

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.....Kris Chantanotoke.....

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

Disclosed on.....29 November 2021.....

Information for the Quarter....3....Year...2021...

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 120% 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 120%.

Unit: Million Baht

Capital Items	Quarter 1		Quarter 2		Quarter 3	
	2021	2020	2021	2020	2021	2020
Common Equity Tier 1 Ratio (%)	385	270	379	291	416	307
Tier 1 Ratio (%)	385	270	379	291	416	307
Capital Adequacy Ratio (%)	385	270	379	291	416	307
Total Capital Available	145,199	111,091	140,923	136,725	153,723	120,333
Total Capital Required	37,686	41,149	37,228	46,954	36,976	39,193

- 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 2021



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 2021, 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".

Paiboon Tunkoon

Certified Public Accountant (Thailand) No. 4298

Bangkok

8 November 2021

AIA Company Limited
Statement of Financial Position
As at 30 September 2021

		(Unaudited) 30 September 2021 Baht	(Audited) 31 December 2020 Baht
	Notes		
Assets			
Cash and cash equivalents	5	8,307,725,498	7,403,134,110
Premium receivables	6	7,002,208,194	10,311,620,533
Accrued income on investments		6,556,897,143	3,552,947,398
Reinsurance assets	7, 19, 27	240,439,047	271,677,295
Amount due from reinsurance	8, 27	3,339,807	2,147,768
Deferred acquisition costs	9	69,924,867,366	70,014,182,862
Derivative assets	10	4,323,211,833	10,981,408,363
Invested assets			
Investment in securities	11	813,116,486,704	859,605,477,773
Loans and accrued interest receivables	13	33,464,404,203	33,104,294,722
Investment property	14	21,316,794,258	17,405,400,000
Investment in associates	12, 27	171,500,000	171,500,000
Assets held to cover linked liabilities	15	52,281,358,400	35,766,023,674
Property, plant and equipment	16	1,828,533,765	2,018,220,571
Intangible assets	17	2,107,246,116	1,671,721,091
Other assets	18, 27	14,586,656,936	5,624,444,025
Total assets		<u>1,035,231,669,270</u>	<u>1,057,904,200,185</u>

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 2021

		(Unaudited) 30 September 2021 Baht	(Audited) 31 December 2020 Baht
	Notes		
Liabilities and Head Office's Equity			
Liabilities			
Insurance liabilities	19	735,139,570,500	715,546,586,539
Investment liabilities	20	-	-
Amount due to reinsurance	21, 27	671,011,441	582,689,728
Derivative liabilities	10	16,503,738,107	9,205,267,525
Income tax payable		711,824,533	1,934,565,718
Employee benefit liabilities		4,178,747,844	4,056,272,220
Deferred tax liabilities		32,984,372,311	43,288,664,388
Other liabilities	22, 27	21,768,533,267	28,433,591,510
Total liabilities		<u>811,957,798,003</u>	<u>803,047,637,628</u>
Head Office's Equity			
Remeasurements of investments measured at fair value through other comprehensive income, net of tax		73,732,933,826	118,096,487,007
Remeasurements of derivative instruments used in cash flow hedge, net of tax		(4,358,868,522)	(3,922,469,937)
Remeasurements of deferred cost of hedge, net of tax		(1,422,058,276)	(930,109,142)
Remeasurements of post-employment benefit obligations, net of tax		(1,520,867,820)	(1,520,867,820)
Gains on land and building revaluation, net of tax		1,321,289,762	1,321,289,762
Other reserve		115,679,625	136,126,302
Branch's retained earnings Unappropriated		<u>155,405,762,672</u>	<u>141,676,106,385</u>
Total Head Office's Equity		<u>223,273,871,267</u>	<u>254,856,562,557</u>
Total liabilities and Head Office's Equity		<u><u>1,035,231,669,270</u></u>	<u><u>1,057,904,200,185</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 2021

			(Restated)
		2021	2020
	Notes	Baht	Baht
Revenues			
Gross written premiums		30,932,731,383	31,519,682,054
<u>Less</u> premiums ceded to insurers	27	<u>(2,671,277,622)</u>	<u>(1,673,022,699)</u>
Net written premiums		28,261,453,761	29,846,659,355
<u>Add(Less)</u> net change in unearned premium reserve		<u>48,338,985</u>	<u>(74,314,655)</u>
Net earned premiums		28,309,792,746	29,772,344,700
Fee and commission income	27	174,922,634	125,539,536
Net investment income	27	6,773,542,424	7,348,160,091
Gains on investment		2,731,388,125	3,795,275,503
Fair value gains (losses)		133,053,762	(1,733,822,729)
Other income	27	<u>74,827,206</u>	<u>50,146,716</u>
Total revenues		<u>38,197,526,897</u>	<u>39,357,643,817</u>
Expenses			
Change in long-term technical reserves		(202,261,233)	720,166,124
Gross benefits and claim paid	23	25,234,546,104	23,718,291,382
<u>Less</u> benefits and claim paid recovered from reinsurers	27	<u>(1,517,488,977)</u>	<u>(940,408,732)</u>
Net benefits and claim paid		23,717,057,127	22,777,882,650
Commissions and brokerages		3,101,173,127	3,451,901,022
Other underwriting expenses	27	4,099,073,854	4,042,527,502
Operating expenses	24, 27	2,242,963,110	1,820,566,759
Finance cost	27	11,419,628	8,579,644
Expected credit loss	25	<u>18,158,515</u>	<u>(239,714,827)</u>
Total expenses		<u>32,987,584,128</u>	<u>32,581,908,874</u>
Profit before income tax		5,209,942,769	6,775,734,943
Income tax expenses	26	<u>1,022,380,353</u>	<u>1,317,141,872</u>
Net profit		<u>4,187,562,416</u>	<u>5,458,593,071</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 2021

		(Restated)
	2021	2020
	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	(448,238,101)	(10,523,965,867)
Gains (losses) on remeasuring derivative instruments		
used in cash flow hedge	(973,718,494)	1,927,378,032
Losses on remeasuring deferred cost of hedge	(353,578,857)	(1,195,674,026)
Items in other comprehensive income transferred		
to profit or loss	(2,922,489,333)	(3,553,670,484)
Income tax relating to items that will be reclassified		
subsequently to profit or loss	939,604,957	2,669,186,469
 Total items that will be reclassified		
subsequently to profit or loss	(3,758,419,828)	(10,676,745,876)
 Other comprehensive loss for the period, net of tax	(3,758,419,828)	(10,676,745,876)
 Total comprehensive income (loss) for the period	429,142,588	(5,218,152,805)

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 2021

			(Restated)
	Notes	2021 Baht	2020 Baht
Revenues			
Gross written premiums		92,412,157,454	92,690,598,120
<u>Less</u> premiums ceded to insurers	27	<u>(7,360,259,665)</u>	<u>(5,134,593,821)</u>
Net written premiums		85,051,897,789	87,556,004,299
<u>Add</u> net change in unearned premium reserve		<u>322,870,100</u>	<u>211,672,752</u>
Net earned premiums		85,374,767,889	87,767,677,051
Fee and commission income	27	497,451,618	371,444,835
Net investment income	27	20,441,781,831	23,207,309,705
Gains (losses) on investment		8,475,980,686	(357,546,819)
Fair value gains (losses)		169,422,323	(2,453,902,296)
Fair value gains (losses) on investment property		51,303,572	(57,828,197)
Other income	27	<u>186,843,542</u>	<u>127,361,938</u>
Total revenues		<u>115,197,551,461</u>	<u>108,604,516,217</u>
Expenses			
Change in long-term technical reserve		(5,390,697,515)	(2,470,053,905)
Gross benefits and claim paid	23	77,839,705,114	74,271,178,994
<u>Less</u> benefits and claim paid recovered from reinsurers	27	<u>(4,181,034,645)</u>	<u>(3,168,451,835)</u>
Net benefits and claim paid		73,658,670,469	71,102,727,159
Commissions and brokerages		9,114,069,950	9,970,788,195
Other underwriting expenses	27	12,148,276,089	11,369,660,684
Operating expenses	24, 27	6,267,520,665	5,378,583,035
Finance cost	27	33,083,937	39,157,100
Expected credit loss	25	<u>89,748,522</u>	<u>103,377,676</u>
Total expenses		<u>95,920,672,117</u>	<u>95,494,239,944</u>
Profit before income tax		19,276,879,344	13,110,276,273
Income tax expenses	26	<u>3,831,166,859</u>	<u>2,574,539,690</u>
Net profit		<u>15,445,712,485</u>	<u>10,535,736,583</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 2021

	2021	(Restated) 2020
	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	(46,574,217,669)	(46,055,219,259)
Losses on remeasuring derivative instruments used in cash flow hedge	(545,498,231)	(6,319,397,874)
Losses on remeasuring deferred cost of hedge	(614,936,417)	(2,812,580,610)
Items in other comprehensive income transferred to profit or loss	(8,880,223,808)	382,270,877
Income tax relating to items that will be reclassified subsequently to profit or loss	<u>11,322,975,225</u>	<u>10,960,985,373</u>
Total items that will be reclassified subsequently to profit or loss	<u>(45,291,900,900)</u>	<u>(43,843,941,493)</u>
Other comprehensive loss for the period, net of tax	<u>(45,291,900,900)</u>	<u>(43,843,941,493)</u>
Total comprehensive loss for the period	<u><u>(29,846,188,415)</u></u>	<u><u>(33,308,204,910)</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 2021

	Remeasurements of investments measured at fair value through other comprehensive income, net of tax	Remeasurements of derivative instruments used in cash flow hedge, net of tax	Remeasurements of deferred cost of hedge, net of tax	Remeasurements of post-employment benefit obligations, net of tax	Gain on land and building revaluation, net of tax	Other reserve	Unappropriated Branch's retained earnings	Total Head Office's Equity
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
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	136,128,302	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	73,732,933,826	(4,358,868,522)	(1,422,058,276)	(1,520,867,820)	1,321,289,762	115,679,625	155,405,762,672	223,273,871,267
Beginning balance as at 1 January 2020 after adjustment	139,225,375,584	-	-	(1,443,934,031)	888,004,205	109,927,753	138,109,494,202	276,888,867,713
Employee benefits on share-based payment	-	-	-	-	-	4,903,997	-	4,903,997
Net profit	-	-	-	-	-	-	10,535,736,583	10,535,736,583
Losses on remeasuring investments measured at fair value through other comprehensive income	(36,844,175,408)	-	-	-	-	-	-	(36,844,175,408)
Losses on remeasuring derivative instruments used in cash flow hedge	-	(5,055,518,299)	-	-	-	-	-	(5,055,518,299)
Losses on remeasuring deferred cost of hedge	-	-	(2,250,064,488)	-	-	-	-	(2,250,064,488)
Items in other comprehensive income transferred to profit or loss	305,816,702	-	-	-	-	-	-	305,816,702
Ending balance as at 30 September 2020	102,687,016,878	(5,055,518,299)	(2,250,064,488)	(1,443,934,031)	888,004,205	114,831,750	148,645,230,785	243,585,566,800

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 2021

	Notes	2021 Baht	2020 Baht
Cash flows provided by (used in) operating activities			
Written premium received from direct insurance		105,355,322,351	91,432,588,205
Fee income		197,886,509	306,429,675
Cash paid for reinsurance		(2,871,724,092)	(1,939,351,437)
Interest income		17,140,029,489	18,162,176,089
Dividend income		1,956,632,816	2,958,497,412
Investment expenses		(2,192,284,641)	(1,424,054,273)
Cash received from settlement of derivatives		538,623,874	1,579,633,368
Rental income		757,008,206	767,706,625
Other income		182,722,577	115,143,143
Gross benefits and claim paid from direct insurance		(66,043,769,520)	(65,663,788,571)
Commissions and brokerages from direct insurance		(9,458,354,173)	(9,528,898,681)
Other underwriting expenses		(14,616,318,579)	(13,951,590,449)
Operating expenses		(6,025,409,241)	(6,213,825,873)
Income tax expense		(4,035,224,895)	(1,530,603,732)
Cash received from investment in securities		171,914,267,911	78,176,989,609
Cash paid for investment in securities		(172,032,207,800)	(89,607,286,906)
Cash paid for investment property	14	(3,860,349,068)	(622,948,718)
Cash received from loans repayment		4,254,048,926	5,876,676,485
Cash paid for loans drawdown		(4,475,212,060)	(4,387,997,322)
Cash received from assets held to cover linked liabilities		20,208,238,418	9,560,717,934
Cash paid for assets held to cover linked liabilities		(33,450,766,576)	(15,130,445,512)
Net cash provided (used in) by operating activities		3,443,160,432	(1,064,232,929)
Cash flows provided by (used in) investing activities			
<u>Cash flows provided by:</u>			
Properties and equipment		723,901	1,613,800
Net cash provided by investing activities		723,901	1,613,800
<u>Cash flows used in:</u>			
Properties and equipment	16	(26,446,505)	(23,396,690)
Intangible assets	17	(541,252,637)	(233,100,546)
Net cash used in investing activities		(567,699,142)	(256,497,236)
Net cash used in investing activities		(566,975,241)	(254,883,436)

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 2021

	2021 Baht	2020 Baht
Cash flows provided by (used in) financing activities		
<u>Cash flows used in:</u>		
Lease liabilities	(255,537,605)	(254,411,797)
Remittances to Head Office	(1,716,056,198)	-
Finance cost	-	(14,428,260)
Net cash used in financing activities	(1,971,593,803)	(268,840,057)
Net cash used in financing activities	(1,971,593,803)	(268,840,057)
Net increase (decrease) in cash and cash equivalents	904,591,388	(1,587,956,422)
Cash and cash equivalents at beginning of period	7,403,134,110	5,553,565,042
Cash and cash equivalents at end of period	8,307,725,498	3,965,608,620

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 2021.

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 2020.

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 2020. Since 2020, the Branch passes criteria of temporary exemption from TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures under TFRS 4 (revised 2018) Insurance Contracts. The Branch is eligible to apply the 'financial instruments and disclosures for insurance companies' accounting guidance' ('the Accounting Guidance') as the Branch has not previously applied any version of TFRS 9 Financial Instrument and the Branch's activities are predominantly connected with insurance business. However, there are changes in accounting policy as follows:

- As at 1 January 2021, the Branch ceases applying the temporary exemption guidance to relieve the impact from COVID-19 (temporary measures to relieve the impact from COVID-19) announced by The Federation of Accounting Professions (TFAC) which were effective for reporting periods ending between 1 January 2020 and 31 December 2020. The impact of the ceasing the guidance is included in the financial performance in the period ended 31 March 2021.
- **Change in accounting policy related with deferred acquisition cost**

With effect from 31 December 2020, the Branch has changed the accounting policy related to deferred acquisition for insurance and investment contracts which the costs of acquiring new insurance contracts, including commissions and distribution costs, underwriting and other policy issue expenses which vary with and are primarily related to the production of new business or renewal of existing business, are deferred as an asset and are subsequently amortised on a systematical basis. The management considered that such information is more relevant to the decision-making needs of external financial users and no less reliable, or more reliable and no less relevant to those need under TFRS 4 Insurance Contract paragraph 21-30. It is also in alignment with most of other international insurance companies. The change in accounting policy has affected statements of comprehensive income for the three-month and nine-month period ended 30 September 2020 as follows:

Statement of comprehensive income: for the three-month and nine-month period ended 30 September 2020, the other underwriting expenses increased by Baht 144 million and Baht 204 million, respectively, commission and brokerages increased by Baht 131 million and Baht 186 million, respectively, income tax expense decreased by Baht 55 million and Baht 78 million, respectively, and net profit decreased by Baht 220 million and Baht 312 million, respectively.

2. Significant Accounting Policies (Cont'd)

2.3 New and amended financial reporting standards

- a) Amended financial reporting standards that are effective for accounting period beginning or after 1 January 2022 and have significant impacts to the Branch

~~Certain amended TFRSs have been issued that are not mandatory for the current reporting period and have not been early adopted by 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 will allow most the Accounting Guidance 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.

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 2020.

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 2021 and 31 December 2020.

	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
As at 30 September 2021 (Unaudited)				
Assets				
Derivative assets	31,526	4,291,686	-	4,323,212
Investment in securities				
Investments measured at fair value through profit or loss	924	-	-	924
Investments measured at fair value through other comprehensive income				
Debt securities	-	671,088,770	3,417,151	674,505,921
Equity securities	84,111,701	-	1,780,112	85,891,813
Investments designated at fair value through profit or loss	1,217,829	-	-	1,217,829
Investment property	-	-	21,316,794	21,316,794
Assets held to cover linked liabilities	52,281,358	-	-	52,281,358
Land and building	-	-	1,155,386	1,155,386
Total assets	<u>137,643,338</u>	<u>675,380,456</u>	<u>27,669,443</u>	<u>840,693,237</u>
Liabilities				
Derivative liabilities	-	16,503,738	-	16,503,738
Total liabilities	<u>-</u>	<u>16,503,738</u>	<u>-</u>	<u>16,503,738</u>

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 2021 and 31 December 2020. (Cont'd)

	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
As at 31 December 2020 (Audited)				
Assets				
Derivative assets	22,595	10,958,813	-	10,981,408
Investment in securities				
Investments measured at fair value through profit or loss	1,061	-	-	1,061
Investments measured at fair value through other comprehensive income				
Debt securities	-	716,744,643	-	716,744,643
Equity securities	86,482,254	-	1,821,624	88,303,878
Investments designated at fair value through profit or loss	2,901,328	154,568	-	3,055,896
Investment property	-	-	17,405,400	17,405,400
Assets held to cover linked liabilities	35,766,024	-	-	35,766,024
Land and building	-	-	1,196,000	1,196,000
Total assets	<u>125,173,262</u>	<u>727,858,024</u>	<u>20,423,024</u>	<u>873,454,310</u>
Liabilities				
Derivative liabilities	-	9,205,268	-	9,205,268
Total liabilities	<u>-</u>	<u>9,205,268</u>	<u>-</u>	<u>9,205,268</u>

The Branch has transferred fair value level of financial instruments from level 2 into level 3 during the period. 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 periods.

4.4 Valuation techniques used to derive Level 3 fair values

The changes in investment property, and land and building 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 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 2021 and for the year ended 31 December 2020.

	(Unaudited) Investments measured at fair value through other comprehensive income 30 September 2021 Thousand Baht	(Audited) Investments measured at fair value through other comprehensive income 31 December 2020 Thousand Baht
Beginning balance as at 1 January	1,821,624	1,700,558
Transfer into Level 3		
Book Value	3,436,459	-
Unrealised losses recognised in other comprehensive income	(19,308)	-
Net carrying value at transfer date	5,238,775	1,700,558
Gains (Losses) on remeasuring investments measured at fair value through other comprehensive income	(41,512)	121,066
Closing balance at the end of period/year	5,197,263	1,821,624

4. Fair value (Cont'd)

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

Key unobservable input is discount rate. The increase or decrease in discount rate by 1% will impact the fair value of these instruments by decreasing 1.11% and increasing 1.25%, respectively.

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.

5. Cash and cash equivalents

	(Unaudited) 30 September 2021 Thousand Baht	(Audited) 31 December 2020 Thousand Baht
Cash on hand	17,447	35,626
Deposits held at call with banks and financial institutions	2,580,904	4,094,109
Short-term investments	5,709,374	3,273,399
Total cash and cash equivalents	<u>8,307,725</u>	<u>7,403,134</u>

6. Premium receivables

The balances of premium receivables are aged as follows:

	From direct insurance	
	(Unaudited)	(Audited)
	30 September	31 December
	2021	2020
	Thousand	Thousand
	Baht	Baht
Current	6,164,240	6,633,074
Overdue		
Not over 30 days	820,511	2,458,363
31 - 60 days	6,362	1,147,367
61 - 90 days	4,163	66,774
Over 90 days	6,932	6,043
Total premium receivables	<u>7,002,208</u>	<u>10,311,621</u>

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

7. Reinsurance assets

The details of reinsurance assets are as follows:

	(Unaudited)	(Audited)
	30 September	31 December
	2021	2020
	Thousand	Thousand
	Baht	Baht
Claim incurred but not reported	154,789	183,299
Unearned premium reserve	79,830	84,173
Others (Note 27 (b))	5,820	4,205
Total reinsurance assets	<u>240,439</u>	<u>271,677</u>

8. Amount due from reinsurance

The details of amount due from reinsurance are as follows:

	(Unaudited)	(Audited)
	30 September	31 December
	2021	2020
	Thousand	Thousand
	Baht	Baht
Due from reinsurance (Note 27 (b))	<u>3,340</u>	<u>2,148</u>
Total amount due from reinsurance	<u>3,340</u>	<u>2,148</u>

9. Deferred acquisition costs

The movements details are below:

	(Unaudited) 30 September 2021 Thousand	(Audited) 31 December 2020 Thousand
Beginning balance for the period/year	70,014,183	69,097,879
Deferral of acquisition costs	10,385,653	14,662,366
Amortisation of acquisition costs	(10,474,969)	(13,746,062)
Closing balance at the end of period/year	<u>69,924,867</u>	<u>70,014,183</u>

10. Derivative assets and liabilities

	(Unaudited) 30 September 2021 Fair value	
	Assets Thousand Baht	Liabilities Thousand Baht
Held for hedge derivatives		
- Applied hedge accounting	3,816,238	14,624,876
- Not applied hedge accounting	506,974	1,878,862
Total derivatives	<u>4,323,212</u>	<u>16,503,738</u>

	(Audited) 31 December 2020 Fair value	
	Assets Thousand Baht	Liabilities Thousand Baht
Held for hedge derivatives		
- Applied hedge accounting	9,783,913	8,622,837
- Not applied hedge accounting	1,197,495	582,431
Total derivatives	<u>10,981,408</u>	<u>9,205,268</u>

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10. Derivative assets and liabilities (Cont'd)

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

		30 September 2021 (Unaudited)					
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	218	195,155	83,234,490	7,442	8,190,466	(11,668,397)
Interest rate swap contracts	Closing position of floating interest rate	311	-	-	3,808,796	6,434,410	(301,316)
Total		529	195,155	83,234,490	3,816,238	14,624,876	(11,969,713)

		31 December 2020 (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	223	72,520,644	13,863,291	4,355,550	870,176	(3,655,992)
Interest rate swap contracts	Closing position of floating interest rate	335	-	-	5,428,363	7,752,661	(4,286,621)
Total		558	72,520,644	13,863,291	9,783,913	8,622,837	(7,942,613)

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10. Derivative assets and liabilities (Cont'd)

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

30 September 2021 (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	41	246,599	11,387,436		10,306	1,126,630		(1,859,471)
Interest rate swap contracts	Closing position of floating interest rate	24	-	-		465,141	752,232		(136,413)
Warrants		-	-	-		31,527	-		8,931
Subscription rights		-	-	-		-	-		8,182
Total		65	246,599	11,387,436		506,974	1,878,862		(1,978,771)
31 December 2020 (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	34	13,260,728	395,150		770,639	27,493		(1,768,699)
Interest rate swap contracts	Closing position of floating interest rate	24	-	-		404,261	554,938		(174,527)
Warrants		-	-	-		22,595	-		9,408
Subscription rights		-	-	-		-	-		(8,182)
Total		58	13,260,728	395,150		1,197,495	582,431		(1,942,000)

11. Investment in securities

The details of investment in securities are as follows:

	(Unaudited) 30 September 2021		(Audited) 31 December 2020	
	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>				
Mutual funds	890	924	1,046	1,061
Total	890	924	1,046	1,061
<u>Add</u> Unrealised gains	34	-	15	-
Total investments measured at fair value through profit or loss	924	924	1,061	1,061
<u>Investments measured at fair value through other comprehensive income</u>				
Government and state enterprise securities	445,158,954	497,832,256	432,631,007	536,917,863
Private enterprise debt securities	71,078,368	74,671,998	76,157,491	81,889,998
Foreign debt securities	93,215,292	102,001,667	85,112,150	97,936,782
Equity securities	65,534,394	85,891,813	72,086,757	88,303,878
Total	674,987,008	760,397,734	665,987,405	805,048,521
<u>Add</u> Unrealised gains	85,711,811	-	139,366,404	-
<u>Less</u> Provision for impairment on equity securities	(301,085)	-	(305,288)	-
Total investments measured at fair value through other comprehensive income	760,397,734	760,397,734	805,048,521	805,048,521
<u>Investment measured at amortised cost</u>				
Government and state enterprise securities	51,500,000	51,500,000	51,500,000	51,500,000
Total investment measured at amortised cost	51,500,000	51,500,000	51,500,000	51,500,000
<u>Investment designated at fair value through profit or loss</u>				
Mutual funds	1,484,458	1,217,829	3,442,175	3,055,896
Total	1,484,458	1,217,829	3,442,175	3,055,896
<u>Less</u> Unrealised losses	(266,629)	-	(386,279)	-
Total investment designated at fair value through profit or loss	1,217,829	1,217,829	3,055,896	3,055,896
Total investment in securities	813,116,487	813,116,487	859,605,478	859,605,478

11. Investment in securities (Cont'd)

For the three-month and nine-month period ended 30 September 2021 and 2020, the Branch had revenue recognised relating to investment as follows:

	For the three-month period ended	
	(Unaudited) 30 September 2021	(Unaudited) 30 September 2020
	Thousand Baht	Thousand Baht
Interest income and dividend income from investments	6,760,062	7,112,926
Consideration received from selling investments	65,728,289	26,694,743
Gains from selling investments	2,731,388	3,792,985
	For the nine-month period ended	
	(Unaudited) 30 September 2021	(Unaudited) 30 September 2020
	Thousand Baht	Thousand Baht
Interest income and dividend income from investments	20,347,693	22,261,553
Consideration received from selling investments	175,594,034	95,582,223
Gains (losses) from selling investments	8,475,981	(357,547)

As at 30 September 2021, 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 198,033 million (31 December 2020: Baht 199,672 million).

11. Investment in securities (Cont'd)

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

	(Unaudited) 30 September 2021	
	Fair value Thousand Baht	Expected credit loss recognised in other comprehensive income Thousand Baht
Investments in debt securities which credit risk has not significantly increased (Stage 1)	674,335,802	485,368
Investment in debt securities which credit risk has significantly increased (Stage 2)	170,119	12,297
Credit-impaired investments in debt securities (Stage 3)	-	100,000
Total	674,505,921	597,665

	(Audited) 31 December 2020	
	Fair value Thousand Baht	Expected credit loss recognised in other comprehensive income Thousand Baht
Investments in debt securities which credit risk has not significantly increased (Stage 1)	716,177,784	367,410
Investment in debt securities which credit risk has significantly increased (Stage 2)	566,859	37,448
Credit-impaired investments in debt securities (Stage 3)	-	100,000
Total	716,744,643	504,858

11. Investment in securities (Cont'd)

11.2 Debt securities that are measured at amortised cost

(Unaudited) 30 September 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

(Audited) 31 December 2020			
	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 associate is accounted by using the cost method as follows:

Associates	Type of business	Ownership interest		Cost method	
		(Unaudited) 30 September 2021 %	(Audited) 31 December 2020 %	(Unaudited) 30 September 2021 Thousand Baht	(Audited) 31 December 2020 Thousand Baht
AIA Wellness 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 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 2021		(Audited) 31 December 2020	
	Principal Thousand Baht	Accrued interest Thousand Baht	Principal Thousand Baht	Accrued interest Thousand Baht
<u>Policy loans</u>				
Outstanding period				
Current	31,000,759	1,032,125	30,750,345	912,349
Overdue				
Less than 3 months	-	-	-	-
3 - 6 months	-	-	-	-
6 - 12 months	-	-	-	-
More than 12 months	-	-	-	-
Policy loans, net	31,000,759	1,032,125	30,750,345	912,349
<u>Mortgage loans</u>				
Loans which credit risk has not significantly increased (Stage 1)	1,414,142	324	1,422,622	503
Loans which credit risk has significantly increased (Stage 2)	-	-	897	11
Credit-impaired loans (Stage 3)	29,615	-	32,242	-
Total	1,443,757	324	1,455,761	514
Less Expected credit loss	(12,620)	-	(14,839)	-
Mortgage loans, net	1,431,137	324	1,440,922	514
<u>Loans to employees</u>				
Loans which credit risk has not significantly increased (Stage 1)	59	-	165	-
Total	59	-	165	-
Less Expected credit loss	-	-	-	-
Loans to employees, net	59	-	165	-
Loans and accrued interest receivables	32,431,955	1,032,449	32,191,432	912,863

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14. Investment property

30 September 2021 (Unaudited)

	Cost/Fair value					Ending balance 30 September 2021 Thousand Baht
	For the period					
	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	
Land	9,505,320	-	-	3,296,903	52,000	12,854,223
Buildings and improvements	7,900,080	3,860,348	(258)	(3,296,903)	(696)	8,462,571
Total	17,405,400	3,860,348	(258)	-	51,304	21,316,794

31 December 2020 (Audited)

	Cost/Fair value					
	For the year					
	Beginning balance 1 January 2020 Thousand Baht	Additions from acquisition and capitalised subsequent expenditures Thousand Baht	Write-off Thousand Baht	Transfer Thousand Baht	Fair value losses Thousand Baht	Ending balance 31 December 2020 Thousand Baht
Land	9,540,000	-	-	-	(34,680)	9,505,320
Buildings and improvements	7,309,643	755,900	-	-	(165,463)	7,900,080
Total	16,849,643	755,900	-	-	(200,143)	17,405,400

In 2020 and 2021, 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 period ended 30 September 2021, the investment property generated rental income amounting to Baht 245 million and Baht 749 million, respectively (30 September 2020: Baht 256 million and Baht 768 million, respectively) and its direct operating expenses (including repair and maintenance) arise from investment property that generated rental income amounting to Baht 47 million and Baht 147 million, respectively (30 September 2020: Baht (47) million and Baht 87 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 2021 Thousand Baht	(Audited) 31 December 2020 Thousand Baht
Maturing		
Within 1 year	755,013	735,611
Between 1 to 2 years	572,919	326,304
Between 2 to 3 years	340,372	169,759
Between 3 to 4 years	55,523	37,627
Between 4 to 5 years	35,709	34,256
Later than 5 years	269,243	283,977
Total	2,028,779	1,587,534

15. Assets held to cover linked liabilities

	(Unaudited) 30 September 2021 Thousand Baht	(Audited) 31 December 2020 Thousand Baht
Investment in mutual funds that are measured at fair value through profit or loss	52,281,358	35,766,024
Total	52,281,358	35,766,024

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16. Property, plant and equipment

30 September 2021 (Unaudited)												
	Cost/Revaluation					Accumulated depreciation						
	Beginning balance 1 January 2021 Thousand Baht	For the period				Ending balance 30 September 2021 Thousand Baht	Beginning balance 1 January 2021 Thousand Baht	For the period			Ending balance 30 September 2021 Thousand Baht	Property plant and equipment Thousand Baht
		Addition Thousand Baht	Write-off Thousand Baht	Disposal Thousand Baht	Transfer Thousand Baht			Gain on revaluation Thousand Baht	Depreciation charge Thousand Baht	Write-off Thousand Baht		
Land	462,000	-	-	-	-	462,000	-	-	-	-	-	462,000
Buildings and improvements	734,000	-	-	-	-	734,000	-	40,614	-	-	-	693,386
Furniture, fixtures and equipment	2,429,902	7,777	(2,311)	-	-	2,435,368	1,731,845	117,247	(2,122)	-	-	588,398
Computer hardware	1,031,923	9,736	(187)	(21,011)	-	1,020,461	920,348	53,188	(187)	(21,009)	-	68,121
Motor vehicles	34,917	8,135	-	-	-	43,052	22,328	4,894	-	-	-	15,830
Construction in progress	-	799	-	-	-	799	-	-	-	-	-	799
Total	4,692,742	26,447	(2,498)	(21,011)	-	4,695,680	2,674,521	215,943	(2,309)	(21,009)	-	1,828,534

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

	31 December 2020 (Audited)									
	Cost/Revaluation					Accumulated depreciation				
	Beginning balance 1 January 2020 Thousand Baht	For the year				Beginning balance 1 January 2020 Thousand Baht	For the year			Ending balance 31 December 2020 Thousand Baht
		Addition Thousand Baht	Write-off Thousand Baht	Disposal Thousand Baht	Transfer Thousand Baht		Depreciation charge Thousand Baht	Write-off Thousand Baht	Disposal Thousand Baht	
Land	463,000	-	-	-	-	-	-	-	-	-
Buildings and improvements	738,000	-	-	-	-	-	48,555	-	-	-
Furniture, fixtures and equipment	2,424,622	20,567	(10,641)	(13,556)	8,910	1,590,562	164,500	(10,641)	(12,576)	1,731,845
Computer hardware	996,294	36,816	(114)	(1,073)	-	842,537	78,872	(114)	(947)	920,348
Motor vehicles	33,018	1,899	-	-	-	15,896	6,432	-	-	22,328
Construction in progress	-	8,910	-	-	(8,910)	-	-	-	-	-
Total	4,654,934	68,192	(10,755)	(14,629)	-	2,448,995	298,359	(10,755)	(13,523)	2,674,521
										2,018,221

In 2020, 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 investment property are disclosed in Note 4.4.

If the land and buildings are stated under the cost model, as at 30 September 2021, the carrying value would be Baht 53 million and Baht 60 million, respectively (31 December 2020: Baht 53 million and Baht 66 million, respectively).

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17. Intangible assets

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

	30 September 2021 (Unaudited)									
	Cost					Accumulated amortisation				
	For the period					For the period				
	Beginning balance 1 January 2021 Thousand Baht	Addition Thousand Baht	Write-off Thousand Baht	Transfer Thousand Baht	Ending balance 30 September 2021 Thousand Baht	Beginning balance 1 January 2021 Thousand Baht	Amortisation charge Thousand Baht	Write-off Thousand Baht	Ending balance 30 September 2021 Thousand Baht	Intangible assets Thousand Baht
Computer software	1,813,977	21,840	(13,051)	28,313	1,851,079	1,228,412	98,200	(13,023)	1,313,589	537,490
Other	55,671	-	-	-	55,671	25,671	7,500	-	33,171	22,500
Work in progress	1,056,156	519,413	-	(28,313)	1,547,256	-	-	-	-	1,547,256
Total	2,925,804	541,253	(13,051)	-	3,454,006	1,254,083	105,700	(13,023)	1,346,760	2,107,246
	31 December 2020 (Audited)									
	Cost					Accumulated amortisation				
	For the year					For the year				
	Beginning balance 1 January 2020 Thousand Baht	Addition Thousand Baht	Write-off Thousand Baht	Transfer Thousand Baht	Ending balance 31 December 2020 Thousand Baht	Beginning balance 1 January 2020 Thousand Baht	Amortisation charge Thousand Baht	Write-off Thousand Baht	Ending balance 31 December 2020 Thousand Baht	Intangible assets Thousand Baht
Computer software	1,560,860	48,358	(397)	205,156	1,813,977	1,089,404	139,405	(397)	1,228,412	585,565
Other	122,671	-	(67,000)	-	55,671	82,671	10,000	(67,000)	25,671	30,000
Work in progress	530,389	730,923	-	(205,156)	1,056,156	-	-	-	-	1,056,156
Total	2,213,920	779,281	(67,397)	-	2,925,804	1,172,075	149,405	(67,397)	1,254,083	1,671,721

18. Other assets

	(Unaudited) 30 September 2021 Thousand Baht	(Audited) 31 December 2020 Thousand Baht
Deposits (Note 27 (b))	127,644	162,583
Amount due from a related party (Note 27 (b))	16,616	25,566
Receivable from sale of investments	647,505	1,035,607
Cash collateral from derivative contract	11,259,599	2,010,301
Right-of-use assets (Note 27 (b))	2,256,134	2,163,605
Others	279,159	226,782
Total	<u>14,586,657</u>	<u>5,624,444</u>

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

AIA Company Limited

18. Other assets (Cont'd)

18.1 Right-of-use assets

	30 September 2021 (Unaudited)											
	Cost				Accumulated amortisation							
	For the period				For the period							
	Beginning balance 1 January 2021 Thousand Baht	Addition Thousand Baht	Change in contract Thousand Baht	Gain on revaluation Thousand Baht	Ending balance 30 September 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 30 September 2021 Thousand Baht	Right-of-use assets Thousand Baht
Land	740,000	-	-	-	740,000	-	13,987	-	-	-	13,987	726,013
Buildings and improvements	1,762,662	372,484	(19,630)	-	2,115,516	340,966	250,786	(7,136)	-	779	585,395	1,530,121
Others	2,803	-	(2,803)	-	-	894	408	(1,302)	-	-	-	-
Total	2,505,465	372,484	(22,433)	-	2,855,516	341,860	265,181	(8,438)	-	779	599,382	2,256,134

The related lease liabilities are disclosed in Note 22.1.

For the three-month and nine-month period ended 30 September 2021, 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 0.78 million and Baht 0.12 million, respectively (31 December 2020: Baht 5.7 million and Baht 0.5 million, respectively). The differences between the reduction of the lease liabilities and the reversal of the expenses of Baht 0.07 million (31 December 2020: Baht 0.2 million) are recognised in profit or loss.

AIA Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 30 September 2021

18. Other assets (Cont'd)

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

31 December 2020 (Audited)												
Cost					Accumulated amortisation							
For the year					For the year							
Beginning balance 1 January 2020 Thousand Baht	Addition Thousand Baht	Change in contract Thousand Baht	Gain on revaluation Thousand Baht	Ending balance 31 December 2020 Thousand Baht	Beginning balance 1 January 2020 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 2020 Thousand Baht	Right-of-use assets Thousand Baht	
Land	255,380	-	(4,359)	488,979	740,000	-	9,073	-	(9,073)	-	740,000	
Buildings and improvements	1,485,290	308,731	(31,359)	-	1,762,662	-	339,915	(4,618)	-	5,669	1,421,696	
Others	-	2,803	-	-	2,803	-	894	-	-	894	1,909	
Total	1,740,670	311,534	(35,718)	488,979	2,505,465	-	349,882	(4,618)	(9,073)	5,669	2,163,605	

AIA Company Limited
Condensed Notes to the Interim Financial Information (Unaudited)
For the interim period ended 30 September 2021

19. Insurance liabilities

	30 September 2021 (Unaudited)			31 December 2020 (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						
Claim liability	568,900,951	-	568,900,951	574,291,648	-	574,291,648
- Reported claim	1,511,633	(5,820)	1,505,813	975,956	(4,205)	971,751
- Claim incurred but not reported	555,246	(154,789)	400,457	778,238	(183,299)	594,939
Premium liability						
- Unearned premium reserve	17,464,031	(79,830)	17,384,201	17,786,901	(84,173)	17,702,728
Unpaid policy benefits	496,411	-	496,411	452,290	-	452,290
Due to insured	146,211,299	-	146,211,299	121,261,554	-	121,261,554
Total	735,139,571	(240,439)	734,899,132	715,546,587	(271,677)	715,274,910

19. Insurance liabilities (Cont'd)

19.1 Long-term technical reserve

The movement details are below:

	(Unaudited) 30 September 2021 Thousand Baht	(Audited) 31 December 2020 Thousand Baht
Beginning balance for the period/year	574,291,648	575,116,690
Policy reserve movement for new policies and inforce policies during the period/year	49,364,789	71,428,248
Net movement in benefits payable to life policyholders for death, maturity, surrenders, other policyholders benefits and claim	(52,532,695)	(69,173,192)
Others	(2,222,791)	(3,080,098)
Closing balance at the end of period/year	<u>568,900,951</u>	<u>574,291,648</u>

19.2 Short-term technical reserve

19.2.1 Claim liability

The movement details are below:

	(Unaudited) 30 September 2021 Thousand Baht	(Audited) 31 December 2020 Thousand Baht
Beginning balance for the period/year	1,754,194	2,038,308
Insurance claims and loss adjustment expenses incurred during the period/year	14,593,640	18,743,671
Changes in claim reserve from change in assumption during the period/year	(222,992)	70,577
Insurance claims and loss adjustment expenses paid during the period/year	(14,057,963)	(19,098,362)
Closing balance at the end of period/year	<u>2,066,879</u>	<u>1,754,194</u>

19.2.2 Unearned premium reserve

	(Unaudited) 30 September 2021 Thousand Baht	(Audited) 31 December 2020 Thousand Baht
Beginning balance for the period/year	17,786,901	16,726,248
Premium written for the period/year	31,497,576	39,949,210
Premium earned in the period/year	(31,820,446)	(38,888,557)
Closing balance at the end of period/year	<u>17,464,031</u>	<u>17,786,901</u>

19. Insurance liabilities (Cont'd)

19.3 Unpaid policy benefits

The details are as below:

	(Unaudited) 30 September 2021 Thousand Baht	(Audited) 31 December 2020 Thousand Baht
Death benefits	496,411	452,290
Total	496,411	452,290

19.4 Due to insured

The details of due to insured are presented below:

	(Unaudited) 30 September 2021 Thousand Baht	(Audited) 31 December 2020 Thousand Baht
Deposits from insurance contracts	83,884,219	75,236,468
Account value of universal life insurance contracts	10,045,722	10,259,061
Account value of unit linked insurance contracts	52,281,358	35,766,025
Total	146,211,299	121,261,554

20. Investment liabilities

	(Unaudited) 30 September 2021 Thousand Baht	(Audited) 31 December 2020 Thousand Baht
Beginning balance for the period/year	-	716,019
Investment contract benefits	-	(725,534)
Change in investment contract liabilities	-	9,515
Closing balance at the end of period/year	-	-

21. Amount due to reinsurance

	(Unaudited) 30 September 2021 Thousand Baht	(Audited) 31 December 2020 Thousand Baht
Fund reserve	17,700	11,298
Outward premium payable (Note 27 (b))	653,311	571,392
Total amount due to reinsurance	671,011	582,690

22. Other liabilities

	(Unaudited) 30 September 2021 Thousand Baht	(Audited) 31 December 2020 Thousand Baht
Accrued expenses	9,087,901	7,964,654
Payable for purchase of investments	893,549	978,126
Unpresented cheques payable	2,068,623	2,415,994
Expired cheques payable	2,510,114	2,360,312
Due commissions and expenses	770,319	1,161,253
Payable to related parties (Note 27 (b))	553,678	1,041,890
Agents payable	1,842,233	5,324,707
Cash collateral from derivative contracts	128,800	2,811,765
Other accounts payable	555,562	456,327
Lease liabilities (Note 27 (b))	1,531,391	1,396,338
Others	1,826,363	2,522,226
Total	<u>21,768,533</u>	<u>28,433,592</u>

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

22.1 Lease liabilities

The maturity analysis of lease liabilities are aged as follows:

	(Unaudited) 30 September 2021 Thousand Baht	(Audited) 31 December 2020 Thousand Baht
Maturing		
Within 1 year	291,351	311,356
Between 1 to 5 years	1,088,110	927,789
Later than 5 years	151,930	157,193
Total	<u>1,531,391</u>	<u>1,396,338</u>
Including: - Principal	1,721,368	1,561,871
- Interest	(189,977)	(165,533)

For the three-month and nine-month period ended 30 September 2021, interest expense on lease liabilities amounted to Baht 11.4 million and Baht 33.1 million, respectively (30 September 2020: Baht 8.6 million and Baht 24.7 million, respectively), is recorded as "Finance cost" in the statement of comprehensive income.

23. Gross benefits and claim paid

	For the three-month period ended	
	(Unaudited) 30 September 2021 Thousand Baht	(Unaudited) 30 September 2020 Thousand Baht
Insurance contract benefits	25,234,546	23,715,503
Change in investment contract liabilities	-	2,788
Total	25,234,546	23,718,291

	For the nine-month period ended	
	(Unaudited) 30 September 2021 Thousand Baht	(Unaudited) 30 September 2020 Thousand Baht
Insurance contract benefits	77,839,705	74,262,016
Change in investment contract liabilities	-	9,163
Total	77,839,705	74,271,179

24. Operating expenses

	For the three-month period ended	
	(Unaudited) 30 September 2021 Thousand Baht	(Unaudited) 30 September 2020 Thousand Baht
Employee expenses not relating to underwriting expenses, and loss adjusting expenses	1,062,013	871,156
Property and equipment expenses not relating to underwriting expenses, and loss adjusting expenses	606,499	535,593
Tax expenses	708	(3,649)
Other operating expenses	573,743	417,467
Total	2,242,963	1,820,567

	For the nine-month period ended	
	(Unaudited) 30 September 2021 Thousand Baht	(Unaudited) 30 September 2020 Thousand Baht
Employee expenses not relating to underwriting expenses, and loss adjusting expenses	2,885,733	2,572,816
Property and equipment expenses not relating to underwriting expenses, and loss adjusting expenses	1,690,985	1,549,506
Tax expenses	7,611	5,585
Other operating expenses	1,683,192	1,250,676
Total	6,267,521	5,378,583

25. Expected credit loss

	For the three-month period ended	
	(Unaudited) 30 September 2021	(Unaudited) 30 September 2020
	Thousand Baht	Thousand Baht
Investment in securities	18,459	(239,379)
Loans and accrued interest receivables	(300)	(336)
Total	18,159	(239,715)

	For the nine-month period ended	
	(Unaudited) 30 September 2021	(Unaudited) 30 September 2020
	Thousand Baht	Thousand Baht
Investment in securities	92,807	104,586
Loans and accrued interest receivables	(3,058)	(1,208)
Total	89,749	103,378

26. 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.

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 period ended	
	(Unaudited) 30 September 2021 Thousand Baht	(Unaudited) 30 September 2020 Thousand Baht
Head office		
Operating expenses	238,352	215,115
Affiliated companies		
Premiums ceded to reinsurers	2,032,946	1,268,266
Fee and commission income	124,867	18,854
Net investment income (expense)	(430,969)	(316,604)
Other income	4,259	4,195
Benefit and claim paid recovered from reinsurers	1,100,858	712,904
Other underwriting expenses	-	4,720
Operating expenses	379,312	230,179
Capitalised expenses	65,324	25,531
Finance cost	4,062	2,595
	For the nine-month period ended	
	(Unaudited) 30 September 2021 Thousand Baht	(Unaudited) 30 September 2020 Thousand Baht
Head office		
Operating expenses	752,633	709,516
Affiliated companies		
Premiums ceded to reinsurers	5,737,786	3,889,488
Fee and commission income	198,613	53,626
Net investment income (expense)	(1,302,125)	(387,611)
Other income	12,810	4,353
Benefit and claim paid recovered from reinsurers	3,184,934	2,362,112
Other underwriting expenses	3,629	12,409
Operating expenses	1,050,988	706,642
Capitalised expenses	147,776	61,436
Finance cost	11,155	8,141

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 2021 Thousand Baht	(Audited) 31 December 2020 Thousand Baht
Head office		
Other assets	506	299
Profit remittances to Head Office	1,716,056	10,000,000
Other liabilities	96,410	654,892
Affiliated companies		
Reinsurance assets	2,423	2,768
Amount due from reinsurance	3,096	2,148
Investment in associates	171,500	171,500
Other assets	1,328,582	1,230,976
Amount due to reinsurance	286,740	183,331
Other liabilities	965,455	732,919

(c) Key management compensations

Key management compensations are as follows:

	For the three-month period ended	
	(Unaudited) 30 September 2021 Thousand Baht	(Unaudited) 30 September 2020 Thousand Baht
Salary and other short-term employee benefits	36,827	43,336
Post-employment benefits	2,457	2,617
Share-based payment	9,091	9,305
Total	48,375	55,258
	For the nine-month period ended	
	(Unaudited) 30 September 2021 Thousand Baht	(Unaudited) 30 September 2020 Thousand Baht
Salary and other short-term employee benefits	111,501	117,991
Post-employment benefits	7,345	7,522
Share-based payment	27,271	25,897
Total	146,117	151,410

28. Contingent liabilities and commitments

As at 30 September 2021, the Branch had contractual commitment from contracts for investment property projects with the amount at the maximum of Baht 2,988 million (31 December 2020: Baht 3,633 million). Commitments arising from short-term leases and low-value leases are not material to the interim financial information.

29. Events occurring after the reporting date

In 2021, the Branch is facing the uncertain impact of the COVID-19 virus and the measures taken to limit its spread. The Branch is closely monitoring the development of situation.