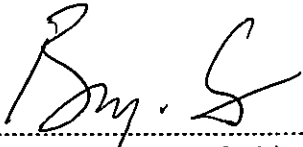


Information Disclosure
Allianz Ayudhya Assurance Public Company Limited

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. Kitti Pintavirooj
Position Director



Disclosed on 19 June 2020
Quarterly 1 Year 2020

1. Adequacy of Capital

Allianz Ayudhya Assurance Public Company Limited holds a strong RBC Solvency Ratio. At the end of first quarter in 2020, the Company's capital adequacy ratio is at the 304 percent which is significant high comparing to the minimum ratio required by the OIC at the 120 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 19 June 2020

Unit: million baht

| Item | Quarter 1 | | Quarter 2 | | Quarter 3 | |
|----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Capital Adequacy Ratio (%) | 304% | 282% | | 290% | | 336% |
| Total Capital Availability | 27,179.40 | 26,492.35 | | 28,642.64 | | 33,465.75 |
| Total Capital Requirement | 8,939.93 | 9,394.63 | | 9,885.79 | | 9,951.60 |

- 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:
 - 1) Since 31 December 2019 to 31 December 2021 is lower than 120%
 - 2) Since 1 January 2022 hereafter is lower than 140%
 - 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

2. Financial Statement

ALLIANZ AYUDHYA ASSURANCE PUBLIC COMPANY LIMITED

INTERIM FINANCIAL INFORMATION (UNAUDITED)

31 MARCH 2020



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 (the Company), which comprises the statement of financial position as at 31 March 2020, the related statements of comprehensive income, changes in equity, and cash flows for the three-month period then ended, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

Emphasis of matter

I draw attention to note 3 and note 4 of the interim financial information, which describes the accounting policies in relation to adopting the temporary exemptions announced by the Federation of Accounting Professions to relieve the impact from COVID-19 for the reporting periods ending between 1 January 2020 and 31 December 2020. My conclusion is not modified in respect to this matter.

PricewaterhouseCoopers ABAS Ltd.

Anothai Leekitwattana
Certified Public Accountant (Thailand) No. 3442
Bangkok
5 June 2020

Allianz Ayudhya Assurance Public Company Limited
Statement of Financial Position
As at 31 March 2020

| | | (Unaudited) | (Audited) |
|--|--------------|----------------------|----------------------|
| | | 31 March | 31 December |
| | | 2020 | 2019 |
| | <u>Notes</u> | <u>Thousand Baht</u> | <u>Thousand Baht</u> |
| Assets | | | |
| Cash and cash equivalents, net | 7, 27 | 10,326,726 | 9,505,841 |
| Premiums due and uncollected | 8 | 1,944,457 | 1,452,654 |
| Accrued investment income | | 3,522,214 | 3,109,782 |
| Reinsurance receivables | 9, 27 | 359,358 | 372,205 |
| Investment receivables | | 3,527 | 126,081 |
| Derivative assets | 10 | 789,363 | 1,942,969 |
| Investment assets | | | |
| Investments in securities, net | 11, 27, 28 | 187,983,806 | 191,257,234 |
| Loans, net | 12 | 8,379,083 | 8,399,102 |
| Investment assets held to cover linked liabilities | 13 | 404,562 | 464,825 |
| Premises and equipment, net | 14 | 536,605 | 518,235 |
| Right-of-use assets | 15 | 303,204 | - |
| Intangible assets, net | 16 | 482,531 | 527,271 |
| Other assets | 17, 27 | 529,624 | 280,114 |
| Total assets | | <u>215,565,060</u> | <u>217,956,313</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 Financial Position (Cont'd)
As at 31 March 2020

| | | (Unaudited) 31 March 2020 | (Audited) 31 December 2019 |
|---|--------------|---------------------------------|----------------------------------|
| | <u>Notes</u> | <u>Thousand Baht</u> | <u>Thousand Baht</u> |
| Liabilities and equity | | | |
| Liabilities | | | |
| Insurance contract liabilities | 18 | 178,981,238 | 177,406,115 |
| Investment contract liabilities | 19 | 3,703,261 | 3,741,806 |
| Reinsurance payables | 20, 27 | 433,415 | 366,752 |
| Investment payables | | 1,469,386 | 712,216 |
| Derivative liabilities | 10 | 1,156,215 | - |
| Income tax payable | | 158,380 | 139,199 |
| Accrued expenses | 21, 27 | 1,891,484 | 2,106,260 |
| Employee benefit obligations | | 458,759 | 576,085 |
| Provisions | | 79,896 | 80,770 |
| Deferred tax liabilities, net | 22 | 2,567,947 | 3,535,002 |
| Other liabilities | 23, 27 | 977,729 | 2,009,203 |
| Total liabilities | | <u>191,877,710</u> | <u>190,673,408</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 | | 8,288,529 | 7,658,831 |
| Other components of equity | | <u>12,048,821</u> | <u>16,274,074</u> |
| Total equity | | <u>23,687,350</u> | <u>27,282,905</u> |
| Total liabilities and equity | | <u>215,565,060</u> | <u>217,956,313</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 31 March 2020

| | | (Reclassified) | |
|--|-----------|----------------|---------------|
| | | 2020 | 2019 |
| | Notes | Thousand Baht | Thousand Baht |
| Revenues | | | |
| Gross premiums written | 27 | 7,971,949 | 8,044,158 |
| <u>Less</u> premiums ceded | 27 | (303,504) | (258,517) |
| Net premiums written | | 7,668,445 | 7,785,641 |
| <u>Less</u> unearned premium reserve decreased (increased) from previous period | | (736,366) | (711,236) |
| Net premiums earned | | 6,932,079 | 7,074,405 |
| Fees and commission income | 27 | 62,693 | 69,972 |
| Net investment income | | 1,825,255 | 1,721,971 |
| Gains (losses) on investment | | (443,594) | 237,513 |
| Gains on fair value | | 65,490 | 64,178 |
| Other income | | 16,320 | 16,244 |
| Total revenues | | 8,458,243 | 9,184,283 |
| Expenses | | | |
| Long-term technical reserves increased from previous period | | 805,053 | 2,801,614 |
| Benefits payments and insurance claims expenses | 27 | 4,808,819 | 3,792,122 |
| <u>Less</u> benefits payments and insurance claims expenses recovered from reinsurers | 27 | (130,158) | (97,451) |
| Net benefits payment and insurance claims expenses | | 4,678,661 | 3,694,671 |
| Commissions and brokerages | 3 | 960,362 | 873,852 |
| Other underwriting expenses | 3 | 446,163 | 448,929 |
| Operating expenses | 3, 24, 27 | 704,607 | 675,191 |
| Expected Credit Loss | 31 | 13,672 | - |
| Other expenses | | 3,515 | - |
| Total expenses | | 7,612,033 | 8,494,257 |
| Profit before income tax | | 846,210 | 690,026 |
| Income tax | 25 | 155,445 | 134,060 |
| Net profit | | 690,765 | 555,966 |

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 31 March 2020

| | Notes | 2020 Thousand Baht | 2019 Thousand Baht |
|--|-------|-----------------------|-----------------------|
| Other comprehensive income (loss) | | | |
| Items that will not be subsequently reclassified to profit or loss | | | |
| Losses on remeasurements of post-employment benefit obligations | | (13,997) | (8,210) |
| Income tax on items that will not be reclassified to profit or loss | 22 | 2,799 | 1,641 |
| Total items that will not be subsequently reclassified to profit or loss | | <u>(11,198)</u> | <u>(6,569)</u> |
| Items that will be subsequently reclassified to profit or loss | | | |
| Gain (Loss) from investments measured at fair value through other comprehensive income | | (5,697,153) | 2,539,883 |
| Change in fair value of cash flow hedges | | (830,502) | 47,952 |
| Cost of hedging | | (263,239) | - |
| Items in other comprehensive income transferred to profit or loss | | 151,744 | (240,918) |
| Income tax on items that will be subsequently reclassified to profit or loss | 22 | 1,327,830 | (469,383) |
| Total items that will be subsequently reclassified to profit or loss | | <u>(5,311,320)</u> | <u>1,877,534</u> |
| Other comprehensive income (expense) for the period, net of income tax | | <u>(5,322,518)</u> | <u>1,870,965</u> |
| Total comprehensive income (expense) for the period | | <u>(4,631,753)</u> | <u>2,426,931</u> |
| Basic earnings per share (Baht) | 26 | <u>2.34</u> | <u>1.88</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 Changes in Equity (Unaudited)
For the three-month period ended 31 March 2020

| | 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 2019 | 2,950,000 | 400,000 | 7,335,792 | 3,653,892 | 182,053 | 3,835,945 | 14,521,737 |
| Transaction with shareholders, recorded directly in equity | | | | | | | |
| Distributions to shareholders of the Company | | | | | | | |
| Dividends to shareholders of the Company | - | - | - | - | - | - | - |
| Total transaction with shareholders, recorded directly in equity | - | - | - | - | - | - | - |
| Comprehensive income (loss) for the period | | | | | | | |
| Net profit | - | - | 555,966 | - | - | - | 555,966 |
| Other comprehensive income (loss) | | | | | | | |
| Change in fair value of cash flow hedges | - | - | - | - | 38,362 | 38,362 | 38,362 |
| Change in fair value of available-for-sale investments | - | - | - | 2,031,906 | - | 2,031,906 | 2,031,906 |
| Items in other comprehensive income transferred to profit or loss | - | - | - | (192,734) | - | (192,734) | (192,734) |
| Losses from remeasurements of post-employment benefit obligations | - | - | (6,569) | - | - | - | (6,569) |
| Total comprehensive income (loss) for the period | - | - | 549,397 | 1,839,172 | 38,362 | 1,877,534 | 2,426,931 |
| Balance as at 31 March 2019 | 2,950,000 | 400,000 | 7,885,189 | 5,493,064 | 220,415 | 5,713,479 | 16,948,668 |

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 three-month period ended 31 March 2020

| | Retained earnings | | Other components of equity | | | | Total equity |
|---|----------------------------------|---------------|--|--|-----------------|----------------------------------|---------------|
| | Issued and paid-up share capital | Legal reserve | Gain (Loss) from investments measured at fair value through other comprehensive income | Change in fair value of cash flow hedges | Cost of hedging | Total other components of equity | |
| | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht |
| Balance as at 1 January 2020 - previously reported | 2,950,000 | 400,000 | 15,488,271 | 785,803 | - | 16,274,074 | 27,282,905 |
| Impact of changes in accounting policies (Note 4) | - | - | 1,086,067 | (67,137) | 67,137 | 1,086,067 | 1,036,198 |
| Balance at 1 January 2020 - restated | 2,950,000 | 400,000 | 16,574,338 | 718,666 | 67,137 | 17,360,141 | 28,319,103 |
| Transaction with shareholders, recorded directly in equity | - | - | - | - | - | - | - |
| Distributions to shareholders of the Company | - | - | - | - | - | - | - |
| Dividends to shareholders of the Company | - | - | - | - | - | - | - |
| Total transaction with shareholders, recorded directly in equity | - | - | - | - | - | - | - |
| Comprehensive income (loss) for the period | - | - | 690,765 | - | - | - | 690,765 |
| Net profit | - | - | 690,765 | - | - | - | 690,765 |
| Other comprehensive income (loss) | - | - | - | (664,402) | - | (664,402) | (664,402) |
| Change in fair value of cash flow hedges | - | - | - | (664,402) | - | (664,402) | (664,402) |
| Change in rematuring defer cost of hedge | - | - | - | - | (210,591) | (210,591) | (210,591) |
| Change in fair value of available-for-sale investments | - | - | (4,557,722) | - | - | (4,557,722) | (4,557,722) |
| Items in other comprehensive income transferred to profit or loss | - | - | 121,395 | - | - | 121,395 | 121,395 |
| Losses from remeasurements of post-employment benefit obligations | - | - | (11,198) | - | - | - | (11,198) |
| Total comprehensive income (loss) for the period | - | - | (4,436,327) | (664,402) | (210,591) | (5,311,320) | (4,631,753) |
| Balance as at 31 March 2020 | 2,950,000 | 400,000 | 12,138,011 | 54,264 | (143,454) | 12,048,821 | 23,687,350 |

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 three-month period ended 31 March 2020

| | | (Reclassified) | |
|---|----------|-------------------|------------------|
| | | 2020 | 2019 |
| | Notes | Thousand Baht | Thousand Baht |
| Cash flows from operating activities | | | |
| Premiums written | | 7,485,466 | 8,229,076 |
| Cash paid relating to reinsurance | | (31,143) | (81,276) |
| Interest received | | 1,647,394 | 1,452,047 |
| Dividends received | | 181,880 | 145,194 |
| Other income | | 16,815 | 16,608 |
| Benefits payments and insurance claims expenses | | (4,761,476) | (3,068,744) |
| Commissions and brokerages | 3 | (1,164,076) | (993,555) |
| Other underwriting expenses | 3 | (415,330) | (366,531) |
| Operating expenses | 3 | (771,088) | (974,962) |
| Income tax paid | | (29,004) | (21,167) |
| Cash received from selling and redeeming investments in securities | | 18,298,750 | 15,716,722 |
| Cash paid for purchasing investments in securities | | (19,582,985) | (19,835,763) |
| Cash received from loans | | 10,121 | 1,610 |
| Cash paid for loans | | - | (35,476) |
| Deposits | | 368 | 508 |
| Net cash flow provided from operating activities | | 885,692 | 184,291 |
| Cash flows from investing activities | | | |
| Cash flows provided | | | |
| Cash received from selling premises and equipment | | 254 | - |
| Cash flows used | | | |
| Cash paid for purchasing premises and equipment | | (35,042) | (842) |
| Cash paid for purchasing intangible assets | | (10,450) | (30,454) |
| Net cash flow (used in) investing activities | | (45,238) | (31,296) |
| Cash flows from financing activities | | | |
| Cash flows used | | | |
| Dividends paid to shareholders of the Company | | - | - |
| Net cash flow used in financing activities | | - | - |
| Net increase in cash and cash equivalents | | 840,454 | 152,995 |
| Cash and cash equivalents as at 1 January | | 9,505,841 | 5,916,023 |
| Cash and cash equivalents as at 31 March | | 10,346,295 | 6,069,018 |
| <u>Less</u> Allowance for expected credit loss | | (19,569) | - |
| Cash and cash equivalents as at 31 March | 7 | 10,326,726 | 6,069,018 |
| Supplemental cash flows information | | | |
| Non-cash items | | | |
| Receivables from sold investments | | 3,527 | 209,435 |
| Payables from bought investments | | 1,469,386 | 5,008 |

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 parent companies are CPRN (Thailand) Limited, Allianz Ayudhya Capital Public Company Limited. The immediate parent company was incorporated in Thailand and the ultimate parent company is Allianz SE which 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 5 June 2020.

This interim financial information has been reviewed, not audited.

2 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, statement of comprehensive income, statement of 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 is 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 (No.2) B.E. 2562" dated 4 April 2019 ("OIC Notification"). The notes to the interim financial information are prepared in a condensed format. Additional notes are presented as required by the aforementioned OIC Notification.

The interim financial information should be read together with the annual financial statements for the year ended 31 December 2019.

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.

Costs 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 costs at the end of the financial year.

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

3. 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 2019, except as described in note 4 and the following items.

- 1) the adoption of the new financial reporting standards together with the application of the relevant relief measures as described in note 4 and
- 2) the following application of the temporary exemption guidance to relieve the impact from COVID-19 (temporary measures to relieve the impact from COVID-19) announced by the Federation of Accounting Professions (TFAC) for the reporting periods ending between 1 January 2020 and 31 December 2020.

Fair value measurement of unlisted equity investments

The Company has chosen not to take into account were information related to COVID-19 in its financial projections for the purpose of fair valuing unlisted equity investments as at 31 March 2020. As a result, the equity investments measured at fair value as at 31 March 2020 were measured at their fair value as of 1 January 2020.

3.1 Revised financial reporting standards which were effective on or after 1 January 2020 are relevant to the Company

| | |
|----------|--|
| TAS 12 | Income tax |
| TAS 19 | Employee benefits |
| TFRIC 23 | Uncertainty over income tax treatments |

Amendment to TAS 12, Income tax - clarified that the income tax consequences of dividends of financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

Amendment to TAS 19, Employee benefits (plan amendment, curtailment or settlement) - clarified accounting for defined benefit plan amendments, curtailments and settlements that the updated assumptions on the date of change are applied to determine current service cost and net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement.

TFRIC 23, Uncertainty over income tax treatments - explained how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- that the Company should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored.
- that the Company should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment.
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

3. Accounting policies (Cont'd)

3.2 Reclassification

The comparative amounts have been reclassified to conform to the current period presentation of the statement of comprehensive income for the current period as follows:

| | 31 March 2019 | | |
|-----------------------------|---|--------------------------------------|----------------------------------|
| | As previously reported Thousand Baht | Reclassification Thousand Baht | Reclassified Thousand Baht |
| Expenses | | | |
| Commissions and brokerages | 862,525 | 11,327 | 873,852 |
| Other underwriting expenses | 392,426 | 56,503 | 448,929 |
| Operating expenses | 743,021 | (67,830) | 675,191 |
| Cash flows | | | |
| Commissions and brokerages | (982,228) | (11,327) | (993,555) |
| Other underwriting expenses | (310,028) | (56,503) | (366,531) |
| Operating expenses | (1,042,792) | 67,830 | (974,962) |

4. Adoption of new financial reporting standards and changes in accounting policies

Adoption of new financial reporting standards which are effective in or after 1 January 2020

On 1 January 2020, the Company passed criteria of temporarily exemption from TFRS 9 Financial instruments and TFRS 7 Financial instruments: Disclosures under TFRS 4 (revised 2018) Insurance contracts and is eligible to apply the 'financial instruments and disclosure for insurance companies' accounting guidance' ('The Accounting Guidance') as the Company has not previously applied TFRS 9 Financial instrument and the Company's activities are predominantly connected with insurance business. Insurance liabilities under TFRS 4 (revised 2018) Insurance contracts as at 1 January 2018 were greater than 90% of total company's liabilities resulting in the Company be able to apply such Accounting Guidance.

In addition, the Company has adopted the financial reporting standards relating to financial instruments and accounting guidance (TAS 32 and the Accounting Guidance) and lease standard (TFRS 16) in the preparation of the interim financial information.

The Company has adopted the new standards retrospectively from 1 January 2020, but has not restated comparative for the 2019 reporting period, as permitted in the standards. The reclassifications and adjustments arising from the new requirements are therefore made against in the opening balances of the statement of financial position on 1 January 2020.

4. Adoption of new financial reporting standards and changes in accounting policies (Cont'd)

The following table shows the adjustments made to the amounts recognised in each line item in the statement of financial position upon the adoption of the financial reporting standards relating to financial instruments (TAS 32 and the Accounting Guidance) and lease standard (TFRS 16):

| | Financial Information | | | |
|-------------------------------------|--|---|--|--|
| | As at 31 December 2019 Previously reported Thousand Baht | TAS 32 and The Accounting Guidance Adjustments and reclassification Thousand Baht | TFRS 16 Adjustments and reclassification Thousand Baht | As at 1 January 2020 Restated Thousand Baht |
| Assets | | | | |
| Cash and cash equivalents | 9,505,841 | (4,970) | - | 9,500,871 |
| Investments in securities, net | 191,257,234 | 1,301,316 | - | 192,558,550 |
| Loans, net | 8,399,102 | (646) | - | 8,398,456 |
| Right-of-use assets | - | - | 319,529 | 319,529 |
| Other Assets | 280,114 | (452) | (750) | 278,912 |
| Total assets | 209,442,291 | 1,295,248 | 318,779 | 211,056,318 |
| Liabilities and equity | | | | |
| Liabilities | | | | |
| Deferred tax Liabilities | 3,535,002 | 259,050 | - | 3,794,052 |
| Other liabilities | 2,009,203 | - | 318,779 | 2,327,982 |
| Total liabilities | 5,544,205 | 259,050 | 318,779 | 6,122,034 |
| Equity | | | | |
| Retained earnings | 7,658,831 | (49,869) | - | 7,608,962 |
| Other components of equity | 16,274,074 | 1,086,067 | - | 17,360,141 |
| Total Equity | 23,932,905 | 1,036,198 | - | 24,969,103 |
| Total liabilities and Equity | 29,477,110 | 1,295,248 | 318,779 | 31,091,137 |

4. Adoption of new financial reporting standards and changes in accounting policies (Cont'd)

The adoption of the new financial reporting standards on financial instruments mainly affects the Company's accounting treatment as follows:

Classification and measurement

Currently, the Company has equity instruments measured at cost of Baht 42.88 million. These instruments will be reclassified and remeasured to fair value through other comprehensive income and recognised cumulative adjustment of Baht 1,325 million as of 1 January 2020 to other component of equity.

The Company has chosen to apply the temporary measures to relieve the impact from COVID-19 announced by TFAC for the reporting periods ending between 1 January 2020 and 31 December 2020 when measuring unquoted equity investments. The unquoted equity investments at the end of the reporting period was presented at the same amount as their fair values on 1 January 2020. As a result, the equity investments measured at FVOCI as at 31 March 2020 of Baht 1,368 million were measured at their fair value as of 1 January 2020.

Impairment

The new requirements on the impairment losses will lead to expected credit losses having to be considered and recognised at the initial recognition and subsequent period. The Company accounts for expected credit losses which involves a three-stage expected credit loss impairment model. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. As of 1 January 2020, the Company recognised impairment losses for deposits with bank and financial institution of Baht 4.97 million, loans of Baht 0.65 million, investment in securities of Baht 56.27 million and other receivable of Baht 0.45 million. The transition adjustment will be recognised as an adjustment to the opening balance of retained earnings, net of tax, of Baht 49.86 million.

On adoption of TFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of TAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2020. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2020 was 2.22 %.

| | <u>Thousand Baht</u> |
|--|--------------------------|
| Operating lease commitments disclosed as at 31 December 2019 | 174,890 |
| (Less): impact from discounted using the lessee's incremental borrowing rate of at the date of initial application | (18,203) |
| (Less): contracts reassessed as service agreements / service portion included in leases | (40,280) |
| Add: adjustments as a result of a different treatment of extension and termination options | <u>202,372</u> |
| Lease liability recognised as at 1 January 2020 | <u>318,779</u> |

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. The right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepayment relating to that lease recognised in the statement of financial position as at 31 December 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

4. Adoption of new financial reporting standards and changes in accounting policies (Cont'd)

The recognised right-of-use assets relate to the following types of assets:

| | 31 March 2020 Thousand Baht | 1 January 2020 Thousand Baht |
|----------------------------------|--------------------------------------|---------------------------------------|
| Buildings and improvements | 301,675 | 317,817 |
| Others | 1,529 | 1,712 |
| Total right-of-use assets | 303,204 | 319,529 |

Practical expedients applied

In applying TFRS 16 for the first time for lease contracts existed before 1 January 2020, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2020 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease, and
- elect not to reassess whether a contract is, or contains a lease as defined under TFRS 16 at the date of initial application but relied on its assessment made applying TAS 17 and TFRIC 4 Determining whether an Arrangement contains a Lease.

Changes in accounting policies from adoption of the financial reporting standards related to financial instruments and leases

Investment in securities

Classification and measurements

From 1 January 2020, the Company classifies its financial assets as follows:

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

The Company initially recognises a financial asset on trade date at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

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

4. Adoption of new financial reporting standards and changes in accounting policies (Cont'd)

However, for the classification of investment in Thailand's i) Real Estate Investment Trust (REIT) and Infrastructure Trust, ii) Infrastructure Fund, and iii) Property Fund, the Company applies the TFAC's clarification announced on 14 May 2020. The announcement requires the Company to classify the aforementioned investments as investments in equity instruments. Those investments are measured at fair value through other comprehensive income.

The Company has chosen to apply the temporary measures to relieve the impact from COVID-19 announced by TFAC for the reporting periods ending between 1 January 2020 and 31 December 2020 when measuring unquoted equity investments. The unquoted equity investments at the end of the reporting period was presented at the same amount as their fair values on 1 January 2020.

Impairment

From 1 January 2020, the Company assessed expected credit losses on a forward looking basis for its debt securities carried at FVOCI and at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company always accounts for expected credit losses which involved a three-stage expected credit losses impairment model. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. In which, the three-stage expected credit losses impairment will be as the following stages:

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

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

For impairment of equity instruments which classified as investments measured at fair value through other comprehensive income will be recognised in profit and loss immediately when there is evidence supports the impairment of the instruments. The Company will recognise allowance of losses in other comprehensive income and the carrying amount of financial assets which classified as equity instruments in the statement of financial position will not be decreased.

Hedge Accounting

A derivative is designated as the hedging instrument in a hedging of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured to their fair value at the end of each reporting period.

The Company designates gains (losses) on cash flow hedges and gains (losses) on deferred cost of hedging. The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedge reserve is recognised in other components of equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within fair value gain/loss. The change in foreign currency basis spread or forward point that relates to the hedged item is recognised within other comprehensive income in the costs of hedging within other component of equity.

4. Adoption of new financial reporting standards and changes in accounting policies (Cont'd)

Derivative assets and liabilities (Cont'd)

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss when a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

Right-of-use assets and lease liabilities

The Company leases building and equipment. Rental contracts are typically made for fixed periods of 2 to 3 years but may have extension options. Before 2020 financial year, leases of building and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2020, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

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

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

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

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

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise the underlying asset that the value does not exceed Baht 175,000 (EUR 5,000)

5 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 and liabilities, incomes and expenses. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2019.

6 Fair value

6.1 Fair value estimation

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

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

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

Allianz Ayudhya Assurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2020

6 Fair value (Cont'd)

6.1 Fair value estimation (Cont'd)

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

| | (Unaudited) | | | Total Thousand Baht |
|--|-----------------------------|-----------------------------|-----------------------------|---------------------------|
| | 31 March 2020 | | | |
| | Level 1 Thousand Baht | Level 2 Thousand Baht | Level 3 Thousand Baht | |
| Financial assets | | | | |
| Derivative assets | - | 789,363 | - | 789,363 |
| Investment in securities | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equity securities | 174 | - | - | 174 |
| Financial assets at fair value through other comprehensive income | | | | |
| Debt securities | 4,288,893 | 136,433,944 | - | 140,722,837 |
| Equity securities | 9,665,516 | - | - | 9,665,516 |
| Equity securities - Unlisted | - | - | 1,368,294 | 1,368,294 |
| Investment assets held to cover linked liabilities | - | 404,562 | - | 404,562 |
| Total | 13,954,583 | 137,627,869 | 1,368,294 | 152,950,746 |
| Financial liabilities | | | | |
| Derivative liabilities | - | 1,156,215 | - | 1,156,215 |
| Total | - | 1,156,215 | - | 1,156,215 |

The following table presents the fair values of the Company's financial assets that were not measured at fair value on the interim financial information as at 31 March 2020.

| | (Unaudited) | | | Total Thousand Baht |
|---|-----------------------------|-----------------------------|-----------------------------|---------------------------|
| | 31 March 2020 | | | |
| | Level 1 Thousand Baht | Level 2 Thousand Baht | Level 3 Thousand Baht | |
| Financial assets | | | | |
| Investment in securities | | | | |
| Held-to-maturity investments | | | | |
| Debt securities | - | 36,004,402 | - | 36,004,402 |
| Deposit at financial institutions with maturities over 3 months from acquisition date | 4,000,000 | - | - | 4,000,000 |
| Total | 4,000,000 | 36,004,402 | - | 40,004,402 |

6 Fair value (Cont'd)

6.1 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 financial statements as at 31 December 2019.

| | (Audited) | | | Total Thousand Baht |
|---|-----------------------------|-----------------------------|-----------------------------|---------------------------|
| | 31 December 2019 | | | |
| | Level 1 Thousand Baht | Level 2 Thousand Baht | Level 3 Thousand Baht | |
| Financial assets | | | | |
| Derivative assets | - | 1,942,969 | - | 1,942,969 |
| Investment in securities | | | | |
| Held for trading | | | | |
| Equity securities | 846 | - | - | 846 |
| Available-for-sale investments | | | | |
| Debt securities | - | 133,002,178 | - | 133,002,178 |
| Equity securities | 21,399,529 | - | - | 21,399,529 |
| Investment assets held to cover linked liabilities | 464,825 | - | - | 464,825 |
| Total | 21,865,200 | 134,945,147 | - | 156,810,347 |
| Financial liabilities | | | | |
| Derivative liabilities | - | - | - | - |
| Total | - | - | - | - |

The following table presents the fair values of the Company's financial assets that are not measured at fair value on the financial statement as at 31 December 2019.

| | (Audited) | | | Total Thousand Baht |
|---|-----------------------------|-----------------------------|-----------------------------|---------------------------|
| | 31 December 2019 | | | |
| | Level 1 Thousand Baht | Level 2 Thousand Baht | Level 3 Thousand Baht | |
| Financial assets | | | | |
| Investment in securities | | | | |
| Held-to-maturity investments | | | | |
| Debt securities | - | 36,732,838 | - | 36,732,838 |
| Deposit at financial institutions with maturities over 3 months from acquisition date | 4,000,000 | - | - | 4,000,000 |
| General investments | - | - | 1,361,130 | 1,361,130 |
| Total | 4,000,000 | 36,732,838 | 1,361,130 | 42,093,968 |

6 Fair value (Cont'd)

6.2 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.

6.3 Valuation techniques used to derive Level 3 fair values

The fair value of significant general investments are based on dividend discount model technique using the net present value of dividends and terminal value expected to be received in the future. The fair value are within level 3 of the fair value hierarchy.

There was no transfer between Levels 1, 2 and 3 during the period.

There was no change in valuation techniques during the periods.

7 Cash and cash equivalents, net

| | (Unaudited) 31 March 2020 Thousand Baht | (Audited) 31 December 2019 Thousand Baht |
|-----------------------------------|---|--|
| Cash on hand | 479 | 518 |
| Deposits at banks - call deposits | 5,248,395 | 2,108,845 |
| Short-term investments | 5,097,421 | 7,396,478 |
| Expected credit losses | (19,569) | - |
| Total | 10,326,726 | 9,505,841 |

As at 31 March 2020, cash and cash equivalents were denominated in foreign currencies amounting to Baht 302.54 million (31 December 2019: Baht 61.14 million).

8 Premiums due and uncollected

As at 31 March 2020 and 31 December 2019, the balances of premiums due and uncollected were aged as follows:

| | From direct insurance | |
|---|---|--|
| | (Unaudited) 31 March 2020 Thousand Baht | (Audited) 31 December 2019 Thousand Baht |
| Within credit terms | 1,861,969 | 1,424,998 |
| Overdue: | | |
| Less than 30 days | 196,749 | 160,031 |
| 31 - 60 days | 5,163 | 1,049 |
| 61 - 90 days | 1,342 | 11,569 |
| 91 days - 1 year | 4,334 | 6,165 |
| Over 1 year | 6,013 | 5,936 |
| Total | 2,075,570 | 1,609,748 |
| <u>Less</u> Allowance for doubtful accounts | (131,113) | (157,094) |
| Net premiums due and uncollected | <u>1,944,457</u> | <u>1,452,654</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.

9 Reinsurance receivables

The details of reinsurance assets are as follows:

| | (Unaudited) 31 March 2020 Thousand Baht | (Audited) 31 December 2019 Thousand Baht |
|------------------------------|---|--|
| Due from reinsurance | 359,358 | 372,205 |
| Total reinsurance receivable | <u>359,358</u> | <u>372,205</u> |

Allianz Ayudhya Assurance Public Company Limited
 Condensed Notes to the Interim Financial Information (Unaudited)
 For the interim period ended 31 March 2020

10 Derivative assets and liabilities

All derivatives are for the purpose of hedging activities.

The details of derivative assets are as follow:

| (Unaudited) 31 March 2020 | | | | | (Unaudited) Change in fair value for the three-month period ended 31 March 2020 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 | 15 | 2,931,550 | 218,306 | (289,615) |
| Bond forward | To hedge reinvestment risk | 18 | 4,590,000 | 571,057 | (99,332) |
| Total | | 33 | 7,521,550 | 789,363 | (388,947) |

| (Audited) 31 December 2019 | | | | | (Audited) Change in fair value for the year ended 31 December 2019 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 | 82 | 13,604,582 | 1,208,596 | 997,826 |
| Bond forward | To hedge reinvestment risk | 19 | 4,890,000 | 734,373 | 726,446 |
| Total | | 101 | 18,494,582 | 1,942,969 | 1,724,272 |

Allianz Ayudhya Assurance Public Company Limited
 Condensed Notes to the Interim Financial Information (Unaudited)
 For the interim period ended 31 March 2020

10 Derivative assets and liabilities (Cont'd)

The details of derivative liabilities are as follow:

| (Unaudited) 31 March 2020 | | | | (Unaudited) Change in fair value for the three-month period ended 31 March 2020 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 | 91 | 13,241,332 | 1,156,215 |
| Bond forward | To hedge reinvestment risk | - | - | - |
| Total | | 91 | 13,241,332 | 1,156,215 |

| (Audited) 31 December 2019 | | | | (Audited) Change in fair value for the year ended 31 December 2019 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 | - | - | - |
| Bond forward | To hedge reinvestment risk | - | - | - |
| Total | | - | - | - |

As at 31 March 2020, 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 487 million and Euro 13 million (31 December 2019: U.S. Dollar 402 million and Euro 13 million).

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

Allianz Ayudhya Assurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2020

11 Investments in securities, net

The details of investments in securities as at 31 March 2020 and 31 December 2019 are as follows:

| | (Unaudited) 31 March 2020 | |
|--|--|--------------------------------|
| | Cost/ amortised cost Thousand Baht | Fair value Thousand Baht |
| Investments measured at fair value through profit or loss | | |
| Equity securities | 5,447 | 174 |
| <u>Less</u> Unrealised loss | (5,273) | - |
| Total Investments measured at fair value through profit or loss | <u>174</u> | <u>174</u> |
| Investments measured at fair value through other comprehensive income | | |
| Government and state enterprise debt securities | 92,634,708 | 106,492,363 |
| Private debt securities | 10,727,462 | 11,510,798 |
| Foreign debt securities | 23,562,519 | 22,719,676 |
| Equity securities | 9,692,379 | 11,033,810 |
| Total | 136,617,068 | 151,756,647 |
| <u>Add</u> Unrealised gain | 15,139,579 | - |
| Total Investments measured at fair value through other comprehensive income | <u>151,756,647</u> | <u>151,756,647</u> |
| Investments measured at amortised cost | | |
| Government and state enterprise debt securities | 29,607,954 | |
| Private debt securities | 2,642,284 | |
| Deposits at financial institutions with original maturities more than 3 months | 4,000,000 | |
| Total | 36,250,238 | |
| <u>Less</u> Expected Credit Losses | (23,253) | |
| Total investments measured at amortised cost | <u>36,226,985</u> | |
| Total investments in securities, net | <u>187,983,806</u> | |

11 Investments in securities, net (Cont'd)

| | (Audited) 31 December 2019 | |
|---|--|--------------------------------|
| | Cost/ amortised cost Thousand Baht | Fair value Thousand Baht |
| Trading securities | | |
| Equity securities | 5,447 | 846 |
| <u>Less</u> Unrealised loss | (4,601) | - |
| Total Trading securities, net | 846 | 846 |
| Available-for-sale investments | | |
| Government and state enterprise debt securities | 92,188,847 | 107,098,730 |
| Private debt securities | 11,339,821 | 12,183,465 |
| Foreign debt securities | 12,960,076 | 13,719,983 |
| Equity securities | 11,376,754 | 14,211,823 |
| Foreign equity securities | 7,176,250 | 7,187,706 |
| Total | 135,041,748 | 154,401,707 |
| <u>Add</u> Unrealised gain | 19,426,298 | - |
| <u>Less</u> Allowance for impairment | (66,339) | - |
| Total available-for-sale investments, net | 154,401,707 | 154,401,707 |
| Held-to-maturity investments | | |
| Government and state enterprise debt securities | 29,920,511 | |
| Private debt securities | 2,891,282 | |
| Deposits at financial institutions with original maturities more than 3 months | 4,000,000 | |
| Total held-to-maturity investments | 36,811,793 | |
| General investments | | |
| Equity securities | 42,888 | |
| Total general investments | 42,888 | |
| Total investments in securities | 191,257,234 | |

During the three-month period ended 31 March 2020, the Company recognised interest income and dividend income amounting to Baht 1,578 million and Baht 281 million, respectively (2019: Baht 1,522 million and Baht 234 million, respectively).

During the three-month period ended 31 March 2020, the Company received consideration from selling available-for-sale investments amounting to Baht 6,259 million (2019: Baht 1,505 million).

As at 31 March 2020, 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 42,160 million (31 December 2019: Baht 44,603 million) (Note 28).

Allianz Ayudhya Assurance Public Company Limited
 Condensed Notes to the Interim Financial Information (Unaudited)
 For the interim period ended 31 March 2020

11 Investments in securities, net (Cont'd)

11.1 Debt securities that are measured at fair value through other comprehensive income

| | (Unaudited) 31 March 2020 |
|--|------------------------------|
| Fair value Thousand Baht | 140,722,837 |
| Expected credit losses recognised in other comprehensive income Thousand Baht | (32,174) |
| | - |
| | - |
| Total | 140,722,837 |
| | (32,174) |

Investments in debt securities which credit risk has not significantly increased (Stage 1)
 Investment in debt securities which credit risk has significantly increased (Stage 2)
 Credit-impaired investments in debt securities (Stage 3)

11.2 Debt securities that are measured at amortised cost

| | (Unaudited) 31 March 2020 | |
|--|--|---------------------------------|
| Gross carrying value Thousand Baht | Expected credit losses Thousand Baht | Carrying value Thousand Baht |
| 36,250,238 | (23,253) | 32,226,985 |
| - | - | - |
| - | - | - |
| 36,250,238 | (23,253) | 32,226,985 |

Investments in debt securities which credit risk has not significantly increased (Stage 1)
 Investment in debt securities which credit risk has significantly increased (Stage 2)
 Credit-impaired investments in debt securities (Stage 3)

Total

Allianz Ayudhya Assurance Public Company Limited
 Condensed Notes to the Interim Financial Information (Unaudited)
 For the interim period ended 31 March 2020

12 Loans, net

As at 31 March 2020 and 31 December 2019, the details of loans and accrued interests are aged by outstanding period as follows:

| Outstanding periods | (Unaudited) 31 March 2020 | | | | | | | | |
|---|-------------------------------|---|--|-------------------------------|---|--|-------------------------------|---|---------------------------|
| | 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 | Total Thousand Baht |
| Within credit terms | 8,366,119 | 1,490,926 | | 11,301 | 24 | | 8,377,420 | 1,490,950 | 9,868,370 |
| Overdue | - | - | | 1,451 | 9 | | 1,451 | 9 | 1,460 |
| Less than 3 months | - | - | | 737 | 46 | | 737 | 46 | 783 |
| Over 3 - 6 months | - | - | | - | - | | - | - | - |
| Over 6 - 12 months | - | - | | 43,598 | 4,006 | | 43,598 | 4,006 | 47,604 |
| Over 12 months | - | - | | - | - | | - | - | - |
| Total | 8,366,119 | 1,490,926 | | 57,087 | 4,085 | | 8,423,206 | 1,495,011 | 9,918,217 |
| <u>Less</u> Allowance for doubtful accounts | - | - | | (43,598) | (4,006) | | (43,598) | (4,006) | (47,604) |
| <u>Less</u> Expected Credit Losses | - | - | | (525) | - | | (525) | - | (525) |
| Loans and accrued interests, net | 8,366,119 | 1,490,926 | | 12,964 | 79 | | 8,379,083 | 1,491,005 | 9,870,088 |

Allianz Ayudhya Assurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2020

12 Loans, net (Cont'd)

As at 31 December 2019 and 2018, the balance of loans and accrued interest are aged as follows: (Cont'd)

| Outstanding periods | (Audited) 31 December 2019 | | | | | | | |
|--------------------------------------|-------------------------------|---|-------------------------------|---|-------------------------------|---|-------------------------------|---------------------------|
| | 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 | Principle Thousand Baht | Total Thousand Baht |
| Within credit terms | 8,383,406 | 1,471,496 | 14,431 | 30 | 8,397,837 | 1,471,526 | | 9,869,363 |
| Overdue | - | - | - | - | - | - | - | - |
| Less than 3 months | - | - | 1,265 | 19 | 1,265 | 19 | | 1,284 |
| Over 3 - 6 months | - | - | - | - | - | - | | - |
| Over 6 - 12 months | - | - | - | - | - | - | | - |
| Over 12 months | - | - | 43,598 | 4,006 | 43,598 | 4,006 | | 47,604 |
| Total | 8,383,406 | 1,471,496 | 59,294 | 4,055 | 8,442,700 | 1,475,551 | | 9,918,251 |
| Less Allowance for doubtful accounts | - | - | (43,598) | (4,006) | (43,598) | (4,006) | | (47,604) |
| Loans and accrued interests, net | 8,383,406 | 1,471,496 | 15,696 | 49 | 8,399,102 | 1,471,545 | | 9,870,647 |

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 31 March 2020, the Company had mortgage loans to staffs amounting to Baht 1 million (31 December 2019: Baht 2 million) with interest rates at 5% per annum (2019: 5% per annum). The mortgage loans were provided in accordance with the Company's welfare policy.

Allianz Ayudhya Assurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2020

13 Assets held to cover linked liabilities

| | (Unaudited) 31 March 2020 Thousand Baht | (Audited) 31 Decembe 2019 Thousand Baht |
|---|---|---|
| Investment in mutual funds - debt securities that are measured at fair value through profit or loss | 133,234 | 119,806 |
| Investment in mutual funds - equity securities that are measured at fair value through profit or loss | 271,328 | 345,019 |
| Total | 404,562 | 464,825 |

14 Premises and equipment, net

As at 31 March 2020, the Company had cost for premises and equipment amounting to Baht 1,533 million (31 December 2019: Baht 1,532 million) and had accumulated depreciation amounting to Baht 996 million (31 December 2019: Baht 1,014 million).

For the three-month period ended 31 March 2020, the Company had depreciation for premises and equipment amounting to Baht 16 million, and purchases amounting to Baht 35 million and disposal net amounting to Baht 0.07 million which had cost for premises and equipment amounting to Baht 24.85 million and had accumulated depreciation amounting to Baht 24.78 million.

As at 31 March 2020, the gross carrying amount of the fully depreciated assets still in use were Baht 609 million (31 December 2019: Baht 641 million).

15 Right-of-use assets

| | Building and improvement Thousand Baht |
|--|---|
| At 1 January 2020 | |
| Cost | 35,190 |
| <u>Less Accumulated amortisation</u> | <u>(35,190)</u> |
| Net book amount | - |
| For the three-month period ended 31 March 2020 | |
| Beginning net book amount | - |
| Retrospective adjustments from changes in accounting policy as of 1 January 2020 | 314,388 |
| Additions | 5,141 |
| Amortisation charge | <u>(16,325)</u> |
| Net closing net book amount | <u>303,204</u> |
| At 31 March 2020 | |
| Cost | 354,719 |
| <u>Less Accumulated amortisation</u> | <u>(51,515)</u> |
| Net book amount | <u>303,204</u> |

The related lease liabilities are disclosed in Note 23.

Allianz Ayudhya Assurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2020

16 Intangible assets, net

As at 31 March 2020, the Company had cost for intangible assets which consist of computer software and right amounting to Baht 1,112 million (31 December 2019: Baht 1,101 million) and had accumulated amortisation for Intangible assets amounting to Baht 629 million (31 December 2019: Baht 574 million).

For the three-month period ended 31 March 2020, the Company had amortization for intangible assets from computer software and right amounting to Baht 24 million and Baht 31 million, respectively, and increase in intangible assets from computer software amounting to Baht 10 million.

17 Other assets

| | (Unaudited) 31 March 2020 Thousand Baht | (Audited) 31 December 2019 Thousand Baht |
|---|---|--|
| Cash collateral from derivative contracts | 265,650 | - |
| Other account receivables | 102,550 | 86,918 |
| Prepaid expenses | 45,868 | 53,996 |
| Expected Credit Losses | (433) | - |
| Others | 115,989 | 139,200 |
| Total | 529,624 | 280,114 |

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

18 Insurance contract liabilities

| | (Unaudited) 31 March 2020 | | | (Audited) 31 December 2019 | | |
|--|--|---|-------------------------|--|---|-------------------------|
| | 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 | 168,492,738 | - | 168,492,738 | 167,709,402 | - | 167,709,402 |
| Short-term technical reserves: | | | | | | |
| Loss reserves and outstanding claims | | | | | | |
| - Reported claims | 231,863 | - | 231,863 | 302,400 | - | 302,400 |
| - Claims incurred but not reported | 290,173 | - | 290,173 | 243,486 | - | 243,486 |
| Total Loss reserves and outstanding claims | 522,036 | - | 522,036 | 545,886 | - | 545,886 |
| Unearned premium reserves | 3,878,626 | - | 3,878,626 | 3,142,261 | - | 3,142,261 |
| Total short-term technical reserves | 4,400,662 | - | 4,400,662 | 3,688,147 | - | 3,688,147 |
| Unpaid policy benefits | 4,947,717 | - | 4,947,717 | 4,874,221 | - | 4,874,221 |
| Due to insured | 1,140,121 | - | 1,140,121 | 1,134,345 | - | 1,134,345 |
| Total | 178,981,238 | - | 178,981,238 | 177,406,115 | - | 177,406,115 |

18 Insurance contract liabilities (Cont'd)

18.1 Long-term technical reserves

| | (Unaudited) 31 March 2020 Thousand Baht | (Audited) 31 December 2019 Thousand Baht |
|--|---|--|
| Beginning balances for the period/year | 167,709,402 | 157,083,560 |
| Reserves increased from new and inforce policies in the period/year | 3,687,349 | 20,405,403 |
| Reserves released for benefits payment under insurance policies, lapse and cancelled policies in the period/year | (3,584,053) | (10,462,683) |
| Change in assumption | 680,040 | 683,122 |
| Closing balances at the end of period/year | <u>168,492,738</u> | <u>167,709,402</u> |

18.2 Short-term technical reserves

18.2.1 Loss reserves and outstanding claims

| | (Unaudited) 31 March 2020 Thousand Baht | (Audited) 31 December 2019 Thousand Baht |
|--|---|--|
| Beginning balances for the period/year | 545,886 | 494,946 |
| Claims incurred during the period/year | 1,335,860 | 4,969,225 |
| Claims paid during the period/year | (1,359,710) | (4,918,285) |
| Closing balances at the end of period/year | <u>522,036</u> | <u>545,886</u> |

18.2.2 Unearned premium reserves

| | (Unaudited) 31 March 2020 Thousand Baht | (Audited) 31 December 2019 Thousand Baht |
|--|---|--|
| Beginning balances for the period/year | 3,142,261 | 2,818,581 |
| Premiums written for the period/year | 3,146,791 | 9,408,042 |
| Premiums earned in the period/year | (2,410,426) | (9,084,362) |
| Closing balances at the end of period/year | <u>3,878,626</u> | <u>3,142,261</u> |

18.2.3 Unexpired risk reserve

No reserve for unexpired risks was established as at 31 March 2020 as the unexpired risk reserve estimated by the Company of Baht 2,779 million (31 December 2019: Baht 2,131 million) was lower than the unearned premium reserve.

18 Insurance contract liabilities (Cont'd)

18.3 Unpaid policy benefits

| | (Unaudited) 31 March 2020 Thousand Baht | (Audited) 31 December 2019 Thousand Baht |
|----------------|---|--|
| Death benefits | 139,871 | 139,685 |
| Dividend | 4,055,063 | 4,002,749 |
| Others | 752,783 | 731,787 |
| Total | <u>4,947,717</u> | <u>4,874,221</u> |

18.4 Due to insured

| | (Unaudited) 31 March 2020 Thousand Baht | (Audited) 31 December 2019 Thousand Baht |
|---------------------------------------|---|--|
| Uncashed cheques | 686,054 | 683,536 |
| Premiums received during underwriting | 453,895 | 450,638 |
| Others | 172 | 171 |
| Total | <u>1,140,121</u> | <u>1,134,345</u> |

19 Investment contract liabilities

| | (Unaudited) 31 March 2020 Thousand Baht | (Audited) 31 December 2019 Thousand Baht |
|---|---|--|
| Investment contract liabilities with discretionary participation features | 3,298,699 | 3,276,981 |
| Unit-linked contract liabilities | 404,562 | 464,825 |
| Total | <u>3,703,261</u> | <u>3,741,806</u> |

Investment contract liabilities with discretionary participation features

| | (Unaudited) 31 March 2020 Thousand Baht | (Audited) 31 December 2019 Thousand Baht |
|--|---|--|
| Beginning balance for the period/year | 3,276,981 | 3,174,910 |
| Reserves increased from inforce policies in the period/year | 48,302 | 209,808 |
| Reserves released for benefits payment, lapse, and cancelled policies in the period/year | (26,584) | (107,737) |
| Closing balance at the end of period/year | <u>3,298,699</u> | <u>3,276,981</u> |

Allianz Ayudhya Assurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2020

20 Reinsurance payables

| | (Unaudited) 31 March 2020 Thousand Baht | (Audited) 31 December 2019 Thousand Baht |
|-----------------------------------|---|--|
| Due to reinsurers | 433,415 | 366,752 |
| Total reinsurance payables | 433,415 | 366,752 |

21 Accrued expenses

| | (Unaudited) 31 March 2020 Thousand Baht | (Audited) 31 December 2019 Thousand Baht |
|---|---|--|
| Accrued commission expenses | 321,966 | 387,940 |
| Accrued production cost | 557,357 | 691,200 |
| Accrued agency overhead | 471,448 | 413,479 |
| Accrued administration expenses others | 313,515 227,198 | 313,426 300,215 |
| Total | 1,891,484 | 2,106,260 |

22 Deferred tax

As at 31 March 2020 and 31 December 2019, deferred tax assets and liabilities were as follows:

| | (Unaudited) 31 March 2020 Thousand Baht | (Audited) 31 December 2019 Thousand Baht |
|--------------------------------------|---|--|
| Deferred tax assets | 1,128,798 | 848,756 |
| Deferred tax liabilities | (3,696,745) | (4,383,758) |
| Deferred tax liabilities, net | (2,567,947) | (3,535,002) |

Allianz Ayudhya Assurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2020

22 Deferred tax (Cont'd)

Movements in deferred tax assets and liabilities were as follows:

| | (Unaudited) 31 March 2020 | | | |
|---|--|--|---|---|
| | As at 1 January 2020 Thousand Baht | Increase (decrease) in profit (loss) Thousand Baht | Increase (decrease) in other comprehensive income Thousand Baht | As at 31 March 2020 Thousand Baht |
| Deferred tax assets | | | | |
| Allowance for doubtful accounts | 89,795 | 20,128 | - | 109,923 |
| Provisions | 240,699 | (17,961) | - | 222,738 |
| Insurance reserves | 386,531 | (138,449) | - | 248,082 |
| Employee benefit obligations | 106,405 | (22,015) | 2,799 | 87,189 |
| Unrealised loss on derivative instruments | - | - | 156,981 | 156,981 |
| Cost of Hedge | 23,226 | - | (12,446) | 10,780 |
| Unrealised loss on available-for- sale investments | 25,326 | - | 259,023 | 284,349 |
| Expected Credit Losses | 6,032 | 2,734 | (10) | 8,756 |
| Total | 878,014 | (155,563) | 406,347 | 1,128,798 |
| Deferred tax liabilities | | | | |
| Unrealised gain on derivative instruments | (179,665) | - | 94,005 | (85,660) |
| Cost of Hedge | (40,011) | - | (19,793) | (59,804) |
| Unrealised gain on available-for- sale investments | (4,162,475) | - | 850,070 | (3,312,405) |
| Premium due and uncollected | (282,953) | 47,837 | - | (235,116) |
| Others | (6,962) | 3,202 | - | (3,760) |
| Total | (4,672,066) | 51,039 | 924,282 | (3,696,745) |
| Net | (3,794,052) | (104,524) | 1,330,629 | (2,567,947) |

Allianz Ayudhya Assurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2020

22 Deferred tax (Cont'd)

The movement in deferred tax assets and liabilities are as follows:

| | (Audited) | | | As at 31 December 2019 Thousand Baht |
|---|--|--|---|--|
| | As at 1 January 2019 Thousand Baht | Increase (decrease) in profit (loss) Thousand Baht | Increase (decrease) in other comprehensive income Thousand Baht | |
| Deferred tax assets | | | | |
| Allowance for doubtful accounts | 91,903 | (2,108) | - | 85,795 |
| Provisions | 279,098 | (38,399) | - | 240,699 |
| Insurance reserves | 429,343 | (42,812) | - | 386,531 |
| Employee benefit obligations | 46,420 | 52,955 | 7,030 | 106,405 |
| Unrealised loss on derivative instruments | 3,855 | - | (3,855) | - |
| Unrealised loss on available-for-sale investments | 272,287 | - | (246,961) | 25,326 |
| Total | 1,122,906 | (30,364) | (243,786) | 848,756 |
| Deferred tax liabilities | | | | |
| Unrealised gain on derivative instruments | (49,367) | - | (147,083) | (196,450) |
| Unrealised gain on available-for-sale investments | (1,185,760) | - | (2,711,633) | (3,897,393) |
| Premium due and uncollected | (365,446) | 82,493 | - | (282,953) |
| Others | (8,071) | 1,109 | - | (6,962) |
| Total | (1,608,644) | 83,602 | (2,858,716) | (4,383,758) |
| Net | (485,738) | 53,238 | (3,102,502) | (3,535,002) |

23 Other liabilities

| | (Unaudited) | (Audited) |
|--|--------------------------------------|---|
| | 31 March 2020 Thousand Baht | 31 December 2019 Thousand Baht |
| Cash collateral from derivative contract | 319,400 | 1,626,100 |
| Other creditors | 121,811 | 166,132 |
| Lease liabilities | 302,973 | - |
| Others | 233,545 | 216,971 |
| Total | 977,729 | 2,009,203 |

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

Allianz Ayudhya Assurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2020

23 Other liabilities (Cont'd)

The maturity analysis of lease liabilities are aged as follows:

| | (Unaudited) 31 March 2020 Thousand Baht |
|------------------------|---|
| Maturing | |
| Within 1 year | 68,773 |
| Between 1 to 2 years | 67,791 |
| Between 2 to 3 years | 67,011 |
| Between 3 to 4 years | 64,538 |
| Between 4 to 5 years | 50,343 |
| Later than 5 years | 946 |
| Total | <u>319,402</u> |
| Including: - Principal | 302,973 |
| - Interest | 16,429 |

For the three-month periods ended 31 March 2020, interest expense on lease liabilities amounted to Baht 1.73 million is recorded as "Finance cost" in the statement of comprehensive income

24 Operating expenses

| | (Unaudited) For the three-month period ended | |
|--|--|--------------------------------------|
| | 31 March 2020 Thousand Baht | 31 March 2019 Thousand Baht |
| Employee expenses not relating to underwriting expenses, and loss adjusting expenses | 285,597 | 282,493 |
| Building and equipment expenses not relating to underwriting expenses, and loss adjusting expenses | 85,215 | 90,770 |
| Tax expenses | 37,386 | 42,984 |
| Bad debt and doubtful debt expenses | 128,963 | 128,931 |
| Other operating expenses | 167,446 | 130,013 |
| Total | <u>704,607</u> | <u>675,191</u> |

Allianz Ayudhya Assurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2020

25 Income tax

Income tax recognised in profit or loss

| | (Unaudited) | |
|------------------------------------|--------------------------------------|--------------------------------------|
| | For the three-month period ended | |
| | 31 March 2020 Thousand Baht | 31 March 2020 Thousand Baht |
| Current tax | | |
| Current period | 63,636 | 127,806 |
| Prior year tax adjustment | (12,716) | - |
| Deferred tax | | |
| Movements in temporary differences | 104,525 | 6,254 |
| Total | <u>155,445</u> | <u>134,060</u> |

26 Basic earnings per share

The calculations of basic earnings per share for the three-month ended 31 March 2020 and 2019 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:

| | (Unaudited) 2020 | (Unaudited) 2019 |
|--|---------------------|---------------------|
| For the three-month period ended 31 March | | |
| Profit for the period attributable to ordinary shareholders of the Company (Thousand Baht) | 690,765 | 555,966 |
| Number of ordinary shares outstanding (Thousand shares) | 295,000 | 295,000 |
| Basic earnings per share (Baht per share) | <u>2.34</u> | <u>1.88</u> |

27 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.

Allianz Ayudhya Assurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2020

27 Related parties (Cont'd)

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, 16.10% shareholding |
| Allianz SE, Singapore Company | Singapore | Related company of ultimate parent |
| Allianz Technology SE Branch | Germany | Related company of ultimate parent |
| Allianz Global Benefits GmbH | 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 General Insurance Company (Malaysia) Berhad p.l.c | Malaysia | Related company of ultimate parent |
| Allianz Malaysia Berhad p.l.c | Malaysia | Related company of ultimate parent |
| AWP Services (Thailand) Co. Ltd. | Thailand | Related company of ultimate parent |
| Allianz Technology (Thailand) Company Limited | Thailand | Related company of ultimate parent |
| CPRN (Thailand) Limited | Thailand | Major shareholder, 34.75% shareholding |
| Allianz Ayudhya Capital Public Company Limited | Thailand | Major shareholder, 31.97% shareholding and common director |
| Bangkok Broadcasting & Television Company Limited | Thailand | Related company of major shareholders |
| 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 |
| Allianz Ayudhya General Insurance Public Company Limited | Thailand | Related company of major shareholders and common director |

Allianz Ayudhya Assurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2020

27 Related parties (Cont'd)

27.1) Significant transactions for the three-month periods ended 31 March 2020 and 2019 with key management and related parties were as follows:

| | (Unaudited) 31 March 2020 Thousand Baht | (Unaudited) 31 March 2019 Thousand Baht |
|--|---|---|
| Gross premiums written | | |
| Major shareholder | 16 | 51 |
| Other related parties | 268,554 | 246,965 |
| Premiums ceded | | |
| Ultimate parent | 68,570 | 87,672 |
| Other related parties | 151,485 | 120,221 |
| Fees and commission income | | |
| Ultimate parent | 19,592 | 12,585 |
| Other related parties | 32,913 | 48,988 |
| Insurance claim expenses | | |
| Other related parties | 87,041 | 76,576 |
| Insurance claims expenses recovered from reinsurers | | |
| Ultimate parent | 25,588 | 19,856 |
| Other related parties | 70,056 | 56,161 |
| Operating expenses | | |
| Ultimate parent | 12,453 | 5,808 |
| Other related parties | 118,063 | 135,494 |
| Key management personnel compensation | | |
| Short-term benefits | 59,881 | 57,936 |
| Post-employment benefits | 1,319 | 1,307 |
| Total Key management personnel compensation | <u>61,200</u> | <u>59,243</u> |

Allianz Ayudhya Assurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2020

27 Related parties (Cont'd)

27.2) Significant balances with related parties as at 31 March 2020 and 31 December 2019 were as follows:

| | (Unaudited) 31 March 2020 Thousand Baht | (Audited) 31 December 2019 Thousand Baht |
|----------------------------------|---|--|
| Cash and cash equivalents | | |
| Other related party | 793,533 | 1,325,772 |
| Reinsurance receivables | | |
| Ultimate parent | 22,823 | 43,190 |
| Other related parties | 273,223 | 263,605 |
| Other assets | | |
| Ultimate parent | 36,218 | 67,635 |
| Other related parties | 19,598 | 19,574 |
| Reinsurance payables | | |
| Ultimate parent | 48,030 | 17,954 |
| Other related parties | 298,626 | 300,475 |
| Accrued expenses | | |
| Ultimate parent | 9,538 | 22,511 |
| Other related parties | 236,926 | 219,552 |
| Other liabilities | | |
| Other related parties | 227,294 | - |

Investments in related parties

Investments in related parties as at 31 March 2020 and 31 December 2019 and dividends received for the three-month periods ended 31 March 2020 and 2019 were as follows:

| | Book value | | (Unaudited) Dividend income | |
|---------------------|---|--|--------------------------------------|--------------------------------------|
| | (Unaudited) 31 March 2020 Thousand Baht | (Audited) 31 December 2019 Thousand Baht | For the three-month period ended | |
| | | | 31 March 2020 Thousand Baht | 31 March 2019 Thousand Baht |
| Investments | | | | |
| - equity securities | 1,459,465 | 188,659 | 3,029 | - |
| Total | 1,459,465 | 188,659 | 3,029 | - |

27 Related parties (Cont'd)

27.2) Significant balances with related parties as at 31 March 2020 and 31 December 2019 were as follows: (Cont'd)

Significant agreements with related parties

As at 31 March 2020 and 31 December 2019, the Company had commitments from entering into long-term agreements for rental and services with related parties as follows

| | (Unaudited) 31 March 2020 Thousand Baht | (Audited) 31 December 2019 Thousand Baht |
|---------------------|---|--|
| (a) Operating lease | | |
| Within 1 year | - | 47,294 |
| 1-5 years | - | 55,445 |
| Total | - | 102,739 |

(b) 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 SGD 2.31 million. (2019: EUR 2.65 million). The term of the agreement is for 1 year from 1 January 2020 to 31 December 2020. 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.

(c) 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 1.32 million (2019: EUR 0.83 million). The agreement is continuous contract from 1 January 2019 subject to six months notice of cancellation by either party.

28 Securities and assets pledged with the Registrar

28.1 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) 31 March 2020 | | (Audited) 31 December 2019 | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | Book value Thousand Baht | Face value Thousand Baht | Book value Thousand Baht | Face value Thousand Baht |
| Held-to-maturity investments | | | | |
| Government bonds | 20,082 | 20,000 | 20,101 | 20,000 |

Allianz Ayudhya Assurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2020

28 Securities and assets pledged with the Registrar (Cont'd)

28.2 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) 31 March 2020 | | (Audited) 31 December 2019 | |
|---------------------------------------|---|---|---|---|
| | Book value Thousand Baht | Face value Thousand Baht | Book value Thousand Baht | Face value Thousand Baht |
| Available-for-sale investments | | | | |
| Government bonds | 24,542,385 | 17,840,000 | 25,222,250 | 17,840,000 |
| State enterprise bonds | 8,544,142 | 7,420,000 | 9,384,826 | 8,220,000 |
| Total | 33,086,527 | 25,260,000 | 34,607,076 | 26,060,000 |
| Held-to-maturity investments | | | | |
| Government bonds | 7,773,631 | 7,147,000 | 7,795,197 | 7,147,000 |
| State enterprise bonds | 1,300,000 | 1,300,000 | 2,201,048 | 2,200,000 |
| Total | 9,073,631 | 8,447,000 | 9,996,245 | 9,347,000 |

29 Asset-backed

As of 31 March 2020, and 31 December 2019, the Company pledged investments in restricted securities with the Bank and 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) 31 March 2020 | | (Audited) 31 December 2019 | |
|--------------------------------------|---|--|---|--|
| | Book value Thousand Baht | Appraisal value Thousand Baht | Book value Thousand Baht | Appraisal value Thousand Baht |
| Deposits with financial institutions | 8,229,677 | 8,229,677 | 4,446,201 | 4,446,201 |
| Equity securities | 15,322,877 | 15,322,877 | 21,443,263 | 22,768,219 |
| Debt securities | 173,781,603 | 176,520,197 | 173,210,449 | 176,159,883 |
| Total | 197,334,157 | 200,072,751 | 199,099,913 | 203,374,303 |

30 Commitments with non-related parties

30.1 Commitments from operating lease and service agreements

The Company's obligation for future payments under service agreement as at 31 March 2020 and obligation for future payments under rental and service agreement 31 December 2019 were as follows:

| | (Unaudited) 31 March 2020 Thousand Baht | (Audited) 31 December 2019 Thousand Baht |
|---|---|--|
| Within one year | 27,939 | 45,132 |
| After one year but not more than five years | 14,776 | 27,019 |
| Total | <u>42,715</u> | <u>72,151</u> |

30.2 Investment commitments

As at 31 March 2020, the Company had commitments to invest in several series of bills of exchange issued by banks amounting to Baht 638 million (31 December 2019: Baht 638 million). These investments have a duration up to 2023 (31 December 2019: up to 2023) and are payable based on the contract terms. The timing of the commitments are as follows:

| | (Unaudited) 31 March 2020 Thousand Baht | (Audited) 31 December 2019 Thousand Baht |
|---|---|--|
| Within one year | 514,004 | 514,004 |
| After one year but not more than five years | 124,000 | 124,000 |
| Total | <u>638,004</u> | <u>638,004</u> |

31 Expected credit losses

| | (Unaudited) 31 March 2020 Thousand Baht |
|-------------------------------------|---|
| Cash and cash equivalents | 14,599 |
| Investment in securities (reversal) | (787) |
| Loans (reversal) | (121) |
| Other receivable (reversal) | (19) |
| Total | <u>13,672</u> |