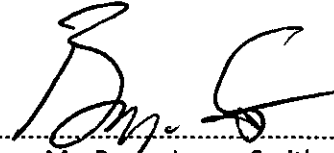
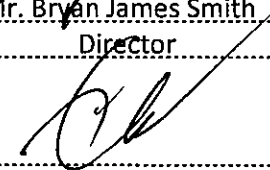


Information Disclosure
Allianz Ayudhya Assurance Public Company Limited

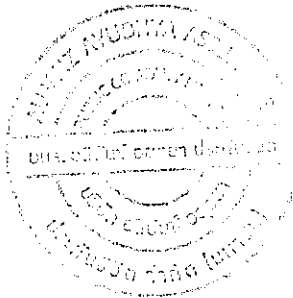
The Company has cautiously reviewed the disclosed information and has verified that the information is completed, accurate and is not misleading or lack of essence .

This is to certify the accuracy of all disclosed information reported by the Company.

Sign 
Name Mr. Bryan James Smith
Position Director

Sign 
Name Mr. PUNCHAI SATAYAPORN
Position Director

Disclosed on 13 November 2018
Quarterly 3 Year 2018



1. Adequacy of Capital

Allianz Ayudhya Assurance Public Company Limited holds a strong RBC Solvency Ratio. At the end of second quarter in 2018, the Company's capital adequacy ratio is at the 299 percent which is significant high comparing to the minimum ratio required by the OIC at the 140 percent. The Company also conducts the regular tests of its financial status under crisis at every quarter end to ensure that the Company is capable of confronting and coping with any economic change in the event of uncontrollable or undesired situation.

Disclosed on 13 November 2018

Unit: million baht

Item	Quarter 1		Quarter 2		Quarter 3	
	2018	2017	2018	2017	2018	2017
Capital Adequacy Ratio (%)	376%	388%	340%	351%	299%	340%
Total Capital Availability	26,475.29	26,134.21	25,383.28	23,803.26	25,888.95	24,121.92
Total Capital Requirement	7,040.89	6,743.35	7,462.86	6,779.00	8,669.39	7,093.89

Remark

- Notification of the Office of Insurance Commission (OIC): Specification of Type and Category of the Capital including Rules, Procedures and Conditions of the Capital Calculation in Life Insurance Companies. For legal requirement, the Capital adequacy ratio shall not be lower than 140 percent.
- Capital is based on appraisal value aligned with the announcement of OIC regarding the Life Insurance Company's asset and liability assessment
- The second quarter is the six-months operating results while the third quarter is the nine-months operating results
- In 2018 the Company has replaced its external auditor and made some reclassifications. The disclosed financial information therefore may not be comparable to the previous years.

2. Financial Statement

ALLIANZ AYUDHYA ASSURANCE PUBLIC COMPANY LIMITED

INTERIM FINANCIAL INFORMATION (UNAUDITED)

30 SEPTEMBER 2018



AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of Allianz Ayudhya Assurance Public Company Limited

I have reviewed the interim financial information of Allianz Ayudhya Assurance Public Company Limited, which comprises the statement of financial position as at 30 September 2018, and the related statements of comprehensive income for the three-month and nine-month periods then ended, and the related statements changes in equity, and cash flows for the nine-month period then ended, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

PricewaterhouseCoopers ABAS Ltd.

Anothai Leekitwattana
Certified Public Accountant (Thailand) No. 3442
Bangkok
8 November 2018

Allianz Ayudhya Assurance Public Company Limited

Statement of Financial Position

As at 30 September 2018

		(Unaudited) 30 September 2018	(Audited and reclassified) 31 December 2017
	Notes	Thousand Baht	Thousand Baht
Assets			
Cash and cash equivalents	6, 25	4,138,456	5,181,609
Premiums due and uncollected	3, 7	1,912,098	1,636,966
Accrued investment income		3,205,341	2,758,776
Reinsurance receivables	8, 25	327,205	313,049
Investment receivables		792,887	9,748
Derivative assets	9	312,599	217,921
Investment assets			
Investments in securities, net	10, 25, 26	164,039,812	158,718,869
Loans, net	11	8,188,786	7,871,797
Investment assets held to cover linked liabilities		189,720	96,140
Premises and equipment, net	12	561,897	603,429
Intangible assets, net	13	588,236	283,027
Other assets	14, 25	365,758	218,847
Total assets		184,622,795	177,910,178

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

Allianz Ayudhya Assurance Public Company Limited

Statement of Financial Position (Cont'd)

As at 30 September 2018

		(Unaudited) 30 September 2018	(Audited and reclassified) 31 December 2017
	Notes	Thousand Baht	Thousand Baht
Liabilities and equity			
Liabilities			
Insurance contract liabilities	3, 15	162,814,241	152,195,072
Investment contract liabilities	16	3,357,061	3,864,111
Reinsurance payables	17, 25	429,583	525,926
Investment payables		823,721	541,065
Derivative liabilities	9	182,367	33,494
Income tax payable		102,267	184,890
Accrued expenses	3, 18, 25	1,865,314	1,836,009
Employee benefit obligations	3	484,705	434,482
Provisions		126,552	195,971
Deferred tax liabilities	19	484,774	1,241,549
Other liabilities	20	370,000	463,580
Total liabilities		<u>171,040,585</u>	<u>161,516,149</u>
Equity			
Share capital			
Authorised share capital			
400,000,000 ordinary shares of 10 Baht each		<u>4,000,000</u>	<u>4,000,000</u>
Issued and paid-up share capital			
295,000,000 ordinary shares of 10 Baht each		2,950,000	2,950,000
Retained earnings			
Appropriated			
Legal reserve		400,000	400,000
Unappropriated		6,415,692	6,253,505
Other components of equity		<u>3,816,518</u>	<u>6,790,524</u>
Total equity		<u>13,582,210</u>	<u>16,394,029</u>
Total liabilities and equity		<u>184,622,795</u>	<u>177,910,178</u>

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

Allianz Ayudhya Assurance Public Company Limited
Statement of Comprehensive Income (Unaudited)
For the three-month period ended 30 September 2018

		(Reclassified)	
		2018	2017
	Notes	Thousand Baht	Thousand Baht
Revenues			
Gross premiums written	25	7,669,047	7,575,438
<u>Less</u> premiums ceded	25	<u>(203,942)</u>	<u>(155,282)</u>
Net premiums written		7,465,105	7,420,156
<u>Add (Less)</u> unearned premium reserve decreased (increased) from previous period		<u>(2,408)</u>	<u>35,250</u>
Net premiums earned		7,462,697	7,455,406
Fees and commission income	25	40,778	34,953
Net investment income	3, 25	1,689,992	1,610,039
Gains (losses) on investment		129,601	(10,107)
Gains (losses) on fair value		5,453	(9,456)
Other income	3	<u>15,244</u>	<u>14,491</u>
Total revenues		<u>9,343,765</u>	<u>9,095,326</u>
Expenses			
Long-term technical reserve increased from previous period		3,040,834	2,732,693
Benefits payments and insurance claims expenses	25	4,077,607	4,179,216
<u>Less</u> benefits payments and insurance claims expenses recovered from reinsurers	25	<u>(87,551)</u>	<u>(75,582)</u>
Net benefits payment and insurance claims expenses		3,990,056	4,103,634
Commissions and brokerages		877,257	873,104
Other underwriting expenses	3	420,078	346,396
Operating expenses	3, 21, 25	460,706	668,649
Other expenses	3	<u>23</u>	<u>-</u>
Total expenses		<u>8,788,954</u>	<u>8,724,476</u>
Profit before income tax		554,811	370,850
Income tax	22	<u>96,001</u>	<u>68,001</u>
Net profit		<u>458,810</u>	<u>302,849</u>

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

Allianz Ayudhya Assurance Public Company Limited
Statement of Comprehensive Income (Unaudited) (Cont'd)
For the three-month period ended 30 September 2018

	2018	2017
	<u>Note</u>	<u>Thousand Baht</u>
	<u>Thousand Baht</u>	<u>Thousand Baht</u>
Other comprehensive income		
Items that will not be subsequently reclassified to profit or loss		
Losses on remeasurements of post-employment benefit obligations		-
Income tax on items that will not be reclassified to profit or loss		-
	(8,032)	
	1,606	
Total items that will not be subsequently reclassified to profit or loss	<u>(6,426)</u>	<u>-</u>
Items that will be subsequently reclassified to profit or loss		
Change in fair value of available-for-sale investments	237,159	2,500,088
Change in fair value of cash flow hedges	115,140	(3,232)
Income tax on items that will be reclassified subsequently to profit or loss	(83,107)	(506,129)
Total items that will be subsequently reclassified to profit or loss	<u>269,192</u>	<u>1,990,727</u>
Other comprehensive income for the period, net of income tax	<u>262,766</u>	<u>1,990,727</u>
Total comprehensive income for the period	<u>721,576</u>	<u>2,293,576</u>
Basic earnings per share (Baht)	24	<u>1.56</u>
		<u>1.03</u>

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

Allianz Ayudhya Assurance Public Company Limited
Statement of Comprehensive Income (Unaudited)
For the nine-month period ended 30 September 2018

		(Reclassified)	
		2018	2017
	Notes	Thousand Baht	Thousand Baht
Revenues			
Gross premiums written	25	23,535,538	22,930,834
<u>Less</u> premiums ceded	25	<u>(593,102)</u>	<u>(540,823)</u>
Net premiums written		22,942,436	22,390,011
<u>Less</u> unearned premium reserve (increased) from previous period		<u>(463,597)</u>	<u>(276,025)</u>
Net premiums earned		22,478,839	22,113,986
Fees and commission income	25	118,767	114,935
Net investment income	3, 25	5,027,510	4,730,751
Gains on investment		550,298	208,503
Losses on fair value		(7,369)	(12,994)
Other income	3	<u>36,937</u>	<u>41,768</u>
Total revenues		<u>28,204,982</u>	<u>27,196,949</u>
Expenses			
Long-term technical reserve increased from previous period		9,100,182	9,290,769
Benefits payments and insurance claims expenses	25	11,914,623	10,804,402
<u>Less</u> benefits payments and insurance claims expenses recovered from reinsurers	25	<u>(290,265)</u>	<u>(214,299)</u>
Net benefits payment and insurance claims expenses		11,624,358	10,590,103
Commissions and brokerages		2,584,943	2,565,126
Other underwriting expenses	3	1,213,642	1,033,381
Operating expenses	3, 21, 25	1,709,797	2,011,473
Other expenses	3	<u>28</u>	<u>520</u>
Total expenses		<u>26,232,950</u>	<u>25,491,372</u>
Profit before income tax		1,972,032	1,705,577
Income tax	22	<u>368,399</u>	<u>324,892</u>
Net profit		<u>1,603,633</u>	<u>1,380,685</u>

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

Allianz Ayudhya Assurance Public Company Limited
Statement of Comprehensive Income (Unaudited) (Cont'd)
For the nine-month period ended 30 September 2018

	2018	2017
Note	Thousand Baht	Thousand Baht
Other comprehensive income		
Items that will not be subsequently reclassified to profit or loss		
Losses on remeasurements of post-employment benefit obligations	(17,058)	-
Income tax on items that will not be reclassified to profit or loss	3,412	-
Total items that will not be subsequently reclassified to profit or loss	(13,646)	-
Items that will be subsequently reclassified to profit or loss		
Change in fair value of available-for-sale investments	(3,766,822)	3,502,034
Change in fair value of cash flow hedges	13,482	(4,932)
Income tax on items that will be reclassified subsequently to profit or loss	779,334	(719,283)
Total items that will be subsequently reclassified to profit or loss	(2,974,006)	2,777,819
Other comprehensive income (loss) for the period, net of income tax	(2,987,652)	2,777,819
Total comprehensive income (loss) for the period	(1,384,019)	4,158,504
Basic earnings per share (Baht)	24	5.44
	4.68	4.68

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

Allianz Ayudhya Assurance Public Company Limited
Statement of Changes in Equity (Unaudited)
For the nine-month period ended 30 September 2018

	Retained earnings		Other components of equity				Total equity Thousand Baht
	Issued and paid-up share capital Thousand Baht	Legal reserve Thousand Baht	Unappropriated Thousand Baht	Change in fair value of available-for-sale investments Thousand Baht	Change in fair value of cash flow hedges Thousand Baht	Total other components of equity Thousand Baht	
Balance as at 1 January 2017	2,950,000	400,000	6,538,808	3,889,352	15,272	3,904,624	13,793,432
Transaction with shareholders, recorded directly in equity							
Distributions to shareholders of the Company							
Dividends to shareholders of the Company (note 23)	-	-	(1,923,400)	-	-	-	(1,923,400)
Total transaction with shareholders, recorded directly in equity	-	-	(1,923,400)	-	-	-	(1,923,400)
Comprehensive income (loss) for the period							
Net profit	-	-	1,380,685	-	-	-	1,380,685
Other comprehensive income (loss)							
Change in fair value of cash flow hedges	-	-	-	-	(23,809)	(23,809)	(23,809)
Change in fair value of available-for-sale investments	-	-	-	2,801,628	-	2,801,628	2,801,628
Total comprehensive income (loss) for the period	-	-	1,380,685	2,801,628	(23,809)	2,777,819	4,158,504
Balance as at 30 September 2017	2,950,000	400,000	5,996,093	6,690,980	(8,537)	6,682,443	16,028,536

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

Allianz Ayudhya Assurance Public Company Limited
Statement of Changes in Equity (Unaudited) (Cont'd)
For the nine-month period ended 30 September 2018

	Retained earnings		Other components of equity				Total equity Thousand Baht
	Issued and paid-up share capital Thousand Baht	Legal reserve Thousand Baht	Unappropriated Thousand Baht	Change in fair value of available-for-sale investments Thousand Baht	Change in fair value of cash flow hedges Thousand Baht	Total other components of equity Thousand Baht	
Balance as at 1 January 2018	2,950,000	400,000	6,253,505	6,786,316	4,208	6,790,524	16,394,029
Transaction with shareholders, recorded directly in equity							
Distributions to shareholders of the Company							
Dividends to shareholders of the Company (note 23)	-	-	(1,427,800)	-	-	-	(1,427,800)
Total transaction with shareholders, recorded directly in equity	-	-	(1,427,800)	-	-	-	(1,427,800)
Comprehensive income (loss) for the period							
Net profit	-	-	1,603,633	-	-	-	1,603,633
Other comprehensive income (loss)							
Change in fair value of cash flow hedges	-	-	-	-	39,452	39,452	39,452
Change in fair value of available-for-sale investments	-	-	-	(3,013,458)	-	(3,013,458)	(3,013,458)
Losses from remeasurements of post-employment benefit obligations	-	-	(13,646)	-	-	-	(13,646)
Total comprehensive income (loss) for the period	-	-	1,589,987	(3,013,458)	39,452	(2,974,006)	(1,384,019)
Balance as at 30 September 2018	2,950,000	400,000	6,415,692	3,772,858	43,660	3,816,518	13,582,210

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

Allianz Ayudhya Assurance Public Company Limited
Statement of Cash Flows (Unaudited)
For the nine-month period ended 30 September 2018

		(Reclassified)
		2017
	2018	2017
	Notes	Thousand Baht
		Thousand Baht
Cash flows from operating activities		
Premiums written	3	23,126,665
Cash paid relating to reinsurance		(373,062)
Interest received		3,999,511
Dividends received		604,443
Other income		37,587
Benefits payments and insurance claims expenses		(11,372,219)
Commissions and brokerages		(2,680,178)
Other underwriting expenses	3	(1,119,125)
Operating expenses	3	(1,574,718)
Income tax paid		(425,050)
Cash received from selling and redeeming investments in securities	3	13,449,967
Cash paid for purchasing investments in securities	3	(22,470,334)
Cash received from loans	3	4,530
Cash paid from loans	3	(364,041)
Net cash flow provided from (used in) operating activities		843,976
Cash flows from investing activities		
Cash flows used		
Cash paid for purchasing premises and equipment		(15,433)
Cash paid for purchasing intangible assets		(443,896)
Net cash flow used in investing activities		(459,329)
Cash flows from financing activities		
Cash flows used		
Dividends paid to shareholders of the Company	23	(1,427,800)
Net cash flow used in financing activities		(1,427,800)
Net decrease in cash and cash equivalents		(1,043,153)
Cash and cash equivalents as at 1 January		5,181,609
Cash and cash equivalents as at 30 September	6	4,138,456
Supplemental cash flows information		
Non-cash items		
Receivables from sold investments		792,887
Payables from bought investments		823,721

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

1 General information

Allianz Ayudhya Assurance Public Company Limited, ("the Company"), was first incorporated in Thailand under the name of Sri Ayudhya Life Assurance Company Limited on 11 April 1951 and the Company was granted its license to operate as a life insurance company on 20 April 1951.

Its registered office is located at Ploenchit Tower, 1st floor Zone B, 2nd floor Zone B (Mezzanine), 5th floor Zone B, 6th floor, 14th floor and 17th floor, 898 Ploenchit Road, Lumpini, Pathumwan, Bangkok.

The immediate and ultimate parent companies during the financial period were CPRN (Thailand) Limited and Allianz SE, respectively. The immediate parent company was incorporated in Thailand and the ultimate parent company was incorporated in Germany.

The principal business of the Company is the provision of life insurance business.

This interim financial information was approved by the Board of Directors on 8 November 2018.

This interim financial information has been reviewed, not audited.

2 Basis of preparation and accounting policies

2.1 Basis of preparation

The interim financial information has been prepared in accordance with Thai Accounting Standard 34 Interim Financial Reporting. The primary financial information (statement of financial position, statements of comprehensive income, changes in equity and cash flows) is presented in a format consistent with the annual financial statements complying with Thai Accounting Standard 1 Presentation of Financial Statements. In addition, the interim financial information presentation are based on the formats of life insurance interim financial information attached in an Office of Insurance Commission's notification "Principle, methodology, condition and timing for preparation, submission and reporting of financial statements and operation performance for life insurance company B.E. 2559" dated on 4 March 2016 ('OIC Notification'). The notes to the interim financial information are prepared in a condensed format. Additional notes are presented as required by the aforementioned OIC Notification.

The interim financial information should be read together with the annual financial statements for the year ended 31 December 2017.

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.

2.2 Accounting policies

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2017. The Company has also applied the new accounting policy as discussed in note 2.2.1.

Expenses that are incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such expenses at the end of the financial year.

2 Basis of preparation and accounting policies (Cont'd)

2.2 Accounting policies (Cont'd)

Income tax in the interim periods are accrued by using the expected income taxes in the interim period.

The interim financial information is prepared and presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded to the nearest thousand unless otherwise stated.

2.2.1 New Accounting policy:

The Company has adopted new accounting policy for the right to utilise benefits in accordance with agreement. The right is presented as intangible assets and recognised at cost incurred to acquire the right. The right is amortised over its estimated useful life within the utilization period according to the agreement.

2.2.2 Revised financial reporting standards are effective on or after 1 January 2018 which have significant changes and are relevant to the Company:

TAS 7 (revised 2017)	Statement of cash flows
TAS 12 (revised 2017)	Income taxes

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable.

The Company's management has adopted the revised standards and considered that the above revised standards do not have a material impact on the Company.

2 Basis of preparation and accounting policies (Cont'd)

2.2 Accounting policies (Cont'd)

2.2.3 New financial reporting standard is effective for annual periods beginning on or after 1 January 2019 which is relevant to the Company. The Company has not early adopted this standard.

TFRS 15 Revenue from contracts with customers

TFRS 15 will replace the following standards and interpretations:

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services

The new standard is based on the principle that

- revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards
- an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

A new five-step process must be applied before revenue can be recognised:

- 1) identify contracts with customers
- 2) identify the performance obligations in the contract
- 3) determine the transaction price of the contract
- 4) allocate the transaction price to each of the separate performance obligations, and
- 5) recognise the revenue as each performance obligation is satisfied.

Entities will have a choice to apply this standard retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to the expedients or retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application with additional disclosures. The company will first apply this standard for annual reporting periods beginning on or after 1 January 2019. The Company's management is currently assessing the impact of initial adoption of this standard.

The management is currently assessing the impact from initial application of this standard in detail.

2 Basis of preparation and accounting policies (Cont'd)

2.2 Accounting policies (Cont'd)

2.2.4 The group of financial reporting standards relating to financial instruments are effective for annual periods beginning on or after 1 January 2020 which are relevant to the Company. The Company has not yet adopted those standards.

The Group of financial instruments reporting standards consist of the following standards:

TAS 32	Financial instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The above new standards will supersede the following standards:

TAS 101	Bad and Doubtful Debts
TAS 103	Disclosures in the Financial Statements of Bank and Similar Financial Institutions
TAS 104	Accounting for Troubled Debt Restructuring
TAS 105	Accounting for Investment in Debts and Equity securities
TAS 106	Accounting for Investment Companies
TAS 107	Financial Instruments: Disclosure and Presentation

TAS 32 Financial Instruments: Presentation, provides the requirements for the presentation financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset.

TFRS 7 Financial Instruments: Disclosures, provides the requirements for the disclosure that are intended to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, and to understand the nature and extent of risks arising from those financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.

TFRS 9 Financial Instruments, establishes principles for the classification, measurement and derecognition of financial assets and financial liabilities, impairment requirement and hedge accounting as follow:

- Classification and measurement:
 - The classification and measurement of debt instrument financial assets has three classification categories, which are amortised cost, fair value through profit or loss and fair value through other comprehensive income. Classification of debt assets will be driven by the entity's business model for managing the financial assets and contractual cash flows characteristics of the financial assets.
 - Equity instrument financial assets shall be measured at fair value through profit or loss. An entity can make an irrevocable election to recognise the fair value change in other comprehensive income without subsequent recycling to profit or loss.
 - Financial liabilities are classified and measured at amortised cost. An entity can choose to measure a liability at fair value through profit or loss when the conditions are met.
 - Derivatives are classified and measured at fair value through profit or loss.

2 Basis of preparation and accounting policies (Cont'd)

2.2 Accounting policies (Cont'd)

2.2.4 The group of financial reporting standards relating to financial instruments are effective for annual periods beginning on or after 1 January 2020 which are relevant to the Company. The Company has not yet adopted those standards. (Cont'd)

TFRS 9 Financial Instruments, establishes principles for the classification, measurement and derecognition of financial assets and financial liabilities, impairment requirement and hedge accounting as follow: (Cont'd)

- The impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The entity always accounts for expected credit losses which involves a three stage approach. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. Except for trade receivables and contractual assets which apply in TFRS 15 and are no significant financial components and lease receivables, they are permitted to measure by simplified approach for credit impaired consideration.
- The objective of hedge accounting is to represent, in the financial statements, the effect of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (or other comprehensive income, in the case of investments in equity instruments for which an entity has elected to present changes in fair value in other comprehensive income). This approach aims to convey the context of hedging instruments for which hedge accounting is applied in order to allow insight into their purpose and effect.

TFRIC 16 Hedges of a Net Investment in a Foreign Operation, clarifies the accounting treatment in respect of net investment hedging, provides guidance on identifying the foreign currency risks that qualify as a hedged risk. Clarifying that hedging instruments that are hedges of a net investment in a foreign operation may be held anywhere in the group not only by the parent. This includes the guidance on how an entity should determine the amount to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

TFRIC 19 Extinguishing financial liabilities with equity instruments, provides the requirements for accounting treatment when the entity issues equity instruments to a creditor to extinguish all or part of a financial liability. The equity instruments issued shall be measured at fair value. The entity shall remove a financial liability (or part of a financial liability) from its statement of financial position when it is extinguished in accordance with TFRS 9. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished and the fair value of equity instruments issued shall be recognised in profit or loss.

The Company's management is currently assessing the impact of initial adoption of these standards.

3 Reclassifications

The comparative amounts have been reclassified to conform to the current period presentation of the interim financial information.

	31 December 2017		
	As previously reported Thousand Baht	Reclassification Thousand Baht	Reclassified Thousand Baht
Statement of financial position			
Premiums due and uncollected	1,751,765	(114,799)	1,636,966
Insurance contract liabilities	152,309,871	(114,799)	152,195,072
Accrued expenses	2,060,138	(224,129)	1,836,009
Employee benefit obligations	210,353	224,129	434,482

	(Unaudited) For the three-month period ended 30 September 2017		
	As previously reported Thousand Baht	Reclassification Thousand Baht	Reclassified Thousand Baht
Statement of comprehensive income			
Revenues			
Net investment income	1,617,293	(7,254)	1,610,039
Expenses			
Other underwriting expenses	247,426	98,970	346,396
Operating expenses	774,873	(106,224)	668,649

	(Unaudited) For the nine-month period ended 30 September 2017		
	As previously reported Thousand Baht	Reclassification Thousand Baht	Reclassified Thousand Baht
Statement of comprehensive income			
Revenues			
Net investment income	4,751,880	(21,129)	4,730,751
Other income	41,248	520	41,768
Expenses			
Other underwriting expenses	724,309	309,072	1,033,381
Operating expenses	2,341,674	(330,201)	2,011,473
Other expenses	-	520	520

3 Reclassifications (Cont'd)

The comparative amounts have been reclassified to conform to the current period presentation of the interim financial information. (Cont'd)

	(Unaudited)		
	For the nine-month period ended 30 September 2017		
	As previously reported Thousand Baht	Reclassification Thousand Baht	Reclassified Thousand Baht
Statement of cash flow			
Premiums written	22,754,282	(143,357)	22,610,925
Other underwriting expenses	(724,309)	(310,110)	(1,034,419)
Operating expenses	(2,048,376)	309,073	(1,739,303)
Investments in securities	(16,838,471)	16,838,471	-
Cash received from selling and redeeming investments in securities	-	1,474,924	1,474,924
Cash paid for purchasing investments in securities	-	(18,313,395)	(18,313,395)
Loans	(445,841)	445,841	-
Cash received from loans	-	4,282	4,282
Cash paid from loans	-	(306,766)	(306,766)
Deposits	(1,037)	1,037	-

4 Estimates

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

In preparing these interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2017.

5 Fair value

5.1 Fair value estimation

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

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

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

5 Fair value (Cont'd)

5.1 Fair value estimation (Cont'd)

The following table presents the Company's financial assets and liabilities that are measured and recognised at fair value on the interim financial information as at 30 September 2018.

	(Unaudited)			Total Thousand Baht
	30 September 2018			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	
Financial assets				
Derivative assets	-	312,599	-	312,599
Investment in securities				
Available-for-sale investments				
Debt securities	-	97,445,913	-	97,445,913
Equity securities	12,646,475	-	-	12,646,475
Foreign equity securities	6,989,106	-	-	6,989,106
Investment assets held to cover linked liabilities	-	189,720	-	189,720
Total	19,635,581	97,948,232	-	117,583,813
Financial liabilities				
Derivative liabilities	-	182,367	-	182,367
Total	-	182,367	-	182,367

The following table presents the fair values of the Company's financial assets that are not measured at fair value on the interim financial information as at 30 September 2018.

	(Unaudited)			Total Thousand Baht
	30 September 2018			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	
Financial assets				
Investment in securities				
Held-to-maturity investments				
Debt securities	-	45,186,488	-	45,186,488
Deposit at financial institutions with maturities over 3 months from acquisition date	4,900,000	-	-	4,900,000
Total	4,900,000	45,186,488	-	50,086,488

5 Fair value (Cont'd)

5.2 Valuation techniques used to derive Level 2 fair values

The Company determines Level 2 fair values for debt securities using the prices on the last business day of the period provided by the Thai Bond Market Association which using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market prices of other quoted debt instruments of the counterparties.

The Company determines Level 2 fair values for unit trusts using the net asset value (NAV) on the last business day of the period provided by assets management companies.

The Company determines Level 2 for simple over-the-counter hedging derivatives which comprise cross currency swap and bond forward contracts based on broker quotes. The cross currency swap have been fair valued based on exchange rates that are quoted in an active market. The bond forward contracts have been fair valued based on forward interest rates extracted from observable yield curves. The effects of discounting are generally insignificant for Level 2 derivatives.

6 Cash and cash equivalents

	(Unaudited) 30 September 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Cash on hand	64	123
Deposits at banks - call deposits	1,064,800	1,806,315
Deposits at banks - time deposits	-	650,000
Short-term investments	3,073,592	2,725,171
Total	4,138,456	5,181,609

As at 30 September 2018, cash and cash equivalents were denominated in foreign currencies amounting to Baht 61 million (31 December 2017: Baht 179 million).

7 Premiums due and uncollected

As at 30 September 2018 and 31 December 2017, the balances of premiums due and uncollected were aged as follows:

	From direct insurance	
	(Unaudited)	(Audited and reclassified)
	30 September	31 December
	2018	2017
	Thousand Baht	Thousand Baht
Within credit terms	1,841,372	1,602,104
Overdue:		
Less than 30 days	170,637	176,407
31 - 60 days	822	12,867
61 - 90 days	17,764	9,825
91 days - 1 year	24,636	3,451
Over 1 year	15,525	15,908
Total	2,070,756	1,820,562
<u>Less</u> Allowance for doubtful accounts	(158,658)	(183,596)
Net premiums due and uncollected	<u>1,912,098</u>	<u>1,636,966</u>

In case of individual policies, premiums due and uncollected represent those amounts that are within the grace period, which is 30 days. For policies with cash values having amounts overdue longer than the grace period, the premiums due and uncollected will be settled by granting automatic policy loans. For policies without cash values and overdue longer than the grace period, the policies are lapsed.

In case of group policies, the credit term is 90 days. For overdue premium due and uncollected, the Company is processing the collection in accordance with the Company's policy.

8 Reinsurance receivables

The details of reinsurance assets are as follows:

	(Unaudited)	(Audited)
	30 September	31 December
	2018	2017
	Thousand Baht	Thousand Baht
Due from reinsurance (Note 25)	327,205	313,049
Total reinsurance receivable	<u>327,205</u>	<u>313,049</u>

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9 Derivative assets and liabilities

All derivatives are for the purpose of hedging activities.

The details of derivative assets are as follow:

(Unaudited) 30 September 2018					(Unaudited) Change in fair value for the nine-month period ended 30 September 2018 Thousand Baht
Type of contract	Purpose	Number of contracts	Notional value Thousand Baht	Derivative book value Thousand Baht	
Cross currency swap	To hedge foreign currency risk of investment in foreign currency	24	3,788,990	306,253	90,727
Bond forward	To hedge reinvestment risk	6	700,000	6,346	6,346
Total		30	4,488,990	312,599	97,073

(Audited) 31 December 2017					(Audited) Change in fair value for the year ended 31 December 2017 Thousand Baht
Type of contract	Purpose	Number of contracts	Notional value Thousand Baht	Derivative book value Thousand Baht	
Cross currency swap	To hedge foreign currency risk of investment in foreign currency	22	3,230,970	215,525	200,891
Bond forward	To hedge reinvestment risk	2	400,000	2,396	2,396
Total		24	3,630,970	217,921	203,287

The details of derivative liabilities are as follow:

(Unaudited) 30 September 2018					(Unaudited) Change in fair value for the nine-month period ended 30 September 2018 Thousand Baht
Type of contract	Purpose	Number of contracts	Notional value Thousand Baht	Derivative book value Thousand Baht	
Cross currency swap	To hedge foreign currency risk of investment in foreign currency	19	2,971,420	66,495	66,495
Bond forward	To hedge reinvestment risk	26	8,140,000	115,872	104,986
Total		45	11,111,420	182,367	171,481

(Audited) 31 December 2017					(Audited) Change in fair value for the year ended 31 December 2017 Thousand Baht
Type of contract	Purpose	Number of contracts	Notional value Thousand Baht	Derivative book value Thousand Baht	
Bond forward	To hedge reinvestment risk	12	4,100,000	33,494	33,494
Total		12	4,100,000	33,494	33,494

As at 30 September 2018, the Company has hedged the risk on foreign currency offshore bonds and debentures by entering into cross currency swap contracts with local banks. The notional value of these hedges is U.S. Dollar 203 million (31 December 2017: U.S. Dollar 94 million).

The notional value is the amount used as a reference for calculation of the settlements made on the derivatives.

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10 Investments in securities, net

The details of investments in securities as at 30 September 2018 and 31 December 2017 are as follows:

	(Unaudited) 30 September 2018		(Audited) 31 December 2017	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Available-for-sale investments				
Government and state enterprise debt securities	80,638,519	82,345,589	80,246,849	84,988,153
Private debt securities	8,494,596	8,592,996	5,583,258	5,806,133
Foreign debt securities	6,828,333	6,507,328	3,303,733	3,181,329
Equity securities	9,610,082	12,646,475	6,974,873	10,268,287
Foreign equity securities	6,974,909	6,989,106	3,474,871	3,636,380
Total	112,546,439	117,081,494	99,583,584	107,880,282
Add Unrealised gain	4,564,317		8,306,938	
Less Allowance for impairment	(29,262)		(10,240)	
Total available-for-sale investments, net	117,081,494	117,081,494	107,880,282	107,880,282
Held-to-maturity Investments				
Government and state enterprise debt securities	39,165,852		42,623,431	
Private debt securities	2,850,614		3,274,018	
Deposits at financial institutions with original maturities more than 3 months	4,900,000		4,900,000	
Total held-to-maturity investments	46,916,466		50,797,449	
General Investments				
Equity securities	41,852		41,138	
Total general investments	41,852		41,138	
Total investments in securities	164,039,812		158,718,869	

During the three-month period ended 30 September 2018, the Company recognised interest income and dividend income amounting to Baht 1,523 million and Baht 197 million, respectively (2017: Baht 1,491 million and Baht 145 million, respectively).

During the nine-month period ended 30 September 2018, the Company recognised interest income and dividend income amounting to Baht 4,506 million and Baht 593 million, respectively (2017: Baht 4,341 million and Baht 461 million, respectively).

During the three-month period ended 30 September 2018, the Company received consideration from selling available-for-sale investments amounting to Baht 650 million (2017: Baht 600 million).

During the nine-month period ended 30 September 2018, the Company received consideration from selling available-for-sale investments amounting to Baht 4,329 million (2017: Baht 1,732 million).

As at 30 September 2018, the Company had investment in securities deposited with the Office of Insurance Commission in order to comply with the Life Insurance Act with a fair value amounting to Baht 35,620 million (31 December 2017: Baht 32,957 million) (Note 26).

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11 Loans, net (Cont'd)

	(Audited) 31 December 2017					
	Policy loans		Mortgage loans		Total	
	Principle Thousand Baht	Accrued interest Thousand Baht	Principle Thousand Baht	Accrued interest Thousand Baht	Principle Thousand Baht	Accrued interest Thousand Baht
Outstanding periods						
Within credit terms	7,844,286	1,266,323	24,077	44	7,868,363	1,266,367
Overdue						
Less than 3 months	-	-	3,434	22	3,434	22
Over 3 - 6 months	-	-	-	-	-	-
Over 6 - 12 months	-	-	430	40	430	40
Over 12 months	-	-	48,671	4,557	48,671	4,557
Total	7,844,286	1,266,323	76,612	4,663	7,920,898	1,270,986
Less Allowance for doubtful accounts	-	-	(49,101)	(4,597)	(49,101)	(4,597)
Loans and accrued interests, net	7,844,286	1,266,323	27,511	66	7,871,797	1,266,389

Accrued interests are presented under "Accrued income on investments" on the statement of financial position.

Policy loans represent loans granted to the policyholders in an amount not exceeding the cash value of the policy. The loans carry interest rate are not more than 8% per annum, as approved by the Office of Insurance Commission.

Mortgage loans are loans secured by real estates. The Company had stopped providing new mortgage loans since 2010.

As at 30 September 2018, the Company had mortgage loans to staffs amounting to Baht 3 million (31 December 2017: Baht 5 million) with interest rates at 5% per annum (2017: 5% per annum). The mortgage loans were provided in accordance with the Company's welfare policy.

12 Premises and equipment, net

As at 30 September 2018, the Company had cost for premises and equipment amounting to Baht 1,505 million (31 December 2017: Baht 1,531 million) and had accumulated depreciation amounting to Baht 943 million (31 December 2017: Baht 928 million).

For the nine-month period ended 30 September 2018, the Company had depreciation for premises and equipment amounting to Baht 57 million, purchases amounting to Baht 16 million and disposal net amounting to Baht 0.07 million which had cost for premises and equipment amounting to Baht 41 million and had accumulated depreciation amounting to Baht 41 million.

As at 30 September 2018, the gross carrying amount of the fully depreciated assets still in use were Baht 590 million (31 December 2017: Baht 604 million).

13 Intangible assets, net

As at 30 September 2018, the Company had cost for intangible assets which consist of computer software and right amounting to Baht 820 million (31 December 2017: Baht 470 million) and had accumulated amortisation for Intangible assets amounting to Baht 232 million (31 December 2017: Baht 187 million).

For the nine-month period ended 30 September 2018, the Company had amortization for intangible assets from computer software and right amounting to Baht 46 million and Baht 93 million, respectively, increase in intangible assets from computer software and right amounting to Baht 76 million and Baht 370 million, respectively, and disposal net amounting to Baht 2 million which had cost for intangible assets amounting to Baht 3 million and had accumulated depreciation amounting to Baht 1 million.

14 Other assets

	(Unaudited) 30 September 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Cash collateral from derivative contracts	96,400	-
Other account receivables	104,711	108,221
Prepaid expenses	52,356	63,461
Others	112,291	47,165
Total	365,758	218,847

Cash collateral from derivative contracts is cash collateral which the Company has pledged under the derivative contracts with financial institutions.

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15 Insurance contract liabilities

	(Unaudited) 30 September 2018			(Audited and reclassified) 31 December 2017		
	Insurance contract liabilities Thousand Baht	Liabilities recovered from reinsurance Thousand Baht	Net Thousand Baht	Insurance contract liabilities Thousand Baht	Liabilities recovered from reinsurance Thousand Baht	Net Thousand Baht
Long-term technical reserves	153,621,493	-	153,621,493	143,920,680	-	143,920,680
Short-term technical reserves						
Loss reserves and outstanding claims						
- Reported claims	258,868	-	258,868	277,409	-	277,409
- Claims incurred but not reported	259,179	-	259,179	256,023	-	256,023
Total Loss reserves and outstanding claims	518,047	-	518,047	533,432	-	533,432
Unearned premium reserves	3,003,624	-	3,003,624	2,540,027	-	2,540,027
Total short-term technical reserves	3,521,671	-	3,521,671	3,073,459	-	3,073,459
Unpaid policy benefits	4,832,635	-	4,832,635	4,434,678	-	4,434,678
Due to insured	838,442	-	838,442	766,255	-	766,255
Total	162,814,241	-	162,814,241	152,195,072	-	152,195,072

15.1 Long-term technical reserves

	(Unaudited) 30 September 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Beginning balances for the period/year	143,920,680	130,332,657
Reserves increased from new and inforce policies in the period/year	15,145,541	21,008,702
Reserves released for benefits payment under insurance policies, lapse and cancelled policies in the period/year	(5,444,728)	(8,316,288)
Change in assumption	-	895,609
Closing balances at the end of period/year	153,621,493	143,920,680

15 Insurance contract liabilities (Cont'd)

15.2 Short-term technical reserves

15.2.1 Loss reserves and outstanding claims

	(Unaudited) 30 September 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Beginning balances for the period/year	533,432	488,472
Claims incurred during the period/year	3,542,101	4,199,766
Claims paid during the period/year	(3,557,486)	(4,154,806)
Closing balances at the end of period/year	<u>518,047</u>	<u>533,432</u>

15.2.2 Unearned premium reserves

	(Unaudited) 30 September 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Beginning balances for the period/year	2,540,027	2,412,172
Premiums written for the period/year	6,637,985	7,647,265
Premiums earned in the period/year	(6,174,388)	(7,519,410)
Closing balances at the end of period/year	<u>3,003,624</u>	<u>2,540,027</u>

15.2.3 Unexpired risk reserve

No reserve for unexpired risks was established as at 30 September 2018 as the unexpired risk reserve estimated by the Company of Baht 2,199 million (31 December 2017: Baht 1,634 million) was lower than the unearned premium reserve.

15.3 Unpaid policy benefits

	(Unaudited) 30 September 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Death benefits	120,517	116,857
Dividend	3,825,386	3,603,428
Others	886,732	714,393
Total	<u>4,832,635</u>	<u>4,434,678</u>

15 Insurance contract liabilities (Cont'd)

15.4 Due to insured

	(Unaudited) 30 September 2018 Thousand Baht	(Audited and reclassified) 31 December 2017 Thousand Baht
Uncashed cheques	559,645	522,492
Premiums received during underwriting	267,804	240,673
Others	10,993	3,090
Total	<u>838,442</u>	<u>766,255</u>

16 Investment contract liabilities

	(Unaudited) 30 September 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Investment contract liabilities with discretionary participation features	3,167,341	3,767,971
Unit-linked contract liabilities	189,720	96,140
Total	<u>3,357,061</u>	<u>3,864,111</u>

Investment contract liabilities with discretionary participation features

	(Unaudited) 30 September 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Beginning balance for the period/year	3,767,971	4,249,416
Reserves increased from inforce policies in the period/year	186,395	325,856
Reserves released for benefits payment, lapse, and cancelled policies in the period/year	(787,025)	(807,301)
Closing balance at the end of period/year	<u>3,167,341</u>	<u>3,767,971</u>

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17 Reinsurance payables

	(Unaudited) 30 September 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Due to reinsurers	429,583	525,926
Total reinsurance payables	<u>429,583</u>	<u>525,926</u>

18 Accrued expenses

	(Unaudited) 30 September 2018 Thousand Baht	(Audited and reclassified) 31 December 2017 Thousand Baht
Accrued commission expenses	314,750	333,545
Accrued production cost	534,664	605,405
Accrued administration expenses	324,400	300,645
Accrued agency overhead	507,447	438,559
Others	184,053	157,855
Total	<u>1,865,314</u>	<u>1,836,009</u>

19 Deferred tax

As at 30 September 2018 and 31 December 2017, deferred tax assets and liabilities were as follows:

	(Unaudited) 30 September 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Deferred tax assets	1,145,911	996,473
Deferred tax liabilities	(1,630,685)	(2,238,022)
Deferred tax liabilities, net	<u>(484,774)</u>	<u>(1,241,549)</u>

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19 Deferred tax (Cont'd)

Movements in deferred tax assets and liabilities during the nine-month period ended 30 September 2018 and 2017 were as follows:

	(Unaudited) 30 September 2018			
	As at 1 January 2018 Thousand Baht	Increase (decrease) in profit (loss) Thousand Baht	Increase (decrease) in other comprehensive income Thousand Baht	As at 30 September 2018 Thousand Baht
Deferred tax assets				
Allowance for doubtful accounts	83,883	(928)	-	82,955
Provisions	310,070	(11,900)	-	298,170
Insurance reserves	387,988	(16,127)	-	371,861
Employee benefit obligations	42,070	5,064	3,412	50,546
Unrealised loss on derivative instruments	6,699	-	44,906	51,605
Unrealised loss on available-for-sale investments	165,763	-	125,011	290,774
Total	996,473	(23,891)	173,329	1,145,911
Deferred tax liabilities				
Unrealised gain on derivative instruments	(43,584)	-	(18,936)	(62,520)
Unrealised gain on available-for-sale investments	(1,862,342)	-	628,353	(1,233,989)
Premium due and uncollected	(332,096)	6,961	-	(325,135)
Others	-	(9,041)	-	(9,041)
Total	(2,238,022)	(2,080)	609,417	(1,630,685)
Net	(1,241,549)	(25,971)	782,746	(484,774)
	(Unaudited) 30 September 2017			
	As at 1 January 2017 Thousand Baht	Increase (decrease) in profit (loss) Thousand Baht	Increase (decrease) in other comprehensive income Thousand Baht	As at 30 September 2017 Thousand Baht
Deferred tax assets				
Allowance for doubtful accounts	83,638	(3,610)	-	80,028
Provisions	252,379	47,185	-	299,564
Insurance reserves	363,006	(38,199)	-	324,807
Employee benefit obligations	38,922	3,443	-	42,365
Unrealised loss on derivative instruments	-	-	552	552
Unrealised loss on available-for-sale investments	277,441	-	(153,367)	124,074
Total	1,015,386	8,819	(152,815)	871,390
Deferred tax liabilities				
Unrealised gain on derivative instruments	(1,168)	-	(19,429)	(20,597)
Unrealised gain on available-for-sale investments	(1,249,780)	-	(547,039)	(1,796,819)
Premium due and uncollected	(316,374)	(3,881)	-	(320,255)
Others	-	-	-	-
Total	(1,567,322)	(3,881)	(566,468)	(2,137,671)
Net	(551,936)	4,938	(719,283)	(1,266,281)

20 Other liabilities

	(Unaudited) 30 September 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Cash collateral from derivative contract	-	136,300
Other creditors	135,524	179,272
Others	234,476	148,008
Total	<u>370,000</u>	<u>463,580</u>

Cash collateral from derivative contracts is cash collateral which financial institutions have pledged under the derivative contracts with the Company.

21 Operating expenses

	For the three-month period ended	
	(Unaudited) 30 September 2018 Thousand Baht	(Unaudited and reclassified) 30 September 2017 Thousand Baht
Employee expenses not relating to underwriting expenses, and loss adjusting expenses	283,284	268,946
Property and equipment expenses not relating to underwriting expenses, and loss adjusting expenses	47,738	80,941
Tax expenses	35,685	34,894
Bad debt and doubtful debt expenses	(18,819)	(11,863)
Other operating expenses	112,818	295,731
Total	<u>460,706</u>	<u>668,649</u>

	For the nine-month period ended	
	(Unaudited) 30 September 2018 Thousand Baht	(Unaudited and reclassified) 30 September 2017 Thousand Baht
Employee expenses not relating to underwriting expenses, and loss adjusting expenses	795,957	787,249
Property and equipment expenses not relating to underwriting expenses, and loss adjusting expenses	195,753	214,214
Tax expenses	127,286	116,217
Bad debt and doubtful debt expenses	141,250	133,280
Other operating expenses	449,551	760,513
Total	<u>1,709,797</u>	<u>2,011,473</u>

22 Income tax

Income tax recognised in profit or loss

	(Unaudited) For the three-month period ended	
	30 September 2018	30 September 2017
	Thousand Baht	Thousand Baht
Current tax		
Current period	178,035	98,205
Deferred tax		
Movements in temporary differences	(82,034)	(30,204)
Total	<u>96,001</u>	<u>68,001</u>

	(Unaudited) For the nine-month period ended	
	30 September 2018	30 September 2017
	Thousand Baht	Thousand Baht
Current tax		
Current period	338,717	331,030
Prior year tax adjustment	3,711	(1,200)
Deferred tax		
Movements in temporary differences	25,971	(4,938)
Total	<u>368,399</u>	<u>324,892</u>

23 Dividend

At the annual general meeting of the shareholders of the Company held on 9 April 2018, the shareholders approved the appropriation of dividend payment of Baht 5.57 per share, on 295 million shares, amounting to Baht 1,643.2 million (2017: At the annual general meeting of the shareholders of the Company held on 20 April 2017, the shareholders approved the appropriation of dividend payment of Baht 6.52 per share, on 295 million shares, amounting to Baht 1,923.4 million). On 23 May 2018, the Office of Insurance Commission endorsed for distribution of profit for the year 2017 for dividend payments within an amount of Baht 1,430 million (2017: On 29 June 2017, the Office of Insurance Commission endorsed for distribution of profit for the year 2016 for dividend payments within an amount of Baht 1,923.4 million) Therefore, the Company appropriated the dividend of Baht 4.84 per share on 295 million shares, amounting to Baht 1,427.8 million and the dividend payment was made on 20 June 2018.

24 Basic earnings per share

The calculations of basic earnings per share for the three-month and nine-month periods ended 30 September 2018 and 2017 were based on the profit for the period attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the periods as follows:

For the three-month period ended 30 September	(Unaudited) 2018	(Unaudited) 2017
Profit for the period attributable to ordinary shareholders of the Company (Thousand Baht)	458,810	302,849
Number of ordinary shares outstanding (Thousand shares)	295,000	295,000
Basic earnings per share (Baht per share)	<u>1.56</u>	<u>1.03</u>
For the nine-month period ended 30 September	(Unaudited) 2018	(Unaudited) 2017
Profit for the period attributable to ordinary shareholders of the Company (Thousand Baht)	1,603,633	1,380,685
Number of ordinary shares outstanding (Thousand shares)	295,000	295,000
Basic earnings per share (Baht per share)	<u>5.44</u>	<u>4.68</u>

25 Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with key management and related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Key management personnel	Thai/foreigners	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company
Allianz SE	Germany	Ultimate parent, 24.99% shareholding
Allianz SE, Singapore Branch	Singapore	Related company of ultimate parent
Allianz Technology SE	Germany	Related company of ultimate parent
Allianz Investment Management Singapore Pte. Ltd.	Singapore	Related company of ultimate parent
Allianz Global Investors Singapore Limited	Singapore	Related company of ultimate parent
Allianz Technology (Thailand) Company Limited	Thailand	Related company of ultimate parent
CPRN (Thailand) Limited	Thailand	Immediate parent, 37.66% shareholding
Sri Ayudhya Capital Public Company Limited	Thailand	Major shareholder, 20.17% shareholding and common director
Bangkok Broadcasting & Television Company Limited	Thailand	Shareholders, 2.79% shareholding and common director

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25 Related parties (Cont'd)

Relationships with key management and related parties were as follows: (Cont'd)

Name of entities	Country of incorporation/ nationality	Nature of relationships
Bank of Ayudhya Public Company Limited	Thailand	Related company of major shareholders
Krungsri Asset Management Company Limited	Thailand	Related company of major shareholders and common director
Krungsri Securities Public Company Limited	Thailand	Related company of major shareholders
Ayudhya Development Leasing Company Limited	Thailand	Related company of major shareholders
Ayudhya Capital Auto Lease Public Company Limited	Thailand	Related company of major shareholders
BBTV Equity Company Limited	Thailand	Related company of major shareholders
Siam City Cement Public Company Limited	Thailand	Related company of major shareholders and common director
Eastern Star Real Estate Public Company Limited	Thailand	Related company of major shareholders and common director
Allianz General Insurance Public Company Limited	Thailand	Related company of ultimate parent and common director
Sri Ayudhya General Insurance Public Company Limited	Thailand	Related company of major shareholders and common director

Significant transactions for the three-month and nine-month periods ended 30 September 2018 and 2017 with key management and related parties were as follows:

	(Unaudited)		(Unaudited)	
	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Gross premiums written				
Major shareholder	(1)	(1)	32	36
Other related parties	1,962	1,571	240,096	210,963
Premiums ceded to reinsurers				
Ultimate parent	27,697	21,286	114,184	93,330
Other related parties	117,670	96,706	321,195	300,640
Fees and commission income				
Ultimate parent	5,489	2,042	22,786	16,442
Other related parties	24,118	22,085	68,448	62,374
Net investment income				
Other related parties	-	-	908	459
Insurance claim expenses				
Other related parties	61,279	55,328	196,363	177,947

25 Related parties (Cont'd)

Significant transactions for the three-month and nine-month periods ended 30 September 2018 and 2017 with key management and related parties were as follows: (Cont'd)

	(Unaudited) For the three-month period ended 30 September		(Unaudited) For the nine-month period ended 30 September	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Insurance claims expenses recovered from reinsurers				
Ultimate parent	22,838	24,492	67,809	45,265
Other related parties	51,603	36,748	171,118	96,715
Operating expenses				
Ultimate parent	6,136	6,612	18,506	19,405
Other related parties	82,754	145,282	335,719	380,905
Key management personnel compensation				
Short-term benefits	32,210	28,466	117,606	103,343
Post-employment benefits	1,513	1,488	4,608	4,200
Total	33,723	29,954	122,214	107,543

Significant agreements with related parties

- (a) The Company entered into an agreement with a related company whereby the related company will provide the support services to the Company. The Company was charged a service fee of Baht 111 million. The term of the agreement is for 1 year from 1 January 2018 to 31 December 2018. The payments are made on quarterly basis. Either party may terminate this agreement at any time by giving 6 months prior written notice to another party.
- (b) The Company entered into an agreement with ultimate parent whereby ultimate parent will provide the support services to the Company. The Company was charged a service fee of EUR 0.96 million (2017: EUR 0.63 million). The term of the agreement is for 1 year from 1 January 2018 to 31 December 2018. Either party may terminate this agreement at any time by giving 6 months prior written notice to another party.
- (c) The Company has entered into lease and service agreements for offices and equipment with a related company from July 2018 to July 2021, from March 2016 to March 2019 and from November 2017 to November 2020 with monthly rental and service fees of Baht 0.20 million (excluding VAT), Baht 3.27 million (excluding VAT) and Baht 0.15 million (excluding VAT), respectively.

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25 Related parties (Cont'd)

Significant agreements with related parties (Cont'd)

(d) As at 30 September 2018 and 31 December 2017, the Company had commitments from entering into long-term agreements for rental and services with related parties as follows:

	(Unaudited) 30 September 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Operating lease commitments		
Within one year	20,548	42,084
After one year but within five years	6,351	9,833
Total	26,899	51,917

Investments in related parties

Investments in related parties as at 30 September 2018 and 31 December 2017 and dividends received for the three-month and nine-month periods ended 30 September 2018 and 2017 were as follows:

	Book value		(Unaudited) Dividend Income For the three-month period ended		(Unaudited) Dividend Income For the nine-month period ended	
	(Unaudited) 30 September 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht	30 September 2018 Thousand Baht	30 September 2017 Thousand Baht	30 September 2018 Thousand Baht	30 September 2017 Thousand Baht
Investments - equity securities	95,297	77,970	869	870	51,214	37,989
Total	95,297	77,970	869	870	51,214	37,989

Significant balances with related parties as at 30 September 2018 and 31 December 2017 were as follows:

	(Unaudited) 30 September 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Cash and cash equivalents		
Other related party	162,300	500,514
Reinsurance receivables		
Ultimate parent	17,400	14,912
Other related parties	214,071	207,359
Other assets		
Other related parties	49,604	52,681
Reinsurance payables		
Ultimate parent	38,857	37,972
Other related parties	232,365	283,023
Accrued expenses		
Ultimate parent	6,136	5,895
Other related parties	150,959	71,952

26 Securities and assets pledged with the Registrar

26.1 The Company pledged investments in debt securities with the Registrar in accordance with Section 20 of the Life Assurance Act B.E. 2535 and amendment Act (No.2) B.E. 2551 were as follows:

	(Unaudited) 30 September 2018		(Audited) 31 December 2017	
	Book value Thousand Baht	Face value Thousand Baht	Book value Thousand Baht	Face value Thousand Baht
Held-to-maturity investments				
Government bonds	20,204	20,000	20,258	20,000

26.2 The Company placed investments in debt securities for life policy reserve with the Registrar in accordance with Section 24 of the Life Assurance Act B.E. 2535 and amendment Act (No. 2) B.E. 2551 were as follows:

	(Unaudited) 30 September 2018		(Audited) 31 December 2017	
	Book value Thousand Baht	Face value Thousand Baht	Book value Thousand Baht	Face value Thousand Baht
Available-for-sale investments				
Government bonds	19,222,563	16,640,000	14,311,114	12,140,000
Held-to-maturity investments				
Government bonds	7,510,926	7,147,000	10,911,952	10,457,000
State enterprise bonds	8,886,413	8,500,000	7,734,299	7,300,000
Total	35,619,902	32,287,000	32,957,365	29,897,000

27 Asset-backed

As of 30 September 2018 and 31 December 2017, the Company pledged investments in restricted securities with the Registrar as asset-backed in accordance with Section 27/4 of the Life Assurance Act B.E. 2535 and amendment Act (No.2) B.E. 2551 were as follows:

	(Unaudited) 30 September 2018		(Audited) 31 December 2017	
	Book value Thousand Baht	Appraisal value Thousand Baht	Book value Thousand Baht	Appraisal value Thousand Baht
Deposits with financial institutions	5,396,776	5,396,776	6,451,524	6,451,524
Equity securities	19,677,432	20,065,554	13,945,805	14,301,654
Debt securities	142,515,768	145,154,134	142,577,978	146,358,122
Total	167,589,976	170,616,464	162,975,307	167,111,300

28 Commitments with non-related parties

28.1 Commitments form operating lease and service agreements

	(Unaudited) 30 September 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Within one year	17,600	15,450
After one year but within five years	25,905	9,922
Total	43,505	25,372

The Company has entered into several lease agreements in respect of office space and service agreements. The maximum period of the agreements remains up to 2022.

28.2 Investment commitments

As at 30 September 2018, the Company had commitments to invest in several series of bills of exchange issued by banks amounting to Baht 1,854 million (31 December 2017: Baht 2,360 million). These investments have a duration up to 2023 (31 December 2017: up to 2023) and are payable based on the contract terms. The timing of the commitments are as follows:

	(Unaudited) 30 September 2018 Thousand Baht	(Audited) 31 December 2017 Thousand Baht
Within one year	855,752	893,070
After one year but within five years	985,004	1,453,756
After five years	13,000	13,000
Total	1,853,756	2,359,826