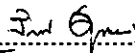


Information Disclosure Allianz Ayudhya Assurance Public Company Limited

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

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

Sign 
Name Mr. Bryan James Smith
Position Director

Sign 
Name Mr. Titiwut Soukpornchaikul
Position Director

Disclosed on 29 May 2019
Quarterly 1 Year 2019



1. Adequacy of Capital

Allianz Ayudhya Assurance Public Company Limited holds a strong RBC Solvency Ratio. At the end of first quarter in 2019, the Company's capital adequacy ratio is at the 282 percent which is significant high comparing to the minimum ratio required by the OIC at the 140 percent. The Company also conducts the regular tests of its financial status under crisis at every quarter end to ensure that the Company is capable of confronting and coping with any economic change in the event of uncontrollable or undesired situation.

Disclosed on 29 May 2019

Unit: million baht

| Item | Quarter 1 | | Quarter 2 | | Quarter 3 | |
|----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Capital Adequacy Ratio (%) | 282% | 376% | | 340% | | 299% |
| Total Capital Availability | 26,492.35 | 26,475.29 | | 25,383.28 | | 25,888.95 |
| Total Capital Requirement | 9,394.63 | 7,040.89 | | 7,462.86 | | 8,669.39 |

- Remark**
- Notification of the Office of Insurance Commission (OIC): Specification of Type and Category of the Capital including Rules, Procedures and Conditions of the Capital Calculation in Life Insurance Companies. For legal requirement, the Capital adequacy ratio shall not be lower than 140 percent.
 - Capital is based on appraisal value aligned with the announcement of OIC regarding the Life Insurance Company's asset and liability assessment
 - The second quarter is the six-months operating results while the third quarter is the nine-months operating results

2. Financial Statement

ALLIANZ AYUDHYA ASSURANCE PUBLIC COMPANY LIMITED

INTERIM FINANCIAL INFORMATION (UNAUDITED)

31 MARCH 2019



AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

I have reviewed the interim financial information of Allianz Ayudhya Assurance Public Company Limited, which comprises the statement of financial position as at 31 March 2019, and the related statements of comprehensive income, changes in equity, and cash flows for the three-month period then ended, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

PricewaterhouseCoopers ABAS Ltd.

Anothai Leekitwattana
Certified Public Accountant (Thailand) No. 3442
Bangkok
14 May 2019

Allianz Ayudhya Assurance Public Company Limited
Statement of Financial Position
As at 31 March 2019

| | | (Unaudited) 31 March 2019 | (Audited) 31 December 2018 |
|--|-----------|---------------------------------|----------------------------------|
| | Notes | Thousand Baht | Thousand Baht |
| Assets | | | |
| Cash and cash equivalents | 5, 23 | 6,069,128 | 5,916,023 |
| Premiums due and uncollected | 6 | 1,897,294 | 1,834,464 |
| Accrued investment income | | 3,430,828 | 3,325,727 |
| Reinsurance receivables | 7, 23 | 287,034 | 410,098 |
| Investment receivables | | 209,435 | 42,695 |
| Derivative assets | 8 | 682,652 | 454,869 |
| Investment assets | | | |
| Investments in securities, net | 9, 23, 24 | 173,192,871 | 167,110,712 |
| Loans, net | 10 | 8,249,996 | 8,266,485 |
| Investment assets held to cover linked liabilities | | 337,930 | 303,126 |
| Premises and equipment, net | 11 | 555,835 | 573,693 |
| Intangible assets, net | 12 | 586,035 | 604,073 |
| Other assets | 13 | 212,609 | 282,280 |
| Total assets | | <u>195,711,647</u> | <u>189,124,245</u> |

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

Allianz Ayudhya Assurance Public Company Limited

Statement of Financial Position (Cont'd)

As at 31 March 2019

| | | (Unaudited) 31 March 2019 | (Audited) 31 December 2018 |
|---|--------|---------------------------------|----------------------------------|
| | Notes | Thousand Baht | Thousand Baht |
| Liabilities and equity | | | |
| Liabilities | | | |
| Insurance contract liabilities | 14 | 169,907,873 | 165,966,837 |
| Investment contract liabilities | 15 | 3,544,210 | 3,478,037 |
| Reinsurance payables | 16, 23 | 415,482 | 528,717 |
| Investment payables | | 5,008 | 445,901 |
| Derivative liabilities | 8 | 70,629 | 113,680 |
| Income tax payable | | 492,907 | 386,269 |
| Accrued expenses | 17, 23 | 1,944,025 | 2,015,660 |
| Employee benefit obligations | | 362,990 | 486,183 |
| Provisions | | 83,591 | 106,378 |
| Deferred tax liabilities | 18 | 959,734 | 485,738 |
| Other liabilities | 19 | 976,530 | 589,108 |
| Total liabilities | | <u>178,762,979</u> | <u>174,602,508</u> |
| Equity | | | |
| Share capital | | | |
| Authorised share capital | | | |
| 400,000,000 ordinary shares of 10 Baht each | | <u>4,000,000</u> | <u>4,000,000</u> |
| Issued and paid-up share capital | | | |
| 295,000,000 ordinary shares of 10 Baht each | | 2,950,000 | 2,950,000 |
| Retained earnings | | | |
| Appropriated | | | |
| Legal reserve | | 400,000 | 400,000 |
| Unappropriated | | 7,885,189 | 7,335,792 |
| Other components of equity | | <u>5,713,479</u> | <u>3,835,945</u> |
| Total equity | | <u>16,948,668</u> | <u>14,521,737</u> |
| Total liabilities and equity | | <u>195,711,647</u> | <u>189,124,245</u> |

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

Allianz Ayudhya Assurance Public Company Limited
Statement of Comprehensive Income (Unaudited)
For the three-month period ended 31 March 2019

| | | 2019 | 2018 |
|---|-------|------------------|------------------|
| | Notes | Thousand Baht | Thousand Baht |
| Revenues | | | |
| Gross premiums written | 23 | 8,044,158 | 8,200,794 |
| <u>Less</u> premiums ceded | 23 | <u>(258,517)</u> | <u>(225,175)</u> |
| Net premiums written | | 7,785,641 | 7,975,619 |
| <u>Less</u> unearned premium reserve increased from previous period | | <u>(711,236)</u> | <u>(630,631)</u> |
| Net premiums earned | | 7,074,405 | 7,344,988 |
| Fees and commission income | 23 | 69,972 | 50,277 |
| Net investment income | 23 | 1,721,971 | 1,609,726 |
| Gains on investment | | 237,513 | 208,118 |
| Gains (losses) on fair value | | 64,178 | (7,521) |
| Other income | | 16,244 | 10,239 |
| Total revenues | | <u>9,184,283</u> | <u>9,215,827</u> |
| Expenses | | | |
| Long-term technical reserve increased from previous period | | 2,801,614 | 3,174,918 |
| Benefits payments and insurance claims expenses | 23 | 3,792,122 | 3,597,399 |
| <u>Less</u> benefits payments and insurance claims expenses recovered from reinsurers | 23 | <u>(97,451)</u> | <u>(103,892)</u> |
| Net benefits payment and insurance claims expenses | | 3,694,671 | 3,493,507 |
| Commissions and brokerages | | 862,525 | 824,465 |
| Other underwriting expenses | | 392,426 | 396,255 |
| Operating expenses | 20 | <u>743,021</u> | <u>648,675</u> |
| Total expenses | | <u>8,494,257</u> | <u>8,537,820</u> |
| Profit before income tax | | 690,026 | 678,007 |
| Income tax | 21 | <u>134,060</u> | <u>132,409</u> |
| Net profit | | <u>555,966</u> | <u>545,598</u> |

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

Allianz Ayudhya Assurance Public Company Limited
Statement of Comprehensive Income (Unaudited) (Cont'd)
For the three-month period ended 31 March 2019

| | | (Reclassified) | |
|--|-------|------------------|--------------------|
| | | 2019 | 2018 |
| | Notes | Thousand Baht | Thousand Baht |
| Other comprehensive income (loss) | | | |
| Items that will not be reclassified to profit or loss | | | |
| Losses on remeasurements of post-employment benefit obligations | | (8,210) | (1,022) |
| Income tax on items that will not be reclassified to profit or loss | | 1,641 | 205 |
| Total items that will not be reclassified to profit or loss | | <u>(6,569)</u> | <u>(817)</u> |
| Items that will be reclassified subsequently to profit or loss | | | |
| Change in fair value of available-for-sale investments | 2 | 2,539,883 | (1,211,546) |
| Change in fair value of cash flow hedges | | 47,952 | (11,301) |
| Items in other comprehensive income transferred to profit or loss | 2 | (240,918) | (195,639) |
| Income tax on items that will be reclassified subsequently to profit or loss | | (469,383) | 257,483 |
| Total items that will be reclassified subsequently to profit or loss | | <u>1,877,534</u> | <u>(1,161,003)</u> |
| Other comprehensive income (loss) for the period, net of income tax | | <u>1,870,965</u> | <u>(1,161,820)</u> |
| Total comprehensive income (loss) for the period | | <u>2,426,931</u> | <u>(616,222)</u> |
| Basic earnings per share (Baht) | 22 | <u>1.88</u> | <u>1.85</u> |

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

Allianz Ayudhya Assurance Public Company Limited
Statement of Changes in Equity (Unaudited) (Cont'd)
For the three-month period ended 31 March 2019

| | Retained earnings | | Other components of equity | | | | Total equity Thousand Baht |
|--|---|-----------------------------------|---------------------------------|--|--|---|-------------------------------|
| | Issued and paid-up share capital Thousand Baht | Legal reserve Thousand Baht | Unappropriated Thousand Baht | Change in fair value of available-for-sale investments Thousand Baht | Change in fair value of cash flow hedges Thousand Baht | Total other components of equity Thousand Baht | |
| Three-month period ended 31 March 2018 | | | | | | | |
| Balance as at 1 January 2018 | 2,950,000 | 400,000 | 6,253,505 | 6,786,316 | 4,208 | 6,790,524 | 16,394,029 |
| Comprehensive income (loss) for the period | | | | | | | |
| Net profit | - | - | 545,598 | - | - | - | 545,598 |
| Other comprehensive income (loss) | | | | | | | |
| Change in fair value of cash flow hedges | - | - | - | - | (35,255) | (35,255) | (35,255) |
| Change in fair value of available-for-sale investments | - | - | - | (969,237) | - | (969,237) | (969,237) |
| Items in other comprehensive income transferred to profit or loss | - | - | - | (156,511) | - | (156,511) | (156,511) |
| Losses from remeasurements of post-employment benefit obligations | - | - | (817) | - | - | - | (817) |
| Total comprehensive income (loss) for the period | - | - | 544,781 | (1,125,748) | (35,255) | (1,161,003) | (616,222) |
| Balance as at 31 March 2018 | <u>2,950,000</u> | <u>400,000</u> | <u>6,798,286</u> | <u>5,660,568</u> | <u>(31,047)</u> | <u>5,629,521</u> | <u>15,777,807</u> |

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

Allianz Ayudhya Assurance Public Company Limited
Statement of Changes in Equity (Unaudited) (Cont'd)
For the three-month period ended 31 March 2019

| | Retained earnings | | Other components of equity | | | | Total equity |
|---|----------------------------------|----------------|----------------------------|--|--|----------------------------------|-------------------|
| | Issued and paid-up share capital | Legal reserve | Unappropriated reserve | Change in fair value of available-for-sale investments | Change in fair value of cash flow hedges | Total other components of equity | |
| | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht |
| Three-month period ended 31 March 2019 | | | | | | | |
| Balance as at 1 January 2019 | 2,950,000 | 400,000 | 7,335,792 | 3,653,892 | 182,053 | 3,835,945 | 14,521,737 |
| Comprehensive income (loss) for the period | | | | | | | |
| Net profit | - | - | 555,966 | - | - | - | 555,966 |
| Other comprehensive income (loss) | | | | | | | |
| Change in fair value of cash flow hedges | - | - | - | - | 38,362 | 38,362 | 38,362 |
| Change in fair value of available-for-sale investments | - | - | - | 2,031,906 | - | 2,031,906 | 2,031,906 |
| Items in other comprehensive income transferred to profit or loss | - | - | - | (192,734) | - | (192,734) | (192,734) |
| Losses from remeasurements of post-employment benefit obligations | - | - | (6,569) | - | - | - | (6,569) |
| Total comprehensive income (loss) for the period | - | - | 549,397 | 1,839,172 | 38,362 | 1,877,534 | 2,426,931 |
| Balance as at 31 March 2019 | 2,950,000 | 400,000 | 7,885,189 | 5,493,064 | 220,415 | 5,713,479 | 16,948,668 |

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

Allianz Ayudhya Assurance Public Company Limited
Statement of Cash Flows (Unaudited)
For the three-month period ended 31 March 2019

| | | (Reclassified) | |
|--|-------|-------------------------|-------------------------|
| | | 2019 | 2018 |
| | Notes | Thousand Baht | Thousand Baht |
| Cash flows from operating activities | | | |
| Premiums written | 2 | 8,229,076 | 7,883,879 |
| Cash paid relating to reinsurance | | (81,266) | (53,723) |
| Interest received | | 1,452,047 | 1,245,808 |
| Dividends received | | 145,194 | 127,602 |
| Other income | | 16,608 | 10,334 |
| Benefits payments and insurance claims expenses | | (3,068,744) | (3,518,060) |
| Commissions and brokerages | | (982,228) | (1,017,560) |
| Other underwriting expenses | 2 | (310,028) | (365,422) |
| Operating expenses | 2 | (1,042,692) | (676,108) |
| Income tax paid | | (21,167) | (15,188) |
| Cash received from selling and redeeming investments in securities | | 15,716,722 | 5,631,477 |
| Cash paid for purchasing investments in securities | | (19,835,763) | (6,296,008) |
| Cash received from loans | | 1,610 | 1,887 |
| Cash paid for loans | 2 | (35,476) | (114,735) |
| Deposits | 2 | 508 | (6) |
| Net cash flow provided from (used in) operating activities | | <u>184,401</u> | <u>2,844,177</u> |
| Cash flows from investing activities | | | |
| Cash paid for purchasing premises and equipment | | (842) | (3,754) |
| Cash paid for purchasing intangible assets | 2 | (30,454) | (388,365) |
| Net cash flow provided from (used in) investing activities | | <u>(31,296)</u> | <u>(392,119)</u> |
| Net increase (decrease) in cash and cash equivalents | | 153,105 | 2,452,058 |
| Cash and cash equivalents as at 1 January | | <u>5,916,023</u> | <u>5,181,609</u> |
| Cash and cash equivalents as at 31 March | 5 | <u><u>6,069,128</u></u> | <u><u>7,633,667</u></u> |
| Supplemental cash flows information | | | |
| Non-cash items | | | |
| Receivables from selling investments | | 209,435 | 197,956 |
| Payables from purchasing investments | | 5,008 | 5,082 |

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

1 General information

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

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

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

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

This interim financial information was approved by the Board of Directors on 14 May 2019.

This interim financial information has been reviewed, not audited.

2 Basis of preparation and accounting policies

2.1 Basis of preparation

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

The interim financial information should be read together with the annual financial statements for the year ended 31 December 2018.

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

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2018.

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

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

2.2 Reclassification

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

| | 31 March 2018 | | |
|---|---|-----------------------------------|-------------------------------|
| | As previously reported Thousand Baht | Reclassification Thousand Baht | Reclassified Thousand Baht |
| Other comprehensive income (loss) items that will be reclassified subsequently to profit or loss | | | |
| Change in fair value of available-for-sale investments | (1,407,185) | 195,639 | (1,211,546) |
| Items in other comprehensive income transferred to profit or loss | - | (195,639) | (195,639) |

The comparative amounts have reclassified to conform to the current period presentation of the statement of cash flow for the current period as follow:

| | 31 March 2018 | | |
|--|---|-----------------------------------|-------------------------------|
| | As previously reported Thousand Baht | Reclassification Thousand Baht | Reclassified Thousand Baht |
| Statement of cash flow | | | |
| Premiums written | 7,939,651 | (55,772) | 7,883,879 |
| Other underwriting expenses | (396,255) | 30,833 | (365,422) |
| Operating expenses | (1,015,275) | 339,167 | (676,108) |
| Cash paid for loans | (170,507) | 55,772 | (114,735) |
| Deposits | - | (6) | (6) |
| Cash paid for purchasing intangible assets | (18,365) | (370,000) | (388,365) |

2.3 New financial reporting standards and revised financial reporting standard which are effective for periods beginning on or after 1 January 2019 which relevant to the Company

| | |
|------------------------|---|
| TFRS 2 (revised 2018) | Share-based Payment |
| TFRS 4 (revised 2018) | Insurance Contracts |
| TFRS 15 | Revenue from contracts with customers |
| TFRIC 22 | Foreign Currency Transactions and Advance Consideration |

TFRS 2 clarifies;

- The measurement basis for cash-settled share-based payments
- Where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority, the award is treated as if it is wholly equity-settled.
- The accounting for modifications from cash-settled awards to equity-settled awards.

2.3 New financial reporting standards and revised financial reporting standard which are effective for periods beginning on or after 1 January 2019 which have significant changes and are relevant to the Company (Cont'd)

TFRS 4 provides insurance companies an optional exemption from compliance with TFRS 9 and TFRS 7. The exemption is temporarily effective and not mandatory. Entities who choose to use the exemption must follow the 'financial instruments and disclosure for insurance companies' accounting guidelines to be issued by the Federation of Accounting Professions until TFRS 17 becomes effective.

TFRS 15 provide the requirements for the recognition of revenue. This standard will supersede the following standards:

| | |
|-------------------------|--|
| TAS 11 (revised 2017) | Construction contracts |
| TAS 18 (revised 2017) | Revenue |
| TFRIC 13 (revised 2017) | Customer loyalty programs |
| TFRIC 15 (revised 2017) | Agreements for the construction of real estate |
| TFRIC 18 (revised 2017) | Transfers of assets from customers |
| TSIC 31 (revised 2017) | Revenue - barter transactions involving advertising services |

The new standard is based on the principle that

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

An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

TFRIC 22 clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency.

The Company has adopted the above standards and considered that these standards does not have significant impact on the Company, except TFRS 4 which the Company's management is currently assessing the impact to make decision whether the option will be applied.

2.4 Financial reporting standards are effective for annual periods beginning on or after 1 January 2020 which are relevant to the Company.

2.4.1 Financial instruments

The new financial reporting standards relate to financial instruments are:

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

These new standards address the classification, measurement and derecognition of financial assets and financial liabilities, impairment of financial assets, hedge accounting, and presentation and disclosure of financial instruments.

2.4.2 TFRS 16 Leases

TFRS 16 will result in almost all leases where the Group is a lessee being recognised on the balance sheet as the distinction between operating and finance lease is removed. An asset (the right to use the leased item) and financial liability to pay rentals are recognised, with exception on short-term and low-value leases.

Management is currently assessing the impact from initial application of these standards in detail.

3 Estimates

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

In preparing these interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2018.

4 Fair value

4.1 Fair value estimation

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

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

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

Allianz Ayudhya Assurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2019

4 Fair value (Cont'd)

4.1 Fair value estimation (Cont'd)

The following table presents the Company's financial assets and liabilities that are measured and recognised at fair value on the interim financial information as at 31 March 2019.

| | (Unaudited) 31 March 2019 | | | |
|---|------------------------------|-----------------------------|-----------------------------|---------------------------|
| | Level 1 Thousand Baht | Level 2 Thousand Baht | Level 3 Thousand Baht | Total Thousand Baht |
| Financial assets | | | | |
| Derivative assets | - | 682,652 | - | 682,652 |
| Investment in securities | | | | |
| Held for trading | | | | |
| Equity securities | 3,477 | - | - | 3,477 |
| Available-for-sale investments | | | | |
| Debt securities | - | 105,760,668 | - | 105,760,668 |
| Equity securities | 13,948,685 | - | - | 13,948,685 |
| Foreign equity securities | 7,144,526 | - | - | 7,144,526 |
| Investment assets held to cover linked liabilities | - | 337,930 | - | 337,930 |
| Total | 21,096,688 | 106,781,250 | - | 127,877,938 |
| Financial liabilities | | | | |
| Derivative liabilities | - | 70,629 | - | 70,629 |
| Total | - | 70,629 | - | 70,629 |

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

| | (Unaudited) 31 March 2019 | | | |
|---|------------------------------|-----------------------------|-----------------------------|---------------------------|
| | Level 1 Thousand Baht | Level 2 Thousand Baht | Level 3 Thousand Baht | Total Thousand Baht |
| Financial assets | | | | |
| Investment in securities | | | | |
| Held-to-maturity investments | | | | |
| Debt securities | - | 44,539,092 | - | 44,539,092 |
| Deposit at financial institutions with maturities over 3 months from acquisition date | 4,900,000 | - | - | 4,900,000 |
| Total | 4,900,000 | 44,539,092 | - | 49,439,092 |

Allianz Ayudhya Assurance Public Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2019

4 Fair value (Cont'd)

4.1 Fair value estimation (Cont'd)

The following table presents the Company's financial assets and liabilities that are measured and recognised at fair value on the financial statements as at 31 December 2018.

| | (Audited) | | | Total Thousand Baht |
|---|-----------------------------|-----------------------------|-----------------------------|---------------------------|
| | 31 December 2018 | | | |
| | Level 1 Thousand Baht | Level 2 Thousand Baht | Level 3 Thousand Baht | |
| Financial assets | | | | |
| Derivative assets | - | 454,869 | - | 454,869 |
| Investment in securities | | | | |
| Held for trading | | | | |
| Equity securities | 2,074 | - | - | 2,074 |
| Available-for-sale investments | | | | |
| Debt securities | - | 100,356,499 | - | 100,356,499 |
| Equity securities | 13,360,666 | - | - | 13,360,666 |
| Foreign equity securities | 6,539,010 | - | - | 6,539,010 |
| Investment assets held to cover linked liabilities | - | 303,126 | - | 303,126 |
| Total | 19,901,750 | 101,114,494 | - | 121,016,244 |
| Financial liabilities | | | | |
| Derivative liabilities | - | 113,680 | - | 113,680 |
| Total | - | 113,680 | - | 113,680 |

The following table presents the fair values of the Company's financial assets that are not measured at fair value on the financial statement as at 31 December 2018.

| | (Audited) | | | Total Thousand Baht |
|---|-----------------------------|-----------------------------|-----------------------------|---------------------------|
| | 31 December 2018 | | | |
| | Level 1 Thousand Baht | Level 2 Thousand Baht | Level 3 Thousand Baht | |
| Financial assets | | | | |
| Investment in securities | | | | |
| Held-to-maturity investments | | | | |
| Debt securities | - | 45,165,412 | - | 45,165,412 |
| Deposit at financial institutions with maturities over 3 months from acquisition date | 4,900,000 | - | - | 4,900,000 |
| Total | 4,900,000 | 45,165,412 | - | 50,065,412 |

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

There was no change in valuation techniques during the periods.

4 Fair value (Cont'd)

4.2 Valuation techniques used to derive Level 2 fair values

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

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

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

5 Cash and cash equivalents

| | (Unaudited) 31 March 2019 Thousand Baht | (Audited) 31 December 2018 Thousand Baht |
|-----------------------------------|---|--|
| Cash on hand | 1 | 61 |
| Deposits at banks - call deposits | 1,894,644 | 1,854,357 |
| Short-term investments | 4,174,483 | 4,061,605 |
| Total | 6,069,128 | 5,916,023 |

As at 31 March 2019, cash and cash equivalents were denominated in foreign currencies amounting to Baht 81 million (31 December 2018: Baht 115 million).

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6 Premiums due and uncollected

As at 31 March 2019 and 31 December 2018, the balances of premiums due and uncollected were aged as follows:

| | <u>From direct insurance</u> | |
|--------------------------------------|---|--|
| | (Unaudited) 31 March 2019 Thousand Baht | (Audited) 31 December 2018 Thousand Baht |
| Within credit terms | 1,801,591 | 1,790,196 |
| Overdue: | | |
| Less than 30 days | 202,435 | 190,927 |
| 31 - 60 days | 3,777 | 7,181 |
| 61 - 90 days | 18,133 | 3,064 |
| 91 days - 1 year | 3,759 | 7,864 |
| Over 1 year | 10,810 | 10,696 |
| Total | 2,040,505 | 2,009,928 |
| Less Allowance for doubtful accounts | (143,211) | (175,464) |
| Net premiums due and uncollected | <u>1,897,294</u> | <u>1,834,464</u> |

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

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

7 Reinsurance receivables

The details of reinsurance assets are as follows:

| | (Unaudited) 31 March 2019 Thousand Baht | (Audited) 31 December 2018 Thousand Baht |
|--------------------------------|---|--|
| Due from reinsurance (Note 23) | 287,034 | 410,098 |
| Total reinsurance receivable | <u>287,034</u> | <u>410,098</u> |

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8 Derivative assets and liabilities

All derivatives are for the purpose of hedging activities.

The details of derivative assets are as follow:

| (Unaudited) 31 March 2019 | | | | | (Unaudited) Change in fair value for the three-month period ended 31 March 2019 Thousand Baht |
|------------------------------|--|------------------------|------------------------------------|--|--|
| Type of contract | Purpose | Number of contracts | Notional value Thousand Baht | Derivative book value Thousand Baht | |
| Cross currency swap | To hedge foreign currency risk of investment in foreign currency | 49 | 8,353,957 | 426,025 | 111,438 |
| Bond forward | To hedge reinvestment risk | 42 | 11,540,000 | 256,627 | 126,208 |
| Total | | 91 | 19,893,957 | 682,652 | 237,646 |

| (Audited) 31 December 2018 | | | | | (Audited) Change in fair value for the year ended 31 December 2018 Thousand Baht |
|-------------------------------|--|------------------------|------------------------------------|--|--|
| Type of contract | Purpose | Number of contracts | Notional value Thousand Baht | Derivative book value Thousand Baht | |
| Cross currency swap | To hedge foreign currency risk of investment in foreign currency | 40 | 6,691,070 | 319,390 | 103,864 |
| Bond forward | To hedge reinvestment risk | 29 | 7,540,000 | 135,479 | 136,215 |
| Total | | 69 | 14,231,070 | 454,869 | 240,079 |

The details of derivative liabilities are as follow:

| (Unaudited) 31 March 2019 | | | | | (Unaudited) Change in fair value for the three-month period ended 31 March 2019 Thousand Baht |
|------------------------------|--|------------------------|------------------------------------|--|--|
| Type of contract | Purpose | Number of contracts | Notional value Thousand Baht | Derivative book value Thousand Baht | |
| Cross currency swap | To hedge foreign currency risk of investment in foreign currency | 21 | 3,549,103 | 67,516 | 36,302 |
| Bond forward | To hedge reinvestment risk | 2 | 720,000 | 3,113 | (3,113) |
| Total | | 23 | 4,269,103 | 70,629 | 33,189 |

| (Audited) 31 December 2018 | | | | | (Audited) Change in fair value for the three- month period- ended 31 December 2018 Thousand Baht |
|-------------------------------|--|------------------------|------------------------------------|--|--|
| Type of contract | Purpose | Number of contracts | Notional value Thousand Baht | Derivative book value Thousand Baht | |
| Cross currency swap | To hedge foreign currency risk of investment in foreign currency | 27 | 4,410,237 | 108,620 | 108,620 |
| Bond forward | To hedge reinvestment risk | 3 | 1,300,000 | 5,060 | (5,090) |
| Total | | 30 | 5,710,237 | 113,680 | 103,530 |

As at 31 March 2019, the Company has hedged the risk on foreign currency offshore bonds and debentures by entering into cross currency swap contracts with local banks. The notional value of these hedges is U.S. Dollar 360 million (31 December 2018: U.S. Dollar 335 million).

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

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9 Investments in securities, net

The details of investments in securities as at 31 March 2019 and 31 December 2018 are as follows:

| | (Unaudited) 31 March 2019 | | (Audited) 31 December 2018 | |
|--|---|-------------------------------------|---|-------------------------------------|
| | Cost/ Amortised cost Thousand Baht | Fair value Thousand Baht | Cost/ Amortised cost Thousand Baht | Fair value Thousand Baht |
| Trading securities | | | | |
| Equity securities | 5,447 | 3,477 | 5,447 | 2,074 |
| Add Unrealised loss | (1,970) | - | (3,373) | - |
| Total Trading securities, net | 3,477 | 3,477 | 2,074 | 2,074 |
| Available-for-sale investments | | | | |
| Government and state enterprise debt securities | 80,940,922 | 84,501,623 | 77,613,712 | 80,596,762 |
| Private debt securities | 8,868,438 | 9,078,171 | 8,856,667 | 9,066,154 |
| Foreign debt securities | 11,820,770 | 12,180,874 | 11,013,665 | 10,693,583 |
| Equity securities | 11,385,452 | 13,948,685 | 11,489,480 | 13,360,666 |
| Foreign equity securities | 7,004,430 | 7,144,526 | 6,974,214 | 6,539,010 |
| Total | 120,020,012 | 126,853,879 | 115,947,738 | 120,256,175 |
| Add Unrealised gain | 8,866,236 | | 4,340,806 | |
| Less Allowance for impairment | (32,369) | | (32,369) | |
| Total available-for-sale investments, net | 126,853,879 | 126,853,879 | 120,256,175 | 120,256,175 |
| Held-to-maturity Investments | | | | |
| Government and state enterprise debt securities | 38,527,130 | | 39,051,963 | |
| Private debt securities | 2,866,533 | | 2,856,648 | |
| Deposits at financial institutions with original maturities more than 3 months | 4,900,000 | | 4,900,000 | |
| Total held-to-maturity Investments | 46,293,663 | | 46,810,611 | |
| General investments | | | | |
| Equity securities | 41,852 | | 41,852 | |
| Total general investments | 41,852 | | 41,852 | |
| Total investments in securities | 173,192,871 | | 167,110,712 | |

During the three-month period ended 31 March 2019, the Company recognised interest income and dividend income amounting to Baht 1,522 million and Baht 234 million, respectively (2018: Baht 1,485 million and Baht 139 million, respectively).

During the three-month period ended 31 March 2019, the Company received consideration from selling available-for-sale investments amounting to Baht 1,505 million (2018: Baht 888 million).

As at 31 March 2019, the Company had investment in securities deposited with the Office of Insurance Commission in order to comply with the Life Insurance Act with a fair value amounting to Baht 38,171 million (31 December 2018: Baht 35,875 million) (Note 24).

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10 Loans, net

As at 31 March 2019 and 31 December 2018, the details of loans and accrued interests are aged by outstanding period as follows:

| Outstanding periods | (Unaudited) 31 March 2019 | | | | | | | |
|---------------------------------------|-------------------------------|---|-------------------------------|---|-------------------------------|---|---------------------------|--|
| | Policy loans | | | Mortgage loans | | | Total | |
| | Principle Thousand Baht | Accrued interest Thousand Baht | Principle Thousand Baht | Accrued interest Thousand Baht | Principle Thousand Baht | Accrued interest Thousand Baht | Total Thousand Baht | |
| Within credit terms | 8,229,869 | 1,410,881 | 15,689 | 20 | 8,245,558 | 1,410,901 | 9,656,459 | |
| Overdue | - | - | 4,438 | 34 | 4,438 | 34 | 4,472 | |
| Less than 3 months | - | - | - | - | - | - | - | |
| Over 3 - 6 months | - | - | - | - | - | - | - | |
| Over 6 - 12 months | - | - | - | - | - | - | - | |
| Over 12 months | - | - | 46,929 | 4,394 | 46,929 | 4,394 | 51,323 | |
| Total | 8,229,869 | 1,410,881 | 67,056 | 4,448 | 8,296,925 | 1,415,329 | 9,712,254 | |
| Less: Allowance for doubtful accounts | - | - | (46,929) | (4,394) | (46,929) | (4,394) | (51,323) | |
| Loans and accrued interests, net | 8,229,869 | 1,410,881 | 20,127 | 54 | 8,249,996 | 1,410,935 | 9,660,931 | |

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10 Loans, net (Cont'd)

| Outstanding periods | (Audited) 31 December 2018 | | | | | |
|--|-------------------------------|---|-------------------------------|---|-------------------------------|---|
| | Policy loans | | Mortgage loans | | Total | |
| | Principle Thousand Baht | Accrued interest Thousand Baht | Principle Thousand Baht | Accrued interest Thousand Baht | Principle Thousand Baht | Accrued interest Thousand Baht |
| Within credit terms | 8,244,747 | 1,376,393 | 20,054 | 37 | 8,264,801 | 1,376,430 |
| Overdue | - | - | - | - | - | - |
| Less than 3 months | - | - | 1,683 | 12 | 1,683 | 12 |
| Over 3 - 6 months | - | - | - | - | - | - |
| Over 6 - 12 months | - | - | - | - | - | - |
| Over 12 months | - | - | 46,929 | 4,394 | 46,929 | 4,394 |
| Total | 8,244,747 | 1,376,393 | 68,666 | 4,443 | 8,313,413 | 1,380,836 |
| <u>Less: Allowance for doubtful accounts</u> | - | - | (46,928) | (4,394) | (46,928) | (4,394) |
| Loans and accrued interests, net | 8,244,747 | 1,376,393 | 21,738 | 49 | 8,266,485 | 1,376,442 |

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

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

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

As at 31 March 2019, the Company had mortgage loans to staffs amounting to Baht 2 million (31 December 2018: Baht 3 million) with interest rates at 5% per annum (2018: 5% per annum). The mortgage loans were provided in accordance with the Company's welfare policy.

11 Premises and equipment, net

As at 31 March 2019, the Company had cost for premises and equipment amounting to Baht 1,563 million (31 December 2018: Baht 1,564 million) and had accumulated depreciation amounting to Baht 1,007 million (31 December 2018: Baht 990 million).

For the three-month period ended 31 March 2019, the Company had depreciation for premises and equipment amounting to Baht 19 million, and purchases amounting to Baht 0.8 million.

As at 31 March 2019, the gross carrying amount of the fully depreciated assets still in use were Baht 609 million (31 December 2018: Baht 602 million).

12 Intangible assets, net

As at 31 March 2019, the Company had cost for intangible assets which consist of computer software and right amounting to Baht 1,008 million (31 December 2018: Baht 977 million) and had accumulated amortisation for Intangible assets amounting to Baht 422 million (31 December 2018: Baht 373 million).

For the three-month period ended 31 March 2019, the Company had amortization for intangible assets from computer software and right amounting to Baht 18 million and Baht 31 million, respectively, and increase in intangible assets from computer software amounting to Baht 31 million.

13 Other assets

| | (Unaudited) 31 March 2019 Thousand Baht | (Audited) 31 December 2018 Thousand Baht |
|---|---|--|
| Cash collateral from derivative contracts | - | 51,000 |
| Other account receivables | 61,506 | 69,491 |
| Prepaid expenses | 61,116 | 77,061 |
| Others | 89,987 | 84,728 |
| Total | <u>212,609</u> | <u>282,280</u> |

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

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14 Insurance contract liabilities

| | (Unaudited) 31 March 2019 | | | (Audited) 31 December 2018 | | |
|--|---|---|----------------------|---|---|----------------------|
| | 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 | 159,853,804 | - | 159,853,804 | 157,083,560 | - | 157,083,560 |
| Short-term technical reserves: | | | | | | |
| Loss reserves and outstanding claims | | | | | | |
| - Reported claims | 295,608 | - | 295,608 | 209,812 | - | 209,812 |
| - Claims incurred but not reported | 280,358 | - | 280,358 | 285,134 | - | 285,134 |
| Total Loss reserves and outstanding claims | 575,966 | - | 575,966 | 494,946 | - | 494,946 |
| Unearned premium reserves | 3,529,817 | - | 3,529,817 | 2,818,581 | - | 2,818,581 |
| Total short-term technical reserves | 4,105,783 | - | 4,105,783 | 3,313,527 | - | 3,313,527 |
| Unpaid policy benefits | 4,735,534 | - | 4,735,534 | 4,649,219 | - | 4,649,219 |
| Due to insured | 1,212,752 | - | 1,212,752 | 920,531 | - | 920,531 |
| Total | 169,907,873 | - | 169,907,873 | 165,966,837 | - | 165,966,837 |

14.1 Long-term technical reserves

| | (Unaudited) 31 March 2019 Thousand Baht | (Audited) 31 December 2018 Thousand Baht |
|--|---|--|
| Beginning balances for the period/year | 157,083,560 | 143,920,680 |
| Reserves increased from new and inforce policies in the period/year | 4,750,875 | 21,319,057 |
| Reserves released for benefits payment under insurance policies, lapse and cancelled policies in the period/year | (1,980,631) | (8,761,452) |
| Change in assumption | - | 605,275 |
| Closing balances at the end of period/year | 159,853,804 | 157,083,560 |

14 Insurance contract liabilities (Cont'd)

14.2 Short-term technical reserves

14.2.1 Loss reserves and outstanding claims

| | (Unaudited) 31 March 2019 Thousand Baht | (Audited) 31 December 2018 Thousand Baht |
|--|---|--|
| Beginning balances for the period/year | 494,946 | 533,432 |
| Claims incurred during the period/year | 1,261,512 | 4,749,431 |
| Claims paid during the period/year | (1,180,492) | (4,787,917) |
| Closing balances at the end of period/year | <u>575,966</u> | <u>494,946</u> |

14.2.2 Unearned premium reserves

| | (Unaudited) 31 March 2019 Thousand Baht | (Audited) 31 December 2018 Thousand Baht |
|--|---|--|
| Beginning balances for the period/year | 2,818,581 | 2,540,027 |
| Premiums written for the period/year | 3,184,223 | 8,440,872 |
| Premiums earned in the period/year | (2,472,987) | (8,162,318) |
| Closing balances at the end of period/year | <u>3,529,817</u> | <u>2,818,581</u> |

14.2.3 Unexpired risk reserve

No reserve for unexpired risks was established as at 31 March 2019 as the unexpired risk reserve estimated by the Company of Baht 2,621 million (31 December 2018: Baht 1,991 million) was lower than the unearned premium reserve.

14.3 Unpaid policy benefits

| | (Unaudited) 31 March 2019 Thousand Baht | (Audited) 31 December 2018 Thousand Baht |
|----------------|---|--|
| Death benefits | 119,848 | 82,738 |
| Dividend | 3,956,293 | 3,897,964 |
| Others | 659,393 | 668,517 |
| Total | <u>4,735,534</u> | <u>4,649,219</u> |

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14 Insurance contract liabilities (Cont'd)

14.4 Due to insured

| | (Unaudited) 31 March 2019 Thousand Baht | (Audited) 31 December 2018 Thousand Baht |
|---------------------------------------|--|---|
| Uncashed cheques | 576,471 | 589,580 |
| Premiums received during underwriting | 636,105 | 330,760 |
| Others | 176 | 191 |
| Total | 1,212,752 | 920,531 |

15 Investment contract liabilities

| | (Unaudited) 31 March 2019 Thousand Baht | (Audited) 31 December 2018 Thousand Baht |
|---|--|---|
| Investment contract liabilities with discretionary participation features | 3,206,280 | 3,174,910 |
| Unit-linked contract liabilities | 337,930 | 303,127 |
| Total | 3,544,210 | 3,478,037 |

Investment contract liabilities with discretionary participation features

| | (Unaudited) 31 March 2019 Thousand Baht | (Audited) 31 December 2018 Thousand Baht |
|--|--|---|
| Beginning balance for the period/year | 3,174,910 | 3,767,971 |
| Reserves increased from inforce policies in the period/year | 51,455 | 244,133 |
| Reserves released for benefits payment, lapse, and cancelled policies in the period/year | (20,085) | (837,194) |
| Closing balance at the end of period/year | 3,206,280 | 3,174,910 |

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16 Reinsurance payables

| | (Unaudited) 31 March 2019 Thousand Baht | (Audited) 31 December 2018 Thousand Baht |
|----------------------------|---|--|
| Due to reinsurers | 415,482 | 528,717 |
| Total reinsurance payables | <u>415,482</u> | <u>528,717</u> |

17 Accrued expenses

| | (Unaudited) 31 March 2019 Thousand Baht | (Audited) 31 December 2018 Thousand Baht |
|---------------------------------|---|--|
| Accrued commission expenses | 330,964 | 376,753 |
| Accrued production cost | 481,190 | 596,001 |
| Accrued agency overhead | 371,988 | 504,577 |
| Accrued administration expenses | 759,883 | 538,329 |
| Total | <u>1,944,025</u> | <u>2,015,660</u> |

18 Deferred tax

As at 31 March 2019 and 31 December 2018, deferred tax assets and liabilities were as follows:

| | (Unaudited) 31 March 2019 Thousand Baht | (Audited) 31 December 2018 Thousand Baht |
|--------------------------------------|---|--|
| Deferred tax assets | 767,541 | 1,122,906 |
| Deferred tax liabilities | (1,727,275) | (1,608,644) |
| Deferred tax liabilities, net | <u>(959,734)</u> | <u>(485,738)</u> |

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18 Deferred tax (Cont'd)

Movements in deferred tax assets and liabilities during the three-month periods ended 31 March 2019 and 2018 were as follows:

| | (Unaudited) 31 March 2019 | | | |
|---|--|--|---|---|
| | As at 1 January 2019 Thousand Baht | Increase (decrease) in profit (loss) Thousand Baht | Increase (decrease) in other comprehensive income Thousand Baht | As at 31 March 2019 Thousand Baht |
| Deferred tax assets | | | | |
| Allowance for doubtful accounts | 91,903 | (6,204) | - | 85,699 |
| Provisions | 279,098 | 4,404 | - | 283,502 |
| Insurance reserves | 429,343 | (101,279) | - | 328,064 |
| Employee benefit obligations | 46,420 | 1,901 | 1,641 | 49,962 |
| Unrealised loss on derivative instruments | 3,855 | - | 6,369 | 10,224 |
| Unrealised loss on available-for-sale investments | 272,287 | - | (262,197) | 10,090 |
| Total | 1,122,906 | (101,178) | (254,187) | 767,541 |
| Deferred tax liabilities | | | | |
| Unrealised gain on derivative instruments | (49,367) | - | (15,960) | (65,327) |
| Unrealised gain on available-for-sale investments | (1,185,760) | - | (197,595) | (1,383,355) |
| Premium due and uncollected | (365,446) | 95,525 | - | (269,921) |
| Others | (8,071) | (601) | - | (8,672) |
| Total | (1,608,644) | 94,924 | (213,555) | (1,727,275) |
| Net | (485,738) | (6,254) | (467,742) | (959,734) |

| | (Unaudited) 31 March 2018 | | | |
|---|--|--|---|---|
| | As at 1 January 2018 Thousand Baht | Increase (decrease) in profit (loss) Thousand Baht | Increase (decrease) in other comprehensive income Thousand Baht | As at 31 March 2018 Thousand Baht |
| Deferred tax assets | | | | |
| Allowance for doubtful accounts | 83,883 | (6,181) | - | 77,702 |
| Provisions | 310,070 | (43,459) | - | 266,611 |
| Insurance reserves | 387,988 | (100,257) | - | 287,731 |
| Employee benefit obligations | 42,070 | 2,813 | 205 | 45,088 |
| Unrealised loss on derivative instruments | 6,699 | - | 12,723 | 19,422 |
| Unrealised loss on available-for-sale investments | 142,978 | - | 90,962 | 233,940 |
| Total | 973,688 | (147,084) | 103,890 | 930,494 |
| Deferred tax liabilities | | | | |
| Unrealised gain on derivative instruments | (43,584) | - | (36,678) | (80,262) |
| Unrealised gain on available-for-sale investments | (1,839,557) | - | 190,475 | (1,649,082) |
| Premium due and uncollected | (332,096) | 44,248 | - | (287,848) |
| Total | (2,215,237) | 44,248 | 153,797 | (2,017,192) |
| Net | (1,241,549) | (102,836) | 257,687 | (1,086,698) |

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19 Other liabilities

| | (Unaudited) 31 March 2019 Thousand Baht | (Audited) 31 December 2018 Thousand Baht |
|--|---|--|
| Cash collateral from derivative contract | 610,000 | 167,400 |
| Other creditors | 148,004 | 199,778 |
| Others | 218,526 | 221,930 |
| Total | 976,530 | 589,108 |

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

20 Operating expenses

| | (Unaudited) 31 March 2019 Thousand Baht | (Unaudited) 31 March 2018 Thousand Baht |
|--|---|---|
| Employee expenses not relating to underwriting expenses, and loss adjusting expenses | 317,330 | 248,512 |
| Property and equipment expenses not relating to underwriting expenses, and loss adjusting expenses | 106,093 | 74,866 |
| Tax expenses | 42,984 | 43,603 |
| Bad debt and doubtful debt expenses | 128,932 | 134,007 |
| Other operating expenses | 147,682 | 147,687 |
| Total | 743,021 | 648,675 |

21 Income tax

Income tax recognised in profit or loss

| | (Unaudited) 31 March 2019 Thousand Baht | (Unaudited) 31 March 2018 Thousand Baht |
|------------------------------------|---|---|
| Current tax | | |
| Current period | 127,806 | 29,573 |
| Deferred tax | | |
| Movements in temporary differences | 6,254 | 102,836 |
| Total | 134,060 | 132,409 |

22 Basic earnings per share

The calculations of basic earnings per share for the three-month periods ended 31 March 2019 and 2018 were based on the profit for the period attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the periods as follows:

| | (Unaudited) 2019 | (Unaudited) 2018 |
|--|---------------------|---------------------|
| Profit for the period attributable to ordinary shareholders of the Company (Thousand Baht) | 555,966 | 545,598 |
| Number of ordinary shares outstanding (Thousand shares) | 295,000 | 295,000 |
| Basic earnings per share (Baht per share) | 1.88 | 1.85 |

23 Related parties

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

Relationships with key management and related parties were as follows:

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

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23 Related parties (Cont'd)

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

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

23.1) Significant transactions for the three-month periods ended 31 March 2019 and 2018 with key management and related parties were as follows:

| | (Unaudited) 31 March 2019 Thousand Baht | (Unaudited) 31 March 2018 Thousand Baht |
|--|--|--|
| Gross premiums written | | |
| Major shareholder | 51 | 34 |
| Other related parties | 246,965 | 243,775 |
| Premiums ceded to reinsurers | | |
| Ultimate parent | 87,672 | 85,174 |
| Other related parties | 120,221 | 91,941 |
| Fees and commission income | | |
| Ultimate parent | 12,585 | 17,035 |
| Other related parties | 48,988 | 26,358 |
| Insurance claim expenses | | |
| Other related parties | 76,576 | 73,116 |
| Insurance claims expenses recovered from reinsurers | | |
| Ultimate parent | 19,856 | 27,571 |
| Other related parties | 56,161 | 63,383 |
| Operating expenses | | |
| Ultimate parent | 5,808 | 6,099 |
| Other related parties | 135,494 | 126,156 |
| Key management personnel compensation | | |
| Short-term benefits | 57,936 | 44,312 |
| Post-employment benefits | 1,307 | 1,561 |
| Total | 59,243 | 45,873 |

23 Related parties (Cont'd)

23.2) Significant balances with related parties as at 31 March 2019 and 31 December 2018 were as follows:

| | (Unaudited) 31 March 2019 Thousand Baht | (Audited) 31 December 2018 Thousand Baht |
|----------------------------------|---|--|
| Cash and cash equivalents | | |
| Other related party | 1,171,038 | 496,224 |
| Reinsurance receivables | | |
| Ultimate parent | 21,050 | 41,800 |
| Other related parties | 210,340 | 278,112 |
| Other assets | | |
| Ultimate parent | 43,360 | 48,805 |
| Other related parties | 18,500 | 18,500 |
| Reinsurance payables | | |
| Ultimate parent | 96,918 | 38,915 |
| Other related parties | 258,995 | 346,186 |
| Accrued expenses | | |
| Ultimate parent | 5,808 | 4,624 |
| Other related parties | 218,919 | 208,644 |

Investments in related parties

Investments in related parties as at 31 March 2019 and 31 December 2018 and dividends received for the three-month periods ended 31 March 2019 and 2018 were as follows:

| | (Unaudited) 31 March 2019 Thousand Baht | (Audited) 31 December 2018 Thousand Baht | Dividend income For the three-month period ended 31 March | |
|---------------------|---|--|--|--------------------------|
| | | | 2019 Thousand Baht | 2018 Thousand Baht |
| Investments | | | | |
| - equity securities | 219,792 | 88,447 | - | - |
| Total | 219,792 | 88,447 | - | - |

23 Related parties (Cont'd)

23.3) 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 2.65 million. The term of the agreement is for 1 year from 1 January 2019 to 31 December 2019. The payments are made on quarterly basis. Either party may terminate this agreement at any time by giving 6 months prior written notice to another party.
- (b) The Company entered into an agreement with ultimate parent whereby ultimate parent will provide the support services to the Company. The Company was charged a service fee of EUR 0.60 million (2018: EUR 0.96 million). The term of the agreement is for 1 year from 1 January 2019 to 31 December 2019. Either party may terminate this agreement at any time by giving 6 months prior written notice to another party.
- (c) The Company has entered into lease and service agreements for offices and equipment with a related company from July 2018 to July 2021, from March 2019 to March 2022 and from November 2017 to November 2020 with monthly rental and service fees of Baht 0.20 million (excluding VAT), Baht 3.62 million (excluding VAT) and Baht 0.15 million (excluding VAT), respectively.
- (d) As at 31 March 2019 and 31 December 2018, the Company had commitments from entering into long-term agreements for rental and services with related parties as follows:

| | (Unaudited) 31 March 2019 Thousand Baht | (Audited) 31 December 2018 Thousand Baht |
|--------------------------------------|---|--|
| Operating lease commitments | | |
| Within one year | 47,593 | 10,739 |
| After one year but within five years | 91,041 | 5,301 |
| Total | <u>138,634</u> | <u>16,040</u> |

24 Securities and assets pledged with the Registrar

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

| | (Unaudited) 31 March 2019 | | (Audited) 31 December 2018 | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | Book value Thousand Baht | Face value Thousand Baht | Book value Thousand Baht | Face value Thousand Baht |
| Held-to-maturity investments | | | | |
| Government bonds | <u>20,165</u> | <u>20,000</u> | <u>20,183</u> | <u>20,000</u> |

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

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

| | (Unaudited) 31 March 2019 | | (Audited) 31 December 2018 | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | Book value Thousand Baht | Face value Thousand Baht | Book value Thousand Baht | Face value Thousand Baht |
| Available-for-sale investments | | | | |
| Government bonds | 21,022,772 | 17,840,000 | 19,437,439 | 16,640,000 |
| State enterprise bonds | 6,950,697 | 6,420,000 | 6,231,629 | 5,800,000 |
| Total | 27,973,469 | 24,260,000 | 25,669,068 | 22,440,000 |
| Held-to-maturity investments | | | | |
| Government bonds | 7,495,230 | 7,147,000 | 7,503,091 | 7,147,000 |
| State enterprise bonds | 2,703,013 | 2,700,000 | 2,703,013 | 2,700,000 |
| Total | 10,198,243 | 9,847,000 | 10,206,104 | 9,847,000 |

25 Asset-backed

As of 31 March 2019 and 31 December 2018, the Company pledged investments in restricted securities with the Bank and Registrar as asset-backed in accordance with Section 27/4 of the Life Assurance Act B.E. 2535 and amendment Act (No.2) B.E. 2551 were as follows:

| | (Unaudited) 31 March 2019 | | (Audited) 31 December 2018 | |
|--------------------------------------|--------------------------------|--|--------------------------------|--|
| | Book value Thousand Baht | Appraisal value Thousand Baht | Book value Thousand Baht | Appraisal value Thousand Baht |
| Deposits with financial institutions | 5,632,095 | 5,632,095 | 5,897,325 | 5,897,325 |
| Equity securities | 21,138,540 | 21,526,662 | 19,943,603 | 20,331,724 |
| Debt securities | 151,328,814 | 153,853,426 | 146,308,531 | 148,978,360 |
| Total | 178,099,449 | 181,012,183 | 172,149,459 | 175,207,409 |

26 Commitments with non-related parties

26.1 Commitments from operating lease and service agreements

| | (Unaudited) 31 March 2019 Thousand Baht | (Audited) 31 December 2018 Thousand Baht |
|--------------------------------------|---|--|
| Within one year | 19,465 | 15,570 |
| After one year but within five years | 25,141 | 20,732 |
| Total | <u>44,606</u> | <u>36,302</u> |

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

26.2 Investment commitments

As at 31 March 2019, the Company had commitments to invest in several series of bills of exchange issued by banks amounting to Baht 1,467 million (31 December 2018: Baht 1,467 million). These investments have a duration up to 2023 (31 December 2018: up to 2023) and are payable based on the contract terms. The timing of the commitments are as follows:

| | (Unaudited) 31 March 2019 Thousand Baht | (Audited) 31 December 2018 Thousand Baht |
|--------------------------------------|---|--|
| Within one year | 828,752 | 828,752 |
| After one year but within five years | 638,004 | 638,004 |
| Total | <u>1,466,756</u> | <u>1,466,756</u> |

27 Event after the date of statement of financial information

On 5 April 2019, an amendment bill to the Labour Protection Law was published in the Government Gazette. The amended law will become effective 30 days after its publication. The main amendment is that the compensation for employees who will be retired and have more than or equal to 20 years of service will be changed from 300 days to 400 days of the last wage rate. The Company's management has assessed the effects of the amendment on the Company's financial statements and expects the impact to increase employee benefit obligations amounting to Baht 45 million at the effective date.