

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 on27.....November.....2020.....

Information for the Quarter.....3.....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	1,500	1,427	1,155	1,468
Total Capital Available	445	420	450	428	450	440
Total Capital Required	30	30	30	30	39	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)

30 SEPTEMBER 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 30 September 2020, the statements of comprehensive income for the three-month and nine-month periods then ended, the related statements of changes in equity and cash flows for the nine-month period then ended, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

PricewaterhouseCoopers ABAS Ltd.

Paiboon Tunkoon
Certified Public Accountant (Thailand) No. 4298
Bangkok
5 November 2020

AIA Company Limited (Non-Life Insurance) Thailand Branch

Statement of Financial Position

As at 30 September 2020

		(Unaudited) 30 September 2020 Baht	(Audited) 31 December 2019 Baht
	Notes		
Assets			
Cash and cash equivalents	7	1,787,051	10,106,695
Accrued income on investments		3,557,954	1,605,258
Reinsurance assets	8, 14	34,766	72,523
Amounts due from reinsurance	9	-	17,618
Invested assets			
Investments in securities	10	455,548,138	442,709,218
Amount due from related parties	21	26,149	229,307
Furniture, fixtures and equipment	11	230	5,048
Intangible assets	12	32	32
Other assets	13, 21	1,742,959	24,764
Total assets		462,697,279	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 30 September 2020

		(Unaudited) 30 September 2020 Baht	(Audited) 31 December 2019 Baht
	Notes		
Liabilities and Head Office's Equity			
Liabilities			
Insurance liabilities	14	697,532	1,453,622
Amount due to reinsurance	15	34,342	79,917
Amount due to related parties	21	29,725	44,967
Income tax payable		644,825	1,173,255
Employee benefit liabilities		4,839,827	4,628,579
Deferred tax liabilities		4,183,566	3,869,931
Other liabilities	16, 21	6,854,267	5,016,710
Total liabilities		17,284,084	16,266,981
Head Office's Equity			
Funds from Head Office	17	140,307,753	140,307,753
Remeasurements of investments measured at fair value through other comprehensive income, net of tax		16,763,134	15,479,724
Remeasurements of post-employment benefit obligations, net of tax		(2,585,555)	(2,585,555)
Branch's retained earnings Unappropriated		290,927,863	285,301,560
Total Head Office's Equity		445,413,195	438,503,482
Total liabilities and Head Office's Equity		462,697,279	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 30 September 2020

	Notes	2020 Baht	2019 Baht
Revenues			
Gross written premiums		1,217,267	1,731,857
<u>Less</u> Premiums ceded to reinsurers		<u>(60,863)</u>	<u>(71,319)</u>
Net written premiums		1,156,404	1,660,538
<u>Add</u> Net change in unearned premium reserve		<u>159,551</u>	<u>267,869</u>
Net earned premiums		1,315,955	1,928,407
Fee and commission income		19,781	28,143
Net investment income		1,737,142	2,134,405
Gains on investment		<u>1,338,623</u>	<u>-</u>
Total revenues		<u>4,411,501</u>	<u>4,090,955</u>
Expenses			
Gross claim paid		520,020	1,854,321
<u>Less</u> Claim paid recovered from reinsurers		<u>(6,455)</u>	<u>(21,148)</u>
Commissions and brokerages		165,873	194,897
Other underwriting expenses		110,287	201,653
Operating expenses	18, 21	710,952	643,367
Finance cost		9,935	-
Expected credit loss	19	<u>23,978</u>	<u>-</u>
Total expenses		<u>1,534,590</u>	<u>2,873,090</u>
Profit before income tax		2,876,911	1,217,865
Income tax expenses	20	<u>591,998</u>	<u>281,465</u>
Net profit for the period		<u>2,284,913</u>	<u>936,400</u>

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

AIA Company Limited (Non-Life Insurance) Thailand Branch
Statement of Comprehensive Income (Unaudited) (Cont'd)
For the three-month period ended 30 September 2020

	2020	2019
	Baht	Baht
Other comprehensive income (loss)		
<u>Items that will be reclassified subsequently to profit or loss</u>		
Gains(losses) on remeasuring investments measured at fair value through other comprehensive income	(3,983,833)	10,437,682
Items in other comprehensive income transferred to profit or loss	1,338,623	-
Income tax on items that will be reclassified subsequently to profit or loss	529,043	(2,087,537)
Total items that will be reclassified subsequently to profit or loss	<u>(2,116,167)</u>	<u>8,350,145</u>
Other comprehensive income(losses) for the period, net of tax	<u>(2,116,167)</u>	<u>8,350,145</u>
Total comprehensive income for the period	<u><u>168,746</u></u>	<u><u>9,286,545</u></u>

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

AIA Company Limited (Non-Life Insurance) Thailand Branch
Statement of Comprehensive Income (Unaudited)
For the nine-month period ended 30 September 2020

	Notes	2020 Baht	2019 Baht
Revenues			
Gross written premiums		3,953,593	5,990,240
<u>Less</u> Premiums ceded to reinsurers		<u>(200,217)</u>	<u>(284,238)</u>
Net written premiums		3,753,376	5,706,002
<u>Add</u> Net change in unearned premium reserve		<u>635,536</u>	<u>604,736</u>
Net earned premiums		4,388,912	6,310,738
Fee and commission income		96,185	136,053
Net investment income		5,570,046	6,327,115
Gains on investment		<u>1,338,623</u>	<u>-</u>
Total revenues		<u>11,393,766</u>	<u>12,773,906</u>
Expenses			
Gross claim paid		1,467,138	3,350,854
<u>Less</u> Claim paid recovered from reinsurers		<u>(17,147)</u>	<u>(55,766)</u>
Commission and brokerage		526,791	799,107
Other underwriting expenses		368,727	754,491
Operating expenses	18, 21	1,845,273	2,570,998
Finance cost		20,932	-
Expected credit loss	19	<u>23,960</u>	<u>-</u>
Total expenses		<u>4,235,674</u>	<u>7,419,684</u>
Profit before income tax		7,158,092	5,354,222
Income tax expenses	20	<u>1,493,722</u>	<u>1,183,005</u>
Net profit for the period		<u>5,664,370</u>	<u>4,171,217</u>

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

AIA Company Limited (Non-Life Insurance) Thailand Branch
Statement of Comprehensive Income (Unaudited) (Cont'd)
For the nine-month period ended 30 September 2020

	2020	2019
	Baht	Baht
Other comprehensive income (loss)		
<u>Items that will not be reclassified subsequently to profit or loss</u>		
Remeasurements of post-employment benefit obligations	-	(47,446)
Total items that will not be reclassified subsequently to profit or loss	-	(47,446)
<u>Items that will be reclassified subsequently to profit or loss</u>		
Gains on remeasuring investments measured at fair value through other comprehensive income	229,553	18,332,319
Items in other comprehensive income transferred to profit or loss	1,338,623	-
Income tax on items that will be reclassified subsequently to profit or loss	(313,635)	(3,622,303)
Total items that will be reclassified subsequently to profit or loss	1,254,541	14,710,016
Other comprehensive income for the period, net of tax	1,254,541	14,662,570
Total comprehensive income for the period	6,918,911	18,833,787

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

AIA Company Limited (Non-Life Insurance) Thailand Branch
Statement of Changes in Head Office's Equity (Unaudited)
For the nine-month period ended 30 September 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	Unappropriated 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	-	-	-	5,664,370	5,664,370
Remeasurement of post - employment benefit obligations	-	-	-	-	-
Gains on remeasuring investments measured at fair value through other comprehensive income	-	183,643	-	-	183,643
Items in other comprehensive income transferred to profit or loss	-	1,070,898	-	-	1,070,898
Ending balance as at 30 September 2020	140,307,753	16,763,134	(2,585,555)	290,927,863	445,413,195
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	-	-	-	4,171,217	4,171,217
Remeasurement of post - employment benefit obligations	-	-	(47,446)	-	(47,446)
Change in value of available-for-sale investments, net of tax	-	14,710,016	-	-	14,710,016
Ending balance as at 30 September 2019	140,307,753	14,489,210	(2,117,966)	283,057,882	435,736,879

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

AIA Company Limited (Non-Life Insurance) Thailand Branch
Statement of Cash Flows (Unaudited)
For the nine-month period ended 30 September 2020

	2020	2019
	Baht	Baht
Cash flows provided by (used in) operating activities		
Written premium received from direct insurance	4,013,724	6,117,386
Cash paid from reinsurance	(110,535)	(159,186)
Net investment income	5,320,262	6,946,611
Claim paid from direct insurance	(429,074)	(2,307,521)
Commission and brokerage paid to direct insurance	(552,212)	(883,758)
Other underwriting expenses	(253,539)	(554,475)
Operating expenses	(2,384,960)	(2,577,341)
Income tax	(2,022,152)	(1,020,525)
Cash received from investment in securities	165,011,104	82,991,870
Cash paid for investment in securities	(176,670,097)	(91,639,495)
Net cash used in by operating activities	(8,077,479)	(3,086,434)
Cash flows used in financing activities		
Lease Liabilities	(242,165)	-
Net cash used in financing activities	(242,165)	-
Net decrease in cash and cash equivalents	(8,319,644)	(3,086,434)
Cash and cash equivalents at beginning of period	10,106,695	8,902,558
Cash and cash equivalents at end of period	1,787,051	5,816,124

The notes are form an integral part of this 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 5 November 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 30 September 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:

	30 September 2020 Baht	1 January 2020 Baht
Buildings and improvements	1,723,440	1,105,499
Total right-of-use assets	<u>1,723,440</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 30 September 2020 and 31 December 2019.

	Level 1 Baht	Level 2 Baht	Level 3 Baht	Total Baht
As at 30 September 2020 (Unaudited)				
Asset				
Investment in securities				
Investments measured at fair value through other comprehensive income				
Debt securities	-	455,548,138	-	455,548,138
Total asset	-	455,548,138	-	455,548,138
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) 30 September 2020 Baht	(Audited) 31 December 2019 Baht
Deposits held at call with banks	1,787,051	10,106,695
Total cash and cash equivalents	<u>1,787,051</u>	<u>10,106,695</u>

8. Reinsurance assets

	(Unaudited) 30 September 2020 Baht	(Audited) 31 December 2019 Baht
<u>Reserve of recovery from reinsurers</u>		
Short term insurance contract reserve		
Loss reserve (IBNR)	10,045	14,352
Premium reserve		
- Unearned premium reserve (UPR)	24,721	58,171
Total reinsurance assets	<u>34,766</u>	<u>72,523</u>

9. Amount due from reinsurance

	(Unaudited) 30 September 2020 Baht	(Audited) 31 December 2019 Baht
Due from reinsurers	-	17,618
Total amount due from reinsurance	<u>-</u>	<u>17,618</u>

10. Investments in securities

The details of investment in securities are as follows:

	(Unaudited) 30 September 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	271,341,422	291,085,321	-	-
Private enterprise debt securities	163,312,845	164,462,817	-	-
Total	434,654,267	455,548,138	-	-
<u>Add</u> Unrealised gains on the changes in value of investments	20,893,871	-	-	-
Total Investments measured at fair value through other comprehensive income	455,548,138	455,548,138	-	-
<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	455,548,138	455,548,138	442,709,218	442,709,218

10. Investment in securities (Cont'd)

As at 30 September 2020, investments in securities include debts securities with a fair value of Baht 9.77 million (As at 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 30 September 2020, the Branch had revenue recognised relating to investment as follows:

- Interest income from investments amounting to Baht 2.46 million (30 September 2019: Baht 2.53 million).
- Consideration received from selling investments totaling Baht 79.01 million (30 September 2019: Nil) and gain from selling investments totalling Baht 1.34 million (30 September 2019: Nil).

For the nine-month period ended 30 September 2020, the Branch had revenue recognised relating to investment as follows:

- Interest income from investments amounting to Baht 7.41 million (30 September 2019: Baht 7.41 million).
- Consideration received from selling investments totaling Baht 79.01 million (30 September 2019: Nil) and gain from selling investments totalling Baht 1.34 million (30 September 2019: Nil).

AIA Company Limited (Non-Life Insurance) Thailand Branch
Condensed Notes to the Interim Financial Information (Unaudited)
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10. Investment in securities (Cont'd)

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

	(Unaudited) 30 September 2020	Expected credit loss recognised in other comprehensive income Baht
	Fair value Baht	
Investments in debt securities which credit risk has not significantly increased (Stage 1)	455,548,138	60,046
Investment in debt securities which credit risk has significantly increased (Stage 2)	-	-
Credit-impaired investments in debt securities (Stage 3)	-	-
Total	455,548,138	60,046

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For the interim period ended 30 September 2020

11. Furniture, fixtures and equipment

	30 September 2020 (Unaudited)						
	Cost		Accumulated depreciation				Furniture, fixtures and equipment Baht
	Beginning balance 1 January 2020 Baht	For the period Additions Baht	Disposals/ Write-offs Baht	Ending balance 30 September 2020 Baht	Beginning balance 1 January 2020 Baht	For the period Depreciation Baht	Disposals/ Write-offs Baht
Furniture, fixtures and equipment Computers	3,098,917 4,409,769	- -	- -	3,098,917 4,409,769	3,098,765 4,404,873	- 4,818	- -
Total	7,508,686	-	-	7,508,686	7,503,638	4,818	-
	31 December 2019 (Audited)						
	Cost		Accumulated depreciation				Furniture, fixtures and equipment Baht
	Beginning balance 1 January 2019 Baht	For the year Additions Baht	Disposals/ Write-offs Baht	Ending balance 31 December 2019 Baht	Beginning balance 1 January 2019 Baht	For the year Depreciation Baht	Disposals/ Write-offs Baht
	Beginning balance 1 January 2019 Baht	For the year Additions Baht	Disposals/ Write-offs Baht	Ending balance 31 December 2019 Baht	Beginning balance 1 January 2019 Baht	For the year Depreciation Baht	Disposals/ Write-offs Baht
Furniture, fixtures and equipment Computers	3,098,917 4,409,769	- -	- -	3,098,917 4,409,769	3,098,765 4,377,387	- 27,486	- -
Total	7,508,686	-	-	7,508,686	7,476,152	27,486	-

AIA Company Limited (Non-Life Insurance) Thailand Branch
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 30 September 2020

12. Intangible assets

		30 September 2020 (Unaudited)					
		Cost		Accumulated amortisation			
		For the period		For the period		Ending balance	
		Beginning balance 1 January 2020 Baht	Additions Baht	Disposals/ Write-offs Baht	Amortisation Charge Baht	30 September 2020 Baht	Intangible assets Baht
Computer software		5,775,153	-	-	-	5,775,121	32
Total		5,775,153	-	-	-	5,775,121	32
		31 December 2019 (Audited)					
		Cost		Accumulated amortisation			
		For the year		For the year		Ending balance	
		Beginning Balance 1 January 2019 Baht	Additions Baht	Disposals/ Write-offs Baht	Amortisation Charge Baht	31 December 2019 Baht	Intangible assets Baht
Computer software		5,775,153	-	-	-	5,775,121	32
Total		5,775,153	-	-	-	5,775,121	32

13. Other assets

	(Unaudited) 30 September 2020 Baht	(Audited) 31 December 2019 Baht
Deposits	10,000	10,000
Right-of-use assets (Note 21 (b))	1,723,440	-
Other assets	9,519	14,764
Total	<u>1,742,959</u>	<u>24,764</u>

13. Other assets (Cont'd)

13.1 Right-of-use assets

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

	30 September 2020 (Unaudited)					Unit : Baht
	Cost		Accumulated amortisation			
	Beginning balance 1 January 2020	For the period	Change in contract	Ending balance 30 September 2020	Beginning balance 1 January 2020	For the period Amortisation charge 30 September 2020
		Addition				
Buildings and improvements	1,105,499	844,951	-	1,950,450	-	227,010
Total	1,105,499	844,951	-	1,950,450	-	227,010

The related lease liabilities are disclosed in Note 16.

14. Insurance liabilities

	Insurance liabilities Baht	Liabilities recovered from reinsurance Baht	Net Baht
30 September 2020 (Unaudited)			
Long term insurance contract reserve	-	-	-
Short term insurance contract reserve	-	-	-
Loss reserve			
- Reported claim	-	-	-
- Claim incurred but not reported	203,103	(10,045)	193,058
Premium reserve			
- Unearned premium reserve	494,429	(24,721)	469,708
Total	697,532	(34,766)	662,766
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	1,453,622	(72,523)	1,381,099

No additional reserve for Unexpired Risk Reserve has been established as the Unexpired Risk Reserve estimated by the Branch as at 30 September 2020 amounting to Baht 0.38 million (31 December 2019: Baht 0.87 million) is lower than the Unearned Premium Reserve.

14.1 Long-term insurance contract reserve

	(Unaudited) 30 September 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. Insurance liabilities (Cont'd)

14.2 Short-term insurance contract reserve

14.2.1 Loss reserve

	(Unaudited) 30 September 2020 Baht	(Audited) 31 December 2019 Baht
Beginning balance for the period/year	290,207	377,200
Insurance claim incurred during the period/year	429,074	2,181,350
Changes in claim reserve from change in assumption during the period/year	(87,104)	(64,493)
Insurance claim paid during the period/year	(429,074)	(2,203,850)
Closing balance at the end of period/year	<u>203,103</u>	<u>290,207</u>

14.2.2 Unearned premium reserve

	(Unaudited) 30 September 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	3,953,593	8,517,283
Premium earned in the period/year	(4,622,579)	(8,641,152)
Closing balance at the end of period/year	<u>494,429</u>	<u>1,163,415</u>

15. Amount due to reinsurance

	(Unaudited) 30 September 2020 Baht	(Audited) 31 December 2019 Baht
Reinsurance payable	34,342	79,917
Total amount due to reinsurance	<u>34,342</u>	<u>79,917</u>

16. Other liabilities

	(Unaudited) 30 September 2020 Baht	(Audited) 31 December 2019 Baht
Accrued expenses	262,764	304,470
Others payables	4,506,111	4,346,562
Sundry liabilities	149,457	89,327
Unpresented cheque payable	75,301	52,519
Account payable for agents	65,207	90,628
Withholding tax payable and VAT payable	37,241	116,639
Lease liabilities (Note 21 (b))	1,738,415	-
Others	19,771	16,565
Total	<u>6,854,267</u>	<u>5,016,710</u>

16.1 The maturity of lease liabilities

The maturity analysis of lease liabilities are aged as follows:

	(Unaudited) 30 September 2020 Baht
Maturing	
Within 1 year	277,971
Between 1 to 5 years	1,194,155
Later than 5 years	266,289
Total	<u>1,738,415</u>
Including: - Principal	1,883,903
- Interest	(145,488)

For the three-month and nine-month periods ended 30 September 2020, interest expense on lease liabilities amounted to Baht 9,935 and Baht 20,932, is recorded as finance cost in the statement of comprehensive income, respectively.

17. 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.

18. Operating expenses

	(Unaudited)	
	For the three-month period ended	
	30 September 2020 Baht	30 September 2019 Baht
Staff expenses	188,164	199,511
Premises and equipment expense	43,284	123,726
Tax and duties	1,316	15,429
Service fees	234,438	323,467
Other operating expenses	243,750	(18,766)
Total	710,952	643,367

	(Unaudited)	
	For the nine-month period ended	
	30 September 2020 Baht	30 September 2019 Baht
Staff expenses	485,786	569,770
Premises and equipment expense	127,779	374,003
Tax and duties	20,823	32,281
Service fees	516,661	984,766
Other operating expenses	694,224	610,178
Total	1,845,273	2,570,998

19. Expected credit loss

	(Unaudited)
	For the three-month period ended
	30 September 2020 Baht
Investment in securities	23,978
Total	23,978

	(Unaudited)
	For the nine-month period ended
	30 September 2020 Baht
Investment in securities	23,960
Total	23,960

20. Income tax expenses

The interim income tax expense is recognised based on the management's best estimate of the weighted average income tax rate expected for the interim period applied to the pretax income of the interim period.

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)	
	For the three-month period ended	
	30 September	30 September
	2020	2019
	Baht	Baht
Affiliated companies		
Operating expenses:		
Information system service and other expenses	90,432	163,044
Rental and utilities expenses	85,195	82,371
Service fees	290,152	270,631
	(Unaudited)	
	For the nine-month period ended	
	30 September	30 September
	2020	2019
	Baht	Baht
Affiliated companies		
Operating expenses:		
Information system service and other expenses	234,758	247,530
Rental and utilities expenses	246,363	253,141
Service fees	672,220	733,241

21. Related party transactions (Cont'd)

Significant transactions with Head Office, related parties and affiliates within AIA Group Limited are as follows: (Cont'd)

b) Statements of Financial Position

	(Unaudited) 30 September 2020 Baht	(Audited) 31 December 2019 Baht
Affiliated companies		
Amounts due from related parties	26,149	229,307
Other assets	1,723,440	-
Other liabilities	1,738,415	-
Head Office and affiliated companies		
Amounts due to related parties	29,725	44,967

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.

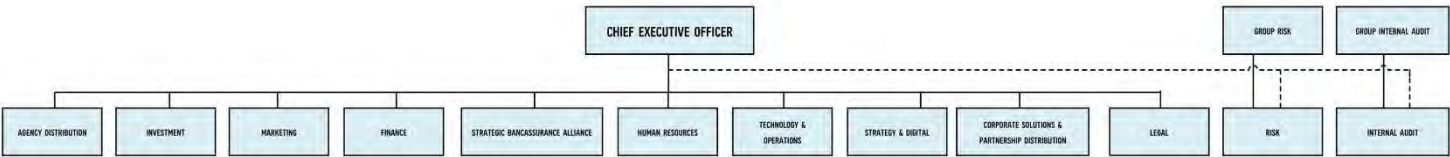
22. Commitments

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	286,768

MATERIAL CHANGE

2.2 THE COMPANY STRUCTURE






MATERIAL CHANGE

2.3 BOARD AND MANAGEMENT STRUCTURE

Board and Management

 <p>Wai Cheong Fung Chief Executive Officer</p>	<p>Responsible for leading AIA Thailand to be success in business and management strategies to harmonise 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.</p>
 <p>Hiew Tet Chian Chief Financial Officer</p>	<p>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.</p>

 <p>Aekkaratt Thitimon Chief Marketing Officer</p>	<p>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.</p>
 <p>Kris Chantanotoke Chief Agency Officer</p>	<p>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>Alisa Simaroj Chief Strategic Bancassurance Alliance Officer</p>	<p>Responsible for managing the relationship with an exclusive bank partner (BBL) including formulating and executing the short to long term strategic plans to support the growth, profitability and operational objectives within the regulatory framework. Providing leadership, directions to the team to meet short, medium and long term financial goals and ambitions.</p>



Sarunya Tienthavorn
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. Managing overall HR activities to ensure that all AIA policies / procedures properly adopted and executed efficiently and effectively.



Kitti Manakongtreecheep
Chief Technology &
Operations Officer

Responsible for driving and developing digital initiatives to increase overall efficiencies and productivity of the company to meet the evolving needs of the customers. Planning and supporting business and managing data center in optimizing the usage of resources to improve business operations and to control operation expenses. Also managing and leading the implementation of appropriate processes and initiatives in the areas of Frontend Operations, Technical Operations, Operations Strategies & Support, Operations System, Life Claims, and Medical to achieve the company's objectives and business growth targets.



Johann Detoit
Chief Investment Officer

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.



Loo Boon Teik
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. 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.



Chiraporn Kanistarath
**Chief Corporate Solutions &
Partnership Distribution**

Responsible for synergizing both Corporate Solutions and Partnership Distribution teams' capacity to leverage the relationship management with partners of AIA Thailand.



Dr. Christian Roland
Chief Strategy & Digital Officer

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.

MATERIAL CHANGE

2.4 SUB-COMMITTEE MEMBERS

a) **Investment Committee** (“IC”)

The members of IC are:

1. Wai Cheong Fung (Chief Executive Officer)
2. Johann Dutoit (Chief Investment Officer)
3. Hiew Tet Chian (Chief Financial Officer)
4. Loo Boon Teik (Chief Risk Officer)
5. Eric Lu (Director & Chief Actuary)

b) **Pension Investment Committee** (“Pension IC”)

The members of Pension IC are:

1. Johann Dutoit (Chief Investment Officer)
2. Sineenart Porkaew (Fund Manager from Life Fund)
3. Vatcharapong Ratanamangkarnont (Fund Manager from Life Fund)
4. Vilasinee Limprana (Head of Pension Business)
5. Dudpong Wongsasitorn (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. Kris Chantanotoke (Chief Agency Officer)
4. Kittti Manakongtreecheep (Chief Technology & Operations Officer)
5. Dr.Christian Roland (Chief Strategy and Digital Officer)
6. Sarunya Tienthavorn (Chief Human Resources Officer)
7. Supirut Pothavorn (Director of Compliance)
8. Jutamas Suttisirikul (Director of Legal)

d) **Financial Risk Committee** (“FRC”)

The members of FRC are:

1. Wai Cheong Fung (Chief Executive Officer)
2. Hiew Tet Chian (Chief Financial Officer)
3. Loo Boon Teik (Chief Risk Officer)
4. Johann Dutoit (Chief Investment Officer)
5. Eric Lu (Director & Chief Actuary)

The Audit Committee

The members of Group Audit Committee are:

1. Ricky Choi-Cheung Fung (Independent Non-Executive Director)
2. Dominic Ka-Kui Leung (Independent Non-Executive Director)
3. Stuart John Valentine (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. Manoj Ramachandra (Group Senior Regional Counsel)