

**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.....Tan Hak Leh.....

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

Disclosed on .....29.....November.....2018.....

Information for the Quarter.....3.....Year...2018.....

# CAPITAL ADEQUACY

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

The current and projected regulatory capital requirements are calculated based on Thailand's RBC regulations, which have been implemented in Thailand since September 2011. 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 140% 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: THB mil

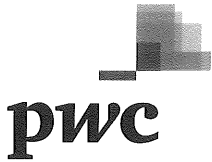
Capital Items	Quarter 1		Quarter 2		Quarter 3	
	2018	2017	2018	2017	2018	2017
Capital Adequacy Ratio (%)	1,382	1,324	1,378	1,328	1,377	1,338
Total Capital Available	414	397	413	398	413	401
Total Capital Required	30	30	30	30	30	30

- Remarks:** - According to the OIC's RBC capital valuation notification for Non-Life Insurance Companies, the Registrar may determine the necessary procedures to manage companies with CAR below 140%
- Capital refers to the RBC capital required to be held according to the OIC's notification for 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 2018**



## AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors 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 2018, the statements of comprehensive income for the three-month and nine-month periods then ended, and 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. 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 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 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  
9 November 2018

**AIA Company Limited (Non-Life Insurance) Thailand Branch**  
**Statement of Financial Position**  
**As at 30 September 2018**

		(Unaudited) 30 September 2018 Baht	(Audited) 31 December 2017 Baht
	Notes		
<b>Assets</b>			
Cash and cash equivalents	6	4,832,195	4,542,195
Accrued income on investments		3,021,484	2,862,488
Reinsurance assets	7, 12	56,135	92,726
Invested assets			
Investments in securities	8	414,442,307	416,655,356
Amount due from related parties	16	439,873	541,332
Furniture, fixtures and equipment, net	9	44,393	80,697
Intangible assets, net	10	32	32
Other assets, net	11	176,735	540,587
<b>Total assets</b>		<b>423,013,154</b>	<b>425,315,413</b>

Authorised person \_\_\_\_\_

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

**AIA Company Limited (Non-Life Insurance) Thailand Branch**  
**Statement of Financial Position (Cont'd)**  
**As at 30 September 2018**

		(Unaudited) 30 September 2018 Baht	(Audited) 31 December 2017 Baht
	Notes		
<b>Liabilities and Head Office's Equity</b>			
<b>Liabilities</b>			
Insurance liabilities	12	1,162,335	1,988,622
Amount due to reinsurance		55,276	105,227
Amount due to related parties	16	80,395	44,776
Income tax payable		228,870	897,935
Employee benefit liabilities		2,891,360	2,669,709
Deferred tax liabilities		-	20,735
Other liabilities	13	5,543,444	6,264,391
<b>Total liabilities</b>		<u>9,961,680</u>	<u>11,991,395</u>
<b>Head Office's Equity</b>			
Funds from Head Office	14	140,307,753	140,307,753
Unrealised gains (losses) on changes in fair value of investments, net of tax		(3,423,527)	82,938
Remeasurements of post-employment benefit obligations, net of tax		(2,704,801)	(2,704,801)
Branch's retained earnings - Unappropriated		278,872,049	275,638,128
<b>Total Head Office's Equity</b>		<u>413,051,474</u>	<u>413,324,018</u>
<b>Total liabilities and Head Office's Equity</b>		<u><u>423,013,154</u></u>	<u><u>425,315,413</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 three-month period ended 30 September 2018**

	<u>Notes</u>	<u>2018</u> <u>Baht</u>	<u>2017</u> <u>Baht</u>
<b>Revenues</b>			
Gross written premiums		2,423,090	3,040,139
<u>Less</u> Premiums ceded to reinsurers		<u>(121,155)</u>	<u>(148,724)</u>
Net written premiums		2,301,935	2,891,415
<u>Add</u> Net change in unearned premium reserve		<u>161,582</u>	<u>189,209</u>
Net earned premiums		2,463,517	3,080,624
Fee and commission income		90,185	48,335
Net investment income		<u>2,199,879</u>	<u>1,752,417</u>
<b>Total revenue</b>		<u>4,753,581</u>	<u>4,881,376</u>
<b>Expenses</b>			
Net change in long-term insurance contract reserve		-	(220,793)
Gross claim paid		566,856	1,160,018
<u>Less</u> Claim paid recovered from reinsurers		<u>(11,130)</u>	<u>(27,698)</u>
Commission and brokerage		353,473	451,920
Other underwriting expenses		615,371	428,722
Operating expenses	15, 16	<u>1,681,640</u>	<u>1,451,852</u>
<b>Total expenses</b>		<u>3,206,210</u>	<u>3,244,021</u>
<b>Profit before income tax</b>		1,547,371	1,637,355
Income tax expenses		<u>318,503</u>	<u>296,619</u>
<b>Net profit for the period</b>		<u>1,228,868</u>	<u>1,340,736</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 2018**

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	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
	<hr/>	<hr/>
<b>Other comprehensive income (loss)</b>		
<u>Items that will be reclassified subsequently to profit or loss</u>		
Change in value of available-for-sale investments	<u>(1,491,435)</u>	<u>1,908,403</u>
Total items that will be reclassified subsequently to profit or loss	<u>(1,491,435)</u>	<u>1,908,403</u>
<b>Other comprehensive income (loss) for the period, net of tax</b>	<u>(1,491,435)</u>	<u>1,908,403</u>
<b>Total comprehensive income (loss) for the period</b>	<u><u>(262,567)</u></u>	<u><u>3,249,139</u></u>

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

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**AIA Company Limited (Non-Life Insurance) Thailand Branch**  
**Statement of Comprehensive Income (Unaudited)**  
**For the nine-month period ended 30 September 2018**

	<u>Notes</u>	<u>2018</u> <u>Baht</u>	<u>2017</u> <u>Baht</u>
<b>Revenues</b>			
Gross written premiums		7,401,335	11,132,901
<u>Less</u> Premiums ceded to reinsurers		<u>(379,100)</u>	<u>(6,183,907)</u>
Net written premiums		7,022,235	4,948,994
<u>Add</u> Net change in unearned premium reserve	12	<u>629,482</u>	<u>665,194</u>
Net earned premiums		7,651,717	5,614,188
Fee and commission income		170,863	4,491,258
Net investment income		5,908,675	5,919,791
Gains on investment		<u>-</u>	<u>3,253</u>
<b>Total revenue</b>		<u>13,731,255</u>	<u>16,028,490</u>
<b>Expenses</b>			
Net change in long-term insurance contract reserve		(6,171)	(517,793)
Gross claim paid		2,264,431	3,497,192
<u>Less</u> Claim paid recovered from reinsurers		<u>(60,413)</u>	<u>(738,899)</u>
Commission and brokerage		1,087,993	1,541,449
Other underwriting expenses		1,885,265	1,376,300
Operating expenses	15, 16	<u>4,570,925</u>	<u>4,921,246</u>
<b>Total expenses</b>		<u>9,742,030</u>	<u>10,079,495</u>
<b>Profit before income tax</b>		3,989,225	5,948,995
Income tax expenses		<u>755,304</u>	<u>1,221,377</u>
<b>Net profit for the period</b>		<u>3,233,921</u>	<u>4,727,618</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 2018**

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
<b>Other comprehensive income (loss)</b>		
<u>Items that will be reclassified subsequently to profit or loss</u>		
Change in value of available-for-sale investments	(3,527,200)	3,319,325
Realised gains from sale of available-for-sale investment transferred to profit or loss	-	3,253
Income tax on items that will be reclassified subsequently to profit or loss	20,735	-
	<u>(3,506,465)</u>	<u>3,322,578</u>
Total items that will be reclassified subsequently to profit or loss		
	<u>(3,506,465)</u>	<u>3,322,578</u>
<b>Other comprehensive income (loss) for the period, net of tax</b>	<u>(3,506,465)</u>	<u>3,322,578</u>
<b>Total comprehensive income (loss) for the period</b>	<u><u>(272,544)</u></u>	<u><u>8,050,196</u></u>

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 2018

	Funds from Head Office Baht	Unrealised gains (losses) on changes in value of investments, net of tax Baht	Remeasurement of post-employment benefit obligations, net of tax Baht	Branch's retained earnings Baht	Total Head office's Equity Baht
<b>Beginning balance as at 1 January 2018</b>	140,307,753	82,938	(2,704,801)	275,638,128	413,324,018
Net profit for the period	-	-	-	3,233,921	3,233,921
Unrealised loss on changes in value of available-for-sale investments	-	(3,506,465)	-	-	(3,506,465)
Realised gains from sale of available-for-sale investment transferred to profit or loss	-	-	-	-	-
<b>Ending balance as at 30 September 2018</b>	<u>140,307,753</u>	<u>(3,423,527)</u>	<u>(2,704,801)</u>	<u>278,872,049</u>	<u>413,051,474</u>
<b>Beginning balance as at 1 January 2017</b>	140,307,753	(3,277,718)	(2,947,069)	259,219,209	393,302,175
Net profit for the period	-	-	-	4,727,618	4,727,618
Unrealised gain on changes in value of available-for-sale investments	-	3,319,325	-	-	3,319,325
Realised gain from sale of available-for-sale investment transferred to profit or loss	-	3,253	-	-	3,253
<b>Ending balance as at 30 September 2017</b>	<u>140,307,753</u>	<u>44,860</u>	<u>(2,947,069)</u>	<u>263,946,827</u>	<u>401,352,371</u>

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 2018**

	<b>Note</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
<b>Cash flows provided by (used in) operating activities</b>			
Written premium received from direct insurance		7,494,383	10,849,434
Cash paid from reinsurance		(194,314)	(847,642)
Net investment income		7,290,651	11,430,340
Claim paid from direct insurance		(2,337,443)	(3,675,960)
Commission and brokerage paid to direct insurance		(1,132,943)	(1,590,544)
Other underwriting expenses		(1,758,783)	(1,461,790)
Operating expenses		(4,792,059)	(6,053,548)
Income tax		(1,424,369)	(1,477,074)
Cash received from investment in securities		144,000,000	543,000,000
Cash paid for investment in securities		(146,855,123)	(470,817,136)
<b>Net cash provided by operating activities</b>		<b>290,000</b>	<b>79,356,080</b>
<b>Cash flows used in investing activities</b>			
Purchase of equipment	9	-	(70,497)
<b>Net cash used in investing activities</b>		<b>-</b>	<b>(70,497)</b>
<b>Net increase in cash and cash equivalents</b>		<b>290,000</b>	<b>79,285,583</b>
Cash and cash equivalents at beginning of period		4,542,195	3,996,026
<b>Cash and cash equivalents at end of period</b>		<b>4,832,195</b>	<b>83,281,609</b>

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, 8<sup>th</sup> 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 9 November 2018.

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 B.E.2559” dated on 4 March 2016 (‘OIC notification’). The notes to the interim financial information are prepared in a condensed format. Additional notes are presented as required by the aforementioned OIC Notification.

The interim financial information should be read together with the annual financial statements for the year ended 31 December 2017.

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**

#### **3.1 Revised accounting standards, revised financial reporting standards, and related interpretations**

3.1.1 Revised financial reporting standards that are effective for annual periods beginning on or after 1 January 2018 which have significant changes and are relevant to the Branch:

TAS 7 (revised 2017)	Statement of cash flows
TAS 12 (revised 2017)	Income taxes

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of temporary differences are excluded from the estimated future taxable profits.

The management assesses that these standards do not have a significant impact on the Branch's financial information.

3.1.2 New financial reporting standards which have been announced but not yet effective.

3.1.2.1 TFRS 15 Revenue from contracts with customers is effective for annual periods beginning on or after 1 January 2019 which is relevant to the Branch. The Branch has not yet adopted this standard.

TFRS 15	Revenue from contracts with customers
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TFRS 15 provides the requirements for the recognition of revenue. This standard will supersede the following standards:

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

**3. Accounting policies (Cont'd)**

**3.1 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)**

3.1.2 New financial reporting standards which have been announced but not yet effective.  
(Cont'd)

3.1.2.1 TFRS 15 Revenue from contracts with customers is effective for annual periods beginning on or after 1 January 2019 which is relevant to the Branch. The Branch has not yet adopted this standard. (Cont'd)

The new standard is based on the principle that

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

The Branch shall recognise revenue in accordance with that core principle by applying the following steps:

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

The Branch shall have a choice to apply this standard retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to the expedients or retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application with additional disclosures. The Branch will first apply this standard for annual reporting periods beginning on or after 1 January 2019. The management assesses that this new standard will not have a significant impact on the Branch.

3.1.2.2 The group of financial reporting standards relating to financial instruments are effective for annual periods beginning on or after 1 January 2020 which are relevant to the Branch. The Branch has not yet adopted those standards.

The Group of financial instruments reporting standards consist of the following standards:

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

**3. Accounting policies (Cont'd)**

**3.1 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)**

**3.1.2 New financial reporting standards which have been announced but not yet effective. (Cont'd)**

3.1.2.2 The group of financial reporting standards relating to financial instruments are effective for annual periods beginning on or after 1 January 2020 which are relevant to the Branch. The Branch has not yet adopted those standards. (Cont'd)

The above new standards will supersede the following standards:

TAS 101	Bad and Doubtful Debts
TAS 103	Disclosures in the Financial Statements of Bank and Similar Financial Institutions
TAS 104	Accounting for Troubled Debt Restructuring
TAS 105	Accounting for Investment in Debts and Equity securities
TAS 106	Accounting for Investment Companies
TAS 107	Financial Instruments: Disclosure and Presentation

TAS 32 Financial Instruments: Presentation, provides the requirements for the presentation financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset.

TFRS 7 Financial Instruments: Disclosures, provides the requirements for the disclosure that are intended to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, and to understand the nature and extent of risks arising from those financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.

TFRS 9 Financial Instruments, establishes principles for the classification, measurement and derecognition of financial assets and financial liabilities, impairment requirement and hedge accounting as follow:

- Classification and measurement:
  - The classification and measurement of debt instrument financial assets has three classification categories, which are amortised cost, fair value through profit or loss and fair value through other comprehensive income. Classification of debt assets will be driven by the entity's business model for managing the financial assets and contractual cash flows characteristics of the financial assets.
  - Equity instrument financial assets shall be measured at fair value through profit or loss. An entity can make an irrevocable election to recognise the fair value change in other comprehensive income without subsequent recycling to profit or loss.
  - Financial liabilities are classified and measured at amortised cost. An entity can choose to measure a liability at fair value through profit or loss when the conditions are met.
  - Derivatives are classified and measured at fair value through profit or loss.



**3. Accounting policies (Cont'd)**

**3.1 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)**

3.1.2 New financial reporting standards which have been announced but not yet effective.  
(Cont'd)

3.1.2.2 The group of financial reporting standards relating to financial instruments are effective for annual periods beginning on or after 1 January 2020 which are relevant to the Branch. The Branch has not yet adopted those standards.  
(Cont'd)

- The impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The entity always accounts for expected credit losses which involves a three stage approach. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. Except for trade receivables and contractual assets which apply in TFRS 15 and are no significant financial components and lease receivables, they are permitted to measure by simplified approach for credit impaired consideration.
- The objective of hedge accounting is to represent, in the financial statements, the effect of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (or other comprehensive income, in the case of investments in equity instruments for which an entity has elected to present changes in fair value in other comprehensive income). This approach aims to convey the context of hedging instruments for which hedge accounting is applied in order to allow insight into their purpose and effect.

TFRIC 16 Hedges of a Net Investment in a Foreign Operation, clarifies the accounting treatment in respect of net investment hedging, provides guidance on identifying the foreign currency risks that qualify as a hedged risk. Clarifying that hedging instruments that are hedges of a net investment in a foreign operation may be held anywhere in the group not only by the parent. This includes the guidance on how an entity should determine the amount to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

TFRIC 19 Extinguishing financial liabilities with equity instruments, provides the requirements for accounting treatment when the entity issues equity instruments to a creditor to extinguish all or part of a financial liability. The equity instruments issued shall be measured at fair value. The entity shall remove a financial liability (or part of a financial liability) from its statement of financial position when it is extinguished in accordance with TFRS 9. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished and the fair value of equity instruments issued shall be recognised in profit or loss.

The Branch's management is currently assessing the impact of initial adoption of these standards.

#### 4. 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 2017.

#### 5. Fair value

##### 5.1 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 2018 and 31 December 2017:

	<u>Level 1</u> <u>Baht</u>	<u>Level 2</u> <u>Baht</u>	<u>Level 3</u> <u>Baht</u>	<u>Total</u> <u>Baht</u>
<b>As at 30 September 2018 (Unaudited)</b>				
<b>Asset</b>				
Investment in securities				
Available-for-sale securities				
Debt securities	-	414,442,307	-	414,442,307
Total asset	-	414,442,307	-	414,442,307
<b>As at 31 December 2017 (Audited)</b>				
<b>Asset</b>				
Investment in securities				
Available-for-sale securities				
Debt securities	-	416,655,356	-	416,655,356
Total asset	-	416,655,356	-	416,655,356

##### 5.2 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.

**AIA Company Limited (Non-Life Insurance) Thailand Branch**  
**Condensed Notes to the Interim Financial Information (Unaudited)**  
**For the interim period ended 30 September 2018**

**6. Cash and cash equivalents**

	<b>(Unaudited)</b> <b>30 September</b> <b>2018</b> <b>Baht</b>	<b>(Audited)</b> <b>31 December</b> <b>2017</b> <b>Baht</b>
Deposits held at call with banks	4,832,195	4,542,195
Total cash and cash equivalents	<u>4,832,195</u>	<u>4,542,195</u>

**7. Reinsurance assets**

	<b>(Unaudited)</b> <b>30 September</b> <b>2018</b> <b>Baht</b>	<b>(Audited)</b> <b>31 December</b> <b>2017</b> <b>Baht</b>
<u>Reserve of recovery from reinsurers</u>		
Short term insurance contract reserve		
Loss reserve (IBNR)	17,739	21,200
Premium reserve		
- Unearned premium reserve (UPR)	38,396	71,526
Total reinsurance assets	<u>56,135</u>	<u>92,726</u>

**8. Investments in securities**

	<b>(Unaudited)</b> <b>30 September 2018</b>		<b>(Audited)</b> <b>31 December 2017</b>	
	<b>Cost/ amortised cost Baht</b>	<b>Fair value Baht</b>	<b>Cost/ amortised cost Baht</b>	<b>Fair value Baht</b>
<b>Available-for-sale securities</b>				
Government and state enterprise securities	304,495,001	302,250,735	292,992,768	293,095,996
Private enterprise debt securities	113,370,833	112,191,572	123,558,915	123,559,360
Total	417,865,834	414,442,307	416,551,683	416,655,356
<u>Add</u> Unrealised gains (losses) on the changes in value of investments	(3,423,527)	-	103,673	-
Total available-for-sale securities	<u>414,442,307</u>	<u>414,442,307</u>	<u>416,655,356</u>	<u>416,655,356</u>
<b>Total investments in securities</b>	<u>414,442,307</u>	<u>414,442,307</u>	<u>416,655,356</u>	<u>416,655,356</u>

Investments in securities include debts securities with a fair value of Baht 8.54 million (31 December 2017: with a fair value of Baht 8.66 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.

AIA Company Limited (Non-Life Insurance) Thailand Branch  
 Condensed Notes to the Interim Financial Information (Unaudited)  
 For the interim period ended 30 September 2018

9. Furniture, fixtures and equipment, net

	30 September 2018 (Unaudited)					
	Cost			Accumulated depreciation		
	Beginning balance 1 January 2018 Baht	For the period Additions Baht	Ending balance 30 September 2018 Baht	For the period Depreciation Baht	Disposals/Write-offs Baht	Ending balance 30 September 2018 Baht
Furniture, fixtures and equipment	3,098,917	-	3,098,917	724	-	3,098,765
Computers	4,409,769	-	4,409,769	35,580	-	4,365,528
Total	7,508,686	-	7,508,686	36,304	-	7,464,293
						Furniture, fixtures and equipment, net Baht
						152
						44,241
						44,393

	31 December 2017 (Audited)					
	Cost			Accumulated depreciation		
	Beginning balance 1 January 2017 Baht	For the year Additions Baht	Ending balance 31 December 2017 Baht	For the year Depreciation Baht	Disposals/Write-offs Baht	Ending balance 31 December 2017 Baht
Furniture, fixtures and equipment	3,093,131	-	3,093,131	4,910	-	3,098,041
Computers	4,287,328	70,497	4,409,769	42,620	-	4,329,948
Total	7,380,459	70,497	7,508,686	47,530	-	7,427,989
						Furniture, fixtures and equipment, net Baht
						876
						79,821
						80,697

AIA Company Limited (Non-Life Insurance) Thailand Branch  
 Condensed Notes to the Interim Financial Information (Unaudited)  
 For the interim period ended 30 September 2018

10. Intangible assets, net

	30 September 2018 (Unaudited)							
	Cost			Accumulated amortisation				
	Beginning balance 1 January 2018 Baht	For the period Additions Baht	Disposals/ Write-offs Baht	Ending balance 30 September 2018 Baht	For the period Amortisation Charge Baht	Disposals/ Write-offs Baht		
Computer software	5,775,153	-	-	5,775,153	-	-	5,775,121	32
Total	5,775,153	-	-	5,775,153	-	-	5,775,121	32

	31 December 2017 (Audited)							
	Cost			Accumulated amortisation				
	Beginning balance 1 January 2017 Baht	For the year Additions Baht	Disposals/ Write-offs Baht	Ending balance 31 December 2017 Baht	For the year Amortisation Charge Baht	Disposals/ Write-offs Baht		
Computer software	5,775,153	-	-	5,775,153	-	-	5,775,121	32
Total	5,775,153	-	-	5,775,153	-	-	5,775,121	32

**AIA Company Limited (Non-Life Insurance) Thailand Branch**  
**Condensed Notes to the Interim Financial Information (Unaudited)**  
**For the interim period ended 30 September 2018**

**11. Other assets, net**

	(Unaudited) 30 September 2018 Baht	(Audited) 31 December 2017 Baht
Account receivable from agents, net	39,418	91,506
Deposits	10,000	10,000
VAT receivable	-	6,023
Other assets	127,317	433,058
<b>Total</b>	<b>176,735</b>	<b>540,587</b>

**12. Insurance liabilities**

	Insurance liabilities Baht	Liabilities recovered from reinsurance Baht	Net Baht
<b>30 September 2018 (Unaudited)</b>			
Long term insurance contract reserve	-	-	-
Short term insurance contract reserve			
Loss reserve			
- Reported claim	37,388	-	37,388
- Claim incurred but not reported	357,030	(17,739)	339,291
Premium reserve			
- Unearned premium reserve	767,917	(38,396)	729,521
<b>Total</b>	<b>1,162,335</b>	<b>(56,135)</b>	<b>1,106,200</b>
<b>31 December 2017 (Audited)</b>			
Long term insurance contract reserve	6,171	-	6,171
Short term insurance contract reserve			
Loss reserve			
- Reported claim	125,000	-	125,000
- Claim incurred but not reported	426,922	(21,200)	405,722
Premium reserve			
- Unearned premium reserve	1,430,529	(71,526)	1,359,003
<b>Total</b>	<b>1,988,622</b>	<b>(92,726)</b>	<b>1,895,896</b>

No additional reserve for Unexpired Risk Reserve has been established as the Unexpired Risk Reserve estimated by the Branch as at 30 September 2018 amounting to Baht 0.52 million (31 December 2017: Baht 0.97 million) is lower than the Unearned Premium Reserve.

**12. Insurance liabilities (Cont'd)**

**12.1 Long term insurance contract reserve**

	<b>(Unaudited)</b> <b>30 September</b> <b>2018</b> <b>Baht</b>	<b>(Audited)</b> <b>31 December</b> <b>2017</b> <b>Baht</b>
Beginning balance for the period/year	6,171	639,353
Change in reserve	(3,914)	(449,751)
Insurance claim incurred during the period/year	-	-
Changes in claim reserve from change in assumption during the period/year	(2,257)	(183,431)
Insurance claim paid during the period/year	-	-
Closing balance at the end of period/year	<u>-</u>	<u>6,171</u>

**12.2 Short term insurance contract reserve**

**12.2.1 Loss reserve**

	<b>(Unaudited)</b> <b>30 September</b> <b>2018</b> <b>Baht</b>	<b>(Audited)</b> <b>31 December</b> <b>2017</b> <b>Baht</b>
Beginning balance for the period/year	551,922	496,020
Insurance claim incurred during the period/year	1,277,487	2,204,892
Changes in claim reserve from change in assumption during the period/year	(69,892)	(69,098)
Insurance claim paid during the period/year	(1,365,099)	(2,079,892)
Closing balance at the end of period/year	<u>394,418</u>	<u>551,922</u>

**12.2.2 Unearned premium reserve**

	<b>(Unaudited)</b> <b>30 September</b> <b>2018</b> <b>Baht</b>	<b>(Audited)</b> <b>31 December</b> <b>2017</b> <b>Baht</b>
Beginning balance for the period/year	1,430,529	1,569,337
Premium written for the period/year	7,387,824	13,549,538
Premium earned in the period/year	(8,050,436)	(13,688,346)
Closing balance at the end of period/year	<u>767,917</u>	<u>1,430,529</u>

**13. Other liabilities**

	<b>(Unaudited)</b> <b>30 September</b> <b>2018</b> <b>Baht</b>	<b>(Audited)</b> <b>31 December</b> <b>2017</b> <b>Baht</b>
Accrued expenses	139,066	120,420
Others payable	5,050,560	4,821,911
Sundry liabilities	97,933	56,973
Unpresented cheque payable	45,190	306,500
Account payable for agents	182,640	227,590
Withholding tax payable and VAT payable	26,288	24,084
Others	1,767	706,913
<b>Total</b>	<b>5,543,444</b>	<b>6,264,391</b>

**14. 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.

**15. Operating expenses**

	<b>(Unaudited)</b> <b>For the three-month period ended</b>	
	<b>30 September</b> <b>2018</b> <b>Baht</b>	<b>30 September</b> <b>2017</b> <b>Baht</b>
Staff expenses	101,914	87,062
Premises and equipment expense	72,659	72,943
Tax and duties	856	510
Service fees	1,155,100	1,279,037
Other operating expenses	351,111	12,300
<b>Total</b>	<b>1,681,640</b>	<b>1,451,852</b>

	<b>(Unaudited)</b> <b>For the nine-month period ended</b>	
	<b>30 September</b> <b>2018</b> <b>Baht</b>	<b>30 September</b> <b>2017</b> <b>Baht</b>
Staff expenses	233,599	244,717
Premises and equipment expense	216,666	220,755
Tax and duties	18,511	18,131
Service fees	3,558,673	3,658,344
Other operating expenses	543,476	779,299
<b>Total</b>	<b>4,570,925</b>	<b>4,921,246</b>



**16. 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**

	<b>(Unaudited)</b>	
	<b>For the three-month period ended</b>	
	<b>30 September</b>	<b>30 September</b>
	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
<b>Affiliated companies</b>		
Operating expenses:		
Information system service and other expenses	146,040	143,277
Rental and utilities expenses	86,916	77,702
Service fees	1,054,527	1,179,841

	<b>(Unaudited)</b>	
	<b>For the nine-month period ended</b>	
	<b>30 September</b>	<b>30 September</b>
	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
<b>Affiliated companies</b>		
Operating expenses:		
Information system service and other expenses	433,838	394,699
Rental and utilities expenses	262,450	252,851
Service fees	3,251,269	3,360,687

**16. Related party transactions (Cont'd)**

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

**b) Statements of Financial Position**

	<b>(Unaudited)</b> <b>30 September</b> <b>2018</b> <b>Baht</b>	<b>(Audited)</b> <b>31 December</b> <b>2017</b> <b>Baht</b>
<b>Affiliated companies</b>		
Amounts due from related parties	439,873	541,332
<b>Head Office and affiliated companies</b>		
Amounts due to related parties	80,395	44,776

**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.

**17. Commitments**

The Branch has payment obligations operating leases from services, office rental and other significant contracts as follows:

	<b>(Unaudited)</b> <b>30 September</b> <b>2018</b> <b>Baht</b>	<b>(Audited)</b> <b>31 December</b> <b>2017</b> <b>Baht</b>
Not later than 1 year	368,224	363,420
Later than 1 year but not later than 5 years	371,315	527,413
<b>Total</b>	<b>739,539</b>	<b>890,833</b>