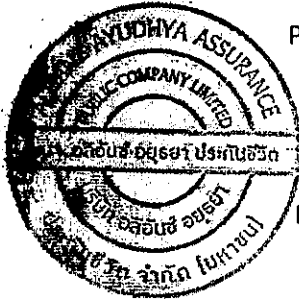
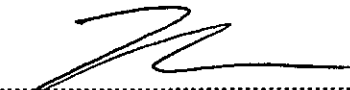


Information Disclosure
Allianz Ayudhya Assurance Public Company Limited

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. Thomas Charles Wilson
Position Director

Sign 
Name Mr. Kitti Pintavirooj
Position Director

Disclosed on 24 April 2024
Annual Year 2023

1.1 The Company's History

1.2 Policy, Objective and Strategy for operating business

1.3 Nature of Business

1.4 Product Detail, Services and Product Mix

1.5.1 Process, Period, Documents and Method of Policy Benefit Payment

1.5.2 Contact and Responsible Unit of Complaint Case

2.1 Good Corporate Governance

2.2 Organization Chart

2.3 Management Structure (Name, Title and Responsibility)

- BOD
- BOM

2.4 Committees (Name, Title and Responsibility)

- Audit Committee
- Risk Committee
- Investment Committee
- Selection Committee
- Remuneration Committee
- Others

2.5 Selection of Appointment of Directors, Independent Directors and Executive Management

2.6 Remuneration Policy

3.1 Enterprise Risk Management and Asset (ERM)

3.2 Asset Liability Management (ALM)

4. Financial risk that may impact financial of the Company and Company risk management plan

5. Expected Insurance Risk that may impact financial of the Company, Reinsurance Management, linkage of Capital and Risk and Concentration Risk

6. Value, Method and Assumptions for liability of Insurance Contract

7. Investment of the Company

8. Operating Result including Analysis and other Ratio

9. CAR Ratio

10. Financial Statement

ALLIANZ AYUDHYA ASSURANCE PUBLIC COMPANY LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2023



Independent Auditor's Report

To the shareholders of Allianz Ayudhya Assurance Public Company Limited

My opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Allianz Ayudhya Assurance Public Company Limited (the Company) as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRS).

What I have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

Responsibilities of management for the financial statements

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

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

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



Auditor's responsibilities for the audit of the financial statements

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

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

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

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

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

PricewaterhouseCoopers ABAS Ltd.

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

Sakuna Yamsakul
Certified Public Accountant (Thailand) No. 4906
Bangkok
22 February 2024

Allianz Ayudhya Assurance Public Company Limited
Statement of Financial Position
As at 31 December 2023

		31 December 2023 Thousand Baht	(Reclassified) 31 December 2022 Thousand Baht
	Notes		
Assets			
Cash and cash equivalents, net	8	9,162,094	18,447,961
Premiums receivable, net	9	1,598,021	1,433,441
Accrued investment income	3	1,720,960	1,399,093
Reinsurance assets	10, 21, 36	75,167	81,282
Amount due from reinsurance	11, 36	653,012	486,518
Investment receivables		239,066	20,873
Derivative assets	12	374,516	432,455
Investment assets			
Investments in securities, net	13, 36, 37, 38	192,100,540	176,878,416
Loans and accrued interest receivable, net	14	9,794,658	9,763,748
Assets held to cover linked liabilities	15	1,436,655	1,220,612
Premises and equipment, net	16	444,898	552,740
Right-of-use assets, net	17	320,558	402,996
Intangible assets, net	18	545,482	684,931
Deferred tax assets, net	19	1,044,751	913,479
Other assets, net	20, 36	1,120,007	1,809,507
Total assets		220,630,385	214,528,052

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

Allianz Ayudhya Assurance Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 December 2023

		31 December 2023 Thousand Baht	(Reclassified) 31 December 2022 Thousand Baht
	Notes		
Liabilities and equity			
Liabilities			
Insurance contract liabilities	21	195,520,962	190,701,955
Investment contract liabilities	22	4,459,473	4,452,962
Amount due to reinsurance	23, 36	727,687	496,292
Investment payables		379	29
Derivative liabilities	12	673,631	611,590
Income tax payable		561,391	-
Accrued expenses	24, 36	2,447,509	2,317,216
Employee benefit obligations	25	732,768	671,739
Provisions	26	98,163	228,265
Other liabilities	3, 27, 36	860,903	998,598
Total liabilities		206,082,866	200,478,646
Equity			
Share capital			
Authorised share capital			
400,000,000 ordinary shares of 10 Baht each		4,000,000	4,000,000
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	28	400,000	400,000
Unappropriated		11,308,354	11,860,573
Other components of equity		(110,835)	(1,161,167)
Total equity		14,547,519	14,049,406
Total liabilities and equity		220,630,385	214,528,052

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

Allianz Ayudhya Assurance Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2023

		(Reclassified)
		2022
	2023	2022
	Thousand	Thousand
	Baht	Baht
Notes	Baht	Baht
Revenues		
Gross written premiums	36	35,780,282
<u>Less</u> Premiums ceded	36	(1,149,460)
Net written premiums		34,630,822
<u>Less</u> Net change in unearned premium reserve		(297,023)
Net earned premiums		34,333,799
Fees and commission income	36	206,869
Net investment income	30, 36	7,419,287
Gains (losses) on investment	3, 36	(677,924)
Fair value losses	3	(606,697)
Gains (losses) on hedge accounting	3	(58,808)
Other income	36	461,042
Total revenues		41,077,568
Expenses		
Change in long-term technical reserve		3,793,322
Gross benefits and claims paid	36	24,591,288
<u>Less</u> Benefits and claims paid recovered from reinsurers	36	(792,944)
Net benefits and claims paid		23,798,344
Commissions and brokerages		4,783,104
Other underwriting expenses		1,890,923
Operating expenses	31, 36	2,363,314
Finance costs		15,037
Impairment losses on investment in securities		2,079,778
Expected credit losses (reversal)	33	1,690
Total expenses		38,725,512
Profit before income tax		2,352,056
Income tax expenses	34	450,300
Net profit		1,901,756

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

Allianz Ayudhya Assurance Public Company Limited
Statement of Comprehensive Income (Cont'd)
For the year ended 31 December 2023

		(Reclassified)
	2023	2022
	Thousand	Thousand
Notes	Baht	Baht
Other comprehensive income (losses)		
Items that will not be reclassified to profit or loss		
Gains (losses) on remeasurements of post-employment benefit obligations	25.1 (6,844)	54,537
Income tax on item that will not be reclassified to profit or loss	19 1,369	(10,907)
Total items that will not be reclassified to profit or loss	<u>(5,475)</u>	<u>43,630</u>
Items that will be subsequently reclassified to profit or loss		
Gains (losses) from change in value of investments measured at fair value through other comprehensive income	1,050,063	(13,160,073)
Gains (losses) on fair value of cash flow hedges	(229,211)	1,997,810
Gains (losses) on deferred costs of hedging	(26,011)	220,647
Items in other comprehensive income transferred to profit or loss	421,492	(1,478,658)
Change in long-term technical reserve under shadow accounting basis	96,582	(80,753)
Income tax on items that will be subsequently reclassified to profit or loss	19 (262,583)	2,500,204
Total items that will be subsequently reclassified to profit or loss	<u>1,050,332</u>	<u>(10,000,823)</u>
Other comprehensive income (losses) for the year, net of income tax	34 <u>1,044,857</u>	<u>(9,957,193)</u>
Total comprehensive income (losses) for the year	<u><u>2,946,613</u></u>	<u><u>(6,885,787)</u></u>
Basic earnings per share (Baht)	35 <u><u>6.45</u></u>	<u><u>10.41</u></u>

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

Allianz Ayudhya Assurance Public Company Limited
Statement of Changes in Equity
For the year ended 31 December 2023

	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	Gains (losses) from change in value of investments measured at fair value through other comprehensive income, net of tax Thousand Baht	Gains (losses) on fair value of cash flow hedges, net of tax Thousand Baht	Gains (losses) on deferred costs of hedging, net of tax Thousand Baht	Change in long-term technical reserve under shadow accounting basis, net of tax Thousand Baht		Total other components of equity Thousand Baht
Balance as at 1 January 2023	2,950,000	400,000	11,860,573	(2,326,888)	939,035	177,448	49,238	(1,161,167)	14,049,406
Transaction with shareholders, recorded directly in equity	-	-	(2,448,500)	-	-	-	-	-	(2,448,500)
Dividends to shareholders of the Company (Note 29)	-	-	-	-	-	-	-	-	-
Total transaction with shareholders, recorded directly in equity	-	-	(2,448,500)	-	-	-	-	-	(2,448,500)
Comprehensive income (losses) for the year	-	-	1,901,766	-	-	-	-	-	1,901,766
Net profit	-	-	1,901,766	-	-	-	-	-	1,901,766
Other comprehensive income (losses)	-	-	-	840,050	(183,369)	(20,809)	-	840,050	840,050
Gains from change in value of investments measured at fair value through other comprehensive income, net of tax	-	-	-	840,050	-	-	-	840,050	840,050
Losses on fair value of cash flow hedges, net of tax	-	-	-	-	(183,369)	-	-	(183,369)	(183,369)
Losses on deferred costs of hedging, net of tax	-	-	-	-	-	(20,809)	-	(20,809)	(20,809)
Items in other comprehensive income transferred to profit or loss, net of tax	-	-	-	542,339	(205,145)	-	-	337,194	337,194
Change in long-term technical reserve under shadow accounting basis, net of tax	-	-	-	-	-	-	77,266	77,266	77,266
Losses on remeasurements of post-employment benefit obligations, net of tax	-	-	(5,475)	-	-	-	-	-	(5,475)
Total comprehensive income (losses) for the year	-	-	1,856,281	1,382,389	(388,514)	(20,809)	77,266	1,050,332	2,946,613
Balance as at 31 December 2023	2,950,000	400,000	11,308,354	(944,499)	550,521	156,639	129,504	(110,835)	14,547,519

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

Allianz Ayudhya Assurance Public Company Limited
Statement of Changes in Equity (Cont'd)
For the year ended 31 December 2023

	Retained earnings		Gains (losses) from change in value of investments measured at fair value through other comprehensive income, net of tax		Other components of equity		Change in long-term technical reserve under shadow accounting basis, net of tax		Total equity Thousand Baht
	Issued and paid-up share capital Thousand Baht	Legal reserve Thousand Baht	Unappropriated Thousand Baht	Thousand Baht	Gains (losses) on fair value of cash flow hedges, net of tax Thousand Baht	Gains (losses) on deferred costs of hedging, net of tax Thousand Baht	Thousand Baht	Thousand Baht	
Balance as at 1 January 2022	2,950,000	400,000	11,279,937	8,853,781	(148,984)	21,019	113,840	8,839,656	23,469,593
Transaction with shareholders, recorded directly in equity	-	-	(2,534,400)	-	-	-	-	-	(2,534,400)
Dividends to shareholders of the Company (Note 29)	-	-	(2,534,400)	-	-	-	-	-	(2,534,400)
Total transaction with shareholders, recorded directly in equity	-	-	(2,534,400)	-	-	-	-	-	(2,534,400)
Comprehensive income (losses) for the year	-	-	3,071,406	-	-	-	-	-	3,071,406
Other comprehensive income (losses)	-	-	-	-	-	-	-	-	-
Losses from change in value of investments measured at fair value through other comprehensive income, net of tax	-	-	-	(10,528,059)	-	-	-	-	(10,528,059)
Gains on fair value of cash flow hedges, net of tax	-	-	-	1,598,247	-	-	-	-	1,598,247
Gains on deferred costs of hedging, net of tax	-	-	-	-	176,518	-	-	-	176,518
Items in other comprehensive income transferred to profit or loss, net of tax	-	-	-	(652,610)	(510,228)	(20,089)	-	(1,182,927)	(1,182,927)
Change in long-term technical reserve under shadow accounting basis, net of tax	-	-	-	-	-	-	(64,602)	(64,602)	(64,602)
Gains on remeasurements of post-employment benefit obligations, net of tax	-	-	43,630	-	-	-	-	-	43,630
Total comprehensive income (losses) for the year	-	-	3,115,035	(11,180,669)	1,088,019	156,423	(64,602)	(10,000,823)	(6,885,787)
Balance as at 31 December 2022	2,950,000	400,000	11,860,573	(2,326,888)	939,035	177,448	49,238	(1,161,167)	14,049,406

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

Allianz Ayudhya Assurance Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2023

		(Reclassified)	
		2023	2022
	Notes	Thousand Baht	Thousand Baht
Cash flows from operating activities			
Premiums written from direct insurance		35,698,541	34,030,545
Cash paid relating to reinsurance		(78,631)	(164,772)
Interest received		6,517,900	6,587,613
Dividends received		1,039,315	904,389
Other income		80,271	73,574
Gross benefits and claims paid from direct insurance	3	(23,897,764)	(21,654,651)
Commissions and brokerages from direct insurance		(4,635,938)	(4,487,040)
Other underwriting expenses		(1,770,923)	(1,654,825)
Operating expenses		(2,249,559)	(1,952,698)
Income tax expense		(313,657)	(1,141,096)
Cash received from selling and redeeming investment in securities	3	20,254,942	52,080,195
Cash paid for purchasing investments in securities		(37,646,717)	(47,929,505)
Cash paid for loans		(87,664)	(112,349)
Deposits		(5,942)	(1,901)
Net cash flow provided from (used in) operating activities		<u>(7,095,826)</u>	<u>14,577,479</u>
Cash flows from investing activities			
<u>Cash flows provided</u>			
Cash received from selling premises and equipment		440,285	133,466
<u>Cash flows used</u>			
Cash paid for purchasing premises and equipment	16	(19,970)	(46,655)
Cash paid for purchasing / developing intangible assets	18	(86,104)	(95,955)
Net cash flow provided from (used in) investing activities		<u>334,211</u>	<u>(9,144)</u>
Cash flows from financing activities			
<u>Cash flows used</u>			
Cash paid for lease liabilities		(61,084)	(61,485)
Cash paid for finance cost		(14,694)	(14,080)
Dividend paid	29	(2,448,500)	(2,534,400)
Net cash flow used in financing activities		<u>(2,524,278)</u>	<u>(2,609,965)</u>
Net increase (decrease) in cash and cash equivalents		(9,285,893)	11,958,370
Cash and cash equivalents as at 1 January		18,448,040	6,489,670
Cash and cash equivalents as at 31 December		9,162,147	18,448,040
<u>Less</u> Allowance for expected credit losses		(53)	(79)
Cash and cash equivalents, net as at 31 December	8	<u>9,162,094</u>	<u>18,447,961</u>
Supplemental cash flows information			
Significant non-cash items			
Acquisition of right-of-use assets		48,975	-
Lease liability write-off and modification		77,028	12,718

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

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 898 Ploenchit Tower, Ploenchit Road, Lumpini, Pathumwan, Bangkok.

The immediate parent companies are CPRN (Thailand) Limited and Allianz Ayudhya Capital Public Company Limited which were 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.

All financial information presented in Thai Baht has been rounded in the notes to financial statements to the nearest thousand unless otherwise stated.

The financial statements were approved by the Board of Directors on 22 February 2024.

2 Basis of preparation and new and amended financial reporting standards

2.1 Basis of preparation

The financial statements have been prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards (TFRS) issued under the Accounting Profession Act B.E. 2547. In addition, the financial statements presentation are based on the formats of life insurance financial statements 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. 2566" dated on 8 February 2023 ('OIC Notification') and the additional disclosures in accordance with the aforementioned OIC Notification have been made in the notes to financial statements.

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

The preparation of financial statements in conformity with Thai Generally Accepted Accounting Principles requires management to use certain critical accounting estimates and to exercise its judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6.

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

2 Basis of preparation and new and amended financial reporting standards (Cont'd)

2.1 Basis of preparation (Cont'd)

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

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

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

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

	2023		2022	
	Ending fair value Thousand Baht	Change in fair value Thousand Baht	Ending fair value Thousand Baht	Change in fair value Thousand Baht
Financial assets				
Financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates and are not held for trading in accordance with TFRS 9 or managed by the Company and performance evaluated on fair value basis	184,625,474	1,496,845	191,691,093	10,656,931
Other financial assets				
Financial assets with contractual terms that give rise to cash flows that are not solely payments of principal and interest on the principal amount outstanding on specified dates	10,402,236	(141,989)	-	(10,453,715)
Financial assets managed by the Company and performance evaluated on a fair value basis	138,844	16,715	118,090	(7,731)
Others	9,493,161	(1,846,605)	8,199,383	(7,486,595)

As of 31 December 2023 and 2022, financial assets qualifying as SPPI includes cash and cash equivalents, accrued investment income, investment receivables, debt securities, mortgage loans and other receivables whereas the remaining includes foreign debt securities, derivative financial instruments and equity securities.

Certain assets included within the financial statements, including premiums receivable, net, amount due from reinsurance and policy loans and accrued interest receivable amounting to Baht 12,044.84 million (2022: Baht 11,681.75 million) are not included above.

2 Basis of preparation and new and amended financial reporting standards (Cont'd)

2.2 New and amended financial reporting standards

2.2.1 Amended financial reporting standards that are effective for the accounting period beginning on or after 1 January 2024 and relevant to the Company

The following amended TFRSs were not mandatory for the current reporting period and the Company has not early adopted them.

Amendment to TAS 1 - Presentation of financial statements revised the disclosure from '*significant* accounting policies' to '*material* accounting policies'. The amendment also provides guidelines on identifying when the accounting policy information is material. Consequently, immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

Amendment to TAS 8 - Accounting policies, changes in accounting estimates and errors revised the definition of 'accounting estimates' to clarify how companies should distinguish between changes in accounting policies and changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively to transactions, other events and conditions from the date of that change. Whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period as if the new accounting policy had always been applied.

Amendments to TAS 12 - Income taxes Companies must apply all income taxes arising from the tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD), an international organisation.

In December 2021, the OECD released the Pillar Two model rules to apply the Global Anti-Base Erosion Proposal, or 'GloBE' to reform international corporate taxation. Large multinational enterprises within the rules' scope must calculate the GloBE effective tax rates for each territory in which they operate and pay a top-up tax for the differences between these and the 15% minimum rate.

In December 2023, the amendments to TAS 12 provide a temporary relief from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules, including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendments also require affected companies to disclose:

- the fact that they have applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes
- their current tax expense (if any) related to the Pillar Two income taxes, and
- during the period between the legislation being enacted or substantially enacted and the legislation becoming effective, known or reasonably estimable information that would help users of financial statements to understand an entity's exposure to Pillar Two income taxes arising from that legislation. If this information is not known or reasonably estimable, entities are instead required to disclose a statement to that effect and information about their progress in assessing the exposure.

Earlier application is permitted.

2 Basis of preparation and new and amended financial reporting standards (Cont'd)

2.2 New and amended financial reporting standards (Cont'd)

2.2.1 Amended financial reporting standards that are effective for the accounting period beginning on or after 1 January 2024 and relevant to the Company (Cont'd)

Amendment to Accounting Guidance related to financial instruments and disclosures applicable to insurance business revised the disclosures in 'material accounting policies' to align with Amendment to TAS 1 - Presentation of financial statements.

The Company's management is currently assessing the impact on the amendments of these standards.

2.2.2 Amended financial reporting standard that is effective for the accounting period beginning on or after 1 January 2024 but does not have impact on the Company

Amendments to TAS 12 - Income taxes require companies to recognise deferred tax related to assets and liabilities arising from a single transaction that, on initial recognition, gives rise to equal amounts of taxable and deductible temporary differences. Example transactions are leases and decommissioning obligations.

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

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

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

2.2.3 New financial reporting standards that are effective for the accounting period beginning on or after 1 January 2025 and relevant to the Company

IFRS 17 Insurance Contracts IFRS 17 has replaced IFRS 4 Insurance Contracts.

It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for eligible groups of insurance contracts, which are often written by non-life insurers.

2 Basis of preparation and new and amended financial reporting standards (Cont'd)

2.2 New and amended financial reporting standards (Cont'd)

2.2.3 New financial reporting standards that are effective for the accounting period beginning on or after 1 January 2025 and relevant to the Company (Cont'd)

There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.

Adopting TFRS 17, the Company can choose to recognise any cumulative negative impacts from insurance contract liabilities in retained earnings by applying the straight-line method, using no more than a three-year period from the transition date.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

3 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below:

3.1 Foreign currency translation

(a) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the Company operates (functional currency). Financial statements are shown in Thai Baht, which is functional currency and presentation currency of the Company.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

3.2 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hands, call deposits and highly liquid short-term investments (fixed deposits at banks, investments in notes and bonds) with maturities of 3 months or less from the date of acquisition and not subject to withdrawal restrictions.

3 Accounting policies (Cont'd)

3.3 Premiums receivable and allowance for doubtful accounts

Premiums receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

3.4 Investments in securities

Classification and measurements

The Company classifies its financial assets as follows:

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

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

Initial recognition

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

Recognition and derecognition

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

3 Accounting policies (Cont'd)

3.4 Investments in securities (Cont'd)

Measurement after recognition

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

Amortised cost: Investments in securities that are held to maturity are measured at amortised cost. Interest income from these investments in securities is included in net investment income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in gains or losses on investment together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.

FVOCI: Investments in securities that the Company intends to either hold for an indefinite period or sell in response to the needs of the Company's liquidity or change in interest rate are measured at FVOCI. Changes in the value are taken through other comprehensive income (OCI), except for the recognition of interest income using the effective interest rate method, foreign exchange gains and losses and impairment losses which are recognised in profit or loss. When the investments in securities are derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from OCI to profit or loss and recognised in gains or losses on investment. Interest income is included in net investment income. Impairment losses are presented as a separate line item in the statement of comprehensive income.

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

Designated at fair value through profit or loss: Financial assets are irrevocably designated at fair value through profit or loss in order to eliminate or significantly reduce a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains or losses on them on different basis. A gain or loss on these investments is recognised in profit or loss and presented net within fair value gains or losses in the period in which it arises.

Impairment

The Company assesses 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 accounts for allowance for expected credit losses which involved a three-stage expected credit losses impairment model. The stage dictates how the entity measures allowance for 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 - When the credit risk of financial assets has not increased significantly relative to its initial recognition, allowance for expected credit losses is recognised equal to the credit losses expected from defaults occurring over the next 12 months.
- Stage 2 - When the credit risk of financial assets has increased significantly increase relative to its initial recognition, allowance for expected credit losses is recognised equal to the credit losses expected over the full lifetime of the asset.
- Stage 3 - When financial assets are considered to be credit-impaired, allowance for expected credit losses is recognised equal to the credit losses expected over the full lifetime of the asset.

3 Accounting policies (Cont'd)

3.4 Investments in securities (Cont'd)

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

For impairment of equity securities and offshore Real Estate Investment Trust units that are debt securities which are classified as investments measured at fair value through other comprehensive income, it will be recognised in profit or loss immediately when there is evidence supporting the impairment of the instruments. The Company will recognise allowance for expected credit losses in other comprehensive income and the carrying amount of those financial assets in the statement of financial position will not be decreased. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment losses on the financial assets previously recognised in profit or loss.

The impairment losses in respect of financial assets are reversed if the subsequent increase in recoverable amount can be related objectively to the impairment losses that were previously recognised in profit or loss. For investments carried at amortised cost and investments measured at FVOCI, the reversal is recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of available-for-sale financial assets is calculated in reference to the fair value.

3.5 Derivative financial instruments

Derivative financial instruments are used to manage cash flow exposure risk or fair value risk arising from investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify as hedging instruments are accounted for as trading instruments.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify as hedging instruments, recognition of any resultant gain or loss depends on the nature of the item being hedged.

3 Accounting policies (Cont'd)

3.5 Derivative financial instruments (Cont'd)

Hedge accounting

The Company designates gains or losses on fair value of cash flow hedges and gains or 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 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 gains or losses. The change in foreign currency basis spread or forward point that relates to the hedged items is recognised in the costs of hedge reserve within other component of equity.

Amounts accumulated in equity will be reclassified to profit or loss in the period when the hedged items affect profit or loss when hedging instruments expire, 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.

The Company recognises the gains or losses on fair value hedges from the hedging instruments in profit or loss and the carrying amount of the hedged items is adjusted for the corresponding gains or losses in respect to the hedged risk, which is also recognised in profit or loss. For the hedged items measured at FVOCI, the Company recognises the foreign exchange gains or losses in profit or loss as similar to the gains or losses in respect to the hedged risk.

3.6 Loans

Loans including policy loans are stated at their principal less allowance for doubtful accounts.

The Company estimates the allowance for doubtful accounts based on the overdue period and the valuation of collateral held by taking the portion of principal on loans which are overdue for more than 6 months in excess of the valuation of collateral held.

Bad debts will be written off when there is a possibility that no repayment will be received.

3.7 Assets held to cover linked liabilities

Assets held to cover linked liabilities are marketable securities under unit-linked insurance contracts as the policy benefits are directly linked to the value of the investment in securities. They are stated at fair value using the latest bid price on the last business day of the reporting date. The gain or loss from changes in fair value is recognised in profit or loss when incurred.

3 Accounting policies (Cont'd)

3.8 Premises and equipment

Land is measured at cost. Buildings and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Initial cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the costs of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of removing and dismantling the items and restoring the site on which they are located, and capitalised borrowing costs.

When parts of an item of premises and equipment have different useful lives, their major components are accounted for as separate items of premises and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

Building	20 years
Computer	3 - 5 years
Office equipment, furniture and fitting	5 - 10 years
Vehicle	5 years

The Company does not calculate depreciation for land and assets under construction.

The assets' depreciation calculation method, residual values and useful lives are reviewed and adjusted if appropriate, at the end of each financial year.

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

Gains or losses on disposals are determined by comparing the net proceeds with the carrying amount and are recognised in profit or loss.

3.9 Intangible assets

3.9.1 Computer software

Computer software that is acquired by the Company and has finite useful life is measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

3 Accounting policies (Cont'd)

3.9 Intangible assets (Cont'd)

3.9.1 Computer software (Cont'd)

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life is as follows:

Computer software	5 - 10 years
-------------------	--------------

No amortisation is recorded for computer software under installment.

Amortisation methods, residual values and useful lives are reviewed and adjusted if appropriate at the end of each financial year.

3.9.2 Right to utilise benefits

The right to utilise benefits in accordance with agreement 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 utilisation period of 5 years.

3.10 Impairment

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

The impairment losses are recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment losses are recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which it is charged to equity.

The recoverable amount of non-financial assets is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any impairment indications. The impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. The impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of accumulated depreciation or amortisation, if no impairment losses had been recognised.

3 Accounting policies (Cont'd)

3.11 Leases - where the Company is the lessee

The Company leases building and equipment. Rental contracts are typically made for fixed periods of 2 to 3 years but may have extension options.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is accessible 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 by 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. The present value of lease liabilities includes the following:

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

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

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

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

- the amount of the initial measurement of lease liability
- any lease 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).

3 Accounting policies (Cont'd)

3.12 Insurance and investment contract

3.12.1 Classification of contracts

The Company issues life insurance contracts that transfer insurance risk. These are classified as insurance contracts.

Insurance contracts are those contracts under which the Company accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder or beneficiary if a specified uncertain future event adversely affects the policyholder. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

The Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least significant level more than the benefits payable if the insured event did not occur.

Contracts with discretionary participation features ("DPF") that transfer insurance risk, but not significant insurance risk are termed investment contracts. A DPF is a contractual right (held by a policyholder) to receive, as a supplement to guaranteed minimum benefits, additional benefits that are likely to be a significant portion of the total contractual benefits, whose amount or timing is contractually at the Company's discretion and are based on:

- (1) The performance of a specified pool of contracts or a specified type of contract;
- (2) Realised and/or unrealised investment returns on a specified pool of assets held by the issuing entity; or
- (3) The profit or loss of the issuing entity.

The accounting basis and disclosure for investment contracts with DPF are consistent with those for insurance contracts.

The deposit component of an insurance contract is unbundled when both of the following conditions are met:

- (1) The deposit component (including any embedded surrender option) can be measured separately (i.e. without taking into account the insurance component); and
- (2) The Company's accounting policies do not otherwise require the recognition of all obligations and rights arising from the deposit component.

3 Accounting policies (Cont'd)

3.12 Insurance and investment contract (Cont'd)

3.12.2 Long-term and short-term insurance contracts

Long-term insurance contracts are insurance contracts which the term of contract is more than 1 year or the contract with automatic renewal which the Company cannot terminate and cannot increase or decrease premium, including changes in any benefit throughout the contract term.

Short-term insurance contracts are insurance contracts which do not have terms and conditions as long-term insurance contracts.

The mentioned classification of long-term and short-term insurance contracts is consistent with approach for Risk-Based Capital report.

3.12.3 Liabilities from insurance contracts and investment contracts with DPF

a) Long-term technical reserves

Benefit reserve

A provision for contractual benefits and claims that are expected to be incurred in the future for inforce business is recorded when the premiums are recognised and is released when benefits and claims are incurred. The technical provision for future contractual benefits is calculated by corporate actuary of the Company using actuarial method "Net Premium Valuation" and actuarial assumptions set since product pricing. If the actual experience has significantly deviated from the set of 'locked-in' assumptions, corporate actuary has the ability to propose changing the assumptions used in the Net Premium Valuation (NPV) method, as long as justifications are given.

In respect of unit-linked contracts, the unit reserves are calculated as the value of the underlying assets backing the units relating to the policies and the non-unit reserves are calculated using Net Premium Valuation method.

Expense reserve

The Company holds expense reserve for products launched since 2005, calculated based on the best estimated expense assumption at the time of product pricing.

Other reserves

In respect of participating policies (except Enhanced Par policies), the Company additionally holds:

- (1) 1-year dividend reserve to pay for the cash dividend which will incur during the next 12 months, calculated using the latest dividend crediting rate declared by the Company.
- (2) Terminal dividend fund to pay for the expected future non-guaranteed terminal dividend at policy maturity date, calculated based on the dividend crediting rate declared by the Company.
- (3) Investment smoothing reserve, to smooth historical realised investment gains or losses over the next 240 months.

For Enhanced Par policies, the provision for non-guaranteed dividends is implicit in the benefit reserve. Benefit reserve for each policy is calculated based on Net Premium Valuation method and floored at the policy's account value. The expected future terminal dividend for each Enhanced Par policy will be determined based on the growth of each policy's account value.

3 Accounting policies (Cont'd)

3.12 Insurance and investment contract (Cont'd)

3.12.3 Liabilities from insurance contracts and investment contracts with DPF (Cont'd)

a) Long-term technical reserves (Cont'd)

Shadow accounting

Shadow accounting is applied to Enhanced Par insurance contracts that have financial assets backing which are measured at fair value through other comprehensive income. In applying shadow accounting with insurance contract liabilities for Enhanced Par products, the Company will recognise movement of insurance contract liabilities in other comprehensive income.

b) Short-term insurance contracts

Loss reserves and outstanding claims

Loss reserves and outstanding claims are made for the estimated cost of all claims notified but not settled at the reporting date. Provision is also made for the cost of claims incurred, but not reported, as at the reporting date based on the Company's experience and historical data. Differences between the provision for outstanding claims and actual settlements are included in profit or loss in later years.

Premium reserve

The premium reserves comprise of the unearned premium reserves and unexpired risk reserves as follows:

Unearned premium reserves

The unearned premium reserves for group insurance, short-term riders and short-term insurance are calculated based on a pro-rata basis of the premium based on the remaining duration of each policy using 1/24 method.

Unexpired risk reserve

Unexpired risk reserve is the reserve for the claims, which may occur, of the in-force policy. Unexpired risk reserve is set aside using an actuarial method. The reserve is calculated as the best estimate of the claims, which are expected to occur during the remaining coverage periods, based on the historical data.

At each reporting date, the Company compares the amounts of unexpired risk reserves with unearned premium reserves, and if unexpired risk reserves are higher than unearned premium reserves, the difference is recognised as unexpired risk reserves in the financial statements.

c) Unpaid policy benefits

Unpaid policy benefits represent claims and benefits payables to policyholders in relation to deaths, surrenders, dividends, maturities and policyholder deposits in respect of dividends and maturities, including the related interest payables. Unpaid policy benefits are recognised at cost.

d) Due to insured

Due to insured comprises of premium received during underwriting and amount due to insured other than contractual benefits. Due to insured are recognised at cost.

3 Accounting policies (Cont'd)

3.12 Insurance and investment contract (Cont'd)

3.12.4 Liability adequacy testing

Short-term insurance contracts

The liability of the Company under short-term insurance contracts is tested for adequacy by comparing the best estimate using an actuarial method with the carrying amount of unearned premiums reserve at the reporting date. Where an expected shortfall is identified, additional provisions are made for unearned premiums and are recognised in profit or loss.

Long-term insurance contracts

The liability of the Company under long-term insurance contracts is tested for adequacy by comparing the best estimate of future contractual cash flows by using current assumptions with the carrying amount of long-term technical reserves and investment contract liabilities with DPF at the reporting date. Where an expected shortfall is identified, additional provisions are made for long-term technical reserves and investment contract liabilities with DPF and are recognised in profit or loss.

An additional provision for liability inadequacy is made where the reserves are calculated by using actuarial method "Gross Premium Valuation" based on current assumptions of policies in force at the reporting date exceeds the reserves calculated by using Net Premium Valuation method.

Actuarial assumptions are reviewed annually to assess whether latest assumptions reflect actual experience, and where there is an indication that they are not appropriate then the assumption will be revised to reflect actual experience. These assumptions will be used in "Gross Premium Valuation" method.

3.12.5 Reinsurance

Reinsurance transactions are recorded based on estimates of the amounts to be received from or paid to reinsurers.

Assets, liabilities, income and expense arising from reinsurance contracts are presented separately from the assets, liabilities, income and expense from the related insurance contracts because the reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Premium ceded, fee and commission income, and benefits and claims paid recovered from reinsurers are recognised as revenue or expenses in accordance with the pattern of reinsurance service received when incurred.

An asset or liability is recognised in the statement of financial position representing amount due from and to reinsurance. The net amount is presented in the statement financial position only when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3 Accounting policies (Cont'd)

3.13 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation, it is probable that an outflow of economic benefits will be required to settle the obligation and it can be estimated reliably.

3.14 Employee benefits

a) Defined benefit plans

Retirement benefits

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit earned from employees' services in the current and prior periods; these benefits are discounted to determine its present value. The discount rate is the yield at the reporting date from government bonds that have maturity dates approximating the terms of the Company's obligations.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Company determines the interest expense on the net defined benefit liability by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains or losses on the settlement of a defined benefit plan when the settlement occurs.

Long-term employee benefits

Share-based compensation

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

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

Long service award

The Company has long service award compensation according to the years of service with the Company. The years of service will be counted since the first working day. The awarded employee must be the Company's employee on the benefit pay out date.

3 Accounting policies (Cont'd)

3.14 Employee benefits (Cont'd)

b) Defined contribution plans

Provident fund

The Company established a contributory registered provident fund in accordance with the Provident Fund Act B.E. 2530, being a defined contribution plan. The registered provident fund plan was approved by the Ministry of Finance on 1 January 2017 and 11 January 2017. The provident fund is funded by payments from employees and by contribution from the Company. The assets for which are held in separate funds and managed by 2 qualified fund managers in accordance with the terms and conditions as prescribed in the Ministerial Regulations under Provident Fund Act B.E. 2530. The Company's contributions to the provident fund are charged as expense to the statements of comprehensive income in the financial period to which they relate.

c) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.15 Financial assets and financial liabilities

Significant financial assets carried on the statement of financial position include cash and cash equivalents, accrued investment income, investment receivables, derivative assets, investments in securities, mortgage loans, assets held to cover linked liabilities and some of other assets. Significant financial liabilities carried on the statement of financial position include investment contract liabilities, investment payables, derivative liabilities and some of other liabilities. The particular accounting policy adopted is disclosed in the individual policy associated with each item.

3.16 Collateral in relation to derivative contracts

Cash received and pledged as a collateral to a counter party occurs in respect to the conditions in derivative contracts in order to reduce the credit risk. The cash received is recognised at its fair value as an asset with a corresponding liability for the repayment. The cash pledged is recognised at its fair value as other asset and the cash pledged will be derecognised from the statement of financial position.

3 Accounting policies (Cont'd)

3.17 Current income taxes and deferred income taxes

Income tax expense for the year comprises current income tax and deferred income tax. Current income tax and deferred income tax are recognised in profit or loss except to the extent that items recognised directly in equity or in other comprehensive income.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (loss); and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred income tax must reflect the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current income tax and deferred income tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred income tax assets and deferred income tax liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is probable that the related tax benefit will be realised.

3 Accounting policies (Cont'd)

3.18 Related parties

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

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

3.19 Share capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.20 Legal reserve

Under the Public Limited Company Act B.E.2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit less outstanding deficits (if any) until the reserve is no less than 10 percent of the Company's registered share capital. The legal reserve is non-distributable.

3.21 Dividends payment

Dividends are recorded in the financial statements in the period in which they are approved by the shareholders and the Office of Insurance Commission.

3.22 Recognition of revenues and expenses

a) Premiums written and premiums earned

Short-term insurance contracts

Premiums written are recognised as revenues on the inception date and are presented gross of premiums ceded and commissions and brokerages.

Premiums earned comprise of premiums written during the year and change in unearned premium reserve and are recognised as revenues proportionally over the period of coverage.

Long-term insurance contracts

First year premiums written are recognised as revenues when the premiums are received and the insurance policies are approved. Renewal premiums are recognised as revenues when premiums are due. First year premiums written and renewal premiums written are presented gross of premiums ceded and commissions and brokerages.

Premiums received in advance are not recognised as revenues until the due date of policies.

3 Accounting policies (Cont'd)

3.22 Recognition of revenues and expenses (Cont'd)

b) Benefits and claims paid

Benefits and claims paid consist of benefits, claims and losses adjustment expense during the years, less benefits payments and insurance claims expenses recovered from reinsurers and changes in provision for short-term insurance claims. These expenses are recognised in profit or loss when incurred or due.

c) Policy acquisition costs

Policy acquisition costs, e.g. commissions and brokerages are recognised on an accrual basis.

d) Investment income

Dividend income is recognised in profit or loss on the date the Company's right to receive payments is established.

Interest income is recognised in profit or loss on an accrual basis, except interest on loans overdue more than 6 months is recognised on a cash basis.

e) Other income and expenses

Other income and expenses are recognised on an accrual basis.

f) Directors' remuneration

Directors' remuneration represents the benefits paid to the Company's directors in compliance with section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to executive directors.

3 Accounting policies (Cont'd)

3.23 Reclassification

The comparative amounts have been reclassified to conform to the presentation of the financial statements for the current year as follows:

	For the year ended 31 December 2022		
	As previously reported Thousand Baht	Reclassification Thousand Baht	Reclassified Thousand Baht
Statement of financial position			
Assets			
Accrued investment income	1,354,777	44,316	1,399,093
Liabilities			
Other liabilities	(954,282)	(44,316)	(998,598)
Statement of comprehensive income			
Revenues			
Gains (losses) on investment	820,417	(4,655)	815,762
Fair value losses	(210,320)	(80,787)	(291,107)
Gains (losses) on hedge accounting	-	85,442	85,442
Statement of cash flows			
Gross benefits and claim paid from direct insurance	(21,659,306)	4,655	(21,654,651)
Cash received from selling and redeeming investment in securities	52,084,850	(4,655)	52,080,195

4 Risk management

4.1 Insurance risk

Insurance risk is the risk arising from the amount and timing of claim and policyholder benefits differing from the Company's reserving. The Company has to set up an adequate reserve to cover the obligations to policyholders.

The following topics summarise the Company's risk management.

4.1.1 Underwriting risk

Underwriting risk is the risk arising from the obligation to the Company's policyholders being higher than underwriting assumptions due to claim severity or frequency.

This risk may arise from inadequacy of reinsurance, concentration or unexpected losses, e.g. catastrophes and unforeseen events.

To mitigate the risk, the Company has a strong underwriting and control process to regularly monitor the risk in order to adjust the pricing and underwriting conditions to reflect the actual risk. Reinsurance is used for transferring part of the underwriting risk.

4.1.2 Concentration risk

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

The Company has life insurance participating and non-participating contracts with guaranteed benefits. The amount of risk to which the Company is exposed depends on the level of guarantees inherent in the contracts compared the current interest rate. The changes in interest rate will not cause a change to the amount of the liability, unless the change is material enough to trigger the adjustment from a liability adequacy test.

4.1.3 Mortality and morbidity risk

The risk is that the actual experience in mortality and morbidity is worse than assumed in the pricing and valuation of the reserves. It is generally mitigated by careful product design and careful underwriting as well as appropriate reinsurance. The Company assesses this risk by verifying the assumptions in pricing and reserve calculation yearly through an experience study. In addition, morbidity rates especially health claim ratios are monitored closely.

4.1.4 Lapse risk

Risk that arises from policyholders discontinuing premium payment or surrendering prior to the maturity of the contract. The risk is mitigated by providing training to reduce mis-selling and monitoring the persistency respectively.

4 Risk management (Cont'd)

4.2 Financial risk

The Company is exposed to a variety of financial risk: market risk (including foreign exchange rate risk, interest rate risk and equity price risk), credit risk, liquidity risk, and fair value risk. The Company's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain exposures. The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch on the recognition between the hedging instruments and the hedged items. This will effectively result in recognising interest expense at a fixed interest rate for hedged floating rate investments.

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

4.2.1 Market risk

a) Foreign exchange rate risk

The Company is exposed to foreign currency risk relating to investment in securities for both fixed income and equity which are denominated in foreign currencies. The Company primarily utilises cross currency swap and foreign exchange forward contracts to hedge such foreign currency risk arising from fixed income. Under the company's policy, the critical terms of the cross currency swap must align with the hedged items.

The Company only designates the spot component of foreign currency hedges. The spot component is determined with reference to relevant spot market exchange rates. The difference between the contracted forward rate and the spot market exchange rate is defined as the forward points. It is discounted, where material.

The changes in the foreign currency basis spread of the cross currency swaps that relate to hedged items are deferred in the costs of hedge reserve.

4 Risk management (Cont'd)

4.2 Financial risk (Cont'd)

4.2.1 Market risk (Cont'd)

a) Foreign exchange rate risk (Cont'd)

The Company's exposure to foreign exchange rate risk as at 31 December 2023 and 2022, expressed in Baht is as follows:

	2023			2022		
	U.S. Dollar Thousand Baht	Euro Thousand Baht	Others Thousand Baht	U.S. Dollar Thousand Baht	Euro Thousand Baht	Others Thousand Baht
Cash and cash equivalents	265	-	58,421	16,241	-	9,821
Investments in securities						
Foreign debt securities	18,069,015	603,311	10,456,198	18,596,139	428,232	50,577
Foreign equity securities	158,443	-	-	226,346	-	-

Effects of hedge accounting on the financial position and performance

As at 31 December 2023 and 2022, foreign currency-related hedging relationships of the Company are designated as cash flow hedges and fair value hedge. The Company has no foreign currency-related hedging instruments that are designated as net investment in foreign operation.

i) The effects of the foreign currency-related hedging instruments on the Company's financial position and performance are as follows:

	Cross currency swaps	
	2023 Thousand Baht	2022 Thousand Baht
Carrying amount (assets)	218,087	387,412
Notional amount	4,833,906	9,131,653
Change in fair value of the hedging instruments used as the basis for recognising hedge ineffectiveness for the year	-	-
Hedging gains (losses) recognised in other comprehensive income during the year	(169,325)	284,962
Hedge ineffectiveness recognised in profit or loss	-	-
Reclassification adjustment from cash flow hedge reserve into profit or loss	(444,699)	-
Reclassification adjustment from costs of hedge reserve to profit or loss	-	-

4 Risk management (Cont'd)

4.2 Financial risk (Cont'd)

4.2.1 Market risk (Cont'd)

a) Foreign exchange rate risk (Cont'd)

- i) The effects of the foreign currency-related hedging instruments on the Company's financial position and performance are as follows: (Cont'd)

	Cross currency swaps	
	2023	2022
	Thousand Baht	Thousand Baht
Carrying amount (liabilities)	579,813	499,241
Notional amount	13,660,203	10,065,728
Change in fair value of the hedging instrument used as the basis for recognising hedge ineffectiveness for the year	-	-
Hedging gains (losses) recognised in other comprehensive income during the year	(80,572)	1,985,262
Hedge ineffectiveness recognised in profit or loss	-	-
Reclassification adjustment from cash flow hedge reserve into profit or loss	181,348	(601,432)
Reclassification adjustment from costs of hedge reserve to profit or loss	-	4,028
	Foreign exchange forwards	
	2023	2022
	Thousand Baht	Thousand Baht
Carrying amount (assets)	62,300	-
Notional amount	5,579,791	-
The carrying amount of the hedged items	5,723,754	-
Hedging gains recognised in profit or loss during the year	62,300	-
Hedge ineffectiveness recognised in profit or loss	-	-
Carrying amount (liabilities)	33,561	-
Notional amount	2,604,257	-
The carrying amount of the hedged items	2,726,760	-
Hedging losses recognised in profit or loss during the year	(365,463)	(26,261)
Hedge ineffectiveness recognised in profit or loss	-	-

The Company separately discloses certain hedging instruments according to its position at the end of the reporting period, either as derivative assets or derivative liabilities. While, the hedge ineffectiveness and reclassification adjustment are recognised as fair value gains or losses.

4 Risk management (Cont'd)

4.2 Financial risk (Cont'd)

4.2.1 Market risk (Cont'd)

a) Foreign exchange rate risk (Cont'd)

- ii) The effects of the foreign currency-related hedged items on the Company's financial position and performance are as follows:

	<u>Investment in debt securities</u>	
	<u>2023</u>	<u>2022</u>
	<u>Thousand Baht</u>	<u>Thousand Baht</u>
Change in value of the hedged items used as the basis for recognising hedge ineffectiveness for the year	-	-
Remaining cash flow hedge reserve and costs of hedge reserve for continuing hedges	898,177	1,411,425
Remaining cash flow hedge reserve and costs of hedge reserve from any hedging relationships for which hedge accounting is no longer applied	-	-

- iii) The effects of the foreign currency-related cash flow hedge and costs of hedge on the Company's financial position and performance are as follows:

	<u>Time period-related hedged items</u>	
	<u>2023</u>	<u>2022</u>
	<u>Thousand Baht</u>	<u>Thousand Baht</u>
Cash flow hedge reserve		
Beginning balance	1,319,376	(222,762)
Hedging gains (losses) recognised in other comprehensive income during the year	(176,698)	2,143,570
Reclassification to profit or loss during the year	(263,351)	(601,432)
Closing balance	<u>879,327</u>	<u>1,319,376</u>
Costs of hedge reserve		
Beginning balance	92,049	(38,633)
Hedging gains (losses) recognised in other comprehensive income during the year	(73,199)	126,654
Reclassification to profit or loss during the year	-	4,028
Closing balance	<u>18,850</u>	<u>92,049</u>

4 Risk management (Cont'd)

4.2 Financial risk (Cont'd)

4.2.1 Market risk (Cont'd)

a) Foreign exchange rate risk (Cont'd)

- iii) The effects of the foreign currency-related cash flow hedge and costs of hedge on the Company's financial position and performance are as follows:
(Cont'd)

	Transaction-related hedged items	
	2023 Thousand Baht	2022 Thousand Baht
Cash flow hedge reserve		
Beginning balance	544	544
Hedging losses recognised in other comprehensive income during the year	(544)	-
Reclassification to profit or loss during the year	-	-
Closing balance	-	544
Costs of hedge reserve		
Beginning balance	(544)	(544)
Hedging gains recognised in other comprehensive income during the year	544	26,261
Reclassification to profit or loss during the year	-	(26,261)
Closing balance	-	(544)

Sensitivity

The Company calculates the impact on the sensitivity of exchange rates. However, the management considers that the Company has no significant effect.

b) Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows because debt securities and loan interest rates are mainly fixed. The Company manages the risk by considering the risk of investments together with the return on such investments.

Effects of hedge accounting on the financial position and performance

As at 31 December 2023 and 2022, interest rate-related hedging relationship of the Company is entirely designated as cash flow hedge. The Company has no interest rate-related hedging instruments that designate as fair value hedge or net investment in foreign operation.

4 Risk management (Cont'd)

4.2 Financial risk (Cont'd)

4.2.1 Market risk (Cont'd)

b) Interest rate risk (Cont'd)

- i) The effects of the interest rate-related hedging instruments on the Company's financial position and performance are as follows:

	Bond forwards	
	2023	2022
	Thousand Baht	Thousand Baht
Carrying amount (assets)	94,129	45,043
Notional amount	3,645,000	2,985,000
Change in fair value of the hedging instruments used as the basis for recognising hedge ineffectiveness for the year	-	-
Hedging gains (losses) recognised in other comprehensive income during the year	136,951	(77,899)
Hedge ineffectiveness recognised in profit or loss	-	-
Reclassification from cash flow hedge reserve into profit or loss	(2,724)	(57,366)
Reclassification from costs of hedge reserve into profit or loss	-	(1,577)

	Bond forwards	
	2023	2022
	Thousand Baht	Thousand Baht
Carrying amount (liabilities)	60,257	112,349
Notional amount	2,485,000	3,050,000
Change in fair value of the hedging instrument used as the basis for recognising hedge ineffectiveness for the year	-	-
Hedging losses recognised in other comprehensive income during the year	(142,276)	(129)
Hedge ineffectiveness recognised in profit or loss	-	-
Reclassification from cash flow hedge reserve into profit or loss	9,643	21,013
Reclassification from costs of hedge reserve into profit or loss	-	(1,300)

The Company separately discloses certain hedging instruments according to its position at the end of the reporting period, either as derivative assets or derivative liabilities. The hedge ineffectiveness is recognised as fair value gains or losses and reclassification adjustment is recognised as investment income.

4 Risk management (Cont'd)

4.2 Financial risk (Cont'd)

4.2.1 Market risk (Cont'd)

b) Interest rate risk (Cont'd)

- ii) The effects of the interest rate-related hedged items on the Company's financial position and performance are as follows:

	<u>Investment in debt securities</u>	
	<u>2023</u>	<u>2022</u>
	Thousand Baht	Thousand Baht
Change in value of the hedged items used as the basis for recognising hedge ineffectiveness for the year	-	-
Remaining cash flow hedge reserve and costs of hedge reserve for continuing hedges	(14,228)	(15,822)
Remaining cash flow hedge reserve and costs of hedge reserve from any hedging relationships for which hedge accounting is no longer applied	-	-

- iii) The effects of the interest rate-related cash flow hedge and costs of hedge on the Company's financial position and performance during the year are as follows:

	<u>Transaction-related hedged items</u>	
	<u>2023</u>	<u>2022</u>
	Thousand Baht	Thousand Baht
Cash flow hedge reserve		
Beginning balance	(146,127)	35,986
Hedging losses recognised in other comprehensive income during the year	(51,969)	(145,760)
Reclassification to profit or loss during the year	6,919	(36,353)
Closing balance	<u>(191,177)</u>	<u>(146,127)</u>
Costs of hedge reserve		
Beginning balance	130,305	65,450
Hedging gains recognised in other comprehensive income during the year	46,644	67,732
Reclassification to profit or loss during the year	-	(2,877)
Closing balance	<u>176,949</u>	<u>130,305</u>

4 Risk management (Cont'd)

4.2 Financial risk (Cont'd)

4.2.1 Market risk (Cont'd)

b) Interest rate risk (Cont'd)

As at 31 December 2023 and 2022, significant financial assets and financial liabilities classified by type of interest rates and maturity date are summarised in the table below.

	2023								
	Fixed interest rate				Variable interest rate		Non-interest bearing		Interest rate (% p.a.)
	Within 1 year	1 - 5 years	Over 5 years	At call	At call	Total	Thousand Baht	Thousand Baht	
Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht				
Financial assets									
Cash and cash equivalents	252,426	-	-	3,709,478	5,200,243	9,162,147			0.00 - 2.00
Accrued investment income	-	-	-	-	1,720,960	1,720,960			-
Investment receivables	-	-	-	-	239,066	239,066			-
Derivative assets	75,612	18,517	-	-	280,387	374,516			1.60 - 4.00
Investment in securities									
Debt securities	7,226,154	51,693,142	105,816,209	-	17,246,599	181,982,104			0.00 - 9.00
Equity securities	-	-	-	-	9,118,645	9,118,645			-
Deposits at financial institutions with original maturities more than 3 months	-	1,000,000	-	-	-	1,000,000			4.20
Mortgage loans	42,700	514	769	-	-	43,983			6.50 - 19.00
Assets held to cover linked liabilities	-	-	-	-	1,436,655	1,436,655			-
Other assets - cash collateral from derivative contracts	-	-	-	831,444	-	831,444			1.15 - 2.50
Other assets	-	-	-	-	229,976	229,976			-
	7,596,892	52,712,173	105,816,978	4,540,922	35,472,531	206,139,496			
Financial liabilities									
Investment contract liabilities	-	-	-	-	1,436,655	1,436,655			-
Investment payables	-	-	-	-	379	379			-
Derivative liabilities	36,566	23,691	-	-	613,374	673,631			1.59 - 4.00
Other liabilities - cash collateral from derivative contracts	-	-	-	43,600	-	43,600			1.15 - 2.50
Other liabilities - lease liability	72,462	253,610	26,693	-	-	352,765			1.82 - 3.42
Other liabilities	-	-	-	-	246,099	246,099			-
	109,028	277,301	26,693	43,600	2,296,507	2,753,129			

Allianz Ayudhya Assurance Public Company Limited
Notes to Financial Statements
For the year ended 31 December 2023

4 Risk management (Cont'd)

4.2 Financial risk (Cont'd)

4.2.1 Market risk (Cont'd)

b) Interest rate risk (Cont'd)

As at 31 December 2023 and 2022, significant financial assets and financial liabilities classified by type of interest rates and maturity date are summarised in the table below. (Cont'd)

	2022								Interest rate (% p.a.)
	Fixed interest rate				Variable interest rate		Non-interest bearing		
	Within 1 year Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht	At call Thousand Baht	At call Thousand Baht	At call Thousand Baht	Total Thousand Baht		
Financial assets									
Cash and cash equivalents	-	-	-	13,031,303	-	-	18,448,040	5,416,737	0.10 - 2.00
Investment receivables	-	-	-	-	-	-	20,873	20,873	-
Derivative assets	13,321	22,226	9,496	-	-	-	432,455	387,412	1.59 - 3.78
Investment in securities									
Debt securities	16,217,504	43,753,335	108,023,001	-	-	-	168,111,930	118,090	0.00 - 9.00
Equity securities	-	-	-	-	-	-	7,766,928	7,766,928	-
Deposits at financial institutions with original maturities more than 3 months	-	1,000,000	-	-	-	-	1,000,000	-	4.20
Mortgage loans	-	691	44,410	-	-	-	45,101	-	5.00 - 19.00
Assets held to cover linked liabilities	-	-	-	-	-	-	1,220,612	1,220,612	-
Other assets - cash collateral from derivative contracts	-	-	-	1,590,675	-	-	1,590,675	-	0.40 - 1.75
	<u>16,230,825</u>	<u>44,776,252</u>	<u>108,076,907</u>	<u>14,621,978</u>	<u>-</u>	<u>-</u>	<u>198,636,614</u>	<u>14,930,652</u>	
Financial liabilities									
Investment contract liabilities	-	-	-	-	-	-	1,220,612	1,220,612	-
Investment payables	-	-	-	-	-	-	29	29	-
Derivative liabilities	-	107,687	4,662	-	-	-	611,590	449,241	1.59 - 3.78
Other liabilities - cash collateral from derivative contracts	-	-	-	77,400	-	-	77,400	-	0.40 - 1.75
	<u>-</u>	<u>107,687</u>	<u>4,662</u>	<u>77,400</u>	<u>-</u>	<u>-</u>	<u>1,909,631</u>	<u>1,719,882</u>	

4 Risk management (Cont'd)

4.2 Financial risk (Cont'd)

4.2.1 Market risk (Cont'd)

b) Interest rate risk (Cont'd)

The table below shows the interest rate sensitivity to net profit and other components of equity for the financial assets and financial liabilities held as at reporting date.

	Impact to net profit		Impact to other components of equity	
	2023 Thousand Baht	2022 Thousand Baht	2023 Thousand Baht	2022 Thousand Baht
Interest rate - increase 1%*	34,537	127,983	(11,695,685)	(12,014,097)
Interest rate - decrease 1%*	(10,395)	(31,761)	13,565,131	13,844,186

* Holding all other variables constant

c) Equity risk

Equity risk is the risk arising from changes in the price of equity securities and offshore debt securities - REITs that may cause fluctuation in the value of financial assets. The Company manages the risk both by setting internal investment limits and strictly complying with the Office of Insurance Commission limits to ensure that the risk is within the Company's risk appetite.

The table below summarises the impact of changes in equity indices on the Company's sensitivity to net profit and other components of equity as at reporting date.

	Impact to net profit		Impact to other components of equity	
	2023 Thousand Baht	2022 Thousand Baht	2023 Thousand Baht	2022 Thousand Baht
Equity price - Increase 1%*	-	-	195,209	77,669
Equity price - Decrease 1%*	-	-	(195,209)	(77,669)

* Holding all other variables constant

4 Risk management (Cont'd)

4.2 Financial risk (Cont'd)

4.2.2 Credit risk

Credit risk is the risk that a customer or counterparty fails to settle its financial and contractual obligations to the Company when they fall due.

Credit risk mostly arises from cash and cash equivalents, contractual cash flows of investments in debt securities carried at amortised cost, at fair value through other comprehensive income (FVOCI) and designated at fair value through profit or loss (Designated at FVPL), derivative assets as well as credit exposures to customers and outstanding receivables.

Management has a credit policy in place to monitor credit risk on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Company's customer base, Management does not anticipate material losses from its debt collection.

Concentrations of the credit risk with respect to loans and premiums receivable are less significant since the borrowers and the insured are dispersed across different industries and geographic regions.

The Company's investments in debt securities are considered to be low risk investments. The Company regularly monitors the credit ratings of the investments if there has been an increase in the risk.

Risk management

The Company has the credit risk management policy that is approved by the Risk Committee consisting of:

Risk assessment

- The Company's credit risk limitation and the verification by the Risk Management Department.
- The Company's credit risk analysis through change on asset allocation, investment strategy and credit rating on an annual basis.

Risk reporting

Risk Management Department reports results to the Risk Committee at least on a quarterly basis. Risk Committee assesses the appropriateness of credit risk management and approve the adjustment of the credit risk management at least on an annual basis to be consistent with the Company's operation and industry.

4 Risk management (Cont'd)

4.2 Financial risk (Cont'd)

4.2.2 Credit risk (Cont'd)

Risk management

- Credit risk monitoring practices such as defining approval authority limit table;
- The Company determines the credit risk rating grades, for example, the investment grade credit rating by referring the information obtained from at least one major rating agency at the reporting date, and determines the financial assets that are credit-impaired;
- Risk management policy for financial instruments that are considered to have low credit risk;

To determine whether financial instruments have low credit risk, the Company considers the external rating of investment grade at the reporting date according to the Company's credit rating methodology. The allowance for expected credit losses recognised during the year is limited to 12 months expected losses.

- Policy for significant increases in credit risk since initial recognition when financial assets are more than 30 days past due.

At the reporting date, the Company assesses whether the credit risk on financial instruments have increased significantly since initial recognition if one of the following criteria is met.

Quantitative criteria

The Company determines whether the probability of a default occurring on the financial instrument as at the reporting date has increased significantly since initial recognition.

Qualitative criteria

Significant changes in external market indicators of credit risk for a particular financial instrument are as follows:

- significant changes in the credit spread;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations;
- an actual or expected significant change in the operating results of the borrower;
- significant changes in the value of the collateral supporting the obligation which are expected to have an effect on the probability of a default occurring;
- significant changes in the financial instrument's external credit rating.

4 Risk management (Cont'd)

4.2 Financial risk (Cont'd)

4.2.2 Credit risk (Cont'd)

Risk management (Cont'd)

- Policy for the modification of contractual cash flows of financial assets;

If the contractual cash flows on financial assets have been renegotiated or modified and the financial assets were not derecognised, the Company assesses whether there has been a significant increase in the credit risk of the financial instruments by comparing (1) the risk of a default occurring at the reporting date (based on the modified contractual terms); and (2) the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms).

- Classification policy for financial assets whose allowance for expected credit losses was measured at an amount equal to lifetime expected credit losses whereby its cash flow has improved;

For financial assets whose allowance for expected credit losses was measured at an amount equal to lifetime expected credit losses, if there has been an improvement in cash flow, the allowance for expected credit losses reverts to being measured at an amount equal to 12-month expected credit losses.

- Policy for monitoring the allowance for expected credit losses that was measured at an amount equal to lifetime expected credit losses for the financial assets that have been modified;

The Company monitors the verification of subsequently significant increase in credit risk on financial assets through the specific models for modified financial assets.

Collateral

The Company determines the policy and practices in order to reduce the credit risk and allows borrowers to pledge collaterals to guarantee their loans.

The Company assessed the value of collateral since the start date of a loan agreement. The main types of collateral held are as follows:

- Residential real estate
- Commercial real estate and movable property

There have been no significant changes in the policy of pledging collaterals during the reporting period.

4 Risk management (Cont'd)

4.2 Financial risk (Cont'd)

4.2.2 Credit risk (Cont'd)

The following table shows the credit-impaired financial assets and the collateral held to reduce the credit risk.

	2023			
	Gross carrying amount Thousand Baht	Allowance for expected credit losses Thousand Baht	Net carrying amount Thousand Baht	Fair value of collateral Thousand Baht
Mortgage loans	47,951	(47,103)	848	71,709
Total credit-impaired financial assets	47,951	(47,103)	848	71,709
	2022			
	Gross carrying amount Thousand Baht	Allowance for expected credit losses Thousand Baht	Net carrying amount Thousand Baht	Fair value of collateral Thousand Baht
Mortgage loans	49,068	(47,116)	1,952	78,189
Total credit-impaired financial assets	49,068	(47,116)	1,952	78,189

Impairment of financial assets

The Company has 4 types of financial assets that are subject to the expected credit loss model:

- Cash and cash equivalents
- Investments in debt securities measured at amortised cost and fair value through other comprehensive income
- Mortgage loans
- Other receivables

The expected credit losses are measured on either a 12-month or lifetime basis depending on whether the significant increase in credit risk has occurred since initial recognition or whether the assets are considered to be credit-impaired financial assets. The expected credit losses are the discounted product of probability of default, loss given default and exposure at default, defined as follows:

- The probability of default represents the likelihood of a borrower defaulting on its financial obligation either over the next 12 months or over the remaining lifetime of the obligation.
- The exposure at default is based on the amounts that the Company expects to be owed at the time of default, over the next 12 months or over the remaining lifetime of the obligation.
- The loss given default represents the Company's expectation of the extent of loss on a defaulted exposure. The loss given default varies by type of borrower, type of seniority of claim and availability of collateral or other credit support. The loss given default is calculated on a 12-month or over the remaining lifetime of the obligation.

4 Risk management (Cont'd)

4.2 Financial risk (Cont'd)

4.2.2 Credit risk (Cont'd)

The expected credit losses are determined by projecting the probability of default, loss given default and exposure at default for each future month and for each individual exposure or collective segment. These three components are multiplied together. To effectively calculate expected credit losses, the Company calculates expected credit losses for each future month and discounted back to the reporting date. The discount rate used in the expected credit loss calculation is the original effective interest rate (EIR).

Forward-looking economic information is also included in determining expected credit losses in the next 12 months or over the remaining lifetime of the obligation.

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

Mortgage loans

The Company has mortgage loans measured at amortised cost by recognising 12 months expected losses for the loans that the credit risk has not significantly increased and lifetime expected credit losses for the loans that the credit risk has significantly increased.

The reconciliation of allowance for expected credit losses for loans for the year ended 31 December 2023 and 2022 are as follows:

	<u>Thousand Baht</u>
As at 1 January 2022	47,564
Reversal of allowance for expected credit losses	<u>(448)</u>
As at 31 December 2022	47,116
Reversal of allowance for expected credit losses	<u>(13)</u>
As at 31 December 2023	<u>47,103</u>

4 Risk management (Cont'd)

4.2 Financial risk (Cont'd)

4.2.2 Credit risk (Cont'd)

The allowance for expected credit losses for loans by stage of risk are as follows:

	2023			Total Thousand Baht
	Allowance for expected credit losses measured at amount equal to 12 months expected credit losses Thousand Baht	Allowance for expected credit losses measured at amount equal to lifetime expected credit losses Thousand Baht	Allowance for expected credit losses measured at amount equal to lifetime expected credit losses (credit-impaired financial assets) Thousand Baht	
Mortgage loans				
Beginning balance	22	-	47,094	47,116
Changes occurred from classification	-	-	-	-
Changes occurred from measurement	(13)	-	-	(13)
Ending balance	9	-	47,094	47,103
	2022			
	Allowance for expected credit losses measured at amount equal to 12 months expected credit losses Thousand Baht	Allowance for expected credit losses measured at amount equal to lifetime expected credit losses Thousand Baht	Allowance for expected credit losses measured at amount equal to lifetime expected credit losses (credit-impaired financial assets) Thousand Baht	Total Thousand Baht
Mortgage loans				
Beginning balance	43	-	47,521	47,564
Changes occurred from classification	-	-	-	-
Changes occurred from measurement	(21)	-	(427)	(448)
Ending balance	22	-	47,094	47,116

Investments in debt securities

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

4 Risk management (Cont'd)

4.2 Financial risk (Cont'd)

4.2.2 Credit risk (Cont'd)

Investments in debt securities measured at amortised cost

The reconciliation of allowance for expected credit losses for financial assets at amortised cost for the years ended 31 December are as follows:

	Debenture Thousand Baht	Bill of exchange Thousand Baht	Total Thousand Baht
As at 1 January 2022	1,792	343	2,135
Reversal of allowance for expected credit losses	(1,454)	(239)	(1,693)
As at 31 December 2022	338	104	442
Reversal of allowance for expected credit losses	(132)	(101)	(233)
As at 31 December 2023	206	3	209

Measurement of allowance for expected credit losses

	12 months Thousand Baht	Lifetime Thousand Baht	Lifetime (credit- impaired financial assets) Thousand Baht	Total Thousand Baht
As at 1 January 2022	2,135	-	-	2,135
Allowance for expected credit losses recognised in profit or loss during the year (reversal)	(1,249)	-	-	(1,249)
Financial assets written off during the year	(444)	-	-	(444)
As at 31 December 2022	442	-	-	442
Allowance for expected credit losses recognised in profit or loss during the year (reversal)	(74)	-	-	(74)
Financial assets written off during the year	(159)	-	-	(159)
As at 31 December 2023	209	-	-	209

Investments in debt securities measured at fair value through other comprehensive income (FVOCI)

The allowance for expected credit losses of in debt securities measured at fair value through other comprehensive income (FVOCI) is recognised in profit or loss and reduces the fair value loss recognised in OCI.

4 Risk management (Cont'd)

4.2 Financial risk (Cont'd)

4.2.2 Credit risk (Cont'd)

Investments in debt securities measured at fair value through other comprehensive income (FVOCI) (Cont'd)

The reconciliation of allowance for expected credit losses for investments in debt securities as at 31 December are as follows:

	2023 Thousand Baht	2022 Thousand Baht
As at 1 January	9,334	23,228
Increase in allowance for expected credit losses recognised in profit or loss during the year (reversal)	1,845	(13,894)
As at 31 December	<u>11,179</u>	<u>9,334</u>

Financial assets designated as measured at fair value through profit or loss (Designated at FVPL)

The Company is exposed to credit risk in relation to investments in debt securities that are designated at FVPL. The maximum exposure at the reporting date is the carrying amount of the investments.

Credit risk exposure

The maximum credit risk exposure is considered to be the statement of financial position carrying amount or, for non-derivative off-statement of financial position transaction, their contractual nominal amounts. The exposure to credit risk of the Company equals their carrying amount in the statement of financial position as at reporting date.

4.2.3 Liquidity risk

The Company monitors its liquidity risk by maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The Company's financial assets mainly comprise cash and deposits at financial institutions and investments in securities which are highly liquid and are able to be sold quickly at close to their fair value when the Company wishes to raise funds.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. At the end of the reporting period the Company held deposits at call of Baht 6,580.52 million (2022: Baht 15,540.99 million) that are expected to readily generate cash inflows for managing liquidity risk. Due to the flexible and dynamic nature of the underlying businesses, the Company's treasury department maintains flexibility in funding under sufficient committed credit lines.

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

4 Risk management (Cont'd)

4.2 Financial risk (Cont'd)

4.2.3 Liquidity risk (Cont'd)

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

	Carrying amount Thousand Baht	Estimated net undiscounted cash flows				Total Thousand Baht
		Less than 1 year Thousand Baht	1 - 5 years Thousand Baht	5 - 10 years Thousand Baht	Over 10 years Thousand Baht	
As at 31 December 2023						
Investment payables	379	379	-	-	-	379
Other liabilities - cash collateral from derivative contracts	43,600	43,600	-	-	-	43,600
Other liabilities - lease liabilities	352,765	83,071	273,183	26,960	-	383,214
Other liabilities	246,099	246,099	-	-	-	246,099
Total financial liabilities that is not derivatives	642,843	373,149	273,183	26,960	-	673,292
Derivative financial instruments applying hedge accounting						
Derivative hedging foreign exchange rate risk						
<i>Cross currency swaps (U.S. Dollar)</i>						
Notional value	573,928	675,695	6,886,563	5,969,425	-	13,531,683
Average foreign exchange rate		32.45	31.88	30.97	-	
<i>Cross currency swaps (Euro)</i>						
Notional value	363	-	76,770	-	-	76,770
Average foreign exchange rate		-	38.38	-	-	
<i>Cross currency swaps (S.G. Dollar)</i>						
Notional value	5,522	-	-	51,750	-	51,750
Average foreign exchange rate		-	-	23.00	-	
<i>Foreign exchange forward contracts (A.U. Dollar)</i>						
Notional value	33,561	2,604,257	-	-	-	2,604,257
Average price		868,086	-	-	-	
Derivative hedging interest rate risk						
<i>Bond forward contracts</i>						
Notional value	60,257	1,510,000	975,000	-	-	2,485,000
Average price		103,443	65,529	-	-	
Total derivative financial instruments applying hedge accounting	673,631	4,789,952	7,938,333	6,021,175	-	18,749,460
Total	1,316,474	5,163,101	8,211,516	6,048,135	-	19,422,752

4 Risk management (Cont'd)

4.2 Financial risk (Cont'd)

4.2.3 Liquidity risk (Cont'd)

The table below shows the financial liabilities grouping based on their contractual maturities. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. (Cont'd)

	Carrying amount Thousand Baht	Estimated net undiscounted cash flows				Total Thousand Baht
		Less than 1 year Thousand Baht	1 - 5 years Thousand Baht	5 - 10 years Thousand Baht	Over 10 years Thousand Baht	
As at 31 December 2022						
Investment payables	29	29	-	-	-	29
Other liabilities - cash collateral from derivative contracts	77,400	77,400	-	-	-	77,400
Other liabilities - lease liabilities	442,278	77,010	302,783	106,077	-	485,870
Other liabilities	298,099	298,099	-	-	-	298,099
Total financial liabilities that is not derivatives	817,806	452,538	302,783	106,077	-	861,398
Derivative financial instruments applying hedge accounting						
Derivative hedging foreign exchange rate risk						
<i>Cross currency swaps (U.S. Dollar)</i>						
Notional value	496,495	1,019,352	4,981,903	4,012,723	-	10,013,978
Average foreign exchange rate		32.17	31.80	30.77	-	
<i>Cross currency swaps (S.G. Dollar)</i>						
Notional value	2,746	-	-	51,750	-	51,750
Average foreign exchange rate		-	-	23.00	-	
Derivative hedging interest rate risk						
<i>Bond forward contracts</i>						
Notional value	112,349	1,330,000	1,720,000	-	-	3,050,000
Average price		147,778	86,000	-	-	
Total derivative financial instruments applying hedge accounting	611,590	2,349,352	6,701,903	4,064,473	-	13,115,728
Total	1,429,396	2,801,890	7,004,686	4,170,550	-	13,977,126

4 Risk management (Cont'd)

4.2 Financial risk (Cont'd)

4.2.3 Liquidity risk (Cont'd)

The tables below analyse the expected timing of hedged items' cash flows that will arise and impact profit or loss, grouping based on their contractual maturities.

	2023							2022						
	Within 3 months		3 months - 1 year		1 - 5 years		5 - 10 years		Over 10 years		Total			
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht		
Gross currency swaps														
Cash inflow	398,625	1,128,810	8,817,364	8,149,311	-	-	-	-	-	-	-	18,494,110		
Cash outflow	(398,625)	(1,128,810)	(8,817,364)	(8,149,311)	-	-	-	-	-	-	-	(18,494,110)		
Net cash flow	-	-	-	-	-	-	-	-	-	-	-	-		
Bond forward contracts														
Settlement price	1,005,243	2,378,642	2,809,780	-	-	-	-	-	-	-	-	6,193,665		
Gross currency swaps														
Cash inflow	482,580	536,772	7,581,203	10,104,126	492,700	-	-	-	-	-	-	19,197,381		
Cash outflow	(482,580)	(536,772)	(7,581,203)	(10,104,126)	(492,700)	-	-	-	-	-	-	(19,197,381)		
Net cash flow	-	-	-	-	-	-	-	-	-	-	-	-		
Bond forward contracts														
Settlement price	296,839	2,534,516	3,275,751	-	-	-	-	-	-	-	-	6,107,106		

4 Risk management (Cont'd)

4.2 Financial risk (Cont'd)

4.2.4 Fair value risk

Fair value risk is the risk arising from the change in the value of financial instruments, being the risk from the decrease in value of financial instruments owing to external market factors including changes in interest rates and foreign exchange rates and equity prices. The Company has a Risk Committee to approve the policies associated with the evaluation of fair value risk exposure. The Company uses various tools to manage this risk such as derivative financial instruments and hedging activities.

The details of fair value are described in Note 5.

5 Fair value

5.1 Fair value estimation

The following table shows carrying amount and fair value of financial assets and financial liabilities.

	Fair value through profit or loss Thousand Baht	Fair value through other comprehensive income Thousand Baht	Amortised cost Thousand Baht	Total carrying amount Thousand Baht	Fair value Thousand Baht
As at 31 December 2023					
Assets					
<i>Financial assets measured at fair value</i>					
Cash and cash equivalents	-	2,581,144	-	2,581,144	2,581,144
Derivative assets	62,300	312,216	-	374,516	374,516
Investments in debt securities	138,844	168,907,469	-	169,046,313	169,046,313
Investments in equity securities	-	9,118,645	-	9,118,645	9,118,645
Assets held to cover linked liabilities	1,414,988	-	-	1,414,988	1,414,988
<i>Financial assets not measured at fair value</i>					
Cash and cash equivalents	-	-	6,580,950	6,580,950	6,580,950
Accrued investment income	-	-	1,720,960	1,720,960	1,720,960
Investment receivables	-	-	239,066	239,066	239,066
Investments in debt securities	-	-	12,935,582	12,935,582	13,675,495
Deposits at financial institutions with original maturities more than 3 months	-	-	1,000,000	1,000,000	1,000,000
Mortgage loans	-	-	848	848	848
Assets held to cover linked liabilities	-	-	21,667	21,667	21,667
Other assets - cash collateral from derivative contracts	-	-	831,444	831,444	831,444
Other assets	-	-	229,976	229,976	229,976
Total	1,616,132	180,919,474	23,560,493	206,096,099	206,836,012
Liabilities					
<i>Financial liabilities measured at fair value</i>					
Investment contract liabilities	1,414,988	-	-	1,414,988	1,414,988
Derivative liabilities	33,561	640,070	-	673,631	673,631
<i>Financial liabilities not measured at fair value</i>					
Investment contract liabilities	-	-	21,667	21,667	21,667
Investment payables	-	-	379	379	379
Other liabilities - cash collateral from derivative contracts	-	-	43,600	43,600	43,600
Other liabilities - lease liabilities	-	-	352,765	352,765	352,765
Other liabilities	-	-	246,099	246,099	246,099
Total	1,448,549	640,070	644,510	2,753,129	2,753,129

5 Fair value (Cont'd)

5.1 Fair value estimation (Cont'd)

The following table shows carrying amount and fair value of financial assets and financial liabilities. (Cont'd)

	Fair value through profit or loss Thousand Baht	Fair value through other comprehensive income Thousand Baht	Amortised cost Thousand Baht	Total carrying amount Thousand Baht	Fair value Thousand Baht
As at 31 December 2022					
Assets					
<i>Financial assets measured at fair value</i>					
Cash and cash equivalents	-	2,906,566	-	2,906,566	2,906,566
Derivative assets	-	432,455	-	432,455	432,455
Investments in debt securities	118,090	150,005,478	-	150,123,568	150,123,568
Investments in equity securities	-	7,766,928	-	7,766,928	7,766,928
Assets held to cover linked liabilities	1,211,734	-	-	1,211,734	1,211,734
<i>Financial assets not measured at fair value</i>					
Cash and cash equivalents	-	2,906,566	15,541,395	18,447,961	18,447,961
Accrued investment income	-	-	1,399,094	1,399,094	1,399,094
Investment receivables	-	-	20,873	20,873	20,873
Investments in debt securities	-	-	17,987,920	17,987,920	19,175,932
Deposits at financial institutions with original maturities more than 3 months	-	-	1,000,000	1,000,000	1,000,000
Mortgage loans	-	-	1,952	1,952	1,952
Assets held to cover linked liabilities	-	-	8,878	8,878	8,878
Other assets - cash collateral from derivative contracts	-	-	1,590,675	1,590,675	1,590,675
Other assets	-	-	93,342	93,342	93,342
Total	1,329,824	164,017,993	37,644,129	202,991,946	204,179,958
Liabilities					
<i>Financial liabilities measured at fair value</i>					
Investment contract liabilities	1,211,734	-	-	1,211,734	1,211,734
Derivative liabilities	-	611,590	-	611,590	611,590
<i>Financial liabilities not measured at fair value</i>					
Investment contract liabilities	-	-	8,878	8,878	8,878
Investment payables	-	-	29	29	29
Other liabilities - cash collateral from derivative contracts	-	-	77,400	77,400	77,400
Other liabilities - lease liabilities	-	-	442,278	442,278	442,278
Other liabilities	-	-	298,099	298,099	298,099
Total	1,211,734	611,590	826,684	2,650,008	2,650,008

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 assets or liabilities, either directly or indirectly.
- Level 3: Inputs for the assets or liabilities 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
Notes to Financial Statements
For the year ended 31 December 2023

5 Fair value (Cont'd)

5.1 Fair value estimation (Cont'd)

The following table presents the Company's financial assets and financial liabilities that were measured at fair value by level on the financial statements as at 31 December 2023 and 2022.

	2023			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
Financial assets				
Cash and cash equivalents	-	2,581,144	-	2,581,144
Derivative assets	-	374,516	-	374,516
Investments in securities				
Investments measured at fair value through other comprehensive income				
Debt securities	10,402,236	158,505,233	-	168,907,469
Equity securities	9,093,177	-	25,468	9,118,645
Investments designated at fair value through profit or loss				
Debt securities	138,844	-	-	138,844
Assets held to cover linked liabilities	21,667	1,414,988	-	1,436,655
Total	19,655,924	162,875,881	25,468	182,557,273
Financial liabilities				
Investment contract liabilities	21,667	1,414,988	-	1,436,655
Derivative liabilities	-	673,631	-	673,631
Total	21,667	2,088,619	-	2,110,286
	2022			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
Financial assets				
Cash and cash equivalents	-	2,906,566	-	2,906,566
Derivative assets	-	432,455	-	432,455
Investments in securities				
Investments measured at fair value through other comprehensive income				
Debt securities	-	150,005,478	-	150,005,478
Equity securities	7,758,519	-	8,409	7,766,928
Investments designated at fair value through profit or loss				
Debt securities	118,090	-	-	118,090
Assets held to cover linked liabilities	8,878	1,211,734	-	1,220,612
Total	7,885,487	154,556,233	8,409	162,450,129
Financial liabilities				
Investment contract liabilities	8,878	1,211,734	-	1,220,612
Derivative liabilities	-	611,590	-	611,590
Total	8,878	1,823,324	-	1,832,202

There was no transfer between Levels during the year.

There was no change in valuation techniques during the year.

5 Fair value (Cont'd)

5.2 Fair value valuation techniques for financial assets and financial liabilities

The carrying amount of the following financial assets and financial liabilities is considered to be approximate to their fair values: cash and cash equivalents, accrued investment income, investment receivables, other receivables, investment payables and other payables.

The fair value of deposits at financial institutions which have remaining terms to maturity of less than 90 days are based on carrying amount presented in statement of financial position. For those with remaining terms to maturity greater than 90 days, the fair value is estimated by using a discounted cash flow based on current interest rates for the remaining period to maturity.

The fair value of mortgage loans and other loans which carry floating interest rates and are fully collateralised is taken to approximate the carrying amount. The fair value of fixed interest rate loans is estimated by using discounted cash flow based on current interest rates for the remaining period to maturity.

The Company determines Level 1 for fair value of financial instruments traded in active markets is based on the latest bid price on the last business day of the reporting period as quoted on the Stock Exchange.

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, bond forward contracts and foreign exchange forward contracts based on broker quotes. The cross currency swap have been fair valued based on interest rates and 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 foreign exchange forward contracts have been fair valued based on forward foreign exchange rates that are observable in publicly available source. The effects of discounting are generally insignificant for Level 2 derivatives.

Level 3 fair value measurement

The changes in level 3 financial instruments for the year ended 31 December 2023 and 2022 are as follows:

	2023 Thousand Baht	2022 Thousand Baht
Beginning balance	8,409	6,832
Gains on remeasuring investments measured at fair value through other comprehensive income	17,059	1,577
Closing balance	25,468	8,409

5 Fair value (Cont'd)

5.2 Fair value valuation techniques for financial assets and financial liabilities (Cont'd)

Valuation techniques used to derive Level 3 fair values

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

The main information that the Company uses to derive Level 3 fair values are based on dividend discount model technique using the net present value of dividends and terminal value expected to be received in the future.

6 Critical accounting estimates, assumptions and judgements

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

6.1 Insurance contract liabilities and investment contract liabilities

6.1.1 Long-term technical reserves and investment contract liabilities with discretionary participation features

The Company determines long-term technical reserves and investment contract liabilities with discretionary participation features ("DPF") based on Net Premium Valuation method.

Process involved in determining assumptions

The Company determines assumptions in relation to mortality, morbidity and discount rate that were established at the time insurance products were designed. These assumptions are locked-in and used for calculating the liabilities over the life of the contract.

6.1.2 Short-term technical reserves

Short-term technical reserves consist of loss reserves and outstanding claims and premium reserves. The carrying amount as at the reporting date is provided in Note 21.

Process involved in determining assumptions

The Company determines the loss reserves and outstanding claims in accordance with the Company's claim assessment. The assumptions used in the estimation are intended to result in sufficient provisions to cover any liabilities arising from insurance contracts to the extent that can be reasonably foreseen.

6 Critical accounting estimates, assumptions and judgements (Cont'd)

6.1 Insurance contract liabilities and investment contract liabilities (Cont'd)

6.1.2 Short-term technical reserves (Cont'd)

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

Provision is made at the reporting date for the expected ultimate cost of settlement of all claims incurred in respect of events up to that date, whether reported or not.

The Company uses "Chain-Ladder" method to estimate claims incurred but not reported. The Chain-ladder technique involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each accidental year.

6.1.3 Liabilities adequacy testing

The Company evaluates the adequacy of its insurance contract liabilities and investment contract liabilities with DPF quarterly. Significant judgment is exercised in developing best estimate assumptions. Liability adequacy is assessed by portfolio of contracts in accordance with the Company's manner of acquiring, servicing and measuring the profitability of its insurance contracts. The Company performs liability adequacy testing at company level.

6.2 Fair value of derivatives and other non-marketable financial instruments

The fair value of financial instruments that are not traded in an active market such as over-the-counter derivatives and non-marketable financial instruments are determined by using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market condition existing at the end of each reporting period.

6.3 Determination of lease terms

The Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The Company considers an extension option or termination if the lease is reasonably certain to be extended or terminated.

Most extension options on office buildings and vehicles lease have been included in the lease liabilities, because the Company considers i) the underlying asset condition and/or ii) significant cost to replace the leased assets.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty occurs if there is a significant event or a significant change in circumstance affecting the lease term assessment, and that it is within the control of the Company.

6 Critical accounting estimates, assumptions and judgements (Cont'd)

6.4 Determination of discount rate applied to lease liabilities

The Company determines the incremental borrowing rate as follows:

- Where possible, use recent third-party financing received by the individual lessee as a starting point, adjusting to reflect changes in its financing conditions.
- Make adjustments specific to the lease, e.g. term, country, currency and security.

6.5 Impairment of financial assets

The impairment losses on financial assets are based on assumptions about default risk and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs used in the impairment calculation, based on the Company's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

6.6 Deferred tax

Deferred tax liabilities are provided in full on all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. The Company considers future taxable income in assessing whether to recognise deferred tax assets.

6.7 Employee benefits

The Company has a legal and constructive commitment to pay post-retirement benefits to employees when they reach retirement age. The present value of employee benefit liabilities recognised in the statement of financial position is determined on an actuarial basis utilising various demographical and economic assumptions, for example, discount rate, salary increment rate, employee turnover rate and probability of each employee working with the Company until termination.

7 Capital risk management

The Company maintains its capital fund in accordance with the requirements of the Office of Insurance Commission. The Company's objectives in managing capital are to ensure that it has appropriate financial structure to continue its business as a going concern in order to protect policyholders and to provide returns for shareholders and benefits for other stakeholders, and to optimise risk and return to add economic value over the Company's cost of capital. In order to maintain an appropriate capital structure, the Company may adjust the amount of dividends paid to shareholders or return capital to shareholders.

8 Cash and cash equivalents, net

	2023	2022
	Thousand	Thousand
	Baht	Baht
Cash on hand	479	479
Deposits at banks - call deposits	6,580,524	15,540,995
Short-term investments	2,581,144	2,906,566
<u>Less</u> Allowance for expected credit losses	(53)	(79)
Total cash and cash equivalents, net	<u>9,162,094</u>	<u>18,447,961</u>

As at 31 December 2023, cash and cash equivalents were denominated in foreign currencies amounting to Baht 58.69 million (2022: Baht 26.06 million).

9 Premiums receivable, net

As at 31 December 2023 and 2022, the balances of premiums receivable were aged as follows:

	From direct insurance	
	2023	2022
	Thousand	Thousand
	Baht	Baht
Within credit terms	1,557,089	1,407,304
Overdue:		
Less than 30 days	172,409	167,975
31 - 60 days	31,784	15,289
61 - 90 days	32,949	14,554
91 days - 1 year	24,721	16,019
Over 1 year	5,412	4,707
Total	1,824,364	1,625,848
<u>Less</u> Allowance for doubtful accounts	(226,343)	(192,407)
Premiums receivable, net	<u>1,598,021</u>	<u>1,433,441</u>

In case of individual policies, premiums receivable represent those amounts that are within the grace period, which is 45 days. For policies with cash values having amounts overdue longer than the grace period, the premiums receivable will be settled by granting automatic policy loans. For policies without cash values and overdue longer than the grace period, the policies will be lapsed.

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

10 Reinsurance assets

	2023	2022
	Thousand	Thousand
	Baht	Baht
Loss reserves (Note 21 and 36)	75,167	81,282
Total reinsurance assets	<u>75,167</u>	<u>81,282</u>

Allianz Ayudhya Assurance Public Company Limited
Notes to Financial Statements
For the year ended 31 December 2023

11 Amount due from reinsurance

	2023 Thousand Baht	2022 Thousand Baht
Due from reinsurance (Note 36)	653,012	486,518
Total amount due from reinsurance	653,012	486,518

Aging analysis for due from reinsurance is as follows:

	2023 Thousand Baht	2022 Thousand Baht
Within credit terms	653,012	486,518
Total due from reinsurance	653,012	486,518

12 Derivative assets and liabilities

The table below presents derivatives by objective for holding.

	2023 Fair value		2022 Fair value	
	Assets Thousand Baht	Liabilities Thousand Baht	Assets Thousand Baht	Liabilities Thousand Baht
Held for hedge derivatives				
- Applying hedge accounting	374,516	673,631	432,455	611,590
Total derivatives	374,516	673,631	432,455	611,590

The details of derivative assets are as follows:

31 December 2023					Change in fair value for the year ended 31 December 2023 Thousand Baht
Type of contract	Purpose	Number of contracts	Notional value Thousand Baht	Derivative carrying amount Thousand Baht	
Cross currency swap	To hedge foreign currency risk of investment in foreign currency	25	4,833,906	218,087	(169,325)
Bond forward	To hedge reinvestment risk	23	3,645,000	94,129	49,086
Foreign exchange forward	To hedge fair value risk	7	5,579,791	62,300	62,300
Total derivative assets		55	14,058,697	374,516	(57,939)

31 December 2022					Change in fair value for the year ended 31 December 2022 Thousand Baht
Type of contract	Purpose	Number of contracts	Notional value Thousand Baht	Derivative carrying amount Thousand Baht	
Cross currency swap	To hedge foreign currency risk of investment in foreign currency	60	9,131,653	387,412	284,962
Bond forward	To hedge reinvestment risk	16	2,985,000	45,043	(115,414)
Total derivative assets		76	12,116,653	432,455	169,548

12 Derivative assets and liabilities (Cont'd)

The details of derivative liabilities are as follows:

31 December 2023					Change in fair value for the year ended 31 December 2023 Thousand Baht
Type of contract	Purpose	Number of contracts	Notional value Thousand Baht	Derivative carrying amount Thousand Baht	
Cross currency swap	To hedge foreign currency risk of investment in foreign currency	108	13,660,203	579,813	80,572
Bond forward	To hedge reinvestment risk	30	2,485,000	60,257	(52,092)
Foreign exchange forward	To hedge fair value risk	3	2,604,257	33,561	33,561
Total derivative liabilities		141	18,749,460	673,631	62,041

31 December 2022					Change in fair value for the year ended 31 December 2022 Thousand Baht
Type of contract	Purpose	Number of contracts	Notional value Thousand Baht	Derivative carrying amount Thousand Baht	
Cross currency swap	To hedge foreign currency risk of investment in foreign currency	76	10,065,728	499,241	(766,752)
Bond forward	To hedge reinvestment risk	29	3,050,000	112,349	53,328
Total derivative liabilities		105	13,115,728	611,590	(713,424)

As at 31 December 2023, the Company has hedged the risk on foreign currency offshore debentures by entering into cross currency swap contracts with local banks. The notional value of these hedges is U.S. Dollar 553.75 million, EUR 17 million and S.G. Dollar 2.25 million (2022: U.S. Dollar 580.95 million, EUR 13 million and S.G. Dollar 2.25 million).

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

13 Investments in securities, net

The details of investments in securities as at 31 December 2023 and 2022 are as follows:

	2023	
	Cost / Amortised cost Thousand Baht	Fair value Thousand Baht
Investments measured at fair value through other comprehensive income		
Short-term government debt securities	2,581,502	2,581,144
Government and state enterprise debt securities	107,118,719	106,688,883
Private debt securities	33,133,646	33,090,062
Foreign debt securities	20,015,207	18,726,288
Foreign debt securities - offshore REITs	10,544,225	10,402,236
Equity securities	10,896,302	8,960,202
Foreign equity securities	149,677	158,443
Total	184,439,278	180,607,258
<u>Less</u> Unrealised losses	(961,129)	-
<u>Less</u> Allowance for impairment losses	(2,870,891)	-
<u>Less</u> Reclassification of short-term government debt securities to Cash and cash equivalents, net	(2,581,144)	(2,581,144)
Total investments measured at fair value through other comprehensive income	178,026,114	178,026,114
Investments measured at amortised cost		
Government and state enterprise debt securities	11,972,825	
Private debt securities	962,966	
Deposits at financial institutions with original maturities more than 3 months	1,000,000	
Total	13,935,791	
<u>Less</u> Allowance for expected credit losses	(209)	
Total investments measured at amortised cost	13,935,582	
Investments designated at fair value through profit or loss		
Foreign debt securities	94,179	138,844
<u>Add</u> Unrealised gains	44,665	-
Total investments designated at fair value through profit or loss	138,844	138,844
Total investments in securities, net	192,100,540	

13 Investments in securities, net (Cont'd)

The details of investments in securities as at 31 December 2023 and 2022 are as follows: (Cont'd)

	2022	
	Cost / Amortised cost Thousand Baht	Fair value Thousand Baht
Investments measured at fair value through other comprehensive income		
Short-term government debt securities	2,906,943	2,906,566
Government and state enterprise debt securities	102,133,377	101,102,525
Private debt securities	30,244,548	29,828,005
Foreign debt securities	21,037,787	19,074,948
Equity securities	7,819,164	7,540,582
Foreign equity securities	255,978	226,346
Total	164,397,797	160,678,972
<u>Less</u> Unrealised losses	(2,917,942)	-
<u>Less</u> Allowance for impairment losses	(800,883)	-
<u>Less</u> Reclassification of short-term government debt securities to Cash and cash equivalents, net	(2,906,566)	(2,906,566)
Total investments measured at fair value through other comprehensive income	157,772,406	157,772,406
Investments measured at amortised cost		
Government and state enterprise debt securities	16,023,931	
Private debt securities	1,964,431	
Deposits at financial institutions with original maturities more than 3 months	1,000,000	
Total	18,988,362	
<u>Less</u> Allowance for expected credit losses	(442)	
Total investments measured at amortised cost	18,987,920	
Investments designated at fair value through profit or loss		
Foreign debt securities	90,140	118,090
<u>Add</u> Unrealised gains	27,950	-
Total investments designated at fair value through profit or loss	118,090	118,090
Total investments in securities, net	176,878,416	

13 Investments in securities, net (Cont'd)

For the year ended 31 December 2023, the Company recorded interest income and dividend income amounting to Baht 5,886.27 million and Baht 1,118.39 million, respectively (2022: Baht 5,766.21 million and Baht 1,077.38 million, respectively).

For the year ended 31 December 2023, the Company received consideration from investments measured at FVOCI amounting to Baht 4,853.59 million (2022: Baht 20,682.75 million).

For the year ended 31 December 2023 and 2022, there are no sales of investments measured at amortised cost.

As at 31 December 2023, the Company had investment in securities deposited with the Office of Insurance Commission in order to comply with Section 20 of the Life Insurance Act B.E. 2535 with a carrying amount amounting to Baht 24.43 million (2022: Baht 23.87 million) (Note 37.1).

As at 31 December 2023, the Company had investment in securities deposited with the Office of Insurance Commission in order to comply with Section 24 of the Life Insurance Act B.E. 2535 and amendment Act (No. 2) B.E. 2551 with a carrying amount amounting to Baht 42,643.75 million (2022: Baht 41,963.42 million) (Note 37.2).

13.1 Investments measured at fair value through other comprehensive income

a) Allowance for expected credit losses

	Fair value	2023
	Thousand Baht	Allowance for expected credit losses recognised in other comprehensive income
	Thousand Baht	Thousand Baht
Investments in debt securities which credit risk has not significantly increased (Stage 1)	168,907,469	(11,179)
Investments in debt securities which credit risk has significantly increased (Stage 2)	-	-
Credit-impaired investments in debt securities (Stage 3)	-	-
Total	168,907,469	(11,179)

13 Investments in securities, net (Cont'd)

13.1 Investments measured at fair value through other comprehensive income (Cont'd)

a) Allowance for expected credit losses (Cont'd)

	Fair value Thousand Baht	2022 Allowance for expected credit losses recognised in other comprehensive income Thousand Baht
Investments in debt securities which credit risk has not significantly increased (Stage 1)	150,005,478	(9,334)
Investments in debt securities which credit risk has significantly increased (Stage 2)	-	-
Credit-impaired investments in debt securities (Stage 3)	-	-
Total	<u>150,005,478</u>	<u>(9,334)</u>

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

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

	2023 Thousand Baht	2022 Thousand Baht
Gains (losses) recognised in other comprehensive income	1,050,063	(13,160,073)
Gains (losses) on the sale of investments measured at FVOCI reclassified from other comprehensive income to profit or loss	(677,924)	815,763
Interest income from investments in debt securities measured at FVOCI recognised in profit or loss	5,136,569	4,824,289
Dividend income from investments measured at FVOCI recognised in profit or loss	1,118,392	1,077,380
Allowance for impairment losses for investments measured at FVOCI recognised in profit or loss	(2,079,778)	(812,450)
Reversal (set up) of allowance for expected credit losses for debt securities measured at fair value through other comprehensive income recognised in profit or loss	(1,845)	13,894
Foreign exchange gain (loss) on investments measured at FVOCI recognised in profit or loss	230,671	(91,767)

13 Investments in securities, net (Cont'd)

13.1 Investments measured at fair value through other comprehensive income (Cont'd)

c) The maturity of investments measured at fair value through other comprehensive income

The details of investments measured at fair value through other comprehensive income as at 31 December 2023 and 2022 are aged as follows:

	2023			2022			Total Thousand Baht	Total Thousand Baht
	Maturity			Maturity				
	Within 1 year Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht	Within 1 year Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht		
Investments measured at fair value through other comprehensive income								
Government and state enterprise debt securities	7,118,300	17,074,386	82,926,033	9,384,575	18,620,106	74,128,696	107,118,719	102,133,377
Private debt securities	1,429,721	19,775,715	11,928,210	663,466	10,870,990	18,710,092	33,133,646	30,244,548
Foreign debt securities	1,547,113	9,278,927	9,189,167	1,099,149	7,987,708	11,950,930	20,015,207	21,037,787
Total	10,095,134 (15,412)	46,129,028 45,631	104,043,410 (1,792,558)	11,147,190 58,521	37,478,804 609,203	104,789,718 (4,077,958)	160,267,572 (1,762,339)	153,415,712 (3,410,234)
Add (Less) Unrealised gains (losses)								
Total investments measured at fair value through other comprehensive income	10,079,722	46,174,659	102,250,852	11,205,711	38,088,007	100,711,760	158,505,233	150,005,478

13 Investments in securities, net (Cont'd)

13.2 Investments measured at amortised cost

a) Allowance for expected credit losses

	2023		
	Gross carrying amount Thousand Baht	Allowance for expected credit losses Thousand Baht	Carrying amount Thousand Baht
Investments in debt securities which credit risk has not significantly increased (Stage 1)	13,935,791	(209)	13,935,582
Investments in debt securities which credit risk has significantly increased (Stage 2)	-	-	-
Credit-impaired investments in debt securities (Stage 3)	-	-	-
Total	13,935,791	(209)	13,935,582

	2022		
	Gross carrying amount Thousand Baht	Allowance for expected credit losses Thousand Baht	Carrying amount Thousand Baht
Investments in debt securities which credit risk has not significantly increased (Stage 1)	18,988,362	(442)	18,987,920
Investments in debt securities which credit risk has significantly increased (Stage 2)	-	-	-
Credit-impaired investments in debt securities (Stage 3)	-	-	-
Total	18,988,362	(442)	18,987,920

b) Amounts recognised in profit or loss

	2023 Thousand Baht	2022 Thousand Baht
Interest income from investments in debt securities measured at amortised cost	749,700	941,923

13 Investments in securities, net (Cont'd)

13.2 Investments measured at amortised cost (Cont'd)

c) The maturity of investments measured at amortised cost

The details of investments measured at amortised cost as at 31 December 2023 and 2022 are aged as follows:

	2023				2022			
	Within 1 year		Maturing		Within 1 year		Maturing	
	Thousand Baht	Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht	Thousand Baht	Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht
Investments measured at amortised cost								
Government and state enterprise debt securities*	2,250,983	6,156,486	3,565,356	11,972,825	4,011,793	4,700,897	7,311,241	16,023,931
Private debt securities	500,000	462,966	-	962,966	1,000,000	964,431	-	1,964,431
Deposits at financial institutions with original maturities more than 3 months	-	1,000,000	-	1,000,000	-	1,000,000	-	1,000,000
Total	2,750,983	7,619,452	3,565,356	13,935,791	5,011,793	6,665,328	7,311,241	18,988,362
Less Allowance for expected credit losses	(8)	(130)	(71)	(209)	(159)	(210)	(73)	(442)
Total investments measured at amortised cost	2,750,975	7,619,322	3,565,285	13,935,582	5,011,634	6,665,118	7,311,168	18,987,920

* As at 31 December 2023, government bonds amounting to Baht 24.43 million (2022: Baht 23.87 million) have been deposited as securities with the registrar in accordance with Section 20 of the Life Insurance Act B.E. 2535 (Note 37.1).

13 Investments in securities, net (Cont'd)

13.3 Investments designated at fair value through profit or loss

a) Amounts recognised in profit or loss

	2023 Thousand Baht	2022 Thousand Baht
	16,715	(4,916)

Fair value gains (losses) on investments in debt securities designated at fair value through profit or loss

b) The maturity of investments designated at fair value through profit or loss

The details of investments designated at fair value through profit or loss as at 31 December 2023 and 2022 are aged as follows:

	Cost					
	2023			2022		
	Maturing		Total Thousand Baht	Maturing		Total Thousand Baht
Within 1 year Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht		Within 1 year Thousand Baht	1 - 5 years Thousand Baht	
Investments designated at fair value through profit or loss						
Foreign securities	21,326	72,853	94,179	13,678	76,462	90,140
Add Unrealised gains	16,669	27,996	44,665	15,570	12,380	27,950
Total investments designated at fair value through profit or loss	37,995	100,849	138,844	29,248	88,842	118,090

14 Loans and accrued interest receivable, net (Cont'd)

As at 31 December 2023 and 2022, the balance of loans and accrued interest receivable are aged as follows: (Cont'd)

Outstanding periods	2022						
	Policy loans		Mortgage loans		Total		
	Principal Thousand Baht	Accrued interest Thousand Baht	Principal Thousand Baht	Accrued interest Thousand Baht	Principal Thousand Baht	Accrued interest Thousand Baht	
Within credit terms	8,318,549	1,443,247	1,973	1	8,320,522	1,443,248	9,763,770
Overdue	-	-	-	-	-	-	-
Less than 3 months	-	-	-	-	-	-	-
Over 3 - 6 months	-	-	-	-	-	-	-
Over 6 - 12 months	-	-	-	-	-	-	-
Over 12 months	-	-	43,128	3,966	43,128	3,966	47,094
Total	8,318,549	1,443,247	45,101	3,967	8,363,650	1,447,214	9,810,864
Less Allowance for expected credit losses	-	-	(43,150)	(3,966)	(43,150)	(3,966)	(47,116)
Loans and accrued interest receivable, net	8,318,549	1,443,247	1,951	1	8,320,500	1,443,248	9,763,748

Policy loans represent loans granted to the policyholders in an amount not exceeding the cash value of the policy. The loans carry interest rates that 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 any new mortgage loans since 2010.

As at 31 December 2023, the Company had no mortgage loans to staffs (2022: Baht 0.04 million with interest rates at 5% per annum in accordance with the Company's welfare policy).

14 Loans and accrued interest receivable, net (Cont'd)

14.1 Mortgage loans

	2023					
	Gross carrying amount		Allowance for expected credit losses		Carrying amount	
	Principal Thousand Baht	Accrued interest Thousand Baht	Principal Thousand Baht	Accrued interest Thousand Baht	Principal Thousand Baht	Accrued interest Thousand Baht
Mortgage loans which credit risk has not significantly increased (Stage 1)	855	2	(9)	-	846	2
Mortgage loans which credit risk has significantly increased (Stage 2)	-	-	-	-	-	-
Credit-impaired mortgage loans (Stage 3)	43,128	3,966	(43,128)	(3,966)	-	-
Total	43,983	3,968	(43,137)	(3,966)	846	2

	2022					
	Gross carrying amount		Allowance for expected credit losses		Carrying amount	
	Principal Thousand Baht	Accrued interest Thousand Baht	Principal Thousand Baht	Accrued interest Thousand Baht	Principal Thousand Baht	Accrued interest Thousand Baht
Mortgage loans which credit risk has not significantly increased (Stage 1)	1,973	1	(22)	-	1,951	1
Mortgage loans which credit risk has significantly increased (Stage 2)	-	-	-	-	-	-
Credit-impaired mortgage loans (Stage 3)	43,128	3,966	(43,128)	(3,966)	-	-
Total	45,101	3,967	(43,150)	(3,966)	1,951	1

15 Assets held to cover linked liabilities

As at 31 December 2023 and 2022, the details of assets held to cover linked liabilities are as follows:

	2023	2022
	Thousand	Thousand
	Baht	Baht
Investments in mutual fund - debt securities that are measured at fair value through profit or loss	325,081	273,890
Investments in mutual fund - equity securities that are measured at fair value through profit or loss	1,089,907	937,844
Cash at bank for purchasing investments	21,667	8,878
Total assets held to cover linked liabilities	1,436,655	1,220,612

Reconciliation of change in balance of assets held to cover linked liabilities that are designated at fair value option are as follows:

	2023	2022
	Thousand	Thousand
	Baht	Baht
Beginning balance	1,220,612	943,335
Additions	511,834	443,727
Disposals	(209,046)	(174,895)
Realised losses	(8,098)	(6,026)
Unrealised gains (losses) in profit or loss	(91,436)	14,761
Increase (decrease) in cash at bank for purchasing investments	12,789	(290)
Ending balance	1,436,655	1,220,612

Allianz Ayudhya Assurance Public Company Limited
Notes to Financial Statements
For the year ended 31 December 2023

16 Premises and equipment, net

	2023											
	Cost					Accumulated depreciation					Premises and equipment, net	
	Beginning balance Thousand Baht	Additions Thousand Baht	Disposal/ Write off Thousand Baht	Transfer in (out) Thousand Baht	Ending balance Thousand Baht	Beginning balance Thousand Baht	Depreciation charges Thousand Baht	Disposal/ Write off Thousand Baht	Ending balance Thousand Baht	Premises and equipment, net beginning balance Thousand Baht	Premises and equipment, net ending balance Thousand Baht	
Land	243,116	-	-	-	243,116	-	-	-	-	243,116	243,116	
Building	404,761	-	(353,124)	-	51,637	325,141	15,289	(290,098)	50,332	79,620	1,305	
Computer	275,556	6,301	(4,577)	-	277,280	231,627	12,744	(4,561)	239,810	43,929	37,470	
Office equipment	164,008	4,701	(23,269)	140	145,580	127,363	13,179	(22,736)	117,806	36,645	27,774	
Furniture	3,688	-	(1,184)	-	2,504	2,635	367	(1,121)	1,881	1,053	623	
Fitting	408,745	8,968	(118,773)	-	298,940	260,508	22,243	(118,421)	164,330	148,237	134,610	
Vehicles	553	-	-	-	553	553	-	-	553	-	-	
Assets under installation	140	-	-	(140)	-	-	-	-	-	140	-	
Total	1,500,567	19,970	(500,927)	-	1,019,610	947,827	63,822	(436,937)	574,712	552,740	444,898	

	2022											
	Cost					Accumulated depreciation					Premises and equipment, net	
	Beginning balance Thousand Baht	Additions Thousand Baht	Disposal/ Write off Thousand Baht	Ending balance Thousand Baht	Beginning balance Thousand Baht	Depreciation charges Thousand Baht	Disposal/ Write off Thousand Baht	Ending balance Thousand Baht	Premises and equipment, net beginning balance Thousand Baht	Premises and equipment, net ending balance Thousand Baht		
Land	247,916	-	(4,800)	243,116	-	-	-	-	247,916	243,116		
Building	504,546	-	(99,785)	404,761	382,922	19,784	(77,565)	325,141	121,624	79,620		
Computer	276,508	29,356	(30,308)	275,556	247,656	14,278	(30,307)	231,627	28,852	43,929		
Office equipment	169,184	4,853	(10,029)	164,008	123,237	14,095	(9,969)	127,363	45,947	36,645		
Furniture	3,925	117	(354)	3,688	2,621	368	(354)	2,635	1,304	1,053		
Fitting	411,872	12,189	(15,316)	408,745	252,350	23,468	(15,310)	260,508	159,522	148,237		
Vehicles	553	-	-	553	553	-	-	553	-	-		
Assets under installation	-	140	-	140	-	-	-	-	-	140		
Total	1,614,504	46,655	(160,592)	1,500,567	1,009,339	71,993	(133,505)	947,827	605,165	552,740		

For the year ended 31 December 2023, the Company sold its buildings amounting to Baht 238 million to the related party of the Company. The Company has recognised gains on sales amounting to Baht 201.63 million which is presented under other income in statement of comprehensive income (Note 36).

17 Right-of-use assets, net

	Building and improvement Thousand Baht	Others Thousand Baht	Total Thousand Baht
As at 1 January 2023			
Cost	644,648	12,157	656,805
Less Accumulated amortisation	(246,896)	(6,913)	(253,809)
Net carrying amount	<u>397,752</u>	<u>5,244</u>	<u>402,996</u>
For the year ended 31 December 2023			
Beginning net carrying amount	397,752	5,244	402,996
Additions	48,975	-	48,975
Write-off	(1,180)	-	(1,180)
Lease modifications and reassessments	(63,371)	-	(63,371)
Amortisation charges	(64,042)	(2,820)	(66,862)
Closing net carrying amount	<u>318,134</u>	<u>2,424</u>	<u>320,558</u>
As at 31 December 2023			
Cost	587,329	12,157	599,486
Less Accumulated amortisation	(269,195)	(9,733)	(278,928)
Net carrying amount	<u>318,134</u>	<u>2,424</u>	<u>320,558</u>

Allianz Ayudhya Assurance Public Company Limited
Notes to Financial Statements
For the year ended 31 December 2023

18 Intangible assets, net

	2023												2022											
	Cost						Accumulated amortisation						Intangible assets, net											
	Beginning balance Thousand Baht	Additions Thousand Baht	Disposal / Write off Thousand Baht	Transfer in (out) Thousand Baht	Adjustment Thousand Baht	Ending balance Thousand Baht	Beginning balance Thousand Baht	Amortisation charges Thousand Baht	Disposal / Write off Thousand Baht	Ending balance Thousand Baht	Intangible assets, net beginning balance Thousand Baht	Intangible assets, net ending balance Thousand Baht	Beginning balance Thousand Baht	Amortisation charges Thousand Baht	Disposal / Write off Thousand Baht	Ending balance Thousand Baht	Intangible assets, net beginning balance Thousand Baht	Intangible assets, net ending balance Thousand Baht						
<u>Developed in-house</u>																								
Computer software	696,857	78,267	-	4,408	-	779,532	482,237	87,566	-	569,803	209,729	214,620	87,566	-	569,803	214,620	209,729							
Work-in-process	18,019	2,322	-	(4,408)	(1,172)	14,761	-	-	-	-	14,761	18,019	-	-	-	18,019	14,761							
Total	714,876	80,589	-	-	(1,172)	794,293	482,237	87,566	-	569,803	224,490	232,639	87,566	-	569,803	232,639	224,490							
<u>Purchased</u>																								
Computer software	256,637	5,515	(3,837)	-	-	258,315	164,345	16,815	(3,837)	177,323	80,992	92,292	16,815	(3,837)	177,323	92,292	80,992							
Total	256,637	5,515	(3,837)	-	-	258,315	164,345	16,815	(3,837)	177,323	80,992	92,292	16,815	(3,837)	177,323	92,292	80,992							
Right to utilise benefits	600,000	-	-	-	-	600,000	240,000	120,000	-	360,000	240,000	360,000	120,000	-	360,000	360,000	240,000							
Grand total	1,571,513	86,104	(3,837)	-	(1,172)	1,652,608	886,582	224,381	(3,837)	1,107,126	545,482	684,931	224,381	(3,837)	1,107,126	684,931	545,482							
	2022												2021											
	Cost						Accumulated amortisation						Intangible assets, net											
	Beginning balance Thousand Baht	Additions Thousand Baht	Disposal / Write off Thousand Baht	Transfer in (out) Thousand Baht	Ending balance Thousand Baht	Beginning balance Thousand Baht	Amortisation charges Thousand Baht	Disposal / Write off Thousand Baht	Ending balance Thousand Baht	Intangible assets, net beginning balance Thousand Baht	Intangible assets, net ending balance Thousand Baht	Beginning balance Thousand Baht	Amortisation charges Thousand Baht	Disposal / Write off Thousand Baht	Ending balance Thousand Baht	Intangible assets, net beginning balance Thousand Baht	Intangible assets, net ending balance Thousand Baht							
<u>Developed in-house</u>																								
Computer software	626,052	65,790	-	5,015	696,857	383,162	99,075	-	482,237	242,890	214,620	242,890	99,075	-	482,237	242,890	214,620							
Work-in-process	9,442	13,592	-	(5,015)	18,019	-	-	-	-	9,442	18,019	9,442	-	-	-	9,442	18,019							
Total	635,494	79,382	-	-	714,876	383,162	99,075	-	482,237	252,332	232,639	252,332	99,075	-	482,237	252,332	232,639							
<u>Purchased</u>																								
Computer software	240,064	16,573	-	-	256,637	147,759	16,586	-	164,345	92,305	92,292	92,305	16,586	-	164,345	92,305	92,292							
Total	240,064	16,573	-	-	256,637	147,759	16,586	-	164,345	92,305	92,292	92,305	16,586	-	164,345	92,305	92,292							
Right to utilise benefits	970,000	-	(370,000)	-	600,000	490,000	120,000	(370,000)	240,000	480,000	360,000	480,000	120,000	(370,000)	240,000	480,000	360,000							
Grand total	1,845,558	95,955	(370,000)	-	1,571,513	1,020,921	235,661	(370,000)	886,582	824,637	684,931	824,637	235,661	(370,000)	886,582	824,637	684,931							

Allianz Ayudhya Assurance Public Company Limited
Notes to Financial Statements
For the year ended 31 December 2023

19 Deferred tax

As at 31 December 2023 and 2022, deferred tax assets and liabilities are as follows:

	2023 Thousand Baht	2022 Thousand Baht
Deferred tax assets		
Deferred tax assets to be recovered within 12 months	640,720	627,384
Deferred tax assets to be recovered after 12 months	1,879,399	1,756,679
	<u>2,520,119</u>	<u>2,384,063</u>
Deferred tax liabilities		
Deferred tax liabilities to be settled within 12 months	(347,593)	(309,714)
Deferred tax liabilities to be settled after 12 months	(1,127,775)	(1,160,870)
	<u>(1,475,368)</u>	<u>(1,470,584)</u>
Deferred tax assets, net	<u>1,044,751</u>	<u>913,479</u>

Deferred tax is calculated from liability method on temporary differences by using tax rate of 20% (2022: 20%).

The movements in deferred tax assets and liabilities during the year are as follows:

	2023			
	As at 1 January Thousand Baht	Increase (decrease) in profit or loss Thousand Baht	Increase (decrease) in other comprehensive income Thousand Baht	As at 31 December Thousand Baht
Deferred tax assets				
Allowance for doubtful accounts	85,274	6,936	-	92,210
Provisions	204,364	(31,739)	-	172,625
Insurance reserves	337,746	38,139	-	375,885
Employee benefit obligations	141,105	7,726	1,369	150,200
Unrealised losses on derivative instruments	26,646	-	38,085	64,731
Costs of hedge	109	-	9,222	9,331
Unrealised losses on investment measured at FVOCI	1,340,070	-	(329,749)	1,010,321
Allowance for impairment losses	160,177	414,001	-	574,178
Allowance for expected credit losses	116	338	(369)	85
Lease liabilities	88,456	(17,903)	-	70,553
Total	<u>2,384,063</u>	<u>417,498</u>	<u>(281,442)</u>	<u>2,520,119</u>
Deferred tax liabilities				
Unrealised gains on derivative instruments	(261,405)	-	59,044	(202,361)
Costs of hedge	(44,471)	-	(4,020)	(48,491)
Unrealised gains on investment measured at FVOCI	(756,482)	-	(15,480)	(771,962)
Premiums receivable	(277,430)	(36,383)	-	(313,813)
Right-of-use assets	(80,599)	16,487	-	(64,112)
Long-term technical reserve under shadow accounting basis	(12,309)	-	(19,316)	(31,625)
Insurance reserves	(32,284)	(1,496)	-	(33,780)
Others	(5,604)	(3,620)	-	(9,224)
Total	<u>(1,470,584)</u>	<u>(25,012)</u>	<u>20,228</u>	<u>(1,475,368)</u>
Deferred tax, net	<u>913,479</u>	<u>392,486</u>	<u>(261,214)</u>	<u>1,044,751</u>

Allianz Ayudhya Assurance Public Company Limited
Notes to Financial Statements
For the year ended 31 December 2023

19 Deferred tax (Cont'd)

As at 31 December 2023 and 2022, deferred tax assets and liabilities are as follows: (Cont'd)

	2022			As at 31 December Thousand Baht
	As at 1 January Thousand Baht	Increase (decrease) in profit or loss Thousand Baht	Increase (decrease) in other comprehensive income Thousand Baht	
Deferred tax assets				
Allowance for doubtful accounts	76,145	9,129	-	85,274
Provisions	178,508	25,856	-	204,364
Insurance reserves	363,474	(25,728)	-	337,746
Employee benefit obligations	130,414	21,598	(10,907)	141,105
Unrealised losses on derivative instruments	45,469	-	(18,823)	26,646
Costs of hedge	21,751	-	(21,642)	109
Unrealised losses on investment measured at FVOCI	321,188	-	1,018,882	1,340,070
Allowance for impairment losses	353,640	(193,463)	-	160,177
Allowance for expected credit losses	455	(3,118)	2,779	116
Lease liabilities	103,296	(14,840)	-	88,456
Total	1,594,340	(180,566)	970,289	2,384,063
Deferred tax liabilities				
Unrealised gains on derivative instruments	(8,222)	-	(253,183)	(261,405)
Costs of hedge	(27,006)	-	(17,465)	(44,471)
Unrealised gains on investment measured at FVOCI	(2,529,987)	-	1,773,505	(756,482)
Premiums receivable	(276,603)	(827)	-	(277,430)
Right-of-use assets	(97,923)	17,324	-	(80,599)
Long-term technical reserve under shadow accounting basis	(28,460)	-	16,151	(12,309)
Insurance reserves ceded	-	(32,284)	-	(32,284)
Others	(3,749)	(1,855)	-	(5,604)
Total	(2,971,950)	(17,642)	1,519,008	(1,470,584)
Deferred tax, net	(1,377,610)	(198,208)	2,489,297	913,479

20 Other assets

Other assets as at 31 December 2023 and 2022 comprise:

	2023 Thousand Baht	2022 Thousand Baht
Cash collateral from derivative contracts	831,444	1,590,675
Other receivables (Note 36)	68,471	47,492
<u>Less</u> Allowance for expected credit losses	(154)	(37)
Other receivables, net	68,317	47,455
Prepaid expenses	45,846	43,990
Receivables from the Revenue Department	97,382	65,121
Others	264,629	249,133
<u>Less</u> Allowance for doubtful accounts	(187,611)	(186,867)
Other, net	77,018	62,266
Other assets, net	1,120,007	1,809,507

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

Allianz Ayudhya Assurance Public Company Limited
Notes to Financial Statements
For the year ended 31 December 2023

21 Insurance contract liabilities

	2023			2022		
	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	183,706,802	-	183,706,802	179,706,064	-	179,706,064
Short-term technical reserves:						
Loss reserves and outstanding claims						
- Reported claims	779,553	(93,734)	685,819	800,129	(80,136)	719,993
- Claims incurred but not reported	388,313	(75,167)	313,146	312,923	(81,282)	231,641
Total loss reserves and outstanding claims	1,167,866	(168,901)	998,965	1,113,052	(161,418)	951,634
Unearned premium reserves	4,133,241	-	4,133,241	3,836,218	-	3,836,218
Total short-term technical reserves	5,301,107	(168,901)	5,132,206	4,949,270	(161,418)	4,787,852
Unpaid policy benefits	4,643,658	-	4,643,658	4,430,292	-	4,430,292
Due to insured	1,869,395	-	1,869,395	1,616,329	-	1,616,329
Total insurance contract liabilities	195,520,962	(168,901)	195,352,061	190,701,955	(161,418)	190,540,537

21.1 Long-term technical reserves

	2023 Thousand Baht	2022 Thousand Baht
Beginning balance	179,706,064	173,708,777
Reserves increased from new and in-force policies in the year	21,260,375	20,452,669
Reserves released for benefits payment under insurance policies, lapse and cancelled policies in the year	(17,354,103)	(14,585,467)
Change in assumption for loss reserve calculation	94,466	130,085
Ending balance	183,706,802	179,706,064

The assumptions used in actuarial estimation are as follows:

	2023 %	2022 %
Mortality, morbidity, and survival rate	100% of TMO1986, TMO1997, TMO2008, TMO2017, Annuity table 2009	100% of TMO1986, TMO1997, TMO2008, TMO2017, Annuity table 2009
Discount rate	2% - 6%	2% - 6%
Benefit paid to insured	100% of guaranteed benefit	100% of guaranteed benefit
Expense	12-month past experience with forward looking view	12-month past experience with forward looking view

21 Insurance contract liabilities (Cont'd)

21.2 Short-term technical reserves

21.2.1 Loss reserves and outstanding claims

The movement details are as follows:

	2023 Thousand Baht	2022 Thousand Baht
Beginning balance	1,113,052	828,651
Claims incurred during the year	7,252,226	6,301,648
Claims paid during the year	(7,272,802)	(5,944,105)
Change in assumption for loss reserve calculation	75,390	(73,142)
Ending balance	<u>1,167,866</u>	<u>1,113,052</u>

21.2.2 Aging analysis of loss reserve and outstanding claims' repayment

	2023 Thousand Baht	2022 Thousand Baht
Expected repayment within 1 year	1,167,866	1,113,052
Expected repayment after 1 year	-	-
Total	<u>1,167,866</u>	<u>1,113,052</u>

21.2.3 The sensitivities of change in key assumptions to insurance contract liabilities

	Change in assumptions %	Impact on loss reserve and unallocated loss adjustment expense Thousand Baht	Impact on profit or loss Thousand Baht	Impact on equity Thousand Baht
Expected loss ratio	0.5% (0.5%)	196,167 (170,090)	(196,167) 170,090	(196,167) 170,090

21 Insurance contract liabilities (Cont'd)

21.2 Short-term technical reserves (Cont'd)

21.2.4 Claim development table before and net of reinsurance

Incident year / Reported year	2017	2018	2019	2020	2021	2022	2023	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Estimated claim:								
- At the end of the year	3,023,224	3,353,118	5,335,233	4,664,162	4,837,655	5,690,906	6,661,041	
- After 1 year	129,238	149,010	246,528	258,782	256,691	321,262	-	
- After 2 years	4,337	9,817	5,286	6,838	13,013	-	-	
- After 3 years	3,442	2,209	3,048	4,841	-	-	-	
- After 4 years	893	745	360	-	-	-	-	
- After 5 years	465	940	-	-	-	-	-	
- After 6 years	1,575	-	-	-	-	-	-	
Ultimate claim	3,163,685	3,517,788	5,592,933	4,940,484	5,114,798	6,033,380	7,789,457	36,152,525
Cumulative claim paid	(3,163,174)	(3,515,839)	(5,590,455)	(4,934,623)	(5,107,359)	(6,012,168)	(6,661,041)	(34,984,659)
Other claim	511	1,949	2,478	5,861	7,439	21,212	1,128,416	1,167,866
Claim liabilities before reinsurance								1,167,866
Claim recoveries								(168,901)
Claim liabilities after reinsurance								998,965

21 Insurance contract liabilities (Cont'd)

21.2 Short-term technical reserves (Cont'd)

21.2.5 Unearned premium reserves

	2023	2022
	Thousand	Thousand
	Baht	Baht
Beginning balance	3,836,218	3,561,853
Premiums written for the year	11,277,540	11,021,032
Premiums earned in the year	(10,980,517)	(10,746,667)
Ending balance	<u>4,133,241</u>	<u>3,836,218</u>

21.2.6 Unexpired risk reserves

No reserves for unexpired risk were established as at 31 December 2023 as the unexpired risk reserves estimated by the Company were lower than the unearned premium reserves.

21.3 Unpaid policy benefits

	2023	2022
	Thousand	Thousand
	Baht	Baht
Death benefits	88,791	36,695
Dividend	4,401,742	4,261,902
Maturity	116,684	92,286
Others	36,441	39,409
Total	<u>4,643,658</u>	<u>4,430,292</u>

21.4 Due to insured

	2023	2022
	Thousand	Thousand
	Baht	Baht
Uncashed cheques	1,292,997	1,102,165
Premiums received during underwriting	576,213	514,000
Others	185	164
Total	<u>1,869,395</u>	<u>1,616,329</u>

22 Investment contract liabilities

	2023	2022
	Thousand	Thousand
	Baht	Baht
Investment contract liabilities with discretionary participation features	3,022,818	3,232,350
Unit-linked contract liabilities (Note 15)	1,436,655	1,220,612
Total investment contract liabilities	4,459,473	4,452,962

Movement of investment contract liabilities with discretionary participation features during the year are as follows:

	2023	2022
	Thousand	Thousand
	Baht	Baht
Beginning balance	3,232,350	3,362,975
Reserves increased from in-force policies in the year	171,169	183,086
Reserves released for benefits payment, lapse, and cancelled policies during the year	(380,701)	(313,711)
Ending balance	3,022,818	3,232,350

23 Amount due to reinsurance

	2023	2022
	Thousand	Thousand
	Baht	Baht
Due to reinsurers (Note 36)	727,687	496,292
Total amount due to reinsurance	727,687	496,292

24 Accrued expenses

	2023	2022
	Thousand	Thousand
	Baht	Baht
Accrued commission expenses	411,914	396,936
Accrued selling expenses	1,073,083	960,062
Accrued agency overhead	501,660	535,214
Accrued administration expenses	355,177	310,104
Others	105,675	114,900
Total accrued expenses	2,447,509	2,317,216

25 Employee benefits obligations

	2023 Thousand Baht	2022 Thousand Baht
Statement of financial position		
Short-term employee benefits	234,954	223,152
Long-term employee benefits	108,338	89,909
Retirement benefits	389,476	358,678
Total employment benefits obligations	<u>732,768</u>	<u>671,739</u>

25.1 Retirement benefits

The amounts recognised in profit or loss are as follows:

	2023 Thousand Baht	2022 Thousand Baht
<u>Expense from defined benefits plans</u>		
Prior year service costs	-	(2,139)
Current year service costs	30,253	33,282
Interest costs	10,788	7,624
Total expenses	<u>41,041</u>	<u>38,767</u>
<u>Obligations from defined benefits plans</u>		
Present value of employee benefits obligations	<u>389,476</u>	<u>358,678</u>
<u>Changes in the present value of obligation</u>		
As at 1 January	358,678	378,360
Prior year service costs	-	(2,139)
Current year service costs	30,253	33,282
Interest costs	10,788	7,624
<u>Less</u> Benefits paid	(17,087)	(3,912)
<u>Less</u> Curtailments during the year	-	-
(Gains) losses on actuarial remeasurement	6,844	(54,537)
As at 31 December	<u>389,476</u>	<u>358,678</u>

Significant statistical assumptions used in the actuarial calculation are summarised as follows:

	2023	2022
Discount rate (per annum)	2.48% - 4.33%	1.31% - 5.64%
Salary increase rate (per annum)	4.00% - 9.00%	4.00% - 9.00%
Retirement ages (years)	60 years	60 years
Turnover rate	0.00% - 20.00%	0.00% - 17.00%

25 Employee benefits obligations (Cont'd)

25.1 Retirement benefits (Cont'd)

Sensitivity analysis on key assumptions changes is as follows:

	Change in assumptions		Impact on employee benefits obligations			
			Increase in assumption		Decrease in assumption	
	2023 Percentage	2022 Percentage	2023 Thousand Baht	2022 Thousand Baht	2023 Thousand Baht	2022 Thousand Baht
Discount rate	0.50%	0.50%	(15,589)	(15,222)	16,602	16,246
Salary increase rate	0.25%	0.25%	10,759	10,997	(10,499)	(10,690)
Turnover rate	1.00%	1.00%	(16,177)	(16,340)	17,775	17,983

The above sensitivity analysis is based on a change in assumptions while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to changes in significant assumptions, the same method as present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period has been applied as when calculating the pension liabilities recognised in the statement of financial position.

	2023	2022
Weighted average duration of the defined benefit obligation (years)	12.10	11.80
Maturity analysis of undiscounted benefits expected to be paid (Thousand Baht)		
Benefits expected to be paid within 1 year	21,469	19,638
Benefits expected to be paid between 1 - 5 years	160,899	115,603
Benefits expected to be paid after 5 years	879,928	969,238

25.2 Long-term employee benefits - Share-based compensation

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

During the year 2023 and 2022, there was a share-based compensation plan to employee. The details are as below:

Employee Stock Purchase Plan (ESPP)

The Company had arranged Employee Stock Purchase Plan (ESPP) to offer Allianz SE shares to entitled Company staff. The ESPP was offered to entitled Allianz employees all across the world, in 42 countries. The offer provides additional 1 Euro on top for every 3 Euro that had been invested by the employees. The shares have a three-year restriction period for not transferring or selling.

During the year ended 31 December 2023, the total Company's contribution under this plan was Baht 5.32 million (2022: Baht 4.39 million).

25 Employee benefits obligations (Cont'd)

25.2 Long-term employee benefits - Share-based compensation (Cont'd)

Restricted stock unit (RSU)

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

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

	RSU	
	2023 Number of shares	2022 Number of shares
As at 1 January	17,323	17,286
Granted / Transferred in	2,602	5,045
Exercised	(3,913)	(3,851)
Forfeited / Transferred out	-	(1,157)
As at 31 December	<u>16,012</u>	<u>17,323</u>

The total returns are recognised as compensation in other employee benefits for the year ended 31 December 2023 amounting to Baht 59.54 million (2022: Baht 29.98 million) and the total compensation liabilities under "Employee benefits" amounting to Baht 98.21 million (2022: Baht 79.39 million). The Company uses projected cash flow technique to calculate the fair value of this share-based payment plan. The key assumptions for valuations are expected share price and employee turnover rate.

25.3 Long-term employee benefits - Long service award

The Company has long service award compensation according to the years of service with the Company. The years of service will be counted since the first working day. The awarded employee must be the Company's employee on the benefit pay out date.

26 Provisions

As at 31 December 2023, the company set up the provision for lawsuits as the insurer and normal business operation. The lawsuits were brought against the Company as the insurer with the estimated amount of Baht 98.16 million (2022: Baht 148.37 million). The company's management believes that the amount of provision recorded in statement of financial position for the potential losses in respect of lawsuits is adequate.

27 Other liabilities

	2023 Thousand Baht	(Reclassified) 2022 Thousand Baht
Cash collateral from derivative contracts	43,600	77,400
Other creditors	126,404	182,143
Lease liabilities	352,765	442,278
Others	338,134	296,777
Total other liabilities	860,903	998,598

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

The lease liabilities are aged as follows:

	2023 Thousand Baht	2022 Thousand Baht
Maturing		
Within 1 year	72,462	64,918
Between 1 to 2 years	73,879	66,527
Between 2 to 3 years	73,250	66,849
Between 3 to 4 years	54,443	69,712
Between 4 to 5 years	52,038	70,672
Later than 5 years	26,693	103,600
Total	352,765	442,278
Including: - Principal	383,214	485,870
- Interest	(30,449)	(43,592)

For the year ended 31 December 2023, interest expense on lease liabilities amounting to Baht 12.53 million (2022: Baht 14.08 million) is presented as "Finance costs" in the statement of comprehensive income.

28 Legal reserve

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

29 Dividends

At the annual general meeting of the shareholders of the Company held on 20 April 2023, the shareholders approved the appropriation of dividend payment from the Company's performance for the year 2022 of Baht 9.09 per share, on 295 million shares, totaling to the amount of Baht 2,683 million. On 23 June 2023, the Office of Insurance Commission endorsed for distribution of profit for the year 2022 for dividend payments with the maximum amount of Baht 2,450 million. The dividend payment was made at Baht 8.30 per share, on 295 million shares, totaling to the amount of Baht 2,448.50 million on 13 July 2023. (2022: At the annual general meeting of the shareholders of the Company held on 21 April 2022, the shareholders approved the appropriation of dividend payment from the Company's performance for the year 2021 of Baht 10 per share, on 295 million shares, totaling to the amount of Baht 2,950 million. On 1 June 2022, the Office of Insurance Commission endorsed for distribution of profit for the year 2021 for dividend payments within an amount of Baht 2,534.40 million, on 295 million shares or Baht 8.59 per share. The dividend payment was made on 23 June 2022).

Allianz Ayudhya Assurance Public Company Limited
Notes to Financial Statements
For the year ended 31 December 2023

30 Net investment income

	2023	2022
	Thousand	Thousand
	Baht	Baht
Dividend income		
Other related parties (Note 36)	-	10,377
Other parties	1,118,391	1,067,003
	<u>1,118,391</u>	<u>1,077,380</u>
Interest income		
Other parties	6,452,687	6,329,762
	<u>6,452,687</u>	<u>6,329,762</u>
Investment expenses	<u>(151,791)</u>	<u>(177,699)</u>
Total net investment income	<u>7,419,287</u>	<u>7,229,443</u>

31 Operating expenses

	2023	2022
	Thousand	Thousand
	Baht	Baht
Employee expenses not relating to underwriting expenses and loss adjustment expenses	1,185,797	1,127,952
Premises and equipment expenses not relating to underwriting expenses and loss adjustment expenses	299,866	369,869
Tax expenses	190,201	196,994
Bad debt and doubtful debt expenses	34,322	437
Other operating expenses	653,128	798,622
Total operating expenses	<u>2,363,314</u>	<u>2,493,874</u>

32 Employee expenses

	2023	2022
	Thousand	Thousand
	Baht	Baht
Salary and wages	1,431,433	1,321,189
Social security fund contributions	10,465	6,666
Provident fund contributions	46,724	68,650
Other employee benefits	279,289	262,879
Total employee expenses	<u>1,767,911</u>	<u>1,659,384</u>

The Company established a provident fund in accordance with the Provident Fund Act B.E. 2530. Membership to the funds is on a voluntary basis. Payments are made monthly by the employees at rates ranging from 2% to 15% of their basic salaries and contributed by the Company at rates ranging from 5% to 10% of the employees' basic salaries. The Company appointed 2 fund managers to manage the funds in accordance with terms and conditions as prescribed in the Ministerial Regulations.

Allianz Ayudhya Assurance Public Company Limited
Notes to Financial Statements
For the year ended 31 December 2023

33 Expected credit losses (reversal)

	2023	2022
	Thousand	Thousand
	Baht	Baht
Cash and cash equivalents (Note 8)	(26)	44
Investment in securities (Note 13)	1,612	(15,587)
Loans (Note 14)	(13)	(448)
Other receivables (Note 20)	117	(23)
Total expected credit losses (reversal)	1,690	(16,014)

34 Income tax expenses

	2023	2022
	Thousand	Thousand
	Baht	Baht
Current tax on profit for the year	862,693	525,778
Prior year tax adjustment	(19,907)	13,983
Increase (decrease) in deferred tax (Note 19)	(392,486)	198,208
Total income tax expenses	450,300	737,969

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

	2023	2022
	Thousand	Thousand
	Baht	Baht
Profit before tax	2,352,056	3,809,375
Income tax rate	20%	20%
Tax calculated at tax rate	470,411	761,875
Impact:		
Additional income subject to tax	279	-
Income not subject to tax	(20,000)	(27,892)
Expenses not deductible for tax purposes	1,148	772
Additional deduction for tax purposes	(1,419)	(1,265)
Adjustment on deferred tax assets from prior year	19,788	(9,504)
Adjustment on current tax from prior year	(19,907)	13,983
Income tax expenses	450,300	737,969

The effective tax rate for 2023 is 19.14% (2022: 19.37%).

The additional information related to deferred tax are provided in Note 19.

Allianz Ayudhya Assurance Public Company Limited
Notes to Financial Statements
For the year ended 31 December 2023

34 Income tax expenses (Cont'd)

Tax effect on component of other comprehensive income is as follows:

	2023			2022		
	Before tax Thousand Baht	Tax benefit (expense) Thousand Baht	Net of tax Thousand Baht	Before tax Thousand Baht	Tax benefit (expense) Thousand Baht	Net of tax Thousand Baht
31 December						
Gains (losses) on remeasurements of post-employment benefit obligations	(6,844)	1,369	(5,475)	54,537	(10,907)	43,630
Gains (losses) from change in value of investments measured at FVOCI	1,050,063	(210,013)	840,050	(13,160,073)	2,632,014	(10,528,059)
Gains (losses) on fair value of cash flow hedges	(229,211)	45,842	(183,369)	1,997,810	(399,563)	1,598,247
Gains (losses) on deferred costs of hedging	(26,011)	5,202	(20,809)	220,647	(44,129)	176,518
Items in other comprehensive income transferred to profit or loss	421,492	(84,298)	337,194	(1,478,658)	295,731	(1,182,927)
Change in long-term technical reserve under shadow accounting basis	96,582	(19,316)	77,266	(80,753)	16,151	(64,602)
Total	1,306,071	(261,214)	1,044,857	(12,446,490)	2,489,297	(9,957,193)

35 Basic earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. The calculation is as follows:

	2023	2022
Profit for the year attributable to ordinary shareholders of the Company (Thousand Baht)	1,901,756	3,071,406
Number of ordinary shares issued (Thousand shares)	295,000	295,000
Basic earnings per share (Baht per share)	6.45	10.41

There are no potential dilutive ordinary shares in issue for the years ended 31 December 2023 and 2022.

36 Related party transactions

For the purposes of financial statements preparation, 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.

When considering the relationship between a related person or party transactions which may exist, it requires to consider the details of the relationship rather than the legal relationship.

36 Related party transactions (Cont'd)

Relationships with key management and related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Allianz SE	Germany	Ultimate parent, 16.10% shareholding
Allianz SE, Singapore Branch	Singapore	Related company of ultimate parent
Allianz Technology SE	Germany	Related company of ultimate parent
Allianz Global Benefits GmbH	Germany	Related company of ultimate parent
Allianz SE Reinsurance Branch Asia Pacific Singapore	Singapore	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
Allianz Digital Health GmbH	Germany	Related company of ultimate parent
Allianz Investment Management SE	Germany	Related company of ultimate parent
IDS GmbH	Germany	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
Allianz Ayudhya General Insurance Public Company Limited	Thailand	Related company of major shareholders and common director
Aqua Holdings (Thailand) Limited (Formerly - Aetna Holdings (Thailand) Limited)	Thailand	Related company of major shareholders
My Health Services (Thailand) Company Limited (Formerly - Aetna Services (Thailand) Limited)	Thailand	Related company of major shareholders
Health Care Management Company Limited	Thailand	Related company of major shareholders

36 Related party transactions (Cont'd)

Significant transactions for the years ended 31 December 2023 and 2022 with related parties are as follows:

	2023	2022
	Thousand	Thousand
	Baht	Baht
Gross written premiums		
Other related parties	10,956	24,309
Premiums ceded		
Ultimate parent	143,827	115,310
Other related parties	830,999	705,839
Fees and commission income		
Ultimate parent	22,568	23,341
Other related parties	148,048	191,149
Net investment income		
Other related parties	-	10,377
Gains on investment		
Other related parties	-	29,040
Other income		
Other related parties	233,603	10,242
Gross benefits and claims paid		
Other related parties	17,472	22,633
Benefits and claims paid recovered from reinsurers		
Ultimate parent	112,219	86,327
Other related parties	601,097	522,885
Operating expenses		
Ultimate parent	130,096	87,699
Other related parties	268,021	332,112
Key management personnel compensation		
Short-term benefits	150,366	155,304
Post-employment benefits	12,369	11,159
Share-based payments	23,181	23,998
Total	185,916	190,461

36 Related party transactions (Cont'd)

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 SGD 0.97 million (2022: SGD 0.70 million). The term of the agreement is for 1 year from 1 January 2023 to 31 December 2023. The payments are made on quarterly basis. Either party may terminate this agreement at any time by giving six-month prior written notice to another party. As at 31 December 2023, there was no notice to terminate such agreement.
- (b) The Company entered into an agreement with ultimate parent whereby ultimate parent will provide the support services to the Company. The Company set up the provision for the service fee amounting to EUR 1.51 million (2022: EUR 0.99 million). The agreement is continuous contract from 1 January 2019 subject to six-month notice of cancellation by either party. As at 31 December 2023, there was no notice to terminate such agreement.

Investments in related parties

Investments in related parties as at 31 December 2023 and 2022 and dividend income for the years ended 31 December 2023 and 2022 are as follows:

	Fair value		Dividend income	
	2023 Thousand Baht	2022 Thousand Baht	2023 Thousand Baht	2022 Thousand Baht
Investments - common stock	-	-	-	10,377
Total	-	-	-	10,377

During the year ended 31 December 2023, the Company did not sell the investment in related parties. (During the year ended 31 December 2022, the Company sold the investment in related parties amounting to Baht 71.45 million and received gain on sale of investment amounting to Baht 29.04 million).

Allianz Ayudhya Assurance Public Company Limited
Notes to Financial Statements
For the year ended 31 December 2023

36 Related party transactions (Cont'd)

Significant balances with related parties as at 31 December 2023 and 2022 are as follows:

	2023	2022
	Thousand	Thousand
	Baht	Baht
Reinsurance assets		
Ultimate parent	5,021	3,745
Other related parties	50,688	35,214
Amount due from reinsurance		
Ultimate parent	50,601	55,353
Other related parties	525,691	395,135
Investment in debt securities		
Ultimate parent	138,844	118,090
Other assets, net		
Other related parties	5,289	-
Amount due to reinsurance		
Ultimate parent	135	-
Other related parties	636,682	450,137
Accrued expenses		
Ultimate parent	51,062	36,367
Other related parties	160,720	102,781
Other liabilities		
Ultimate parent	20,665	3,124
Other related parties	269,908	392,866

37 Securities placed and securities reserved with the Registrar

37.1 Securities placed with the Registrar

The Company pledged investments in debt securities with the Registrar in accordance with Section 20 of the Life Insurance Act B.E. 2535 are as follows:

	2023		2022	
	Carrying	Face value	Carrying	Face value
	amount	Thousand	amount	Thousand
	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht
Investments measured at fair value through other comprehensive income				
Government bonds	24,427	20,000	23,867	20,000

37 Securities placed and securities reserved with the Registrar (Cont'd)

37.2 Securities reserved with the Registrar

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

	2023		2022	
	Carrying amount Thousand Baht	Face value Thousand Baht	Carrying amount Thousand Baht	Face value Thousand Baht
Investments measured at fair value through other comprehensive income				
Government bonds	35,297,820	32,140,000	34,584,891	32,140,000
Total	35,297,820	32,140,000	34,584,891	32,140,000
Investments measured at amortised cost				
Government bonds	6,045,926	5,912,000	6,078,533	5,912,000
State enterprise bonds	1,300,000	1,300,000	1,300,000	1,300,000
Total	7,345,926	7,212,000	7,378,533	7,212,000

38 Asset-backed

As at 31 December 2023 and 2022, the Company pledged investments in restricted securities with the Bank as asset-backed in accordance with Section 27/4 of the Life Insurance Act B.E. 2535 and amendment Act (No.2) B.E. 2551 as follows:

	2023		2022	
	Carrying amount Thousand Baht	Appraised value Thousand Baht	Carrying amount Thousand Baht	Appraised value Thousand Baht
Deposits with financial institutions	3,815,392	3,815,392	3,515,303	3,515,303
Equity securities	9,118,645	9,118,645	7,766,928	7,766,928
Debt securities	184,399,977	185,066,618	170,900,406	171,880,670
Total	197,334,014	198,000,655	182,182,637	183,162,901

39 Commitments with non-related parties

39.1 Commitments from low-value leases and service agreements

The Company has payment obligations of low-value leases and service agreements as follows:

	2023	2022
	Thousand	Thousand
	Baht	Baht
Due within 1 year	36,485	58,973
Due more than 1 year but not later than 5 years	11,630	37,395
Later than 5 years	-	8,828
Total	48,115	105,196

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 2026.

39.2 Investment commitments

As at 31 December 2023, the Company had no investment commitments while, as at 31 December 2022, the Company had commitments to invest in several series of bills of exchange issued by banks amounting to Baht 13 million. These investments have a duration up to 2023 and are payable based on the contract terms. The timing of the commitments are as follows:

	2023	2022
	Thousand	Thousand
	Baht	Baht
Due within 1 year	-	13,000
Total	-	13,000

40 Contribution to life insurance fund

For the year ended 31 December 2023, the Company has contribution to life insurance fund in order to comply with the Life Insurance Act B.E. 2535 and amendment Act (No.2) B.E. 2551 amounting to Baht 100.26 million (2022: Baht 95.25 million).

41 Event after the statement of financial position date

On 22 February 2024, the Board of Directors' Meeting approved the appropriation of dividend payment from the Company's performance for the year 2023 of maximum Baht 6.45 per share, on 295 million shares, maximum of Baht 1,901.76 million. The dividend payment shall be made subject to the approval of the Annual General Meeting of the shareholders and the Office of Insurance Commission under Section 32 of Life Insurance Act B.E. 2535.