

**ALLIANZ AYUDHYA GENERAL INSURANCE
PUBLIC COMPANY LIMITED**

INTERIM FINANCIAL INFORMATION (UNAUDITED)

30 SEPTEMBER 2023



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

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

I have reviewed the interim financial information of Allianz Ayudhya General Insurance Public Company Limited, which comprises the statement of financial position as at 30 September 2023, the related statements of comprehensive income for the three-month period ended 30 September 2023 and the period from 1 March 2023 (Amalgamation date) to 30 September 2023, the related statements of changes in equity, and cash flows for the period from 1 March 2023 (Amalgamation date) to 30 September 2023, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on.

Scope of review

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

Conclusion

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

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in blue ink, appearing to read 'Sakuna Yamsakul', with a stylized flourish at the end.

Sakuna Yamsakul
Certified Public Accountant (Thailand) No. 4906
Bangkok
14 November 2023

Allianz Ayudhya General Insurance Public Company Limited
Statement of Financial Position
As at 30 September 2023

		(Unaudited) 30 September 2023
	<u>Notes</u>	<u>Thousand Baht</u>
Assets		
Cash and cash equivalents, net	6	2,274,678
Premium receivables, net	7	1,221,863
Accrued investment income		35,438
Reinsurance assets	8	2,246,374
Amounts due from reinsurers	9	390,758
Investments		
Investments in securities, net	10	6,925,148
Leasehold improvement and equipment, net	11	51,436
Right-of-use assets, net	12	197,465
Goodwill	13	1,644,720
Intangible assets, net	14	183,328
Deferred tax assets, net	15	565,931
Prepaid commissions expenses		63,057
Other assets, net		531,189
Total assets		16,331,385

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

Allianz Ayudhya General Insurance Public Company Limited
Statement of Financial Position (Cont'd)
As at 30 September 2023

		(Unaudited) 30 September 2023
	<u>Notes</u>	<u>Thousand Baht</u>
Liabilities and equity		
Liabilities		
Insurance contract liabilities	16	7,745,177
Amounts due to reinsurers	17	1,163,364
Payable from purchase of securities		619,794
Employee benefit obligations		173,085
Premium written received in advance		214,272
Commissions and brokerages payables		128,181
Accrued expenses		498,167
Lease liabilities		211,587
Debt issued and borrowings	18	200,000
Other liabilities		526,125
Total liabilities		<u>11,479,752</u>
Equity		
Share capital		
Authorised share capital		
256,880,000 ordinary shares of 10 Baht each		<u>2,568,800</u>
Issued and paid-up share capital		
256,880,000 ordinary shares of 10 Baht each		2,568,800
Share premium	19	713,894
Change from business combination under common control	20	421,950
Retained earnings		
Appropriated		
Legal reserve		18,061
Unappropriated		1,129,973
Other components of equity		
Deficit on investments measured at fair value through other comprehensive income		<u>(1,045)</u>
Total equity		<u>4,851,633</u>
Total liabilities and equity		<u>16,331,385</u>

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

Allianz Ayudhya General Insurance Public Company Limited
Statement of Comprehensive Income (Unaudited)
For the three-month period ended 30 September 2023

		30 September 2023
	Notes	Thousand Baht
Revenues		
Gross premiums written	21	2,243,718
<u>Less</u> Premiums ceded	21	<u>(566,520)</u>
Net premiums written		1,677,198
<u>Add</u> Unearned premium reserve decreased from previous period	21	<u>348,683</u>
Net premiums earned		2,025,881
Fees and commission income	21	100,558
Net investment income		31,839
Service income		8,582
Gain on fair value adjustment		771
Other income		<u>3,161</u>
Total revenues		<u>2,170,792</u>
Expenses		
Gross claim paid	21	1,375,151
<u>Less</u> Claim recovered from reinsurers	21	<u>(107,611)</u>
Net Claim paid		1,267,540
Commissions and brokerages expenses	21	286,635
Other underwriting expenses	21	259,897
Operating expenses	21, 22	244,042
Finance cost		5,094
Expected credit loss (reversal)	23	<u>(28)</u>
Total expenses		<u>2,063,180</u>
Profit before income tax		107,612
Income tax expense		<u>(40,612)</u>
Net profit		<u>67,000</u>

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

Allianz Ayudhya General Insurance Public Company Limited
Statement of Comprehensive Income (Unaudited) (Cont'd)
For the three-month period ended 30 September 2023

		30 September 2023
	<u>Note</u>	<u>Thousand Baht</u>
Other comprehensive income (loss)		
<u>Items that will be subsequently reclassified to profit or loss</u>		
Loss on revaluation of investments measured at fair value through other comprehensive income		(26,740)
Income tax on items that will be reclassified to profit or loss		5,348
		<u>5,348</u>
Total Items that will be subsequently reclassified to profit or loss		<u>(21,392)</u>
Other comprehensive loss for the period, net of income tax		<u>(21,392)</u>
Total comprehensive income for the period		<u><u>45,608</u></u>
Earning per share (Baht per share)		
Basic earning per share	24	<u><u>0.26</u></u>

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

Allianz Ayudhya General Insurance Public Company Limited
Statement of Comprehensive Income (Unaudited)
For the period from 1 March 2023 (Amalgamation date) to 30 September 2023

		30 September 2023
	Notes	Thousand Baht
Revenues		
Gross premiums written	21	5,410,590
<u>Less</u> Premiums ceded	21	<u>(1,231,345)</u>
Net premiums written		4,179,245
<u>Add</u> Unearned premium reserve decreased from previous period	21	<u>546,446</u>
Net premiums earned		4,725,691
Fees and commission income	21	249,286
Net investment income		66,825
Service income		19,839
Gain on fair value adjustment		2,376
Other income		<u>5,272</u>
Total revenues		<u>5,069,289</u>
Expenses		
Gross claim paid	21	3,260,641
<u>Less</u> Claim recovered from reinsurers	21	<u>(379,884)</u>
Net Claim paid		2,880,757
Commissions and brokerages expenses	21	703,611
Other underwriting expenses	21	638,611
Operating expenses	21, 22	619,277
Finance cost		11,058
Expected credit loss (reversal)	23	<u>(100)</u>
Total expenses		<u>4,853,214</u>
Profit before income tax		216,075
Income tax expense		<u>(49,064)</u>
Net profit		<u>167,011</u>

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

Allianz Ayudhya General Insurance Public Company Limited
Statement of Comprehensive Income (Unaudited) (Cont'd)
For the period from 1 March 2023 (Amalgamation date) to 30 September 2023

		30 September 2023
	<u>Note</u>	<u>Thousand Baht</u>
Other comprehensive income (loss)		
<u>Items that will be subsequently reclassified to profit or loss</u>		
Loss on revaluation of investments measured at fair value through other comprehensive income		(37,716)
Income tax on items that will be reclassified to profit or loss		7,543
		<u>7,543</u>
Total Items that will be subsequently reclassified to profit or loss		<u>(30,173)</u>
Other comprehensive loss for the period, net of income tax		<u>(30,173)</u>
Total comprehensive income for the period		<u><u>136,838</u></u>
Earning per share (Baht per share)		
Basic earning per share	24	<u><u>0.65</u></u>

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

Allianz Ayudhya General Insurance Public Company Limited
Statement of Changes in Equity (Unaudited)

For the period from 1 March 2023 (Amalgamation date) to 30 September 2023

	Retained earnings			Other components of equity			Total equity Thousand Baht
	Issued and paid-up share capital Thousand Baht	Share premium Thousand Baht	Change from business combination under common control Thousand Baht	Appropriated - Legal reserve Thousand Baht	Unappropriated Thousand Baht	Investments measured at fair value through other comprehensive income Thousand Baht	
Balance as at 1 March 2023 (Amalgamation date)	2,568,800	713,894	421,950	18,061	962,962	29,128	4,714,795
Net profit for the period	-	-	-	-	167,011	-	167,011
Loss on revaluation of investments measured at fair value through other comprehensive income, net of tax	-	-	-	-	-	(30,173)	(30,173)
Balance as at 30 September 2023	2,568,800	713,894	421,950	18,061	1,129,973	(1,045)	4,851,633

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

Allianz Ayudhya General Insurance Public Company Limited
Statement of Cash Flows (Unaudited)
For the period from 1 March 2023 (Amalgamation date) to 30 September 2023

		30 September 2023
	Note	Thousand Baht
Cash flows provided by (used in) operating activities		
Direct premium received		5,348,402
Cash paid for reinsurance		(504,909)
Interest income		60,567
Dividend income		22
Other income		27,306
Claim incurred from direct insurance		(3,189,390)
Commissions and brokerages paid for direct insurance		(681,505)
Other underwriting expenses		(702,054)
Operating expenses		(455,992)
Income tax expense		(151,311)
Cash paid for investments in securities		(2,446,157)
Cash received from investments in securities		2,764,608
Cash paid for deposits at bank with maturity over 3 months and deposits used as collateral		(7,000)
Cash received from deposits at bank with maturity over 3 months and deposits used as collateral		27,000
Net cash flow provided by operating activities		89,587
Cash flows provided by (used in) investing activities		
<u>Cash flows provided by</u>		
Cash received from selling premises and equipment		429
<u>Cash flows used in</u>		
Cash paid for purchasing premises and equipment	11	(9,274)
Cash paid for purchasing intangible assets	14	(32,349)
Net cash flow used in investing activities		(41,194)
Cash flows used in financing activities		
Cash paid for lease liability		(21,298)
Cash paid for finance cost		(11,058)
Net cash flow used in financing activities		(32,356)
Net increase in cash and cash equivalents		16,037
Cash and cash equivalents at the beginning of period		2,258,672
Cash and cash equivalents at the ending of period		2,274,709
<u>Less</u> Allowance for expected credit loss		(31)
Cash and cash equivalents, net at the ending of period	6	2,274,678
<u>Non-cash transactions</u>		
Write-off computer software in progress		18
Change in right-of-use assets under lease contracts from lease modification and reassessments	12	(932)
Payable from purchase of securities		619,794

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

1 General information

Allianz Ayudhya General Insurance Public Company Limited (the “Company”) is a company incorporated from the amalgamation, pursuant to the Public Limited Company, and its amendments, between Allianz Ayudhya General Insurance Public Company Limited and Aetna Health Insurance (Thailand) Public Company Limited. The Company received a letter of approval for the registration of the amalgamation from the Office of Insurance Commission and the Company has registered on 1 March 2023 (Amalgamation date) with the Department of Business Development, Ministry of Commerce as a juristic person under the law on public limited companies.

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. The direct and indirect shareholding percentage of the Company are 66.10% and 99.96%, respectively.

The interim financial information are presented in Thai Baht and rounded to the nearest thousand, unless otherwise stated.

The interim financial information were authorised for issue by the board of directors on 14 November 2023.

The interim financial information has been reviewed, not audited.

2 Basis of preparation and accounting policies

The interim financial information has been prepared in accordance with Thai Accounting Standard (TAS) no. 34, Interim Financial Reporting. The primary financial information (statement of financial position, statements of comprehensive income, statements of changes in equity and cash flows) is presented in a format consistent with the annual financial statements complying with Thai Accounting Standard (TAS) no. 1, Presentation of Financial Statements. In addition, the interim financial information presentation are based on the formats of non-life insurance interim financial information in an Office of Insurance Commission’s notification “Principle, methodology, condition and timing for preparation, submission and reporting of financial statements and operation performance for non-life insurance company B.E. 2566” dated on 8 February 2023 (‘OIC Notification’). The notes to the interim financial information are prepared in a condensed format. Additional notes are presented as required by the aforementioned OIC Notification.

The interim financial information should be read together with the financial statements for the period ended 28 February 2023 before the amalgamation. All assets and liabilities of the Allianz Ayudhya General Insurance Public Company Limited and Aetna Health Insurance (Thailand) Public Company Limited have been transferred to record as the initial balance of the new Allianz Ayudhya General Insurance Public Company Limited.

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

The accounting policies used in the preparation of the interim financial information are consistent with those used in the financial statements for the period ended 28 February 2023 before the amalgamation.

New and amended Thai Financial Reporting Standards effective for the accounting periods beginning on or after 1 January 2023 do not have material impact on the Company.

Business Combination

The Company applied the accounting guidelines issued by the Federation of Accounting Professions for business combination under common controls for the preparation of the interim financial information for the period ended 30 September 2023.

The Company recognised transactions from the business combination under common control from the predecessor carrying value of assets and liabilities in the Group's consolidated financial statements before the business combination under control.

The Company has to recognise the carrying value of goodwill which arise from previous business combination of the parent company. The Company has to assess an impairment of goodwill annually according to the Thai Accounting Standard (TAS) no. 36, Impairment of Assets.

Consideration of business combination under common control are the aggregated amount of fair value of assets transferred, liabilities incurred, and equity instruments issued by the acquirer at the date of which the exchange in control occurs.

As of the acquisition date, the difference between consideration under business combination under common control and the acquirer's interests in the carrying value of the acquiree is presented as "Change from business combination under common control" in equity.

3 New and amended financial reporting standards

3.1 Amended financial reporting standards that are effective for the accounting period beginning on or after 1 January 2024

- a) **Amendment to IAS 1 - Presentation of financial statements** revised the disclosure from 'significant accounting policies' to 'material accounting policies'. The amendment also provides guidelines on identifying when the accounting policy information is material. Consequently, immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.
- b) **Amendment to IAS 8 - Accounting policies, changes in accounting estimates and errors** revised to the definition of 'accounting estimates' to clarify how the Company should distinguish between changes in accounting policies and changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively to transactions, other events and conditions from the date of that change. Whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period as if the new accounting policy had always been applied.
- c) **Amendments to IAS 12 - Income taxes** require the Company to recognise deferred tax related to assets and liabilities arising from a single transaction that, on initial recognition, gives rise to equal amounts of taxable and deductible temporary differences. Example transactions are leases and decommissioning obligations.

The amendment should be applied to transactions on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that they can probably be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised at the beginning of retained earnings or another component of equity, as appropriate.

The following amended TFRSs were not mandatory for the current reporting period and the Company has not early adopted them. The Company's management is currently assessing the impact on the amendments of these standards.

4 Accounting estimates

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

In preparing the interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the period ended 28 February 2023 before the amalgamation.

5 Fair value

5.1 Fair value estimation

For the analysis of the financial instruments carried at fair value, by valuation method, the different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities, and the Company is able to access that market on valuation date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data.

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

The following table presents the Company's financial assets that are measured and recognised at fair value on the interim financial information as at 30 September 2023.

	(Unaudited)			
	As at 30 September 2023			
	Level 1	Level 2	Level 3	Total
	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht
Financial assets				
Investment in securities				
Investments measured at fair value through other comprehensive income				
- Debt securities	-	5,792,485	-	5,792,485
- Equity securities	-	-	86,995	86,995
Investments measured at fair value through profit or loss				
- Debt securities	45,361	-	-	45,361
Total financial assets	45,361	5,792,485	86,995	5,924,841

5.2 Valuation techniques for financial assets and liabilities measured at fair value

Valuation techniques used to measure fair value level 1

The fair value of financial instruments in level one is based on the latest bid price of common stock on the last working day of the reporting period as quoted on the Frankfurt Stock Exchange.

Valuation techniques used to measure fair value level 2

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

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

Valuation techniques used to measure fair value level 3

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

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. In Level 3 fair values, discounted cash flows were used as the valuation techniques. The valuation model considers the present value of the expected future cash flow without risk-adjusted which the discount rate has been adjusted to include total return to compensate the risk that market needs.

There was no transfer between levels during the period.

There was no change in valuation techniques during the period.

6 Cash and cash equivalents, net

Cash and cash equivalents, net as at 30 September 2023 consisted of the following:

	<u>(Unaudited)</u> <u>30 September</u> <u>2023</u> <u>Thousand Baht</u>
Cash on hand	728
Cheque on hand	122,974
Deposits at bank - at call	1,770,567
Short-term investments	<u>380,440</u>
Total	2,274,709
<u>Less</u> Allowance for expected credit loss	<u>(31)</u>
Cash and cash equivalents, net	<u>2,274,678</u>

7 Premium receivables, net

The balances as at 30 September 2023 of premium receivables are classified by aging as follows:

	(Unaudited) 30 September 2023 Thousand Baht
Within credit terms	925,525
Overdue:	
Less than 30 days	123,566
31 - 60 days	58,246
61 - 90 days	34,685
Over 90 days	108,206
Total	1,250,228
<u>Less</u> Allowance for doubtful accounts	(28,365)
Premium receivables, net	1,221,863

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

8 Reinsurance assets

Reinsurance assets as at 30 September 2023 consisted of the following:

	(Unaudited) 30 September 2023 Thousand Baht
Insurance reserve refundable from reinsurers	
Loss reserves	1,079,133
Premium reserve	
Unearned premium reserve	1,167,241
Total reinsurance assets (Note 16)	2,246,374

9 Amount due from reinsurers

Amount due from reinsurers as at 30 September 2023 consisted of the following:

	(Unaudited) 30 September 2023 Thousand Baht
Deposits on reinsurance	1
Due from reinsurers	390,757
Total amount due from reinsurers	390,758

10 Investments in securities, net

The details of investments in securities as at 30 September 2023 are as follows:

	(Unaudited) 30 September 2023	
	Cost/ Amortised cost Thousand Baht	Fair value Thousand Baht
Investments designated at fair value through profit or loss		
Foreign debt securities	27,940	45,361
Add Unrealised gain	17,421	-
Total Investments designated at fair value through profit or loss	45,361	45,361
Investments measured at fair value through other comprehensive income		
Government and state enterprise debt securities	3,579,526	3,541,548
Private debt securities	2,280,192	2,250,937
Equity securities	21,417	86,995
Total	5,881,135	5,879,480
Less Unrealised loss	(1,655)	-
Total investments measured at fair value through other comprehensive income	5,879,480	5,879,480
Investments measured at amortised cost		
Government and state enterprise debt securities	827,287	
Deposits at financial institutions with original maturities more than 3 months	173,031	
Total	1,000,318	
Less Allowance for expected credit loss	(11)	
Total investments measured at amortised cost	1,000,307	
Total investments in securities, net	6,925,148	

10.1 Debt securities measured at fair value through other comprehensive income

	(Unaudited) 30 September 2023	
	Fair value Thousand Baht	Expected credit loss recognised in other comprehensive income Thousand Baht
Investments in debt securities which credit risk has not significantly increased (Stage 1)	5,792,485	(635)
Investments in debt securities which credit risk has significantly increased (Stage 2)	-	-
Credit-impaired investments in debt securities (Stage 3)	-	-
Total	5,792,485	(635)

10.2 Debt securities measured at amortised cost

	(Unaudited) 30 September 2023		
	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)	1,000,318	(11)	1,000,307
Investments in debt securities which credit risk has significantly increased (Stage 2)	-	-	-
Credit-impaired investments in debt securities (Stage 3)	-	-	-
Total	1,000,318	(11)	1,000,307

As at 30 September 2023, certain government and state enterprise securities of the Company are pledged and used for assets reserved with the Registrar amounting to Baht 927.70 million (Note 26).

As at 30 September 2023, certain government and state enterprise securities of the Company have been deposited as a security with the Registrar in accordance with the Insurance Act (No. 2) B.E. 2551 amounting to Baht 15.41 million (Note 26).

For the three-month period ended 30 September 2023, the Company has recorded interest income amounting to Baht 34.22 million and no dividend income.

For the period from 1 March 2023 to 30 September 2023, the Company has recorded interest income and dividend income amounting to Baht 70.56 million and Baht 0.02 million, respectively.

Allianz Ayudhya General Insurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the period from 1 March 2023 (Amalgamation date) to 30 September 2023

11 Leasehold improvement and equipment, net

Leasehold improvement and equipment, net as at 30 September 2023 consisted of the following:

	30 September 2023 (Unaudited)															
	Beginning balance		Increase		Disposal / write off		Transfer in / (transfer out)		Ending balance		Accumulated depreciation		Beginning Leasehold improvement and equipment, net		Ending leasehold improvement and equipment, net	
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Building improvement	149,766	1,285	(66,672)	5,426	89,805	(105,556)	(4,894)	55,529	(54,921)	44,210	34,884					
Furniture, fixtures and office equipment	180,745	2,771	(59,307)	-	124,209	(164,975)	(4,111)	57,404	(111,682)	15,770	12,527					
Vehicles	7,097	-	-	-	7,097	(6,885)	(211)	-	(7,096)	212	1					
Leasehold improvement under installation	4,232	5,218	-	(5,426)	4,024	-	-	-	-	4,232	4,024					
Total	341,840	9,274	(125,979)	-	225,135	(277,416)	(9,216)	112,933	(173,699)	64,424	51,436					

The depreciation expense for the three-month period ended 30 September 2023 and the period from 1 March 2023 to 30 September 2023 amounting to Baht 2.76 million and Baht 7.85 million, respectively were included in operating expenses and amounting to Baht 0.59 million and Baht 1.37 million, respectively were included in other underwriting expenses.

Allianz Ayudhya General Insurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the period from 1 March 2023 (Amalgamation date) to 30 September 2023

12 Right-of-use assets, net

Right-of-use assets, net as at 30 September 2023 consisted of the following:

	30 September 2023 (Unaudited)													
	Beginning balance		Change in contract		Ending balance		Accumulated amortisation				Beginning Right-of-use asset, net		Ending Right-of-use asset, net	
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Amortisation Thousand Baht	Write-off Thousand Baht	Ending balance Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Buildings and improvements	245,358	65,822	(932)	310,248	(94,020)	(29,028)	91	(122,957)	151,338	187,291				
Vehicles	18,319	-	-	18,319	(6,008)	(2,137)	-	(8,145)	12,311	10,174				
Total	263,677	65,822	(932)	328,567	(100,028)	(31,165)	91	(131,102)	163,649	197,465				

For the three-month period ended 30 September 2023 and the period from 1 March 2023 to 30 September 2023, there is the lease payments resulting from lease contracts amounting to Baht 0.02 million and Baht 0.78 million, respectively.

The amortisation expense for the three-month period ended 30 September 2023 and the period from 1 March 2023 to 30 September 2023 amounting to Baht 12.47 million and Baht 27.02 million, respectively were included in operating expenses and amounting to Baht 1.85 million and Baht 4.15 million, respectively were included in other underwriting expenses.

13 Goodwill

As at 30 September 2023, the Company has goodwill amounting to Baht 1,644.72 million which occurred from the purchased and accepted the entire business of Allianz General Insurance Public Company Limited on 30 April 2019 amounting to Baht 508.88 million and the amalgamation with Aetna Health Insurance (Thailand) Public Company Limited on 1 March 2023 amounting to 1,135.84 million. (Note 13.1)

13.1 Business combination

On 6 May 2022, Allianz Ayudhya Capital Public Company Limited, the parent company, acquired 99.86% ownership of the Aetna Thailand group companies for a consideration of Baht 3,127.40 million. Allianz Ayudhya Capital Public Company Limited considered the value of the identified assets acquired and liabilities assumed from the acquisition and recognised the difference between purchase price considerations and value of net assets under interest acquired as 'Goodwill' amounting to Baht 1,258.72 million in the Group's consolidated financial statements.

On 1 March 2023, the Company amalgamated with Aetna Health Insurance (Thailand) Public Company Limited and recognised the book value of goodwill resulting from the previous business combination based on the accounting guidelines issued by the Federation of Accounting Professions for business combination under common controls amounting to Baht 1,135.84 million which was allocated from the net assets acquired of the Aetna Thailand group companies.

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14 Intangible assets, net

Intangible assets, net as at 30 September 2023 consisted of the following:

	30 September 2023 (Unaudited)																		
			Cost		Transfer in /		Ending		Beginning		Accumulated amortisation		Ending		Beginning		Ending		
	Thousand	Baht	Thousand	Baht	Thousand	Baht	Thousand	Baht	Thousand	Baht	Thousand	Baht	Thousand	Baht	Thousand	Baht	Thousand	Baht	
Computer software	522,198	6,904	(40,335)	9,396	498,163	(381,629)	498,163	(381,629)	(19,310)	40,334	(360,605)	140,569	137,558	29,739	25,445	(18)	(9,396)	45,770	45,770
Computer software in progress																			
Total	551,937	32,349	(40,353)	-	543,933	(381,629)	543,933	(381,629)	(19,310)	40,334	(360,605)	170,308	183,328	29,739	25,445	(18)	(9,396)	45,770	45,770

The amortisation expense for the three-month period ended 30 September 2023 and the period from 1 March 2023 to 30 September 2023 amounting to Baht 7.68 million and Baht 18.14 million, respectively were included in operating expenses and amounting to Baht 0.39 million and Baht 1.17 million, respectively were included in other underwriting expenses.

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15 Deferred tax assets, net

Deferred tax assets, net as at 30 September 2023 were as follows:

	(Unaudited) 30 September 2023 Thousand Baht
Deferred tax assets	582,416
Deferred tax liabilities	<u>(16,485)</u>
Deferred tax assets, net	<u>565,931</u>

Movements of deferred tax assets for period from 1 March 2023 to 30 September 2023 consisted of tax effects from the following items:

	As at 1 March 2023 Thousand Baht	Transactions recognised in profit or loss Thousand Baht	Transaction recognised in other comprehensive income or loss Thousand Baht	As at 30 September 2023 Thousand Baht
Deferred tax assets				
Allowance for doubtful accounts				
- Premium due and uncollected	5,363	310	-	5,673
Allowance for doubtful accounts				
- Other receivable	1,993	349	-	2,342
Allowance for doubtful accounts				
- Reinsurance	720	48	-	768
Unearned premium reserve	251,939	(124,113)	-	127,826
Unrealised loss on the change in fair value of investments through other comprehensive income	6,346	-	7,171	13,517
Claim reserve, net	207,428	14,249	-	221,677
Claim incurred but not reported	76,117	(12,606)	-	63,511
Employee benefit obligations	19,843	1,947	-	21,790
Stock base payment	1,951	2,466	-	4,417
Accrued expense	34,014	280	-	34,294
Expected credit loss allowance	79	(20)	(52)	7
Accumulated tax losses	-	83,899	-	83,899
Right-of-use assets	2,682	(182)	-	2,500
Others	294	(99)	-	195
	<u>608,769</u>	<u>(33,472)</u>	<u>7,119</u>	<u>582,416</u>
Deferred tax liabilities				
Unrealised gain on the change in fair value of investments through other comprehensive income	(13,553)	-	424	(13,129)
Unrealised gain on the change in fair value adjustment	(1,563)	(1,793)	-	(3,356)
Interest income from not maturity debt securities	(239)	239	-	-
	<u>(15,355)</u>	<u>(1,554)</u>	<u>424</u>	<u>(16,485)</u>
Deferred tax assets, net	<u>593,414</u>	<u>(35,026)</u>	<u>7,543</u>	<u>565,931</u>

16 Insurance contract liabilities

Insurance contract liabilities as at 30 September 2023 consisted of the following:

	(Unaudited) As at 30 September 2023		
	Insurance contract liabilities Thousand Baht	Insurance liabilities recovered from reinsurers Thousand Baht	Net Thousand Baht
Claim reserves			
Claim incurred and reported	2,311,615	(997,470)	1,314,145
Claim incurred but not reported	399,217	(81,664)	317,553
	<u>2,710,832</u>	<u>(1,079,134)</u>	<u>1,631,698</u>
Premium reserve			
Unearned premium reserve	5,034,345	(1,167,240)	3,867,105
Total	<u>7,745,177</u>	<u>(2,246,374)</u>	<u>5,498,803</u>

16.1 Insurance reserve for short-term insurance contract

16.1.1 Claim reserves

	(Unaudited) 30 September 2023		
	Insurance contract liabilities Thousand Baht	Insurance liabilities recovered from reinsurers Thousand Baht	Net Thousand Baht
Balance as at beginning period	2,659,748	(1,031,348)	1,628,400
Claim and loss adjustment expenses incurred during the period	3,142,556	(345,590)	2,796,966
Change in claim reserves and assumptions used in claim reserve calculation	(8,175)	(36,241)	(44,416)
Claim paid during the period	<u>(3,083,297)</u>	<u>334,045</u>	<u>(2,749,252)</u>
Balance as at period ended	<u>2,710,832</u>	<u>(1,079,134)</u>	<u>1,631,698</u>

16.1.2 Unearned premium reserve

	(Unaudited) 30 September 2023		
	Insurance contract liabilities Thousand Baht	Insurance liabilities recovered from reinsurers Thousand Baht	Net Thousand Baht
As at 1 March	5,504,325	(1,090,774)	4,413,551
Premium written for the period	5,410,590	(1,231,345)	4,179,245
Earned premium for the period	(5,880,570)	1,154,879	(4,725,691)
As at 30 September	5,034,345	(1,167,240)	3,867,105

16.1.3 Unexpired risk reserve

As at 30 September 2023, no additional reserve for unexpired risk reserve has been established as the gross unexpired risk reserve estimated by the Company amounting to Baht 2,996.88 million and net of reinsurance amounting to Baht 2,682.43 million is lower than the unearned premium reserve.

17 Amount due to reinsurers

	(Unaudited) 30 September 2023 Thousand Baht
Amounts withheld on reinsurance	334,468
Reinsurance payables	828,896
Total amount due to reinsurers	1,163,364

18 Debt issued and borrowings

	(Unaudited) 30 September 2023 Thousand Baht
Debt instrument	
Subordinated bond (Note 25)	200,000
Total debt issued and borrowings	200,000

The Company has the subordinated bond amounting to Baht 200 million with the fixed interest rate 6.1 per annum for the 10 years which parent company totally hold the subordinated bond.

19 Share premium

On 1 March 2023, the Company amalgamated with Aetna Health Insurance (Thailand) Public Company Limited by the reallocation of share method. The Company's shares were exchanged with the shareholders of Aetna Health Insurance (Thailand) Public Company Limited.

After the business combination under common control, the Company has a registered capital and paid-up capital of Baht 2,568,800,000, divided into 256,880,000 ordinary shares with a par value of 10 baht each. The Company also recorded share premium amounting to Baht 713.89 million which resulted from the reallocation of share between the Company and Aetna Health Insurance (Thailand) Public Company Limited by allocated the Company's value after the amalgamation referral to the value of the Company and Aetna Health Insurance (Thailand) Public Company Limited prior to the amalgamation.

20 Change from business combination under common control

Change from business combination results from the different between consideration paid and the net asset received from former companies which required by the accounting guidelines issued by the Federation of Accounting Professions for business combination under common controls to separately presented in equity.

21 Financial information by segment

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

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

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

For the three-month period ended 30 September 2023 and the period from 1 March 2023 to 30 September 2023, there is no underwriting income with a single external customer contributed 10% or more to the Company's total revenue.

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The financial information of the Company for the three-month period ended 30 September 2023 were presented by business segment as follows:

	(Unaudited)				Total Thousand Baht
	For the three-month period ended 30 September 2023				
	Fire Thousand Baht	Marine Thousand Baht	Motor Thousand Baht	Miscellaneous Thousand Baht	
Underwriting income					
Gross premiums written	181,041	88,326	784,146	1,190,205	2,243,718
<u>Less</u> Premium ceded	(47,604)	(47,299)	(8,186)	(463,431)	(566,520)
Net premiums written	133,437	41,027	775,960	726,774	1,677,198
<u>Add</u> Unearned premium reserve decrease from previous period	11,679	12,008	26,295	298,701	348,683
Net premium ceded	145,116	53,035	802,255	1,025,475	2,025,881
Fee and commission income	4,644	9,613	-	86,301	100,558
Total underwriting income	149,760	62,648	802,255	1,111,776	2,126,439
Underwriting expense					
Gross claim paid	20,880	41,416	397,056	915,799	1,375,151
<u>(Less)/Add</u> Claim recovered from reinsurers	(583)	(6,685)	813	(101,156)	(107,611)
Commissions and brokerages expenses	37,082	10,540	137,762	101,251	286,635
Other underwriting expenses	31,876	10,727	103,510	113,784	259,897
Total underwriting expense	89,255	55,998	639,141	1,029,678	1,814,072
Profit on underwriting before operating expenses	60,505	6,650	163,114	82,098	312,367
Operating expenses					(244,042)
Profit on underwriting					68,325

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The financial information of the Company for the period from 1 March 2023 to 30 September 2023 were presented by business segment as follows:

	(Unaudited)				
	For the period from 1 March 2023 to 30 September 2023				
	Fire Thousand Baht	Marine Thousand Baht	Motor Thousand Baht	Miscellaneous Thousand Baht	Total Thousand Baht
Underwriting income					
Gross premiums written	421,966	231,247	1,827,194	2,930,183	5,410,590
<u>Less</u> Premium ceded	(107,056)	(114,269)	(18,718)	(991,302)	(1,231,345)
Net premiums written	314,910	116,978	1,808,476	1,938,881	4,179,245
<u>Add</u> Unearned premium reserve decrease from previous period	33,023	11,523	53,192	448,708	546,446
Net premium ceded	347,933	128,501	1,861,668	2,387,589	4,725,691
Fee and commission income	10,053	24,793	-	214,440	249,286
Total underwriting income	357,986	153,294	1,861,668	2,602,029	4,974,977
Underwriting expense					
Gross claim paid	48,353	100,935	995,821	2,115,532	3,260,641
<u>(Less)Add</u> Claim recovered from reinsurers	417	(31,995)	12,728	(361,034)	(379,884)
Commissions and brokerages expenses	87,227	28,112	321,525	266,747	703,611
Other underwriting expenses	74,679	27,135	259,322	277,475	638,611
Total underwriting expense	210,676	124,187	1,589,396	2,298,720	4,222,979
Profit on underwriting before operating expenses	147,310	29,107	272,272	303,309	751,998
Operating expenses					(619,277)
Profit on underwriting					132,721

22 Operating expenses

The operating expenses for the three-month period ended 30 September 2023 and the period from 1 March 2023 to 30 September 2023 were as follows:

	(Unaudited) For the three-month period ended 30 September 2023 Thousand Baht	(Unaudited) For the period from 1 March 2023 to 30 September 2023 Thousand Baht
Employee expenses not relating to underwriting or claim administrative expense	120,370	292,644
Premise and equipment expense not relating to underwriting expense	67,579	155,328
Stamp and tax duty	1,877	5,376
Bad debt and doubtful debt	1,617	3,534
Director's remuneration	98	1,217
Management fee	22,091	50,929
Advertising and sales promotion expenses	4,611	11,166
Professional fee	1,662	22,819
Other operating expenses	24,137	76,264
Total operating expenses	244,042	619,277

23 Expected credit loss

The expected credit loss for the three-month period ended 30 September 2023 and the period from 1 March 2023 to 30 September 2023 were as follows:

	(Unaudited) For the three-month period ended 30 September 2023 Thousand Baht	(Unaudited) For the period from 1 March 2023 to 30 September 2023 Thousand Baht
Cash and cash equivalent (Reversal)	(13)	(360)
Investment in securities (Reversal)		
Investments measured at fair value through other comprehensive income	(22)	258
Investments measured at amortised cost	7	2
Total expected credit loss (Reversal)	(28)	(100)

24 Basic earnings per share

Basic earnings per share for the three-month period ended 30 September 2023 and the period from 1 March 2023 to 30 September 2023 calculated from net income for the period of the Company's shareholders and the number of issued share capital. The calculations were as follows:

	(Unaudited) For the three-month period ended 30 September 2023 Thousand Baht	(Unaudited) For the period from 1 March 2023 to 30 September 2023 Thousand Baht
Net profit (Thousand Baht)	67,000	167,011
Number of weighted averages share capital (Thousand shares)	256,880	256,880
Basic earnings per shares (Baht per share)	0.26	0.65

25 Related parties

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

Significant balances with related parties as at 30 September 2023 were as follows:

	<u>(Unaudited)</u> <u>30 September</u> <u>2023</u> <u>Thousand Baht</u>
Assets	
Related company of ultimate parent	
Amounts due from reinsurers	233,739
Investments in securities, net	45,361
Other assets	23,258
Immediate parent company	
Other assets	300
Related company of immediate parent	
Deposits at financial institutions	281,324
Premium receivable	26,942
Right-of-use assets, net	149,352
Other assets	6,777
Liabilities	
Related company of ultimate parent	
Amounts withheld on reinsurance	270,433
Due to reinsurers	619,718
Other liabilities	78,393
Immediate parent company	
Long term loan	200,000
Other liabilities	3,158
Related company of immediate parent	
Commission and brokerage payable	14,804
Accrued underwriting expenses	71,717
Insurance contract liabilities	5
Lease liabilities	175,090
Other liabilities	15,931

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Significant transactions for the three-month period ended 30 September 2023 and the period from 1 March 2023 to 30 September 2023 with related parties were as follows:

	(Unaudited) For the three-month period ended 30 September 2023 Thousand Baht	(Unaudited) For the period from 1 March 2023 to 30 September 2023 Thousand Baht
Revenues		
Related company of ultimate parent		
Claim recovered from reinsurers	79,834	286,013
Fee and commission income	88,907	222,684
Other income	370	1,153
Immediate parent company		
Other income	348	812
Related company of immediate parent		
Premium written	77,859	110,974
Other income (Reversal)	113	(188)
Expenses		
Related company of ultimate parent		
Premiums ceded to reinsurers	503,930	980,828
Commission and brokerage expenses	13,229	34,691
Operating expenses	61,399	153,901
Immediate parent company		
Other expenses	3,075	7,153
Related company of immediate parent		
Commission and brokerage expenses	49,028	115,888
Other underwriting expenses	40,439	102,353
Operating expenses	423	8,551

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

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

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

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

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

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

Directors and key management personnel's remuneration

During the three-month period ended 30 September 2023 and the period from 1 March 2023 to 30 September 2023, the Company paid salaries, bonuses, directors allowances and other benefits of its directors and key management personnel as follows:

	(Unaudited) For the three-month period ended 30 September 2023 Thousand Baht	(Unaudited) For the period from 1 March 2023 to 30 September 2023 Thousand Baht
Directors and key management personnel's remuneration		
Short-term benefits	32,296	85,560
Post-employment benefits	1,682	4,387
Directors' remuneration	567	1,262
Total	34,545	91,209

26 Securities and assets pledged with the Registrar

As at 30 September 2023, certain investments in securities of the Company were pledged and used for assets reserved with the Registrar in accordance with the Insurance Act and according to the announcement of the Office of Insurance Commission regarding "Rates, Rules and Procedures for pledge of unearned premium reserve of Non-Life Insurance Company B.E. 2557", respectively as follows:

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

	(Unaudited) 30 September 2023	
	Book value	Face value
	Thousand Baht	Thousand Baht
Government and state enterprise securities	927,702	930,000

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

	(Unaudited) 30 September 2023	
	Book value	Face value
	Thousand Baht	Thousand Baht
Government and state enterprise securities	15,413	15,000

27 Restricted assets

As at 30 September 2023, the Company has undrawn committed credit facilities amounting to Baht 5 million, with savings at banks pledged as collateral.

28 Contribution to non-life guarantee fund

The Company has accumulated funding amount which was paid into contribution to non-life guarantee fund as at 30 September 2023 mounting to Baht 267.32 million.

29 Litigation

As at 30 September 2023, lawsuits have been brought against the Company, as insurer, from which the Company estimates losses and records loss reserves and loss payables totalling Baht 206.94 million. 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.

30 Event after the statement of financial position date

- 30.1 During 14 September 2023 to 4 October 2023, the Company had arranged Employee Stock Purchase Plan (ESPP) and Free Share registration period to offer the Allianz SE shares to entitled Company staff. The ESPP 2023 was offered to entitled Allianz employees all across the world, in 42 countries. The offer provides additional €1 on top for every €3 that had been invested by the employees. The free share provides one share for free to Allianz employees who sign up for free share during the registration period. Both ESPP and Free Share have a three-year restriction period for not transferring or selling. The ultimate parent company approved the share allocation under this ESPP and Free share on 3 November 2023 with the total Company's contribution amounting to Baht 1.39 million and Baht 4.30 million, respectively.
- 30.2 On 14 November 2023, the Company submitted a resolution to the Board of Directors' meeting to consider the approval for interim dividend of Baht 1.56 per share, totalling to the amount of Baht 400.73 million from unappropriated retained earnings.