in securities, net (Cont'd)

15.3 Investments at amortised cost (Cont'd)

b) Expected credit loss (Cont'd)

The reconciliations of loss allowance for investment at amortised cost for the year ended 31 December 2020 are as follows:

	Deposits at financial institutions with original maturities more than 3 months Thousand Baht	Deposits at banks used as collateral Thousand Baht	Total Thousand Baht
As of 31 December - calculated under TAS 101			
Amounts restated through opening retained earnings (Note 6)	1	25	26
	1	25	26
Opening loss allowance as at 1 January 2020 - calculated under The Accounting Guidance			
Increase in loss allowance recognised in profit or loss during the year	3	(4)	(1)
As of 31 December 2020	4	21	25

15 Investments in securities, net (Cont'd)

15.3 Investments at amortised cost (Cont'd)

c) Investments in debt securities that are measured at amortised cost as at 31 December 2020 and 2019 will be due as follows:

	2020			
	Period to maturity			Total Thousand Baht
	Within 1 year Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht	
Debt securities that are measured at amortised cost				
Deposits at financial institutions with original maturities more than 3 months	200,250	-	-	200,250
Deposits at banks used as collateral	20,000	14,486	-	34,486
Premium saving certificates used as collateral	2,350	-	-	2,350
Total	222,600	14,486	-	237,086
Less Expected credit loss	(22)	(3)	-	(25)
Total	222,578	14,483	-	237,061
	2019			
	Period to maturity			Total Thousand Baht
	Within 1 year Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht	
Debt securities that are measured at amortised cost				
Government and state enterprise debt securities	249,149	-	-	249,149
Deposits at financial institutions with original maturities more than 3 months	8,712	-	-	8,712
Deposits at banks used as collateral	217,623	-	-	217,623
Premium saving certificates used as collateral	13,231	719	-	13,950
Total	488,715	719	-	489,434

15 Investments in securities, net (Cont'd)

15.3 Investments at amortised cost (Cont'd)

d) Fair values of Investments at amortised cost

Fair value for the following investments was determined by reference to published price quotations in an active market (classified as level 1 in the fair value hierarchy)

	2020	2019
	Thousand Baht	Thousand Baht
Government and state enterprise debt securities	-	249,149
Deposits at financial institutions with original maturities more than 3 months	200,250	8,712
Deposits at banks used as collateral	34,486	217,623
Premium saving certificates used as collateral	2,350	13,950

As at 31 December 2020 and 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 628.82 million and Baht 580.71 million, respectively (Note 38).

As at 31 December 2020 and 2019, premium saving certificates were used as collateral for insured drivers are the alleged offenders amounting to Baht 1.25 million and Baht 3.15 million, respectively (Note 39).

As at 31 December 2020 and 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 39).

For the year ended 31 December 2020, the Company recorded interest income from investment measured at amortised cost amounting to Baht 2.47 million. (2019: Baht 1.44 million).

For the year ended 31 December 2020 and 2019, the Company has investment income as below:

- Interest income amounting to Baht 65.11 million (31 December 2019: Baht 80.10 million).
- Dividend income amounting to Baht 0.02 million (31 December 2019: Baht 10.73 million).
- Consideration from selling and buying investments amounting to Baht 581.37 million (31 December 2019: Baht 1,997.62 million).

16 Loans and interest receivable

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 employees	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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17 Leasehold improvements and equipment, net

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

	2020										2019														
	Cost					Accumulated depreciation					Ending leasehold improvement and equipment, net					Beginning leasehold improvement and equipment, net									
	Beginning balance	Increase	Disposal / Write off	Transfer in/ (transfer out)	Ending balance	Beginning balance	Depreciation	Disposal / Write off	Ending balance	Ending balance	Beginning balance	Depreciation	Disposal / Write off	Ending balance	Beginning balance	Depreciation	Disposal / Write off	Ending balance	Ending balance	Beginning balance	Depreciation	Disposal / Write off	Ending balance		
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht		
Leasehold improvement Furniture, fixtures and office equipment	63,440	12,269	(19,610)	399	56,498	(47,162)	(7,421)	16,371	(38,212)	(38,212)	16,278	(8,808)	8,318	(87,678)	23,268	(4,195)	-	(23,976)	18,001	18,001	23,268	(8,808)	8,318	(87,678)	
Vehicles	26,488	-	-	-	26,488	(19,781)	(4,195)	-	(23,976)	(23,976)	6,707	-	-	-	6,707	-	-	-	-	2,512	2,512	6,707	-	-	-
Leasehold improvement under installation	539	13,284	-	(399)	13,424	-	-	-	-	-	539	-	-	-	539	-	-	-	13,424	13,424	539	-	-	-	-
Total	200,923	32,231	(31,065)	-	202,089	(154,131)	(20,424)	24,689	(149,866)	(149,866)	46,792	(20,424)	24,689	(149,866)	46,792	(20,424)	24,689	(149,866)	52,223	52,223	46,792	(20,424)	24,689	(149,866)	
	2020										2019														
	Cost					Accumulated depreciation					Ending leasehold improvement and equipment, net					Beginning leasehold improvement and equipment, net									
	Beginning balance	Increase	Disposal / Write off	Transfer from AZTH	Ending balance	Beginning balance	Depreciation	Disposal / Write off	Transfer from AZTH	Ending balance	Ending balance	Beginning balance	Depreciation	Disposal / Write off	Transfer from AZTH	Ending balance	Beginning balance	Depreciation	Disposal / Write off	Ending balance	Beginning balance	Depreciation	Disposal / Write off	Ending balance	
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	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	(7,988)	13,959	(37,684)	(87,202)	7,635	(7,988)	13,959	(87,202)	23,254	23,254	7,635	(7,988)	(87,202)	
Vehicles	63,124	4,175	(14,201)	57,358	110,456	(55,489)	(5,121)	2,382	-	(19,781)	11,828	(5,121)	2,382	-	(19,781)	11,828	(5,121)	2,382	(19,781)	6,707	6,707	11,828	(5,121)	(19,781)	
Leasehold improvement under installation	-	539	-	-	539	-	-	-	-	-	539	-	-	-	-	539	-	-	-	539	539	539	-	-	-
Total	143,551	7,792	(19,590)	72,781	204,534	(109,750)	(22,609)	18,729	(43,310)	(156,940)	33,801	(22,609)	18,729	(43,310)	(156,940)	33,801	(22,609)	18,729	(156,940)	47,594	47,594	33,801	(22,609)	(156,940)	

The depreciation expense for the year ended 31 December 2020 and 2019 amounting to Baht 20.42 million and Baht 22.61 million, respectively were included in operating expenses.

As at 31 December 2020 and 2019, certain leasehold improvement and equipment of the Company at cost of Baht 99.13 million and Baht 82.02 million, respectively, were fully depreciated but still in use.

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18 Right-of-use asset, net

	31 December 2020									
	Cost					Accumulated depreciation				
	As at 1 January 2020 Thousand Baht	Increase Thousand Baht	Change in contract Thousand Baht	As at 31 December 2020 Thousand Baht	As at 1 January 2020 Thousand Baht	Amortisation Thousand Baht	Change in contract Thousand Baht	As at 31 December 2020 Thousand Baht	Beginning Right-of-use asset, net Thousand Baht	Ending Right-of-use asset, net Thousand Baht
Leasehold improvement	130,298	33,734	75,193	239,225	(2,809)	(30,430)	1,303	(31,936)	127,489	207,289
Vehicles	3,333	-	-	3,333	-	(1,818)	-	(1,818)	3,333	1,515
Total	133,631	33,734	75,193	242,558	(2,809)	(32,248)	1,303	(33,754)	130,822	208,804

For the year ended 31 December 2020, the lease payments resulting from lease contracts which are not capitalised comprised of short-term contracts amounting to Baht 0.15 million.

19. Goodwill

As at 31 December 2020, the Company has goodwill amounting to Baht 508.88 million which occurred from the purchased and accepted of the entire business of Allianz Insurance Public company limited on 30 April 2019 as detailed in note 19.2.

19.1 Assessment of impairment of goodwill

The Company tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 5.10. The recoverable amounts of Line of business have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 7.1).

As at 31 December 2020, the Company tested impairment of the goodwill and considered to set no impairment for the goodwill.

Management determined growth rate from budget based on past performance and its expectations of market development.

The recoverable amount goodwill is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates which does not exceed the long-term average market growth rate for the business in which the Company's operates.

The key assumptions used for value-in-use calculations are as follows:

Net earned premium growth rate from 2021 - 2025: 6% - 12%

Pre-tax discount rate applied to the cash flow projections: 9%

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

The key assumption that will affect the value in use is discount rate. The management has considered the sensitivity of the change in the discount rate. If the pre-tax discount had been 1% per annum higher than management's estimate, the value in use is still higher than the carrying value and no impairment recognised.

19. Goodwill (Cont'd)

19.2 Acquisition of business

On April 30, 2019, the Group completed purchase and acceptance of the entire business of AZTH, as per entire business transfer agreement dated September 24, 2018 for a cash consideration of Baht 848.80 million.

During the year 2019, the Group engaged an independent appraiser to appraise the fair value of identifiable assets acquired and liabilities assumed and allocation of fair value at the acquisition date. The Group has applied Thai Financial Reporting Standard No. 3 (revised 2018) "Business Combinations" to recognize the business acquisition transaction. The Group has considered the fair value of assets acquired and liabilities assumed from the business acquisition and recorded the difference amount between the purchase price and the value of consideration received in the account "Goodwill" in the amount of Baht 508.88 million by considering the information from the purchase price allocation report of an independent appraiser and other relevant factors obtained within one year from the acquisition date. The following summarizes the major classes of consideration transferred and the recognized fair value of assets acquired and liabilities assumed at the business acquisition date:

	As at 30 April 2019 Thousand Baht
Assets	
Cash and cash equivalents	1,047,398
Premium receivable - net	425,651
Accrued investment income	6,752
Reinsurance assets	2,194,326
Amounts due from reinsurers	258,971
Investments in securities	1,006,389
Leasehold improvement and equipment	29,471
Intangible assets	106,158
Deferred tax assets	139,927
Other assets	111,512
Total Assets	5,326,555
Liabilities	
Insurance liabilities	3,669,779
Amounts due to reinsurers	849,617
Employee benefit obligations	19,934
Accrued expenses	273,871
Other liabilities	173,431
Total liabilities	4,986,632
Identifiable assets and liabilities - net	339,923
Cash paid for purchase entire business transfer	(848,800)
Goodwill	508,877

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20 Intangible assets, net

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

	2020						2019									
	Cost		Accumulated amortisation		Beginning balance		Cost		Accumulated amortisation		Beginning balance					
	Beginning balance Thousand Baht	Increase Thousand Baht	Write off Thousand Baht	Transfer in/ (transfer out) Thousand Baht	Ending balance Thousand Baht	Thousand Baht	Thousand Baht	Beginning balance Thousand Baht	Amortisation Thousand Baht	Write off Thousand Baht	Transfer from AZTH Thousand Baht	Ending balance Thousand Baht	Beginning balance Thousand Baht	Intangible assets, net Thousand Baht	Ending balance Thousand Baht	
Computer software	233,069	2,905	-	22,062	258,036	(188,982)	(17,535)	(188,982)	(17,535)	-	(206,517)	233,069	(64,830)	(12,919)	(111,233)	233,069
Computer software in progress	30,588	10,456	-	(22,062)	18,982	-	-	-	-	-	-	30,588	-	-	-	30,588
Bancassurance agreement	100,000	-	-	-	100,000	(91,568)	(8,432)	(91,568)	(8,432)	-	-	100,000	(81,577)	(9,992)	-	100,000
Total	363,657	13,361	-	-	377,018	(280,550)	(25,967)	(280,550)	(25,967)	-	(306,517)	363,657	(146,407)	(22,911)	(111,233)	363,657
Computer software	90,055	2,671	-	-	92,726	(64,830)	(12,919)	(64,830)	(12,919)	-	(111,233)	92,726	(64,830)	(12,919)	(111,233)	92,726
Computer software in progress	7,381	-	(53,841)	-	(46,460)	(81,577)	(9,992)	(81,577)	(9,992)	-	-	(46,460)	(81,577)	(9,992)	-	(46,460)
Bancassurance agreement	100,000	-	-	-	100,000	(91,568)	(8,432)	(91,568)	(8,432)	-	-	100,000	(81,577)	(9,992)	-	100,000
Total	197,436	2,671	(53,840)	-	146,666	(280,550)	(22,911)	(280,550)	(22,911)	-	(111,233)	146,666	(146,407)	(22,911)	(111,233)	146,666

Amortization for the years ended 31 December 2020 and 2019 amounting to Baht 17.54 million and Baht 22.91 million, respectively, were included in operating expenses and amounting to Baht 8.43 million and Baht 0, respectively, were included in other underwriting expenses.

As at 31 December 2020 and 2019, certain intangible assets at cost of Baht 61.37 million and Baht 54.14 million, respectively, were fully depreciated but still in use.

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21 Deferred tax assets, net

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

	2020 Thousand Baht	2019 Thousand Baht
Deferred tax asset, net	355,131	301,806

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2020 Thousand Baht	2019 Thousand Baht
Deferred tax assets:		
Deferred tax assets to be recovered within 12 months	169,118	120,217
Deferred tax assets to be recovered after 12 months	198,254	182,925
	<u>367,372</u>	<u>303,142</u>
Deferred tax liabilities:		
Deferred tax liabilities to be settled within 12 months	12,241	1,336
Deferred tax liabilities to be settled more than 12 months	-	-
	<u>12,241</u>	<u>1,336</u>
Deferred tax assets, net	<u>355,131</u>	<u>301,806</u>

Movements of deferred tax assets for the years ended December 31, 2020 and 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 31 December 2020 Thousand Baht
Deferred tax assets				
Allowance for doubtful accounts				
- Premium due and uncollected	6,620	(455)	-	6,165
Allowance for doubtful accounts				
- Other receivable	567	341	-	908
Unearned premium reserve	100,061	(50,019)	-	50,042
Claim reserve, net	137,009	4,770	-	141,779
Claim incurred but not reported	25,905	9,683	-	35,588
Employee benefit obligations	18,226	871	-	19,097
Accrued expense	11,841	12,464	-	24,305
Expected credit loss allowance	184	25	(41)	118
Accumulated tax losses	-	87,436	-	87,436
Others	2,913	(979)	-	1,934
	<u>303,326</u>	<u>64,087</u>	<u>(41)</u>	<u>367,372</u>
Deferred tax liabilities				
Unrealised gain on the change in fair value of investments through other comprehensive income	(14,158)	-	2,738	(11,420)
Unrealised gain on the change in fair value adjustment	-	(821)	-	(821)
	<u>(14,158)</u>	<u>(821)</u>	<u>2,738</u>	<u>(12,241)</u>
Deferred tax assets, net	<u>289,168</u>	<u>63,266</u>	<u>2,697</u>	<u>355,131</u>

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21 Deferred tax assets, net (Cont'd)

Movements of deferred tax assets for the years ended December 31, 2020 and 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
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
Other	-	(69)	-	2,982	2,913
Deferred tax liabilities	180,726	(16,104)	(1,408)	139,928	303,142
Unrealized loss on the change in value of available-for-sale investments	4,089	-	(5,425)	-	(1,336)
	<u>4,089</u>	<u>-</u>	<u>(5,425)</u>	<u>-</u>	<u>(1,336)</u>
Deferred tax assets, net	184,815	(16,104)	(6,833)	139,928	301,806

Income tax expense for the year ended 31 December 2020 and 2019, consisted of the following:

Deferred income tax assets are recognised for tax loss and carried forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. As at 31 December 2020 the Company does not have taxable loss which does not recognise deferred tax asset (2019: Baht 8.3 million from tax losses of Baht 280 million), to carry forward against future taxable income, which will be expire in 2025 and 2024.

Allianz Ayudhya General Insurance Public Company Limited
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22 Other assets, net

	2020 Thousand Baht	2019 Thousand Baht
Other receivables	14,237	29,590
<u>Less</u> Allowance for doubtful accounts	<u>(4,542)</u>	<u>(2,834)</u>
	9,695	26,756
Revenue Department receivable	30,756	29,456
Withholding tax receivable	21,190	1,499
Prepaid expenses	11,013	9,066
Due from rice field insurance scheme	1,819	47,483
Accrued loss recovery	38,687	48,801
Deposits	8,262	8,590
Undue input value added tax	8,643	7,246
Others	5,045	1,825
Total other assets, net	<u>135,110</u>	<u>180,722</u>

23 Insurance contract liabilities

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

	2020		
	Insurance contract liabilities Thousand Baht	Insurance contract liabilities recovered from reinsurers Thousand Baht	Net Thousand Baht
Claim reserves			
Claim incurred and reported	2,174,147	(1,329,395)	844,752
Claim incurred but not reported	262,634	(84,696)	177,938
	<u>2,436,781</u>	<u>(1,414,091)</u>	<u>1,022,690</u>
Premium reserve			
Unearned premium reserve	2,720,983	(646,646)	2,074,337
Total	<u>5,157,764</u>	<u>(2,060,737)</u>	<u>3,097,027</u>
	2019		
	Insurance contract liabilities Thousand Baht	Insurance contract 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>

23 Insurance contract liabilities (Cont'd)

23.1 Insurance reserve for short-term insurance contract

23.1.1 Claim reserves

	2020		
	Gross Thousand Baht	Reinsurance Thousand Baht	Net Thousand Baht
Balance as at beginning year	2,460,703	(1,535,684)	925,019
Claim and loss adjustment expenses incurred during the year	2,989,731	(833,666)	2,156,065
Change in claim reserves and assumptions used in claim reserve calculation	429,437	(156,141)	273,296
Claim paid during the year	(3,443,090)	1,111,400	(2,331,690)
Balance as at period ended	<u>2,436,781</u>	<u>(1,414,091)</u>	<u>1,022,690</u>
	2019		
	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>

23.1.2 Unearned premium reserve

	2020		
	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 year	5,676,918	(1,564,003)	4,112,915
Earned premium for the year	(6,293,173)	2,122,877	(4,170,296)
As at 31 December	<u>2,720,983</u>	<u>(646,646)</u>	<u>2,074,337</u>
	2019		
	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>

23 Insurance contract liabilities (Cont'd)

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

23.1.3 Unexpired risk reserve

As at 31 December 2020 and 2019, no additional reserve for unexpired risk reserve has been established as the gross unexpired risk reserve estimated by the Company amounting to Baht 1,355.52 million and Baht 1,868.91 million, respectively and net of reinsurance amounting to Baht 1,292.36 million and Baht 1,387.45 million, respectively is lower than the unearned premium reserve.

23.1.4 Maturity analysis of claim liabilities expected to be paid

	2020 Thousand Baht	2019 Thousand Baht
Claim liabilities expected to be paid within 1 year	2,093,003	1,674,898
Claim liabilities expected to be paid between 1 and 2 years	270,300	346,032
Claim liabilities expected to be paid between 2 and 5 years	73,478	262,068
Claim liabilities expected to be paid in more than 5 years	-	177,705
Total Claim liabilities expected to be paid	<u>2,436,781</u>	<u>2,460,703</u>

23 Insurance contract liabilities (Cont'd)

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

23.1.5 Sensitivity analysis for changes

	2020					
	Percentage increase/ (decrease) in assumption	Impact on reinsurance assets Thousand Baht	Impact on loss reserves and allocated loss adjustment expense Thousand Baht	Impact on profit (loss) Thousand Baht	Impact on equity Thousand Baht	
Loss development factor of the latest accident year	Increase by 2%	25,895	116,416	(90,520)	(72,416)	
	Decrease by 2%	(28,468)	(108,278)	79,810	63,848	
Estimated claim for big loss	Increase by 2%	48,995	149,095	(100,100)	(80,080)	
	Decrease by 2%	(49,783)	(144,072)	94,290	75,432	
Unallocated loss adjustment expense ratio	Increase by 20%	-	13,318	(13,318)	(10,655)	
	Decrease by 20%	-	(13,318)	13,318	10,655	

23 Insurance contract liabilities (Cont'd)

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

23.1.5 Sensitivity analysis for changes (Cont'd)

	2019				
	Percentage increase/ (decrease) in assumption	Impact on reinsurance assets Thousand Baht	Impact on loss reserves and allocated loss adjustment expense Thousand Baht	Impact on profit (loss) Thousand Baht	Impact on equity Thousand Baht
Loss development factor of the latest accident year	Increase by 2%	65,926	158,666	(92,740)	(74,192)
	Decrease by 2%	(65,140)	(151,052)	85,912	68,729
Estimated claim for big loss	Increase by 2%	119,170	176,147	(56,977)	(45,582)
	Decrease by 2%	(64,187)	(171,839)	107,653	86,122
Unallocated loss adjustment expense ratio	Increase by 20%	-	5,918	(5,918)	(4,735)
	Decrease by 20%	-	(5,918)	5,918	4,735

23 Insurance contract liabilities (Cont'd)

23.2 Claims development

23.2.1 Claim development table before reinsurance

31 December 2020 Incident year / Reported year	Unit: Thousand Baht					
	2016	2017	2018	2019	2020	Total
Estimated claims:						
- At end of the year	2,812,467	2,899,143	4,024,019	3,807,602	3,220,781	
- One year later	2,774,379	2,758,139	3,632,050	3,861,531	-	
- Two years later	2,733,172	2,764,663	3,535,761	-	-	
- Three years later	2,725,206	2,795,797	-	-	-	
- Four years later	2,727,287	-	-	-	-	
Current estimates of ultimate loss	2,727,287	2,795,797	3,535,761	3,861,531	3,220,781	16,141,158
Cumulative claim payments	(2,678,826)	(2,699,520)	(3,258,890)	(3,383,670)	(1,934,151)	(13,955,058)
Total claim reserves	48,461	96,277	276,871	477,861	1,286,630	2,186,100
Claim reserves before year 2016						250,681
Total claim reserves						2,436,781

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23 Insurance contract liabilities (Cont'd)

23.2 Claims development (Cont'd)

23.2.1 Claim development table before reinsurance (Cont'd)

31 December 2019 Incident year / Reported year	2015	2016	2017	2018	2019	Total
Estimated claims:						
- At end of the year	2,841,657	2,812,467	2,899,143	4,024,019	3,807,602	
- One year later	3,001,652	2,774,379	2,758,139	3,632,050	-	
- Two years later	2,908,908	2,733,172	2,764,663	-	-	
- Three years later	2,912,881	2,725,206	-	-	-	
- Four years later	2,851,960	-	-	-	-	
Current estimates of ultimate loss	2,851,960	2,725,206	2,764,663	3,632,050	3,807,602	15,781,481
Cumulative claim payments	(2,831,821)	(2,674,890)	(2,676,762)	(3,126,117)	(2,197,769)	(13,507,359)
Total claim reserves	20,139	50,316	87,901	505,933	1,609,833	2,274,122
Claim reserves before year 2015						186,581
Total claim reserves						2,460,703

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23 Insurance contract liabilities (Cont'd)

23.2 Claims development (Cont'd)

23.2.2 Claim development table, net

31 December 2020 Accident year / Reported year	2016	2017	2018	2019	2020	Total
Estimated claims:						
- At end of the year	1,654,967	1,698,005	2,027,944	2,341,472	2,312,948	
- One year later	1,606,464	1,649,769	1,956,231	2,302,602	-	
- Two years later	1,589,685	1,653,168	1,924,386	-	-	
- Three years later	1,589,927	1,655,087	-	-	-	
- Four years later	1,594,143	-	-	-	-	
Current estimates of ultimate loss	1,594,143	1,655,087	1,924,386	2,302,602	2,312,948	9,789,166
Cumulative claim payments	(1,588,971)	(1,645,764)	(1,892,005)	(2,238,482)	(1,486,727)	(8,851,949)
Total claim reserves	5,172	9,323	32,381	64,120	826,221	937,217
Claim reserves before year 2016						85,473
Total claim reserves						1,022,690

23 Insurance contract liabilities (Cont'd)

23.2 Claims development (Cont'd)

23.2.2 Claim development table, net (Cont'd)

31 December 2019 Accident year / Reported year	2015	2016	2017	2018	2019	Total
Estimated claims:						
- At end of the year	1,537,625	1,654,967	1,698,005	2,027,944	2,341,472	
- One year later	1,610,661	1,606,464	1,649,769	1,956,231	-	
- Two years later	1,524,981	1,589,685	1,653,168	-	-	
- Three years later	1,525,177	1,589,927	-	-	-	
- Four years later	1,511,100	-	-	-	-	
Current estimates of ultimate loss	1,511,100	1,589,927	1,653,169	1,956,230	2,341,472	9,051,898
Cumulative claim payments	(1,502,339)	(1,588,171)	(1,641,277)	(1,860,032)	(1,561,975)	(8,153,794)
Total claim reserves	8,761	1,756	11,892	96,198	779,497	898,104
Claim reserves before year 2015						26,915
Total claim reserves						925,019

24 Amounts due to reinsurers

	2020	2019
	Thousand Baht	Thousand Baht
Amount withheld on reinsurance	748,482	1,152,998
Reinsurance payables	501,323	791,674
Total amount due to reinsurers	<u>1,249,805</u>	<u>1,944,672</u>

25 Employee benefit obligations

The Company operates post-employment benefit plans under the Labor Protection Act, which are considered as unfunded defined benefits plans.

	2020	2019
	Thousand Baht	Thousand Baht
Statement of Financial Position		
Long - term employee benefits	19,065	-
Retirement benefits	132,201	127,849
Employment benefit obligation	<u>151,266</u>	<u>127,849</u>

25.1 Retirement benefits

Movements in the present value of employee benefit obligations as at 31 December 2020 and 2019 were as follows:

	2020	2019
	Thousand Baht	Thousand Baht
Present value of obligation at the beginning of the years	127,849	85,317
Current service cost of the years	20,408	44,391
Interest cost	3,080	2,343
Actuarial gain	-	(7,039)
Benefit paid during the years	(19,136)	(17,142)
Transferred benefits from the parent company	-	45
Transferred benefit from AZTH	-	19,934
Present value of obligation at the ending of the years	<u>132,201</u>	<u>127,849</u>

The expenses that were recorded in the statement of profit or loss and other comprehensive income for employee benefit obligations for the years ended 31 December 2020 and 2019 consisted of the following:

	2020	2019
	Thousand Baht	Thousand Baht
Current service cost	20,408	44,391
Interest cost	3,080	2,342
Actuarial (gain) loss on actuarial remeasurement		
- From financial assumptions changes	-	1,647
- From demographic assumptions changes	-	(13,013)
- From experience adjustments	-	4,328
Total employee benefit expenses	<u>23,488</u>	<u>39,695</u>

25 Employee benefit obligations (Cont'd)

25.1 Retirement benefits (Cont'd)

The Company calculated employee benefit obligations by an actuary using the projected unit credit cost method. The assumptions consisted of the following:

	<u>2020</u>	<u>2019</u>
Financial assumptions		
Discount rate (%)	2.16	2.16
Expected rate of salary increase (%)	5	5
Demographic assumptions		
Turnover rate (%) subject to range of age of employees	10, 15, 25	10, 15, 25
Retirement age (years)	60	60

Significant actuarial assumptions - impact on increase (decrease) in defined benefit obligation

	<u>2020</u>	<u>2019</u>
	<u>Thousand Baht</u>	<u>Thousand Baht</u>
Financial assumptions		
Discount rate - 1% increase	(13,000)	(11,932)
Discount rate - 1% decrease	14,773	13,577
Expected rate of salary - 1% increase	15,435	12,664
Expected rate of salary - 1% decrease	(13,791)	(11,371)
Demographic assumptions		
Turnover rate - 1% increase	(13,746)	(12,624)
Turnover rate - 1% decrease	3,424	3,231
Life expectancy - 1 year increase	776	710
Life expectancy - 1 year decrease	(771)	(706)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method has been applied as when calculating the retirement benefits recognised in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Maturity analysis of the benefit payments of the post-employment benefits obligation as at December 31, 2020 and 2019 was as follows:

	<u>2020</u>	<u>2019</u>
Weighted average duration of the defined benefit obligation (years)	<u>12.04</u>	<u>11.10</u>
Maturity analysis of undiscounted benefits expected to be paid (Thousand Baht)		
Benefits expected to be paid within 1 year	2,672	2,465
Benefits expected to be paid between 1 - 5 years	32,260	26,407
Benefits expected to be paid more than 5 years	105,139	98,978
Total benefits expected to be paid	<u>140,071</u>	<u>127,850</u>

25 Employee benefit obligations (Cont'd)

25.2 Long term employee benefits - Share-based compensation

The Company has share-based compensation in accordance with Allianz Group policy using the share price of Allianz SE, a listed company in Frankfurt am Main in XETRA trading.

During the year 2020, there was a share-based compensation plan to employee. The details are as below:

Employee Stock Purchase Plan (ESPP)

The Allianz Group offers Allianz SE shares in 42 countries to entitled employees at favourable conditions. The offer provides to the eligible employees one matching share (or fractions) for three purchased shares. The shares have three years restriction period which will be held and administered in a central omnibus account during the period.

During the year ended 31 December 2020, the number of shares contributed to employees under these plans was 97 shares (2019: 41 shares).

Restricted stock unit (RSU)

The Allianz Equity Incentive (AEI) is a long-term equity-based plan granting Restricted Stock Units (RSU) provided to executives. The AEI are granted once a year and have a four-year vesting period from the time of their grant. The plan participant is required to formally accept the grant during a defined period. Failure to do so will result in forfeiture of the grant. Any value can be realized if the plan participant remains employed within the Allianz Group or under certain conditions.

Performance criteria are set by the Board of Directors and will measure the performance of the Company.

	RSU		ESPP	
	2020 Number of shares	2019 Number of shares	2020 Number of shares	2019 Number of shares
As at 1 January	-	-	41	-
Granted/Transferred in	4,460	-	97	41
Exercised	(818)	-	-	-
Forfeited/Transferred out	-	-	-	-
As at 31 December	3,642	-	138	41

The total recognized compensation in other employee benefits for the year ended 31 December 2020 amounting to Baht 7.74 million (2019: Baht 0.29 million) and the total compensation liabilities under "Employee benefits" amounting to Baht 19.07 million (2019: Baht 0). The Company uses projected cash flow technique to calculate the fair value of this share-based payment plan. The key assumptions for valuations are expected share price and employee turn-over rate.

25 Employee benefit obligations (Cont'd)

25.2 Long term employee benefits - Share-based compensation (Cont'd)

Employee Stock benefit Plan

The Allianz Group offers Allianz SE shares in 42 countries to entitled employees at favourable conditions. The offer provides to the eligible employees for one share. The shares have 3 years restriction period which will be held and administered in a central omnibus account during the period.

During the year ended 31 December 2020, the number of shares provided to employees under these plans was 199 shares. The total recognized compensation in other employee benefits for the year ended 31 December 2020 amounting to Baht 1.22 million.

26 Lease liabilities

The maturity analysis of lease liabilities are aged as follows:

Maturity	2020 Thousand Baht
Within 1 year	29,642
Between 1 - 2 years	28,636
Between 2 - 3 years	26,383
Between 3 - 4 years	21,192
Between 4 - 5 years	20,208
Over 5 years	81,815
Total lease liabilities	207,876
Including - Principal	233,902
- Interest	(26,026)

For the year ended 31 December 2020, interest expenses on lease liabilities amounted to Baht 4.65 million are recorded as "finance cost" in the statement of comprehensive income.

27 Other liabilities

Other liabilities as at 31 December 2020 and 2019 consisted of the following:

	2020 Thousand Baht	2019 Thousand Baht
Other payables - promotion expense	65,925	69,343
Premium received in advance	139,824	95,127
Revenue Department payable	19,526	10,845
Undue output value added tax	4,001	23,791
Contribution to non-life guarantee fund	19,668	15,810
Others	27,659	64,333
Total other liabilities	276,603	279,249

28 Share capital

As at 31 December 2020, the total authorised number of ordinary shares is 254.88 million shares (2019: 254.88 million shares) amounting to Baht 2,548.8 million (2019: Baht 2548.8 million) with a par value of Baht 10 per share (2019: Baht 10 per share). All shares are issued and fully paid.

On 11 March 2019, the Extraordinary General Meeting of Shareholders of the Company passed resolutions to increase its registered share capital from the amount of Baht 1,800 million to Baht 2,548.80 million by issuing new 74.88 million 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.

29 Legal reserve

	2020	2019
	Thousand	Thousand
	Baht	Baht
As at 1 January	15,750	15,750
Addition during the year	-	-
As at 31 December	<u>15,750</u>	<u>15,750</u>

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10 percent of the registered capital. The legal reserve is non-distributable.

30 Financial information by segment

The business segment results are prepared based on the Management 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 Thai Financial Reporting Standard.

The Company has four reportable 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 geographical segment information is presented.

For the years ended 31 December 2020 and 2019, there was no underwriting income with a single external customer contributed 10% or more to the Company's total revenue.

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30 Financial information by segment (Cont'd)

The financial information of the Company for the years ended 31 December 2020 and 2019 were presented by business segment as follows:

	For the year ended 31 December 2020				
	Fire Thousand Baht	Marine Thousand Baht	Motor Thousand Baht	Miscellaneous Thousand Baht	Total Thousand Baht
Underwriting income					
Gross premiums written	642,931	293,714	2,729,694	2,010,579	5,676,918
<u>Less</u> Premium ceded	<u>(61,058)</u>	<u>(202,855)</u>	<u>(13,743)</u>	<u>(1,286,347)</u>	<u>(1,564,003)</u>
Net premiums written	581,873	90,859	2,715,951	724,232	4,112,915
<u>Add(Less)</u> Unearned premium reserve (increase) decrease from previous period	<u>(8,282)</u>	<u>(22,604)</u>	<u>107,130</u>	<u>(18,863)</u>	<u>57,381</u>
Net premium ceded	573,591	68,255	2,823,081	705,369	4,170,296
Fee and commission income	9,785	62,299	(24,894)	245,636	292,826
Total underwriting income	583,376	130,554	2,798,187	951,005	4,463,122
Underwriting expense					
Gross claim paid	120,409	71,096	1,963,293	1,301,396	3,456,194
<u>Less</u> Claim recovered from reinsurers	<u>(34,642)</u>	<u>(38,037)</u>	<u>(211,012)</u>	<u>(697,955)</u>	<u>(981,646)</u>
Commissions and brokerages expenses	140,569	33,211	406,129	274,119	854,028
Other underwriting expenses	96,866	26,632	395,408	247,789	766,695
Total underwriting expense	323,202	92,902	2,553,818	1,125,349	4,095,271
Profit(Loss) on underwriting before operating expenses	260,174	37,652	244,369	(174,344)	367,851
Operating expenses					(811,033)
Loss on underwriting					(443,182)
	For the year ended 31 December 2019				
	Fire Thousand Baht	Marine Thousand Baht	Motor Thousand Baht	Miscellaneous Thousand Baht	Total Thousand Baht
Underwriting income					
Gross premiums written	662,998	322,211	2,797,395	1,974,696	5,757,300
<u>Less</u> Premium ceded	<u>(162,645)</u>	<u>(215,585)</u>	<u>(664,320)</u>	<u>(1,247,840)</u>	<u>(2,290,390)</u>
Net premiums written	500,353	106,626	2,133,075	726,856	3,466,910
<u>Add(Less)</u> Unearned premium reserve (increase) decrease from previous period	<u>(27,500)</u>	<u>6,488</u>	<u>(27,977)</u>	<u>(10,265)</u>	<u>(59,254)</u>
Net premium ceded	472,853	113,114	2,105,098	716,591	3,407,656
Fee and commission income	48,989	58,531	230,533	267,123	605,176
Total underwriting income	521,842	171,645	2,335,631	983,714	4,012,832
Underwriting expense					
Gross claim paid	(18,120)	88,163	1,839,416	785,650	2,695,109
<u>Add(Less)</u> Claim recovered from reinsurers	<u>38,248</u>	<u>(55,745)</u>	<u>(332,018)</u>	<u>(406,856)</u>	<u>(756,371)</u>
Commissions and brokerages expenses	145,067	33,240	339,555	236,880	754,742
Other underwriting expenses	95,930	33,351	454,075	230,857	814,213
Total underwriting expense	261,125	99,009	2,301,028	846,531	3,507,693
Profit on underwriting before operating expenses	260,717	72,636	34,603	137,183	505,139
Operating expenses					(856,712)
Loss on underwriting					(351,573)

31 Operating expenses

Operating expenses for the years ended December 31, 2020 and 2019 consisted of the following:

	2020 Thousand Baht	2019 Thousand Baht
Employee expenses not relating to underwriting or claim administrative expense	270,717	374,247
Premises and equipment expense, excluded underwriting expenses	131,208	143,201
Stamp and tax duty	1,005	1,283
Bad debt and doubtful debt	(567)	23,257
Directors' remuneration	4,967	4,441
Management fee	160,733	55,910
Advertising and sales promotion expenses	5,832	13,150
Professional fee	110,430	188,909
Other operating expenses	126,708	52,314
Total operating expenses	811,033	856,712

32 Personnel expenses

Personnel expenses for the years ended December 31, 2020 and 2019 consisted of the following:

	2020 Thousand Baht	2019 Thousand Baht
Salary and wage	476,273	339,951
Social fund expenses	3,778	4,765
Employee benefit expenses	41,770	57,414
Provident fund (see Note 37)	18,320	13,280
Other benefits	35,552	123,467
Total personnel expenses	575,693	538,877

33 Expected credit loss

	2020 Thousand Baht	2019 Thousand Baht
Cash and cash equivalent (Reversal)	(329)	-
Investment in securities		
Investments measured at fair value through other comprehensive income	207	-
Investments measured at amortised cost	(1)	-
Total expected credit loss	(123)	-

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34 Basic loss per share

Basic loss per share for the years ended 31 December 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:

	<u>2020</u>	<u>2019</u>
Net loss (Thousand Baht)	(260,068)	(279,468)
Number of weighted averages share capital (Thousand shares)	<u>254,880</u>	<u>230,467</u>
Basic loss per shares (Baht)	<u>(1.02)</u>	<u>(1.21)</u>

35 Income tax expense

Income tax expense for the years ended 31 December 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
	<u>Thousand Baht</u>	<u>Thousand Baht</u>
Current tax expense	-	-
Deferred tax (income) expense	<u>(63,266)</u>	<u>16,604</u>
Total income tax expense	<u>(63,266)</u>	<u>16,604</u>

Effect from income tax relating to components of other comprehensive income

	<u>2020</u>			<u>2019</u>		
	Before tax Thousand Baht	Benefit (Expense) of tax Thousand Baht	Net of tax Thousand Baht	Before tax Thousand Baht	Benefit (Expense) of tax Thousand Baht	Net of tax Thousand Baht
Item that will not be reclassified subsequently to profit or loss						
Actuarial gain on defined employee benefit plans	-	-	-	7,038	(1,408)	5,630
Item that will be reclassified subsequently to profit or loss						
(Loss) Gain on revaluation of Investments measured at fair value through other comprehensive income	<u>(16,858)</u>	<u>2,697</u>	<u>(10,789)</u>	<u>27,125</u>	<u>(5,425)</u>	<u>21,700</u>
Total	<u>(16,858)</u>	<u>2,697</u>	<u>(10,789)</u>	<u>34,163</u>	<u>(6,833)</u>	<u>27,330</u>

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the Thailand basic tax rate as follows:

	<u>2020</u>	<u>2019</u>
	<u>Thousand Baht</u>	<u>Thousand Baht</u>
Loss before tax	(323,334)	(263,365)
Income tax rate	<u>20%</u>	<u>20%</u>
Tax (income) expense calculated at tax rate	(64,667)	(52,673)
Impact:		
Income not subject to tax	(2)	-
Expenses not deductible for tax purposes	2,655	12,735
Reversal of unutilised derered tax assets in the future	-	47,660
Tax losses for which no deferred income tax asset was recorded	-	8,382
Prior year tax adjustment	<u>(1,252)</u>	<u>-</u>
Income tax (income) expense	<u>(63,266)</u>	<u>16,104</u>

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36 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

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36 Related parties (Cont'd)

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

	2020	2019
	<u>Thousand Baht</u>	<u>Thousand Baht</u>
Receivables		
Related company of ultimate parent		
Premium receivable	-	21
Amounts due from reinsurers	207,230	283,190
Investments in securities, net	24,792	-
Other assets	7,773	24,969
Related company of immediate parent		
Deposits at financial institutions	250,461	290,096
Premium receivable	5,907	2,817
Other assets	6,029	5,666
Payables		
Related company of ultimate parent		
Amounts withheld on reinsurance	464,795	453,860
Due to reinsurers	227,042	403,537
Other liabilities	48,652	67,372
Related company of immediate parent		
Commission and brokerage payable	12,927	13,284
Accrued other - underwriting expenses	37,218	29,171
Lease liabilities	168,225	-
Other liabilities	6,859	5,957

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

	2020	2019
	<u>Thousand Baht</u>	<u>Thousand Baht</u>
Revenues		
Related company of ultimate parent		
Claim recovered from reinsurers	279,842	71,764
Fee and commission income	101,664	97,464
Premium written	193	387
Other income	38,837	25,749
Immediate parent company		
Other income	3,496	2,050
Related company of immediate parent		
Premium written	100,375	94,615
Other income	-	1,208
Expenses		
Related company of ultimate parent		
Premiums ceded to reinsurers	509,262	544,094
Commissions and brokerage expenses	7,750	8,164
Operating expenses	225,670	187,320
Immediate parent company		
Operating expenses	-	9,153
Related company of immediate parent		
Commissions and brokerage expenses	178,969	195,209
Underwriting expenses	157,449	128,159
Operating expenses	22,398	19,610

36 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 year ended 31 December 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:

	2020	2019
	Thousand	Thousand
	Baht	Baht
Directors and key management personnel's remuneration		
Short-term benefits	149,387	111,067
Post-employment benefits	3,857	3,606
Directors' remuneration	2,235	207
Total	155,479	114,880

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.

37 Provident fund

The Company has established a contributory registered provident fund, in accordance with the Provident Fund Act B.E. 2530. Under the plan, employees must pay their contributions, with the Company matching the individuals' contributions as follow:

Year of services	Percentage %
Less than 5 years	5
5 years and above	7

A registered provident fund manager has been appointed to manage the fund in compliance with the requirements of the Ministerial Regulations issued under the Provident Fund Act B.E. 2542.

For the years ended 31 December 2020 and 2019, the Company's contributions recorded as expenses were Baht 18.32 million and Baht 13.28 million, respectively (Note 32).

38 Securities and assets pledged with the Registrar

As at 31 December 2020 and 2019, certain investments in securities of the Company were pledged and used for assets reserved with the Registrar (Note 15) 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:

38.1 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:

	2020 Thousand Baht	2019 Thousand Baht
Government and state enterprise securities	600,820	552,710

38.2 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:

	2020 Thousand Baht	2019 Thousand Baht
Deposits at banks	14,000	14,000
Government and state enterprise securities	14,000	14,000

39 Restricted assets and commitment

As at 31 December 2020 and 2019, the Company has premium saving certificates amount of Baht 1.25 million and Baht 3.15 million, respectively were used as collateral in case where the insured drivers are the alleged offenders.

As at 31 December 2020 and 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.

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40 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 December 2020 and 2019 amounting to Baht 97.75 million and Baht 70.38 million, respectively.

41 Commitments

As indicated in note 6, 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	As at 31 December 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	-	-	-
	-	-	-
Type	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 the years ended 31 December 2020 and 2019, the Company recorded the rental and service fees under operating agreements as expense in statement of profit or loss as follow:

	2020 Thousand Baht	2019 Thousand Baht
Rental and service fees	155	36,941

42 Contingent liabilities

As at 31 December 2020 and 2019, lawsuits have been brought against the Company, as insurer, from which the Company estimates losses totalling Baht 160.69 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.