

Disclosure Form (Attached to the OIC Commissioner Order No.48/2561)

Information Disclosure of Non-Life Insurance Companies B.E. 2561

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.....

Name.....Wai Cheong Fung.....

Position.....Chief Executive Officer.....

Disclosed on29.....June..... 2020.....

Information for the Quarter.....1.....Year...2020.....

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 120%.

Unit: Million Baht

Capital Items	Quarter 1		Quarter 2		Quarter 3	
	2020	2019	2020	2019	2020	2019
Capital Adequacy Ratio (%)	1,484	1,399	XXX	1,427	XXX	1,468
Total Capital Available	445	420	XXX	428	XXX	440
Total Capital Required	30	30	XXX	30	XXX	30

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 followings:

(1) 120% from December 31st, 2019 to December 31st, 2021

(2) 140% from January 1st, 2022 onwards

- Capital refers to RBC capital 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**

INTERIM FINANCIAL INFORMATION (UNAUDITED)

31 MARCH 2020



AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Executive Committee of AIA Company Limited

I have reviewed the interim financial information of AIA Company Limited (Non-Life Insurance) Thailand Branch, which comprises the statement of financial position as at 31 March 2020, and the related statements of comprehensive income, changes in Head Office's equity, and cash flows for the three-month period then ended, and the condensed notes to the interim financial information. The Branch's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

PricewaterhouseCoopers ABAS Ltd.

Paiboon Tunkoon
Certified Public Accountant (Thailand) No. 4298
Bangkok
8 June 2020

AIA Company Limited (Non-Life Insurance) Thailand Branch
Statement of Financial Position
As at 31 March 2020

		(Unaudited) 31 March 2020 Baht	(Audited) 31 December 2019 Baht
	Notes		
Assets			
Cash and cash equivalents	7	4,807,807	10,106,695
Accrued income on investments		3,205,636	1,605,258
Reinsurance assets	8, 14	50,375	72,523
Amounts due from reinsurance	9	19,069	17,618
Invested assets			
Investments in securities	10	448,983,845	442,709,218
Amount due from related parties	21	117,747	229,307
Furniture, fixtures and equipment, net	11	2,157	5,048
Intangible assets, net	12	32	32
Other assets, net	13, 21	1,092,019	24,764
Total assets		458,278,687	454,770,463

Authorised person _____

The notes are form an integral part of these interim financial information.

AIA Company Limited (Non-Life Insurance) Thailand Branch
Statement of Financial Position (Cont'd)
As at 31 March 2020

		(Unaudited) 31 March 2020 Baht	(Audited) 31 December 2019 Baht
	Notes		
Liabilities and Head Office's Equity			
Liabilities			
Insurance liabilities	14	1,010,248	1,453,622
Amount due to reinsurance	15	34,167	79,917
Amount due to related parties	21	27,129	44,967
Income tax payable		1,612,211	1,173,255
Employee benefit liabilities		4,527,696	4,628,579
Deferred tax liabilities	16	4,053,596	3,869,931
Other liabilities	17, 21	5,902,505	5,016,710
Total liabilities		17,167,552	16,266,981
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		16,243,247	15,479,724
Remeasurements of post-employment benefit obligations, net of tax		(2,585,555)	(2,585,555)
Branch's retained earnings - Unappropriated		287,145,690	285,301,560
Total Head Office's Equity		441,111,135	438,503,482
Total liabilities and Head Office's Equity		458,278,687	454,770,463

The notes are form an integral part of these interim financial information.

AIA Company Limited (Non-Life Insurance) Thailand Branch
Statement of Comprehensive Income (Unaudited)
For the three-month period ended 31 March 2020

	Notes	2020 Baht	2019 Baht
Revenues			
Gross written premiums		1,247,316	2,018,253
<u>Less</u> Premiums ceded to reinsurers		<u>(64,903)</u>	<u>(100,912)</u>
Net written premiums		1,182,413	1,917,341
<u>Add</u> Net change in unearned premium reserve		<u>386,075</u>	<u>293,860</u>
Net earned premiums		1,568,488	2,211,201
Fee and commission income		20,269	32,797
Net investment income		<u>1,918,154</u>	<u>2,343,139</u>
Total revenues		<u>3,506,911</u>	<u>4,587,137</u>
Expenses			
Gross claim paid		474,770	1,305,665
<u>Less</u> Claim paid recovered from reinsurers		<u>(6,102)</u>	<u>(32,309)</u>
Commission and brokerage		178,520	309,822
Other underwriting expenses		127,437	448,371
Operating expenses	19, 21	390,828	1,617,798
Finance cost		5,698	-
Expected credit loss	20	<u>(9)</u>	<u>-</u>
Total expenses		<u>1,171,142</u>	<u>3,649,347</u>
Profit before income tax		2,335,769	937,790
Income tax expenses		<u>453,572</u>	<u>204,135</u>
Net profit for the period		<u>1,882,197</u>	<u>733,655</u>

The notes are form an integral part of these interim financial information.

AIA Company Limited (Non-Life Insurance) Thailand Branch
Statement of Comprehensive Income (Unaudited) (Cont'd)
For the three-month period ended 31 March 2020

	Note	2020 Baht	2019 Baht
Other comprehensive income (loss)			
<u>Items that will be reclassified subsequently to profit or loss</u>			
Gains on remeasuring investments measured at fair value through other comprehensive income		918,318	2,070,632
Income tax on items that will be reclassified subsequently to profit or loss	16	<u>(183,664)</u>	<u>(369,965)</u>
Total items that will be reclassified subsequently to profit or loss		<u>734,654</u>	<u>1,700,667</u>
Other comprehensive income for the period, net of tax		<u>734,654</u>	<u>1,700,667</u>
Total comprehensive income for the period		<u><u>2,616,851</u></u>	<u><u>2,434,322</u></u>

The notes are form an integral part of these interim financial information.

AIA Company Limited (Non-Life Insurance) Thailand Branch
Statement of Changes in Head Office's Equity (Unaudited)
For the three-month period ended 31 March 2020

	Funds from Head Office	Remeasurements of investments measured at fair value through other comprehensive income, net of tax	Remeasurement of post-employment benefit obligations, net of tax	Branch's retained earnings	Total Head Office's Equity
	Baht	Baht	Baht	Baht	Baht
Beginning balance as at 1 January 2020	140,307,753	15,479,724	(2,585,555)	285,301,560	438,503,482
Retrospective adjustment from adoption of new financial reporting standards (Note 4)	-	28,869	-	(38,067)	(9,198)
Beginning balance after adjustment	140,307,753	15,508,593	(2,585,555)	285,263,493	438,494,284
Net profit for the period	-	-	-	1,882,197	1,882,197
Gains on remeasuring investments measured at fair value through other comprehensive income	-	734,654	-	-	734,654
Ending balance as at 31 March 2020	140,307,753	16,243,247	(2,585,555)	287,145,690	441,111,135
Beginning balance as at 1 January 2019	140,307,753	(220,806)	(2,070,520)	278,886,665	416,903,092
Net profit for the period	-	-	-	733,655	733,655
Unrealised gain on changes in value of available-for-sale investments	-	1,700,667	-	-	1,700,667
Ending balance as at 31 March 2019	140,307,753	1,479,861	(2,070,520)	279,620,320	419,337,414

The notes are form an integral part of these interim financial information.

AIA Company Limited (Non-Life Insurance) Thailand Branch
Statement of Cash Flows (Unaudited)
For the three-month period ended 31 March 2020

	2020	2019
	Baht	Baht
Cash flows provided by (used in) operating activities		
Written premium received from direct insurance	1,221,078	2,052,248
Cash paid for reinsurance	(83,904)	(90,335)
Net investment income	903,279	1,772,848
Claim paid from direct insurance	(158,593)	(1,503,454)
Commission and brokerage paid to direct insurance	(209,285)	(292,460)
Other underwriting expenses	(200,671)	(540,833)
Operating expenses	(733,687)	(1,445,737)
Income tax	(14,614)	(21,398)
Cash received from investment in securities	10,000,000	70,000,000
Cash paid for investment in securities	(15,941,804)	(76,681,676)
Net cash used in operating activities	(5,218,201)	(6,750,797)
Cash flows used in financing activities		
Lease Liabilities	(80,687)	-
Net cash used in financing activities	(80,687)	-
Net decrease in cash and cash equivalent	(5,298,888)	(6,750,797)
Cash and cash equivalents at beginning of period	10,106,695	8,902,558
Cash and cash equivalents at end of period	4,807,807	2,151,761

The notes are form an integral part of these interim financial information.

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 operations of the Branch is to provide non-life insurance, personal accident and health insurance.

This interim financial information has been approved by the Branch's management on 8 June 2020.

This interim financial information has been reviewed, not audited.

2. Basis of preparation the interim financial information

The interim financial information has been prepared in accordance with Thai Accounting Standard 34 Interim Financial Reporting. The primary financial information (statement of financial position, statement of comprehensive income, statement of changes in Head Office's equity and cash flows) is presented in a format consistent with the annual financial statements complying with Thai Accounting Standard 1 Presentation of Financial Statements. In addition, the interim financial information presentation is based on the formats of interim financial information attached in an Office of Insurance Commission's notification "Principle, methodology, condition and timing for preparation, submission and reporting of financial statements and operation performance for non-life insurance company (No.2) B.E. 2562" dated on 4 April 2019 ('OIC notification'). The notes to the interim financial information are prepared in a condensed format. Additional notes are presented as required by the aforementioned OIC Notification.

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

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

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

3. Accounting policies

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2019, except for the following:

1. the adoption of the new financial reporting standards as described in Note 4
2. the Branch did not apply the temporary exemption guidance to relieve the impact from COVID-19 (temporary measures to relieve the impact from COVID-19) announced by the Federation of Accounting Professions (TFAC) for the reporting period ended 31 March 2020.

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

Adoption of new financial reporting standards

On 1 January 2020, the Branch passes criteria of temporary exemption from TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures under TFRS 4 (revised 2018) Insurance Contracts. The Branch is eligible to apply the 'financial instruments and disclosures for insurance companies' accounting guidance' ('the Accounting Guidance').

The Branch has adopted financial reporting standards relating to financial instruments (TAS 32, and the Accounting Guidance) and leases standard (TFRS 16) retrospectively from 1 January 2020, but has not restated comparatives for the 2019 reporting period, as permitted in the standards. The adjustments arising from the new requirements are therefore recognised in the opening statement of financial position on 1 January 2020.

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

	As at 31 December 2019 Previously reported Baht	TAS 32 and the Accounting Guidance Adjustments Baht	TFRS 16 Adjustments Baht	As at 1 January 2020 Restated Baht
Assets				
Investment in securities	442,709,218	-	-	442,709,218
Other assets	24,764	-	1,105,499	1,130,263
Total assets	442,733,982	-	1,105,499	443,839,481
Liabilities and Head Office's equity				
Liabilities				
Other liabilities	5,016,710	-	1,114,697	6,131,407
Total liabilities	5,016,710	-	1,114,697	6,131,407
Head Office's Equity				
Remeasurements of investments measured at fair value through other comprehensive income, net of tax	15,479,724	28,869	-	15,508,593
Branch's retained earnings	285,301,560	(28,869)	(9,198)	285,263,493
Total Head Office's equity	300,781,284	-	(9,198)	300,772,086
Total liabilities and Head Office's equity	305,797,994	-	1,105,499	306,903,493

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

Adoption of new financial reporting standards (Cont'd)

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

Impairment

The new requirements on the impairment losses will lead to expected credit losses having to be considered and recognised at the initial recognition and subsequent period. The Branch accounts for expected credit losses which involves a three-stage expected credit loss impairment model. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. As of 1 January 2020, the Branch recognised impairment losses for investment in securities of Baht 36,087. The transition adjustment will be recognised as an adjustment to the opening balance of retained earnings.

The Branch adopted TFRS 16 and recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of TAS 17 Leases. At adoption of TFRS 16, lease liabilities at transition date were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2020. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2020 was 2.14%.

	Baht
Operating lease commitments disclosed as at 31 December 2019	286,768
<u>Less:</u> Discounted using the lessee's incremental borrowing rate at the date of initial application	(42,362)
<u>Add:</u> Adjustments as a result of a different treatment of extension and termination options	952,405
<u>Less:</u> Other adjustments	(82,114)
Lease liability recognised as at 1 January 2020	<u>1,114,697</u>

The associated right-of-use assets for property leases were measured on a retrospective basis as if TFRS 16 had always been applied. The right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepayment relating to that lease recognised in the statement of financial position as at 31 December 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

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

	31 March 2020 Baht	1 January 2020 Baht
Buildings and improvements	1,030,218	1,105,499
Total right-of-use assets	<u>1,030,218</u>	<u>1,105,499</u>

Practical expedients applied

In applying TFRS 16 for the first time, the Branch has used the following practical expedients permitted by the standard with lease agreements effective prior to 1 January 2020:

- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2020 as short-term leases or lease contracts for low value assets, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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

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

Investment in securities

Classification and measurements

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

- Investments measured at fair value through other comprehensive income (FVOCI)

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

Impairment

From 1 January 2020, the Branch assesses expected credit loss on a forward looking basis for its financial assets classified as debt securities carried at FVOCI and at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The 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 expected credit loss will be recognised in profit or loss.

Right-of-use assets and lease liabilities

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

From 1 January 2020, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the 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. Right-of-use assets are recorded as part of "Other assets" in the statement of financial positions.

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

Changes in accounting policies from adoption of the financial reporting standards related to financial instruments and leases (Cont'd)

Right-of-use assets and lease liabilities (Cont'd)

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

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

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

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

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

5. Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies lead to the reported amounts of assets and liabilities, income and expense may differ from these estimates.

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

6. Fair value

6.1 Fair value estimation

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities, and the 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 fair value of the Branch's financial assets that are measured at fair value as at 31 March 2020 and 31 December 2019:

	Level 1 Baht	Level 2 Baht	Level 3 Baht	Total Baht
As at 31 March 2020 (Unaudited)				
Asset				
Investment in securities				
Investments measured at fair value through other comprehensive income				
Debt securities	- 448,983,845		- 448,983,845	
Total asset	- 448,983,845		- 448,983,845	
As at 31 December 2019 (Audited)				
Asset				
Investment in securities				
Available-for-sale securities				
Debt securities	- 442,709,218		- 442,709,218	
Total asset	- 442,709,218		- 442,709,218	

6.2 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.

7. Cash and cash equivalents

	(Unaudited) 31 March 2020 Baht	(Audited) 31 December 2019 Baht
Deposits held at call with banks	4,807,807	10,106,695
Total cash and cash equivalents	<u>4,807,807</u>	<u>10,106,695</u>

8. Reinsurance assets

	(Unaudited) 31 March 2020 Baht	(Audited) 31 December 2019 Baht
<u>Reserve of recovery from reinsurers</u>		
Short term insurance contract reserve		
Loss reserve (IBNR)	12,524	14,352
Premium reserve		
- Unearned premium reserve (UPR)	37,851	58,171
Total reinsurance assets	<u>50,375</u>	<u>72,523</u>

9. Amount due from reinsurance

	(Unaudited) 31 March 2020 Baht	(Audited) 31 December 2019 Baht
Due from reinsurers	19,069	17,618
Total amount due from reinsurance	<u>19,069</u>	<u>17,618</u>

10. Investments in securities

The details of investment in securities are as follows:

	(Unaudited) 31 March 2020		(Audited) 31 December 2019	
	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	325,661,047	344,073,778	-	-
Private enterprise debt securities	103,054,817	104,910,067	-	-
Total	428,715,864	448,983,845	-	-
<u>Add</u> Unrealised gains on the changes in value of investments	20,267,981	-	-	-
Total Investments measured at fair value through other comprehensive income	448,983,845	448,983,845	-	-
<u>Available-for-sale securities</u>				
Government and state enterprise securities	-	-	320,261,000	337,876,766
Private enterprise debt securities	-	-	103,098,563	104,832,452
Total	-	-	423,359,563	442,709,218
<u>Add</u> Unrealised gains on the changes in value of investments	-	-	19,349,655	-
Total available-for-sale securities	-	-	442,709,218	442,709,218
Total investments in securities	448,983,845	448,983,845	442,709,218	442,709,218

Investments in securities include debts securities with a fair value of Baht 8.54 million (31 December 2019: with a fair value of Baht 8.56 million), which have been placed with the Office of Insurance Commissioner, under the Ministry of Finance, as required by the Non-Life Insurance Act B.E. 2535, amended by the Non-life Insurance Act (No. 2) B.E. 2551.

For the three-month period ended 31 March 2020, the Branch had interest income recognized relating to investment amounting to Baht 2.48 million (31 March 2019: Baht 2.39 million)

AIA Company Limited (Non-Life Insurance) Thailand Branch
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2020

10. Investment in securities (Cont'd)

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

	(Unaudited)	
	31 March 2020	
	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)	448,983,845	36,078
Investment in debt securities which credit risk has significantly increased (Stage 2)	-	-
Credit-impaired investments in debt securities (Stage 3)	-	-
Total	448,983,845	36,078

AIA Company Limited (Non-Life Insurance) Thailand Branch
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2020

11. Furniture, fixtures and equipment, net

	31 March 2020 (Unaudited)					
	Cost		Accumulated depreciation			
	Beginning balance 1 January 2020 Baht	For the period Additions Baht	Disposals/ Write-offs Baht	Ending balance 31 March 2020 Baht	For the period Depreciation Baht	Disposals/ Write-offs Baht
Furniture, fixtures and equipment Computers	3,098,917 4,409,769 7,508,686	- - -	- - -	3,098,917 4,409,769 7,508,686	- 2,891 2,891	- - -
Total						
				3,098,765 4,407,764 7,506,529		152 2,005 2,157

	31 December 2019 (Audited)					
	Cost		Accumulated depreciation			
	Beginning balance 1 January 2019 Baht	For the year Additions Baht	Disposals/ Write-offs Baht	Ending balance 31 December 2019 Baht	For the year Depreciation Baht	Disposals/ Write-offs Baht
Furniture, fixtures and equipment Computers	3,098,917 4,409,769 7,508,686	- - -	- - -	3,098,765 4,377,387 7,476,152	- 27,486 27,486	- - -
Total						
				3,098,765 4,404,873 7,503,638		152 4,896 5,048

AIA Company Limited (Non-Life Insurance) Thailand Branch
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 31 March 2020

12. Intangible assets, net

	31 March 2020 (Unaudited)					
	Cost			Accumulated amortisation		
	For the period			For the period		
	Beginning balance 1 January 2020 Baht	Additions Baht	Disposals/ Write-offs Baht	Ending balance 31 March 2020 Baht	Beginning balance 1 January 2020 Baht	Amortisation Charge Baht
Computer software	5,775,153	-	-	5,775,153	5,775,121	-
Total	5,775,153	-	-	5,775,153	5,775,121	-
	31 December 2019 (Audited)					
	Cost			Accumulated amortisation		
	For the year			For the year		
	Beginning Balance 1 January 2019 Baht	Additions Baht	Disposals/ Write-offs Baht	Ending balance 31 December 2019 Baht	Beginning Balance 1 January 2019 Baht	Amortisation Charge Baht
Computer software	5,775,153	-	-	5,775,153	5,775,121	-
Total	5,775,153	-	-	5,775,153	5,775,121	-
	31 March 2020 (Unaudited)					
	Cost			Accumulated amortisation		
	For the period			For the period		
	Beginning balance 1 January 2020 Baht	Additions Baht	Disposals/ Write-offs Baht	Ending balance 31 March 2020 Baht	Beginning balance 1 January 2020 Baht	Amortisation Charge Baht
Computer software	5,775,153	-	-	5,775,153	5,775,121	-
Total	5,775,153	-	-	5,775,153	5,775,121	-
	31 December 2019 (Audited)					
	Cost			Accumulated amortisation		
	For the year			For the year		
	Beginning Balance 1 January 2019 Baht	Additions Baht	Disposals/ Write-offs Baht	Ending balance 31 December 2019 Baht	Beginning Balance 1 January 2019 Baht	Amortisation Charge Baht
Computer software	5,775,153	-	-	5,775,153	5,775,121	-
Total	5,775,153	-	-	5,775,153	5,775,121	-

13. Other assets, net

	(Unaudited) 31 March 2020 Baht	(Audited) 31 December 2019 Baht
Deposits	10,000	10,000
Right-of-use assets (Note 21 (b))	1,030,218	-
Other assets	51,801	14,764
Total	<u>1,092,019</u>	<u>24,764</u>

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13. Other assets, net (Cont'd)

13.1 Right-of-use assets

Detail of right-of-use assets are as follows:

	31 March 2020 (Unaudited)					Unit : Baht
	Cost		Accumulated amortisation			
	Beginning balance 1 January 2020	For the period	Ending balance 31 March 2020	Beginning balance 1 January 2020	For the period	Ending balance 31 March 2020
		Change in contract			Amortisation charge	
	Addition					Right-of-use assets
Buildings and improvements	1,105,499	1,013	-	1,106,512	-	76,294
Total	1,105,499	1,013	-	1,106,512	-	76,294
						1,030,218
						1,030,218

The related lease liabilities are disclosed in Note 17.

14. Insurance liabilities

	Insurance liabilities Baht	Liabilities recovered from reinsurance Baht	Net Baht
31 March 2020 (Unaudited)			
Long term insurance contract reserve	-	-	-
Short term insurance contract reserve			
Loss reserve			
- Reported claim	-	-	-
- Claim incurred but not reported	253,228	(12,524)	240,704
Premium reserve			
- Unearned premium reserve	757,020	(37,851)	719,169
Total	<u>1,010,248</u>	<u>(50,375)</u>	<u>959,873</u>
31 December 2019 (Audited)			
Long term insurance contract reserve	-	-	-
Short term insurance contract reserve			
Loss reserve			
- Reported claim	-	-	-
- Claim incurred but not reported	290,207	(14,352)	275,855
Premium reserve			
- Unearned premium reserve	1,163,415	(58,171)	1,105,244
Total	<u>1,453,622</u>	<u>(72,523)</u>	<u>1,381,099</u>

No additional reserve for Unexpired Risk Reserve has been established as the Unexpired Risk Reserve estimated by the Branch as at 31 March 2020 amounting to Baht 0.57 million (31 December 2019: Baht 0.87 million) is lower than the Unearned Premium Reserve.

14. Insurance liabilities (Cont'd)

14.1 Long-term insurance contract reserve

	(Unaudited) 31 March 2020 Baht	(Audited) 31 December 2019 Baht
Beginning balance for the period/year	-	-
Change in reserve	-	-
Insurance claim incurred during the period/year	-	-
Changes in claim reserve from change in assumption during the period/year	-	-
Insurance claim paid during the period/year	-	-
Closing balance at the end of period/year	-	-

14.2 Short-term insurance contract reserve

14.2.1 Loss reserve

	(Unaudited) 31 March 2020 Baht	(Audited) 31 December 2019 Baht
Beginning balance for the period/year	290,207	377,200
Insurance claim incurred during the period/year	158,593	2,181,350
Changes in claim reserve from change in assumption during the period/year	(36,979)	(64,493)
Insurance claim paid during the period/year	(158,593)	(2,203,850)
Closing balance at the end of period/year	253,228	290,207

14.2.2 Unearned premium reserve

	(Unaudited) 31 March 2020 Baht	(Audited) 31 December 2019 Baht
Beginning balance for the period/year	1,163,415	1,287,284
Premium written for the period/year	1,247,316	8,517,283
Premium earned in the period/year	(1,653,711)	(8,641,152)
Closing balance at the end of period/year	757,020	1,163,415

15. Amount due to reinsurance

	(Unaudited) 31 March 2020 Baht	(Audited) 31 December 2019 Baht
Reinsurance payable	34,167	79,917
Total amount due to reinsurance	34,167	79,917

16. Deferred tax liabilities

	(Unaudited)			
	Net deferred tax asset/ (liability) at 1 January 2020 Baht	Credited/ (charged) to profit or loss Baht	Credited/ (charged) to Head Offices Equity Baht	Net deferred tax asset/ (liability) at 31 March 2020 Baht
For the period ended				
Remeasurements of investments measured at fair value through other comprehensive income	(3,877,148)	7,216	(183,664)	(4,053,596)
Total	(3,877,148)	7,216	(183,664)	(4,053,596)

17. Other liabilities

	(Unaudited) 31 March 2020 Baht	(Audited) 31 December 2019 Baht
Accrued expenses	114,401	304,470
Others payables	4,480,710	4,346,562
Sundry liabilities	63,088	89,327
Unpresented cheque payable	22,345	52,519
Account payable for agents	59,863	90,628
Withholding tax payable and VAT payable	104,175	116,639
Lease liabilities (Note 21 (b))	1,040,721	-
Others	17,202	16,565
Total	5,902,505	5,016,710

17. Other liabilities (Cont'd)

17.1 The maturity of lease liabilities

The maturity analysis of lease liabilities are aged as follows:

	(Unaudited) 31 March 2020 Baht
Maturing	
Within 1 year	304,198
Between 1 to 5 years	736,523
Later than 5 years	-
Total	1,040,721
<i>Including: - Principal</i>	<i>1,077,384</i>
<i>- Interest</i>	<i>(36,663)</i>

For the three-month periods ended 31 March 2020, interest expense on lease liabilities amounted to Baht 5,698 is recorded as finance cost in the statement of comprehensive income.

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 - Thailand Branch when the non-life branch was formed under the requirement of the Non-life Insurance Act B.E. 2535.

19. Operating expenses

	(Unaudited) 31 March 2020 Baht	31 March 2019 Baht
Staff expenses	137,909	56,126
Premises and equipment expense	40,817	71,272
Tax and duties	16,192	16,486
Service fees	40,924	1,169,846
Other operating expenses	154,986	304,068
Total	390,828	1,617,798

20. Expected credit loss

	(Unaudited) 31 March 2020 Baht
Investment in securities	(9)
Total	(9)

21. Related party transactions

Entities 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, subsidiaries and fellow subsidiaries are related parties of the Branch. Key management personnel, including directors and officers of the Branch and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

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

Significant related party transactions are transacted at prices negotiated between the parties involved.

Significant transactions with Head Office, related parties and affiliates within AIA Group Limited are as follows:

a) Statements of Comprehensive Income

	(Unaudited) 31 March 2020 Baht	31 March 2019 Baht
Affiliated companies		
Operating expenses:		
Information system service and other expenses	86,836	119,131
Rental and utilities expenses	77,145	82,735
Service fees	96,476	1,033,695

b) Statements of Financial Position

	(Unaudited) 31 March 2020 Baht	(Audited) 31 December 2019 Baht
Affiliated companies		
Amounts due from related parties	117,747	229,307
Other assets	1,030,218	-
Other liabilities	1,040,721	-
Head Office and affiliated companies		
Amounts due to related parties	27,129	44,967

21. Related party transactions (Cont'd)

c) Key management compensation

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

22. Commitments

As indicated in note 4, the Branch has adopted TFRS 16 retrospectively from 1 January 2020, but has not restated comparatives for the 2019 reporting period as permitted under the specific transition provisions in the standard. Prior to the adoption of TFRS 16, the Branch had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	(Audited) 31 December 2019 Baht
Within 1 year	251,280
Later than 1 year but not over than 5 years	35,488
Total	<u>286,768</u>