

**ALLIANZ AYUDHYA GENERAL INSURANCE
PUBLIC COMPANY LIMITED**

INTERIM FINANCIAL INFORMATION (UNAUDITED)

31 MARCH 2022



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 2022, 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 at the end.

Sakuna Yamsakul
Certified Public Accountant (Thailand) No. 4906
Bangkok
12 May 2022

Allianz Ayudhya General Insurance Public Company Limited

Statement of Financial Position

As at 31 March 2022

		(Unaudited) 31 March 2022	(Audited) 31 December 2021
	Notes	Thousand Baht	Thousand Baht
Assets			
Cash and cash equivalents, net	5	1,295,304	1,058,702
Premium receivable, net	6	809,773	580,552
Accrued investment income		17,913	13,505
Reinsurance assets	7	1,932,057	1,923,852
Amounts due from reinsurers	8	441,763	569,982
Investments			
Investments in securities, net	9	4,596,017	4,629,746
Leasehold improvement and equipment, net	10	41,568	44,521
Right-of-use asset, net	11	181,166	190,397
Goodwill		508,877	508,877
Intangible assets, net	12	79,940	78,871
Deferred tax assets, net	13	351,804	358,595
Deferred commissions expenses		55,207	80,233
Other assets, net		117,396	137,742
Total assets		10,428,785	10,175,575

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 2022

		(Unaudited) 31 March 2022	(Audited) 31 December 2021
	Notes	Thousand Baht	Thousand Baht
Liabilities and equity			
Liabilities			
Insurance contract liabilities	14	5,301,300	5,070,744
Amounts due to reinsurers	15	1,140,577	1,160,232
Payable from purchase of securities		80,000	-
Employee benefit obligations		135,188	135,407
Premium written received in advance		253,567	258,802
Commissions and brokerages payables		147,703	121,109
Accrued expenses		400,835	395,790
Lease liabilities		189,836	197,784
Debt issued and borrowings	16	200,000	200,000
Other liabilities		291,327	364,985
Total liabilities		8,140,333	7,904,853
Equity			
Share capital			
Authorised share capital			
254,880,000 ordinary shares of 10 Baht each		2,548,800	2,548,800
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		(316,167)	(344,488)
Other components of equity			
Surplus on investments measured at fair value through other comprehensive income			
		40,069	50,660
Total equity		2,288,452	2,270,722
Total liabilities and equity		10,428,785	10,175,575

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 2022

		31 March 2022	31 March 2021
	Notes	Thousand Baht	Thousand Baht
Revenues			
Gross premiums written	17	1,822,493	1,508,548
<u>Less</u> premiums ceded	17	(556,495)	(471,306)
Net premiums written		1,265,998	1,037,242
<u>Less</u> unearned premium reserve increased	17	(223,986)	(56,608)
Net premiums earned		1,042,012	980,634
Fees and commission income	17	191,070	103,585
Net investment income		6,845	11,865
Gain on fair value adjustment		286	143
Other income (expenses)		(635)	13,538
Total revenues		1,239,578	1,109,765
Expenses			
Gross claim paid	17	497,625	505,824
<u>Less</u> Claim paid for (recovered from) reinsurers	17	15,886	23,453
Gross claim paid, net		513,511	529,277
Commissions and brokerages expenses	17	283,745	228,204
Other underwriting expenses	17	242,234	180,343
Operating expenses	17, 18	160,531	148,025
Finance cost		1,645	1,791
Expected credit losses	19	152	194
Total expenses		1,201,818	1,087,834
Income before income tax		37,760	21,931
Income tax expense		9,439	4,332
Net income		28,321	17,599

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 2022

		31 March 2022	31 March 2021
	Note	Thousand Baht	Thousand Baht
Other comprehensive income (loss)			
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		-	19,691
<u>Items that will be subsequently reclassified to profit or loss</u>			
Loss on revaluation of investments measured at fair value through other comprehensive income		(13,239)	(9,473)
Income tax on items that will be reclassified to profit or loss		2,648	1,894
Total items that will be subsequently reclassified to profit or loss		(10,591)	(7,579)
Other comprehensive income (loss) for the period, net of income tax		(10,591)	12,112
Total comprehensive income for the period		17,730	29,711
Earnings per share (Baht per share)			
Basic earnings per share	20	0.11	0.07

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 2022

	Retained earnings (deficits)		Other components of equity		Total equity
	Issued and paid-up share capital	Legal reserve	Unappropriated	Surplus on investment measured at fair value through other comprehensive income	
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Balance as at 1 January 2022					
Net income	2,548,800	15,750	(344,488)	50,660	2,270,722
Loss on revaluation of investments measured at fair value through other comprehensive income, net of tax	-	-	28,321	-	28,321
	-	-	-	(10,591)	(10,591)
Balance as at 31 March 2022	2,548,800	15,750	(316,167)	40,069	2,288,452
Balance as at 1 January 2021					
Net income	2,548,800	15,750	(297,006)	46,073	2,313,617
Remeasurements of post-employment benefit obligations, net of tax	-	-	17,599	-	17,599
Loss on revaluation of Investments measured at fair value through other comprehensive income, net of tax	-	-	19,691	-	19,691
	-	-	-	(7,579)	(7,579)
Balance as at 31 March 2021	2,548,800	15,750	(259,716)	38,494	2,343,328

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 2022

	31 March 2022	31 March 2021
Note	Thousand Baht	Thousand Baht
Cash flows provided by (used in) operating activities		
Direct premium received	1,416,220	1,344,981
Cash received (paid) to reinsurance	84	(20,106)
Interest income	8,272	10,294
Other expense (income)	(634)	13,538
Claim incurred from direct insurance	(699,792)	(751,478)
Commissions and brokerages paid from direct insurance	(227,806)	(207,309)
Other underwriting expenses	(242,233)	(180,343)
Operating expenses	(93,685)	(231,909)
Income tax expense	(4,108)	(3,939)
Cash paid from investments in securities	(766,808)	(637,162)
Cash received for investments in securities	861,419	205,712
Cash paid for deposit at bank with maturity over 3 months and deposits used as collateral	-	(20,000)
Cash received from deposits at bank with maturity over 3 months and deposits used as collateral	350	55,719
	<u>251,279</u>	<u>(422,002)</u>
Net cash flow provided by (used in) operating activities		
Cash flows provided by (used in) investing activities		
<u>Cash flows provided by</u>		
Cash received from selling premises and equipment	-	93
<u>Cash flows used in</u>		
Cash paid for purchasing premises and equipment	-	(12,628)
Cash paid for purchasing intangible assets	12 (5,077)	(23,039)
	<u>(5,077)</u>	<u>(35,574)</u>
Net cash flow used in investing activities		
Cash flows provided by (used in) financing activities		
Cash paid for lease liability	(7,948)	(7,865)
Cash paid for finance cost	(1,645)	(1,791)
	<u>(9,593)</u>	<u>(9,656)</u>
Net cash flow used in financing activities		
Net increase (decrease) in cash and cash equivalents		
Cash and cash equivalents at the beginning of period	236,609	(467,232)
Cash and cash equivalents at the ending of period	1,058,702	1,535,960
<u>Less</u> Allowance for expected credit loss	1,295,311	1,068,728
	(7)	(638)
Cash and cash equivalents, net at the ending of period	5 <u>1,295,304</u>	<u>1,068,090</u>

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 2022.

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 2021.

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 2021.

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 2021.

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.

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 2022 and 31 December 2021.

	(Unaudited)			
	As at 31 March 2022			
	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	-	3,679,704	-	3,679,704
- Equity securities	-	-	70,547	70,547
Investments measured at fair value through profit or loss				
- Debt securities	24,505	-	-	24,505
Total financial assets	24,505	3,679,704	70,547	3,774,756
	(Audited)			
	As at 31 December 2021			
	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	-	3,931,935	-	3,931,935
- Equity securities	-	-	70,338	70,338
Investments measured at fair value through profit or loss				
- Debt securities	30,419	-	-	30,419
Total financial assets	30,419	3,931,935	70,338	4,032,692

4.2 Valuation techniques for financial 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 from asset management company.

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 2022 and 31 December 2021 consisted of the following:

	(Unaudited) 31 March 2022 Thousand Baht	(Audited) 31 December 2021 Thousand Baht
Cash on hand	1,104	524
Cheque on hand	52,923	39,521
Deposits at bank - at call	826,225	608,507
Short-term investments	415,059	410,155
Total	1,295,311	1,058,707
<u>Less</u> Allowance for expected credit loss	(7)	(5)
Cash and cash equivalents, net	1,295,304	1,058,702

6 Premium receivable, net

The balances as at 31 March 2022 and 31 December 2021 of premium receivables are classified by aging as follows:

	(Unaudited) 31 March 2022 Thousand Baht	(Audited) 31 December 2021 Thousand Baht
Within credit terms	635,784	424,299
Overdue:		
Less than 30 days	106,193	84,883
31 - 60 days	36,552	20,469
61 - 90 days	2,105	18,849
Over 90 days	47,434	52,895
Total	828,068	601,395
<u>Less</u> Allowance for doubtful accounts	(18,295)	(20,843)
Premium receivable, net	809,773	580,552

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 2022 and 31 December 2021 consisted of the following:

	(Unaudited) 31 March 2022 Thousand Baht	(Audited) 31 December 2021 Thousand Baht
Insurance reserve refundable from reinsurers		
Loss reserves	1,044,434	1,255,210
Unearned premium reserve		
Unearned premium reserve	887,623	668,642
Total reinsurance assets (Note 14)	1,932,057	1,923,852

8 Amount due from reinsurers

Amount due from reinsurers as at 31 March 2022 and 31 December 2021 consisted of the following:

	(Unaudited) 31 March 2022 Thousand Baht	(Audited) 31 December 2021 Thousand Baht
Deposits on reinsurance	624	43
Due from reinsurers	441,139	569,939
Amount due from reinsurance	441,763	569,982

9 Investments in securities, net

The details of investments in securities as at 31 March 2022 and 31 December 2021 are as follows:

	(Unaudited) 31 March 2022	
	Cost/ Amortised cost Thousand Baht	Fair value Thousand Baht
Investments designated at fair value through profit or loss		
Foreign debt securities	15,538	24,505
Add Unrealised gain	8,967	-
Total Investments designated at fair value through profit or loss	24,505	24,505
Investments measured at fair value through other comprehensive income		
Government and state enterprise debt securities	2,091,093	2,084,935
Private debt securities	1,588,532	1,594,769
Equity securities	21,417	70,547
Total	3,701,042	3,750,251
Add Unrealised gain	49,209	-
Total investments measured at fair value through other comprehensive income	3,750,251	3,750,251
Investments measured at amortised cost		
Government and state enterprise debt securities	622,264	
Deposits at financial institutions with original maturities more than 3 months	164,531	
Deposits at banks used as collateral	34,486	
Total	821,281	
Less Allowance for expected credit loss	(20)	
Total investments measured at amortised cost	821,261	
Total investment in securities, net	4,596,017	

Allianz Ayudhya General Insurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2022

	(Audited) 31 December 2021	
	Cost/ Amortised cost Thousand Baht	Fair value Thousand Baht
Investments designated at fair value through profit or loss		
Foreign debt securities	22,322	30,419
Add Unrealised gain	8,097	-
Total Investments designated at fair value through profit or loss	30,419	30,419
Investments measured at fair value through other comprehensive income		
Government and state enterprise debt securities	2,388,975	2,389,826
Private debt securities	1,529,329	1,542,109
Equity securities	21,417	70,338
Total	3,939,721	4,002,273
Add Unrealised gain	62,552	-
Total investments measured at fair value through other comprehensive income	4,002,273	4,002,273
Investments measured at amortised cost		
Government and state enterprise debt securities	397,714	
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	350	
Total	597,081	
Less Allowance for expected credit loss	(27)	
Total investments measured at amortised cost	597,054	
Total investment in securities, net	4,629,746	

9.1 Debt securities measured at fair value through other comprehensive income

	(Unaudited) 31 March 2022	
	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)	3,679,704	(915)
Investments in debt securities which credit risk has significantly increased (Stage 2)	-	-
Credit-impaired investments in debt securities (Stage 3)	-	-
Total	3,679,704	(915)

	(Audited) 31 December 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)	3,931,935	(758)
Investments in debt securities which credit risk has significantly increased (Stage 2)	-	-
Credit-impaired investments in debt securities (Stage 3)	-	-
Total	3,931,935	(758)

9.2 Debt securities measured at amortised cost

	(Unaudited) 31 March 2022		
	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)	821,281	(20)	821,261
Investments in debt securities which credit risk has significantly increased (Stage 2)	-	-	-
Credit-impaired investments in debt securities (Stage 3)	-	-	-
Total	821,281	(20)	821,261

	(Audited) 31 December 2021		
	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)	597,081	(27)	597,054
Investments in debt securities which credit risk has significantly increased (Stage 2)	-	-	-
Credit-impaired investments in debt securities (Stage 3)	-	-	-
Total	597,081	(27)	597,054

For the three-month period ended 31 March 2022, the Company has recorded interest income amounting to Baht 12.27 million and no dividend income (31 March 2021: Baht 14.11 million and no dividend income).

As at 31 March 2022 and 31 December 2021, 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 539.54 million and Baht 545.89 million, respectively (Note 22).

As at 31 March 2022 and 31 December 2021, deposit at banks more than 3 months have been deposited as a security with the registrar in accordance with the Life Insurance Act (No. 2) B.E. 2551 amounting to Baht 14 million and Baht 14 million, respectively (Note 22).

As at 31 March 2022, no premium saving certificates were used as collateral for insured drivers are the alleged offenders (31 December 2021 : Baht 0.35 million) (Note 23).

As at 31 March 2022 and 31 December 2021, 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 23).

Allianz Ayudhya General Insurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2022

10 Leasehold improvement and equipment, net

Leasehold improvement and equipment, net as at 31 March 2022 and 31 December 2021 consisted of the following:

	31 March 2022 (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	69,035	-	-	69,035	(40,991)	(1,067)	-	-	69,035	(40,991)	(1,067)	-	28,044	(42,058)	26,977	
Furniture, fixtures and office equipment	92,629	-	-	92,629	(77,263)	(1,644)	-	-	92,629	(77,263)	(1,644)	-	15,366	(78,907)	13,722	
Vehicles	7,097	-	-	7,097	(5,986)	(242)	-	-	7,097	(5,986)	(242)	-	1,111	(6,228)	869	
Leasehold improvement under installation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total	168,761	-	-	168,761	(124,240)	(2,953)	-	-	168,761	(124,240)	(2,953)	-	44,521	(127,193)	41,568	
	31 December 2021 (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	56,498	429	(3,190)	69,035	(38,212)	(4,885)	15,298	69,035	(38,212)	(4,885)	2,106	18,286	(40,991)	28,044		
Furniture, fixtures and office equipment	105,679	6,027	(19,077)	92,629	(87,678)	(7,950)	-	92,629	(87,678)	(7,950)	18,365	18,001	(77,263)	15,366		
Vehicles	26,488	-	(19,391)	7,097	(23,976)	(1,339)	-	7,097	(23,976)	(1,339)	19,329	2,512	(5,986)	1,111		
Leasehold improvement under installation	13,424	1,874	-	-	-	-	(15,298)	-	-	-	-	13,424	-	-		
Total	202,089	8,330	(41,658)	168,761	(149,866)	(14,174)	-	168,761	(149,866)	(14,174)	39,800	52,223	(124,240)	44,521		

The depreciation expense for the three-month period ended 31 March 2022 and 31 March 2021 amounting to Baht 2.59 million and Baht 3.33 million, respectively were included in operating expenses and amounting to Baht 0.36 million and Baht 0.48 million, respectively, were included in other underwriting expenses.

Allianz Ayudhya General Insurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2022

11 Right-of-use asset, net

Right-of-use asset, net as at 31 March 2022 and 31 December 2021 consisted of the following:

	31 March 2022 (Unaudited)						31 December 2021 (Audited)					
	Beginning balance		Change in contract		Ending balance		Accumulated depreciation		Beginning balance		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
Leasehold improvement	239,027	-	-	239,027	(65,215)	(8,315)	-	(73,530)	173,812	-	-	165,497
Vehicles	21,652	-	-	21,652	(5,067)	(916)	-	(5,983)	16,585	-	-	15,669
Total	260,679	-	-	260,679	(70,282)	(9,231)	-	(79,513)	190,397	-	-	181,166
	31 December 2021 (Audited)											
	Beginning balance		Change in contract		Ending balance		Accumulated depreciation		Beginning balance		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
Leasehold improvement	239,225	51	(249)	239,027	(31,936)	(33,279)	-	(65,215)	207,289	-	-	173,812
Vehicles	3,333	18,319	-	21,652	(1,818)	(3,249)	-	(5,067)	1,515	-	-	16,585
Total	242,558	18,370	(249)	260,679	(33,754)	(36,528)	-	(70,282)	208,804	-	-	190,397

For the three-month period ended 31 March 2022 and 31 March 2021, there is no the lease payments resulting from lease contracts which are not capitalized comprised of short-term contract.

The amortisation expense for the three-month period ended 31 March 2022 and 31 March 2021 amounting to Baht 8.34 million and Baht 8.21 million, respectively were included in operating expenses and amounting to Baht 0.89 million and Baht 0.56 million, respectively, were included in other underwriting expenses.

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12 Intangible assets, net

Intangible assets, net as at 31 March 2022 and 31 December 2021 consisted of the following:

	31 March 2022 (Unaudited)																			
	Beginning balance		Increase		Disposal / Write off		Transfer in/ (transfer out)		Ending balance		Accumulated amortisation		Disposal / Write off		Beginning balance		Intangible assets, net		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
Computer software	281,834	-	-	2,301	284,135	-	-	-	-	(222,675)	(4,008)	-	-	(226,683)	59,159	-	-	-	57,462	-
Computer software in progress	19,712	5,077	-	(2,301)	22,488	-	-	-	-	(100,000)	-	-	-	-	19,712	-	-	-	22,488	-
Bancassurance agreement	100,000	-	-	-	100,000	-	-	-	-	(100,000)	-	-	-	(100,000)	-	-	-	-	-	-
Total	401,546	5,077	-	-	406,623	-	-	-	-	(322,675)	(4,008)	-	-	(326,683)	78,871	-	-	-	79,940	-
	31 December 2021 (Audited)																			
	Beginning balance		Increase		Disposal / Write off		Transfer in/ (transfer out)		Ending balance		Accumulated amortisation		Disposal / Write off		Beginning balance		Intangible assets, net		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
Computer software	258,036	23,798	-	-	281,834	-	-	-	(206,517)	(16,158)	-	-	-	(222,675)	51,519	-	-	-	59,159	-
Computer software in progress	18,982	38,132	(37,402)	-	19,712	-	-	-	(100,000)	-	-	-	-	-	18,982	-	-	-	19,712	-
Bancassurance agreement	100,000	-	-	-	100,000	-	-	-	(100,000)	-	-	-	-	(100,000)	-	-	-	-	-	-
Total	377,018	61,930	(37,402)	-	401,546	-	-	-	(306,517)	(16,158)	-	-	-	(322,675)	70,501	-	-	-	78,871	-

Amortisation for the three-month period ended 31 March 2022 and 31 December 2021 amounted to Baht 3.16 million and Baht 3.23 million, respectively, were included in operating expenses and amounting to Baht 0.85 million and Baht 0.91 million, respectively, were included in other underwriting expenses.

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13 Deferred tax assets, net

Deferred tax assets, net as at 31 March 2022 and 31 December 2021 were as follows:

	(Unaudited) 31 March 2022 Thousand Baht	(Audited) 31 December 2021 Thousand Baht
Deferred tax assets, net	351,804	358,595

Movements of deferred tax assets for the three-month period ended 31 March 2022 consisted of tax effects from the following items:

	As at 1 January 2022 Thousand Baht	Transactions recognised in profit or loss Thousand Baht	Transaction Recognized in other Comprehensive income or loss Thousand Baht	As at 31 March 2022 Thousand Baht
Deferred tax assets				
Allowance for doubtful accounts				
- Premium due and uncollected	4,169	(510)	-	3,659
Allowance for doubtful accounts				
- Other receivable	192	-	-	192
Allowance for doubtful accounts				
- Reinsurance	871	(90)	-	781
Unearned premium reserve	77,765	26,497	-	104,262
Claim reserve, net	125,987	(8,590)	-	117,397
Claim incurred but not reported	44,735	4,096	-	48,831
Employee benefit obligations	15,629	906	-	16,535
Stock base payment	297	294	-	591
Accrued expense	28,857	-	-	28,857
Expected credit loss allowance	6	31	(31)	6
Accumulated tax losses	71,993	(32,011)	-	39,982
Others	1,934	-	-	1,934
	372,435	(9,377)	(31)	363,027
Deferred tax liabilities				
Unrealised gain on the change in fair value of investments through other comprehensive income	(12,513)	-	2,679	(9,834)
Unrealised gain on the change in fair value adjustment	(1,327)	(62)	-	(1,389)
	(13,840)	(62)	2,679	(11,223)
Deferred tax assets, net	358,595	(9,439)	2,648	351,804

14 Insurance contract liabilities

Insurance contract liabilities as at 31 March 2022 and 31 December 2021 consisted of the following:

	(Unaudited) As at 31 March 2022		
	Insurance contract liabilities Thousand Baht	Insurance liabilities recovered from reinsurers Thousand Baht	Net Thousand Baht
Claim reserves			
Claim incurred and reported	1,697,919	(955,173)	742,746
Claim incurred but not reported	333,415	(89,261)	244,154
	2,031,334	(1,044,434)	986,900
Premium reserve			
Unearned premium reserve	3,269,966	(887,623)	2,382,343
Total	5,301,300	(1,932,057)	3,369,243
	(Audited) As at 31 December 2021		
	Insurance contract liabilities Thousand Baht	Insurance liabilities recovered from reinsurers Thousand Baht	Net Thousand Baht
Claim reserves			
Claim incurred and reported	1,929,799	(1,164,937)	764,862
Claim incurred but not reported	313,947	(90,273)	223,674
	2,243,746	(1,255,210)	988,536
Premium reserve			
Unearned premium reserve	2,826,998	(668,642)	2,158,356
Total	5,070,744	(1,923,852)	3,146,892

14.1 Insurance reserve for short-term insurance contract

14.1.1 Claim reserves

	(Unaudited) 31 March 2022		
	Gross Thousand Baht	Reinsurance Thousand Baht	Net Thousand Baht
Balance as at beginning period	2,243,746	(1,255,210)	988,536
Claim and loss adjustment expenses incurred during the period	480,496	(99,510)	380,986
Change in claim reserves and assumptions used in claim reserve calculation	(64,091)	151,356	87,265
Claim paid during the period	(628,817)	158,930	(469,887)
Balance as at period ended	2,031,334	(1,044,434)	986,900

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	(Audited) 31 December 2021		
	Gross Thousand Baht	Reinsurance Thousand Baht	Net Thousand Baht
Balance as at beginning year	2,436,781	(1,414,091)	1,022,690
Claim and loss adjustment expenses incurred during the year	2,286,356	(482,526)	1,803,830
Change in claim reserves and assumptions used in loss reserve calculation	276,727	(56,440)	220,287
Claim paid during the year	(2,756,118)	697,847	(2,058,271)
Balance as at year ended	2,243,746	(1,255,210)	988,536

14.1.2 Unearned premium reserve

	(Unaudited) 31 March 2022		
	Gross Thousand Baht	Reinsurance Thousand Baht	Net Thousand Baht
As at 1 January	2,826,998	(668,642)	2,158,356
Premium written for the period	1,822,493	(509,939)	1,312,554
Earned premium for the period	(1,379,525)	290,958	(1,088,567)
As at 31 March	3,269,966	(887,623)	2,382,343

	(Audited) 31 December 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 year	5,584,707	(1,608,289)	3,976,418
Earned premium for the year	(5,478,692)	1,586,293	(3,892,399)
As at 31 December	2,826,998	(668,642)	2,158,356

14.1.3 Unexpired risk reserve

As at 31 March 2022 and 31 December 2021, no additional reserve for unexpired risk reserve has been established as the gross unexpired risk reserve estimated by the Company amounting to Baht 1,632.33 million and Baht 1,436.61 million, respectively and net of reinsurance amounting to Baht 1,391.05 million and Baht 1,255.57 million, respectively is lower than the unearned premium reserve.

15 Amount due to reinsurers

	(Unaudited) 31 March 2022 Thousand Baht	(Audited) 31 December 2021 Thousand Baht
Amounts withheld on reinsurance	319,582	663,132
Reinsurance payables	820,995	497,100
Total amount due to reinsurers	1,140,577	1,160,232

16 Debt issued and borrowings

	(Unaudited) 31 March 2022 Thousand Baht	(Audited) 31 December 2021 Thousand Baht
Debt instrument		
- Subordinated bond (Note 21)	200,000	200,000
Total debt issued and borrowings	200,000	200,000

On 30 July 2021, the Company has issued the subordinated bond amounting to Baht 200 million with the fixed interest rate 6.10 per annum for the 10 years which parent company totally hold the subordinated bond.

17 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 2022 and 2021, there is no underwriting income with a single external customer contributed 10% or more to the Company's total revenue.

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The financial information of the Company for the three-month periods ended 31 March 2022 and 2021 were presented by business segment as follows:

	(Unaudited)				
	For the three-month period ended 31 March 2022				
	Fire Thousand Baht	Marine Thousand Baht	Motor Thousand Baht	Miscellaneous Thousand Baht	Total Thousand Baht
Underwriting income					
Gross premiums written	176,580	99,815	839,848	706,250	1,822,493
<u>Less</u> Premium ceded	(42,046)	(37,592)	(3,176)	(473,681)	(556,495)
Net premiums written	134,534	62,223	836,672	232,569	1,265,998
<u>Less</u> Unearned premium reserve increase from previous period	(9,519)	(3,811)	(194,944)	(15,712)	(223,986)
Net premium ceded	125,015	58,412	641,728	216,857	1,042,012
Fee and commission income	5,402	8,626	-	177,042	191,070
Total underwriting income	130,417	67,038	641,728	393,899	1,233,082
Underwriting expense					
Gross claim paid	17,914	53,089	341,516	85,106	497,625
<u>Less</u> Claim paid for (recovered from) reinsurers	(2,893)	3,680	(4,879)	19,978	15,886
Commissions and brokerages expenses	37,873	11,737	139,996	94,139	283,745
Other underwriting expenses	31,976	10,007	128,760	71,491	242,234
Total underwriting expense	84,870	78,513	605,393	270,714	1,039,490
Profit (loss) on underwriting before operating expenses	45,547	(11,475)	36,335	123,185	193,592
Operating expenses					(160,531)
Gain on underwriting					33,061
	(Unaudited)				
	For the three-month period ended 31 March 2021				
	Fire Thousand Baht	Marine Thousand Baht	Motor Thousand Baht	Miscellaneous Thousand Baht	Total 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>(Less)Add</u> 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 paid for (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 (loss) on underwriting before operating expenses	21,932	14,084	53,937	56,442	146,395
Operating expenses					(148,025)
Gain on underwriting					(1,630)

18 Operating expenses

The operating expenses for the three-month periods ended 31 March 2022 and 2021 were as follows:

	(Unaudited) For the three-month periods ended	
	31 March 2022 Thousand Baht	31 March 2021 Thousand Baht
Employee expenses not relating to underwriting or claim administrative expense	76,043	69,194
Premise and equipment expense, excluded underwriting expense	41,322	46,679
Stamp and tax duty	726	603
Bad debt and doubtful debt (Reversal)	(2,873)	(1,112)
Director's remuneration	474	975
Management fee	22,061	21,286
Advertising and sales promotion expenses	432	167
Professional fee	4,465	1,246
Other operating expenses	17,881	8,987
Total operating expenses	160,531	148,025

19 Expected credit loss

	(Unaudited) For the three-month period ended	
	31 March 2022 Thousand Baht	31 March 2021 Thousand Baht
Cash and cash equivalent	2	75
Investment in securities (reversal)		
Investments measured at fair value through other comprehensive income	157	125
Investments measured at amortised cost	(7)	(6)
Total expected credit loss	152	194

20 Basic earnings per share

Basic earnings per share for the three-month periods ended 31 March 2022 and 2021 calculated from net income for the period of the Company's shareholders and the number of issued share capital. The calculations were as follows:

	(Unaudited) For the three-month periods ended	
	31 March 2022	31 March 2021
Net income (Thousand Baht)	28,321	17,599
Number of weighted averages share capital (Thousand shares)	254,880	254,880
Basic earnings per share (Baht per share)	0.11	0.07

21 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 2022 and 31 December 2021 were as follows:

	(Unaudited) 31 March 2022 Thousand Baht	(Audited) 31 December 2021 Thousand Baht
Receivables		
Related company of ultimate parent		
Amounts due from reinsurers	370,907	229,768
Investments in securities, net	24,505	30,419
Other assets	13,964	15,293
Immediate parent company		
Other assets	300	300
Related company of immediate parent		
Deposits at financial institutions	277,207	291,865
Premium receivable	17,814	10,778
Other assets	5,170	5,170
Payables		
Related company of ultimate parent		
Amounts withheld on reinsurance	440,586	458,067
Due to reinsurers	459,397	246,108
Other liabilities	17,487	11,017
Immediate parent company		
Long term loan	200,000	200,000
Other liabilities	3,125	117
Related company of immediate parent		
Commission and brokerage payable	17,853	15,578
Accrued other - underwriting expenses	52,713	47,740
Lease liabilities	141,519	146,688
Other liabilities	17,853	8,715

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Significant transactions for the three-month periods ended 31 March 2022 and 2021 with related parties were as follows:

	(Unaudited)	
	For the three-month period ended	
	31 March 2022 Thousand Baht	31 March 2021 Thousand Baht
Revenues		
Related company of ultimate parent		
Claim recovered from reinsurers	47,761	19,279
Fee and commission income	37,475	15,668
Other income	909	12,195
Immediate parent company		
Other income	348	348
Related company of immediate parent		
Premium written	16,228	15,475
Expenses		
Related company of ultimate parent		
Premiums ceded to reinsurers	177,052	135,259
Commission and brokerage expenses	1,076	282
Operating expenses	56,718	31,702
Related company of immediate parent		
Commission and brokerage expenses	53,733	47,863
Underwriting expenses	31,510	27,092
Operating expenses	5,170	5,512

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

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

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

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

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

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

Directors and key management personnel's remuneration

During the three-month periods ended 31 March 2022 and 2021, the Company paid salaries, bonuses, directors allowances and other benefits of its directors and key management personnel as follows:

	(Unaudited) For the three-month periods ended	
	31 March 2022 Thousand Baht	31 March 2021 Thousand Baht
Directors and key management personnel's remuneration		
Short-term benefits	32,004	25,349
Post-employment benefits	1,664	1,633
Directors' remuneration	643	518
Total	34,311	27,500

Directors' remunerations for the years of 2022 and 2021 were approved by the ordinary shareholders' meeting of the Company held on 21 April 2022 and 27 April 2021, respectively.

22 Securities and assets pledged with the Registrar

As at 31 March 2022 and 31 December 2021, 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. 2558", respectively as follows:

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

	(Unaudited) 31 March 2022 Thousand Baht	(Audited) 31 December 2021 Thousand Baht
Government and state enterprise securities	539,539	545,885

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

	(Unaudited) 31 March 2022 Thousand Baht	(Audited) 31 December 2021 Thousand Baht
Deposits at banks more than 3 months	14,000	14,000

23 Restricted assets and commitment

As at 31 March 2022, the Company has no premium saving certificates were used as collateral in case where the insured drivers are the alleged offenders (31 December 2021 : Baht 0.35 million).

As at 31 March 2022 and 31 December 2021, 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.

24 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 2022 and 31 December 2021 amounting to Baht 128.97 million and Baht 124.05 million, respectively.

25 Contingent liabilities

As at 31 March 2022 and 31 December 2021, lawsuits have been brought against the Company, as insurer, from which the Company estimates losses totalling Baht 214.84 million and Baht 314.90 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.