

**ALLIANZ AYUDHYA GENERAL INSURANCE
PUBLIC COMPANY LIMITED**

INTERIM FINANCIAL INFORMATION (UNAUDITED)

31 MARCH 2021



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

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

I have reviewed the interim financial information of Allianz Ayudhya General Insurance Public Company Limited, which comprises the statement of financial position as at 31 March 2021, the related statements of comprehensive income, changes in equity, and cash flows for the three-month period then ended, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in black ink, appearing to read 'Sakuna Y', with a stylized flourish underneath.

Sakuna Yamsakul
Certified Public Accountant (Thailand) No. 4906
Bangkok
12 May 2021

Allianz Ayudhya General Insurance Public Company Limited

Statement of Financial Position

As at 31 March 2021

		(Unaudited) 31 March 2021	(Audited) 31 December 2020
	Notes	Thousand Baht	Thousand Baht
Assets			
Cash and cash equivalents, net	5	1,068,090	1,535,960
Premium receivable, net	6	632,926	555,606
Accrued investment income		22,141	14,446
Reinsurance assets	7	1,999,503	2,060,737
Amounts due from reinsurers	8	510,923	439,285
Investments in securities, net	9	4,628,067	4,233,430
Leasehold improvement and equipment, net	10	52,115	52,223
Right-of-use asset, net	11	199,832	208,804
Goodwill		508,877	508,877
Intangible assets, net	12	86,851	70,501
Deferred tax assets, net	13	347,770	355,131
Deferred commissions expenses		62,803	78,959
Other assets, net		174,307	135,110
Total assets		10,294,205	10,249,069

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

Allianz Ayudhya General Insurance Public Company Limited

Statement of Financial Position (Cont'd)

As at 31 March 2021

		(Unaudited) 31 March 2021	(Audited) 31 December 2020
	Notes	Thousand Baht	Thousand Baht
Liabilities and equity			
Liabilities			
Insurance contract liabilities	14	5,121,557	5,157,764
Amounts due to reinsurers	15	1,423,971	1,249,805
Employee benefit obligations		122,629	151,266
Premium written received in advance		304,486	343,710
Commissions and brokerages payables		102,146	99,257
Accrued expenses		377,769	449,171
Lease liabilities		199,487	207,876
Other liabilities		298,832	276,603
Total liabilities		<u>7,950,877</u>	<u>7,935,452</u>
Equity			
Share capital			
Authorised share capital			
254,880,000 ordinary shares of 10 Baht each		<u>2,548,800</u>	<u>2,548,800</u>
Issued and paid-up share capital			
254,880,000 ordinary shares of 10 Baht each		2,548,800	2,548,800
Retained earnings (deficits)			
Appropriated			
Legal reserve		15,750	15,750
Unappropriated		(259,716)	(297,006)
Other components of equity			
Surplus on Investments measured at fair value through other comprehensive income		<u>38,494</u>	<u>46,073</u>
Total equity		<u>2,343,328</u>	<u>2,313,617</u>
Total liabilities and equity		<u>10,294,205</u>	<u>10,249,069</u>

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

Allianz Ayudhya General Insurance Public Company Limited
Statement of Comprehensive Income (Unaudited)
For the three-month period ended 31 March 2021

		31 March 2021	31 March 2020
	Notes	Thousand Baht	Thousand Baht
Revenues			
Gross premiums written	16	1,508,548	1,674,856
<u>Less</u> premiums ceded	16	<u>(471,306)</u>	<u>(422,193)</u>
Net premiums written		1,037,242	1,252,663
<u>Less</u> unearned premium reserve increased from previous period	16	<u>(56,608)</u>	<u>(211,837)</u>
Net premiums earned		980,634	1,040,826
Fees and commission income	16	103,585	117,507
Net investment income		11,865	15,655
Gain on investment		-	42
Gain on fair value adjustment		143	-
Other income		<u>13,538</u>	<u>21,847</u>
Total revenues		<u>1,109,765</u>	<u>1,195,877</u>
Expenses			
Gross claim paid	16	505,824	892,256
<u>Less</u> Claim recovered from reinsurers	16	23,453	(253,356)
Commissions and brokerages expenses	16	228,204	253,691
Other underwriting expenses	16	180,343	257,267
Operating expenses	16, 17	148,025	190,807
Finance cost		1,791	904
Expected credit loss (reverse)	18	<u>194</u>	<u>(85)</u>
Total expenses		<u>1,087,834</u>	<u>1,341,484</u>
Profit (loss) before income tax		21,931	(145,607)
Income tax expense	13	<u>4,332</u>	<u>25,579</u>
Net profit (loss)		<u>17,599</u>	<u>(171,186)</u>

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

Allianz Ayudhya General Insurance Public Company Limited
Statement of Comprehensive Income (Unaudited) (Cont'd)
For the three-month period ended 31 March 2021

		31 March 2021	31 March 2020
	Note	Thousand Baht	Thousand Baht
Other comprehensive income (loss)			
<u>Items that will not be subsequently reclassified to profit or loss</u>			
Remeasurements of post-employment benefit obligations		24,614	-
Income tax on items that will not be reclassified to profit or loss		(4,923)	-
Total Items that will not be subsequently reclassified to profit or loss		<u>19,691</u>	<u>-</u>
<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		(9,473)	7,795
Income tax on items that will be reclassified to profit or loss		1,894	(1,559)
Total Items that will be subsequently reclassified to profit or loss		<u>(7,579)</u>	<u>6,236</u>
Other comprehensive income for the period, net of income tax		<u>12,112</u>	<u>6,236</u>
Total comprehensive income (loss) for the period		<u>29,711</u>	<u>(164,950)</u>
Earnings (loss) per share (Baht per share)			
Basic earnings (loss) per share	19	<u>0.07</u>	<u>(0.67)</u>

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

Allianz Ayudhya General Insurance Public Company Limited
Statement of Changes in Equity (Unaudited)
For the three-month period ended 31 March 2021

	Retained earnings (deficits)		Other components of equity		Total equity
	Issued and paid-up share capital	Legal reserve	Unappropriated	Gain (loss) on revaluation of Investments measured at fair value through other comprehensive income, net of tax	
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Balance as at 1 January 2021	2,548,800	15,750	(297,006)	46,073	2,313,617
Comprehensive income for the period	-	-	17,599	-	17,599
Loss on revaluation of Investments measured at fair value through other comprehensive income, net of tax	-	-	-	(7,579)	(7,579)
Remeasurements of post-employment benefit obligations, net of tax	-	-	19,691	-	19,691
Balance as at 31 March 2021	2,548,800	15,750	(259,716)	38,494	2,343,328
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	-	-	(963)	51,517	50,554
Balance after adjustment	2,548,800	15,750	(36,938)	56,862	2,584,474
Comprehensive loss for the period	-	-	(171,186)	-	(171,186)
Gain on revaluation of Investments measured at fair value through other comprehensive income, net of tax	-	-	-	6,236	6,236
Balance as at 31 March 2020	2,548,800	15,750	(208,124)	63,098	2,419,524

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

Allianz Ayudhya General Insurance Public Company Limited
Statement of Cash Flows (Unaudited)
For the three-month period ended 31 March 2021

	31 March 2021	31 March 2020
Note	Thousand Baht	Thousand Baht
Cash flows used in operating activities		
Direct premium received	1,344,981	1,674,576
Cash paid to reinsurance	(20,106)	(46,760)
Interest income	10,294	9,948
Other income	13,538	21,847
Claim incurred from direct insurance	(751,478)	(990,987)
Commissions and brokerages paid from direct insurance	(207,309)	(235,660)
Other underwriting expenses	(180,343)	(257,267)
Operating expenses	(231,909)	(212,808)
Income tax expense	(3,939)	(11,589)
Cash received from investments in securities	205,712	1,339,162
Cash paid for investments in securities	(637,162)	(2,736,740)
Cash paid for deposits at bank with maturity over 3 months and deposits used as collateral	(20,000)	(20,000)
Cash received from deposits at bank with maturity over 3 months and deposits used as collateral	55,719	55,060
Loans	-	14
Net cash flow used in operating activities	(422,002)	(1,411,204)
Cash flows used in investing activities		
<u>Cash flows provided by</u>		
Cash received for selling premises and equipment	93	-
<u>Cash flows used in</u>		
Cash paid for purchasing premises and equipment	(12,628)	(1,736)
Cash paid for purchasing intangible assets	(23,039)	(1,317)
Net cash flow used in investing activities	(35,574)	(3,053)
Cash flows used in financing activities		
Cash paid for lease liability	(7,865)	(9,018)
Cash paid for finance cost	(1,791)	(904)
Net cash flow used in financing activities	(9,656)	(9,922)
Net decrease in cash and cash equivalents	(467,232)	(1,424,179)
Cash and cash equivalents at the beginning of period	1,535,960	4,317,580
Cash and cash equivalents at the ending of period	1,068,728	2,893,401
<u>Less</u> Allowance for expected credit loss	(638)	(836)
Cash and cash equivalents, net at the ending of period	1,068,090	2,892,565
Non-cash transactions		
Payable from purchase of securities	-	698,695

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

1 General information

Allianz Ayudhya General Insurance Public Company Limited (the “Company”) is a public limited company which is incorporated and domiciled in Thailand. The address of the Company’s registered office is as follows: 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 interim financial information are presented in Thai Baht and rounded to the nearest thousand, unless otherwise stated.

The interim financial information were authorised for issue by the board of directors on 12 May 2021.

2 Basis of preparation and accounting policies

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

The interim financial information should be read together with the annual financial statements for the year ended 31 December 2020.

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

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2020

3 Accounting estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2020.

4 Fair value

4.1 Fair value estimation

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

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

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

Allianz Ayudhya General Insurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2021

4 Fair value (Cont'd)

4.1 Fair value estimation (Cont'd)

The following table presents the Company's financial assets that are measured and recognised at fair value on the interim financial information as at 31 March 2021 and 31 December 2020.

	(Unaudited)			Total Thousand Baht
	As at 31 March 2021			
	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	-	4,363,634	-	4,363,634
- Equity securities	-	-	44,475	44,475
Investments measured at fair value through profit or loss				
- Debt securities	18,610	-	-	18,610
Total financial assets	18,610	4,363,634	44,475	4,426,719
	(Audited)			
	As at 31 December 2020			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total 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

4 Fair value (Cont'd)

4.2 Valuation techniques for assets and liabilities measured at fair value

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 Frankfurt Stock Exchange.

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.

There was no transfer between levels during the period.

There was no change in valuation techniques during the period.

5 Cash and cash equivalents, net

Cash and cash equivalents, net as at 31 March 2021 and 31 December 2020 consisted of the following:

	(Unaudited) 31 March 2021 Thousand Baht	(Audited) 31 December 2020 Thousand Baht
Cash on hand	19,193	3,733
Cheque on hand	15,920	8,882
Deposits at bank - at call	474,655	426,886
Short-term investments	558,960	1,097,022
Total	1,068,728	1,536,523
<u>Less</u> Allowance for expected credit loss	(638)	(563)
Cash and cash equivalents, net	1,068,090	1,535,960

6 Premiums due and uncollected, net

As at 31 March 2021 and 31 December 2020, the balances of premiums due and uncollected were aged as follows:

	(Unaudited) 31 March 2021 Thousand Baht	(Audited) 31 December 2020 Thousand Baht
Within credit terms	449,773	393,625
Overdue:		
Less than 30 days	102,491	63,494
31 - 60 days	41,082	34,837
61 - 90 days	3,335	24,286
Over 90 days	65,958	70,189
Total	662,639	586,431
<u>Less</u> Allowance for doubtful accounts	(29,713)	(30,825)
Premiums due and uncollected, net	632,926	555,606

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

7 Reinsurance assets

Reinsurance assets as at 31 March 2021 and 31 December 2020 consisted of the following:

	(Unaudited) 31 March 2021 Thousand Baht	(Audited) 31 December 2020 Thousand Baht
Insurance reserve refundable from reinsurers		
Claim reserves	1,262,360	1,414,091
Unearned premium reserve		
Unearned reinsurance premium reserve	737,143	646,646
Total reinsurance assets (Note 14)	1,999,503	2,060,737

8 Amount due from reinsurers

Amount due from reinsurers as at 31 March 2021 and 31 December 2020 consisted of the following:

	(Unaudited) 31 March 2021 Thousand Baht	(Audited) 31 December 2020 Thousand Baht
Amount deposit on reinsurance	10,317	-
Due from reinsurers	500,606	439,285
Total reinsurance assets	510,923	439,285

9 Investments in securities, net

The details of investments in securities as at 31 March 2021 and 31 December 2020 are as follows:

	(Unaudited) 31 March 2021	
	Cost/ Amortised cost Thousand Baht	Fair value Thousand Baht
Investments designated at fair value through profit or loss		
Foreign debt securities	16,970	18,610
<u>Add</u> Unrealised gain	1,640	-
Total Investments designated at fair value through profit or loss	<u>18,610</u>	<u>18,610</u>
Investments measured at fair value through other comprehensive income		
Government and state enterprise debt securities	2,766,219	2,771,772
Private debt securities	1,513,017	1,531,400
Foreign debt securities	59,973	60,462
Equity securities	21,417	44,475
Total	4,360,626	4,408,109
<u>Add</u> Unrealised gain	47,483	-
Total investments measured at fair value through other comprehensive income	<u>4,408,109</u>	<u>4,408,109</u>
Investments measured at amortised cost		
Deposits at financial institutions with original maturities more than 3 months	164,531	
Deposits at banks used as collateral	34,486	
Premium saving certificates used as collateral	2,350	
Total	201,367	
<u>Less</u> Allowance for expected credit loss	(19)	
Total investments measured at amortised cost	<u>201,348</u>	
Total investment in securities, net	<u><u>4,628,067</u></u>	

9 Investments in securities, net (Cont'd)

The details of investments in securities as at 31 March 2021 and 31 December 2020 are as follows:
(Cont'd)

	(Audited) 31 December 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
Add 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
Add 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	
Less Allowance for expected credit loss	(25)	
Total investments measured at amortised cost	237,061	
Total investment in securities, net	4,233,430	

9 Investments in securities, net (Cont'd)

9.1 Debt securities measured at fair value through other comprehensive income

	(Unaudited) 31 March 2021	
	Fair value Thousand Baht	Expected credit loss recognised in other comprehensive income Thousand Baht
Investments in debt securities which credit risk has not significantly increased (Stage 1)	4,363,634	(618)
Investments in debt securities which credit risk has significantly increased (Stage 2)	-	-
Credit-impaired investments in debt securities (Stage 3)	-	-
Total	<u>4,363,634</u>	<u>(618)</u>

	(Audited) 31 December 2020	
	Fair value Thousand Baht	Expected credit loss recognised in other comprehensive income Thousand Baht
Investments in debt securities which credit risk has not significantly increased (Stage 1)	3,927,108	(493)
Investments in debt securities which credit risk has significantly increased (Stage 2)	-	-
Credit-impaired investments in debt securities (Stage 3)	-	-
Total	<u>3,927,108</u>	<u>(493)</u>

9 Investments in securities, net (Cont'd)

9.2 Debt securities measured at amortised cost

	(Unaudited) 31 March 2021		
	Gross carrying value Thousand Baht	Expected credit loss Thousand Baht	Carrying value Thousand Baht
Investments in debt securities which credit risk has not significantly increased (Stage 1)	201,367	(19)	201,348
Investments in debt securities which credit risk has significantly increased (Stage 2)	-	-	-
Credit-impaired investments in debt securities (Stage 3)	-	-	-
Total	201,367	(19)	201,348
	(Audited) 31 December 2020		
	Gross carrying value Thousand Baht	Expected credit loss Thousand Baht	Carrying value Thousand Baht
Investments in debt securities which credit risk has not significantly increased (Stage 1)	237,086	(25)	237,061
Investments in debt securities which credit risk has significantly increased (Stage 2)	-	-	-
Credit-impaired investments in debt securities (Stage 3)	-	-	-
Total	237,086	(25)	237,061

For the three-month period ended 31 March 2021, the Company has recorded interest income amounting to Baht 14.11 million and no dividend income (31 March 2020: Baht 19.64 million and no dividend income).

As at 31 March 2021 and 31 December 2020, 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 583.84 million and Baht 628.82 million, respectively (Note 21).

As at 31 March 2021 and 31 December 2020, premium saving certificates were used as collateral for insured drivers are the alleged offenders amounting to Baht 1.25 million and Baht 1.25 million, respectively (Note 22).

As at 31 March 2021 and 31 December 2020, 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 22).

Allianz Ayudhya General Insurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2021

10 Leasehold improvement and equipment, net

Leasehold improvement and equipment, net as at 31 March 2021 and 31 December 2020 consisted of the following.

	31 March 2021 (Unaudited)															
	Beginning balance		Increase		Disposal / Write off		Transfer in/ (transfer out)		Ending balance		Accumulated depreciation		Beginning Leasehold improvement and equipment, net		Ending leasehold improvement and equipment, net	
	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	56,498	-	(2,188)	2,147	56,457	(38,212)	(1,218)	1,114	(38,316)	18,286	18,141					
Furniture, fixtures and office equipment	105,679	5,014	(2,286)	-	108,407	(87,678)	(2,132)	1,622	(88,188)	18,001	20,219					
Vehicles	26,488	-	-	-	26,488	(23,976)	(463)	-	(24,439)	2,512	2,049					
Leasehold improvement under installation	13,424	429	-	(2,147)	11,706	-	-	-	-	13,424	11,706					
Total	202,089	5,443	(4,474)	-	203,058	(149,866)	(3,813)	2,736	(150,943)	52,223	52,115					

	31 December 2020 (Audited)															
	Beginning balance		Increase		Disposal / Write off		Transfer in/ (transfer out)		Ending balance		Accumulated depreciation		Beginning Leasehold improvement and equipment, net		Ending leasehold improvement and equipment, net	
	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	63,440	12,269	(19,610)	399	56,498	(47,162)	(7,421)	16,371	(38,212)	16,278	18,286					
Furniture, fixtures and office equipment	110,456	6,678	(11,455)	-	105,679	(87,188)	(8,808)	8,318	(87,678)	23,268	18,001					
Vehicles	26,488	-	-	-	26,488	(19,781)	(4,195)	-	(23,976)	6,707	2,512					
Leasehold improvement under installation	539	13,284	-	(399)	13,424	-	-	-	-	539	13,424					
Total	200,923	32,231	(31,065)	-	202,089	(154,131)	(20,424)	24,689	(149,866)	46,792	52,223					

The depreciation expense for the three-month period ended 31 March 2021 amounting to Baht 3.81 million were included in operating expenses (31 March 2020: Baht 5.79 million).

As at 31 March 2021 and 31 December 2020, certain leasehold improvement and equipment of the Company at cost of Baht 111.93 million and Baht 99.13 million, respectively, were fully depreciated but still in use.

Allianz Ayudhya General Insurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2021

11 Right-of-use asset, net

	31 March 2021 (Unaudited)									
	Cost			Accumulated depreciation				Right-of-use asset, net		
	Beginning balance	Increase	Change in contract	Ending balance	Beginning balance	Amortisation	Change in contract	Ending balance	Beginning Right-of-use asset, net	Ending Right-of-use asset, net
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Leasehold improvement	239,225	51	(249)	239,027	(31,936)	(8,319)	-	(40,255)	207,289	198,772
Vehicles	3,333	-	-	3,333	(1,818)	(455)	-	(2,273)	1,515	1,060
Total	242,558	51	(249)	242,360	(33,754)	(8,774)	-	(42,528)	208,804	199,832
	31 December 2020 (Audited)									
	Cost			Accumulated depreciation				Right-of-use asset, net		
	Beginning balance	Increase	Change in contract	Ending balance	Beginning balance	Amortisation	Change in contract	Ending balance	Beginning Right-of-use asset, net	Ending Right-of-use asset, net
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	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 three-month period ended 31 March 2021 and 2020, the lease payments resulting from lease contracts which are not capitalised comprised of short-term contracts amounting to Baht 0 and Baht 0.12 million, respectively.

Allianz Ayudhya General Insurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2021

12 Intangible assets, net

Intangible assets, net as at 31 March 2021 and 31 December 2020 consisted of the following:

	31 March 2021 (Unaudited)										
	Cost			Accumulated amortisation				Beginning			Ending
	Beginning balance	Increase	Disposal	Beginning balance	Disposal	Amortisation	Ending balance	Intangible assets, net	Intangible assets, net	Intangible assets, net	
Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	
Computer software	258,036	2,760	-	(206,517)	-	(4,137)	(210,654)	51,519	50,142		
Computer software in progress	18,982	17,727	-	-	-	-	-	18,982	36,709		
Bancassurance agreement	100,000	-	(100,000)	(100,000)	100,000	-	-	-	-		
Total	377,018	20,487	(100,000)	(306,517)	100,000	(4,137)	(210,654)	70,501	86,851		
	31 December 2020 (Audited)										
	Cost			Accumulated amortisation				Beginning			Ending
	Beginning balance	Increase	Transfer in/ (transfer out)	Beginning balance	Amortisation	Ending balance	Intangible assets, net	Intangible assets, net	Intangible assets, net	Intangible assets, net	
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	
Computer software	233,069	2,905	22,062	(188,982)	(17,535)	(206,517)	44,087	51,519			
Computer software in progress	30,588	10,456	(22,062)	-	-	-	30,588	18,982			
Bancassurance agreement	100,000	-	-	(91,568)	(8,432)	(100,000)	8,432	18,982			
Total	363,657	13,361	-	(280,550)	(25,967)	(306,517)	83,107	70,501			

For the three-month period ended 31 March 2021 and 2020, the amortisation expenses amounting to Baht 4.14 million and Baht 3.94 million, respectively, were included in operating expenses and amounting to Baht 0 and Baht 2.52 million, respectively, were included in other underwriting expenses.

As at 31 March 2021 and 31 December 2020, certain intangible assets of the Company at cost of Baht 61.86 million and Baht 61.37 million, respectively, were fully amortised but still in use.

Allianz Ayudhya General Insurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2021

13 Deferred tax assets, net

Deferred tax assets, net as at 31 March 2021 and 31 December 2020 were as follows:

	(Unaudited) 31 March 2021 Thousand Baht	(Audited) 31 December 2020 Thousand Baht
Deferred tax assets, net	347,770	355,131

Movements of deferred tax assets for the three-month period ended 31 March 2021 consisted of tax effects from the following items:

	As at 1 January 2021 Thousand Baht	Transactions recognised in profit or loss Thousand Baht	Transaction recognised in other comprehensive income or loss Thousand Baht	As at 31 March 2021 Thousand Baht
Deferred tax assets				
Allowance for doubtful accounts				
- Premium due and uncollected	6,165	(222)	-	5,943
Allowance for doubtful accounts				
- Other receivable	908	-	-	908
Unearned premium reserve	50,042	28,556	-	78,598
Claim reserve, net	141,779	(12,044)	-	129,735
Claim incurred but not reported	35,588	(546)	-	35,042
Employee benefit obligations	19,097	272	(4,923)	14,446
Accrued expense	24,305	2,543	-	26,848
Expected credit loss allowance	118	39	(26)	131
Accumulated tax losses	87,436	(22,901)	-	64,535
Others	1,934	-	-	1,934
	367,372	(4,303)	(4,949)	358,120
Deferred tax liabilities				
Unrealised gain on the change in fair value of investments through other comprehensive income	(11,420)	-	1,920	(9,500)
Unrealised gain on the change in fair value adjustment	(821)	(29)	-	(850)
	(12,241)	(29)	1,920	(10,350)
Deferred tax assets, net	355,131	(4,332)	(3,029)	347,770

14 Insurance contract liabilities

Insurance contract liabilities as at 31 March 2021 and 31 December 2020 consisted of the following:

	(Unaudited) As at 31 March 2021		
	Insurance contract liabilities Thousand Baht	Insurance liabilities recovered from reinsurers Thousand Baht	Net Thousand Baht
Claim reserves			
Claim incurred and reported	1,989,207	(1,173,307)	815,900
Claim incurred but not reported	264,263	(89,053)	175,210
	<u>2,253,470</u>	<u>(1,262,360)</u>	<u>991,110</u>
Premium reserve			
Unearned premium reserve	2,868,087	(737,143)	2,130,944
Total	<u>5,121,557</u>	<u>(1,999,503)</u>	<u>3,122,054</u>
	(Audited) As at 31 December 2020		
	Insurance contract liabilities Thousand Baht	Insurance 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>

14 Insurance contract liabilities (Cont'd)

14.1 Insurance reserve for short-term insurance contract

14.1.1 Claim reserves

	(Unaudited) 31 March 2021		
	Gross Thousand Baht	Reinsurance Thousand Baht	Net Thousand Baht
Balance as at beginning period	2,436,781	(1,414,091)	1,022,690
Claim and loss adjustment expenses incurred during the period	441,837	(67,319)	374,518
Change in claim reserves and assumptions used in claim reserve calculation	95,232	77,683	172,915
Claim paid during the period	(720,380)	141,367	(579,013)
Balance as at period ended	<u>2,253,470</u>	<u>(1,262,360)</u>	<u>991,110</u>

	(Audited) 31 December 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 loss 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 year ended	<u>2,436,781</u>	<u>(1,414,091)</u>	<u>1,022,690</u>

14.1.2 Unearned premium reserve

	(Unaudited) 31 March 2021		
	Gross Thousand Baht	Reinsurance Thousand Baht	Net Thousand Baht
As at 1 January	2,720,983	(646,646)	2,074,337
Premium written for the period	1,508,548	(471,306)	1,037,242
Earned premium for the period	(1,361,444)	380,809	(980,635)
As at 31 March	<u>2,868,087</u>	<u>(737,143)</u>	<u>2,130,944</u>

	(Audited) 31 December 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>

14 Insurance contract liabilities (Cont'd)

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

14.1.3 Unexpired risk reserve

As at 31 March 2021 and 31 December 2020, no additional reserve for unexpired risk reserve has been established as the gross unexpired risk reserve estimated by the Company amounting to Baht 1,341.69 million and Baht 1,355.52 million, respectively and net of reinsurance amounting to Baht 1,322.56 million and Baht 1,292.36 million, respectively is lower than the unearned premium reserve.

15 Amount due to reinsurers

	(Unaudited) 31 March 2021 Thousand Baht	(Audited) 31 December 2020 Thousand Baht
Amounts withheld on reinsurance	737,515	748,482
Reinsurance payables	686,456	501,323
Total amount due to reinsurers	1,423,971	1,249,805

Allianz Ayudhya General Insurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2021

16 Financial information by segment

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

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

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

For the three-month periods ended 31 March 2021 and 2020, there is no underwriting income with a single external customer contributed 10% or more to the Company's total revenue.

The financial information of the Company for the three-month periods ended 31 March 2021 and 2020 were presented by business segment as follows:

	(Unaudited)				Total Thousand Baht
	For the three-month period ended 31 March 2021				
	Fire Thousand Baht	Marine Thousand Baht	Motor Thousand Baht	Miscellaneous Thousand Baht	
Underwriting income					
Gross premiums written	156,617	101,629	679,076	571,226	1,508,548
<u>Less</u> Premium ceded	(42,226)	(50,860)	(9,880)	(368,340)	(471,306)
Net premiums written	114,391	50,769	669,196	202,886	1,037,242
<u>Add</u> (Less) Unearned premium reserve (increase) decrease from previous period	2,637	(32,161)	(16,792)	(10,292)	(56,608)
Net premium ceded	117,028	18,608	652,404	192,594	980,634
Fee and commission income	(6,489)	23,925	(77)	86,226	103,585
Total underwriting income	110,539	42,533	652,327	278,820	1,084,219
Underwriting expense					
Gross claim paid	39,122	52,617	374,921	39,164	505,824
<u>Less</u> Claim recovered from reinsurers	(8,989)	(43,201)	5,456	70,187	23,453
Commissions and brokerages expenses	33,998	11,461	111,593	71,152	228,204
Other underwriting expenses	24,476	7,572	106,420	41,875	180,343
Total underwriting expense	88,607	28,449	598,390	222,378	937,824
Profit on underwriting before operating expenses	21,932	14,084	53,937	56,442	146,395
Operating expenses					(148,025)
Loss on underwriting					(1,630)

Allianz Ayudhya General Insurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2021

16 Financial information by segment (Cont'd)

The financial information of the Company for the three-month periods ended 31 March 2021 and 2020 were presented by business segment as follows: (Cont'd)

	(Unaudited)				Total Thousand Baht
	Fire Thousand Baht	Marine Thousand Baht	Motor Thousand Baht	Miscellaneous Thousand Baht	
For the three-month period ended 31 March 2020					
Underwriting income					
Gross premiums written	169,703	89,827	850,444	564,882	1,674,856
<u>Less</u> Premium ceded	(17,942)	(55,373)	(13,468)	(335,410)	(422,193)
Net premiums written	151,761	34,454	836,976	229,472	1,252,663
<u>Less</u> Unearned premium reserve increase from previous period	(12,973)	(17,878)	(128,209)	(52,777)	(211,837)
Net premium ceded	138,788	16,576	708,767	176,695	1,040,826
Fee and commission income	4,946	21,312	4,631	86,618	117,507
Total underwriting income	143,734	37,888	713,398	263,313	1,158,333
Underwriting expense					
Losses incurred	16,984	20,868	552,980	301,424	892,256
<u>Less</u> Loss recoverable from reinsurers	(4,285)	(14,858)	(79,643)	(154,570)	(253,356)
Commissions and brokerages expenses	37,655	9,126	118,648	88,262	253,691
Other underwriting expenses	21,694	3,834	132,833	98,906	257,267
Total underwriting expense	72,048	18,970	724,818	334,022	1,149,858
Profit (loss) on underwriting before operating expenses	71,686	18,918	(11,420)	(70,709)	8,475
Operating expenses					(190,807)
Loss on underwriting					(182,332)

17 Operating expenses

The operating expenses for the three-month periods ended 31 March 2021 and 2020 were as follows:

	(Unaudited)	
	For the three-month periods ended 31 March 2021 Thousand Baht	31 March 2020 Thousand Baht
Employee expenses not relating to underwriting or claim administrative expense	69,194	53,086
Premise and equipment expense not relating to underwriting expense	46,679	30,796
Stamp and tax duty	603	630
Bad debt and doubtful debt (Reversal)	(1,112)	(7,082)
Director's remuneration	975	1,984
Management fee	21,286	20,776
Advertising and sales promotion expenses	167	811
Professional fee	1,246	76,036
Other operating expenses	8,987	13,770
Total operating expenses	148,025	190,807

18 Expected credit loss

	(Unaudited)	
	For the three-month period ended	
	31 March 2021 Thousand Baht	31 March 2020 Thousand Baht
Cash and cash equivalent (Reversal)	75	(44)
Investment in securities (Reversal)		
Investments measured at fair value through other comprehensive income	125	(40)
Investments measured at amortised cost	(6)	(1)
Total expected credit loss	194	(85)

19 Basic earnings (loss) per share

Basic earnings (loss) per share for the three-month periods ended 31 March 2021 and 2020 calculated from net loss for the period of the Company's shareholders and the number of issued share capital. The calculation were as follows:

	(Unaudited)	
	For the three-month periods ended	
	31 March 2021	31 March 2020
Net profit (loss) (Thousand Baht)	17,599	(171,186)
Number of weighted averages share capital (Thousand shares)	254,880	254,880
Basic earnings (loss) per share (Baht per share)	0.07	(0.67)

Allianz Ayudhya General Insurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2021

20 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:

Significant balances with related parties as at 31 March 2021 and 31 December 2020 were as follows:

	(Unaudited) 31 March 2021 Thousand Baht	(Audited) 31 December 2020 Thousand Baht
Receivables		
Related company of ultimate parent		
Amounts due from reinsurers	250,070	207,230
Investments in securities, net	18,610	24,792
Other assets	13,058	7,773
Immediate parent company		
Other income	300	-
Related company of immediate parent		
Deposits at financial institutions	242,975	250,461
Premium receivable	17,599	5,907
Other assets	6,029	6,029
Payables		
Related company of ultimate parent		
Amounts withheld on reinsurance	416,599	464,795
Due to reinsurers	271,293	227,042
Other liabilities	32,343	48,652
Immediate parent company		
Other liabilities	50	-
Related company of immediate parent		
Commission and brokerage payable	16,567	12,927
Accrued other - underwriting expenses	41,515	37,218
Lease liabilities	162,197	168,225
Other liabilities	8,498	6,859

Allianz Ayudhya General Insurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2021

20 Related parties (Cont'd)

Significant transactions for the three-month periods ended 31 March 2021 and 2020 with related parties were as follows:

	(Unaudited)	
	For the three-month period ended	
	31 March 2021 Thousand Baht	31 March 2020 Thousand Baht
Revenues		
Related company of ultimate parent		
Claim recovered from reinsurers	19,279	22,295
Fee and commission income	15,668	6,340
Premium written	-	193
Other income	12,195	8,928
Immediate parent company		
Other income	348	-
Related company of immediate parent		
Premium written	15,475	8,162
Expenses		
Related company of ultimate parent		
Premiums ceded to reinsurers	135,259	36,317
Operating expenses	31,702	23,634
Related company of immediate parent		
Commission and brokerage expenses	47,863	46,769
Underwriting expenses	27,092	22,032
Operating expenses	5,512	24,558

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.

20 Related parties (Cont'd)

Directors and key management personnel's remuneration

During the three-month periods ended 31 March 2021 and 2020, the Company had salaries, bonuses, directors allowances and other benefits of its directors and key management personnel recognised as expenses as follows:

	(Unaudited)	
	For the three-month periods ended	
	31 March 2021 Thousand Baht	31 March 2020 Thousand Baht
Directors and key management personnel's remuneration		
Short-term benefits	30,254	45,766
Post-employment benefits	764	1,049
Directors' remuneration	518	689
Total	31,536	47,504

Directors' remunerations for the years of 2021 and 2020 were approved by the ordinary shareholders' meeting of the Company held on 27 April 2021 and 10 July 2020, respectively.

21 Securities and assets pledged with the Registrar

As at 31 March 2021 and 31 December 2020, certain investments in securities of the Company were pledged and used for assets reserved with the Registrar in accordance with the Insurance Act and according to the announcement of the Office of Insurance Commission regarding "Rates, Rules and Procedures for pledge of unearned premium reserve of Non-Life Insurance Company B.E. 2557", respectively as follows:

21.1 The investments in debt securities which the company placed for unearned premium reserve with the Registrar in accordance with the Non-Life Insurance Act B.E. 2535 section 24 and the announcement of the Office of Insurance Commission regarding "Rates, Rules and Procedures for pledge of unearned premium reserve of Non-Life Insurance Company B.E. 2557" were as follows:

	(Unaudited)	(Audited)
	31 March 2021 Thousand Baht	31 December 2020 Thousand Baht
	Government and state enterprise securities	555,350

21.2 The investments in debt securities which the company pledged with the Registrar in accordance with the Insurance Act B.E. 2535 section 19 were as follows:

	(Unaudited)	(Audited)
	31 March 2021 Thousand Baht	31 December 2020 Thousand Baht
	Deposits at banks	14,486
Government and state enterprise securities	14,000	14,000

22 Restricted assets and commitment

As at 31 March 2021 and 31 December 2020, the Company has premium saving certificates amount of Baht 1.25 million and Baht 1.25 million, respectively were used as collateral in case where the insured drivers are the alleged offenders.

As at 31 March 2021 and 31 December 2020, 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.

23 Contribution to non-life guarantee fund

The Company has accumulated funding amount which was paid into contribution to non-life guarantee fund as at 31 March 2021 and 31 December 2020 amounting to Baht 101.88 million and Baht 97.75 million, respectively.

24 Contingent liabilities

As at 31 March 2021 and 31 December 2020, lawsuits have been brought against the Company, as insurer, from which the Company estimates losses totalling Baht 161.00 million and Baht 160.69 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.