

**ALLIANZ AYUDHYA GENERAL INSURANCE PUBLIC
COMPANY LIMITED**

FINANCIAL STATEMENTS

31 DECEMBER 2022



Independent auditor's report

To the Shareholders of Allianz Ayudhya General Insurance Public Company Limited

My opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Allianz Ayudhya General Insurance Public Company Limited (the Company) as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

Responsibilities of management for the financial statements

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

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

The audit committee assists management in discharging their responsibilities for overseeing the Company's financial reporting process.



Auditor's responsibilities for the audit of the financial statements

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

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

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

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

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in black ink, appearing to read 'Sakuna Y', with a stylized flourish extending from the end of the signature.

Sakuna Yamsakul
Certified Public Accountant (Thailand) No. 4906
Bangkok
23 February 2023

Allianz Ayudhya General Insurance Public Company Limited
Statement of Financial Position
As at 31 December 2022

		2022	2021
	<u>Notes</u>	<u>Thousand Baht</u>	<u>Thousand Baht</u>
Assets			
Cash and cash equivalents, net	9	870,888	1,058,702
Premium receivables, net	10	733,730	580,552
Accrued investment income		14,407	13,505
Reinsurance assets	11	1,981,249	1,923,852
Amounts due from reinsurers	12	354,819	569,982
Investments			
Investments in securities, net	13	5,318,632	4,629,746
Leasehold improvements and equipment, net	14	40,651	44,521
Right-of-use assets, net	15	156,658	190,397
Goodwill	16	508,877	508,877
Intangible assets, net	17	100,468	78,871
Deferred tax assets, net	18	391,855	358,595
Deferred commissions expenses		102,106	80,233
Other assets, net	19	111,151	137,742
Total assets		<u><u>10,685,491</u></u>	<u><u>10,175,575</u></u>

Director

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

Allianz Ayudhya General Insurance Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 December 2022

		2022	2021
	<u>Notes</u>	<u>Thousand Baht</u>	<u>Thousand Baht</u>
Liabilities and equity			
Liabilities			
Insurance contract liabilities	20	5,749,350	5,070,744
Amounts due to reinsurers	21	966,804	1,160,232
Employee benefit obligations	23	136,822	135,407
Premium written received in advance		244,338	258,802
Commissions and brokerages payables		148,451	121,109
Accrued expenses		357,357	395,790
Lease liabilities	24	168,947	197,784
Debt issued and borrowings	22	200,000	200,000
Other liabilities	25	384,133	364,985
Total liabilities		<u>8,356,202</u>	<u>7,904,853</u>
Equity			
Share capital	26		
Authorised share capital			
254,880,000 ordinary shares of 10.00 Baht each		<u>2,548,800</u>	<u>2,548,800</u>
Issued and paid-up share capital			
254,880,000 ordinary shares of 10.00 Baht each		2,548,800	2,548,800
Retained earnings (deficits)			
Appropriated			
Legal reserve	27	15,750	15,750
Unappropriated		(275,651)	(344,488)
Other components of equity			
Surplus on Investments measured at fair value through other comprehensive income		<u>40,390</u>	<u>50,660</u>
Total equity		<u>2,329,289</u>	<u>2,270,722</u>
Total liabilities and equity		<u>10,685,491</u>	<u>10,175,575</u>

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

Allianz Ayudhya General Insurance Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2022

		2022	2021
	Notes	Thousand Baht	Thousand Baht
Revenues			
Gross premiums written	28	6,677,135	5,584,707
<u>(Less) premiums ceded</u>	28	<u>(1,825,455)</u>	<u>(1,608,289)</u>
Net premiums written		4,851,680	3,976,418
<u>(Less) unearned premium reserve increased</u>	28	<u>(423,344)</u>	<u>(84,019)</u>
Net premiums earned		4,428,336	3,892,399
Fees and commission income	28	464,342	325,926
Net investment income		52,307	47,271
Gain on investment		-	111
Gain (Loss) on fair value adjustment		592	(453)
Other income		13,123	35,539
Total revenues		<u>4,958,700</u>	<u>4,300,793</u>
Expenses			
Gross claim paid	28	2,694,731	2,537,959
<u>(Less) Claim recovered from reinsurers</u>	28	<u>(387,173)</u>	<u>(485,380)</u>
Gross claim paid, net		2,307,558	2,052,579
Commissions and brokerages expenses	28	1,090,634	894,232
Other underwriting expenses	28	839,955	694,004
Operating expenses	28, 29	654,146	724,873
Finance cost		18,469	12,103
Expected credit losses (reversal)	31	<u>(443)</u>	<u>(291)</u>
Total expenses		<u>4,910,319</u>	<u>4,377,500</u>
Profit (loss) before income tax		48,381	(76,707)
Income tax income	33	<u>20,456</u>	<u>9,534</u>
Net profit (loss)		<u>68,837</u>	<u>(67,173)</u>

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

Allianz Ayudhya General Insurance Public Company Limited

Statement of Comprehensive Income (Cont'd)

For the year ended 31 December 2022

		2022	2021
	Notes	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	18	-	(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>			
Gain (Loss) on revaluation of Investments measured at fair value through other comprehensive income		(12,838)	5,873
Items in other comprehensive income transferred to profit or loss		-	(139)
Income tax on items that will be reclassified to profit or loss	18	2,568	(1,147)
Total Items that will be subsequently reclassified to profit or loss		(10,270)	4,587
Other comprehensive income (loss) for the year, net of income tax		(10,270)	24,278
Total comprehensive income (loss) for the year		58,567	(42,895)
Profit (Loss) per share (Baht per share)			
Basic earnings (loss) per share	32	0.27	(0.26)

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

Allianz Ayudhya General Insurance Public Company Limited
Statement of Changes in Equity
For the year ended 31 December 2022

	Retained earnings (deficits)		Other components of equity		Total equity Thousand Baht
	Issued and paid-up share capital Thousand Baht	Legal reserve Thousand Baht	Unappropriated Thousand Baht	Surplus on investment measured at fair value through other comprehensive income Thousand Baht	
Balance as at 1 January 2022					
Net profit	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	-	-	68,837	-	68,837
	-	-	-	(10,270)	(10,270)
Balance as at 31 December 2022	2,548,800	15,750	(275,651)	40,390	2,329,289
Balance as at 1 January 2021					
Net loss	2,548,800	15,750	(297,006)	46,073	2,313,617
Remeasurements of post-employment benefit obligations, net of tax	-	-	(67,173)	-	(67,173)
Loss on revaluation of Investments measured at fair value through other comprehensive income, net of tax	-	-	19,691	-	19,691
Items in other comprehensive income transferred to profit or loss	-	-	-	4,698	4,698
	-	-	-	(111)	(111)
Balance as at 31 December 2021	2,548,800	15,750	(344,488)	50,660	2,270,722

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

Allianz Ayudhya General Insurance Public Company Limited

Statement of Cash Flows

For the year ended 31 December 2022

	2022	2021
	Thousand Baht	Thousand Baht
Cash flows provided by (used in) operating activities		
Direct premium received	6,295,342	5,310,536
Cash paid for reinsurance	(559,374)	(608,411)
Interest income	73,191	70,268
Dividend income	20	17
Other income	13,123	35,538
Claim incurred from direct insurance	(2,636,580)	(2,730,089)
Commissions and brokerages paid from direct insurance	(1,060,325)	(850,890)
Other underwriting expenses	(839,955)	(694,004)
Operating expenses	(636,251)	(673,055)
Income tax expense	(18,152)	(20,613)
Cash paid from investments in securities	(2,898,873)	(2,084,057)
Cash received for investments in securities	2,165,419	1,632,941
Cash paid for deposit at bank with maturity over 3 months and deposits used as collateral	(169,531)	(184,531)
Cash received from deposits at bank with maturity over 3 months and deposits used as collateral	179,367	222,250
Net cash flow used in operating activities	(92,579)	(574,100)
Cash flows provided by (used in) investing activities		
<u>Cash flows provided by</u>		
Cash received from selling premises and equipment	42	5,978
<u>Cash flows used in</u>		
Cash paid for purchasing premises and equipment	14 (6,863)	(13,797)
Cash paid for purchasing intangible assets	17 (41,709)	(61,930)
Net cash flow used in investing activities	(48,530)	(69,749)

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

Allianz Ayudhya General Insurance Public Company Limited

Statement of Cash Flows (Cont'd)

For the year ended 31 December 2022

	2022	2021
Note	Thousand Baht	Thousand Baht
Cash flows provided by (used in) financing activities		
Cash paid for lease liability	(28,228)	(21,301)
Cash paid for finance cost	(18,469)	(12,103)
Cash received for long term loan	-	200,000
	<u>(46,697)</u>	<u>166,596</u>
Net cash flow (used in) provided by financing activities		
	(187,806)	(477,253)
Cash and cash equivalents at the beginning of the year	1,058,702	1,535,960
	<u>870,896</u>	<u>1,058,707</u>
Cash and cash equivalents at the end of the year	870,896	1,058,707
<u>Less</u> Allowance for expected credit loss	<u>(8)</u>	<u>(5)</u>
Cash and cash equivalents, net at the end of the year	9 <u>870,888</u>	<u>1,058,702</u>
<u>Non-cash transactions</u>		
Write-off computer software in progress	3,287	-

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

1 General information

Allianz Ayudhya General Insurance Public Company Limited (the “Company”) is a public limited company which is incorporated and domiciled in Thailand. The address of the Company’s registered office is as follows: Ploenchit Tower, 898 Ploenchit Road, Lumpini, Pathumwan, Bangkok.

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

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

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

The financial statements are authorised for issue by the board of directors on 23 February 2023.

2 Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards (“TFRS”) and the format prescribed by the Notification of the Office of Insurance Commission entitled “Principle, methodology, condition and timing for preparation, submission and reporting of financial statements and operation performance for non-life insurance company (No.2) B.E.2562” dated on 4 April 2019 (‘OIC Notification’).

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

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

2.1 Financial reporting standards that are effective for current accounting period, but the Company elected to apply temporary exemption from TFRS 9 Financial Instruments and TFRS 7 Financial Instruments

The Company passes criteria of temporary exemption from TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures under TFRS 4 (revised 2018) Insurance Contracts. The Company is eligible to apply the 'Financial Instruments and Disclosure for Insurance Companies' accounting guidelines' ('The Accounting Guidance') for financial statement preparation.

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

The following table shows the fair value and change in fair value of these two groups of financial assets:

	31 December 2022		31 December 2021	
	Ending Fair value Thousand Baht	Changes in Fair value Thousand Baht	Ending Fair value Thousand Baht	Changes in Fair value Thousand Baht
Financial assets only give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates except for financial assets for trading as defined by TFRS9 (when announced) or financial assets managed by the Company and performance evaluated on a fair value basis	6,095,016	473,356	5,621,660	(103,198)
Cash flows that are not solely payments of principal and interest on the principal amount outstanding on specified dates	-	-	-	-
Financial assets which the performance is evaluated based on fair value.	35,256	4,837	30,419	5,627
Other financial assets	86,436	16,098	70,338	25,869

As of 31 December 2022, financial assets qualifying as SPPI includes debt securities, other receivables, accrued investment income and cash and cash equivalents whereas the remaining includes equity securities and debt securities measured at fair value through profit or loss.

Certain financial assets included within the financial statements, including amount due from reinsurance and premium receivables amounting to Baht 1,088.55 million are not included above.

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

3 New and amended financial reporting standards

3.1 New and amended financial reporting standards that are effective for accounting period beginning on or after 1 January 2023 and have significant impacts to the Company

- a) **Amendment to TAS 16 - Property, plant and equipment** clarified to prohibit the Company from deducting from the cost of an item of PP&E any proceeds received from selling any items produced while the Company is preparing that asset for its intended use.
- b) **Amendment to TAS 37 - Provisions, contingent liabilities and contingent assets** clarified that, in considering whether a contract is onerous, the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling the contract. Before recognising a separate provision for an onerous contract, the Company must recognise any impairment losses that have occurred on the assets used in fulfilling the contract.
- c) **Amendment to TFRS 3 - Business combinations** clarified some minor amendments to update its references to the Conceptual Framework for Financial Reporting and added a consideration for the recognition of liabilities and contingent liabilities acquired from business combinations. The amendments also confirmed that contingent assets shouldn't be recognised at the acquisition date.
- d) **Amendment to TFRS 9 - Financial Instruments** clarified which fees should be included in the 10% test for the derecognition of financial liabilities. It should only include fees between the borrower and lender.

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

4 Accounting policies

4.1 Product classification

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

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

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

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

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

4.2 Foreign currency translation

a) Functional and presentation currency

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

b) Transactions and balances

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

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

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

4.3 Cash and cash equivalents

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

4.4 Premium receivables and allowance for doubtful accounts

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

4.5 Reinsurance asset

Reinsurance assets are stated at insurance reserve refundable from reinsurers.

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

4.6 Amount due from and due to reinsurers

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

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

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

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

4.7 Investments in securities

a) Classification

The Company classifies its financial assets depending on the purpose of investment as follows:

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

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

b) Recognition and derecognition

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

c) Measurement

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

Debt Securities

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

- Amortised cost: Investments in securities that are held to maturity are measured at amortised cost. Interest income from these investments in securities is included in net investment income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.
- FVOCI: Investments in securities that the Company intends to either hold for an indefinite period or sell in response to the needs of the Company's liquidity or change in interest rate are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of interest income using the effective interest method, and foreign exchange gains and losses which are recognised in profit or loss.

When the Investments in securities are derecognised the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income is included in net investment income. Impairment expenses are presented separately in the statement of comprehensive income.

- FVPL: Investments in securities that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss that is subsequently measured at FVPL is recognised in profit or loss and presented net within gains/(losses) from fair value in the period in which it arises.

Equity Securities

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

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

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

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

d) Impairment

The Company assesses expected credit loss on a forward-looking basis for its debt instrument financial assets carried at FVOCI and at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company always accounts for expected credit losses which involves a three-stage expected credit loss impairment model. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. In which, the three-stage expected credit loss impairment will be as the following stages:

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

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

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

4.8 Leasehold improvements and equipment

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

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

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

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

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

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

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

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

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

4.9 Goodwill

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

4.10 Intangible assets

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

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

Computer software	5 - 10 years
Bancassurance agreement	10 years

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

4.11 Impairment of assets

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

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

4.12 Leases

Leases - where the Company is the lessee

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

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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

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

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

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

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

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

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

4.13 Insurance liabilities

a) Unearned premium reserve

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

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

b) Loss reserve and outstanding claims

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

c) Unexpired risks reserve

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

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

d) Liability adequacy test

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

4.14 Employee benefits

a) Provident fund

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

b) Employee benefit obligations

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

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

4.15 Share-based compensation

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

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

4.16 Provisions

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

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

4.17 Share capital

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

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

4.18 Recognition of revenues and expenses

4.18.1 Premium written

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

4.18.2 Reinsurance premium

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

4.18.3 Commission and brokerage income

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

4.18.4 Interest and dividend income

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

4.18.5 Claim and loss adjustment expenses

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

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

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

4.18.6 Claim recovery from reinsurers

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

4.18.7 Commissions and brokerages and other expenses

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

4.19 Current and deferred income taxes

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

Current tax

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

Deferred income tax

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

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

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

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

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

4.20 Earnings per share

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

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

5 Critical accounting estimates, assumptions and judgements

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

5.1 Goodwill impairment

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

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated in note 16. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

5.2 Impairment of premium receivables and amount due from reinsurers

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

5.3 Reinsurance assets estimation

Reinsurance assets are determined from estimation using the same methods as the estimation of claims incurred but not yet reported by insured (Note 4.13) and the unearned premium reserve calculation. The reinsurance assets are assessed at the period end date to ensure that the amount shown in the financial statement reflects the expected amount to be received in the future by taking into account the credit rating of the reinsurance company and the contractual terms of reinsurance contracts.

5.4 Deferred tax

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

5.5 Loss reserve and outstanding claims

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

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

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

5.6 Unexpired risk reserve

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

5.7 Liability adequacy test

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

5.8 Employee benefits obligations

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

6 Insurance risk management

a) Insurance risk management policy

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

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

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

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

Product Design and Development, and Price Structure

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

Underwriting strategy

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

Reinsurance strategy

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

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

b) Concentration of insurance risks

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

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

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

	Fire Thousand Baht	Marine Thousand Baht	Motor Thousand Baht	Miscellaneous Thousand Baht	Total Thousand Baht
31 December 2022					
Gross of reinsurance	125,475	165,368	683,912	1,288,248	2,263,003
Net of reinsurance	90,384	122,751	677,219	296,048	1,186,402
31 December 2021					
Gross of reinsurance	104,583	174,067	559,476	1,405,620	2,243,746
Net of reinsurance	79,818	78,692	548,129	281,897	988,536

7 Financial risk management

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

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

7.1 Market risk

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

a) Foreign exchange risk

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

The Company's exposure to foreign currency risk as of 31 December 2022 and 2021, expressed in Baht are as follows:

	As at 31 December 2022		As at 31 December 2021	
	US Dollar Thousand Baht	Euro Thousand Baht	US Dollar Thousand Baht	Euro Thousand Baht
Cash and cash equivalents	176	-	5,121	74

Foreign exchange risk sensitivity analysis

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

b) Cash flow and interest rate risk

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

Allianz Ayudhya General Insurance Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2022

As at 31 December 2022 and 2021, significant financial assets and liabilities classified by type of interest rates are summarised in the table below.

	2022								Interest rate (% p.a)
	Fixed interest rate				Variable interest rate				
	Within 1 year Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht	Within 1 year Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht	Non-interest bearing Thousand Baht	Total Thousand Baht	
Financial assets									
Cash and cash equivalents	309,794	-	-	499,676	-	-	61,426	870,896	0.00-1.00
Investment in securities									
Government and state enterprise securities	2,065,116	1,278,452	-	-	-	-	-	3,343,568	0.65-5.50
Private debt securities	367,028	1,296,823	-	-	-	-	-	1,663,851	0.97-5.28
Deposits at financial institutions with original maturities more than 3 months	189,531	-	-	-	-	-	-	189,531	0.35-0.60
Total financial assets	2,931,469	2,575,275	-	499,676	-	-	61,426	6,067,846	
Financial liabilities									
Lease liabilities	28,871	104,224	35,852	-	-	-	-	168,947	1.68-3.97
Debt issued and borrowings	-	-	200,000	-	-	-	-	200,000	6.10
Total financial liabilities	28,871	104,224	235,852	-	-	-	-	368,947	

Allianz Ayudhya General Insurance Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2022

2021

	Fixed interest rate		Variable interest rate				Non-interest bearing	Total	Interest rate (% p.a)
	Within 1 year	1 - 5 years	Over 5 years	Within 1 year	1 - 5 years	Over 5 years			
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht		
Financial assets									
Cash and cash equivalents	410,155	-	-	608,507	-	-	40,045	1,058,707	0.00-1.25
Investment in securities									
Government and state enterprise securities	1,691,222	1,096,318	-	-	-	-	-	2,787,540	0.61-4.75
Private debt securities	683,947	858,162	-	-	-	-	-	1,542,109	0.97-5.50
Deposits at financial institutions with original maturities more than 3 months	199,368	-	-	-	-	-	-	199,368	0.30-0.70
Total financial assets	2,984,692	1,954,480	-	608,507	-	-	40,045	5,587,724	
Financial liabilities									
Lease liabilities	28,120	109,860	59,804	-	-	-	-	197,784	2.93
Debt issued and borrowings	-	-	200,000	-	-	-	-	200,000	6.10
Total financial liabilities	28,120	109,860	259,804	-	-	-	-	397,784	

Interest rate risk sensitivity analysis

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

The table below shows the interest sensitivity for the financial assets and financial liabilities held as at 31 December 2022 and 2021.

	Impact to net profit		Impact to other components of equity	
	2022 Thousand Baht	2021 Thousand Baht	2022 Thousand Baht	2021 Thousand Baht
Interest rate - increase 1%*	4,829	5,378	(72,917)	(51,463)
Interest rate - decrease 1%*	(998)	(547)	75,299	52,938

* Holding all other variables constant

C) Equity price risk

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

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

Price risk sensitivity analysis

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

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

7.2 Credit risk

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

Credit risk arises from cash and cash equivalents, contractual cash flows of debt instruments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

a) Risk management

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

b) Impairment of financial assets

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

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

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

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

Cash and cash equivalents

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

The reconciliations of loss allowances for cash and cash equivalents for the year ended 31 December 2022 and 2021 are as follows:

	2022 Thousand Baht	2021 Thousand Baht
As at 1 January	5	563
Increase in loss allowance recognised in profit or loss during the year	3	-
Reverse expected credit loss during the year	-	(558)
As at 31 December	8	5

Debt investments

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

1) Other financial assets measured at amortised cost

Other financial assets measured at amortised cost include debenture assets, zero coupon bonds and listed corporate bonds.

The reconciliations of loss allowances for other financial assets measured at amortised cost for the year ended 31 December 2022 and 2021 are as follows:

	2022 Thousand Baht	2021 Thousand Baht
As at 1 January	27	25
Increase (decrease) in loss allowance recognised in profit or loss during the year	(15)	2
Written off during the year	(2)	-
As at 31 December	10	27

Allianz Ayudhya General Insurance Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2022

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

	Loss allowance measured at amount equal to 12 months expected credit losses Thousand Baht	Loss allowance measured at amount equal to lifetime expected credit losses Thousand Baht	Loss allowance measured at amount equal to lifetime expected credit losses (credit-impaired financial assets) Thousand Baht	Total Thousand Baht
Investment in debt instruments measured at amortised cost				
As at 1 January 2021	25	-	-	25
Changes occurred from Measurement	2	-	-	2
As at 31 December 2021	27	-	-	27
Changes occurred from Measurement	(17)	-	-	(17)
As at 31 December 2022	10	-	-	10

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

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

The reconciliation of loss allowances for debt investments measured at FVOCI as at 31 December 2022 and 2021 are as follows:

	2022 Thousand Baht	2021 Thousand Baht
As at 1 January	758	493
Increase (decrease) in loss allowance recognised in profit or loss during the year	(429)	265
As at 31 December	329	758

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

	Loss allowance measured at amount equal to 12 months expected credit losses Thousand Baht	Loss allowance measured at amount equal to lifetime expected credit losses Thousand Baht	Loss allowance measured at amount equal to lifetime expected credit losses (credit-impaired financial assets) Thousand Baht	Total Thousand Baht
Investment in debt instruments measured at FVOCI				
As at 1 January 2021	493	-	-	493
New financial assets purchased or originated	265	-	-	265
As at 31 December 2021	758	-	-	758
New financial assets purchased or originated	(429)	-	-	(429)
As at 31 December 2022	329	-	-	329

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

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

4) The maximum exposure to credit risk of the financial asset

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

7.3 Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the Company held deposits at call of Baht 500 million (2021: Baht 609 million) that are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, the Company's treasury deputy maintains flexibility in funding by maintaining availability under committed credit lines.

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

Maturity of financial liabilities

The tables below analyse the maturity of financial liabilities based on their contractual maturities. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Maturity of financial liabilities	Within 1 month Thousand Baht	Within 1 year Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht	Total Thousand Baht
As at 31 December 2022					
Lease liabilities	-	28,871	104,224	35,852	168,947
Debt issued and borrowings	-	-	-	200,000	200,000
Total	-	28,871	104,224	235,852	368,947
As at 31 December 2021					
Lease liabilities	-	28,120	109,860	59,804	197,784
Debt issued and borrowings	-	-	-	200,000	200,000
Total	-	28,120	109,860	259,804	397,784

7.4 Capital management

The objectives when managing capital are to:

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

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

8 Fair value

8.1 Fair value estimation

The following table shows fair values and carrying amounts of financial assets and liabilities as at 31 December 2022 and 2021 by category as follow;

	Fair value through profit or loss (FVPL) Thousand Baht	Fair value through other comprehensive income (FVOCI) Thousand Baht	Amortised cost Thousand Baht	Total carrying amount Thousand Baht	Fair value Thousand Baht
As at 31 December 2022					
Investments measured at fair value (FV)					
Debt securities	35,256	4,757,645	-	4,792,901	4,792,901
Equity securities	-	86,436	-	86,436	86,436
	35,256	4,844,081	-	4,879,337	4,879,337
Financial assets not measured at fair value					
Cash and cash equivalents	-	-	870,888	870,888	870,888
Investments at amortised cost	-	-	439,295	439,295	439,295
Accrued investment income	-	-	14,407	14,407	14,407
Others	-	-	84,497	84,497	84,497
	-	-	1,409,087	1,409,087	1,409,087
Financial liabilities not measured at fair value					
Debt issued and borrowings	-	-	200,000	200,000	200,000
Lease liabilities	-	-	168,947	168,947	168,947
Others	-	-	72,771	72,771	72,771
	-	-	441,718	441,718	441,718
As at 31 December 2021					
Investments measured at fair value (FV)					
Debt securities	30,419	3,931,935	-	3,962,354	3,962,354
Equity securities	-	70,338	-	70,338	70,338
	30,419	4,002,273	-	4,032,692	4,032,692
Financial assets not measured at fair value					
Cash and cash equivalents	-	-	1,058,702	1,058,702	1,058,702
Investments at amortised cost	-	-	597,054	597,054	597,054
Accrued investment income	-	-	13,505	13,505	13,505
Others	-	-	89,625	89,625	89,625
	-	-	1,758,886	1,758,886	1,758,886
Financial liabilities not measured at fair value					
Debt issued and borrowings	-	-	200,000	200,000	200,000
Lease liabilities	-	-	197,784	197,784	197,784
Others	-	-	100,891	100,891	100,891
	-	-	498,675	498,675	498,675

Allianz Ayudhya General Insurance Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2022

The following table presents financial assets that are measured at fair value or disclosed by their fair value hierarchy as at 31 December 2022 and 2021.

	As at 31 December 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	-	4,757,645	-	4,757,645
- Equity securities	-	-	86,436	86,436
Investments measured at fair value through profit or loss				
- Debt securities	35,256	-	-	35,256
Total financial assets	35,256	4,757,645	86,436	4,879,337
	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

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.

8.2 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 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.

Changes in level 3 financial instruments for the year ended 31 December 2022 and 2021 is as follows:

	31 December 2022 Thousand Baht	31 December 2021 Thousand Baht
Beginning balance of the year	70,338	44,469
Unrealized gain	16,098	25,869
Ending balance of the year	86,436	70,338

The fair value measurement of financial assets and financial liabilities is in accordance with the accounting policies disclosed in Note 4.7

Transfer between fair value hierarchy

During the years ended 31 December 2022 and 2021, there were no significant changes in economics or business circumstances that affected the fair value of the Company's financial assets and there was no change in classification of the financial assets.

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

9 Cash and cash equivalents, net

Cash and cash equivalents, net as at 31 December 2022 and 2021 consisted of the following:

	2022 Thousand Baht	2021 Thousand Baht
Cash	748	524
Cheque on hand	60,678	39,521
Deposits at bank - at call	499,676	608,507
Short term investments	309,794	410,155
Total	870,896	1,058,707
<u>Less</u> Allowance for expected credit loss	(8)	(5)
Cash and cash equivalents, net	870,888	1,058,702

10 Premium receivables, net

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

	2022 Thousand Baht	2021 Thousand Baht
Within credit terms	532,282	424,299
Overdue:		
Less than 30 days	113,143	84,883
31 - 60 days	37,420	20,469
61 - 90 days	18,113	18,849
Over 90 days	55,223	52,895
Total	756,181	601,395
<u>Less</u> Allowance for doubtful accounts	(22,451)	(20,843)
Premium receivables, net	733,730	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 process with such agents and brokers in accordance with the Company's policy and procedures.

11 Reinsurance assets

Reinsurance assets as at 31 December 2022 and 2021 consisted of the following:

	2022 Thousand Baht	2021 Thousand Baht
Insurance reserve recovered from reinsurers		
Loss reserves	1,076,601	1,255,210
Premium reserves		
Unearned premium reserves	904,648	668,642
Total reinsurance assets (Note 20)	1,981,249	1,923,852

12 Amount due from reinsurance

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

	2022 Thousand Baht	2021 Thousand Baht
Deposits on reinsurance	3	43
Due from reinsurers	354,816	569,939
Amount due from reinsurance	354,819	569,982

The balances of reinsurance receivable as at 31 December 2022 and 2021 were aged as follows:

	2022 Thousand Baht	2021 Thousand Baht
Within credit terms	177,840	219,744
Not over 12 months	123,509	293,685
Over 1 year but less than 2 years	42,736	47,437
Over 2 years	14,331	13,428
Less Allowance for doubtful accounts	(3,600)	(4,355)
Total reinsurance receivable	354,816	569,939

13 Investments in securities, net

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

	2022	
	Cost/ Amortised cost Thousand Baht	Fair value Thousand Baht
Investments designated at fair value through profit or loss		
Foreign debt securities	25,203	35,256
Add Unrealised gain	10,053	-
Total Investments designated at fair value through profit or loss	35,256	35,256
Investments measured at fair value through other comprehensive income		
Government and state enterprise debt securities	3,100,147	3,093,794
Private debt securities	1,672,438	1,663,851
Equity securities	21,417	86,436
Total	4,794,002	4,844,081
Add Unrealised gain	50,079	-
Total investments measured at fair value through other comprehensive income	4,844,081	4,844,081
Investments measured at amortised cost		
Government and state enterprise debt securities	249,774	
Deposits at financial institutions with original maturities more than 3 months	189,531	
Total	439,305	
Less Allowance for expected credit loss	(10)	
Total investments measured at amortised cost	439,295	
Total investment in securities, net	5,318,632	

	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
<u>Add</u> Unrealised gain	8,097	-
Total Investments designated at fair value through profit or loss	<u>30,419</u>	<u>30,419</u>
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
<u>Add</u> Unrealised gain	62,552	-
Total investments measured at fair value through other comprehensive income	<u>4,002,273</u>	<u>4,002,273</u>
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	
<u>Less</u> Allowance for expected credit loss	(27)	
Total investments measured at amortised cost	<u>597,054</u>	
Total investment in securities, net	<u>4,629,746</u>	

13.1 Investments designated at fair value through profit or loss

- a) Classification of financial assets at fair value through profit or loss

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

	2022 Thousand Baht	2021 Thousand Baht
Foreign debt securities	35,256	30,419
Total	<u>35,256</u>	<u>30,419</u>

- b) Amounts recognised in profit or loss

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

	2022 Thousand Baht	2021 Thousand Baht
Fair value gains on debt securities measured at FVPL recognised in profit (loss)	1,956	2,016

13.2 Investments at fair value through other comprehensive income

a) Classification of financial assets at fair value through other comprehensive income

Investments at FVOCI comprise the following investments:

	2022 Thousand Baht	2021 Thousand Baht
Investments in equity investments		
Unlisted securities	86,436	70,338
Investments in debt securities		
Listed bonds	4,757,645	3,931,935
Total	4,844,081	4,002,273

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

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

	2022 Thousand Baht	2021 Thousand Baht
Gain (Loss) recognised in other comprehensive income	(12,838)	5,873
Gains reclassified from other comprehensive income to profit or loss on the sale of investments measured at FVOCI (reclassified AFS reserve in OCI to other gains/(losses))	-	139
Dividends from equity securities measured at FVOCI recognised in profit or loss		
- Related to investments derecognised during the period	-	-
- Related to investments held at the end of the reporting period	20	17
Interest income from debt securities at FVOCI recognised in profit or loss	54,712	52,398
Expected credit losses for debt securities measured at fair value through other comprehensive income recognised in profit or loss (12 months expected credit losses/ Lifetime expected credit losses)	429	(265)

Allianz Ayudhya General Insurance Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2022

c) Expected credit loss

	2022		2021	
	Fair value Thousand Baht	Expected credit losses recognised in other comprehensive income Thousand	Fair value Thousand Baht	Expected credit losses recognised in other comprehensive income Thousand
Investments in debt securities which credit risk has not significantly increased (Stage 1)	4,757,645	(329)	3,931,935	(758)
Investment in debt securities which credit risk has significantly increased (Stage 2)	-	-	-	-
Credit-impaired investments in debt securities (Stage 3)	-	-	-	-
Total	4,757,645	(329)	3,931,935	(758)

Allianz Ayudhya General Insurance Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2022

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

The details of investment in securities measured at fair value through other comprehensive income as at 31 December 2022 and 2021 are aged as follows:

	2022		2021		2021		2021		2021			
	Maturing within		Maturing within		Maturing within		Maturing within		Maturing within			
	1 year Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht	Total Thousand Baht	1 year Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht	Total Thousand Baht	1 year Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht	Total Thousand Baht
Investment in securities measured at fair value through other comprehensive income												
Government bonds and State enterprise debt securities	1,818,092	1,282,055	-	3,100,147	1,292,872	1,096,103	-	2,388,975	-	-	-	2,388,975
Private debt securities	366,717	1,305,721	-	1,672,438	681,378	847,951	-	1,529,329	-	-	-	1,529,329
Total	2,184,809	2,587,776	-	4,772,585	1,974,250	1,944,054	-	3,918,304	-	-	-	3,918,304
Add Unrealised gains	(2,440)	(12,500)	-	(14,940)	3,205	10,426	-	13,631	-	-	-	13,631
Total investment in securities measured at fair value through other comprehensive income	2,182,369	2,575,276	-	4,757,645	1,977,455	1,954,480	-	3,931,935	-	-	-	3,931,935

13.3 Investments at amortised cost

a) Classification of financial assets at amortised cost

Investments at amortised cost comprise the following investments:

	2022 Thousand Baht	2021 Thousand Baht
Debt securities that are measured at amortised cost		
Government and state enterprise debt securities	249,774	397,714
Deposits at financial institutions with original more than 3 months	189,531	164,531
Deposits at banks used as collateral	-	34,486
Premium saving certificates used as collateral	-	350
Total	439,305	597,081

b) Expected credit loss

	2022			2021		
	Initial book value Thousand Baht	Expected credit loss Thousand Baht	Book Value Thousand Baht	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)	439,305	(10)	439,295	597,081	(27)	597,054
Investment in debt securities which credit risk has significantly increased (Stage 2)	-	-	-	-	-	-
Credit-impaired investments in debt securities (Stage 3)	-	-	-	-	-	-
Total	439,305	(10)	439,295	597,081	(27)	597,054

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

The reconciliations of loss allowance for investment at amortised cost for the year ended 31 December 2022 and 2021 are as follows:

	2022			2021		
	Deposits at financial institutions with original maturities more than 3 months Thousand Baht	Deposits at banks used as collateral Thousand Baht	Total Thousand Baht	Deposits at financial institutions with original maturities more than 3 months Thousand Baht	Deposits at banks used as collateral Thousand Baht	Total Thousand Baht
As at 1 January	25	2	27	21	4	25
Increase (decrease) in loss allowance recognised in Profit or loss during the year	(15)	-	(15)	4	(2)	2
Written off allowance for expected credit loss during the year	-	(2)	(2)	-	-	-
As of 31 December	10	-	10	25	2	27

Allianz Ayudhya General Insurance Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2022

- c) Investments in debt securities that are measured at amortised cost as at 31 December 2022 and 2021 will be due as follows:

	2022			
	Period to maturity			
	Within 1 year Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht	Total Thousand Baht
Debt securities that are measured at amortised cost				
Government and state enterprise debt securities	249,774	-	-	249,774
Deposits at financial institutions with Original maturities more than 3 months	189,531	-	-	189,531
Deposits at banks used as collateral	-	-	-	-
Premium saving certificates used as collateral	-	-	-	-
Total	439,305	-	-	439,305
<u>Less</u> Expected credit loss	(10)	-	-	(10)
Total	439,295	-	-	439,295
	2021			
	Period to maturity			
	Within 1 year Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht	Total Thousand Baht
Debt securities that are measured at amortised cost				
Government and state enterprise debt securities	397,714	-	-	397,714
Deposits at financial institutions with original maturities more than 3 months	164,531	-	-	164,531
Deposits at banks used as collateral	34,486	-	-	34,486
Premium saving certificates used as collateral	350	-	-	350
Total	597,081	-	-	597,081
<u>Less</u> Expected credit loss	(27)	-	-	(27)
Total	597,054	-	-	597,054

d) Fair values of Investments at amortised cost

Fair value for the following investments was determined by reference to published price quotations in an active market (classified as level 2 in the fair value hierarchy)

	2022 Thousand Baht	2021 Thousand Baht
Government and state enterprise debt securities	249,774	397,714
Deposits at financial institutions with original maturities more than 3 months	189,531	164,531
Deposits at banks used as collateral	-	34,486
Premium saving certificates used as collateral	-	350

As at 31 December 2022 and 2021, certain government and state enterprise securities of the Company are pledged and used for assets reserved with the Registrar amounting to Baht 482.88 million and Baht 545.89 million, respectively (Note 36).

As at 31 December 2022 and 2021, certain government and state enterprise securities of the Company and 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 15.92 million and 14 million, respectively (Note 36).

As at 31 December 2022, no premium saving certificates were used as collateral for insured drivers are the alleged offenders (31 December 2021: Baht 0.35 million) (Note 37).

As at 31 December 2022 and 2021, no certain of bank deposits were pledged as collateral for bank overdrafts and borrowing facilities (31 December 2021: Baht 20 million) (Note 37).

For the year ended 31 December 2022, the Company recorded interest income from investment measured at amortised cost amounting to Baht 0.69 million. (31 December 2021: Baht 0.80 million).

For the year ended 31 December 2022 and 2021, the Company has investment income as below:

- Interest income amounting to Baht 59.42 million (31 December 2021: Baht 55.58 million).
- Dividend income amounting to Baht 0.02 million (31 December 2021: Baht 0.02 million).
- Consideration from selling and buying investments amounting to Baht 728.62 million (31 December 2021: Baht 445.49 million).

Allianz Ayudhya General Insurance Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2022

14 Leasehold improvements and equipment, net

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

	2022						2021									
	Beginning balance		Increase		Disposal / Write off		Transfer in/ (transfer out)		Ending balance		Accumulated depreciation		Beginning leasehold improvements and equipment, net		Ending leasehold improvements 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 improvements	69,035	348	(3,940)	-	65,443	(40,991)	(4,031)	3,853	(41,169)	28,044	24,274					
Furniture, fixtures and office equipment	92,629	702	(8,922)	-	84,409	(77,263)	(5,759)	8,870	(74,152)	15,366	10,257					
Vehicles	7,097	-	-	-	7,097	(5,986)	(804)	-	(6,790)	1,111	307					
Leasehold improvements under installation	-	5,813	-	-	5,813	-	-	-	-	-	5,813					
Total	168,761	6,863	(12,862)	-	162,762	(124,240)	(10,594)	12,723	(122,111)	44,521	40,651					
	Beginning balance		Increase		Disposal / Write off		Transfer in/ (transfer out)		Ending balance		Accumulated depreciation		Beginning leasehold improvements and equipment, net		Ending leasehold improvements 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 improvements	56,498	429	(3,190)	15,298	69,035	(38,212)	(4,885)	2,106	(40,991)	18,286	28,044					
Furniture, fixtures and office equipment	105,679	6,027	(19,077)	-	92,629	(87,678)	(7,950)	18,365	(77,263)	18,001	15,366					
Vehicles	26,488	-	(19,391)	-	7,097	(23,976)	(1,339)	19,329	(5,986)	2,512	1,111					
Leasehold improvements under installation	13,424	1,874	-	(15,298)	-	-	-	-	-	13,424	-					
Total	202,089	8,330	(41,658)	-	168,761	(149,866)	(14,174)	39,800	(124,240)	52,223	44,521					

The depreciation expense for the year ended 31 December 2022 and 2021 amounting to Baht 9.36 million and Baht 12.38 million, respectively were included in operating expenses and amounting to Baht 1.23 million and Baht 1.80 million, respectively, were included in other underwriting expenses.

Allianz Ayudhya General Insurance Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2022

15 Right-of-use assets, net

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

	31 December 2022										
	Cost					Accumulated depreciation					
	As at 1 January 2022 Thousand Baht	Increase Thousand Baht	Change in contract Thousand Baht	As at 31 December 2022 Thousand Baht	1 January 2022 Thousand Baht	Amortisation Thousand Baht	Change in contract Thousand Baht	Write-off Thousand Baht	31 December 2022 Thousand Baht	As at December 2022 Thousand Baht	Beginning Right-of-use assets, net Thousand Baht
Leasehold improvements	239,027	(11,466)	312	227,873	(65,215)	(30,711)	639	11,150	(84,137)	173,812	143,736
Vehicles	21,652	(3,333)	-	18,319	(5,067)	(3,663)	-	3,333	(5,397)	16,585	12,922
Total	260,679	(14,799)	312	246,192	(70,282)	(34,374)	639	14,483	(89,534)	190,397	156,658

	31 December 2021										
	Cost					Accumulated depreciation					
	As at 1 January 2021 Thousand Baht	Increase Thousand Baht	Change in contract Thousand Baht	As at 31 December 2021 Thousand Baht	1 January 2021 Thousand Baht	Amortisation Thousand Baht	Change in contract Thousand Baht	Write-off Thousand Baht	31 December 2021 Thousand Baht	As at December 2021 Thousand Baht	Beginning Right-of-use assets, net Thousand Baht
Leasehold improvements	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 year ended 31 December 2022 and 2021, there is no the lease payments resulting from lease contracts which are not capitalized.

The amortisation expense for the year ended 31 December 2022 and 2021 amounting to Baht 31.05 million and Baht 34.21 million, respectively were included in operating expenses and amounting to Baht 3.32 million and Baht 2.32 million, respectively, were included in other underwriting expenses.

16 Goodwill

As at 31 December 2022, the Company has goodwill amounting to Baht 508.88 million which occurred from the purchased and accepted of the entire business of Allianz Insurance Public company limited on 30 April 2019.

16.1 Assessment of impairment of goodwill

The Company tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 4.9. The recoverable amounts of Line of business have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 5.1).

As at 31 December 2022, the Company tested impairment of the goodwill and considered to set no impairment for the goodwill.

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

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

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

Net earned premium growth rate from 2023 - 2027: 6% - 12%

Pre-tax discount rate applied to the cash flow projections: 10.1%

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

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

Allianz Ayudhya General Insurance Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2022

17 Intangible assets, net

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

	2022										2021									
	Cost					Accumulated amortisation					Ending balance					Beginning balance				
	Beginning balance Thousand Baht	Increase Thousand Baht	Write off Thousand Baht	Transfer in/ (transfer out) Thousand Baht	Ending balance Thousand Baht	Beginning balance Thousand Baht	Amortisation Thousand Baht	Write off Thousand Baht	Ending balance Thousand Baht	Intangible assets, net Thousand Baht	Beginning balance Thousand Baht	Amortisation Thousand Baht	Write off Thousand Baht	Ending balance Thousand Baht	Intangible assets, net Thousand Baht	Beginning balance Thousand Baht	Amortisation Thousand Baht	Write off Thousand Baht	Ending balance Thousand Baht	Intangible assets, net Thousand Baht
Computer software	281,834	26,124	-	17,384	325,342	(222,675)	(16,825)	-	(239,500)	85,842	(234,591)	(16,825)	-	(239,500)	59,159	(234,591)	(16,825)	-	(239,500)	14,626
Computer software in progress	19,712	15,585	(3,287)	(17,384)	14,626	(11,916)	-	-	-	-	(11,916)	-	11,916	-	19,712	-	-	-	-	14,626
Others	11,916	-	(11,916)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	313,462	41,709	(15,203)	-	339,968	(234,591)	(16,825)	11,916	(239,500)	85,842	(234,591)	(16,825)	11,916	(239,500)	78,871	(234,591)	(16,825)	-	(239,500)	100,468
	2021																			
	Cost					Accumulated amortisation					Ending balance					Beginning balance				
	Beginning balance Thousand Baht	Increase Thousand Baht	Write off Thousand Baht	Transfer in/ (transfer out) Thousand Baht	Ending balance Thousand Baht	Beginning balance Thousand Baht	Amortisation Thousand Baht	Write off Thousand Baht	Ending balance Thousand Baht	Intangible assets, net Thousand Baht	Beginning balance Thousand Baht	Amortisation Thousand Baht	Write off Thousand Baht	Ending balance Thousand Baht	Intangible assets, net Thousand Baht	Beginning balance Thousand Baht	Amortisation Thousand Baht	Write off Thousand Baht	Ending balance Thousand Baht	Intangible assets, net Thousand Baht
Computer software	258,036	23,798	-	-	281,834	(206,517)	(16,158)	-	(222,675)	59,159	(218,433)	(16,158)	-	(222,675)	18,982	(218,433)	(16,158)	-	(222,675)	19,712
Computer software in progress	18,982	38,132	(37,402)	-	19,712	-	-	-	-	-	(11,916)	-	-	-	18,982	-	-	-	-	19,712
Others	11,916	-	-	-	11,916	-	-	-	(11,916)	-	-	-	-	-	-	-	-	-	-	-
Total	288,934	61,930	(37,402)	-	313,462	(218,433)	(16,158)	-	(234,591)	78,871	(218,433)	(16,158)	-	(234,591)	70,501	(218,433)	(16,158)	-	(234,591)	88,712

Amortisation for the years ended 31 December 2022 and 2021 amounting to Baht 13.42 million and Baht 12.69 million, respectively, were included in operating expenses and amounting to Baht 3.40 million and Baht 3.46 million, respectively, were included in other underwriting expenses.

Allianz Ayudhya General Insurance Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2022

18 Deferred tax assets, net

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

	2022 Thousand Baht	2021 Thousand Baht
Deferred tax asset, net	391,855	358,595

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

	2022 Thousand Baht	2021 Thousand Baht
Deferred tax assets:		
Deferred tax assets to be recovered within 12 months	133,600	184,003
Deferred tax assets to be recovered after 12 months	269,849	188,432
	<u>403,449</u>	<u>372,435</u>
Deferred tax liabilities:		
Deferred tax liabilities to be settled within 12 months	11,594	13,840
Deferred tax liabilities to be settled more than 12 months	-	-
	<u>11,594</u>	<u>13,840</u>
Deferred tax assets, net	<u>391,855</u>	<u>358,595</u>

Movements of deferred tax assets for the years ended 31 December 2022 and 2021 consisted of tax effects from the following items:

	As at 1 January 2022 Thousand Baht	Transactions recognised in profit or loss Thousand Baht	Transaction recognised in other comprehensive income or loss Thousand Baht	As at 31 December 2022 Thousand Baht
Deferred tax assets				
Allowance for doubtful accounts				
- Premium due and uncollected	4,169	321	-	4,490
Allowance for doubtful accounts				
- Other receivable	192	(160)	-	32
Allowance for doubtful accounts				
- Reinsurance	871	(151)	-	720
Unearned premium reserve	77,765	50,440	-	128,205
Claim reserve, net	125,987	52,912	-	178,899
Claim incurred but not reported	44,735	4,412	-	49,147
Employee benefit obligations	15,629	(127)	-	15,502
Stock base payment	297	1,654	-	1,951
Accrued expense	28,857	(7,169)	-	21,688
Expected credit loss allowance	6	(89)	86	3
Accumulated tax losses	71,993	(71,993)	-	-
Right-of-use assets	-	2,663	-	2,663
Others	1,934	(1,785)	-	149
	<u>372,435</u>	<u>30,928</u>	<u>86</u>	<u>403,449</u>
Deferred tax liabilities				
Unrealised gain on the change in fair value of investments through other comprehensive income	(12,513)	-	2,482	(10,031)
Unrealised gain on the change in fair value adjustment	(1,327)	(236)	-	(1,563)
	<u>(13,840)</u>	<u>(236)</u>	<u>2,482</u>	<u>(11,594)</u>
Deferred tax assets, net	<u>358,595</u>	<u>30,692</u>	<u>2,568</u>	<u>391,855</u>

Allianz Ayudhya General Insurance Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2022

	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 December 2021 Thousand Baht
Deferred tax assets				
Allowance for doubtful accounts				
- Premium due and uncollected	6,165	(1,996)	-	4,169
Allowance for doubtful accounts				
- Other receivable	908	(716)	-	192
Allowance for doubtful accounts				
- Reinsurance	-	871	-	871
Unearned premium reserve	50,042	27,723	-	77,765
Claim reserve, net	141,779	(15,792)	-	125,987
Claim incurred but not reported	35,588	9,147	-	44,735
Employee benefit obligations	19,097	1,455	(4,923)	15,629
Stock base payment	-	297	-	297
Accrued expense	24,305	4,552	-	28,857
Expected credit loss allowance	118	(59)	(53)	6
Accumulated tax losses	87,436	(15,443)	-	71,993
Others	1,934	-	-	1,934
	367,372	10,039	(4,976)	372,435
Deferred tax liabilities				
Unrealised gain on the change in fair value of investments through other comprehensive income	(11,420)	-	(1,093)	(12,513)
Unrealised gain on the change in fair value adjustment	(821)	(506)	-	(1,327)
	(12,241)	(506)	(1,093)	(13,840)
Deferred tax assets, net	355,131	9,533	(6,069)	358,595

19 Other assets, net

	2022 Thousand Baht	2021 Thousand Baht
Other receivables	12,920	21,393
<u>Less</u> Allowance for doubtful accounts	(157)	(960)
	12,763	20,433
Revenue Department receivable	58,900	38,388
Withholding tax receivable	7,916	20,513
Prepaid expenses	6,717	9,660
Due from rice field insurance scheme	652	583
Accrued loss recovery	-	20,791
Deposits	7,373	7,403
Undue input value added tax	11,911	9,680
Others	4,918	10,291
Total other assets, net	111,150	137,742

20 Insurance contract liabilities

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

	2022		
	Insurance contract liabilities Thousand Baht	Insurance contract liabilities recovered from reinsurers Thousand Baht	Net Thousand Baht
Claim reserves			
Claim incurred and reported	1,915,814	(975,145)	940,669
Claim incurred but not reported	347,189	(101,456)	245,733
	2,263,003	(1,076,601)	1,186,402
Premium reserve			
Unearned premium reserve	3,486,347	(904,648)	2,581,699
Total	5,749,350	(1,981,249)	3,768,101
	2021		
	Insurance contract liabilities Thousand Baht	Insurance contract 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

20.1 Insurance reserve for short-term insurance contract

20.1.1 Claim reserves

	2022		
	Gross Thousand Baht	Reinsurance Thousand Baht	Net Thousand Baht
Balance as at beginning year	2,243,746	(1,255,210)	988,536
Claim and loss adjustment expenses incurred during the year	2,715,630	(587,559)	2,128,071
Change in claim reserves and assumptions used in claim reserve calculation	(133,100)	215,606	82,506
Claim paid during the year	(2,563,273)	550,562	(2,012,711)
Balance as at period ended	2,263,003	(1,076,601)	1,186,402
	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 claim reserve calculation	276,727	(56,440)	220,287
Claim paid during the year	(2,756,118)	697,847	(2,058,271)
Balance as at period ended	2,243,746	(1,255,210)	988,536

20.1.2 Unearned premium reserve

	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 year	6,677,135	(1,825,455)	4,851,680
Earned premium for the year	(6,017,786)	1,589,449	(4,428,337)
As at 31 December	3,486,347	(904,648)	2,581,699
	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

20.1.3 Unexpired risk reserve

As at 31 December 2022 and 2021, no additional reserve for unexpired risk reserve has been established as the gross unexpired risk reserve estimated by the Company amounting to Baht 1,805.98 million and Baht 1,436.61 million, respectively and net of reinsurance amounting to Baht 1,552.18 million and Baht 1,255.57 million, respectively is lower than the unearned premium reserve.

20.1.4 Maturity analysis of claim liabilities expected to be paid

	2022	2021
	Thousand	Thousand
	Baht	Baht
Claim liabilities expected to be paid within 1 year	1,798,392	1,594,142
Claim liabilities expected to be paid between 1 and 2 years	294,388	354,913
Claim liabilities expected to be paid between 2 and 5 years	170,223	294,691
Claim liabilities expected to be paid in more than 5 years	-	-
Total Claim liabilities expected to be paid	<u>2,263,003</u>	<u>2,243,746</u>

20.1.5 Sensitivity analysis for changes

		2022				2021					
	Percentage increase/ (decrease) in assumption	Impact on reinsurance assets Thousand Baht	Impact on loss reserves and allocated loss adjustment expense Thousand Baht	Impact on profit (loss) Thousand Baht	Impact on equity Thousand Baht		Percentage increase/ (decrease) in assumption	Impact on reinsurance assets Thousand Baht	Impact on loss reserves and allocated loss adjustment expense Thousand Baht	Impact on profit (loss) Thousand Baht	Impact on equity Thousand Baht
Loss development factor of the latest accident year	Increase by 2%	36,331	142,525	(106,194)	(84,955)			27,419	128,534	(101,115)	(80,892)
	Decrease by 2%	(35,088)	(135,425)	100,337	80,270			(26,261)	(123,557)	97,296	77,837
Estimated claim for big loss	Increase by 2%	38,014	143,009	(104,995)	(83,996)			35,480	130,270	(94,791)	(75,832)
	Decrease by 2%	(37,527)	(139,661)	102,135	81,708			(35,086)	(128,038)	92,952	74,361
Unallocated loss adjustment expense ratio	Increase by 20%	-	12,980	(12,980)	(10,384)			-	11,865	(11,865)	(9,492)
	Decrease by 20%	-	(12,980)	12,980	10,384			-	(11,865)	11,865	9,492
Loss development factor of the latest accident year	Increase by 2%	27,419	128,534	(101,115)	(80,892)			27,419	128,534	(101,115)	(80,892)
	Decrease by 2%	(26,261)	(123,557)	97,296	77,837			(26,261)	(123,557)	97,296	77,837
Estimated claim for big loss	Increase by 2%	35,480	130,270	(94,791)	(75,832)			35,480	130,270	(94,791)	(75,832)
	Decrease by 2%	(35,086)	(128,038)	92,952	74,361			(35,086)	(128,038)	92,952	74,361
Unallocated loss adjustment expense ratio	Increase by 20%	-	11,865	(11,865)	(9,492)			-	11,865	(11,865)	(9,492)
	Decrease by 20%	-	(11,865)	11,865	9,492			-	(11,865)	11,865	9,492

20.2 Claims development

20.2.1 Claim development table before reinsurance

31 December 2022	2018	2019	2020	2021	2022	Total
Incident year / Reported year						
Estimated claims:						
- At end of the year	4,024,019	3,807,602	3,220,781	2,592,080	2,967,504	
- One year later	3,632,050	3,861,531	3,084,563	2,235,904	-	
- Two years later	3,535,761	3,827,627	3,035,288	-	-	
- Three years later	3,422,647	3,833,466	-	-	-	
- Four years later	3,408,105	-	-	-	-	
Current estimates of ultimate loss	3,408,105	3,833,466	3,035,288	2,235,904	2,967,504	15,480,267
Cumulative claim payments	(3,366,555)	(3,511,964)	(2,960,160)	(2,028,052)	(1,608,742)	(13,475,473)
Total claim reserves	41,550	321,502	75,128	207,852	1,358,762	2,004,794
Claim reserves before year 2018						258,209
Total claim reserves						2,263,003

Unit: Thousand Baht

Allianz Ayudhya General Insurance Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2022

31 December 2021 Incident year / Reported year	Unit: Thousand Baht					
	2017	2018	2019	2020	2021	Total
Estimated claims:						
- At end of the year	2,899,143	4,024,019	3,807,602	3,220,781	2,592,080	
- One year later	2,758,139	3,632,050	3,861,531	3,084,562	-	
- Two years later	2,764,663	3,535,761	3,827,627	-	-	
- Three years later	2,795,797	3,422,647	-	-	-	
- Four years later	2,759,600	-	-	-	-	
Current estimates of ultimate loss	2,759,600	3,422,647	3,827,627	3,084,562	2,592,080	15,686,516
Cumulative claim payments	(2,741,638)	(3,367,206)	(3,496,097)	(2,814,810)	(1,386,689)	(13,806,440)
Total claim reserves	17,962	55,441	331,530	269,752	1,205,391	1,880,076
Claim reserves before year 2017						363,670
Total claim reserves						2,243,746

Allianz Ayudhya General Insurance Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2022

20.2.2 Claim development table, net

31 December 2022 Accident year / Reported year	2018	2019	2020	2021	2022	Total
Estimated claims:						
- At end of the year	2,027,944	2,341,472	2,312,948	2,008,540	2,301,056	
- One year later	1,956,231	2,302,602	2,186,004	1,822,974	-	
- Two years later	1,924,386	2,302,332	2,188,769	-	-	
- Three years later	1,917,781	2,300,160	-	-	-	
- Four years later	1,915,916	-	-	-	-	
Current estimates of ultimate loss	1,915,916	2,300,160	2,188,769	1,822,974	2,301,056	10,528,875
Cumulative claim payments	(1,910,622)	(2,286,830)	(2,168,338)	(1,679,862)	(1,373,572)	(9,419,224)
Total claim reserves	5,294	13,330	20,431	143,112	927,484	1,109,651
Claim reserves before year 2018						76,751
Total claim reserves						1,186,402

Allianz Ayudhya General Insurance Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2022

	Unit: Thousand Baht					
	2017	2018	2019	2020	2021	Total
31 December 2021						
Accident year / Reported year						
Estimated claims:						
- At end of the year	1,698,005	2,027,944	2,341,472	2,312,948	2,008,540	
- One year later	1,649,769	1,956,231	2,302,602	2,186,004	-	
- Two years later	1,653,168	1,924,386	2,302,332	-	-	
- Three years later	1,655,087	1,917,781	-	-	-	
- Four years later	1,650,508	-	-	-	-	
Current estimates of ultimate loss	1,650,508	1,917,781	2,302,332	2,186,004	2,008,540	10,065,165
Cumulative claim payments	(1,644,490)	(1,911,195)	(2,279,510)	(2,120,235)	(1,207,905)	(9,163,335)
Total claim reserves	6,018	6,586	22,822	65,769	800,635	901,830
Claim reserves before year 2017						86,706
Total claim reserves						988,536

21 Amounts due to reinsurers

	2022 Thousand Baht	2021 Thousand Baht
Amount withheld on reinsurance	357,021	663,132
Reinsurance payables	609,783	497,100
Total amount due to reinsurers	966,804	1,160,232

22 Debt issued and borrowings

	2022 Thousand Baht	2021 Thousand Baht
Debt instrument		
- Subordinated bond (Note 34)	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.

23 Employee benefit obligations

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

	2022 Thousand Baht	2021 Thousand Baht
Statement of Financial Position		
Long - term employee benefits	22,595	20,549
Retirement benefits	114,227	114,858
Employment benefit obligation	136,822	135,407

23.1 Retirement benefits

Movements in the present value of employee benefit obligations as at 31 December 2022 and 2021 were as follows:

	2022 Thousand Baht	2021 Thousand Baht
Present value of obligation at the beginning of the years	114,858	132,201
Current service cost of the years	16,166	15,377
Interest cost	1,965	1,758
Actuarial gain	-	(24,614)
Benefit paid during the years	(18,762)	(9,864)
Present value of obligation at the ending of the years	114,227	114,858

The expenses that were recorded in the statement of profit or loss and other comprehensive income for employee benefit obligations for the years ended 31 December 2022 and 2021 consisted of the following:

	2022 Thousand Baht	2021 Thousand Baht
Current service cost	16,166	15,377
Interest cost	1,965	1,758
Actuarial (gain) loss on actuarial remeasurement		
- From financial assumptions changes	-	(15,217)
- From demographic assumptions changes	-	2,739
- From experience adjustments	-	(12,136)
Total employee benefit expenses	18,131	(7,479)

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

	2022	2021
Financial assumptions		
Discount rate (%)	1.68	1.68
Expected rate of salary increase (%)	3	3
Demographic assumptions		
Turnover rate (%) subject to range of age of employees	9, 14, 22	9, 14, 22
Retirement age (years)	60	60

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

	2022	2021
	Thousand	Thousand
	Baht	Baht
Financial assumptions		
Discount rate - 1% increase	(10,361)	(9,564)
Discount rate - 1% decrease	11,802	10,901
Expected rate of salary - 1% increase	12,281	10,167
Expected rate of salary - 1% decrease	(10,933)	(9,106)
Demographic assumptions		
Turnover rate - 1% increase	(10,892)	(10,054)
Turnover rate - 1% decrease	2,819	2,600
Life expectancy - 1 year increase	605	556
Life expectancy - 1 year decrease	(601)	(553)

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

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

Maturity analysis of the benefit payments of the post-employment benefits obligation as at 31 December 2022 and 2021 was as follows:

	2022	2021
Weighted average duration of the defined benefit obligation (years)	11.50	10.73
Maturity analysis of undiscounted benefits expected to be paid (Thousand Baht)		
Benefits expected to be paid within 1 year	7,917	10,495
Benefits expected to be paid between 1 - 5 years	37,121	33,046
Benefits expected to be paid more than 5 years	559,782	571,773
Total benefits expected to be paid	604,820	615,314

23.2 Long term employee benefits - Share-based compensation

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

During the year 2022, there was a share-based compensation plan to employee. The details are as below:

Employee Stock Purchase Plan (ESPP)

The Allianz Group offers Allianz SE shares in 42 countries to entitled employees at favourable conditions. The offer provides additional 1 Euro on top for every 3 Euro that had been invested by the employees. The shares have a three-year restriction period for not transferring or selling.

During the year ended 31 December 2022, the total Company's contribution under this plan was Baht 0.63 million (2021: Baht 0.65 million).

Employee Stock benefit Plan

During the year ended 31 December 2022, the total recognized compensation in other employee benefit for the year ended 31 December 2022 amounting to Baht 1.80 million.

Restricted stock unit (RSU)

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

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

	RSU	
	2022 Number of shares	2021 Number of shares
As at 1 January	4,317	3,642
Granted/Transferred in	1,908	1,720
Exercised	(841)	(1,045)
As at 31 December	5,384	4,317

The total recognized compensation in other employee benefits for the year ended 31 December 2022 amounting to Baht 9.38 million (2021: Baht 9.51 million) and the total compensation liabilities under "Employee benefits" amounting to Baht 22.60 million (2021: Baht 20.55 million). The Company uses projected cash flow technique to calculate the fair value of this share-based payment plan. The key assumptions for valuations are expected share price and employee turn-over rate.

24 Lease liabilities

The maturity analysis of lease liabilities are aged as follows:

Maturity	2022 Thousand Baht	2021 Thousand Baht
Within 1 year	28,871	28,120
Between 1 - 2 years	27,968	29,323
Between 2 - 3 years	28,030	28,440
Between 3 - 4 years	24,636	27,758
Between 4 - 5 years	23,590	24,339
Over 5 years	35,852	59,804
Total lease liabilities	168,947	197,784
Including - Principal	187,451	222,397
- Interest	(18,504)	(24,613)

For the year ended 31 December 2022 and 2021, interest expenses on lease liabilities amounted to Baht 6.27 million and Baht 6.92 million respectively are recorded as "finance cost" in the statement of comprehensive income.

25 Other liabilities

Other liabilities as at 31 December 2022 and 2021 consisted of the following:

	2022 Thousand Baht	2021 Thousand Baht
Other payables - promotion expense	35,110	62,957
Premium suspense	283,781	239,158
Revenue Department payable	19,456	14,429
Undue output value added tax	3,089	1,424
Contribution to non-life guarantee fund	18,205	23,505
Others	24,492	23,512
Total other liabilities	384,133	364,985

26 Share capital

As at 31 December 2022, the total authorised number of ordinary shares is 254.88 million shares (2021: 254.88 million shares) amounting to Baht 2,548.8 million (2021: Baht 2,548.8 million) with a par value of Baht 10 per share (2021: Baht 10 per share). All shares are issued and fully paid.

27 Legal reserve

	2022 Thousand Baht	2021 Thousand Baht
As at 1 January	15,750	15,750
Addition during the year	-	-
As at 31 December	15,750	15,750

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

28 Financial information by segment

The business segment results are prepared based on the Management of the company. The operating results by business segment provided to Chief Operating Decision Maker to make decisions about allocating resources to, and assessing the performance of, operating segments is measured in accordance with Thai Financial Reporting Standard.

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

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

For the years ended 31 December 2022 and 2021, there was no underwriting income with a single external customer contributed 10% or more to the Company's total revenue.

Allianz Ayudhya General Insurance Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2022

The financial information of the Company for the years ended 31 December 2022 and 2021 were presented by business segment as follows:

	For the year ended 31 December 2022				Total Thousand Baht
	Fire Thousand Baht	Marine Thousand Baht	Motor Thousand Baht	Miscellaneous Thousand Baht	
Underwriting income					
Gross premiums written	673,383	396,688	3,220,440	2,386,624	6,677,135
<u>Less</u> Premium ceded	(172,027)	(142,989)	(14,614)	(1,495,825)	(1,825,455)
Net premiums written	501,356	253,699	3,205,826	890,799	4,851,680
<u>Add(Less)</u> Unearned premium reserve (increase) decrease from previous period	3,336	(2,081)	(378,747)	(45,852)	(423,344)
Net premium ceded	504,692	251,618	2,827,079	844,947	4,428,336
Fee and commission income	16,192	30,470	5,945	411,735	464,342
Total underwriting income	520,884	282,088	2,833,024	1,256,682	4,892,678
Underwriting expenses					
Gross claim paid	152,151	156,489	1,466,510	919,581	2,694,731
<u>Less</u> Claim recovered from reinsurers	(29,846)	3,713	1,530	(362,570)	(387,173)
Commissions and brokerages expenses	145,190	48,679	551,084	345,681	1,090,634
Other underwriting expenses	122,831	36,975	464,648	215,501	839,955
Total underwriting expenses	390,326	245,856	2,483,772	1,118,193	4,238,147
Profit on underwriting before operating expenses	130,558	36,232	349,252	138,489	654,531
Operating expenses					(654,146)
Profit on underwriting					385
	For the year ended 31 December 2021				
	Fire Thousand Baht	Marine Thousand Baht	Motor Thousand Baht	Miscellaneous Thousand Baht	Total Thousand Baht
Underwriting income					
Gross premiums written	651,958	363,555	2,493,691	2,075,503	5,584,707
<u>Less</u> Premium ceded	(176,949)	(147,957)	(43,687)	(1,239,696)	(1,608,289)
Net premiums written	475,009	215,598	2,450,004	835,807	3,976,418
<u>Add(Less)</u> Unearned premium reserve (increase) decrease from previous period	(21,483)	(44,432)	35,238	(53,342)	(84,019)
Net premium ceded	453,526	171,166	2,485,242	782,465	3,892,399
Fee and commission income	4,574	42,524	14,208	264,620	325,926
Total underwriting income	458,100	213,690	2,499,450	1,047,085	4,218,325
Underwriting expenses					
Gross claim paid	156,402	216,368	1,279,307	885,882	2,537,959
<u>Less</u> Claim recovered from reinsurers	(22,275)	(101,793)	18,910	(380,222)	(485,380)
Commissions and brokerages expenses	142,926	44,896	417,102	289,308	894,232
Other underwriting expenses	115,283	39,069	377,902	161,750	694,004
Total underwriting expenses	392,336	198,540	2,093,221	956,718	3,640,815
Profit on underwriting before operating expenses	65,764	15,150	406,229	90,367	577,510
Operating expenses					(724,873)
Loss on underwriting					(147,363)

29 Operating expenses

Operating expenses for the years ended 31 December 2022 and 2021 consisted of the following:

	2022 Thousand Baht	2021 Thousand Baht
Employee expenses not relating to underwriting or claim administrative expense	342,978	273,478
Premises and equipment expense, excluded underwriting expenses	171,481	253,025
Stamp and tax duty	1,499	944
Bad debt and doubtful debt	2,491	1,286
Directors' remuneration	1,897	(3,264)
Management fee	48,611	128,398
Advertising and sales promotion expenses	3,493	5,645
Professional fee	9,294	6,985
Other operating expenses	72,402	58,376
Total operating expenses	654,146	724,873

30 Personnel expenses

Personnel expenses for the years ended 31 December 2022 and 2021 consisted of the following:

	2022 Thousand Baht	2021 Thousand Baht
Salary and wage	461,457	467,406
Social fund expenses	2,835	3,014
Employee benefit expenses	17,081	20,609
Provident fund (Note 35)	17,558	14,847
Other benefits	49,499	51,642
Total personnel expenses	548,430	557,518

31 Expected credit loss

	2022 Thousand Baht	2021 Thousand Baht
Cash and cash equivalent (Reversal)	3	(558)
Investment in securities		
Investments measured at fair value through other comprehensive income	(429)	265
Investments measured at amortised cost	(17)	2
Total expected credit loss (reversal)	(443)	(291)

Allianz Ayudhya General Insurance Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2022

32 Basic earnings (loss) per share

Basic earnings (loss) per share for the years ended 31 December 2022 and 2021 calculated from net earnings (loss) for the period of the Company's shareholders and the number of issued share capital. The calculation was as follows:

	2022	2021
Net earnings (loss) (Thousand Baht)	68,837	(67,173)
Number of weighted averages share capital (Thousand shares)	254,880	254,880
Basic earnings (loss) per shares (Baht)	0.27	(0.26)

33 Income tax expense

Income tax expense for the years ended 31 December 2022 and 2021 consisted of the following:

	2022 Thousand Baht	2021 Thousand Baht
Current tax expense	10,236	-
Deferred tax income	(30,692)	(9,534)
Total income tax expense	(20,456)	(9,534)

Effect from income tax relating to components of other comprehensive income

	2022			2021		
	Before tax Thousand Baht	Benefit (Expense) of tax Thousand Baht	Net of tax Thousand Baht	Before tax Thousand Baht	Benefit (Expense) of tax Thousand Baht	Net of tax Thousand Baht
Item that will not be reclassified subsequently to profit or loss						
Actuarial gain on defined employee benefit plans	-	-	-	24,614	(4,923)	19,691
Item that will be reclassified subsequently to profit or loss						
(Loss) Gain on revaluation of Investments measured at fair value through other comprehensive income	(12,838)	2,568	(10,270)	5,873	(1,175)	4,698
Items in other comprehensive income transferred to profit or loss	-	-	-	(139)	28	(111)
Total	(12,838)	2,568	(10,270)	30,348	(6,070)	24,278

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

	2022 Thousand Baht	2021 Thousand Baht
Loss before tax	48,381	(76,707)
Income tax rate	20%	20%
Tax expense calculated at tax rate	9,676	(15,341)
Impact:		
Income not subject to tax	(2)	(2)
Expenses not deductible for tax purposes	4,542	5,096
Reversal of unutilised deferred tax assets in the future	(34,006)	-
Prior year tax adjustment	(666)	713
Income tax income	(20,456)	(9,534)

34 Related parties

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

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

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

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

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

Allianz Ayudhya General Insurance Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2022

Significant balances with related parties as at 31 December 2022 and 2021 were as follows:

	2022 Thousand Baht	2021 Thousand Baht
Receivables		
Related company of ultimate parent		
Amounts due from reinsurers	156,612	229,768
Investments in securities, net	35,256	30,419
Other assets	15,709	15,293
Immediate parent company		
Other assets	200	300
Related company of immediate parent		
Deposits at financial institutions	241,501	291,865
Premium receivables	5,689	10,778
Other assets	5,170	5,170
Payables		
Related company of ultimate parent		
Amounts withheld on reinsurance	200,436	458,067
Due to reinsurers	429,700	246,108
Other liabilities	49,559	43,857
Immediate parent company		
Long term loan	200,000	200,000
Other liabilities	117	117
Related company of immediate parent		
Commission and brokerage payable	15,696	15,578
Accrued other - underwriting expenses	58,917	47,740
Lease liabilities	126,041	146,688
Other liabilities	8,632	8,715

Significant transactions for the year ended 31 December 2022 and 2021 with related parties were as follows:

	2022 Thousand Baht	2021 Thousand Baht
Revenues		
Related company of ultimate parent		
Claim recovered from reinsurers	235,814	163,500
Fee and commission income	176,135	105,861
Other income	9,784	32,365
Immediate parent company		
Other income	1,292	1,392
Related company of immediate parent		
Premium written	101,145	105,990
Expenses		
Related company of ultimate parent		
Premiums ceded to reinsurers	746,983	576,800
Commissions and brokerage expenses	27,828	11,839
Operating expenses	218,128	197,849
Immediate parent company		
Other expenses	12,200	5,181
Related company of immediate parent		
Commissions and brokerage expenses	200,095	185,289
Underwriting expenses	121,842	110,536
Operating expenses	20,650	21,022

Allianz Ayudhya General Insurance Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2022

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

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

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

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

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

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

Directors and key management personnel's remuneration

During the year ended 31 December 2022 and 2021, the Company had salaries, bonuses, directors allowances and other benefits of its directors and key management personnel recognised as expenses as follows:

	2022	2021
	Thousand	Thousand
	Baht	Baht
Directors and key management personnel's remuneration		
Short-term benefits	135,179	116,625
Post-employment benefits	6,864	6,457
Directors' remuneration	2,571	2,071
Total	144,614	125,153

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.

35 Provident fund

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

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

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

For the years ended 31 December 2022 and 2021, the Company's contributions recorded as expenses were Baht 17.56 million and Baht 14.85 million, respectively (Note 30).

36 Securities and assets pledged with the Registrar

As at 31 December 2022 and 2021, certain investments in securities of the Company were pledged and used for assets reserved with the Registrar (Note 13) 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:

- 37.1 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:

	2022		2021	
	Book value Thousand Baht	Face value Thousand Baht	Book value Thousand Baht	Face value Thousand Baht
Government and state enterprise securities	482,882	470,000	545,885	520,000

- 37.2 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:

	2022		2021	
	Book value Thousand Baht	Face value Thousand Baht	Book value Thousand Baht	Face value Thousand Baht
Deposits at banks more than 3 months	-	-	14,000	14,000
Government and state enterprise securities	15,917	15,000	-	-

37 Restricted assets and commitment

As at 31 December 2022, the Company has not premium saving certificates used as collateral in case where the insured drivers are the alleged offenders (31 December 2021 : Baht 0.35 million).

As at 31 December 2022, the Company has undrawn committed credit facilities amounting to Baht 5 million, with savings at banks pledged as collateral (31 December 2021 : Fixed deposit at banks amounting to Baht 20 million).

38 Contribution to non-life guarantee fund

The Company has accumulated funding amount which was paid into contribution to non-life guarantee fund as at 31 December 2022 and 2021 amounting to Baht 155.94 million and Baht 124.05 million, respectively.

39 Litigation

As at 31 December 2022 and 2021, lawsuits have been brought against the Company, as insurer, from which the Company estimates losses totalling Baht 236.42 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.

40 Event after the statement of financial position date

On 22 July 2022, Allianz Ayudhya General Insurance Public Company Limited submitted a request to Office of Insurance Commission to approve the amalgamation between the Company and Aetna Health Insurance (Thailand) Public Company Limited. The request was approved on 27 January 2023. The Company expects that the amalgamation will be completed in the first quarter of 2023.