

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

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

Disclosed on.....29...November..2019.....

Information for the Quarter....3...Year...2019....

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 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 minimum CAR of 140%.

Unit: THB mil

Capital Items	Quarter 1		Quarter 2		Quarter 3	
	2019	2018	2019	2018	2019	2018
Capital Adequacy Ratio (%)	409	444	442	392	483	408
Total Capital Available	170,839	179,718	182,353	166,273	214,042	177,701
Total Capital Required	41,770	40,472	41,243	42,401	44,317	43,600

- Remarks:**
- According to the OIC's RBC capital valuation notification for 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 RBC capital notification for 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 2019



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 which comprises the statement of financial position as at 30 September 2019, and 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.

Paiboon Tunkoon
Certified Public Accountant (Thailand) No. 4298
Bangkok
7 November 2019

AIA Company Limited
Statement of Financial Position
As at 30 September 2019

		(Unaudited) 30 September 2019 Baht	(Audited) 31 December 2018 Baht
	Notes		
Assets			
Cash and cash equivalents	7	1,925,031,513	7,769,489,147
Premium receivables	8	6,899,145,318	6,596,744,106
Accrued income on investments		8,546,996,688	5,684,482,811
Reinsurance assets	9, 27	269,856,520	299,424,481
Amount due from reinsurance	10, 27	741,350	1,905,664
Derivative assets	11	6,354,597,817	2,896,344,761
Invested assets			
Investment in securities, net	12	911,472,678,183	769,096,590,258
Investment in associates	13, 27	171,500,000	171,500,000
Loans, net	14	31,880,179,781	31,157,710,208
Investment property	15	16,762,149,139	16,410,000,000
Assets held to cover linked liabilities		25,907,825,734	20,646,422,436
Property, plant and equipment	16	2,151,863,573	2,071,691,883
Intangible assets	17	747,060,430	698,275,585
Other assets	18, 27	1,472,389,754	2,305,222,224
Total assets		1,014,562,015,800	865,805,803,564

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 2019

		(Unaudited) 30 September 2019 Baht	(Audited) 31 December 2018 Baht
	Notes		
Liabilities and Head Office's Equity			
Liabilities			
Borrowings	19	2,050,000,000	-
Insurance liabilities	20	692,341,339,225	680,244,719,106
Investment liabilities	21	809,318,920	1,619,936,357
Amount due to reinsurance	22, 27	564,997,132	359,319,757
Derivative liabilities	11	78,028,627	659,236,610
Income tax payable		1,029,794,282	2,689,801,011
Employee benefit liabilities		3,356,680,838	3,062,818,646
Deferred tax liabilities	23	37,265,439,520	9,623,601,126
Other liabilities	24, 27	29,304,371,590	25,782,724,966
Total liabilities		<u>766,799,970,134</u>	<u>724,042,157,579</u>
Head Office's Equity			
Unrealised gains on changes in fair value of investments, net of tax		157,351,330,587	52,998,840,193
Remeasurements of post-employment benefit obligations, net of tax		(1,123,858,564)	(1,100,415,482)
Gain on land and building revaluation, net of tax		819,701,391	819,701,391
Other reserve		92,732,174	82,648,649
Branch's retained earnings			
Unappropriated		<u>90,622,140,078</u>	<u>88,962,871,234</u>
Total Head Office's Equity		<u>247,762,045,666</u>	<u>141,763,645,985</u>
Total liabilities and Head Office's Equity		<u><u>1,014,562,015,800</u></u>	<u><u>865,805,803,564</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 three-month period ended 30 September 2019

			(Restated)
	Notes	2019 Baht	2018 Baht
Revenues			
Gross written premiums		31,605,632,957	30,104,495,524
<u>Less</u> premiums ceded to insurers	27	<u>(1,244,270,623)</u>	<u>(860,910,264)</u>
Net written premiums		30,361,362,334	29,243,585,260
<u>Less</u> net change in unearned premium reserve	6	<u>(330,610,342)</u>	<u>(209,037,602)</u>
Net earned premiums		30,030,751,992	29,034,547,658
Fee and commission income	27	128,085,415	130,581,572
Net investment income	6, 27	9,266,723,243	8,430,845,228
Gains on investment		4,063,707,007	2,563,691,606
Fair value losses		(23,897,693)	(278,937,385)
Fair value gains (losses) on investment property	6	12,119,453	(2,427,948)
Other income	27	<u>54,730,125</u>	<u>46,287,800</u>
Total revenues		<u>43,532,219,542</u>	<u>39,924,588,531</u>
Expenses			
Change in long-term technical reserves	6	(858,188,711)	7,288,999,566
Gross benefits and claim paid	6, 25	27,218,657,272	18,136,602,963
<u>Less</u> benefits and claim paid recovered from reinsurers	6, 27	<u>(947,424,434)</u>	<u>(525,460,321)</u>
Net benefits and claim paid		26,271,232,838	17,611,142,642
Commissions and brokerages		3,608,530,503	3,419,632,935
Other underwriting expenses	27	4,146,239,057	3,525,119,248
Operating expenses	26, 27	1,847,066,396	2,098,162,805
Finance cost		<u>10,225,000</u>	<u>32,853,263</u>
Total expenses		<u>35,025,105,083</u>	<u>33,975,910,459</u>
Profit before income tax		8,507,114,459	5,948,678,072
Income tax expenses	6	<u>1,753,039,580</u>	<u>1,183,115,121</u>
Net profit		<u>6,754,074,879</u>	<u>4,765,562,951</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 2019

	2019	(Restated) 2018
	Baht	Baht
Other comprehensive income (loss)		
<u>Items that will be reclassified subsequently to profit or loss</u>		
Change in value of available-for-sale investments	89,739,304,622	6,172,661,115
Realised gain from sale of available-for-sale investment and impairment loss transferred to profit or loss	(4,063,427,060)	(2,564,325,977)
Income tax relating to items that will be reclassified subsequently to profit or loss	(17,135,175,513)	(721,667,028)
Total items that will be reclassified subsequently to profit or loss	68,540,702,049	2,886,668,110
Other comprehensive income for the period, net of tax	68,540,702,049	2,886,668,110
Total comprehensive income for the period	75,294,776,928	7,652,231,061

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 2019

			(Restated)
	Notes	2019 Baht	2018 Baht
Revenues			
Gross written premiums		92,165,922,830	87,397,576,963
<u>Less</u> premiums ceded to insurers	27	<u>(3,309,872,767)</u>	<u>(2,558,167,749)</u>
Net written premiums		88,856,050,063	84,839,409,214
<u>Less</u> net change in unearned premium reserve	6	<u>(537,807,115)</u>	<u>(302,028,272)</u>
Net earned premiums		88,318,242,948	84,537,380,942
Fee and commission income	27	354,338,469	363,444,431
Net investment income	6, 27	26,022,686,979	25,124,840,991
Gains on investment		6,895,841,999	9,650,424,681
Fair value losses		(341,495,024)	(10,524,563)
Fair value gains on investment property	6	309,472,567	262,777,065
Other income	27	<u>148,465,683</u>	<u>81,300,135</u>
Total revenues		<u>121,707,553,621</u>	<u>120,009,643,682</u>
Expenses			
Change in long-term technical reserve	6	3,128,892,800	19,433,630,311
Gross benefits and claim paid	6, 25	72,592,520,534	53,097,870,247
<u>Less</u> benefits and claim paid recovered from reinsurers	6, 27	<u>(2,170,413,050)</u>	<u>(1,539,907,377)</u>
Net benefits and claim paid		70,422,107,484	51,557,962,870
Commissions and brokerages		10,652,451,719	9,850,610,991
Other underwriting expenses	27	12,010,860,997	10,806,218,153
Operating expenses	26, 27	5,500,902,106	5,446,854,613
Finance cost		<u>35,840,712</u>	<u>80,440,921</u>
Total expenses		<u>101,751,055,818</u>	<u>97,175,717,859</u>
Profit before income tax		19,956,497,803	22,833,925,823
Income tax expenses	6	<u>4,064,228,959</u>	<u>4,536,418,869</u>
Net profit		<u>15,892,268,844</u>	<u>18,297,506,954</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 2019

			(Restated)
	Notes	2019 Baht	2018 Baht
Other comprehensive income (loss)			
<u>Items that will not be reclassified subsequently to profit or loss</u>			
Remeasurements of post-employment benefit obligations		(29,303,852)	-
Income tax on items that will not be reclassified subsequently to profit or loss	23	<u>5,860,770</u>	<u>-</u>
Total items that will not be reclassified subsequently to profit or loss		<u>(23,443,082)</u>	<u>-</u>
<u>Items that will be reclassified subsequently to profit or loss</u>			
Change in value of available-for-sale investments		137,335,643,025	(27,324,388,104)
Realised gain from sale of available-for-sale investment and impairment loss transferred to profit or loss		(6,895,030,033)	(9,657,905,292)
Income tax relating to items that will be reclassified subsequently to profit or loss	23	<u>(26,088,122,598)</u>	<u>7,396,458,679</u>
Total items that will be reclassified subsequently to profit or loss		<u>104,352,490,394</u>	<u>(29,585,834,717)</u>
Other comprehensive income (loss) for the period, net of tax		<u>104,329,047,312</u>	<u>(29,585,834,717)</u>
Total comprehensive income (loss) for the period		<u><u>120,221,316,156</u></u>	<u><u>(11,288,327,763)</u></u>

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 2019

	Unrealised gains		Remeasurements		Gain on		Unappropriated		Total	
	on changes		of post-employment		land and building		Branch's		Head Office's	
	in fair value of		benefit obligations,		net of tax		retained		Equity	
	investments,		net of tax		net of tax		earnings			
	net of tax		Baht		Baht		Baht		Baht	
Funds from										
Head Office										
Baht										
Beginning balance as at 1 January 2019	-	52,998,840,193	(1,100,415,482)	819,701,391	82,648,649	88,962,871,234	141,763,645,985			
Profit remittances to Head Office	-	-	-	-	-	(14,233,000,000)	(14,233,000,000)			
Employee benefits on share-based payment	-	-	-	-	10,083,525	-	10,083,525			
Net profit	-	-	-	-	-	15,892,268,844	15,892,268,844			
Remeasurement of post-employment benefits	-	-	(23,443,082)	-	-	-	(23,443,082)			
Unrealised gains on changes in fair value of investments	-	109,868,514,420	-	-	-	-	109,868,514,420			
Realised gain from sale of available-for-sale investment and impairment loss transferred to profit or loss	-	(5,516,024,026)	-	-	-	-	(5,516,024,026)			
Ending balance as at 30 September 2019	-	157,351,330,587	(1,123,858,564)	819,701,391	92,732,174	90,622,140,078	247,762,045,666			
Beginning balance as at 1 January 2018	-	89,210,030,072	(1,181,596,528)	-	91,151,725	66,945,653,044	155,065,238,313			
Profit remittances to Head Office	-	-	-	-	-	(4,820,000,000)	(4,820,000,000)			
Employee benefits on share-based payment	-	-	-	-	(18,426,348)	-	(18,426,348)			
Net profit (Note 6)	-	-	-	-	-	18,297,506,954	18,297,506,954			
Unrealised losses on changes in fair value of investments	-	(21,859,510,483)	-	-	-	-	(21,859,510,483)			
Realised gain from sale of available-for-sale investment and impairment loss transferred to profit or loss	-	(7,726,324,234)	-	-	-	-	(7,726,324,234)			
Ending balance as at 30 September 2018	-	59,624,195,355	(1,181,596,528)	-	72,725,377	80,423,159,998	138,938,484,202			

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 2019

		2019	2018
	Notes	Baht	Baht
Cash flows provided by (used in) operating activities			
Written premium received from direct insurance		92,998,134,383	88,981,115,009
Fee income		151,027,639	132,404,580
Cash paid for reinsurance		(770,774,184)	(710,548,688)
Interest income		19,934,072,973	18,969,090,300
Dividend income		4,036,781,553	3,163,268,410
Investment expenses		(1,304,693,963)	(680,294,455)
Cash received from settlement of derivatives		1,734,359,427	69,655,354
Rental income		768,397,322	711,889,885
Other income		134,769,775	62,764,224
Gross benefits and claim paid from direct insurance		(65,947,310,838)	(48,361,323,701)
Commissions and brokerages		(10,548,599,439)	(9,852,060,668)
Other underwriting expenses		(14,070,553,291)	(8,857,026,491)
Operating expenses		(5,752,429,485)	(5,796,190,375)
Income tax expense		(4,164,659,122)	(4,955,827,022)
Cash received from investment in securities		75,718,830,034	91,478,516,972
Cash paid for investment in securities		(80,108,494,210)	(95,433,149,820)
Cash received from investment property	15	30,853	-
Cash paid for investment property	15	(42,634,825)	(1,027,458,425)
Cash received from loans repayment		3,977,994,068	4,161,703,446
Cash paid for loans drawdown		(5,397,701,644)	(5,458,025,389)
Cash received from assets held to cover linked liabilities		4,908,519,148	3,864,266,306
Cash paid for assets held to cover linked liabilities		(9,447,466,903)	(8,472,089,761)
Net cash provided by operating activities		<u>6,807,599,271</u>	<u>21,990,679,691</u>
Cash flows provided by (used in) investing activities			
<u>Cash flows provided by:</u>			
Properties and equipment		<u>9,667,844</u>	<u>175,000</u>
Net cash provided by investing activities		<u>9,667,844</u>	<u>175,000</u>
<u>Cash flows used in:</u>			
Properties and equipment	16	(282,333,784)	(337,739,929)
Intangible assets	17	(160,971,486)	(151,887,829)
Net cash used in investing activities		<u>(443,305,270)</u>	<u>(489,627,758)</u>
Net cash used in investing activities		<u>(433,637,426)</u>	<u>(489,452,758)</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 2019

	2019	2018
	Baht	Baht
Cash flows provided by (used in) financing activities		
<u>Cash flows provided by:</u>		
Borrowings	2,050,000,000	-
Net cash provided by financing activities	2,050,000,000	-
<u>Cash flows used in:</u>		
Remittances to Head Office	(14,233,000,000)	(4,820,000,000)
Principal repayment of borrowing	-	(15,400,000,000)
Finance cost	(35,419,479)	(101,057,250)
Net cash used in financing activities	(14,268,419,479)	(20,321,057,250)
Net cash used in financing activities	(12,218,419,479)	(20,321,057,250)
Net increase (decrease) in cash and cash equivalents	(5,844,457,634)	1,180,169,683
Cash and cash equivalents at beginning of period	7,769,489,147	2,766,275,305
Cash and cash equivalents at end of period	1,925,031,513	3,946,444,988

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 is to provide life insurance, personal accident and health insurance.

This interim financial information has been approved by the Branch's management on 7 November 2019.

This interim financial information has been reviewed, not audited.

2. 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 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 2018.

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.

3. Accounting policies

3.1 Financial reporting standards which are effective for annual periods beginning on or after 1 January 2019

TFRS 2 (revised 2018)	Share-based Payment
TFRS 4 (revised 2018)	Insurance Contracts
TFRS 15	Revenue from Contracts with Customers
TAS 28 (revised 2018)	Investments in associates and joint ventures
TAS 40 (revised 2018)	Investment Property
TFRIC 22	Foreign Currency Transactions and Advance Consideration

TFRS 2 clarifies;

- The measurement basis for cash-settled share-based payments
- Where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority, the award is treated as if it is wholly equity-settled.
- The accounting for modifications from cash-settled awards to equity-settled awards.

TFRS 4 provides insurance companies an optional exemption from compliance with TFRS 9 and TFRS 7. The exemption is temporarily effective and not mandatory. Entities who choose to use the exemption must follow the 'financial instruments and disclosure for insurance companies' accounting guidelines as issued by the Federation of Accounting Professions until TFRS 17 becomes effective.

TFRS 15 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.

TAS 28 clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition.

TAS 40 clarifies that transfers to or from investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer.

TFRIC 22 clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency.

The Branch has adopted these standards for the current period. The above standards do not have significant impact on the Branch.

3. Accounting policies (Cont'd)

3.2 Financial reporting standards which are effective for annual periods beginning on or after 1 January 2020 and are relevant to the Branch. The Branch has not yet adopted these revised standards.

3.2.1 Financial instruments

The new financial reporting standards relate to financial instruments are:

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

These new standards address the classification, measurement and derecognition of financial assets and financial liabilities, impairment of financial assets, hedge accounting, and presentation and disclosure of financial instruments.

3.2.2 TFRS 16 Leases

TFRS 16 will result in almost all leases where the Branch is a lessee being recognised on the balance sheet as the distinction between operating and finance lease is removed. An asset (the right to use the leased item) and financial liability to pay rentals are recognised, with exception on short-term and low-value leases.

The Branch's management is currently assessing the impacts of these standards.

4. 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 2018.

5. Fair value

5.1 Fair value estimation

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities, and the Branch is able to access that market on valuation date.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The following table presents the Branch's assets that are measured and recognised at fair value as at 30 September 2019 and 31 December 2018.

	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
As at 30 September 2019 (Unaudited)				
Assets				
Investment in securities				
Trading securities	633	-	-	633
Available-for-sale securities				
Debt securities	-	736,083,752	-	736,083,752
Equity securities	117,993,579	660,361	-	118,653,940
Investment property	-	-	16,762,149	16,762,149
Assets held to cover				
linked liabilities	25,907,826	-	-	25,907,826
Land and building	-	-	1,125,966	1,125,966
Total assets	<u>143,902,038</u>	<u>736,744,113</u>	<u>17,888,115</u>	<u>898,534,266</u>
As at 31 December 2018 (Audited)				
Assets				
Investment in securities				
Trading securities	998	-	-	998
Available-for-sale securities				
Debt securities	-	609,064,411	-	609,064,411
Equity securities	102,320,781	967,409	10,192	103,298,382
Investment property	-	-	16,410,000	16,410,000
Assets held to cover				
linked liabilities	20,646,422	-	-	20,646,422
Land and building	-	-	1,157,000	1,157,000
Total assets	<u>122,968,201</u>	<u>610,031,820</u>	<u>17,577,192</u>	<u>750,577,213</u>

The Branch has no significant transfer between levels during the period.

5.2 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.

5. Fair value (Cont'd)

5.3 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.

There were no changes in valuation techniques during the periods.

5.4 Valuation techniques used to derive Level 3 fair values

The changes in investment property and land and building are disclosed in Notes 15 and 16, respectively. The Branch engaged an external independent and qualified appraiser to determine the fair value of the investment property and land and building. 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 2019 and for the year ended 31 December 2018.

	(Unaudited) Available-for-sale equity security 30 September 2019 Thousand	(Audited) Available-for-sale equity security 31 December 2018 Thousand
Beginning balance as at 1 January	10,192	22,254
Disposals		
Book value	(31,675)	-
Loss recognised in profit or loss	21,483	-
Net carrying value at transfer date	-	22,254
Gain (loss) on written-off investments		
Loss recognised in profit or loss	-	(8,089)
Gain recognised in other comprehensive income	-	843
Unrealised loss on change in value of available-for-sale investment	-	(4,816)
Closing balance	-	10,192

These securities used to be periodically fair valued at market price but has been fair valued employing an internally developed financial modelling. This is because the market price is not available due to trade suspension.

5. Fair value (Cont'd)

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

Key unobservable inputs are price per book value of comparable equity instruments. Changes in key unobservable inputs will not have a significant impact on fair value of this financial asset and to profit or loss.

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 periods.

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 building 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.

6. Change in accounting policies and presentation

Change in accounting policies

With effect from 31 December 2018, the Branch has changed the accounting policy related to the measurement of investment property from cost model to fair value model by applying retrospective adjustments. The change has been made purposefully to reflect the fair value of investment property. The management considered that such information would be beneficial to financial statements user. The change in accounting policy has affected statements of comprehensive income for the three-month and nine-month period ended 30 September 2018 as follow:

Statement of comprehensive income

- Fair value gains on investment property for the three-month and nine-month periods ended 30 September 2018 decreased by Baht 2.43 million and increased by Baht 262.78 million, respectively.
- Net investment income for the three-month and nine-month periods ended 30 September 2018 increased by Baht 46.28 million and Baht 138.57 million, respectively.
- Income tax expense for the three-month and nine-month periods ended 30 September 2018 increased by Baht 8.77 million and Baht 80.27 million, respectively.
- Net profit for the three-month and nine-month periods ended 30 September 2018 increased by Baht 35.08 million and Baht 321.08 million, respectively.

6. Change in accounting policies and presentation (Cont'd)

Change in accounting policies (Cont'd)

With effect from 31 December 2018, the Branch has changed the accounting policy in relation to product classification and claim reserving methodology by applying retrospective adjustments. The changes were purposefully to align with regulatory reporting basis and to standardise with related reporting basis, respectively. The change in accounting policy has affected statements of comprehensive income for the three-month and nine-month period ended 30 September 2018 as follow:

Statement of comprehensive income

- Gross benefits and claim paid for the three-month and nine-month periods ended 30 September 2018 increased by Baht 137.41 million and decreased Baht 68.09 million, respectively.
- Benefits and claim paid recovered from reinsurers for the three-month and nine-month periods ended 30 September 2018 increased by Baht 5.66 million and Baht 11.22 million, respectively.
- Income tax expense for the three-month and nine-month periods ended 30 September 2018 decreased by Baht 26.35 million and increased by Baht 15.86 million, respectively.
- Net profit for the three-month and nine-month periods ended 30 September 2018 decreased by Baht 105.40 million and increased by Baht 63.45 million, respectively.

Change in presentation

For disclosure purpose, the comparative figures are reclassified and presented to conform to the current period financial information. The significant reclassification transactions are as follows:

Statement of comprehensive income

Change in long-term technical reserve for the three-month and nine-month periods ended 30 September 2018 amounting to Baht 38.70 million and Baht 1.14 million, respectively, is reclassified and presented under change in unearned premium reserve.

7. Cash and cash equivalents

	(Unaudited) 30 September 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Cash on hand	9,567	6,259
Deposits held at call with banks and financial institutions	1,815,465	2,969,970
Short-term investments	100,000	4,793,260
Cash and cash equivalents	<u>1,925,032</u>	<u>7,769,489</u>

8. Premium receivables

The balances of premium receivables are aged as follows:

	From direct insurance	
	(Unaudited)	(Audited)
	30 September	31 December
	2019	2018
	Thousand	Thousand
	Baht	Baht
Current	6,163,483	5,321,303
Overdue		
Not over 30 days	718,130	1,244,653
31 - 60 days	7,502	16,690
61 - 90 days	4,591	7,773
Over 90 days	5,439	6,325
Total premium receivables	<u>6,899,145</u>	<u>6,596,744</u>

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

9. Reinsurance assets

The details of reinsurance assets are as follows:

	(Unaudited)	(Audited)
	30 September	31 December
	2019	2018
	Thousand	Thousand
	Baht	Baht
Claim reserve (Note 27 (b))	-	30,270
Claim incurred but not reported	176,418	177,912
Unearned premium reserve	89,579	86,458
Others (Note 27 (b))	3,860	4,784
Total reinsurance assets	<u>269,857</u>	<u>299,424</u>

10. Amount due from reinsurance

The details of amount due from reinsurance are as follows:

	(Unaudited)	(Audited)
	30 September	31 December
	2019	2018
	Thousand	Thousand
	Baht	Baht
Due from reinsurance (Note 27 (b))	<u>741</u>	<u>1,906</u>
Total amount due from reinsurance	<u>741</u>	<u>1,906</u>

11. Derivative assets and liabilities

The details of derivative assets are as below:

30 September 2019 (Unaudited)				
Type of contract	Purpose	Number of contracts	Notional value Thousand Baht	Book value Thousand Baht
Cross currency swap and forward contracts	Closing financial position of investment in foreign currency	298	97,217,393	6,354,598
Interest rate swap contracts	Closing position of floating interest rate	318	-	-
Total		616	97,217,393	6,354,598

31 December 2018 (Audited)				
Type of contract	Purpose	Number of contracts	Notional value Thousand Baht	Book value Thousand Baht
Cross currency swap and forward contracts	Closing financial position of investment in foreign currency	237	76,793,657	2,896,345
Interest rate swap contracts	Closing position of floating interest rate	306	-	-
Total		543	76,793,657	2,896,345

The details of derivative liabilities are as below:

30 September 2019 (Unaudited)				
Type of contract	Purpose	Number of contracts	Notional value Thousand Baht	Book value Thousand Baht
Cross currency swap and forward contracts	Closing financial position of investment in foreign currency	18	8,212,297	78,029
Total		18	8,212,297	78,029

31 December 2018 (Audited)				
Type of contract	Purpose	Number of contracts	Notional value Thousand Baht	Book value Thousand Baht
Cross currency swap and forward contracts	Closing financial position of investment in foreign currency	87	27,938,556	659,237
Total		87	27,938,556	659,237

As at 30 September 2019, the Branch hedged the risk on foreign currency offshore bonds and debentures by entering into cross currency swap contracts with local banks and branches of foreign banks. The face value of these hedges is U.S. Dollar 3,168 million and Euro 50 million (As at 31 December 2018: U.S. Dollar 3,119 million and Euro 21 million) which comprised of effective contracts of U.S. Dollar 3,001 million and Euro 50 million and non-effective contracts of U.S. Dollar 167 million (As at 31 December 2018: effective contracts of U.S. Dollar 3,063 million and Euro 21 million and non-effective contracts of U.S. Dollar 56 million).

12. Investment in securities, net

The details of investment in securities are as follows:

	(Unaudited) 30 September 2019		(Audited) 31 December 2018	
	Cost/ Amortised cost Thousand Baht	Fair value Thousand Baht	Cost/ Amortised cost Thousand Baht	Fair value Thousand Baht
<u>Trading securities</u>				
Private enterprise debt securities	643	633	1,600	998
Total	643	633	1,600	998
(Less) Unrealised loss	(10)	-	(602)	-
Total trading securities	633	633	998	998
<u>Available-for-sale securities</u>				
Government and state enterprise securities	429,963,353	560,324,205	434,240,333	451,184,087
Private enterprise debt securities	61,631,028	66,578,813	58,018,013	59,711,871
Foreign debt securities	98,603,415	109,180,734	102,627,199	98,168,453
Equity securities	81,780,782	118,653,940	69,784,592	103,298,382
Total	671,978,578	854,737,692	664,670,137	712,362,793
Add Unrealised gain	183,372,992	-	48,378,341	-
Less Provision for impairment	(613,878)	-	(685,685)	-
Total available-for-sale, net	854,737,692	854,737,692	712,362,793	712,362,793
<u>Held-to-maturity securities</u>				
Promissory notes	51,500,000	51,500,000	51,500,000	51,500,000
Deposit with financial institutions with maturity over 3 months	4,300,000	4,300,000	4,300,000	4,300,000
Total held-to-maturity securities	55,800,000	55,800,000	55,800,000	55,800,000
<u>General investments</u>				
Equity securities	934,353	1,702,046	932,799	4,004,091
Total general investment	934,353	1,702,046	932,799	4,004,091
Total investment in securities, net	911,472,678	912,240,371	769,096,590	772,167,882

For the three-month period ended 30 September 2019, the Branch had revenue recognised relating to investment as follows:

- Interest income and dividend income from investments amounting to Baht 6,970 million and Baht 1,942 million, respectively (30 September 2018: Baht 7,076 million and Baht 1,032 million, respectively).
- Consideration received from selling investments totalling Baht 32,932 million (30 September 2018: Baht 37,400 million) and gain from selling investments totalling Baht 3,778 million (30 September 2018: Baht 2,567 million).

12. Investment in securities, net (Cont'd)

For the nine-month period ended 30 September 2019, the Branch had revenue recognised relating to investment as follows:

- Interest income and dividend income from investments amounting to Baht 20,982 million and Baht 3,994 million, respectively (30 September 2018: Baht 21,001 million and Baht 3,170 million, respectively).
- Consideration received from selling investments totalling Baht 75,719 million (30 September 2018: Baht 91,479 million) and gain from selling investments totalling Baht 6,538 million (30 September 2018: Baht 10,010 million).

As at 30 September 2019, 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 210,452 million (As at 31 December 2018: Baht 154,899 million).

As at 30 September 2019, the Branch had no government bonds under obligations of Securities Borrowing and Lending with Bank of Thailand (As at 31 December 2018: Baht 11,033 million).

During April to June 2017, the Branch partially revised the classification of held-to-maturity debt securities to available-for-sale due to a change in investment policy. As at 30 September 2019, the unrealised gain arising from the difference between the fair value and amortised cost of the debt securities was included in unrealised gain on changes in fair value of investments within Head Office's equity of Baht 13,457 million and Baht 10,766 million, net of tax. (As at 31 December 2018: Baht 18,102 million and Baht 14,482 million, net of tax) and the amortised cost of the transferred debt securities equaled to Baht 90,565 million (As at 31 December 2018: Baht 125,194 million). For the period ended 30 September 2019, the realised gain from partial sale of reclassified debt securities is Baht 4,903 million (30 September 2018: Baht 376 million).

13. Investment in associates

The Branch has interests in an immaterial associate.

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

Associates	Type of business	Ownership interest		Cost method	
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
		30 September 2019	31 December 2018	30 September 2019	31 December 2018
		%	%	Thousand Baht	Thousand Baht
P.C. - AIA Company Limited	Real estate	49	49	171,500	171,500
Total				171,500	171,500

The Branch has not presented financial statements in which investments in associate 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 2018) "Investment in Associates and Joint Ventures".

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14. Loans, net

The details of loans and accrued interests are aged by outstanding period as follows:

	30 September 2019 (Unaudited)							Unit : Thousand Baht	
	Policy loans		Mortgage loans		Loans to employees		Total	Accrued Interest	Total
	Principle	Accrued Interest	Principle	Accrued Interest	Principle	Accrued Interest			
Outstanding period									
Current	30,412,957	1,031,058	1,439,091	436	9	-	31,852,057	1,031,494	32,883,551
Overdue	-	-	6,749	67	-	-	6,749	67	6,816
Less than 3 months	-	-	-	-	-	-	-	-	-
3 - 6 months	-	-	-	-	-	-	-	-	-
6 - 12 months	-	-	-	-	-	-	-	-	-
More than 12 months	-	-	30,190	-	-	-	30,190	-	30,190
Total	30,412,957	1,031,058	1,476,030	503	9	-	31,888,996	1,031,561	32,920,557
Less Allowance for doubtful accounts	-	-	(8,816)	-	-	-	(8,816)	-	(8,816)
Loans and accrued interests, net	30,412,957	1,031,058	1,467,214	503	9	-	31,880,180	1,031,561	32,911,741
	31 December 2018 (Audited)							Unit : Thousand Baht	
	Policy loans		Mortgage loans		Loans to employees		Total	Accrued Interest	Total
	Principle	Accrued Interest	Principle	Accrued Interest	Principle	Accrued Interest			
Outstanding period									
Current	29,670,054	871,117	1,462,726	1,090	9	-	31,132,789	872,207	32,004,996
Overdue	-	-	648	7	-	-	648	7	655
Less than 3 months	-	-	1,066	-	-	-	1,066	-	1,066
3 - 6 months	-	-	-	-	-	-	-	-	-
6 - 12 months	-	-	-	-	-	-	-	-	-
More than 12 months	-	-	32,284	-	-	-	32,284	-	32,284
Total	29,670,054	871,117	1,496,724	1,097	9	-	31,166,787	872,214	32,039,001
Less Allowance for doubtful accounts	-	-	(9,077)	-	-	-	(9,077)	-	(9,077)
Loans and accrued interests, net	29,670,054	871,117	1,487,647	1,097	9	-	31,157,710	872,214	32,029,924

Accrued interests are presented "Accrued investment income" on Statement of Financial Position.

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15. Investment property

	30 September 2019 (Unaudited)						Unit : Thousand Baht	
	Cost/Fair value							
	Beginning balance 1 January 2019	Additions from acquisition and capitalised subsequent expenditures	Write-offs	Disposals	Reclassifications	Fair value 30 September 2019	Ending balance 30 September 2019	
Land	8,790,000	-	-	-	-	590,000	9,380,000	
Buildings and improvements	7,620,000	42,634	-	(31)	73	(280,527)	7,382,149	
Total	16,410,000	42,634	-	(31)	73	309,473	16,762,149	
	31 December 2018 (Audited)						Unit : Thousand Baht	
	Cost/Fair value							
	Beginning balance 1 January 2018	Additions from acquisition and capitalised subsequent expenditures	Write-offs	Disposals	Reclassifications	Fair value 31 December 2018	Ending balance 31 December 2018	
Land	6,595,000	1,020,235	-	-	-	1,174,765	8,790,000	
Buildings and improvements	8,405,000	38,339	(5,579)	-	(33,135)	(784,625)	7,620,000	
Total	15,000,000	1,058,574	(5,579)	-	(33,135)	390,140	16,410,000	

In 2019, the Branch engaged an external independent and qualified appraiser to determine the fair value of the investment property as of 30 June 2019. The valuation techniques and valuation process of investment property are disclosed in Note 5.4.

For the three-month and nine-month period ended 30 September 2019, the investment property generated rental income amounting to Baht 259 million and Baht 752 million, respectively (30 September 2018: Baht 235 million and Baht 684 million, respectively) and its direct operating expenses (including repair and maintenance) arise from investment property that generated rental income amounting to Baht 76 million and Baht 211 million, respectively (30 September 2018: Baht 68 million and Baht 207 million, respectively).

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16. Property, plant and equipment

	30 September 2019 (Unaudited)										Unit : Thousand Baht				
	Cost/Revaluation					Accumulated depreciation					Property, plant and equipment				
	For the period					For the period									
	Beginning balance 1 January 2019	Additions	Write-offs	Disposals	Transfers	Reclassifications	Gain on 30 September revaluation	Ending balance 2019	Beginning balance 1 January 2019	Depreciation charge		Write-offs	Disposals	Revaluation adjustments	Ending balance 30 September 2019
Land	460,000	-	-	-	-	-	-	460,000	-	-	-	-	-	-	460,000
Buildings and improvements	697,000	-	-	-	-	-	-	697,000	-	31,034	-	-	-	31,034	665,966
Furniture, fixtures and equipment	2,033,261	16,198	(159,693)	(38,077)	565,429	(73)	-	2,417,045	1,647,013	108,732	(159,680)	(36,311)	-	1,559,754	857,291
Computer hardware	956,852	49,722	(1,228)	(35,929)	-	-	-	969,417	803,475	56,350	(1,227)	(35,927)	-	822,671	146,746
Motor vehicles	51,809	4,249	-	(18,300)	-	-	-	37,758	33,218	4,190	-	(18,299)	-	19,109	18,649
Construction in progress	356,476	212,165	-	-	(565,429)	-	-	3,212	-	-	-	-	-	-	3,212
Total	4,555,398	282,334	(160,921)	(92,306)	-	(73)	-	4,584,432	2,483,706	200,306	(160,907)	(90,537)	-	2,432,568	2,151,864

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

	31 December 2018 (Audited)										Unit : Thousand Baht			
	Cost/Revaluation					Accumulated depreciation					Ending balance 31 December 2018	Property, plant and equipment		
	For the year					For the year								
Beginning balance 1 January 2018	Additions	Write-offs	Disposals	Transfers	Reclassifications	Gain on revaluation	Ending balance 31 December 2018	Beginning balance 1 January 2018	Depreciation charge	Write-offs	Disposals	Revaluation adjustments		
Land	52,637	-	-	-	-	407,363	460,000	-	-	-	-	-	-	460,000
Buildings and improvements	700,050	-	-	-	-	(3,050)	697,000	612,879	7,435	-	-	(620,314)	-	697,000
Furniture, fixtures and equipment	2,020,953	22,316	(20,936)	(28,586)	39,514	-	2,033,261	1,582,609	112,860	(20,935)	(27,521)	-	1,647,013	386,248
Computer hardware	863,066	131,167	(8,843)	(28,538)	-	-	956,852	791,399	46,192	(5,587)	(28,529)	-	803,475	153,377
Motor vehicles	40,010	11,799	-	-	-	-	51,809	29,361	3,857	-	-	-	33,218	18,591
Construction in progress	13,951	382,039	-	-	(39,514)	-	356,476	-	-	-	-	-	-	356,476
Total	3,690,667	547,321	(29,779)	(57,124)	-	404,313	4,555,398	3,016,248	170,344	(26,522)	(56,050)	(620,314)	2,483,706	2,071,692

In 2018, the Branch engaged an external independent and qualified appraiser to determine the fair value of the land and buildings as of 31 December 2018. The valuation techniques and valuation process of investment property are disclosed in Note 5.4.

If the land and buildings are stated under the cost model, the carrying value would be Baht 53 million and Baht 74 million, respectively (31 December 2018: Baht 53 million and Baht 80 million, respectively).

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17. Intangible assets

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

	30 September 2019 (Unaudited)							Unit : Thousand Baht				
	Cost				Accumulated amortisation			Ending balance 30 September 2019	Intangible assets			
	For the period				Beginning balance 1 January 2019	For the period						
	Beginning balance 1 January 2019	Additions	Write-offs	Transfers		Reclassifications	Adjustments			Amortisation charge	Write-offs	
Computer software	1,460,521	3,482	(3,575)	76,714	-	-	1,537,142	950,083	102,527	(1,415)	1,051,195	485,947
Other	72,671	50,000	-	-	-	-	122,671	72,671	7,500	-	80,171	42,500
Work in progress	187,838	107,489	-	(76,714)	-	-	218,613	-	-	-	-	218,613
Total	1,721,030	160,971	(3,575)	-	-	-	1,878,426	1,022,754	110,027	(1,415)	1,131,366	747,060
	31 December 2018 (Audited)							Unit : Thousand Baht				
	Cost				Accumulated amortisation			Ending balance 31 December 2018	Intangible assets			
	For the year				Beginning balance 1 January 2018	For the year						
	Beginning balance 1 January 2018	Additions	Write-offs	Transfers		Reclassifications	Adjustments			Amortisation charge	Write-offs	
	Computer software	1,429,806	105,294	(225,244)	150,665	-	-	1,460,521	1,048,734	126,588	(225,239)	950,083
Other	72,671	-	-	-	-	-	72,671	60,921	11,750	-	72,671	-
Work in progress	238,412	87,460	-	(150,665)	33,135	(20,504)	187,838	-	-	-	-	187,838
Total	1,740,889	192,754	(225,244)	-	33,135	(20,504)	1,721,030	1,109,655	138,338	(225,239)	1,022,754	698,276

18. Other assets

	(Unaudited) 30 September 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Prepaid leasehold (Note 27 (b))	328,478	349,408
Deposits (Note 27 (b))	153,386	153,022
Amount due from a related party (Note 27 (b))	41,255	104,064
Receivable from sale of investments	525,350	1,457,134
Cash collateral from derivative contract	136,469	-
Others	287,452	241,594
Total	<u>1,472,390</u>	<u>2,305,222</u>

19. Borrowings

The details of borrowings are presented below:

Short-term borrowings

	(Unaudited) 30 September 2019		(Audited) 31 December 2018	
	Principal Thousand Baht	Accrued interest Thousand Baht	Principal Thousand Baht	Accrued interest Thousand Baht
Borrowings with repurchase agreement (Repo)	2,050,000	421	-	-
Total	2,050,000	421	-	-

As at 30 September 2019, the Branch had sold government bonds with Repurchase Agreements (Repo) to commercial banks as collateral for borrowings at the same amount. Certain government bonds have nominal value amounting to Baht 1,872 million (As at 31 December 2018: Nil). The interest rate of the borrowing agreement was 1.50% per annum.

The accrued interests are presented under "Other liabilities" on Statement of Financial Position.

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20. Insurance liabilities

	Unit : Thousand Baht			
	30 September 2019 (Unaudited)		31 December 2018 (Audited)	
	Insurance contract liabilities	Liabilities recovered from reinsurance Net	Insurance contract liabilities	Liabilities recovered from reinsurance Net
Long-term technical reserves	575,378,761	-	572,249,868	-
Claim liability				
- Reported claim	1,584,815	(3,860)	1,414,329	(35,054)
- Claim incurred but not reported	1,071,933	(176,418)	1,167,892	(177,912)
Premium liability				
- Unearned premium reserve	15,854,524	(89,579)	15,316,716	(86,458)
Unpaid policy benefits	314,587	-	332,774	-
Due to insured	98,136,719	-	89,763,140	-
Total	692,341,339	(269,857)	680,244,719	(299,424)
		692,071,482		679,945,295

20. Insurance liabilities (Cont'd)

20.1 Long-term technical reserve

The movement details are below:

	(Unaudited) 30 September 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Beginning balance for the period/year	572,249,868	545,373,364
Policy reserve movement for new policies and inforce policies during the period/year	49,695,498	69,396,913
Net movement in benefits payable to life policyholders for death, maturity, surrenders, other policyholders benefits and claims	(46,855,332)	(42,398,671)
Others	288,727	(121,738)
Closing balance at the end of period/year	<u>575,378,761</u>	<u>572,249,868</u>

20.2 Short-term technical reserve

20.2.1 Claim liability

The movement details are below:

	(Unaudited) 30 September 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Beginning balance for the period/year	2,582,221	2,602,941
Insurance claims and loss adjustment expenses incurred during the period/year	15,930,059	19,128,566
Changes in claim reserve from change in assumption during the period/year	(95,959)	105,680
Insurance claims and loss adjustment expenses paid during the period/year	(15,759,573)	(19,254,966)
Closing balance at the end of period/year	<u>2,656,748</u>	<u>2,582,221</u>

20.2.2 Unearned premium reserve

	(Unaudited) 30 September 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Beginning balance for the period/year	15,316,716	14,425,714
Premium written for the period/year	27,947,202	35,453,907
Premium earned in the period/year	(27,409,394)	(34,562,905)
Closing balance at the end of period/year	<u>15,854,524</u>	<u>15,316,716</u>

20. Insurance liabilities (Cont'd)

20.3 Unpaid policy benefits

The details are as below:

	(Unaudited) 30 September 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Death benefits	314,587	332,774
Total	<u>314,587</u>	<u>332,774</u>

20.4 Due to insured

The details of due to insured are presented below:

	(Unaudited) 30 September 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Deposits from insurance contracts	61,643,309	58,233,492
Account value of universal life insurance contracts	10,585,584	10,883,226
Account value of unit linked insurance contracts	25,907,826	20,646,422
Total	<u>98,136,719</u>	<u>89,763,140</u>

21. Investment liabilities

	(Unaudited) 30 September 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Beginning balance for the period/year	1,619,936	2,996,650
Investment contract benefits	(842,463)	(1,507,119)
Change in investment contract liabilities	31,846	130,405
Closing balance at the end of period/year	<u>809,319</u>	<u>1,619,936</u>

22. Amount due to reinsurance

	(Unaudited) 30 September 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Fund reserve	9,569	9,601
Outward premium payable (Note 27 (b))	555,428	349,719
Total amount due to reinsurance	564,997	359,320

23. Deferred tax liabilities

	(Unaudited)			
	Net deferred tax asset/ (liability) at 1 January 2019 Thousand Baht	Credited/ (charged) to profit or loss Thousand Baht	Credited/ (charged) to other comprehensive income (loss) Thousand Baht	Net deferred tax asset/ (liability) at 30 September 2019 Thousand Baht
For the period ended				
Revaluation of investment Insurance and investment liabilities	(12,528,011)	69,402	(26,088,123)	(38,546,732)
Provision of expenses	2,723,091	(1,535,913)	-	1,187,178
Others	2,844,515	27,820	5,861	2,878,196
	(2,663,196)	(120,886)	-	(2,784,082)
Total	(9,623,601)	(1,559,577)	(26,082,262)	(37,265,440)
	(Audited)			
	Net deferred tax asset/ (liability) at 1 January 2018 Thousand Baht	Credited/ (charged) to profit or loss Thousand Baht	Credited/ (charged) to other comprehensive income (loss) Thousand Baht	Net deferred tax asset/ (liability) at 31 December 2018 Thousand Baht
For the year ended				
Revaluation of investment Insurance and investment liabilities	(21,759,754)	178,946	9,052,797	(12,528,011)
Provision of expenses	3,017,485	(294,394)	-	2,723,091
Others	2,892,158	(27,348)	(20,295)	2,844,515
	(2,357,553)	(100,718)	(204,925)	(2,663,196)
Total	(18,207,664)	(243,514)	8,827,577	(9,623,601)

24. Other liabilities

	(Unaudited) 30 September 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Accrued commissions and expenses	7,903,097	6,294,779
Payable for purchase of investments	2,772,098	110,145
Unpresented cheques payable	1,471,554	2,340,656
Expired cheques payable	2,164,098	2,246,375
Due commissions and expenses	761,452	655,950
Payable to related parties (Note 27 (b))	639,920	575,548
Agents payable	2,108,362	5,483,571
Cash collateral from derivative contracts	9,276,502	5,698,259
Other accounts payable	377,185	996,030
Others	1,830,104	1,381,412
Total	29,304,372	25,782,725

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

25. Gross benefits and claim paid

	For the three-month periods ended	
	(Unaudited) 30 September 2019 Thousand Baht	(Restated) 30 September 2018 Thousand Baht
Insurance contract benefits	27,209,707	18,104,488
Change in investment contract liabilities	8,950	32,115
Total	27,218,657	18,136,603

	For the nine-month periods ended	
	(Unaudited) 30 September 2019 Thousand Baht	(Restated) 30 September 2018 Thousand Baht
Insurance contract benefits	72,560,675	52,988,001
Change in investment contract liabilities	31,846	109,869
Total	72,592,521	53,097,870

26. Operating expenses

	For the three-month periods ended	
	(Unaudited) 30 September 2019 Thousand Baht	(Unaudited) 30 September 2018 Thousand Baht
Employee expenses not relating to underwriting expenses, and loss adjusting expenses	841,034	798,358
Property and equipment expenses not relating to underwriting expenses, and loss adjusting expenses	527,648	465,346
Tax expenses	4,008	4,293
Other operating expenses	474,376	830,166
Total	1,847,066	2,098,163

	For the nine-month periods ended	
	(Unaudited) 30 September 2019 Thousand Baht	(Unaudited) 30 September 2018 Thousand Baht
Employee expenses not relating to underwriting expenses, and loss adjusting expenses	2,883,231	2,391,469
Property and equipment expenses not relating to underwriting expenses, and loss adjusting expenses	1,436,657	1,322,378
Tax expenses	14,599	16,689
Other operating expenses	1,166,415	1,716,319
Total	5,500,902	5,446,855

27. 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 Limited.

(a) Statements of comprehensive income

	For the three-month periods ended	
	(Unaudited) 30 September 2019 Thousand Baht	(Unaudited) 30 September 2018 Thousand Baht
<u>Head office</u>		
Net investment income	219	-
Operating expenses	203,200	166,062
<u>Affiliated companies</u>		
Premiums ceded to reinsurers	934,147	636,550
Fee and commission income	20,205	18,188
Net investment income	(48,429)	(49,472)
Other income	80	80
Benefit and claim paid recovered from reinsurers	695,297	401,405
Other underwriting expenses	6,566	7,482
Operating expenses	201,791	210,524
	For the nine-month periods ended	
	(Unaudited) 30 September 2019 Thousand Baht	(Unaudited) 30 September 2018 Thousand Baht
<u>Head office</u>		
Net investment income	219	-
Operating expenses	595,778	492,748
<u>Affiliated companies</u>		
Premiums ceded to reinsurers	2,482,472	1,898,295
Fee and commission income	65,462	57,456
Net investment income	(119,743)	(107,968)
Other income	238	238
Benefit and claim paid recovered from reinsurers	1,667,356	1,132,921
Other underwriting expenses	21,212	21,237
Operating expenses	681,758	618,852

27. Related party transactions (Cont'd)

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

(b) Statement of financial position

	(Unaudited) 30 September 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Head office		
Other assets	601	-
Profit remittances to Head Office	14,233,000	4,820,000
Other liabilities	309,793	421,731
Affiliated companies		
Reinsurance assets	2,584	33,166
Amount due from reinsurance	-	1,110
Investment in associates	171,500	171,500
Other assets	438,276	525,723
Amount due to reinsurance	87,982	77,670
Other liabilities	242,163	152,639

(c) Key management compensations

Key management compensations are as follows:

	For the three-month periods ended	
	(Unaudited) 30 September 2019 Thousand Baht	(Unaudited) 30 September 2018 Thousand Baht
Salary and other short-term employee benefits	38,504	43,147
Severance payment	-	-
Post-employment benefits	2,271	2,495
Share-based payment	6,761	7,829
Total	47,536	53,471
	For the nine-month periods ended	
	(Unaudited) 30 September 2019 Thousand Baht	(Unaudited) 30 September 2018 Thousand Baht
Salary and other short-term employee benefits	115,433	134,605
Severance payment	-	12,146
Post-employment benefits	21,826	33,623
Share-based payment	19,642	23,516
Total	156,901	203,890

28. Contingent liabilities and commitments

The Branch has payment obligations for operating leases for land and offices as follows:

	(Unaudited) 30 September 2019 Thousand Baht	(Audited) 31 December 2018 Thousand Baht
Not later than 1 year	342,270	284,661
Later than 1 year but not later than 5 years	183,565	289,592
Total	<u>525,835</u>	<u>574,253</u>

As at 30 September 2019, the Branch had contractual commitment from contracts for investment property projects with the amount at the maximum of Baht 365 million (As at 31 December 2018: at the maximum of Baht 408 million).