



**Disclosure Form (Attached to the OIC Commissioner Order No.72/2563)
Information Disclosure of Non-Life Insurance Companies**

Part 1: To certify correctness of disclosure

The Company has reviewed the information disclosure with caution and certifies that it is complete, true and not misleading or lack of significant information. The Company certifies the correctness of all information disclosure.

Signature.....*Nikhil*.....
Name.....Nikhil Ashvani Advani.....
Position.....Chief Executive Officer.....
Date...30....Month...May....Year..2024....
Information for the Year.....2023.....



1.1 Company profile

1.2 Company policies, objectives and strategies

1.3 Nature of business

AIA Company Limited (Non-Life Insurance)

AIA Non-Life was established in year 2000 by AIA Group (100% shareholder). Since AIA Non-Life start the business, we offer the best Accident and Health (A&H) products to our customer both Individual and Group policyholder. We aim to serve customer's need with innovative product and services. We are offering our product through Agency Force.



1.4 Products and Services and Proportion of premium written by insurance category

AIA Company Limited (Non-Life Insurance)

There are 2 types of products.

- Accident
 - Group Accident
- Health
 - Individual Cancer
 - Group Cancer

Insured

- Insured age 15 days to 60 years (depending on product specifications)
- Healthy (depending on product specifications)

Supporting Documents

- Application Form (depending on product specifications)
- Certified Copy of ID Card
- Health Declaration Form (depending on product specifications)

For more information, please contact our Agency Force or Hotline services Number 0 2783 488

Table: Proportion of premium written by insurance category for the year-ended 2023

Unit: Million Baht

Description	Fire	Marine & Transportation		Automobile		Miscellaneous						Total
		Hull	Cargo	Compulsory	Voluntary	Industrial All Risk	Public Liability	Engineering	Personal Accident	Health	Other	
Direct premium written	-	-	-	-	-	-	-	-	1	2	-	3
Proportion of premium written (%)	-	-	-	-	-	-	-	-	33	67	-	100

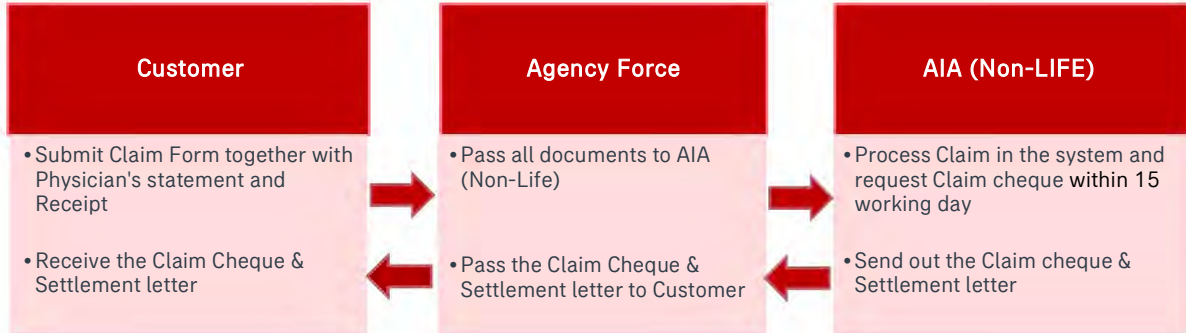


1.5.1 Claim Process

Supporting Documents

1. Claim Form ([Click to download](#) from company's website)
2. Physician's statement ([Click to download](#) from company's website)
3. Receipt and Detail
4. Other supporting documents as per requirement

Process





1.5.2 Contact us for query and complaint

For more information AIA Company Limited (Non-Life Insurance)

- Company's address
AIA Company Limited (Non-Life Insurance) Thailand Branch
8th Floor AIA Tower 1, 181 Surawong Rd., Bangrak, Bangkok 10500
or P.O. Box 5 Bangrak, Bangkok 10500
- Telephone Number: +662 783 4888
- FAX Number: +662 783 4889
- Call Center: +662 783 4884

Corporate Governance Framework

Incorporating

AIA COMPANY LIMITED (NON-LIFE INSURANCE) THAILAND BRANCH



Document Details

Document Name	Corporate Governance Framework
Document Version	7.0
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Secondary Framework Contact Person	Compliance Department
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Related Policies and Standards	Code of Conduct AIA Group Anti-Corruption Policy AIA Group Anti-Fraud Policy AIA Group Whistle blower Protection Policy

VERSION CONTROL

Version	Amendments	Approval Date	Approved by
1.0	First release	19 September 2019	EXCO
2.0	Second release	1 April 2020	CRO
3.0	Third release	20 April 2021	EXCO
4.0	Forth release <ul style="list-style-type: none"> - Minor revise on department name - Add Legal and External Affairs Department in AIA Thailand Structure 	24 March 2022	CRO
5.0	Fifth release Minor revise on senior management according to revised TORs	23 May 2022	CRO
6.0	Sixth release <ul style="list-style-type: none"> - Minor revise on the frequency of EXCO meeting - Minor revise on senior management according to revised corporate structure - Minor revise on the member of Intermediary Appeal Board according to the revised TOR 	2 May 2023	CRO
7.0	Seventh release <ul style="list-style-type: none"> - Minor revise on the title of Director of Legal - Minor revise on senior management according to the revision on corporate structure. - Minor revise on the members of Serious Complaint Committee (“SCC”) and Intermediary Disciplinary Committee (“DC”). 	19 April 2024	CRO

DISTRIBUTION LIST

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All members of EXCO

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1. Introduction

1.1. Purpose and Background

According to the Notification of the Insurance Commission Re: Non-Life Insurance Company's Corporate Governance B.E.2562 effective on August 25, 2019 (the "Notification"), this Corporate Governance Framework is mandated to be established to assist a company's Board to realize and understand their roles, duties and responsibilities as the leaders of the organization who must oversee that the company has a sound management system.

The Chief Executive Officer (the "CEO") and the Executive Committee (the "EXCO") of AIA Company Limited (Non-Life Insurance) Thailand Branch ("AIA Thailand" or the "Company") believe that strong corporate governance is essential for delivering sustainable value, enhancing a culture of business integrity and maintaining stakeholder confidence. As such, the CEO and the EXCO are committed to high standards of corporate governance and the implementation of good practices across all functions in the Company.

2. Scope

2.1. Scope

This document describes the Corporate Governance Framework (the “Framework”) applicable to AIA Thailand. This Framework covers practical guidelines for EXCO members.

2.2. Interpretation and Application

In this Framework, the following rules of interpretation apply unless otherwise specified:

- (a) Headings are for convenience only and do not affect the interpretation of this Framework
- (b) The singular includes the plural and vice versa;
- (c) Words “such as”, “including”, “particularly” and similar expressions are not used as, nor are intended to be interpreted as, words of limitation;
- (d) When the day on which something must be done is not a business day, it must be done on the following business day; and
- (e) If there is any conflict between the body of this Framework and its appendices, schedules, attachments, and other documents, the terms of the main body of this Framework will prevail.

2.3. Consultation

This Framework has been consulted with the following parties as per the Group Corporate Policy Governance Standard (“CPG Standard”)

- Director of Legal
- Chief Risk Officer
- Director of Compliance
- Director of Enterprise Risk Management

3. Main Provisions

3.1. Mandatory and Minimum Requirements

This Framework is developed to provide practical guidelines to assist EXCO members in understanding their roles and responsibilities to oversee AIA Thailand's sound management system and good corporate governance to attain long-term operational performance, credibility and sustainability which comprises of:

- 1) Formulating directions, policies and strategies of AIA Thailand;
- 2) Overseeing to ensure that AIA Thailand has in place effective procedures and system to control, monitor and audit; and
- 3) Following up and supervising the operations of AIA Thailand.

3.2. Roles and Responsibilities

3.2.1 The EXCO of AIA Thailand

AIA Thailand is a branch office of AIA Company Limited ("AIA"), which is incorporated in Hong Kong. AIA's ultimate holding company is AIA Group Limited ("AIA Group"), a company incorporated in Hong Kong and listed on the Stock Exchange of Hong Kong Limited. The Board of Directors of AIA ("the Board"), has delegated the general operations of AIA Thailand to the CEO of AIA Thailand, who in turn has sub-delegated his authority to the EXCO of which he is the Chairman. According to the definition of "Company's Board" in the Notification, the EXCO is considered as the Company's Board in the case of AIA Thailand.

3.2.2 Responsibilities of the EXCO

The key responsibilities of the EXCO are:

- a) Providing direction on the governance and management of AIA Thailand operations, staff, performance, risk and controls;
- b) Developing business plans, budgets and company strategies, and ensure their smooth implementation; and
- c) Ensuring fair treatment of customers throughout the life-cycle of AIA Thailand products.

The EXCO shall carry out the following:

- a) Providing oversight of AIA Thailand corporate governance arrangements to ensure they remain robust and appropriate;
- b) Reviewing overall business planning and performance and their contribution to the delivery of AIA Thailand objectives and targets;
- c) Supervising the execution of AIA Thailand strategies;

- d) Ensuring the effective and efficient delivery of AIA Thailand business;
- e) Coordinating the work of the various committees and departments in AIA Thailand;
- f) Determining the allocation of resources to ensure that business performance and risk, compliance and audit controls are addressed effectively;
- g) Communicating AIA Thailand objectives and priorities to staff and other stakeholders;
- h) Leading and promoting change to secure improved performance, including successful delivery of major programmes and projects;
- i) Establishing operational policies and plans consistent with AIA Group;
- j) Ensuring that applicable legislations, regulations and statutory standards are complied with;
- k) Ensuring the appropriate state of business continuity preparedness in AIA Thailand, and that policies and strategies are in place for the continuation of critical business functions;
- l) Overseeing AIA Thailand information disclosures to the public relating to corporate governance in accordance with applicable laws and regulations;
- m) Ensuring financial statements are prepared accurately, reliably and disclosed adequately and promptly to the public and regulators in accordance with applicable accounting standards and regulations; and
- n) Performing such other functions as may be delegated from time to time by the CEO or the Board.

An EXCO member must not work full time for another company, unless the EXCO views that the full-time work for the other company does not impact to the work at AIA Thailand.

3.2.3 The EXCO's Conduct of Meeting

The EXCO has meeting at six times per year. The meeting agenda covers monitoring and evaluating of operations to ensure compliance with regulations as well as relevant governance policies. Other than in exceptional circumstances, an agenda and accompanying meeting papers should be sent in full to all members of the EXCO in a timely manner before the intended date of a meeting of the EXCO.

Meetings of the EXCO may be in person or held through electronic means and all contemplated actions of the EXCO, whether in person or held through electronic means, may be taken by the EXCO through a simple majority vote of those members present or voting through electronic means and forming a quorum in each case, provided in each case notice is provided to each member of the EXCO.

The procedures and processes of the EXCO shall be determined by its members and overseen by the EXCO's secretariat. The secretariat shall be responsible for assisting the Chairman in administering the business of the EXCO.

Full minutes of the EXCO's meetings shall be kept by the secretariat, and such minutes shall be available for inspection at any reasonable time on reasonable notice by the EXCO or the Board.

The secretariat shall be responsible for recording and maintaining the minutes of all meetings of the EXCO. Minutes of meetings of the EXCO shall record in sufficient detail the matters considered and recommendations reached during meetings of the EXCO. Draft and final versions of minutes of such meetings should be sent to all members of the EXCO by the Secretariat for their comment and records respectively, in both cases within a reasonable time after such meetings.

3.2.4 Performance Evaluation of Members of the EXCO

AIA Thailand undertakes performance evaluation of its members of the EXCO on an ongoing basis according to Performance Development Dialogue ("PDD") throughout the year.

3.2.5 AIA Thailand Structure



- a) Chief Executive Officer
Responsible for the successful leadership and management of the AIA Thailand.
- b) Chief Financial Officer
Responsible for overseeing financial strategies as well as strategic business plans and projects of the company for future business growth. This includes financial reporting, business analysis, and budgeting.

- c) Chief Investment Officer
Responsible for formulating and recommending the overall investment plan to maximize investment portfolio with proper risk management to support insurance products & asset liability management.

- d) Chief Risk Officer
Responsible for the development of relevant risk and compliance framework, policies and procedures and overseeing the implementation of an effective risk assessment and compliance program.

- e) Chief Agency Officer
Responsible for driving the sustainable growth of the agency business and developing short-term and long-term business objectives and targets.

- f) Chief Marketing Officer
Responsible for overseeing the planning, development and execution of an organization's product strategy, marketing, branding and advertising initiatives.

- g) Chief Human Resources Officer
Responsible for driving the development and execution of AIA Thailand's people strategy to support the company's business growth, focusing on talent and leadership development, succession planning, as well as organizational and performance management.

- h) Chief Strategic Bancassurance Alliance Officer
Responsible for managing the relationship with AIA's Thailand's strategic bancassurance partnership including formulating and executing strategic plans to support the growth, profitability and operational objectives within the regulatory framework.

- i) Chief Strategy and Digital Officer
Responsible for developing and implementing strategy and digital initiatives, including overseeing the technology delivery for AIA Thailand.

j) Chief Corporate Solutions Officer

Responsible for synergizing Corporate Solutions teams' capacity to build the growth of Corporate Solutions' business for AIA Thailand

k) Chief Life Officer

Responsible for managing and leading the implementation of appropriate operational processes and initiatives to achieve the company's objectives and business growth targets.

3.2.6 Management Committees

The EXCO, as deemed necessary, is empowered to form management committees to execute some of its responsibilities or steering committees, taskforces, workgroups to provide oversight on or carry out specific task or projects.

The main management committees are:

a) Investment Committee ("IC")

The IC provides oversight on the management, performance and governance of AIA Thailand's investment portfolios. The members of IC are:

1. Chief Executive Officer
2. Chief Investment Officer
3. Chief Financial Officer
4. Chief Risk Officer
5. Chief Actuary

b) Asset Liability Committee ("ALCO")

The purpose of the ALCO is to provide oversight of Asset Liability Management (ALM) policies, processes and controls and the implementation of ALM decisions and Strategic Asset Allocation processes. The ALCO shall ensure that the Company holds sufficient assets of appropriate nature, term and liquidity to enable such entities to meet its liabilities as they become due. The members of ALCO shall be appointed by the CEO, which are:

1. Chief Financial Officer
2. Chief Risk Officer
3. Chief Investment Officer
4. Chief Actuary.

c) Operational Risk Committee ("ORC")

The ORC provides oversight on non-financial risk management activities within AIA Thailand in order to ensure operational risk management policies and programmes are in place and are appropriately and consistently followed. The members of ORC are:

1. Chief Financial Officer
2. Chief Risk Officer
3. Chief Agency Officer
4. Chief Human Resource Officer
5. Chief Strategy and Digital Officer
6. Chief Life Officer
7. Director of Compliance
8. Director of Legal
9. Head of Information Technology

d) Financial Risk Committee (“FRC”)

The FRC provides oversight and reviews financial and insurance risks for AIA Thailand. These include assessing market and insurance risks, AIA Thailand balance sheets, liquidity and the adequacy of capital position. The FRC also ensures that appropriate financial risk policies are in place. The members of FRC are:

1. Chief Executive Officer
2. Chief Financial Officer
3. Chief Risk Officer
4. Chief Investment Officer
5. Chief Actuary

e) Serious Complaint Committee (“SCC”)

The purpose of the SCC is to make decision on how to handle serious complaints, develop policies to manage serious complaints, and to monitor communication and results. The members of SCC are:

1. Chief Actuary
2. Chief Life Officer
3. Head of Legal
4. Chief Agency Officer
5. Chief Risk Officer
6. Head of Compliance

f) Claims Committee (“CC”)

The Purpose of the CC is to approve claims assessor limit, including ex-gratia payments. The members of CC are:

1. Chief Life Officer
2. Chief Financial Officer
3. Chief Risk Officer
4. Chief Actuary
5. Senior Advisor (taking care of Life Operations 1)

g) Anti-Money Laundering Committee (“AMLC”)

The objective of the AMLC is to consider matters relating to AML/CTF and to make appropriate decisions in accordance with the Anti-Money Laundering Act, the Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing Act or any subsequent related legislation and regulation as well as with the AIA Group Policy and Guidelines on Anti-Money Laundering and Counter Terrorist Financing and Economic Sanctions. The members of AMLC are:

1. Chief Risk Officer
2. Chief Life Officer
3. Director of Legal

h) Intermediary Disciplinary Committee (“DC”)

The Objective of the DC is to provide oversight of the effectiveness of the investigation, including identifications of root cause and control weakness, portfolio analysis and execution of penalty and remedial actions relating to intermediaries’ misconduct within AIA Thailand. This is to ensure the investigation and disciplinary action relating to intermediaries’ misconduct are properly executed and handled to avoid non-compliance with laws / company’s policies and procedures and to avoid any adverse impact on company’s reputation. The members of DC are:

1. Director of Technical Operations
2. Director of Financial Controller
3. Director of Enterprise Risk Management
4. Director of Compliance
5. Associate Director of Legal

i) Intermediary Appeal Board (“AB”)

The Objective of the AB is to provide for appeal by an Intermediary against a penalty imposed by the Intermediary Disciplinary Committee. The members of AB are:

1. Chief Financial Officer
2. Chief Risk Officer
3. Chief Life Officer
4. Director of Legal

j) Employee Disciplinary Committee (“EDC”)

The Objective of the EDC is to provide oversight of the handling incident relating to violation of code of conduct and whistleblowing relating to AIA Thailand staff. This is to ensure the investigation and disciplinary action relating to misconduct are properly executed and handled to avoid non-compliance with laws / company’s policies and procedures and to avoid any adverse impact on the company’s reputation. The members of EDC are:

1. Chief Financial Officer
2. Chief Risk Officer
3. Chief Human Resource Officer

3.2.7 The Audit Committee

The Board has established the AIA Company Audit Committee (“Audit Committee”) to review and monitor audited financial statements, reports from Group Internal Audit, report on litigation updates and other matters escalated to the chairman of the audit committee of AIA Group.

Within the context of AIA Group’s control framework, the Internal Audit function is an independent risk assessment function and responsible for providing assurance on risk management, governance and internal control systems to the Board. The Audit Committee ensures that the Internal Audit function has adequate follow-up processes in place to make sure that recommendations raised in internal audit reports are dealt with in a timely manner.

The Audit Committee normally meets privately with the external auditor and AIA Group Internal Audit without management being present at least twice a year.

The members of Audit Committee are Independent Non-Executive Directors, Executive Director and Group Chief Financial Officer

Financial Oversight Committee

The Financial Oversight Committee (“FOC”) is established by the Board and authorized by the Audit Committee to provide an independent review of the effectiveness of the financial reporting process and the internal control system of AIA Thailand. The duties of the FOC include review of financial information, oversight of the Company’s financial reporting system and internal control procedures, and management of external auditor relationship.

The members of the Thailand FOC are appointed by the AIA Group Audit Committee. The members of FOC are:

1. Group Chief Financial Officer
2. Group Head of Tax
3. Group Senior Regional Counsel

3.2.8 Risk Management and Internal Control

The core of AIA Thailand’s business is accepting, pooling and managing risk for the benefit of policyholders and shareholders. Effective risk management is a key driver of value. Accordingly, AIA Thailand does not seek to eliminate all risks but rather to identify, understand and manage them within acceptable limits to create long-term value.

AIA Thailand manages risk by adopting a “Three lines of defence” governance model. The objectives are to ensure that an independent system of checks and balances is in place to provide assurance that risks are governed properly. The EXCO retains overall responsibility for oversight of the AIA Thailand’s risk management activities. All business unit managers and executives are accountable for ensuring their business functions always operate within the Risk Appetite set by the EXCO. This is done by identifying the risks associated with their activities, understanding and seeking to manage and mitigate them effectively and achieving appropriate returns for the risk taken.

AIA Thailand’s Risk Management Framework provides the structure for identifying, quantifying, mitigating and reporting risk across the company. The Risk Management and Compliance function provides assurance to the EXCO that this framework is appropriate and effective.

All risks that are undertaken by the Company are backed by appropriate levels of capital to support the ongoing business and to protect policyholders. While the Company seeks capital efficiency, AIA Thailand does so within acceptable levels of risk without compromising either financial strength or the requirement for appropriate returns.

AIA Thailand maintains a robust risk management and compliance framework which includes an independent system of checks and balances to provide assurance that risks are identified, assessed, analysed, prioritized, managed and governed properly. The framework clearly defines the respective roles and responsibilities of the EXCO, the Risk and Compliance function and the Internal Audit function. The Risk and Compliance and Internal Audit functions report functionally to AIA Group Risk and Compliance and AIA Group Internal Audit respectively. Both functions administratively report to CEO (Please refer to AIA Thailand Structure under clause 3.2.5 for reference).

In addition, AIA Thailand has the following policies in place.

Conflict of Interest

A position at AIA Thailand cannot be used for inappropriate personal gain or advantage to anyone or a member of family. Any situation that creates, or even appears to create, a conflict of interest between personal interests and the interests of AIA Thailand must be appropriately managed.

Conflicts of interest whether potential or actual conflicts must be reported to the channel arranged by AIA Thailand.

Whistle Blower Protection Policy

AIA Thailand maintains a comprehensive Whistle-blower Program, which is designed to handle reports of misconduct and inappropriate behaviour. Employees who are aware of possible wrongdoing within AIA Thailand have a responsibility to disclose that information to management. Reports are taken seriously and investigated confidentially. Employees or other individuals will not suffer retaliation for reporting any suspected wrongdoing in good faith.

Anti-Corruption Policy

During the course of doing business, employees and other persons representing AIA Thailand are prohibited from offering, paying, promising or authorizing (directly or indirectly) any bribe, kickback or other payment or benefit with corrupt intent or in violation of relevant anti-corruption laws.

Anti-Fraud Policy

AIA Thailand adopts a zero-tolerance approach towards fraud and expects all employees, insurance intermediaries, business partners and vendor to act with honesty and integrity. All suspected cases of fraud will be investigated, and disciplinary procedures enforced, including prosecution and termination.

Remuneration Policy

Any compensation proposal for an employee should take into consideration external competitiveness and internal equity and should be prepared and approved as per AIA Thailand procedures before any verbal or written offer can be made.

Code of Conduct and Business Ethics

The AIA Code of Conduct is the main guideline for AIA Thailand staff. The code of conduct emphasizes integrity and responsibility to stakeholders including customers, partnership, shareholders, regulators and communities in which AIA Thailand operates.

3.3. Exemptions

Exemptions to the Framework should be requested only in special circumstances, for example whereby it is required to meet legal or regulatory requirements. The exemption must be escalated to the CRO and the EXCO accordingly and be supported by a rationale from the Executives as appropriate.

Approval for the proposed exemption should be received explicitly from the EXCO before the exemption is treated as authorized.

3.4. Breach Management and Escalation

Where AIA Thailand fails to observe a requirement in the Corporate Governance Framework without prior authorization, this will be deemed as a breach. Breaches should be escalated to the who will further notify any parties as deemed appropriate. Anyone breaching this Framework may render himself/herself liable to disciplinary action. Breaches to the Framework should be notified and reported via incident reporting.

3.5. Monitoring, Review and Amendments

Compliance Department is responsible for monitoring compliance with this Framework on an ongoing basis and documenting the results of monitoring activity for their respective business on at least an annual basis. Instances of non-compliance should be reported to the CRO. This Framework should be reviewed at least on an annual basis in line with regulatory requirements.

3.6. Delegation of Authority (if applicable) and Other Administrative Matters

Compliance Department is responsible for the administration and revision of this Framework. This Framework shall be reviewed annually. The Head of Compliance is responsible for communicating the Framework to the EXCO's members.

4. Approvals

This Framework is approved by the EXCO. Where changes not significantly affecting the provisions of the Framework (e.g. minor wording changes, etc.), the approval for such changes from EXCO is not required and can be undertaken unilaterally by the CRO.

5. Appendix – Relevant Policies and Regulation

Code of Conduct

AIA Group Anti-Corruption Policy

AIA Group Anti-Fraud Policy

AIA Group Whistle blower Protection Policy

AIA COMPANY LIMITED (NON-LIFE INSURANCE) THAILAND BRANCH

Corporate Governance Framework

Version 7.0



2.2 Company Structure

AIA Co., Ltd. (Non-Life Insurance) Thailand Branch (“the Branch”) is a branch of AIA Company Limited (“AIA”) whose ultimate holding company is AIA Group Limited (“AIA Group”). The Branch has the same key management personnel as AIA Co., Ltd. Thailand Branch (“AIA Thailand”). Moreover, the Branch is supported on business operations in Thailand under the same framework and standard as AIA Thailand.



2.3 Board and Management Structure

Board and Management

Management



Description

Responsible for leading AIA Thailand to be success in business and management strategies to harmonize with AIA Group's vision of being a pre-eminent life insurance provider in Asia Pacific and its purpose of driving social and economic development across the region.



Nikhil Ashvani Advani
Chief Executive Officer

Responsible for overseeing financial strategies as well as strategic business plans and corporate projects for future business growth. This includes financial reporting, business analysis, and budgeting. Also, to provide consultative support for initiatives planning through financial and management information analysis. In addition, to manage departments of Actuarial, Real Estate, Distribution Administration & Management Information, and Project Management Office to support the business.

Hiew Tet Chian
Chief Financial Officer

Responsible for overseeing the planning, development and execution of product strategy marketing, corporate communications and branding initiatives. The primary responsibility is to generate revenue by increasing sales through efficient marketing strategy for the entire organization, using market research, pricing, product marketing, marketing communications, advertising and public relations.

Aekkaratt Thitimon
Chief Marketing Officer





Board and Management (Cont'd)

Management	Description
 <p data-bbox="334 869 581 926"> Knattapisit Krutkrongchai Chief Agency Officer </p>	<p data-bbox="683 552 1409 730"> Responsible for driving the sustainable growth of the agency business and developing short-term and long-term business objectives and targets. Driving agency transformation and enhancing agency force's engagement through enhanced service levels and ongoing sales initiatives. Managing, Coaching, and supporting Agency Distribution Management on production management and another field management. </p>
 <p data-bbox="305 1272 607 1356"> Auraratana Jutimitti Chief Strategic Bancassurance Alliance Officer </p>	<p data-bbox="683 955 1409 1167"> Responsible for managing the relationship with partners including formulating and executing the short to long term strategic plans to support the growth, profitability and operational objectives within the regulatory framework as well as synergizing teams' capacity to leverage the relationship management with partners of AIA Thailand. Providing leadership, directions to the team to meet short, medium and long-term financial goals and ambitions. </p>
 <p data-bbox="302 1703 610 1759"> Sarunya Tienthavorn Chief Human Resources Officer </p>	<p data-bbox="683 1386 1409 1566"> Responsible for driving the development and execution of AIA Thailand's People Strategy to support the company's business growth, focusing on talent and leadership development, succession planning, as well as organizational and performance management. Managing overall HR activities to ensure that all AIA policies / procedures properly adopted and executed efficiently and effectively. </p>





Board and Management (Cont'd)

Management	Description
 <p data-bbox="337 871 576 930">Johann Dutoit Chief Investment Officer</p>	<p data-bbox="685 552 1409 669">Responsible for formulating and directing the overall investment plan and asset allocation strategy and implementation of the asset allocation and yield enhancement strategies to maximize investment portfolio with proper risk management to support insurance products & asset liability management.</p>
 <p data-bbox="370 1276 544 1335">Alisa Simaroj Chief Life Officer</p>	<p data-bbox="685 955 1409 1014">Responsible for ensuring AIA's products, services and internal operations / business processes meet the required quality standards.</p>
 <p data-bbox="370 1675 544 1734">Loo Boon Teik Chief Risk Officer</p>	<p data-bbox="685 1358 1409 1539">Responsible for the development of relevant risk and compliance framework, policies and procedures and overseeing the implementation of an effective risk assessment and compliance program. Engaging with key business stakeholders to ensure key regulatory, ethical, financial and operation risks (including emerging risks) are identified and properly managed and ensure compliance with all regulatory requirements.</p>



Board and Management (Cont'd)

Management	Description
 <p data-bbox="293 867 618 930">Chiraporn Kanistarath Chief Corporate Solutions Officer</p>	<p data-bbox="686 552 1411 611">Responsible for synergizing Corporate Solutions teams' capacity to build the growth of Corporate Solutions' business for AIA Thailand.</p>
 <p data-bbox="293 1264 618 1327">Dr. Christian Roland Chief Strategy & Digital Officer</p>	<p data-bbox="686 949 1411 1041">Responsible for leading the development and execution of corporate strategy as well as digital strategy to drive the digital transformation roadmap for successful adoption of digital technologies across the entire business.</p>



2.4 Sub-committee Members

a) Investment Committee (“IC”)

The members of IC are:

- 1) Nikhil Ashvani Advani (Chief Executive Officer)
- 2) Johann Dutoit (Chief Investment Officer)
- 3) Hiew Tet Chian (Chief Financial Officer)
- 4) Loo Boon Teik (Chief Risk Officer)
- 5) Jia Ann Chew (Director & Chief Actuary)

b) Pension Investment Committee (“Pension IC”)

The members of Pension IC are:

- 1) Johann Dutoit (Chief Investment Officer)
- 2) Chanakan Hangsasuta (Fund Manager from Life Fund)
- 3) Vilasinee Limprana (Head of Pension Business)
- 4) Kawisa Hemwej (Fund Manager from Pension Business)
- 5) Kamarat Thardtong (Fund Manager from Pension Business)
- 6) Titti Tungpanitansook (Director of Enterprise Risk Management)

c) Operational Risk Committee (“ORC”)

The members of ORC are:

- 1) Hiew Tet Chian (Chief Financial Officer)
- 2) Loo Boon Teik (Chief Risk Officer)
- 3) Knattapisit Krutkrongchai (Chief Agency Officer)
- 4) Dr.Christian Roland (Chief Strategy and Digital Officer)
- 5) Sarunya Tienthavorn (Chief Human Resources Officer)
- 6) Alisa Simaroj (Chief Life Officer)
- 7) Supirut Pothavorn (Director of Compliance)
- 8) Jutamas Suttisirikul (Director of Legal)
- 9) Amraporn Runsewa (Head of Information Technology)



d) Financial Risk Committee (“FRC”)

The members of FRC are:

- 1) Nikhil Ashvani Advani (Chief Executive Officer)
- 2) Hiew Tet Chian (Chief Financial Officer)
- 3) Loo Boon Teik (Chief Risk Officer)
- 4) Johann Dutoit (Chief Investment Officer)
- 5) Jia Ann Chew (Director & Chief Actuary)

The Audit Committee

The members of AIA Group’s Audit Committee are:

- 1) Ricky Choi-Cheung Fung (Independent Non-Executive Director)
- 2) Stuart John Valentine (Independent Non-Executive Director)
- 3) Shulamite N K Khoo (Independent Non-Executive Director)
- 4) Garth Brian Jones (Group Chief Financial Officer)

Financial Oversight Committee

The members of FOC are:

- 1) Garth Brian Jones (Group Chief Financial Officer)
- 2) Richard Sumner (Head of Group Tax)
- 3) Clive Vincent Anderson (Group Senior Regional Counsel)



2.5 Appointment of management

The appointment process for Managements generally covers:

- Candidates' CV screening should cover personal information, education background and work experience.
- Interviews must be conducted by at least the Chief Executive Officer and Chief Human Resource Officer. Specific feedback and comments on candidates must be systematically captured in all interviews for future reference.
- Management appointment must undergo employment screening per the Company employment screening procedures.
- The employment screening must be complied with the background check policy which should be covered Professional Qualification/ Membership Check, Civil Litigation Check, Credit Check, Financial Regulator Check and Conflict of Interest/ Company Directorship Check.



2.6 Remuneration policy for management

AIA Guideline:

- A Compensation proposal should take into consideration of external competitiveness and internal equity.
- A Compensation proposal should be prepared and approved, following the approval governance, for all compensation and benefits items. The following information is required in preparing the proposed package:
 1. Candidates' current package
 2. Package of peers within AIA
 3. Market reference data.
- The Compensation proposal should be approved per the Company procedures before any verbal or written offer can be made.



3.2 Asset-Liability Management

Asset-Liability Management (ALM) is a vital component of the Company's Enterprise Risk Management (ERM) framework that focuses on risks arising from interdependencies between the Company's assets and liabilities. Through the management of investment strategies, product design, product development and product pricing, the ALM framework aims to achieve the Company's goals whilst operating under applicable constraints and within acceptable risk boundaries. The Asset-Liability Management Committee (ALCO) is a management committee to which the local Executive Committee (EXCO) has delegated the authority to provide oversight and governance of the company's ALM policies; this includes the adoption and the implementation of the Strategic Asset Allocation that the Company has selected. Management of assets and liabilities are in compliance with the established guidelines and policies from AIA Group and AIA Thailand.

The risk arising from interest rate sensitivity between assets and liabilities is mitigated by holding a capital to cover the Interest Rate Risk Charge in the regulatory reporting, where the rules are as prescribed in the OIC's Risk-Based Capital Framework and Regulations.

The Invested Assets to Policy Reserve ratio is regularly monitored under the OIC's Early Warning System Indicators (EWS) framework. The ratio must always be well above 100% to ensure that assets are adequate to cover policy liabilities.

Unit: Million Baht

Items	2023		2022	
	Book value	Appraisal value	Book value	Appraisal value
Total Investment Assets	462	462	463	463
Total Liquid Assets	462	462	463	463
Total Liabilities	13	13	12	12
Policy Liabilities	1	1	1	1

Remarks:

- Book Value refers to assets and liabilities valued according to the accounting standards.
- Fair Value refers to assets and liabilities valued according to the OIC Notification on the Valuation of Assets and Liabilities of Non-Life Insurance Companies which the main objective is to ensure the company's financial security and ability to pay policy benefit to policyholders.



4. insurance risk, concentration risk and reinsurance

As an insurer, the Company is exposed to a range of financial risks. The following section summarizes the Company's financial risk management.

Insurance Risk

Insurance risk is the potential losses resulting from mortality, morbidity, persistency, longevity, and adverse expense experiences. These include the potential impacts from catastrophic events such as pandemics and natural disasters.

Management of insurance risk starts with the management of product design. Ensuring that products meet customer needs, are fairly priced and are clearly understood by customers, are the best way to ensure good persistency and customer satisfaction.

The Company manages product design risk through its Product Approval Process, where products are reviewed against pricing, design and risk benchmarks agreed by the Financial Risk Committee (FRC). The Company works closely with a number of Company functions including product management, actuarial, legal, risk & compliance and underwriting. The Company monitors the performance of new products and focuses on actively managing each part of the actuarial control cycle to minimize the risk of the in-force book as well as for new products.

Concentration Risk and Reinsurance

Concentration of risk may arise when there are specific related events that may significantly impact the Company's liabilities. The Company is exposed to a geographical concentration of risk, as most of the business is in Thailand. The Company manages its economic sectoral concentration by diversifying its insurance portfolio across the Thai population, covering different working classes and different levels of society.

Reinsurance helps to reduce concentration and volatility risk, especially on policies with large sums assured or lines of business with new risks. It also serves to protect against catastrophic events such as pandemics or natural disasters.

Unit: Million Baht

Items	2023
1. Reserve for the part recoverable from reinsurers	0.03
2. Due from reinsurer	0.00
3. Deposit on reinsurance treaties	0.04



5. Value, procedures, and assumptions for Insurance Reserve

The Non-Life products are all short-term insurance contracts. The policy reserves consist of premium liabilities and claims liabilities. Premium liabilities are Unearned Premium Reserves and are calculated on a pro-rata basis. Claims liabilities are comprised of outstanding claims and Incurred But Not Reported (IBNR) reserves.

Unit: Million Baht

Items	2023		2022	
	Book value	Appraisal value	Book value	Appraisal value
Policy Liabilities - Long-term Insurance Contract	-	-	-	-
Policy Liabilities - Short-term Insurance Contract				
- Premium Liabilities	0.7	0.6	0.8	0.7
- Claim Liabilities	0.1	0.1	0.1	0.1

Remarks:

- Book Value refers to Insurance liabilities valued according to the Thai Generally Accepted Accounting Principles (THGAAP). The main objective is to support the investors' understanding of the economic value of policy liabilities according to THGAAP. The policy liabilities are audited and certified by an external auditor.
- Fair Value refers to insurance liabilities valued according to the OIC's notification on the Valuation of Assets and Liabilities for Non-Life Insurance Companies to ensure that the Company has the ability to pay policy benefits to policyholders. The fair value of insurance liabilities must be calculated by a certified actuary according to accepted actuarial principles. The assumptions used in the fair value must be consistent with the actual experience, or, in the event of insufficient data, may be based on industry experience and tailored to the specific nature of the insurer's portfolio. In addition, the insurance contract liabilities must include a Provision for Adverse Deviation (PAD) as prescribed by the OIC

Notes: In some reporting periods, there could be a material difference between insurance liabilities valued under a book value approach and a fair value approach due to the different methodologies used for each valuation basis. Investors are advised to gain an understanding of insurance liabilities across both valuation bases before making investment decisions



6. Investment

Investment Objective

To prudently manage the Company's investment assets to preserve capital and to generate optimal returns to policyholders and shareholders over the long-term, as well as in full compliance with both applicable regulations and internal policies.

The Company incorporates a quantified assessment of Environmental, Social and Governance factors in all of its investment decisions relating to the securities and assets comprising AIA's general account investment portfolio.

The Company's investments are in Fixed Income.

Fixed Income

The fixed income is managed principally in a "Buy and Maintain" style. The investment objective is to optimize returns with capital preservation. However, the Company has discretion to sell the assets according to its views of the market, credit trends and credit risk management.

The appraisal value of the Company's investment assets is determined by referring to the Notification of the Office of Insurance Company Re: The appraisal value of Assets and Liabilities of Non-Life Insurance Company B.E.2554.

Investment assets Table

Unit: Million Baht

Investment assets	As of December 31,			
	2023		2022	
	Book value	Appraisal value	Book value	Appraisal value
Deposits with financial institutions and Certificate of Deposit	5	5	6	6
Debt Securities (Bonds, debentures, promissory notes, bill of exchange)	457	457	457	457
Equity securities excluding investments in subsidiaries and associates	-	-	-	-
Mutual Fund	-	-	-	-
Loans, car leasing, and other leasing	-	-	-	-
Warrants	-	-	-	-
Derivative assets	-	-	-	-
Others	-	-	-	-
Total Investment Assets	462	462	463	463



Remarks:

- Book Value refers to assets and liabilities valued in accordance with accounting standards.
- Fair Value refers to assets and liabilities valued in accordance with the OIC Notification on the Valuation of Assets and Liabilities of Non-Life Insurance Companies for CAR calculation under the RBC Framework



7. Financial results, analysis and ratios

Operating Results

Unit: Million Baht

Description	As at December 31,	
	2023	(Restated) 2022
Gross written premiums	3	4
Net earned premiums	3	4
Net investment income and other income	5	17
Net Profit	3	11

The 2023 operating results and significant financial ratio of AIA Co., Ltd., (Non-Life Insurance) Thailand Branch (the Company) compared with the 2022 operating results are as follows:

- Net profit decreased by THB 8 million mainly from Net investment income and other income. These were a result of lower gain on selling debt securities.
- Combined ratio of year 2023 increased due to decrease in net earned premiums.
- Liquidity ratio of year 2023 increased from year 2022 which is still significantly higher than standard level.
- Return on equity ratio decreased to 1% is mainly due to decrease of Net profit of year 2023.

Significant Financial Ratios (%)

Ratios	2023	(Restated) 2022
Loss Ratio	86%	102%
Expense Ratio	89%	71%
Combined Ratio	175%	173%
Liquidity Ratio	410463%	62412%
Return on equity	1%	2%



8. Capital Adequacy

The Company monitors the solvency capital in compliance with the requirements from the OIC.

Thailand has implemented RBC regulation since September 2011. In December 2019 the RBC regulation was updated with the implementation of RBC II, which updates and enhances the capital standards to be more comprehensive.

The key metric used by the regulator is the Capital Adequacy Ratio (CAR), defined as Total Capital Available (TCA) divided by Total Capital Required (TCR), which needs to remain above the supervisory CAR to maintain financial strength and avoid potential regulatory intervention.

The table below illustrates that throughout the year, the Company has a strong capital position, that is significantly above the minimum CAR of 140%.

Unit: Million Baht

Capital Items	As at December 31,	
	2023	(Restated) 2022
Total Assets	466	466
Total Liabilities	13	12
- Policy Liabilities	1	1
- Other Liabilities	12	11
Shareholder's Equity	453	454
Common Equity Tier 1 Ratio (%)	1,404	1,150
Tier 1 Ratio (%)	1,404	1,150
Capital Adequacy Ratio (%)	1,404	1,150
Total Capital Available	453	454
Total Capital Required	32	39

Remarks:

- According to the OIC's RBC capital valuation of Non-Life Insurance Companies, the Registrar may determine the necessary procedures to manage companies with a CAR below the supervisory CAR
- The above items use a Fair Value approach according to the OIC's Notification on the Valuation of Assets and Liabilities of Non-Life Insurance Companies and RBC capital is valued according to the OIC's Notification on the Valuation of Assets and Liabilities of Non-Life Insurance Companies
- Quarter 2 is 6-month accumulated operating results and Quarter 3 is 9-month accumulated operating results.

AIA COMPANY LIMITED (NON-LIFE INSURANCE) THAILAND BRANCH

FINANCIAL STATEMENTS

31 DECEMBER 2023



Independent Auditor's Report

To the Executive Committee of AIA Company Limited

My opinion

In my opinion, the financial statements of AIA Company Limited (Non-Life Insurance) Thailand Branch (the Branch) present fairly, in all material respects, the financial position of the Branch 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 Branch'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 Head Office's 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 Branch 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 the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with TFRS, and for such internal control as the directors determine 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, the directors are responsible for assessing the Branch'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 the directors either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Branch'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 Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Branch'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 Branch 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 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 black ink, appearing to read 'Paiboon Tunkoon', written over a horizontal line.

Paiboon Tunkoon

Certified Public Accountant (Thailand) No. 4298

Bangkok

11 March 2024

AIA Company Limited (Non-Life Insurance) Thailand Branch
Statement of Financial Position
As at 31 December 2023

			(Restated)	(Restated)
		31 December	31 December	1 January
		2023	2022	2022
	Notes	Baht	Baht	Baht
Assets				
Cash and cash equivalents	6	5,405,674	6,294,886	7,082,587
Accrued income on investments		2,332,161	1,824,085	1,946,718
Reinsurance assets	7, 14	39,549	44,029	49,924
Amount due from reinsurance	8	3,428	22,657	-
Invested assets				
Investments in securities	9	456,591,060	456,614,826	461,868,406
Amount due from related parties	24	63,312	159,635	161,670
Furniture, fixtures and equipment	10	230	230	230
Intangible assets	11	-	-	29
Deferred tax assets	12	4,072,728	-	-
Other assets	13, 24	1,589,734	1,099,062	1,379,006
Total assets		470,097,876	466,059,410	472,488,570

Authorised signature _____

Date _____

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

AIA Company Limited (Non-Life Insurance) Thailand Branch
Statement of Financial Position (Cont'd)
As at 31 December 2023

		(Restated)	(Restated)
	31 December	31 December	1 January
	2023	2022	2022
Notes	Baht	Baht	Baht
Liabilities and Head Office's Equity			
Liabilities			
Insurance liabilities	14	792,267	882,489
Amount due to reinsurance	15	37,045	-
Amount due to related parties	24	77,711	92,110
Income tax payable		173,701	316,467
Employee benefit liabilities	16	6,045,397	5,285,961
Deferred tax liabilities	12	-	-
Other liabilities	17, 24	6,088,238	5,677,815
Total liabilities		<u>13,214,359</u>	<u>12,254,842</u>
Head Office's Equity			
Funds from Head Office	18	140,307,753	140,307,753
Remeasurements of investments measured at fair value through other comprehensive income, net of tax		(11,698,389)	(11,811,843)
Remeasurements of post-employment benefit obligations, net of tax		(1,957,264)	(2,223,842)
Branch's retained earnings			
Unappropriated		<u>330,231,417</u>	<u>327,532,500</u>
Total Head Office's Equity		<u>456,883,517</u>	<u>453,804,568</u>
Total liabilities and Head Office's Equity		<u><u>470,097,876</u></u>	<u><u>466,059,410</u></u>
		<u><u>472,488,570</u></u>	

Authorised signature _____

Date _____

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

AIA Company Limited (Non-Life Insurance) Thailand Branch
Statement of Comprehensive Income
For the year ended 31 December 2023

		(Restated)
		2023
		2022
	Notes	Baht
		Baht
Revenues		
Gross written premiums		3,322,678
<u>Less</u> Premiums ceded to reinsurers		(167,249)
Net written premiums		3,155,429
<u>Add</u> Net change in unearned premium reserve		68,284
Net earned premiums		3,223,713
Fee and commission income		53,994
Net investment income	24	5,921,096
Losses on investment		(537,179)
Total revenues		8,661,624
Expenses		
Gross claim paid		2,811,959
<u>Less</u> Claim paid recovered from reinsurers		(50,814)
Commissions and brokerages		294,737
Other underwriting expenses		681,546
Operating expenses	19, 24	1,971,690
Finance cost	17, 24	46,300
(Reversal of) expected credit loss	21	108,893
Other expense		-
Total expenses		5,864,311
Profit before income tax		2,797,313
Income tax expenses	22	98,396
Net profit		2,698,917

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Date _____

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

AIA Company Limited (Non-Life Insurance) Thailand Branch
Statement of Comprehensive Income (Cont'd)
For the year ended 31 December 2023

		(Restated)
	2023	2022
	Baht	Baht
Other comprehensive income (loss)	Notes	
<u>Items that will not be reclassified subsequently to profit or loss</u>		
Remeasurements of post-employment benefit obligations	16, 23	(222,738) 169,673
Income tax relating to items that will not be reclassified subsequently to profit or loss		489,316 -
Total items that will not be reclassified subsequently to profit or loss		266,578 169,673
<u>Items that will be reclassified subsequently to profit or loss</u>		
Losses on remeasuring investments measured at fair value through other comprehensive income		(3,457,215) (13,630,108)
Items in other comprehensive income transferred to profit or loss		646,072 1,278,467
Income tax on items that will be reclassified subsequently to profit or loss	12, 23	2,924,597 113,673
Total items that will be reclassified subsequently to profit or loss		113,454 (12,237,968)
Other comprehensive income (loss) for the year, net of tax		380,032 (12,068,295)
Total comprehensive income (loss) for the year		3,078,949 (926,554)

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Date _____

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

AIA Company Limited (Non-Life Insurance) Thailand Branch
Statement of Changes in Head Office's Equity
For the year ended 31 December 2023

	Funds from Head Office Baht	Remeasurements of investments measured at fair value through other comprehensive income, net of tax Baht	Remeasurements of post-employment benefit obligations, net of tax Baht	Unappropriated Branch's retained earnings Baht	Total Head Office's Equity Baht
Beginning balance as at 1 January 2023	140,307,753	(11,807,680)	(2,223,842)	327,528,337	453,804,568
Retrospective adjustments from change in accounting policy (Note 2.1)	-	(4,163)	-	4,163	-
Beginning balance after adjustment	140,307,753	(11,811,843)	(2,223,842)	327,532,500	453,804,568
Net profit	-	-	-	2,698,917	2,698,917
Remeasurements of post-employment benefit obligations	-	-	266,578	-	266,578
Losses on remeasuring investments measured at fair value through other comprehensive income	-	(403,404)	-	-	(403,404)
Items in other comprehensive income transferred to profit or loss	-	516,858	-	-	516,858
Ending balance as at 31 December 2023	<u>140,307,753</u>	<u>(11,698,389)</u>	<u>(1,957,264)</u>	<u>330,231,417</u>	<u>456,883,517</u>
Beginning balance as at 1 January 2022	140,307,753	454,691	(2,393,515)	316,362,193	454,731,122
Retrospective adjustments from change in accounting policy (Note 2.1)	-	(28,566)	-	28,566	-
Beginning balance after adjustment	140,307,753	426,125	(2,393,515)	316,390,759	454,731,122
Net profit	-	-	-	11,141,741	11,141,741
Remeasurements of post-employment benefit obligations	-	-	169,673	-	169,673
Losses on remeasuring investments measured at fair value through other comprehensive income	-	(13,260,742)	-	-	(13,260,742)
Items in other comprehensive income transferred to profit or loss	-	1,022,774	-	-	1,022,774
Ending balance as at 31 December 2022	<u>140,307,753</u>	<u>(11,811,843)</u>	<u>(2,223,842)</u>	<u>327,532,500</u>	<u>453,804,568</u>

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Date _____

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

AIA Company Limited (Non-Life Insurance) Thailand Branch
Statement of Cash Flows
For the year ended 31 December 2023

	2023	2022
	Baht	Baht
Cash flows provided by (used in) operating activities		
Written premium received from direct insurance	3,295,912	3,995,446
Cash paid for reinsurance	(5,280)	(43,472)
Net investment income	5,663,963	5,932,274
Gross claim paid from direct insurance	(1,034,021)	(2,505,382)
Commissions and brokerages from direct insurance	(307,706)	(396,412)
Other underwriting expenses	(357,331)	(245,606)
Operating expenses	(3,237,593)	(3,674,580)
Income tax expenses	(899,977)	(7,444,668)
Cash received from investment in securities	86,279,084	62,778,445
Cash paid for investment in securities	(89,963,477)	(58,861,269)
Net cash used in operating activities	(566,426)	(465,224)
Cash flows used in financing activities		
Lease liabilities	(322,786)	(322,477)
Net cash used in financing activities	(322,786)	(322,477)
Net decrease in cash and cash equivalents	(889,212)	(787,701)
Cash and cash equivalents at beginning of year	6,294,886	7,082,587
Cash and cash equivalents at end of year	5,405,674	6,294,886

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Date _____

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

1. General information

AIA Company Limited (Non-Life Insurance) Thailand Branch (“the Branch”) is a branch in Thailand of AIA Company Limited (“AIA”) whose ultimate holding company is AIA Group Limited (“AIA Group”), a company incorporated in Hong Kong and listed on the Stock Exchange of Hong Kong Limited.

The address of the Branch’s registered office is AIA Tower 1, 8th Floor, 181 Surawongse Road, Suriyawongse District, Bangrak, Bangkok 10500.

The principal business operation of the Branch is to provide non-life insurance, personal accident and health insurance.

These financial statements have been approved by the Branch’s management on 11 March 2024.

2. Significant Accounting Policies

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Thai Financial Reporting Standards (“TFRS”). In addition, the presentation of financial statements is based on the formats of non-life insurance financial statements attached in an Office of Insurance Commission’s notification “Principle, methodology, condition and timing for preparation and submission of financial statements for non-life insurance company B.E. 2566” dated on 8 February 2023 (“OIC Notification”).

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

The preparation of financial statements in conformity with TFRS requires management to use certain critical accounting estimates and to exercise its judgement in applying the Branch’s accounting policies. The areas involving a higher degree of judgement, or areas that are more likely to be materially adjusted due to changes in estimates and assumptions are disclosed in Note 5.

An English version of the financial statements have 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. Significant Accounting Policies (Cont'd)

2.1 Basis of Preparation (Cont'd)

The accounting policies adopted are consistent with those of the previous financial year, except as described as follows:

- a) Financial reporting standards that are effective for the year ended 31 December 2023, but the Branch has elected to apply the temporary exemption described further below:

- **The financial standards related to financial instruments are as follows:**

TAS 32	Financial instruments: Presentation
TFRS 7	Financial instruments: Disclosures
TFRS 9	Financial instruments
TFRIC 16	Hedges of a net investment in a foreign operation
TFRIC 19	Extinguishing financial liabilities with equity instruments

The financial reporting standards and TFAC Accounting Guidance related to financial instruments address the classification and measurement requirements for financial instruments as well as provide derecognition guidance on financial assets and financial liabilities. The guidance also provides an option for the Branch to apply hedge accounting to reduce accounting mismatch between hedged item and hedging instrument. In addition, the rule provides detailed guidance on financial instruments issued by the Branch whether it is a liability or an equity. Among other things, they require extensive disclosure on financial instruments and related risks.

The classification requirements of financial assets require the Branch to assess both i) business model for holding the financial assets; and ii) cash flow characteristics of the asset whether the contractual cash flows represent solely payments of principal and interest (SPPI). The classification affects the financial assets' measurement. The guidance requires assessment of impairment of financial assets as well as contract assets and recognition of expected credit loss from initial recognition.

The Branch performed an initial eligibility assessment and passed the criteria of temporary exemption from TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures under TFRS 4 Insurance Contracts. The Branch is eligible to apply the 'financial instruments and disclosure for insurance companies' accounting guidance' ('The Accounting Guidance') After the date of eligibility assessment, there has been no change in the Branch's activities that requires a reassessment of the eligibility assessment. Additional information on financial assets in relation to the election of the temporary option is illustrated as follows:

Financial assets of the Branch 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) in accordance with TFRS 9 and are not held for trading or managed on fair value basis and (ii) all financial assets other than those specified in (i).

2. Significant Accounting Policies (Cont'd)

2.1 Basis of Preparation (Cont'd)

The accounting policies adopted are consistent with those of the previous financial year, except as described as follows: (Cont'd)

- a) Financial reporting standards that are effective for the year ended 31 December 2023, but the Branch has elected to apply the temporary exemption described further below: (Cont'd)

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

	Fair value as at 31 December 2023		Change in fair value for the year ended 31 December 2023	
	Financial assets that met SPPI criteria and not held for trading or managed on fair value basis Baht	Total Baht	Financial assets that met SPPI criteria and not held for trading or managed on fair value basis Baht	Total Baht
Debt securities	456,591,060	456,591,060	(3,353,248)	(3,353,248)
Other financial assets	7,811,147	7,811,147	(477,459)	(477,459)
Total	464,402,207	464,402,207	(3,830,707)	(3,830,707)

	Fair value as at 31 December 2022		Change in fair value for the year ended 31 December 2022	
	Financial assets that met SPPI criteria and not held for trading or managed on fair value basis Baht	Total Baht	Financial assets that met SPPI criteria and not held for trading or managed on fair value basis Baht	Total Baht
Debt securities	456,614,826	456,614,826	(1,790,861)	(1,790,861)
Other financial assets	8,288,606	8,288,606	(909,092)	(909,092)
Total	464,903,432	464,903,432	(2,699,953)	(2,699,953)

Notes:

- Significant balance of other financial assets qualifying as SPPI includes accrued investment income and cash and cash equivalents.
- Certain financial assets included within the financial statements, including interest receivables, and amount due from reinsurance amounting to Baht 3,428 are not included above since they will be accounted for under TFRS 17 when its adoption is in parallel with TFRS 9.

2. Significant Accounting Policies (Cont'd)

2.1 Basis of Preparation (Cont'd)

The accounting policies adopted are consistent with those of the previous financial year, except as described as follows: (Cont'd)

b) Change in accounting policy restated with financial asset

The Branch has changed the accounting policy related to financial asset costing from weighted average to FIFO which is consistent and permitted under current financial reporting standards. The change in accounting policy which is applied retrospectively has affected financial reporting as follows:

- For statement of financial position as at 31 December 2022 and 1 January 2022, remeasurements of investments measured at fair value through other comprehensive income, net of tax decreased by Baht 4,163 and Baht 28,566 respectively. Retained earnings increased by Baht 4,163 and Baht 28,566 respectively.
- For statement of comprehensive income for the year ended 31 December 2022, net investment income decreased by Baht 24,403 and net profit decreased by Baht 24,403.

For other comprehensive income (loss) for the year ended 31 December 2022, losses on remeasuring investments measured at fair value through other comprehensive income decreased by Baht 24,403.

c) New and amended financial reporting standards that are effective for accounting year beginning on or after 1 January 2023 and might have impacts to the Branch.

- **Amendment to TAS 16 - Property, plant and equipment** clarified to prohibit entities from deducting from the cost of an item of property, plant and equipment any proceeds received from selling any items produced while the entity is preparing that asset for its intended use.
- **Amendment to TAS 37 - Provisions, contingent liabilities and contingent assets** clarified that, in considering whether a contract is onerous, the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling the contract. Before recognising a separate provision for an onerous contract, the entity must recognise any impairment losses that have occurred on the assets used in fulfilling the contract.

d) Amended financial reporting standards that are effective for accounting year beginning on or after 1 January 2024 and might have impacts to the Branch. However, certain amended TFRSs have been issued that are not mandatory for the current reporting year and have not been early adopted by the Branch.

- **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.

2. Significant Accounting Policies (Cont'd)

2.1 Basis of Preparation (Cont'd)

The accounting policies adopted are consistent with those of the previous financial year, except as described as follows: (Cont'd)

d) Amended financial reporting standards that are effective for accounting year beginning on or after 1 January 2024 and might have impacts to the Branch. However, certain amended TFRSs have been issued that are not mandatory for the current reporting period and have not been early adopted by the Branch.(Cont'd)

- **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** 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 is 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.

e) Amended financial reporting standards that are effective for accounting year beginning on or after 1 January 2025 and might have impacts to the Branch. However, certain amended TFRSs have been issued that are not mandatory for the current reporting period and have not been early adopted by the Branch.

- **TFRS 17 Insurance Contracts** TFRS 17 has replaced TFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using general measurement model which comprise 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 TFRS 9.

2. Significant Accounting Policies (Cont'd)

2.1 Basis of Preparation (Cont'd)

The accounting policies adopted are consistent with those of the previous financial year, except as described as follows: (Cont'd)

- e) Amended financial reporting standards that are effective for accounting year beginning on or after 1 January 2025 and might have impacts to the Branch. However, certain amended TFRSs have been issued that are not mandatory for the current reporting period and have not been early adopted by the Branch.(Cont'd)

- **TFRS 17 Insurance Contracts (Cont'd)**

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.

Adopting TFRS 17, the Branch 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.

2.2 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Branch operates ('the functional currency'). The financial statements are presented in Baht, which is the Branch's functional currency and the Branch's presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Any exchange component of gains and losses on a non-monetary item that recognised in profit or loss, or other comprehensive income is recognised following the recognition of a gain or loss on the non-monetary item.

2. Significant Accounting Policies (Cont'd)

2.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with maturity at acquisition of three months or less.

2.4 Premium receivable

Premium receivable arising from insurance contracts are carried at carrying value less allowance for impairment which is established when there is objective evidence that the Branch will not be able to receive all amounts due according to term and condition specified in policy.

2.5 Reinsurance assets

Reinsurance assets are stated at the outstanding of balance insurance reserve refundable from reinsurers.

Insurance reserve refundable from reinsurers is estimated based on the related reinsurance contract of premium reserve and loss reserve and outstanding claims in accordance with the law regarding insurance reserve calculation.

2.6 Amount due from reinsurance and amount due to reinsurance

- a) Amount due from reinsurance is stated at the outstanding balance of amount due from reinsurers and amount of deposit on reinsurance.

Amount due from reinsurers consist of reinsurance commission receivables, reinsurance outstanding claim and other items receivable from reinsurers. The Branch recognises an allowance for doubtful accounts which may incur from uncollection being based on consideration of historical collection experience and current status of due from reinsurers at the end of reporting year.

- b) Amounts due to reinsurance is stated at the outstanding balance of amount due to reinsurers and amounts withheld on reinsurance.

Amounts due to reinsurers consist of reinsurance premiums and other items payable to reinsurers, excluding claims.

The Branch presents as net balance of reinsurance to the same entity (amounts due from reinsurers or amounts due to reinsurers) when the following criteria for offsetting are met.

- (1) The entity has a legal right to offset amounts presented in the statements of financial position, and
- (2) The entity intends to receive or pay the net amount recognised in the statements of financial position, or to realise the asset at the same time as it pays the liability.

2. Significant Accounting Policies (Cont'd)

2.7 Investment in securities

a) Classification

The Branch classifies its financial assets as follows:

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

On the adoption of TAS 32 and the Accounting Guidance, the Branch shall classify financial instruments as equity instruments or debt instruments follow definition in paragraph 11 of TAS 32.

b) Recognition and derecognition

Regular way purchases, acquires and sales of financial assets are recognised on trade-date, the date on which the Branch 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 Branch has transferred substantially all the risks and rewards of ownership.

c) Measurement

At initial recognition, the Branch measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

d) Debt instruments

Subsequent measurement of debt instruments depends on the Branch's classification of the financial assets. There are four measurement categories into which the Branch classifies its debt instruments:

- **FVPL:** Financial assets that are acquired principally for the purpose of generating a profit from short-term fluctuations in price, includes those do not meet the criteria for amortised cost or FVOCI, are measured at FVPL. A gain or loss on investments that is subsequently measured at FVPL is recognised in profit or loss and presented net within fair value gains (losses) in the period in which it arises.
- **FVOCI:** Financial assets intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest income using the effective interest method, and foreign exchange gains and losses which are recognised in profit or loss. When the financial assets are derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in gains (losses) on investment. Interest income is included in net investment income. Impairment expenses are presented separately in the statement of comprehensive income.
- **AMC:** Financial assets with fixed maturity that the management has the intention and ability to hold to maturity. Interest income from these financial assets 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 (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.

2. Significant Accounting Policies (Cont'd)

2.7 Investment in securities (Cont'd)

d) Debt instruments (Cont'd)

- FVO: Financial assets irrevocably designated at fair value though 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 bases. A gain or loss on these investments is recognised in profit or loss and presented net within fair value gains (losses) in the period in which it arises.

The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

e) Impairment

Debt instruments

The Branch applies the Accounting Guidance general approach in measuring the financial assets carried at AMC and FVOCI. Under the general approach, the 12-month or the lifetime expected credit loss is applied depending on whether there has been a significant increase in credit risk since the initial recognition.

The Branch always accounts for expected credit losses which involves a three-stage expected credit loss impairment model. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. In which, the three-stage expected credit loss impairment will be as the following stages:

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

The significant increase in credit risk (from initial recognition) assessment is performed every end of reporting period by comparing i) expected risk of default as of the reporting date and ii) estimated risk of default on the date of initial recognition.

When measuring expected credit losses, the Branch reflects the following:

- probability-weighted estimated uncollectible amounts;
- time value of money; and
- supportable and reasonable information as of the reporting date about past experience, current conditions and forecasts of future situations.

The expected credit losses are recognised in profit or loss as a separate line item.

2.8 Furniture, fixtures and equipment

Furniture, fixtures and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Branch.

All other repairs and maintenance are charged to profit or loss when incurred.

2. Significant Accounting Policies (Cont'd)

2.8 Furniture, fixtures and equipment (Cont'd)

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Furniture, fixtures and equipment	5 years
Computer hardware	3 years

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

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

2.9 Intangible assets

Computer software

Acquired specific computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their useful lives of 3 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Branch and will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant costs.

Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line over their estimated useful lives, not exceeding a period of 15 years.

2.10 Impairment of assets

Assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever there is an indication of impairment. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

2. Significant Accounting Policies (Cont'd)

2.11 Leases

Accounting for leases - where the Branch is the lessee

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

Contracts may contain both lease and non-lease components. The Branch allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

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

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

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 payments 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.

2. Significant Accounting Policies (Cont'd)

2.12 Insurance liabilities

a) Loss reserve and outstanding claims

Outstanding claims are recorded at the amount to be actually paid. Loss reserve is fully made for the estimated cost of all losses notified (less reinsurance recoveries) but not settled at the statement of financial position date.

The Branch estimates claims incurred but not yet reported by the insured (IBNR) based on the Branch's experience and historical data.

b) Unearned premium reserve

Unearned premium reserve is the proportion of the net premium written during the year that relates to the unexpired periods of risk from the statement of financial position date to the subsequent expiry dates of the policies. It is calculated on the following basis:

Type of Insurance	Method
- Personal accident and health	- monthly pro-rata basis (1/24th) basis for yearly policies. - fifty percent of net premium written of the last 30 days for monthly policies.

Unexpired risks reserve and premium deficiency reserve

Unexpired risks reserve is the reserve for the claims and related expenses that may be incurred in respect of in-force policies. Unexpired risks reserve is set aside using an actuarial method, at the best estimate of the claims that are expected be incurred during the remaining year of coverage, based on historical claims data.

As at the end of reporting year, the Branch compares the amounts of unexpired risks reserve with unearned premium reserve, and if unexpired risks reserve is higher than unearned premium reserve, the different is recognised as premium deficiency reserve in the financial statements.

2.13 Employee benefits

Annual leave

A provision is made for the estimated liability for unused leave as a result of services rendered by employees up to the date in statement of financial position.

Post-retirement benefit obligations

The Branch has established a provident fund that is a defined contribution plan, the assets of which are held in a separate trust fund. The provident fund is funded by payments from employees and the Branch. Contributions to the provident fund are charged to profit or loss.

The Branch provides for post-employment benefits under the Thai Labour Law and under an additional defined benefit plans. Such employee benefit provisions are calculated by an independent actuary on a regular basis.

Gains or losses on remeasurement of post-employment benefit obligations are recognised in other comprehensive income (loss).

Past-service costs from plan amendment are recognised immediately in profit or loss.

The management assesses the appropriate estimated of such provision on a regular basis.

2. Significant Accounting Policies (Cont'd)

2.14 Provisions

Provisions, excluding provisions for employee benefits, are recognised when the Branch has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Branch expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.15 Current and deferred income taxes

The income tax expense for the year comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in Head Office's equity.

The current income tax charge is calculated on the basis of the tax laws enacted.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.16 Revenues and expenses recognition

Premium income is recognised on the basis of the effective dates of insurance policies after deducting premium ceded and cancelled.

Reinsurance premium income is recognised as income when the reinsurer places the reinsurance application or the statement of accounts with the Branch. Ceded premium is recognised as expenses when the insurance risk is transferred to another reinsurer.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the year to maturity, when it is determined that such income will accrue.

Other income is recognised on an accrual basis.

Losses are recorded upon receipt of claims advice from the insured.

Policy acquisition costs, such as commissions, are charged as expenses when incurred.

All other expenses are recognised on an accrual basis.

2. Significant Accounting Policies (Cont'd)

2.17 Financial instruments

Financial assets carried on the statement of financial position include cash and cash equivalents, accrued income on investments, investments in securities, amount due from related parties and certain balances included in other assets. Financial liabilities carried on the statement of financial position include amount due to related parties and certain balances included in other liabilities. The particular recognition methods adopted are disclosed in the individual accounting policy associated with each item.

3. Risk management

The Branch recognises the importance of sound risk management in every aspect of our business and for all our stakeholders. The Risk Management Framework (RMF) provides the structure for identifying, quantifying and mitigating risk which is following AIA Group's policies. An effective RMF is the key to avoiding the financial and reputational damage that arises from inadequate or ineffective control of the risks in the business. In addition, the Branch has established the enterprise risk management function for managing and monitoring the enterprise wide risks and also has established sub-committee among the Branch to manage specific risks which are Financial Risk Committee (FRC), Product Development Committee (PDC) and Operational Risk Committee (ORC) which directly report to the Branch's key management.

Insurance risk

Insurance risk is the risk arising from changes in claims experience as well as more general exposure relating to the acquisition and persistency of insurance business. This also includes changes to assumptions regarding future experience for these risks.

Lapse

Lapse risk is the risk policies lapse, on average, earlier than assumed in the pricing.

Ensuring customers buy products that meet their needs is central to the AIA Group's Operating Philosophy. Through effective implementation of the Business Quality Framework, comprehensive sales training programmes and active monitoring of sales activities and persistency, the Branch seeks to ensure that appropriate products are sold by qualified sales representatives and that standards of service consistently meet our customers' needs.

3. Risk management (Cont'd)

Expenses

Expense risk is the risk of greater than expected trends in, or sudden shocks to, the amount or timing of expenses incurred by the business.

Daily operations follow a disciplined budgeting and control process that allows for the management of expenses based on the Branch's very substantial experience within the markets in which we operate.

Morbidity and mortality

Morbidity and mortality risk are the risk that the incidence and/or amounts of medical/death claims are higher than the assumptions made in pricing.

The Branch adheres to well-defined market-oriented underwriting and claims guidelines and practices that have been developed based on extensive historical experience.

The Branch's actuarial teams conduct regular experience studies of all the insurance risk factors in its in-force book. These internal studies together with external data are used to identify emerging trends which can then be used to inform product design, pricing, underwriting, claims management and reinsurance needs.

Through monitoring the development of both local and global trends in medical technology, health and wellness, the impact of legislation and general social, political and economic conditions the Branch seeks to anticipate and respond promptly to potential adverse experience impacts on its products.

Reinsurance is used to reduce concentration and volatility risk, especially with the large policies or new risks, and as protection against catastrophic events such as pandemics or natural disasters.

Credit risk

Credit risk is the risk that third parties fail to meet their obligations to the Branch when they fall due. Although the primary source of credit risk is the Branch's investment portfolio, such risk can also arise through reinsurance, procurement, and treasury activities.

The Branch credit risk is oversight by the Group's credit risk management and accountability by the Branch lines of defence. A key to AIA's credit risk management is adherence to a well-controlled underwriting process. The credit risk management starts with the assignment of an internal rating to all counterparties. A detailed analysis of each counterparty is performed, and a rating determined by the investment teams.

The Branch's Risk Management function manages the internal ratings framework and conducts periodic rating reviews. Measuring and monitoring of credit risk is an ongoing process and is designed to enable early identification of emerging risk.

3. Risk management (Cont'd)

Credit risk (Cont'd)

Proportion of the significant financial instruments' stated at fair value grouped by rating are as follows:

	2023 Baht	2022 Baht
Debt securities		
Government and state enterprise	218,691,921	289,564,120
BBB	127,565,981	111,259,417
Below investment grade	110,333,158	55,791,289
Total	456,591,060	456,614,826

The reported rating is mapped as follow:

External			
Standard and Poor's and Fitch	Moody's	Internal ratings	Reported as
AAA	Aaa	1	AAA
AA+ to AA-	Aa1 to Aa3	2+ to 2-	AA
A+ to A-	A1 to A3	3+ to 3-	A
BBB+ to BBB-	Baa1 to Baa3	4+ to 4-	BBB
BB+ and below	Ba+ and below	5+ and below	Below investment grade

Interest rate risk

The Branch's exposure to interest rate risk predominantly arises from any differences between the duration of the Branch's liabilities and assets.

AIA Company Limited (Non-Life Insurance) Thailand Branch
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3. Risk management (Cont'd)

Interest rate risk (Cont'd)

AIA manages interest rate risk primarily on an economic basis to determine the durations of both assets and liabilities. Interest rate risk on solvency basis is also taken into consideration for business units where solvency regimes deviate from economic basis. Furthermore, for products with discretionary benefits, additional modelling of interest rate risk is performed to guide determination of appropriate management actions. Management also takes into consideration the asymmetrical impact of interest rate movements when evaluating products guarantees.

Significant financial assets and liabilities classified by type of interest rates are summarized in the table below.

	Variable interest rate			Fixed interest rate			Non-interest bearing Baht	Total Baht	Interest rate (% p.a)
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht			
As at 31 December 2023									
Financial assets									
Cash and cash equivalents	3,561,380	-	-	1,718,419	-	-	125,875	5,405,674	0.01%-0.50%
Accrued income on investments	-	-	-	-	-	-	2,332,161	2,332,161	-
Investment in securities	-	-	-	-	342,567,083	114,023,977	-	456,591,060	1.25%-4.72%
Amount due from related parties	-	-	-	-	-	-	63,312	63,312	-
Other assets (partial)	-	-	-	-	-	-	10,000	10,000	-
Total financial assets	3,561,380	-	-	1,718,419	342,567,083	114,023,977	2,531,348	464,402,207	-
Financial liabilities									
Amount due to related parties	-	-	-	-	-	-	77,711	77,711	-
Other liabilities (partial)	-	-	-	-	-	-	24,552	24,552	-
Total financial liabilities	-	-	-	-	-	-	102,263	102,263	-

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3. Risk management (Cont'd)

Interest rate risk (Cont'd)

Significant financial assets and liabilities classified by type of interest rates are summarized in the table below (Cont'd)

	Variable interest rate			Fixed interest rate			Non-interest bearing Baht	Total Baht	Interest rate (% p.a)
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht			
As at 31 December 2022									
<u>Financial assets</u>									
Cash and cash equivalents	3,721,272	-	-	2,517,499	-	-	56,115	6,294,886	0.01%-0.20%
Accrued income on investments	-	-	-	-	-	-	1,824,085	1,824,085	-
Investment in securities	-	-	-	32,004,189	63,378,654	361,231,983	-	456,614,826	0.99%-3.95%
Amount due from related parties	-	-	-	-	-	-	159,635	159,635	-
Other assets (partial)	-	-	-	-	-	-	10,000	10,000	-
Total financial assets	3,721,272	-	-	34,521,688	63,378,654	361,231,983	2,049,835	464,903,432	-
<u>Financial liabilities</u>									
Amount due to related parties	-	-	-	-	-	-	92,110	92,110	-
Other liabilities (partial)	-	-	-	-	-	-	34,481	34,481	-
Total financial liabilities	-	-	-	-	-	-	126,591	126,591	-

3. Risk management (Cont'd)

Sensitivity

Profit or loss is sensitive to higher or lower interest income from cash and cash equivalents, investment in securities and part of other assets and other liabilities as a result of changes in interest rates. Other components of equity changes as a result of an increase or decrease in the fair value of investment in securities measured at fair value through other comprehensive income.

As at 31 December 2023, when the interest rate increases or decreases 50 basis point shift in yield curve given that all other variable remains constant, the impact to other components of equity decrease by Baht 4,984,101 and increase by Baht 5,173,833 respectively (31 December 2022: decrease by Baht 5,288,291 and increase by Baht 5,501,321, respectively). (No impact towards net profit and loss).

Liquidity risk

Liquidity risk is financing risk or the risk of difficulty in raising funds sufficiently and in time to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell financial asset quickly at close to its fair value.

Most part of the Branch financial assets is including cash, deposit at bank and investment in securities which are highly liquid and able to be sold quickly at close to their fair value when the Branch wishes to raise fund. The Branch also maintains the investment ratio of high liquidity assets.

The tables below analyse the maturity of financial liabilities grouping based on their contractual maturities. The amounts disclosed are the contractual undiscounted cash flows. The time-to-maturity of significant financial assets is disclosed in Note 9.2.

	Within 1 month Baht	1 - 3 months Baht	3 - 12 months Baht	1 - 5 years Baht	Over 5 years Baht	Total Baht
As at 31 December 2023						
Other liabilities (partial)	4,472,859	-	-	-	-	4,472,859
Total financial liabilities	4,472,859	-	-	-	-	4,472,859
As at 31 December 2022						
Other liabilities (partial)	4,862,999	-	-	-	-	4,862,999
Total financial liabilities	4,862,999	-	-	-	-	4,862,999

Capital management

The Branch's objectives when managing capital are to safeguard the Branch's ability to continue as a going concern in order to meet policyholder liabilities whilst providing a return for Head Office and other stakeholders.

The Branch monitors its solvency capital in compliance with related regulations as announced by the Office of Insurance Commission under the Risk-Based Capital framework under Life Insurance Act B.E 2535 and amended by Non Life Insurance Act No.2 B.E 2551, No.3 B.E 2558 and No.4 B.E 2562 for the purpose of assessing the solvency capital requirement.

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4. Fair value

4.1 Fair value estimation

The following table shows fair values and carrying amounts of financial assets and liabilities by category as at 31 December 2023 and 2022.

	Fair value through other comprehensive income (FVOCI) Baht	Amortised cost (AMC) Baht	Total carrying amount Baht	Fair value Baht
As at 31 December 2023				
Assets				
<i>Financial assets measured at fair value</i>				
Investments measured at fair value through other comprehensive income				
Debt securities	456,591,060	-	456,591,060	456,591,060
<i>Financial assets not measured at fair value</i>				
Cash and cash equivalents	-	5,405,674	5,405,674	5,405,674
Total assets	456,591,060	5,405,674	461,996,734	461,996,734
Liabilities				
<i>Financial liabilities not measured at fair value</i>				
Lease liabilities	-	1,615,379	1,615,379	1,615,379
Total liabilities	-	1,615,379	1,615,379	1,615,379
	Fair value through other comprehensive income (FVOCI) Baht	Amortised cost (AMC) Baht	Total carrying amount Baht	Fair value Baht
As at 31 December 2022				
Assets				
<i>Financial assets measured at fair value</i>				
Investments measured at fair value through other comprehensive income				
Debt securities	456,614,826	-	456,614,826	456,614,826
<i>Financial assets not measured at fair value</i>				
Cash and cash equivalents	-	6,294,886	6,294,886	6,294,886
Total assets	456,614,826	6,294,886	462,909,712	462,909,712
Liabilities				
<i>Financial liabilities not measured at fair value</i>				
Lease liabilities	-	1,111,837	1,111,837	1,111,837
Total liabilities	-	1,111,837	1,111,837	1,111,837

4. Fair value (Cont'd)

4.1 Fair value estimation (Cont'd)

The details below present 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 Branch 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 following table presents the Branch's assets and liabilities that are measured and recognised at fair value as at 31 December 2023 and 2022.

	<u>Level 1 Baht</u>	<u>Level 2 Baht</u>	<u>Level 3 Baht</u>	<u>Total Baht</u>
As at 31 December 2023				
Asset				
Investment in securities				
Investments measured at fair value through other comprehensive income				
Debt securities	-	456,591,060	-	456,591,060
Total asset	-	456,591,060	-	456,591,060
As at 31 December 2022				
Asset				
Investment in securities				
Investments measured at fair value through other comprehensive income				
Debt securities	-	456,614,826	-	456,614,826
Total asset	-	456,614,826	-	456,614,826

Other financial instruments not carried at fair value are typically short-term in nature and reprice to current market rate frequently. Accordingly, their carrying amount is a reasonable approximation of fair value. This includes cash and cash equivalents, accrued investment income, amount due from related parties, other assets, amount due to related parties, and other liabilities.

The Branch had no transfers between levels during the year.

4.2 Valuation techniques used to derive Level 2 fair values

Level 2 marketable debt securities are fair valued based on quoted by reference to the yield curve of the Thai Bond Market Association at the statements of financial position date.

5. Critical accounting estimates and judgements

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

The Branch makes estimates and assumptions concerning the future events. The resulting of accounting estimates may differ from the related actual results. The estimates and assumptions that are significant causing a risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

5.1 Reinsurance assets

Reinsurance assets are calculated by using the same method of estimated reserve of claim incurred but not reported (Note 5.4) and unearned premium reserve. Reinsurance assets are assessed at the end of reporting year to reflect the refundable amount which is established from creditability of reinsurer and condition of reinsurance.

5.2 Furniture, fixtures and equipment and computer software

The Branch determines the estimated useful lives and residual values for the Branch's furniture, fixtures and equipment and computer software. Management will revise the depreciation charge where useful lives are different to previously estimated, or it will write off or write down technically obsolete or assets that have been abandoned or sold.

5.3 Impairment of investments

The expected credit losses for investment in debt securities are based on assumptions about default risk, credit rating and expected loss rates. The Branch uses judgement in making these assumptions and selecting the inputs used in the impairment calculation, based on the Branch's past history and existing market conditions at the end of each reporting period.

5.4 Loss reserve

The Branch determines the estimated reserve of claims incurred but not reported ("IBNR") at the statement of financial positions date using actuarial method by simplified approach, as a percentage of premium. The Branch uses the services of an actuary who has expertise, experience and an understanding of the insurance business and products to perform calculation.

5.5 Unexpired risks reserve

Unexpired risks reserve is calculated using an actuarial method, based on a best estimate of the claims expected to incur over the remaining term of the insurance. Estimating the reserve requires the management to exercise judgment, with reference to historical data and the best estimates available at the time.

5. Critical accounting estimates and judgements (Cont'd)

5.6 Liabilities adequacy testing

The Branch evaluates the adequacy of its insurance contract liabilities. Significant judgement is exercised in determining the level of aggregation at which liability adequacy testing is performed and in selecting best estimate assumptions. Liability adequacy is assessed by portfolio of contracts in accordance with the Branch's manner of acquiring, servicing and measuring the profitability of its insurance contracts. The Branch performs liability adequacy testing at entity level.

5.7 Employee benefits

The Branch 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 Branch until termination.

6. Cash and cash equivalents

	2023	2022
	Baht	Baht
Deposits with banks without fixed maturity date	5,405,674	6,294,886
Total cash and cash equivalents	<u>5,405,674</u>	<u>6,294,886</u>

7. Reinsurance assets

	2023	2022
	Baht	Baht
<u>Reserve of recovery from reinsurers</u>		
Short-term insurance contract reserve		
Loss reserve (IBNR) (Note 14)	5,413	6,300
Premium reserve		
- Unearned premium reserve (UPR) (Note 14)	34,136	37,729
Total reinsurance assets	<u>39,549</u>	<u>44,029</u>

7.1 Loss reserve recovery from reinsurers

	2023	2022
	Baht	Baht
Beginning balance for the year	6,300	7,762
Changes in assumptions for claim reserve recovery	(887)	(1,462)
Closing balance at the end of year	<u>5,413</u>	<u>6,300</u>

7. Reinsurance assets (Cont'd)

7.2 Premium reserve recovery from reinsurers

	2023 Baht	2022 Baht
Beginning balance for the year	37,729	42,162
Premium ceded for the year	167,249	196,642
Premium ceded recognised as expense for the year	(170,842)	(201,075)
Closing balance at the end of year	34,136	37,729

8. Amount due from reinsurance

	2023 Baht	2022 Baht
Due from reinsurance	3,428	22,657
Total amount due from reinsurance	3,428	22,657

The balance of due from reinsurers is classified by aging as follows:

	2023 Baht	2022 Baht
Not over 12 months	3,428	22,657
Total due from reinsurance	3,428	22,657

9. Investments in securities

9.1 Investment in securities

	2023		2022	
	Cost/ amortised cost Baht	Fair value Baht	Cost/ amortised cost Baht	Fair value Baht
<u>Investments measured at fair value through other comprehensive income</u>				
Government and state enterprise securities	229,337,769	218,691,921	296,430,193	289,564,120
Private enterprise debt securities	242,094,238	237,899,139	172,101,380	167,050,706
Total	471,432,007	456,591,060	468,531,573	456,614,826
<u>Less</u> Unrealised losses on the changes in value of investments	(14,840,947)	-	(11,916,747)	-
Total Investments measured at fair value through other comprehensive income	456,591,060	456,591,060	456,614,826	456,614,826
Total investments in securities	456,591,060	456,591,060	456,614,826	456,614,826

9. Investments in securities (Cont'd)

9.1 Investment in securities (Cont'd)

The Branch had revenue recognised relating to investment during the year as follows:

	2023	2022
	Baht	Baht
Interest income from investments	9,397,121	21,574,379
Consideration received from selling investments	85,741,905	59,778,445
Losses from selling investments	(537,179)	(1,389,229)

As at 31 December 2023, the Branch had government bond deposited with the Office of Insurance Commission in order to comply with the Non-Life Insurance Act with a fair value amounting to Baht 8.74 million (31 December 2022: with a fair value of Baht 9.02 million).

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9. Investments in securities (Cont'd)

9.2 The maturity of debt securities

The details of debt securities classified as investment measured at fair value through other comprehensive income are aged as follows:

	2023				2022			
	Maturing within (years)			Total Baht	Maturing within (years)			Total Baht
	1 year Baht	1 - 5 years Baht	Over 5 years Baht		1 year Baht	1 - 5 years Baht	Over 5 years Baht	
<u>Investments measured at fair value through other comprehensive income</u>								
Government and state enterprise securities	-	205,025,587	24,312,182	229,337,769	32,011,875	8,846,965	255,571,353	296,430,193
Private enterprise debt securities	-	150,955,181	91,139,057	242,094,238	-	55,000,000	117,101,380	172,101,380
Total	-	355,980,768	115,451,239	471,432,007	32,011,875	63,846,965	372,672,733	468,531,573
<u>Less Unrealised losses on the changes in value of investments</u>	-	(13,413,685)	(1,427,262)	(14,840,947)	(7,686)	(468,311)	(11,440,750)	(11,916,747)
Total Investments measured at fair value through other comprehensive income	-	342,567,083	114,023,977	456,591,060	32,004,189	63,378,654	361,231,983	456,614,826
Total investment in debt securities	-	342,567,083	114,023,977	456,591,060	32,004,189	63,378,654	361,231,983	456,614,826

9. Investments in securities (Cont'd)

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

	2023	
	Fair value Baht	Expected credit loss recognised in other comprehensive income Baht
Investments in debt securities which credit risk has not significantly increased (Stage 1)	456,591,060	217,961
Total	456,591,060	217,961

	2022	
	Fair value Baht	Expected credit loss recognised in other comprehensive income Baht
Investments in debt securities which credit risk has not significantly increased (Stage 1)	456,614,826	109,068
Total	456,614,826	109,068

9. Investments in securities (Cont'd)

9.3 Debt securities that are measured at fair value through other comprehensive income (Cont'd)

Expected credit loss

The reconciliations of expected credit loss for debt securities that are measured at fair value through other comprehensive income for the year ended 31 December 2023 and 2022 are as follows:

	Expected credit loss measured at amount equal to			Total Baht
	12 months expected credit losses Baht	Lifetime Expected credit losses Baht	Lifetime expected credit losses (credit- impaired investments) Baht	
As of 1 January 2023	109,068	-	-	109,068
Movement from stage change	-	-	-	-
Increase in loss allowance recognised in profit or loss during the year	113,550	-	-	113,550
Disposed and matured during the year	(4,657)	-	-	(4,657)
As of 31 December 2023	217,961	-	-	217,961
As of 1 January 2022	219,830	-	-	219,830
Movement from stage change	-	-	-	-
Decrease in loss allowance recognised in profit or loss during the year	(93,979)	-	-	(93,979)
Disposed and matured during the year	(16,783)	-	-	(16,783)
As of 31 December 2022	109,068	-	-	109,068

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10. Furniture, fixtures and equipment

	2023								Furniture, fixtures and equipment Baht
	Cost				Accumulated depreciation				
	Beginning balance Baht	Additions Baht	Disposals/ Write-offs Baht	Ending balance Baht	Beginning balance Baht	Depreciation Baht	Disposals/ Write-offs Baht	Ending balance Baht	
Furniture, fixtures and equipment	3,098,917	-	-	3,098,917	3,098,765	-	-	3,098,765	152
Computers	4,409,769	-	-	4,409,769	4,409,691	-	-	4,409,691	78
Total	7,508,686	-	-	7,508,686	7,508,456	-	-	7,508,456	230
	2022								Furniture, fixtures and equipment Baht
	Cost				Accumulated depreciation				
	Beginning balance Baht	Additions Baht	Disposals/ Write-offs Baht	Ending balance Baht	Beginning balance Baht	Depreciation Baht	Disposals/ Write-offs Baht	Ending balance Baht	
Furniture, fixtures and equipment	3,098,917	-	-	3,098,917	3,098,765	-	-	3,098,765	152
Computers	4,409,769	-	-	4,409,769	4,409,691	-	-	4,409,691	78
Total	7,508,686	-	-	7,508,686	7,508,456	-	-	7,508,456	230

11. Intangible assets

	2023								Intangible assets Baht
	Cost				Accumulated amortisation				
	Beginning balance Baht	Additions Baht	Disposals/ Write-offs Baht	Ending balance Baht	Beginning balance Baht	Amortisation charge Baht	Disposals/ Write-offs Baht	Ending balance Baht	
Computer software	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-
	2022								Intangible assets Baht
	Cost				Accumulated amortisation				
	Beginning balance Baht	Additions Baht	Disposals/ Write-offs Baht	Ending balance Baht	Beginning balance Baht	Amortisation charge Baht	Disposals/ Write-offs Baht	Ending balance Baht	
Computer software	341,709	-	(341,709)	-	341,680	-	(341,680)	-	-
Total	341,709	-	(341,709)	-	341,680	-	(341,680)	-	-

12. Deferred tax assets and liabilities

The gross movement of deferred income tax account is as follows:

	2023	2022
	Baht	Baht
At 1 January	-	(113,673)
Tax charged to profit or loss (Note 22)	658,815	-
Tax credit (charged) directly to Head Office's Equity	3,413,913	113,673
At 31 December	<u>4,072,728</u>	<u>-</u>

The movement in deferred tax assets and liabilities during the year is as follows:

	Net deferred tax asset/ (liability) at 1 January Baht	Credited/ (charged) to profit or loss Baht	Credited/ (charged) to Head Office's Equity Baht	Net deferred tax asset/ (liability) at 31 December Baht
For the year ended 2023				
Revaluation of investments	-	43,592	2,924,597	2,968,189
Insurance liabilities	-	20,829	-	20,829
Provision of expenses	-	587,229	489,316	1,076,545
Other	-	7,165	-	7,165
Total	<u>-</u>	<u>658,815</u>	<u>3,413,913</u>	<u>4,072,728</u>
For the year ended 2022				
Remeasurements of investments measured at fair value through other comprehensive income	(113,673)	-	113,673	-
Total	<u>(113,673)</u>	<u>-</u>	<u>113,673</u>	<u>-</u>

As at 31 December 2023, the Branch had no unrecognised deferred tax assets (2022: Baht 3.39 million).

13. Other assets

	2023	2022
	Baht	Baht
Deposits	10,000	10,000
Right-of-use assets (Note 24 (b))	1,569,033	1,076,011
Other assets	10,701	13,051
Total	<u>1,589,734</u>	<u>1,099,062</u>

13. Other assets (Cont'd)

13.1 Right-of-use assets

	2023							Right-of-use assets Baht
	Cost			Accumulated amortisation				
	Beginning balance 1 January 2023 Baht	For the year		Ending balance 31 December 2023 Baht	Beginning balance 1 January 2023 Baht	For the year		
	Addition Baht	Change in contract Baht		Amortisation charge Baht				
Buildings and improvements	1,966,819	798,749	(18,721)	2,746,847	890,808	287,006	1,177,814	1,569,033
Total	1,966,819	798,749	(18,721)	2,746,847	890,808	287,006	1,177,814	1,569,033
	2022							Right-of-use assets Baht
	Cost			Accumulated amortisation				
	Beginning balance 1 January 2022 Baht	For the year		Ending balance 31 December 2022 Baht	Beginning balance 1 January 2022 Baht	For the year		
	Addition Baht	Change in contract Baht		Amortisation charge Baht				
Buildings and improvements	1,950,433	16,386	-	1,966,819	593,948	296,860	890,808	1,076,011
Total	1,950,433	16,386	-	1,966,819	593,948	296,860	890,808	1,076,011

The related lease liabilities are disclosed in Note 17.

For the year ended 31 December 2023, the lease payments resulting from lease and service contracts which are not capitalised comprised of short-term leases and low-value leases. These lease payments are not material.

14. Insurance liabilities

	Insurance liabilities Baht	Liabilities recovered from reinsurance Baht	Net Baht
2023			
Short-term insurance contract reserve			
Loss reserve			
- Claim incurred but not reported	109,555	(5,413)	104,142
Premium reserve			
- Unearned premium reserve	682,712	(34,136)	648,576
Total	792,267	(39,549)	752,718
2022			
Short-term insurance contract reserve			
Loss reserve			
- Claim incurred but not reported	127,900	(6,300)	121,600
Premium reserve			
- Unearned premium reserve	754,589	(37,729)	716,860
Total	882,489	(44,029)	838,460

No additional reserve for unexpired risk reserve has been established as the unexpired risk reserve estimated by the Company as at 31 December 2023 of Baht 0.58 million (2022: Baht 0.64 million) is lower than the unearned premium reserve.

14.1 Short-term insurance contract reserve

14.1.1 Loss reserve

	2023 Baht	2022 Baht
Beginning balance for the year	127,900	157,094
Insurance claim incurred during the year	1,034,021	2,505,382
Changes in claim reserve from change in assumption during the year	(18,345)	(29,194)
Insurance claim paid during the year	(1,034,021)	(2,505,382)
Closing balance at the end of year	109,555	127,900

14.1.2 Aging analysis of loss reserve's repayment

	2023 Baht	2022 Baht
Loss reserve repayment within 1 year	109,555	127,900
Total loss reserve's repayment	109,555	127,900

14.1.3 Sensitivity analysis on change in key assumptions

	Change in assumption	Impact on reinsurance assets	Impact on loss reserve and unallocated loss adjustment expenses	Impact on profit and loss	Impact to Equity
Estimated loss ratio	Increase by 10%	548	10,955	(10,407)	(10,407)
Estimated loss ratio	Decrease by 10%	(548)	(10,955)	10,407	10,407

14. Insurance liabilities (Cont'd)

14.1 Short-term insurance contract reserve (Cont'd)

14.1.4 Claim development table before reinsurance

Incident Year / Reported Year	2019 Baht	2020 Baht	2021 Baht	2022 Baht	2023 Baht	Total Baht
Estimated claim:						
- At the end of the year	1,214,791	469,760	572,039	1,852,866	1,016,080	5,125,536
- After 1 year	1,258,285	518,680	724,555	2,352,866	-	4,854,386
- After 2 year	1,285,378	518,680	724,555	-	-	2,528,613
- After 3 year	1,285,378	518,680	-	-	-	1,804,058
- After 4 year	1,285,378	-	-	-	-	1,285,378
Absolute estimated claim	1,285,378	518,680	724,555	2,353,992	1,088,819	5,971,424
Cumulative claim paid	1,285,378	518,680	724,555	2,352,866	1,016,080	5,897,559

As at 31 December 2023, the Branch had the ceded portion of short-term business 5% of claim incurred before reinsurance. The claim percentage of reinsurance recoveries development pattern are consistently at 5% before and after reinsurance.

14. Insurance liabilities (Cont'd)

14.1 Short-term insurance contract reserve (Cont'd)

14.1.5 Unearned premium reserve

	2023 Baht	2022 Baht
Beginning balance for the year	754,589	843,234
Premium written for the year	3,322,678	3,982,846
Premium earned in the year	(3,394,555)	(4,071,491)
Closing balance at the end of year	<u>682,712</u>	<u>754,589</u>

15. Amount due to reinsurance

	2023 Baht	2022 Baht
Reinsurance payable	37,045	-
Total amount due to reinsurance	<u>37,045</u>	<u>-</u>

16. Employee benefit liabilities

	2023 Baht	2022 Baht
Short-term employee benefits	849,188	601,948
Long-term employee benefits	5,196,209	4,684,013
	<u>6,045,397</u>	<u>5,285,961</u>

16.1 Long-term employee benefits

The long-term employee benefits comprise of provision for severances benefit under Thai Labour Protection Act. All of them are unfunded obligations. The amounts recognised in the statements of financial position are as follows:

	2023 Baht	2022 Baht
Present value of employee benefits obligations	5,196,209	4,684,013
	<u>5,196,209</u>	<u>4,684,013</u>

The amounts recognised in profit or loss are as follows:

	2023 Baht	2022 Baht
Current service costs	125,169	127,324
Interest costs	164,289	116,325
	<u>289,458</u>	<u>243,649</u>

16. Employee benefit liabilities (Cont'd)

16.1 Long-term employee benefits (Cont'd)

Changes in the present value of the long-term employee benefits are as follows:

	2023	2022
	Baht	Baht
Beginning of the year	4,684,013	4,610,037
Current service costs	125,169	127,324
Interest costs	164,289	116,325
Remeasurements of long-term employee benefits	222,738	(169,673)
Ending of the year	<u>5,196,209</u>	<u>4,684,013</u>

Principal actuarial assumptions as at 31 December as follows:

	2023	2022
Discount rate as at 31 December	2.75% - 3.25%	2.50% - 3.75%
Future salary increases	6.00%	6.00%
Mortality assumption	80% Mortality 2017	80% Mortality 2017

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 3%	Increase by 3%
Salary growth rate	0.25%	Increase by 1%	Decrease by 1%

The above sensitivity analyses are based on a change in an assumption 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 significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting year) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

The weighted average duration of the defined benefit obligation is 12 years.

Expected maturity analysis of undiscounted retirement benefits:

	Less than a year	Between 1 - 5 years	Over 5 years	Total
	Baht	Baht	Baht	Baht
At 31 December 2023				
Retirement benefits	<u>31,943</u>	<u>1,745,992</u>	<u>6,414,343</u>	<u>8,192,278</u>
Total	<u>31,943</u>	<u>1,745,992</u>	<u>6,414,343</u>	<u>8,192,278</u>
At 31 December 2022				
Retirement benefits	<u>30,771</u>	<u>1,566,335</u>	<u>6,418,002</u>	<u>8,015,108</u>
Total	<u>30,771</u>	<u>1,566,335</u>	<u>6,418,002</u>	<u>8,015,108</u>

16. Employee benefit liabilities (Cont'd)

16.2 Provident fund

The Branch and its employees have jointly established a provident fund scheme under the Provident Fund Act B.E .2530 whereby contributions are made by both the employees and the Branch. The fund is managed by an authorised fund manager and will be paid to the employees upon retirement or cessation of employment in accordance with the rules of the fund. For the year ended 31 December 2023, Baht 334,845 (2022: Baht 306,976) has been contributed to the fund by the Branch which was presented in the statement of comprehensive income.

17. Other liabilities

	2023	2022
	Baht	Baht
Accrued expenses	182,461	216,051
Other payables	4,002,558	4,127,796
Sundry liabilities	60,659	87,425
Unpresented cheque payable	3,040	-
Account payable for agents	21,512	34,481
Withholding tax, VAT and SBT payable	25,128	93,639
Lease liabilities (Note 24 (b))	1,615,379	1,111,837
Others	177,501	6,586
Total	6,088,238	5,677,815

17.1 The maturity of lease liabilities

The maturity analysis of lease liabilities are aged as follows:

	2023	2022
	Baht	Baht
Maturing		
Within 1 year	263,061	301,473
Between 1 to 5 years	1,165,905	810,364
Later than 5 years	186,413	-
Total	1,615,379	1,111,837
<i>Including: - Principal</i>	1,802,404	1,155,389
<i>- Interest</i>	(187,025)	(43,552)

For the year ended 31 December 2023, interest expense on lease liabilities amounted to Baht 46,300 (31 December 2022: Baht 28,231) is recorded as "Finance cost" in the statement of comprehensive income.

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18. Funds from Head Office

Funds from Head Office represent financing provided by the Head Office. This financing was provided through the transfer of net assets from AIA Company Limited when the non-life branch was formed under the requirement of the Non-life Insurance Act B.E. 2535.

19. Operating expense

	2023	2022
	Baht	Baht
Staff expenses	499,298	477,505
Premises and equipment expense	148,604	159,407
Tax and duties	20,563	17,040
Service fees	887,006	886,893
Other operating expenses	416,219	631,461
Total	1,971,690	2,172,306

20. Employee benefit expenses

	2023	2022
	Baht	Baht
Salary, overtime and bonus	3,988,540	3,555,340
Provident fund	334,845	306,976
Social security fund	27,749	19,620
Contribution to long-term employee benefits	289,458	243,649
Other employee benefit expenses	384,407	181,202
Total	5,024,999	4,306,787

21. Expected credit loss

	2023	2022
	Baht	Baht
Investment in securities	108,893	(110,762)
Total	108,893	(110,762)

22. Income tax expense

	2023	2022
	Baht	Baht
Current income tax on profits for the year	757,211	2,817,824
Deferred income tax on temporary differences (Note 12)	(658,815)	-
Total income tax expense	98,396	2,817,824

Income tax rate used for 2023 is 20% (2022: 20%)

The effective tax rate for 2023 is 3.52% (2022: 20.19%). The branch had reversal transaction of unrecognised deferred tax assets in 2023.

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23. Tax effect from other comprehensive income

	2023			(Restated) 2022		
	Before tax Baht	Tax benefit (expense) Baht	Net of tax Baht	Before tax Baht	Tax benefit (expense) Baht	Net of tax Baht
Remeasurements of investments measured at fair value through other comprehensive income	(2,811,143)	2,924,597	113,454	(12,351,641)	113,673	(12,237,968)
Remeasurements of post-employment benefit obligations	(222,738)	489,316	266,578	169,673	-	169,673
Total	(3,033,881)	3,413,913	380,032	(12,181,968)	113,673	(12,068,295)

24. Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Branch, including holding companies and fellow subsidiaries are related parties of the Branch. Key management personnel including officers of the Branch and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

The following significant transactions were carried out with related parties and affiliated companies within AIA Group.

a) Statements of comprehensive income

	2023 Baht	2022 Baht
Affiliated companies		
Net investment income (expense)	(935,396)	(943,436)
Operating expenses:		
Information system service and other expenses	544,648	258,358
Rental and utilities expenses	335,644	338,028
Service fees	887,006	886,893
Finance cost	46,300	28,231

b) Statements of financial position

	2023 Baht	2022 Baht
Affiliated companies		
Amount due from related parties	63,312	159,635
Other assets	1,569,033	1,076,011
Amount due to related parties	77,711	92,110
Other liabilities	1,615,379	1,111,837

c) Key management compensation

Key management personnel are those people having authority and responsibility for planning, directing and controlling the activities of the Branch. There are no such personnel employed directly by the Branch. These activities are managed by Head Office.