


Disclosure Form (Attached to the OIC Commissioner Order No.47/2561)

Information Disclosure of 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.....Nikhil Ashvani Advani.....
Position.....Chief Executive Officer.....
Disclosed on.....29 November 2022.....
Information for the Quarter.....3.....Year.....2022.....

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 Company holds additional capital in excess of the TCR to comply with its internal capital requirements. This ensures that the Company’s CAR will remain higher than 140% even after a shock that is expected to occur once in 10 years.

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

Unit: Million Baht

Capital Items	Quarter 1		Quarter 2		Quarter 3	
	2022	2021	2022	2021	2022	2021
Common Equity Tier 1 Ratio (%)	375	385	335	379	339	416
Tier 1 Ratio (%)	375	385	335	379	339	416
Capital Adequacy Ratio (%)	375	385	335	379	339	416
Total Capital Available	164,545	145,199	154,971	140,923	154,882	153,723
Total Capital Required	43,890	37,686	46,283	37,228	45,664	36,976

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

AIA COMPANY LIMITED

INTERIM FINANCIAL INFORMATION (UNAUDITED)

30 SEPTEMBER 2022



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 which comprises the statement of financial position as at 30 September 2022, the related statements of comprehensive income for the three-month and nine-month periods then ended, changes in Head Office's equity, and cash flows for the nine-month periods 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.

A handwritten signature in black ink, appearing to read 'Paiboon Tunkoon', with a horizontal line underneath.

Paiboon Tunkoon
Certified Public Accountant (Thailand) No. 4298
Bangkok
8 November 2022

AIA Company Limited
Statement of Financial Position
As at 30 September 2022

		(Unaudited) 30 September 2022 Baht	(Audited) 31 December 2021 Baht
	Notes		
Assets			
Cash and cash equivalents	5	9,156,779,249	8,894,740,239
Premium receivables	6	6,908,164,365	8,006,129,402
Accrued income on investments		6,540,815,465	3,363,031,080
Reinsurance assets	7, 19, 26	344,134,185	269,898,332
Amount due from reinsurance	8	28,725,293	15,054,822
Deferred acquisition costs	9	74,624,303,409	72,634,249,539
Derivative assets	10	6,873,555,533	3,501,254,434
Invested assets			
Investment in securities	11, 26	743,770,737,539	807,598,141,504
Loans and accrued interest receivables	13	32,915,123,681	33,173,260,708
Investment property	14	24,172,873,138	22,205,592,406
Investment in associates	12, 26	171,500,000	171,500,000
Assets held to cover linked liabilities	15	60,844,145,250	59,961,552,414
Property, plant and equipment	16	1,723,881,345	1,835,898,348
Intangible assets	17	3,001,564,218	2,613,096,986
Other assets	18, 26	15,490,367,673	15,642,718,985
Total assets		986,566,670,343	1,039,886,119,199

Authorised signature _____

Date _____

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

AIA Company Limited
Statement of Financial Position (Cont'd)
As at 30 September 2022

		(Unaudited) 30 September 2022 Baht	(Audited) 31 December 2021 Baht
	Notes		
Liabilities and Head Office's Equity			
Liabilities			
Insurance liabilities	19	749,913,199,885	741,636,080,630
Amount due to reinsurance	20, 26	405,232,784	565,397,059
Derivative liabilities	10	18,191,978,854	13,470,199,370
Income tax payable		1,919,056,208	1,910,566,593
Employee benefit liabilities		3,906,071,160	4,140,470,016
Deferred tax liabilities		16,508,094,632	30,410,117,967
Other liabilities	21, 26	22,564,954,446	31,850,967,598
Total liabilities		813,408,587,969	823,983,799,233
Head Office's Equity			
Remeasurements of investments measured at fair value through other comprehensive income, net of tax		6,937,621,031	62,558,064,495
Remeasurements of derivative instruments used in cash flow hedge, net of tax		(30,641,331)	(4,202,882,203)
Remeasurements of deferred cost of hedge, net of tax		380,597,035	(303,519,737)
Remeasurements of post-employment benefit obligations, net of tax		(1,367,710,190)	(1,367,710,190)
Gains on land and building revaluation, net of tax		1,373,930,729	1,373,930,729
Other reserve		93,594,822	128,311,298
Branch's retained earnings Unappropriated		165,770,690,278	157,716,125,574
Total Head Office's Equity		173,158,082,374	215,902,319,966
Total liabilities and Head Office's Equity		986,566,670,343	1,039,886,119,199

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

AIA Company Limited
Statement of Comprehensive Income (Unaudited)
For the three-month period ended 30 September 2022

		2022	2021
	Notes	Baht	Baht
Revenues			
Gross written premiums		31,623,500,770	30,932,731,383
<u>Less</u> premiums ceded to reinsurers	26	<u>(3,308,243,187)</u>	<u>(2,671,277,622)</u>
Net written premiums		28,315,257,583	28,261,453,761
<u>Add</u> net change in unearned premium reserve		<u>107,929,225</u>	<u>48,338,985</u>
Net earned premiums		28,423,186,808	28,309,792,746
Fee and commission income	26	189,700,747	174,922,634
Net investment income	26	6,874,457,251	6,773,542,424
Gains on investment		769,390,500	2,731,388,125
Fair value gains		1,848,622,371	133,053,762
Other income	26	<u>64,824,819</u>	<u>74,827,206</u>
Total revenues		<u>38,170,182,496</u>	<u>38,197,526,897</u>
Expenses			
Change in long-term technical reserves		(1,187,213,917)	(202,261,233)
Gross benefits and claim paid	22	27,516,385,276	25,234,546,104
<u>Less</u> benefits and claim paid recovered from reinsurers	26	<u>(2,669,508,980)</u>	<u>(1,517,488,977)</u>
Net benefits and claim paid		24,846,876,296	23,717,057,127
Commissions and brokerages		2,507,681,665	3,101,173,127
Other underwriting expenses		4,165,799,807	4,099,073,854
Operating expenses	23, 26	2,398,684,348	2,242,963,110
Finance cost	21, 26	8,623,594	11,419,628
(Reversal) expected credit loss	24	<u>(1,309,007,003)</u>	<u>18,158,515</u>
Total expenses		<u>31,431,444,790</u>	<u>32,987,584,128</u>
Profit before income tax		6,738,737,706	5,209,942,769
Income tax expenses	25	<u>1,373,633,316</u>	<u>1,022,380,353</u>
Net profit		<u>5,365,104,390</u>	<u>4,187,562,416</u>

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

AIA Company Limited
Statement of Comprehensive Income (Unaudited) (Cont'd)
For the three-month period ended 30 September 2022

	2022	2021
	Baht	Baht
Other comprehensive income (loss)		
<u>Items that will be reclassified subsequently to profit or loss</u>		
Losses on remeasuring investments measured at fair value through other comprehensive income	(10,959,965,881)	(448,238,101)
Gains (losses) on remeasuring derivative instruments used in cash flow hedge	1,345,241,191	(973,718,494)
Gains (losses) on remeasuring deferred cost of hedge	1,418,832,446	(353,578,857)
Items in other comprehensive income transferred to profit or loss	480,448,841	(2,922,489,333)
Income tax relating to items that will be reclassified subsequently to profit or loss	<u>1,543,088,681</u>	<u>939,604,957</u>
Total items that will be reclassified subsequently to profit or loss	<u>(6,172,354,722)</u>	<u>(3,758,419,828)</u>
Other comprehensive loss for the period, net of tax	<u>(6,172,354,722)</u>	<u>(3,758,419,828)</u>
Total comprehensive income (loss) for the period	<u><u>(807,250,332)</u></u>	<u><u>429,142,588</u></u>

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

AIA Company Limited
Statement of Comprehensive Income (Unaudited)
For the nine-month period ended 30 September 2022

		2022	2021
	Notes	Baht	Baht
Revenues			
Gross written premiums		95,205,916,319	92,412,157,454
<u>Less</u> premiums ceded to reinsurers	26	<u>(9,373,782,770)</u>	<u>(7,360,259,665)</u>
Net written premiums		85,832,133,549	85,051,897,789
<u>Add(Less)</u> net change in unearned premium reserve		<u>(1,470,140,533)</u>	<u>322,870,100</u>
Net earned premiums		84,361,993,016	85,374,767,889
Fee and commission income	26	524,341,076	497,451,618
Net investment income	26	20,472,163,314	20,441,781,831
Gains on investment		3,705,937,910	8,475,980,686
Fair value gains		2,008,179,755	169,422,323
Fair value gains on investment property		8,172,820	51,303,572
Other income	26	<u>199,902,158</u>	<u>186,843,542</u>
Total revenues		<u>111,280,690,049</u>	<u>115,197,551,461</u>
Expenses			
Change in long-term technical reserves		1,389,178,728	(5,390,697,515)
Gross benefits and claim paid	22	75,694,285,378	77,839,705,114
<u>Less</u> benefits and claim paid recovered from reinsurers	26	<u>(7,004,537,851)</u>	<u>(4,181,034,645)</u>
Net benefits and claim paid		68,689,747,527	73,658,670,469
Commissions and brokerages		7,397,862,268	9,114,069,950
Other underwriting expenses	26	12,274,489,299	12,148,276,089
Operating expenses	23, 26	6,771,285,910	6,267,520,665
Finance cost	21, 26	28,227,499	33,083,937
Expected credit loss	24	<u>551,758,075</u>	<u>89,748,522</u>
Total expenses		<u>97,102,549,306</u>	<u>95,920,672,117</u>
Profit before income tax		14,178,140,743	19,276,879,344
Income tax expenses	25	<u>2,888,076,039</u>	<u>3,831,166,859</u>
Net profit		<u>11,290,064,704</u>	<u>15,445,712,485</u>

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

AIA Company Limited
Statement of Comprehensive Income (Unaudited) (Cont'd)
For the nine-month period ended 30 September 2022

	2022	2021
	Baht	Baht
Other comprehensive income (loss)		
<u>Items that will be reclassified subsequently to profit or loss</u>		
Losses on remeasuring investments measured at fair value through other comprehensive income	(65,195,778,687)	(46,574,217,669)
Gains (losses) on remeasuring derivative instruments used in cash flow hedge	5,215,301,090	(545,498,231)
Gains (losses) on remeasuring deferred cost of hedge	855,145,965	(614,936,417)
Items in other comprehensive income transferred to profit or loss	(4,329,775,643)	(8,880,223,808)
Income tax relating to items that will be reclassified subsequently to profit or loss	12,691,021,455	11,322,975,225
Total items that will be reclassified subsequently to profit or loss	(50,764,085,820)	(45,291,900,900)
Other comprehensive loss for the period, net of tax	(50,764,085,820)	(45,291,900,900)
Total comprehensive loss for the period	(39,474,021,116)	(29,846,188,415)

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

AIA Company Limited
Statement of Changes in Head Office's Equity (Unaudited)
For the nine-month period ended 30 September 2022

	Remeasurements of investments measured at fair value through other comprehensive income, net of tax Baht	Remeasurements of derivative instruments used in cash flow hedge, net of tax Baht	Remeasurements of deferred cost of hedge, net of tax Baht	Remeasurements of post-employment benefit obligations, net of tax Baht	Gains on land and building revaluation, net of tax Baht	Other reserve Baht	Unappropriated Branch's retained earnings Baht	Total Head Office's Equity Baht
Beginning balance as at 1 January 2022	62,558,064,495	(4,202,882,203)	(303,519,737)	(1,367,710,190)	1,373,930,729	128,311,298	157,716,125,574	215,902,319,966
Profit remittances to Head Office	-	-	-	-	-	-	(3,235,500,000)	(3,235,500,000)
Employee benefits on share-based payment	-	-	-	-	-	(34,716,476)	-	(34,716,476)
Net profit	-	-	-	-	-	-	11,290,064,704	11,290,064,704
Losses on remeasuring investments measured at fair value through other comprehensive income	(52,156,622,950)	-	-	-	-	-	-	(52,156,622,950)
Gains on remeasuring derivative instruments used in cash flow hedge	-	4,172,240,872	-	-	-	-	-	4,172,240,872
Gains on remeasuring deferred cost of hedge	-	-	684,116,772	-	-	-	-	684,116,772
Items in other comprehensive income transferred to profit or loss	(3,463,820,514)	-	-	-	-	-	-	(3,463,820,514)
Ending balance as at 30 September 2022	<u>6,937,621,031</u>	<u>(30,641,331)</u>	<u>380,597,035</u>	<u>(1,367,710,190)</u>	<u>1,373,930,729</u>	<u>93,594,822</u>	<u>165,770,690,278</u>	<u>173,158,082,374</u>
Beginning balance as at 1 January 2021	118,096,487,007	(3,922,469,937)	(930,109,142)	(1,520,867,820)	1,321,289,762	136,126,302	141,676,106,385	254,856,562,557
Profit remittances to Head Office	-	-	-	-	-	-	(1,716,056,198)	(1,716,056,198)
Employee benefits on share-based payment	-	-	-	-	-	(20,446,677)	-	(20,446,677)
Net profit	-	-	-	-	-	-	15,445,712,485	15,445,712,485
Losses on remeasuring investments measured at fair value through other comprehensive income	(37,259,374,135)	-	-	-	-	-	-	(37,259,374,135)
Losses on remeasuring derivative instruments used in cash flow hedge	-	(436,398,585)	-	-	-	-	-	(436,398,585)
Losses on remeasuring deferred cost of hedge	-	-	(491,949,134)	-	-	-	-	(491,949,134)
Items in other comprehensive income transferred to profit or loss	(7,104,179,046)	-	-	-	-	-	-	(7,104,179,046)
Ending balance as at 30 September 2021	<u>73,732,933,826</u>	<u>(4,358,868,522)</u>	<u>(1,422,058,276)</u>	<u>(1,520,867,820)</u>	<u>1,321,289,762</u>	<u>115,679,625</u>	<u>155,405,762,672</u>	<u>223,273,871,267</u>

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

AIA Company Limited
Statement of Cash Flows (Unaudited)
For the nine-month period ended 30 September 2022

	Notes	2022 Baht	2021 Baht
Cash flows provided by (used in) operating activities			
Written premium received from direct insurance		101,719,701,551	105,355,322,351
Fee income		265,230,092	197,886,509
Cash paid for reinsurance		(2,450,995,274)	(2,871,724,092)
Interest income		16,711,579,399	17,140,029,489
Dividend income		1,803,179,402	1,956,632,816
Investment expenses		(2,050,295,251)	(2,192,284,641)
Cash received (paid) from settlement of derivatives		(1,890,475,752)	538,623,874
Rental income		724,609,433	757,008,206
Other income		193,819,839	182,722,577
Gross benefits and claim paid from direct insurance		(74,094,375,488)	(66,043,769,520)
Commissions and brokerages from direct insurance		(9,378,487,072)	(9,458,354,173)
Other underwriting expenses		(15,045,291,632)	(14,616,318,579)
Operating expenses		(7,213,652,671)	(6,025,409,241)
Income tax expense		(4,090,588,304)	(4,035,224,895)
Cash received from investment in securities		75,279,323,685	171,914,267,911
Cash paid for investment in securities		(66,904,697,216)	(172,032,207,800)
Cash paid for investment property	14	(1,959,349,732)	(3,860,349,068)
Cash received from loans repayment		19,020,545,048	4,254,048,926
Cash paid for loans drawdown		(18,544,074,894)	(4,475,212,060)
Cash received from assets held to cover linked liabilities		13,874,077,508	20,208,238,418
Cash paid for assets held to cover linked liabilities		(21,601,859,153)	(33,450,766,576)
Net cash provided by operating activities		<u>4,367,923,518</u>	<u>3,443,160,432</u>
Cash flows provided by (used in) investing activities			
<u>Cash flows provided by:</u>			
Properties and equipment		<u>4,061,612</u>	<u>723,901</u>
Net cash provided by investing activities		<u>4,061,612</u>	<u>723,901</u>
<u>Cash flows used in:</u>			
Properties and equipment	16	(68,804,459)	(26,446,505)
Intangible assets	17	(550,721,266)	(541,252,637)
Net cash used in investing activities		<u>(619,525,725)</u>	<u>(567,699,142)</u>
Net cash used in investing activities		<u>(615,464,113)</u>	<u>(566,975,241)</u>

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

AIA Company Limited
Statement of Cash Flows (Unaudited) (Cont'd)
For the nine-month period ended 30 September 2022

	2022	2021
	Baht	Baht
Cash flows used in financing activities		
<u>Cash flows used in:</u>		
Lease liabilities	(254,481,020)	(255,537,605)
Remittances to Head Office	(3,235,500,000)	(1,716,056,198)
Finance cost	(439,375)	-
Net cash used in financing activities	<u>(3,490,420,395)</u>	<u>(1,971,593,803)</u>
Net cash used in financing activities	<u>(3,490,420,395)</u>	<u>(1,971,593,803)</u>
Net increase in cash and cash equivalents	262,039,010	904,591,388
Cash and cash equivalents at beginning of period	<u>8,894,740,239</u>	<u>7,403,134,110</u>
Cash and cash equivalents at end of period	<u><u>9,156,779,249</u></u>	<u><u>8,307,725,498</u></u>

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

1. General information

AIA Company Limited (“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 Branch received its life insurance license under the laws of Thailand on 1 October 1938. The address of the Branch’s registered office is as follows:

181 Surawongse Road, Bangrak, Bangkok 10500.

The principal business operations of the Branch are to provide life insurance, personal accident and health insurance.

This interim financial information has been approved by the Branch’s management on 8 November 2022.

This interim financial information has been reviewed, not audited.

2. Significant Accounting Policies

2.1 Basis of preparation

The interim financial information has been prepared in accordance with Thai Accounting Standard 34 Interim Financial Reporting. The primary financial information (statement of financial position, 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 life insurance interim financial information attached in an Office of Insurance Commission’s notification “Principle, methodology, condition and timing for preparation, submission and reporting of financial statements and operation performance for life insurance company (No. 3) B.E. 2563” dated on 13 May 2020 (“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 2021.

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

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

2. Significant Accounting Policies (Cont'd)

2.2 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 2021. Since 2020, the Branch passes criteria of temporary exemption from TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures under TFRS 4 Insurance Contracts. The Branch is eligible to apply the 'financial instruments and disclosures for insurance companies' accounting guidance' ('the Accounting Guidance') as the Branch has not previously applied any version of TFRS 9 Financial Instruments and the Branch's activities are predominantly connected with insurance business.

2.3 New and amended financial reporting standards and changes in accounting policies

- a) New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2022 and have significant impacts to the Branch
- **Interest rate benchmark (IBOR) reform - phase 2, amendments to TFRS 9, TFRS 7, TFRS 16 and TFRS 4, and accounting guidance for insurance business** provide relief measures addressing issues that might affect financial reporting during the reform, including the effects of changes to contractual cash flows or hedging relationship arising from the replacement of one benchmark with an alternative benchmark.

Key relief measures of the phase 2 amendments are as follows:

- When changing the basis for determining contractual cash flows for financial assets and financial liabilities (including lease liabilities), changes that are necessary as a direct result of the IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in the income statement. The Branch applying the temporary exemption from TFRS 9 by using the Accounting Guidance for insurance business are also required to apply the same practical expedient. TFRS 16 has also been amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of the IBOR reform.
- Hedge accounting relief measures allows most hedge relationships that are directly affected by the IBOR reform to continue. However, additional ineffectiveness might need to be recorded.

The Accounting Guidance requires additional disclosure about:

- the nature and extent of risks arising from the IBOR reform to which the entity is exposed to
- how the entity manages those risks
- the entity's progress in transitioning from the IBOR to alternative benchmark rates and how the entity is managing this transition.

2. Significant Accounting Policies (Cont'd)

2.3 New and amended financial reporting standards and changes in accounting policies (Cont'd)

- b) Amended financial reporting standards that are effective for accounting period beginning or after 1 January 2023 might have impacts to the Branch. However, certain amended TFRSs have been issued that are not mandatory for the current reporting period and have not been early adopted by the Branch.
- **Amendment to TAS 16 - Property, plant and equipment** clarified to prohibit entities from deducting from the cost of an item of PP&E any proceeds received from selling any items produced while the entity is preparing that asset for its intended use.
 - **Amendment to TAS 37 - Provisions, contingent liabilities and contingent assets** clarified that, in considering whether a contract is onerous, the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling the contract. Before recognising a separate provision for an onerous contract, the entity must recognise any impairment losses that have occurred on the assets used in fulfilling the contract.

3. Estimates

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies lead to the reported amounts of assets and liabilities, income, and expense. Actual results 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 2021.

4. Fair value

4.1 Fair value estimation

The following table presents the Branch's assets and liabilities that are measured and recognised at fair value as at 30 September 2022 and 31 December 2021.

	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
As at 30 September 2022 (Unaudited)				
Assets				
Derivative assets	25,353	6,848,203	-	6,873,556
Investment in securities				
Investments measured at fair value through profit or loss	536	-	-	536
Investments measured at fair value through other comprehensive income				
Debt securities	-	362,308,709	3,396,522	365,705,231
Equity securities	81,364,908	-	1,380,603	82,745,511
Investments designated at fair value through profit or loss	2,932,789	31,492	-	2,964,281
Investment property	-	-	24,172,873	24,172,873
Assets held to cover linked liabilities	60,844,145	-	-	60,844,145
Land and buildings	-	-	1,150,295	1,150,295
Total assets	145,167,731	369,188,404	30,100,293	544,456,428
Liabilities				
Derivative liabilities	-	18,191,979	-	18,191,979
Total liabilities	-	18,191,979	-	18,191,979

4. Fair value (Cont'd)

4.1 Fair value estimation (Cont'd)

The following table presents the Branch's assets and liabilities that are measured and recognised at fair value as at 30 September 2022 and 31 December 2021. (Cont'd)

	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
As at 31 December 2021 (Audited)				
Assets				
Derivative assets	28,393	3,472,861	-	3,501,254
Investment in securities				
Investments measured at fair value through profit or loss	646	-	-	646
Investments measured at fair value through other comprehensive income				
Debt securities	-	665,500,449	3,357,062	668,857,511
Equity securities	84,966,013	-	1,777,722	86,743,735
Investments designated at fair value through profit or loss	496,250	-	-	496,250
Investment property	-	-	22,205,592	22,205,592
Assets held to cover linked liabilities	59,961,552	-	-	59,961,552
Land and buildings	-	-	1,195,000	1,195,000
Total assets	145,452,854	668,973,310	28,535,376	842,961,540
Liabilities				
Derivative liabilities	-	13,470,199	-	13,470,199
Total liabilities	-	13,470,199	-	13,470,199

In 2022, the Branch has no significant transfer between levels during the period.

In 2021, the Branch has transferred fair value level of financial instrument from Level 2 into Level 3 during the year. The change in Level 3 financial instruments is disclosed in Note 4.4.

4.2 Valuation techniques used to derive Level 1 fair values

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Branch is obtained from exchange markets and asset management companies. These instruments are included in Level 1.

4. Fair value (Cont'd)

4.3 Valuation techniques used to derive Level 2 fair values

Level 2 marketable debt securities are fair valued using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market prices of other quoted debt instruments.

Level 2 marketable equity securities are fair valued based on closed price provided by an asset management company.

Level 2 derivative assets and liabilities are fair valued using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable interest rate and foreign currency exchange rate.

There were no changes in valuation techniques during the period.

4.4 Valuation techniques used to derive Level 3 fair values

The changes in investment property, and land and buildings are disclosed in Notes 14 and 16, respectively. The Branch engaged an external independent and qualified appraiser to determine the fair value of the investment property, and land and buildings. Different valuation techniques may be adopted to reach the fair value of the properties. Under the Market Data Approach, records of recent sales and offerings of similar property are analysed and comparisons are made for factors such as size, location, quality and prospective use. The Discounted Cash Flow Approach may be used by reference to net rental income allowing for reversionary income potential to estimate the fair value of the properties. On some occasions, the Cost Approach is used as well to calculate the fair value which reflects the cost that would be required to replace the service capacity of the property.

The following table presents the changes in Level 3 financial instruments for the period ended 30 September 2022 and for the year ended 31 December 2021.

	(Unaudited) Investments measured at fair value through other comprehensive income 30 September 2022 Thousand Baht	(Audited) Investments measured at fair value through other comprehensive income 31 December 2021 Thousand Baht
Beginning balance as at 1 January	5,134,784	1,821,624
<u>Less</u> Disposal		
- Book value	(66,024)	-
- Gains recognised in profit or loss	(6,905)	-
<u>Add</u> Transfer into Level 3		
- Book value	-	3,436,459
- Unrealised losses recognised in other comprehensive income	-	(19,308)
Net carrying value	5,061,855	5,238,775
Losses on remeasuring investments measured at fair value through other comprehensive income	(284,730)	(103,991)
Closing balance at the end of period/year	4,777,125	5,134,784

4. Fair value (Cont'd)

4.4 Valuation techniques used to derive Level 3 fair values (Cont'd)

Key unobservable input is expected selling price. The change in expected selling price by 10% will impact the fair value of these instruments by 10%.

The Branch's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no changes in valuation techniques during the period.

Valuation process

Management has put a process of performing the valuations of financial assets required for financial reporting purposes, including Level 3 fair values. Appropriate valuation techniques and unobservable inputs are selectively used based on the characteristic of financial assets. The valuation of Level 3 fair value is reviewed and approved by management for financial reporting purposes.

The Branch engaged an external independent and qualified appraiser to determine the fair value of the investment property, and land and buildings on the basis of the highest and best use of the properties that is physically possible, legally permissible and financially feasible, which will be revised every 6 months, and 12 months, respectively.

Changes in level (if any) are analysed at the reporting date by management.

5. Cash and cash equivalents

	(Unaudited) 30 September 2022 Thousand Baht	(Audited) 31 December 2021 Thousand Baht
Cash on hand	5,041	62,351
Deposits with banks and financial institutions without fixed maturity date	2,872,751	3,224,420
Short-term investments	6,278,987	5,607,969
Total cash and cash equivalents	<u>9,156,779</u>	<u>8,894,740</u>

6. Premium receivables

The balances of premium receivables are aged as follows:

	From direct insurance	
	(Unaudited)	(Audited)
	30 September	31 December
	2022	2021
	Thousand	Thousand
	Baht	Baht
Current	6,118,625	6,846,061
Overdue		
Not over 30 days	763,811	1,140,608
31 - 60 days	7,278	8,085
61 - 90 days	4,478	4,761
Over 90 days	13,972	6,614
Total premium receivables	<u>6,908,164</u>	<u>8,006,129</u>

The premium receivables are aged by legal grace period or credit terms.

7. Reinsurance assets

The details of reinsurance assets are as follows:

	(Unaudited)	(Audited)
	30 September	31 December
	2022	2021
	Thousand	Thousand
	Baht	Baht
Claim incurred but not reported	263,837	187,503
Unearned premium reserve	77,044	77,162
Others (Note 26 (b))	3,253	5,233
Total reinsurance assets	<u>344,134</u>	<u>269,898</u>

8. Amount due from reinsurance

The details of amount due from reinsurance are as follows:

	(Unaudited)	(Audited)
	30 September	31 December
	2022	2021
	Thousand	Thousand
	Baht	Baht
Due from reinsurance	<u>28,725</u>	<u>15,055</u>
Total amount due from reinsurance	<u>28,725</u>	<u>15,055</u>

9. Deferred acquisition costs

The movements details are below:

	(Unaudited) 30 September 2022 Thousand Baht	(Audited) 31 December 2021 Thousand Baht
Beginning balance for the period/year	72,634,250	70,014,183
Deferral of acquisition costs	12,850,230	16,853,416
Amortisation of acquisition costs	(10,860,177)	(14,233,349)
Closing balance at the end of period/year	<u>74,624,303</u>	<u>72,634,250</u>

10. Derivative assets and liabilities

	(Unaudited) 30 September 2022 Fair value	
	Assets Thousand Baht	Liabilities Thousand Baht
Held for hedge derivatives		
- Applied hedge accounting	5,416,135	14,824,358
- Not applied hedge accounting	1,457,421	3,367,621
Total derivatives	<u>6,873,556</u>	<u>18,191,979</u>
	(Audited) 31 December 2021 Fair value	
	Assets Thousand Baht	Liabilities Thousand Baht
Held for hedge derivatives		
- Applied hedge accounting	3,111,197	12,383,408
- Not applied hedge accounting	390,057	1,086,791
Total derivatives	<u>3,501,254</u>	<u>13,470,199</u>

10. Derivative assets and liabilities (Cont'd)

Derivative assets and liabilities which applied hedge accounting are as follows:

30 September 2022 (Unaudited)							
Type of contract	Purpose	Number of contracts	Face value		Fair value		Fair value gains (losses) on derivatives Thousand Baht
			Assets Thousand Baht	Liabilities Thousand Baht	Assets Thousand Baht	Liabilities Thousand Baht	
Cross currency swap and forward contracts	Closing financial position of investment in foreign currency	163	4,627,759	57,605,111	205,366	10,544,338	(4,107,249)
Interest rate swap contracts	Closing position of floating interest rate	220	-	-	5,210,769	4,280,020	3,971,237
Total		383	4,627,759	57,605,111	5,416,135	14,824,358	(136,012)

31 December 2021 (Audited)							
Type of contract	Purpose	Number of contracts	Face value		Fair value		Fair value losses on derivatives Thousand Baht
			Assets Thousand Baht	Liabilities Thousand Baht	Assets Thousand Baht	Liabilities Thousand Baht	
Cross currency swap and forward contracts	Closing financial position of investment in foreign currency	217	2,221,126	80,635,478	26,652	6,258,375	(9,717,097)
Interest rate swap contracts	Closing position of floating interest rate	305	-	-	3,084,545	6,125,033	(716,190)
Total		522	2,221,126	80,635,478	3,111,197	12,383,408	(10,433,287)

10. Derivative assets and liabilities (Cont'd)

Derivative assets and liabilities which are not applied hedge accounting are as follows:

30 September 2022 (Unaudited)							
Type of contract	Purpose	Number of contracts	Face value		Fair value		Fair value gains (losses) on derivatives Thousand Baht
			Assets Thousand Baht	Liabilities Thousand Baht	Assets Thousand Baht	Liabilities Thousand Baht	
Cross currency swap and forward contracts	Closing financial position of investment in foreign currency	40	680,038	12,758,448	76,708	2,076,908	(1,556,566)
Interest rate swap contracts	Closing position of floating interest rate	34	-	-	1,355,360	1,290,713	346,140
Warrants		-	-	-	25,353	-	(3,040)
Total		74	680,038	12,758,448	1,457,421	3,367,621	(1,213,466)

31 December 2021 (Audited)							
Type of contract	Purpose	Number of contracts	Face value		Fair value		Fair value gains (losses) on derivatives Thousand Baht
			Assets Thousand Baht	Liabilities Thousand Baht	Assets Thousand Baht	Liabilities Thousand Baht	
Cross currency swap and forward contracts	Closing financial position of investment in foreign currency	29	263,357	6,756,662	10,637	454,271	(1,186,780)
Interest rate swap contracts	Closing position of floating interest rate	24	-	-	351,027	632,520	(130,816)
Warrants		-	-	-	28,393	-	5,798
Subscription rights		-	-	-	-	-	8,182
Total		53	263,357	6,756,662	390,057	1,086,791	(1,303,616)

11. Investment in securities

The details of investment in securities are as follows:

	(Unaudited) 30 September 2022		(Audited) 31 December 2021	
	Cost/ Amortised cost Thousand Baht	Fair value Thousand Baht	Cost/ Amortised cost Thousand Baht	Fair value Thousand Baht
<u>Investments measured at fair value through profit or loss</u>				
Equity securities - mutual funds	619	536	630	646
Total	619	536	630	646
<u>Add</u> Unrealised gains (losses)	(83)	-	16	-
Total investments measured at fair value through profit or loss	536	536	646	646
<u>Investments measured at fair value through other comprehensive income</u>				
Government and state enterprise securities	257,442,701	236,345,915	463,804,532	502,363,772
Private enterprise debt securities	57,047,856	54,248,181	66,600,040	69,495,767
Foreign debt securities	89,466,717	75,111,135	89,034,361	96,997,972
Equity securities	63,233,642	82,745,511	64,344,596	86,743,735
Total	467,190,916	448,450,742	683,783,529	755,601,246
<u>Add</u> Unrealised gains (losses)	(18,499,370)	-	72,094,251	-
<u>Less</u> Provision for impairment on equity securities	(240,804)	-	(276,534)	-
Total investments measured at fair value through other comprehensive income	448,450,742	448,450,742	755,601,246	755,601,246
<u>Investment measured at amortised cost</u>				
Government and state enterprise securities	292,355,179	228,892,073	51,500,000	60,982,051
Total investment measured at amortised cost	292,355,179	228,892,073	51,500,000	60,982,051
<u>Investment designated at fair value through profit or loss</u>				
Equity securities - mutual funds	3,326,355	2,964,281	565,547	496,250
Total	3,326,355	2,964,281	565,547	496,250
<u>Less</u> Unrealised losses	(362,074)	-	(69,297)	-
Total investment designated at fair value through profit or loss	2,964,281	2,964,281	496,250	496,250
Total investment in securities	743,770,738	680,307,632	807,598,142	817,080,193

11. Investment in securities (Cont'd)

In June 2022, the Branch has partially reclassified its investments in debt securities measured at fair value through other comprehensive income to investments in debt securities measured at amortised cost because the management intends to hold these debt securities to their maturities.

As at 30 September 2022, the fair value of these debt securities is Baht 176,744 million (Baht 141,395 million, net of tax).

For the interim period ended 30 September 2022, losses on remeasuring investments measured at fair value through other comprehensive income would be amounting to Baht 64,334 million (Baht 51,467 million, net of tax).

For the three-month and nine-month periods ended 30 September 2022 and 2021, the Branch had revenue recognised relating to investment as follows:

	For the three-month period ended	
	(Unaudited) 30 September 2022	(Unaudited) 30 September 2021
	Thousand Baht	Thousand Baht
Interest income and dividend income from investments	6,778,375	6,760,062
Consideration received from selling investments	23,586,328	65,728,289
Gains from selling investments	769,391	2,731,388
	For the nine-month period ended	
	(Unaudited) 30 September 2022	(Unaudited) 30 September 2021
	Thousand Baht	Thousand Baht
Interest income and dividend income from investments	20,254,221	20,347,693
Consideration received from selling investments	68,206,746	175,594,034
Gains from selling investments	3,705,938	8,475,981

As at 30 September 2022, the Branch had government bonds and promissory notes deposited with the Office of Insurance Commission in order to comply with the Life Insurance Act with a fair value amounting to Baht 174,157 million (31 December 2021: Baht 192,764 million).

11. Investment in securities (Cont'd)

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

	(Unaudited) 30 September 2022	
	Fair value	Expected credit loss
	Thousand	recognised in other
	Baht	comprehensive income
		Thousand
		Baht
Investments in debt securities which credit risk has not significantly increased (Stage 1)	364,552,864	316,312
Investment in debt securities which credit risk has significantly increased (Stage 2)	1,152,367	719,623
Credit-impaired investments in debt securities (Stage 3)	-	100,000
Total	365,705,231	1,135,935

	(Audited) 31 December 2021	
	Fair value	Expected credit loss
	Thousand	recognised in other
	Baht	comprehensive income
		Thousand
		Baht
Investments in debt securities which credit risk has not significantly increased (Stage 1)	668,644,731	466,313
Investment in debt securities which credit risk has significantly increased (Stage 2)	212,780	12,115
Credit-impaired investments in debt securities (Stage 3)	-	100,000
Total	668,857,511	578,428

11. Investment in securities (Cont'd)

11.2 Debt securities that are measured at amortised cost

(Unaudited) 30 September 2022			
	Gross carrying value Thousand Baht	Expected credit loss Thousand Baht	Carrying value Thousand Baht
Investments in debt securities which credit risk has not significantly increased (Stage 1)	292,355,279	100	292,355,179
Total	292,355,279	100	292,355,179

(Audited) 31 December 2021			
	Gross carrying value Thousand Baht	Expected credit loss Thousand Baht	Carrying value Thousand Baht
Investments in debt securities which credit risk has not significantly increased (Stage 1)	51,500,000	-	51,500,000
Total	51,500,000	-	51,500,000

12. Investment in associates

The Branch has interests in an immaterial associate.

Investment in associates is accounted by using the cost method as follows:

Associates	Type of business	Ownership interest		Cost method	
		(Unaudited) 30 September 2022	(Audited) 31 December 2021	(Unaudited) 30 September 2022	(Audited) 31 December 2021
		%	%	Thousand Baht	Thousand Baht
AIA Wellness Company Limited	Office building rental and services	49	49	171,500	171,500
Total				171,500	171,500

The Branch has not presented financial statements in which investment in associates is accounted for using the equity method because the ultimate holding company (AIA Group) uses the equity method in the consolidated financial statements which are made available for public use. This is permitted under TAS 28 (revised 2019) "Investment in Associates and Joint Ventures".

13. Loans and accrued interest receivables

The details of loans and accrued interest receivables are as follows:

	(Unaudited) 30 September 2022		(Audited) 31 December 2021	
	Principal Thousand Baht	Accrued interest Thousand Baht	Principal Thousand Baht	Accrued interest Thousand Baht
<u>Policy loans</u>				
Outstanding period				
Current	31,840,582	1,035,957	30,869,125	876,781
Overdue				
Less than 3 months	-	-	-	-
3 - 6 months	-	-	-	-
6 - 12 months	-	-	-	-
More than 12 months	-	-	-	-
Policy loans, net	<u>31,840,582</u>	<u>1,035,957</u>	<u>30,869,125</u>	<u>876,781</u>
<u>Mortgage loans</u>				
Loans which credit risk has not significantly increased (Stage 1)	23,252	130	1,410,865	455
Loans which credit risk has significantly increased (Stage 2)	357	5	2,018	25
Credit-impaired loans (Stage 3)	<u>21,961</u>	<u>-</u>	<u>26,521</u>	<u>-</u>
Total	45,570	135	1,439,404	480
<u>Less</u> expected credit loss	<u>(7,120)</u>	<u>-</u>	<u>(12,562)</u>	<u>-</u>
Mortgage loans, net	<u>38,450</u>	<u>135</u>	<u>1,426,842</u>	<u>480</u>
<u>Loans to employees</u>				
Loans which credit risk has not significantly increased (Stage 1)	-	-	33	-
Total	-	-	33	-
<u>Less</u> expected credit loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loans to employees, net	<u>-</u>	<u>-</u>	<u>33</u>	<u>-</u>
Loans and accrued interest receivables	<u>31,879,032</u>	<u>1,036,092</u>	<u>32,296,000</u>	<u>877,261</u>

14. Investment property

30 September 2022 (Unaudited)						
Cost/Fair value						
For the period						
	Beginning balance 1 January 2022 Thousand Baht	Additions from acquisition and capitalised subsequent expenditures Thousand Baht	Write-off Thousand Baht	Transfer Thousand Baht	Fair value gains Thousand Baht	Ending balance 30 September 2022 Thousand Baht
Land	13,250,693	-	-	-	8,000	13,258,693
Buildings and improvements	8,954,899	1,959,350	(242)	-	173	10,914,180
Total	22,205,592	1,959,350	(242)	-	8,173	24,172,873
31 December 2021 (Audited)						
Cost/Fair value						
For the year						
	Beginning balance 1 January 2021 Thousand Baht	Additions from acquisition and capitalised subsequent expenditures Thousand Baht	Write-off Thousand Baht	Transfer Thousand Baht	Fair value gains (losses) Thousand Baht	Ending balance 31 December 2021 Thousand Baht
Land	9,505,320	-	-	3,297,212	448,161	13,250,693
Buildings and improvements	7,900,080	4,521,343	(554)	(3,297,212)	(168,758)	8,954,899
Total	17,405,400	4,521,343	(554)	-	279,403	22,205,592

In 2021 and 2022, the Branch engaged an external independent and qualified appraiser to determine the fair value of the investment property. The valuation techniques and valuation process of investment property are disclosed in Note 4.4.

For the three-month and nine-month periods ended 30 September 2022, the investment property generated rental income amounting to Baht 252 million and Baht 743 million, respectively (30 September 2021: Baht 245 million and Baht 749 million, respectively) and its direct operating expenses (including repair and maintenance) arise from investment property that generated rental income amounting to Baht 60 million and Baht 162 million, respectively (30 September 2021: Baht 47 million and Baht 147 million, respectively).

14. Investment property (Cont'd)

14.1 Lease revenue arising from operating lease contracts

A maturity analysis of undiscounted lease revenue arising from operating lease contracts of investment properties is as follows:

	(Unaudited) 30 September 2022 Thousand Baht	(Audited) 31 December 2021 Thousand Baht
Maturing		
Within 1 year	773,597	730,796
Between 1 to 2 years	542,507	562,387
Between 2 to 3 years	170,062	292,796
Between 3 to 4 years	37,105	36,243
Between 4 to 5 years	38,209	35,709
Later than 5 years	231,034	260,316
Total	<u>1,792,514</u>	<u>1,918,247</u>

15. Assets held to cover linked liabilities

	(Unaudited) 30 September 2022 Thousand Baht	(Audited) 31 December 2021 Thousand Baht
Investment in mutual funds that are measured at fair value through profit or loss	<u>60,844,145</u>	<u>59,961,552</u>
Total	<u>60,844,145</u>	<u>59,961,552</u>

AIA Company Limited
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16. Property, plant and equipment

30 September 2022 (Unaudited)														
	Cost/Revaluation						Accumulated depreciation							Property, plant and equipment Thousand Baht
	Beginning balance 1 January 2022 Thousand Baht	For the period					Ending balance 30 September 2022 Thousand Baht	Beginning balance 1 January 2022 Thousand Baht	For the period				Ending balance 30 September 2022 Thousand Baht	
		Addition Thousand Baht	Write-off Thousand Baht	Disposal Thousand Baht	Transfer Thousand Baht	Gain (loss) on revaluation Thousand Baht			Depreciation charge Thousand Baht	Write-off Thousand Baht	Disposal Thousand Baht	Revaluation adjustment Thousand Baht		
Land	462,000	-	-	-	-	-	462,000	-	-	-	-	-	-	462,000
Buildings and improvements	733,000	-	-	-	-	-	733,000	-	44,705	-	-	-	44,705	688,295
Furniture, fixtures and equipment	2,309,990	9,847	(8,343)	(738)	19,429	-	2,330,185	1,752,626	100,613	(8,424)	(657)	-	1,844,158	486,027
Computer hardware	1,024,100	34,785	(216)	-	-	-	1,058,669	965,444	30,104	(215)	-	-	995,333	63,336
Motor vehicles	43,052	-	-	(8,128)	-	-	34,924	28,719	3,275	-	(6,004)	-	25,990	8,934
Construction in progress	10,545	24,173	-	-	(19,429)	-	15,289	-	-	-	-	-	-	15,289
Total	4,582,687	68,805	(8,559)	(8,866)	-	-	4,634,067	2,746,789	178,697	(8,639)	(6,661)	-	2,910,186	1,723,881

AIA Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 30 September 2022

16. Property, plant and equipment (Cont'd)

	31 December 2021 (Audited)													
	Cost/Revaluation						Accumulated depreciation							
	Beginning balance 1 January 2021 Thousand Baht	For the year					Ending balance 31 December 2021 Thousand Baht	Beginning balance 1 January 2021 Thousand Baht	For the year				Ending balance 31 December 2021 Thousand Baht	Property, plant and equipment Thousand Baht
		Addition Thousand Baht	Write-off Thousand Baht	Disposal Thousand Baht	Transfer Thousand Baht	Loss on revaluation Thousand Baht			Depreciation charge Thousand Baht	Write-off Thousand Baht	Disposal Thousand Baht	Revaluation adjustment Thousand Baht		
Land	462,000	-	-	-	-	-	462,000	-	-	-	-	-	-	462,000
Buildings and improvements	734,000	-	-	-	-	(1,000)	733,000	-	54,152	-	-	(54,152)	-	733,000
Furniture, fixtures and equipment	2,429,902	14,947	(134,859)	-	-	-	2,309,990	1,731,845	155,366	(134,585)	-	-	1,752,626	557,364
Computer hardware	1,031,923	14,015	(827)	(21,011)	-	-	1,024,100	920,348	66,932	(827)	(21,009)	-	965,444	58,656
Motor vehicles	34,917	8,135	-	-	-	-	43,052	22,328	6,391	-	-	-	28,719	14,333
Construction in progress	-	10,545	-	-	-	-	10,545	-	-	-	-	-	-	10,545
Total	4,692,742	47,642	(135,686)	(21,011)	-	(1,000)	4,582,687	2,674,521	282,841	(135,412)	(21,009)	(54,152)	2,746,789	1,835,898

In 2021, the Branch engaged an external independent and qualified appraiser to determine the fair value of the land and buildings. The valuation techniques and valuation process of land and buildings are disclosed in Note 4.4.

If the land and buildings are stated under the cost model, as at 30 September 2022, the carrying value would be Baht 53 million and Baht 54 million, respectively (31 December 2021: Baht 53 million and Baht 59 million, respectively).

17. Intangible assets

Intangible assets consist of computer software, distribution rights, copyrights and access right as follows:

	30 September 2022 (Unaudited)									
	Cost					Accumulated amortisation				
	Beginning balance	For the period			Ending balance	Beginning balance	For the period		Ending balance	
	1 January				30 September	1 January	Amortisation charge	Write-off	30 September	Intangible assets
	2022	Addition	Write-off	Transfer	2022	2022			2022	
	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Computer software	1,898,995	10,560	(16,185)	966,544	2,859,914	1,349,534	143,660	(16,149)	1,477,045	1,382,869
Other	368,964	-	-	-	368,964	49,186	18,558	-	67,744	301,220
Work in progress	1,743,858	540,161	-	(966,544)	1,317,475	-	-	-	-	1,317,475
Total	4,011,817	550,721	(16,185)	-	4,546,353	1,398,720	162,218	(16,149)	1,544,789	3,001,564
	31 December 2021 (Audited)									
	Cost					Accumulated amortisation				
	Beginning balance	For the year			Ending balance	Beginning balance	For the year		Ending balance	
	1 January				31 December	1 January	Amortisation charge	Write-off	31 December	Intangible assets
	2021	Addition	Write-off	Transfer	2021	2021			2021	
	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Computer software	1,813,977	39,653	(13,050)	58,415	1,898,995	1,228,412	134,145	(13,023)	1,349,534	549,461
Other	55,671	-	-	313,293	368,964	25,671	23,515	-	49,186	319,778
Work in progress	1,056,156	1,059,410	-	(371,708)	1,743,858	-	-	-	-	1,743,858
Total	2,925,804	1,099,063	(13,050)	-	4,011,817	1,254,083	157,660	(13,023)	1,398,720	2,613,097

18. Other assets

	(Unaudited) 30 September 2022 Thousand Baht	(Audited) 31 December 2021 Thousand Baht
Deposits (Note 26 (b))	119,102	119,968
Amounts due from a related party (Note 26 (b))	22,172	19,350
Receivables from sale of investments	749,378	2,629,634
Cash collateral from derivative contract	12,452,868	10,373,452
Right-of-use assets (Note 26 (b))	1,885,933	2,242,741
Others (Note 26 (b))	260,915	257,574
Total	<u>15,490,368</u>	<u>15,642,719</u>

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

18. Other assets (Cont'd)

18.1 Right-of-use assets

30 September 2022 (Unaudited)												
	Cost				Accumulated amortisation							
	For the period				For the period							
	Beginning balance 1 January 2022 Thousand Baht	Addition Thousand Baht	Change in contract Thousand Baht	Gain (loss) on revaluation Thousand Baht	Ending balance 30 September 2022 Thousand Baht	Beginning balance 1 January 2022 Thousand Baht	Amortisation charge Thousand Baht	Change in contract Thousand Baht	Revaluation adjustment Thousand Baht	Temporary measures to relieve the impact from COVID-19 Thousand Baht	Ending balance 30 September 2022 Thousand Baht	Right-of-use assets Thousand Baht
Land	734,000	-	-	-	734,000	-	14,314	-	-	-	14,314	719,686
Buildings and improvements	2,173,876	15,758	(126,366)	-	2,063,268	665,135	247,205	(15,606)	-	287	897,021	1,166,247
Total	2,907,876	15,758	(126,366)	-	2,797,268	665,135	261,519	(15,606)	-	287	911,335	1,885,933

31 December 2021 (Audited)												
	Cost				Accumulated amortisation							
	For the year				For the year							
	Beginning balance 1 January 2021 Thousand Baht	Addition Thousand Baht	Change in contract Thousand Baht	Loss on revaluation Thousand Baht	Ending balance 31 December 2021 Thousand Baht	Beginning balance 1 January 2021 Thousand Baht	Amortisation charge Thousand Baht	Change in contract Thousand Baht	Revaluation adjustment Thousand Baht	Temporary measures to relieve the impact from COVID-19 Thousand Baht	Ending balance 31 December 2021 Thousand Baht	Right-of-use assets Thousand Baht
Land	740,000	-	-	(6,000)	734,000	-	18,649	-	(18,649)	-	-	734,000
Buildings and improvements	1,762,662	441,245	(30,031)	-	2,173,876	340,966	333,361	(10,231)	-	1,039	665,135	1,508,741
Others	2,803	-	(2,803)	-	-	894	408	(1,302)	-	-	-	-
Total	2,505,465	441,245	(32,834)	(6,000)	2,907,876	341,860	352,418	(11,533)	(18,649)	1,039	665,135	2,242,741

18. Other assets (Cont'd)

18.1 Right-of-use assets (Cont'd)

The related lease liabilities are disclosed in Note 21.1.

For the three-month and nine-month periods ended 30 September 2022, the lease payments resulting from lease and service contracts which are not capitalised comprised of short-term leases and low-value leases. These lease payments are not material.

During the reporting period, the Branch received discounts in the lease payments from lessors due to the COVID-19 outbreak. The Branch has chosen to apply the temporary measures to relieve the impact from COVID-19 announced by TFAC for the reporting periods ending 1 January 2021 onwards by reducing lease liabilities in the proportion of the reduction to the lease payments due by 30 June 2022 throughout the period that the Branch has received the reduction and reversing depreciation charges on the right-of-use assets and interest expenses on the lease liabilities recognised in the same proportion of Baht 0.29 million and Baht 0.04 million, respectively (31 December 2021: Baht 1.0 million and Baht 0.2 million, respectively). The differences between the reduction of the lease liabilities and the reversal of the expenses of Baht 0.01 million (31 December 2021: Baht 0.1 million) are recognised in profit or loss.

19. Insurance liabilities

	30 September 2022 (Unaudited)			31 December 2021 (Audited)		
	Insurance contract liabilities Thousand Baht	Liabilities recovered from reinsurance Thousand Baht	Net Thousand Baht	Insurance contract liabilities Thousand Baht	Liabilities recovered from reinsurance Thousand Baht	Net Thousand Baht
Long-term technical reserves	565,370,235	-	565,370,235	563,981,057	-	563,981,057
Claim liability						
- Reported claim	2,081,324	(3,253)	2,078,071	1,339,810	(5,233)	1,334,577
- Claim incurred but not reported	783,127	(263,837)	519,290	579,741	(187,503)	392,238
Premium liability						
- Unearned premium reserve	19,964,119	(77,044)	19,887,075	18,493,978	(77,162)	18,416,816
Unpaid policy benefits	669,572	-	669,572	545,682	-	545,682
Due to insured	161,044,823	-	161,044,823	156,695,813	-	156,695,813
Total	749,913,200	(344,134)	749,569,066	741,636,081	(269,898)	741,366,183

19. Insurance liabilities (Cont'd)

19.1 Long-term technical reserves

The movement details are below:

	(Unaudited) 30 September 2022 Thousand Baht	(Audited) 31 December 2021 Thousand Baht
Beginning balance for the period/year	563,981,057	574,291,648
Policy reserve movement for new policies and inforce policies during the period/year	47,593,968	70,034,424
Net movement in benefits payable to life policyholders for death, maturities, surrenders, other policyholders benefits and claims	(43,013,886)	(77,483,731)
Others	(3,190,904)	(2,861,284)
Closing balance at the end of period/year	<u>565,370,235</u>	<u>563,981,057</u>

19.2 Short-term technical reserves

19.2.1 Claim liability

The movement details are below:

	(Unaudited) 30 September 2022 Thousand Baht	(Audited) 31 December 2021 Thousand Baht
Beginning balance for the period/year	1,919,551	1,754,194
Insurance claims and loss adjustment expenses incurred during the period/year	21,062,209	20,070,246
Changes in claim reserve from change in assumption during the period/year	203,386	(198,497)
Insurance claims and loss adjustment expenses paid during the period/year	(20,320,695)	(19,706,392)
Closing balance at the end of period/year	<u>2,864,451</u>	<u>1,919,551</u>

19.2.2 Unearned premium reserve

	(Unaudited) 30 September 2022 Thousand Baht	(Audited) 31 December 2021 Thousand Baht
Beginning balance for the period/year	18,493,978	17,786,901
Premium written for the period/year	34,201,469	42,872,120
Premium earned in the period/year	(32,731,328)	(42,165,043)
Closing balance at the end of period/year	<u>19,964,119</u>	<u>18,493,978</u>

19. Insurance liabilities (Cont'd)

19.3 Unpaid policy benefits

The details are as below:

	(Unaudited) 30 September 2022 Thousand Baht	(Audited) 31 December 2021 Thousand Baht
Death benefits	669,572	545,682
Total	<u>669,572</u>	<u>545,682</u>

19.4 Due to insured

The details of due to insured are presented below:

	(Unaudited) 30 September 2022 Thousand Baht	(Audited) 31 December 2021 Thousand Baht
Deposits from insurance contracts	90,223,806	86,641,772
Account value of universal life insurance contracts	9,976,872	10,092,489
Account value of unit linked insurance contracts	60,844,145	59,961,552
Total	<u>161,044,823</u>	<u>156,695,813</u>

20. Amount due to reinsurance

	(Unaudited) 30 September 2022 Thousand Baht	(Audited) 31 December 2021 Thousand Baht
Fund reserve	13,786	17,714
Outward premium payables (Note 26 (b))	391,447	547,683
Total amount due to reinsurance	<u>405,233</u>	<u>565,397</u>

21. Other liabilities

	(Unaudited) 30 September 2022 Thousand Baht	(Audited) 31 December 2021 Thousand Baht
Accrued expenses	9,520,851	8,821,283
Payable for purchase of investments	753,976	2,255,967
Unpresented cheques payable	1,058,324	5,731,665
Expired cheques payable	2,715,941	2,556,371
Due commissions and expenses	664,897	891,154
Payable to related parties (Note 26 (b))	389,554	890,213
Agents payable	1,980,932	5,214,874
Cash collateral from derivative contracts	1,499,916	122,700
Other accounts payable	784,390	1,115,341
Lease liabilities (Note 26 (b))	1,193,170	1,515,809
Others (Note 26 (b))	2,003,003	2,735,591
Total	22,564,954	31,850,968

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

21.1 Lease liabilities

The maturity analysis of lease liabilities is aged as follows:

	(Unaudited) 30 September 2022 Thousand Baht	(Audited) 31 December 2021 Thousand Baht
Maturing		
Within 1 year	311,232	301,928
Between 1 to 5 years	797,172	1,096,402
Later than 5 years	84,766	117,479
Total	1,193,170	1,515,809
Including: - Principal	1,336,593	1,700,420
- Interest	(143,423)	(184,611)

For the three-month and nine-month periods ended 30 September 2022, interest expense on lease liabilities amounted to Baht 8.6 million and Baht 27.8 million, respectively (30 September 2021: Baht 11.4 million and Baht 33.1 million, respectively), is recorded as "Finance cost" in the statement of comprehensive income.

22. Gross benefits and claim paid

	For the three-month period ended	
	(Unaudited) 30 September 2022 Thousand Baht	(Unaudited) 30 September 2021 Thousand Baht
Insurance contract benefits	27,516,385	25,234,546
Total	27,516,385	25,234,546

	For the nine-month period ended	
	(Unaudited) 30 September 2022 Thousand Baht	(Unaudited) 30 September 2021 Thousand Baht
Insurance contract benefits	75,694,285	77,839,705
Total	75,694,285	77,839,705

23. Operating expenses

	For the three-month period ended	
	(Unaudited) 30 September 2022 Thousand Baht	(Unaudited) 30 September 2021 Thousand Baht
Employee expenses not relating to underwriting expenses, and loss adjusting expenses	1,074,725	1,062,013
Property and equipment expenses not relating to underwriting expenses, and loss adjusting expenses	622,234	606,499
Tax expenses	1,733	708
Other operating expenses	699,992	573,743
Total	2,398,684	2,242,963

	For the nine-month period ended	
	(Unaudited) 30 September 2022 Thousand Baht	(Unaudited) 30 September 2021 Thousand Baht
Employee expenses not relating to underwriting expenses, and loss adjusting expenses	2,992,154	2,885,733
Property and equipment expenses not relating to underwriting expenses, and loss adjusting expenses	1,899,112	1,690,985
Tax expenses	10,284	7,611
Other operating expenses	1,869,736	1,683,192
Total	6,771,286	6,267,521

24. Expected credit loss

	For the three-month period ended	
	(Unaudited) 30 September 2022 Thousand Baht	(Unaudited) 30 September 2021 Thousand Baht
Investment in securities	(1,308,183)	18,459
Loans and accrued interest receivables	(824)	(300)
Total	(1,309,007)	18,159

	For the nine-month period ended	
	(Unaudited) 30 September 2022 Thousand Baht	(Unaudited) 30 September 2021 Thousand Baht
Investment in securities	557,607	92,807
Loans and accrued interest receivables	(5,849)	(3,058)
Total	551,758	89,749

25. 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 pre-tax income of the interim period.

26. Related party transactions

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

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

(a) Statements of comprehensive income

	For the three-month period ended	
	(Unaudited) 30 September 2022 Thousand Baht	(Unaudited) 30 September 2021 Thousand Baht
<u>Head office</u>		
Operating expenses	421,821	238,352
Capitalised expenses	56,475	-
<u>Affiliated companies</u>		
Premiums ceded to reinsurers	2,548,355	2,032,946
Fee and commission income	78,935	124,867
Net investment income (expense)	(370,077)	(430,969)
Other income	6,994	4,259
Benefits and claim paid recovered from reinsurers	2,141,109	1,100,858
Operating expenses	264,552	379,312
Capitalised expenses	5,444	65,324
Finance cost	3,900	4,062

	For the nine-month period ended	
	(Unaudited) 30 September 2022 Thousand Baht	(Unaudited) 30 September 2021 Thousand Baht
<u>Head office</u>		
Operating expenses	1,258,273	752,633
Capitalised expenses	180,805	-
<u>Affiliated companies</u>		
Premiums ceded to reinsurers	7,347,650	5,737,786
Fee and commission income	236,509	198,613
Net investment income (expense)	(1,120,828)	(1,302,125)
Other income	25,394	12,810
Benefits and claim paid recovered from reinsurers	5,442,853	3,184,934
Other underwriting expenses	-	3,629
Operating expenses	729,662	1,050,988
Capitalised expenses	16,539	147,776
Finance cost	12,168	11,155

26. Related party transactions (Cont'd)

The following significant transactions were carried out with related parties and affiliated companies within AIA Group. (Cont'd)

(b) Statement of financial position

	(Unaudited) 30 September 2022 Thousand Baht	(Audited) 31 December 2021 Thousand Baht
<u>Head office</u>		
Profit remittances to Head Office	3,235,500	3,432,112
Other liabilities	170,381	502,142
<u>Affiliated companies</u>		
Reinsurance assets	2,245	2,460
Investment in securities	2,688,093	-
Investment in associates	171,500	171,500
Other assets	1,282,159	1,373,805
Amount due to reinsurance	4,498	206,956
Other liabilities	706,888	935,064

(c) Key management compensations

Key management compensations are as follows:

	For the three-month period ended	
	(Unaudited) 30 September 2022 Thousand Baht	(Unaudited) 30 September 2021 Thousand Baht
Salary and other short-term employee benefits	42,715	36,827
Post-employment benefits	3,199	2,457
Share-based payment	9,668	9,091
Total	55,582	48,375

	For the nine-month period ended	
	(Unaudited) 30 September 2022 Thousand Baht	(Unaudited) 30 September 2021 Thousand Baht
Salary and other short-term employee benefits	122,233	111,501
Post-employment benefits	8,791	7,345
Share-based payment	26,442	27,271
Total	157,466	146,117

27. Contingent liabilities and commitments

As at 30 September 2022, the Branch had contractual commitment from contracts for investment property projects with the amount at the maximum of Baht 231 million (31 December 2021: the amount at the maximum of Baht 2,407 million). Commitments arising from short-term leases and low-value leases are not material to the interim financial information.

28. Events occurring after the reporting date

On 17 October 2022, the Branch remitted profit to Head Office amounting to Baht 3,236 million.

INFORMATION UPDATE

2.4 SUB-COMMITTEE MEMBERS

a) Investment Committee (“IC”)

The members of IC are:

1. Nikhil Ashvani Advani (Chief Executive Officer)
2. Johann Dutoit (Chief Investment Officer)
3. Hiew Tet Chian (Chief Financial Officer)
4. Loo Boon Teik (Chief Risk Officer)
5. 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. Vilasinee Limprana (Head of Pension Business)
4. Pongthep Somprasong (Fund Manager from Pension Business)
5. Kawisa Hemwej (Fund Manager from Pension Business)
6. Titti Tungpanitansook (Director of Enterprise Risk Management)

c) Operational Risk Committee (“ORC”)

The members of ORC are:

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

d) Financial Risk Committee (“FRC”)

The members of FRC are:

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

The Audit Committee

The members of AIA Group’s Audit Committee are:

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

Financial Oversight Committee

The members of FOC are:

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