

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

Information Disclosure of Life Insurance Companies B.E. 2561

Part 1: To certify correctness of disclosure

The Company has reviewed the information disclosure with caution and certifies that it is complete, true, and not misleading or lack of significant information. The Company certifies the correctness of all information disclosure.

Signature.....

Name.....Nikhil Ahsvani Advani.....

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

Disclosed on.....29 August 2022.....

Information for the Quarter.....2.....Year.....2022.....

CAPITAL ADEQUACY

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

Thailand has implemented RBC regulation since September 2011. In December 2019 the RBC regulation was updated with the implementation of RBC II, which updates and enhances the capital standards to be more comprehensive.

The key metric used by the regulator is the Capital Adequacy Ratio (“CAR”), defined as Total Capital Available (“TCA”) divided by Total Capital Required (“TCR”), which needs to remain above the supervisory CAR to maintain financial strength and avoid potential regulatory intervention.

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

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

Unit: Million Baht

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

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

AIA COMPANY LIMITED

INTERIM FINANCIAL INFORMATION (UNAUDITED)

30 JUNE 2022



AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Executive Committee of AIA Company Limited

I have reviewed the interim financial information of AIA Company Limited which comprises the statement of financial position as at 30 June 2022, the related statements of comprehensive income for the three-month and six-month periods then ended, changes in Head Office's equity, and cash flows for the six-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', written over a horizontal line.

Paiboon Tunkoon

Certified Public Accountant (Thailand) No. 4298
Bangkok
11 August 2022

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

| | | (Unaudited) 30 June 2022 Baht | (Audited) 31 December 2021 Baht |
|---|-----------|--|--|
| | Notes | | |
| Assets | | | |
| Cash and cash equivalents | 5 | 8,609,010,113 | 8,894,740,239 |
| Premium receivables | 6 | 7,317,963,809 | 8,006,129,402 |
| Accrued income on investments | | 3,113,536,553 | 3,363,031,080 |
| Reinsurance assets | 7, 19, 26 | 318,460,135 | 269,898,332 |
| Amount due from reinsurance | 8 | 23,119,518 | 15,054,822 |
| Deferred acquisition costs | 9 | 73,984,183,556 | 72,634,249,539 |
| Derivative assets | 10 | 4,515,805,871 | 3,501,254,434 |
| Invested assets | | | |
| Investment in securities | 11, 26 | 749,237,219,438 | 807,598,141,504 |
| Loans and accrued interest receivables | 13 | 39,441,865,189 | 33,173,260,708 |
| Investment property | 14 | 23,534,319,830 | 22,205,592,406 |
| Investment in associates | 12, 26 | 171,500,000 | 171,500,000 |
| Assets held to cover linked liabilities | 15 | 59,559,534,562 | 59,961,552,414 |
| Property, plant and equipment | 16 | 1,744,619,025 | 1,835,898,348 |
| Intangible assets | 17 | 2,864,374,347 | 2,613,096,986 |
| Other assets | 18, 26 | 13,286,980,116 | 15,642,718,985 |
| Total assets | | 987,722,492,062 | 1,039,886,119,199 |

Authorised signature _____

Date _____

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

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

| | | (Unaudited) 30 June 2022 Baht | (Audited) 31 December 2021 Baht |
|---|--------|--|--|
| | Notes | | |
| Liabilities and Head Office's Equity | | | |
| Liabilities | | | |
| Insurance liabilities | 19 | 749,915,967,146 | 741,636,080,630 |
| Amount due to reinsurance | 20, 26 | 532,903,557 | 565,397,059 |
| Derivative liabilities | 10 | 14,154,907,834 | 13,470,199,370 |
| Income tax payable | | 1,909,930,305 | 1,910,566,593 |
| Employee benefit liabilities | | 3,789,676,345 | 4,140,470,016 |
| Deferred tax liabilities | | 18,641,025,289 | 30,410,117,967 |
| Other liabilities | 21, 26 | 21,590,400,925 | 31,850,967,598 |
| Total liabilities | | 810,534,811,401 | 823,983,799,233 |
| Head Office's Equity | | | |
| Remeasurements of investments measured at fair value through other comprehensive income, net of tax | | 15,321,234,663 | 62,558,064,495 |
| Remeasurements of derivative instruments used in cash flow hedge, net of tax | | (1,106,834,284) | (4,202,882,203) |
| Remeasurements of deferred cost of hedge, net of tax | | (754,468,922) | (303,519,737) |
| Remeasurements of post-employment benefit obligations, net of tax | | (1,367,710,190) | (1,367,710,190) |
| Gains on land and building revaluation, net of tax | | 1,373,930,729 | 1,373,930,729 |
| Other reserve | | 80,442,777 | 128,311,298 |
| Branch's retained earnings | | | |
| Unappropriated | | 163,641,085,888 | 157,716,125,574 |
| Total Head Office's Equity | | 177,187,680,661 | 215,902,319,966 |
| Total liabilities and Head Office's Equity | | 987,722,492,062 | 1,039,886,119,199 |

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

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

| | Notes | 2022 Baht | 2021 Baht |
|---|--------|------------------------|------------------------|
| Revenues | | | |
| Gross written premiums | | 30,936,022,455 | 30,431,527,915 |
| <u>Less</u> premiums ceded to reinsurers | 26 | <u>(3,053,975,615)</u> | <u>(2,451,824,959)</u> |
| Net written premiums | | 27,882,046,840 | 27,979,702,956 |
| <u>Add (Less)</u> net change in unearned premium reserve | | <u>(1,114,842,866)</u> | <u>505,278,681</u> |
| Net earned premiums | | 26,767,203,974 | 28,484,981,637 |
| Fee and commission income | 26 | 175,365,825 | 178,053,978 |
| Net investment income | 26 | 6,877,409,604 | 6,903,975,150 |
| Gains on investment | | 424,692,819 | 1,029,478,090 |
| Fair value gains | | 175,841,381 | 177,912,401 |
| Fair value gains on investment property | | 8,172,820 | 51,252,883 |
| Other income | 26 | <u>68,705,133</u> | <u>57,335,215</u> |
| Total revenues | | <u>34,497,391,556</u> | <u>36,882,989,354</u> |
| Expenses | | | |
| Change in long-term technical reserves | | (2,059,704,480) | (2,403,588,584) |
| Gross benefits and claim paid | 22 | 26,702,589,849 | 26,472,222,532 |
| <u>Less</u> benefits and claim paid recovered from reinsurers | 26 | <u>(2,245,229,626)</u> | <u>(1,254,684,484)</u> |
| Net benefits and claim paid | | 24,457,360,223 | 25,217,538,048 |
| Commissions and brokerages | | 2,493,484,279 | 3,014,929,690 |
| Other underwriting expenses | 26 | 3,968,392,809 | 3,960,071,364 |
| Operating expenses | 23, 26 | 2,192,370,532 | 2,016,230,475 |
| Finance cost | 21, 26 | 9,649,654 | 11,554,354 |
| Expected credit loss | 24 | <u>1,767,752,686</u> | <u>36,618,363</u> |
| Total expenses | | <u>32,829,305,703</u> | <u>31,853,353,710</u> |
| Profit before income tax | | 1,668,085,853 | 5,029,635,644 |
| Income tax expenses | 25 | <u>359,020,044</u> | <u>1,012,659,451</u> |
| Net profit | | <u>1,309,065,809</u> | <u>4,016,976,193</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 June 2022

| | 2022 | 2021 |
|---|-----------------|-----------------|
| | Baht | Baht |
| Other comprehensive income (loss) | | |
| <u>Items that will be reclassified subsequently to profit or loss</u> | | |
| Gains (losses) on remeasuring investments measured at fair value through other comprehensive income | (3,608,645,330) | 6,761,809,150 |
| Gains (losses) on remeasuring derivative instruments used in cash flow hedge | 1,298,892,620 | (1,019,565,787) |
| Losses on remeasuring deferred cost of hedge | (300,643,690) | (328,506,209) |
| Items in other comprehensive income transferred to profit or loss | (2,200,117,880) | (1,209,909,224) |
| Income tax relating to items that will be reclassified subsequently to profit or loss | 962,102,856 | (840,765,586) |
| Total items that will be reclassified subsequently to profit or loss | (3,848,411,424) | 3,363,062,344 |
| Other comprehensive income (loss) for the period, net of tax | (3,848,411,424) | 3,363,062,344 |
| Total comprehensive income (loss) for the period | (2,539,345,615) | 7,380,038,537 |

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 six-month period ended 30 June 2022

| | Notes | 2022 Baht | 2021 Baht |
|---|--------------|-----------------------------|------------------------------|
| Revenues | | | |
| Gross written premiums | | 63,582,415,549 | 61,479,426,071 |
| <u>Less</u> premiums ceded to reinsurers | 26 | <u>(6,065,539,583)</u> | <u>(4,688,982,043)</u> |
| Net written premiums | | 57,516,875,966 | 56,790,444,028 |
| <u>Add (Less)</u> net change in unearned premium reserve | | <u>(1,578,069,758)</u> | <u>274,531,115</u> |
| Net earned premiums | | 55,938,806,208 | 57,064,975,143 |
| Fee and commission income | 26 | 334,640,329 | 322,528,984 |
| Net investment income | 26 | 13,597,706,063 | 13,668,239,407 |
| Gains on investment | | 2,936,547,410 | 5,744,592,561 |
| Fair value gains | | 159,557,384 | 36,368,561 |
| Fair value gains on investment property | | 8,172,820 | 51,303,572 |
| Other income | 26 | <u>135,077,339</u> | <u>112,016,336</u> |
| Total revenues | | <u>73,110,507,553</u> | <u>77,000,024,564</u> |
| Expenses | | | |
| Change in long-term technical reserves | | 2,576,392,645 | (5,188,436,282) |
| Gross benefits and claim paid | 22 | 48,177,900,102 | 52,605,159,010 |
| <u>Less</u> benefits and claim paid recovered from reinsurers | 26 | <u>(4,335,028,871)</u> | <u>(2,663,545,668)</u> |
| Net benefits and claim paid | | 43,842,871,231 | 49,941,613,342 |
| Commissions and brokerages | | 4,890,180,603 | 6,012,896,823 |
| Other underwriting expenses | 26 | 8,108,689,492 | 8,049,202,235 |
| Operating expenses | 23, 26 | 4,372,601,562 | 4,024,557,555 |
| Finance cost | 21, 26 | 19,603,905 | 21,664,309 |
| Expected credit loss | 24 | <u>1,860,765,078</u> | <u>71,590,007</u> |
| Total expenses | | <u>65,671,104,516</u> | <u>62,933,087,989</u> |
| Profit before income tax | | 7,439,403,037 | 14,066,936,575 |
| Income tax expenses | 25 | <u>1,514,442,723</u> | <u>2,808,786,506</u> |
| Net profit | | <u>5,924,960,314</u> | <u>11,258,150,069</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 six-month period ended 30 June 2022

| | 2022 | 2021 |
|---|------------------|------------------|
| | Baht | Baht |
| Other comprehensive income (loss) | | |
| <u>Items that will be reclassified subsequently to profit or loss</u> | | |
| Losses on remeasuring investments measured at fair value through other comprehensive income | (54,235,812,806) | (46,125,979,568) |
| Gains on remeasuring derivative instruments used in cash flow hedge | 3,870,059,899 | 428,220,263 |
| Losses on remeasuring deferred cost of hedge | (563,686,481) | (261,357,560) |
| Items in other comprehensive income transferred to profit or loss | (4,810,224,484) | (5,957,734,475) |
| Income tax relating to items that will be reclassified subsequently to profit or loss | 11,147,932,774 | 10,383,370,268 |
| Total items that will be reclassified subsequently to profit or loss | (44,591,731,098) | (41,533,481,072) |
| Other comprehensive loss for the period, net of tax | (44,591,731,098) | (41,533,481,072) |
| Total comprehensive loss for the period | (38,666,770,784) | (30,275,331,003) |

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 six-month period ended 30 June 2022

| | Remeasurements of investments measured at fair value through other comprehensive income, net of tax Baht | Remeasurements of derivative instruments used in cash flow hedge, net of tax Baht | Remeasurements of deferred cost of hedge, net of tax Baht | Remeasurements of post-employment benefit obligations, net of tax Baht | Gains on land and building revaluation, net of tax Baht | Other reserve Baht | Unappropriated Branch's retained earnings Baht | Total Head Office's Equity Baht |
|--|---|--|---|--|---|--------------------------|--|--|
| Beginning balance as at 1 January 2022 | 62,558,064,495 | (4,202,882,203) | (303,519,737) | (1,367,710,190) | 1,373,930,729 | 128,311,298 | 157,716,125,574 | 215,902,319,966 |
| Employee benefits on share-based payment | - | - | - | - | - | (47,868,521) | - | (47,868,521) |
| Net profit | - | - | - | - | - | - | 5,924,960,314 | 5,924,960,314 |
| Losses on remeasuring investments measured at fair value through other comprehensive income | (43,388,650,245) | - | - | - | - | - | - | (43,388,650,245) |
| Gains on remeasuring derivative instruments used in cash flow hedge | - | 3,096,047,919 | - | - | - | - | - | 3,096,047,919 |
| Losses on remeasuring deferred cost of hedge | - | - | (450,949,185) | - | - | - | - | (450,949,185) |
| Items in other comprehensive income transferred to profit or loss | (3,848,179,587) | - | - | - | - | - | - | (3,848,179,587) |
| Ending balance as at 30 June 2022 | <u>15,321,234,663</u> | <u>(1,106,834,284)</u> | <u>(754,468,922)</u> | <u>(1,367,710,190)</u> | <u>1,373,930,729</u> | <u>80,442,777</u> | <u>163,641,085,888</u> | <u>177,187,680,661</u> |
| Beginning balance as at 1 January 2021 | 118,096,487,007 | (3,922,469,937) | (930,109,142) | (1,520,867,820) | 1,321,289,762 | 136,126,302 | 141,676,106,385 | 254,856,562,557 |
| Employee benefits on share-based payment | - | - | - | - | - | (36,292,346) | - | (36,292,346) |
| Net profit | - | - | - | - | - | - | 11,258,150,069 | 11,258,150,069 |
| Losses on remeasuring investments measured at fair value through other comprehensive income | (36,900,783,654) | - | - | - | - | - | - | (36,900,783,654) |
| Gains on remeasuring derivative instruments used in cash flow hedge | - | 342,576,210 | - | - | - | - | - | 342,576,210 |
| Losses on remeasuring deferred cost of hedge | - | - | (209,086,048) | - | - | - | - | (209,086,048) |
| Items in other comprehensive income transferred to profit or loss | (4,766,187,580) | - | - | - | - | - | - | (4,766,187,580) |
| Ending balance as at 30 June 2021 | <u>76,429,515,773</u> | <u>(3,579,893,727)</u> | <u>(1,139,195,190)</u> | <u>(1,520,867,820)</u> | <u>1,321,289,762</u> | <u>99,833,956</u> | <u>152,934,256,454</u> | <u>224,544,939,208</u> |

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

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

| | Notes | 2022 Baht | 2021 Baht |
|--|--------------|----------------------|----------------------|
| Cash flows provided by (used in) operating activities | | | |
| Written premium received from direct insurance | | 68,299,953,893 | 70,045,795,879 |
| Fee income | | 174,911,419 | 119,204,486 |
| Cash paid for reinsurance | | (1,722,900,313) | (1,711,691,559) |
| Interest income | | 13,465,205,425 | 13,583,415,819 |
| Dividend income | | 1,207,604,932 | 1,385,788,985 |
| Investment expenses | | (1,378,315,774) | (1,448,254,484) |
| Cash received (paid) from settlement of derivatives | | (1,427,521,076) | 903,520,418 |
| Rental income | | 492,944,505 | 510,686,931 |
| Other income | | 137,777,231 | 114,001,554 |
| Gross benefits and claim paid from direct insurance | | (47,086,882,577) | (45,435,451,569) |
| Commissions and brokerages from direct insurance | | (6,259,243,138) | (6,471,635,298) |
| Other underwriting expenses | | (11,644,710,310) | (11,289,294,320) |
| Operating expenses | | (5,159,824,622) | (4,297,355,932) |
| Income tax expense | | (2,136,238,915) | (2,126,709,880) |
| Cash received from investment in securities | | 50,526,738,473 | 109,662,691,058 |
| Cash paid for investment in securities | | (44,175,526,588) | (118,721,721,933) |
| Cash paid for investment property | 14 | (1,320,796,424) | (338,172,791) |
| Cash received from loans repayment | | 4,050,088,546 | 2,958,668,299 |
| Cash paid for loans drawdown | | (10,039,535,278) | (2,943,353,922) |
| Cash received from assets held to cover linked liabilities | | 8,076,595,383 | 12,544,819,847 |
| Cash paid for assets held to cover linked liabilities | | (13,809,700,744) | (20,654,265,225) |
| Net cash provided by (used in) operating activities | | 270,624,048 | (3,609,313,637) |
| Cash flows provided by (used in) investing activities | | | |
| <u>Cash flows provided by:</u> | | | |
| Properties and equipment | | 4,061,612 | 723,901 |
| Net cash provided by investing activities | | 4,061,612 | 723,901 |
| <u>Cash flows used in:</u> | | | |
| Properties and equipment | 16 | (31,992,008) | (21,700,767) |
| Intangible assets | 17 | (358,024,658) | (348,429,937) |
| Net cash used in investing activities | | (390,016,666) | (370,130,704) |
| Net cash used in investing activities | | (385,955,054) | (369,406,803) |

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 six-month period ended 30 June 2022

| | 2022 | 2021 |
|---|----------------------|----------------------|
| | Baht | Baht |
| Cash flows used in financing activities | | |
| <u>Cash flows used in:</u> | | |
| Lease liabilities | (169,959,745) | (171,323,239) |
| Finance cost | (439,375) | - |
| Net cash used in financing activities | (170,399,120) | (171,323,239) |
| Net cash used in financing activities | (170,399,120) | (171,323,239) |
| Net decrease in cash and cash equivalents | (285,730,126) | (4,150,043,679) |
| Cash and cash equivalents at beginning of period | 8,894,740,239 | 7,403,134,110 |
| Cash and cash equivalents at end of period | 8,609,010,113 | 3,253,090,431 |

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 11 August 2022.

This interim financial information has been reviewed, not audited.

2. Significant Accounting Policies

2.1 Basis of preparation

The interim financial information has been prepared in accordance with Thai Accounting Standard 34 Interim Financial Reporting. The primary financial information (statement of financial position, statement of comprehensive income, statement of changes in Head Office’s equity and cash flows) is presented in a format consistent with the annual financial statements complying with Thai Accounting Standard 1 Presentation of Financial Statements. In addition, the interim financial information presentation is based on the formats of life insurance interim financial information attached in an Office of Insurance Commission’s notification “Principle, methodology, condition and timing for preparation, submission and reporting of financial statements and operation performance for life insurance company (No. 3) B.E. 2563” dated on 13 May 2020 (“OIC Notification”). The notes to the interim financial information are prepared in a condensed format. Additional notes are presented as required by the aforementioned OIC Notification.

The interim financial information should be read together with the annual financial statements for the year ended 31 December 2021.

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

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

2. Significant Accounting Policies (Cont'd)

2.2 Accounting policies

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2021. Since 2020, the Branch passes criteria of temporary exemption from TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures under TFRS 4 (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 Instruments and the Branch's activities are predominantly connected with insurance business.

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

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

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

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

The Accounting Guidance requires additional disclosure about:

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

3. Estimates

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

In preparing this interim financial information, the significant judgements made by management in applying the Branch's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2021.

4. Fair value

4.1 Fair value estimation

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

| | Level 1 Thousand Baht | Level 2 Thousand Baht | Level 3 Thousand Baht | Total Thousand Baht |
|---|-----------------------------|-----------------------------|-----------------------------|---------------------------|
| As at 30 June 2022 (Unaudited) | | | | |
| Assets | | | | |
| Derivative assets | 30,174 | 4,485,632 | - | 4,515,806 |
| Investment in securities | | | | |
| Investments measured at fair value through profit or loss | 559 | - | - | 559 |
| Investments measured at fair value through other comprehensive income | | | | |
| Debt securities | - | 365,063,146 | 3,337,453 | 368,400,599 |
| Equity securities | 84,391,243 | - | 1,380,602 | 85,771,845 |
| Investments designated at fair value through profit or loss | 3,035,836 | - | - | 3,035,836 |
| Investment property | - | - | 23,534,320 | 23,534,320 |
| Assets held to cover linked liabilities | 59,559,535 | - | - | 59,559,535 |
| Land and buildings | - | - | 1,164,589 | 1,164,589 |
| Total assets | <u>147,017,347</u> | <u>369,548,778</u> | <u>29,416,964</u> | <u>545,983,089</u> |
| Liabilities | | | | |
| Derivative liabilities | - | 14,154,908 | - | 14,154,908 |
| Total liabilities | <u>-</u> | <u>14,154,908</u> | <u>-</u> | <u>14,154,908</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 June 2022 and 31 December 2021. (Cont'd)

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

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

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

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

| | (Unaudited) Investments measured at fair value through other comprehensive income 30 June 2022 Thousand Baht | (Audited) Investments measured at fair value through other comprehensive income 31 December 2021 Thousand Baht |
|---|---|---|
| Beginning balance as at 1 January | 5,134,784 | 1,821,624 |
| Transfer into Level 3 | | |
| Book value | - | 3,436,459 |
| Unrealised losses recognised in other comprehensive income | - | (19,308) |
| Net carrying value at transfer date | 5,134,784 | 5,238,775 |
| Losses on remeasuring investments measured at fair value through other comprehensive income | (416,729) | (103,991) |
| Closing balance at the end of period/year | 4,718,055 | 5,134,784 |

4. Fair value (Cont'd)

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

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

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

There were no changes in valuation techniques during the period.

Valuation process

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

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

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

5. Cash and cash equivalents

| | (Unaudited) 30 June 2022 Thousand Baht | (Audited) 31 December 2021 Thousand Baht |
|---|---|---|
| Cash on hand | 7,067 | 62,351 |
| Deposits held at call with banks and financial institutions | 2,727,024 | 3,224,420 |
| Short-term investments | 5,874,919 | 5,607,969 |
| Total cash and cash equivalents | <u>8,609,010</u> | <u>8,894,740</u> |

6. Premium receivables

The balances of premium receivables are aged as follows:

| | From direct insurance | |
|---------------------------|------------------------------|--------------------|
| | (Unaudited) | (Audited) |
| | 30 June | 31 December |
| | 2022 | 2021 |
| | Thousand | Thousand |
| | Baht | Baht |
| Current | 6,481,654 | 6,846,061 |
| Overdue | | |
| Not over 30 days | 817,461 | 1,140,608 |
| 31 - 60 days | 5,877 | 8,085 |
| 61 - 90 days | 4,402 | 4,761 |
| Over 90 days | 8,570 | 6,614 |
| Total premium receivables | <u>7,317,964</u> | <u>8,006,129</u> |

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

7. Reinsurance assets

The details of reinsurance assets are as follows:

| | (Unaudited) | (Audited) |
|---------------------------------|--------------------|--------------------|
| | 30 June | 31 December |
| | 2022 | 2021 |
| | Thousand | Thousand |
| | Baht | Baht |
| Claim incurred but not reported | 238,459 | 187,503 |
| Unearned premium reserve | 75,681 | 77,162 |
| Others (Note 26 (b)) | 4,320 | 5,233 |
| Total reinsurance assets | <u>318,460</u> | <u>269,898</u> |

8. Amount due from reinsurance

The details of amount due from reinsurance are as follows:

| | (Unaudited) | (Audited) |
|-----------------------------------|--------------------|--------------------|
| | 30 June | 31 December |
| | 2022 | 2021 |
| | Thousand | Thousand |
| | Baht | Baht |
| Due from reinsurance | 23,120 | 15,055 |
| Total amount due from reinsurance | <u>23,120</u> | <u>15,055</u> |

9. Deferred acquisition costs

The movements details are below:

| | (Unaudited) 30 June 2022 Thousand | (Audited) 31 December 2021 Thousand |
|---|--|--|
| Beginning balance for the period/year | 72,634,250 | 70,014,183 |
| Deferral of acquisition costs | 8,486,013 | 16,853,416 |
| Amortisation of acquisition costs | (7,136,079) | (14,233,349) |
| Closing balance at the end of period/year | <u>73,984,184</u> | <u>72,634,250</u> |

10. Derivative assets and liabilities

| | (Unaudited) 30 June 2022 Fair value | |
|--------------------------------|---|---------------------------------|
| | Assets Thousand Baht | Liabilities Thousand Baht |
| Held for hedge derivatives | | |
| - Applied hedge accounting | 3,426,962 | 11,593,641 |
| - Not applied hedge accounting | 1,088,844 | 2,561,267 |
| Total derivatives | <u>4,515,806</u> | <u>14,154,908</u> |

| | (Audited) 31 December 2021 Fair value | |
|--------------------------------|---|---------------------------------|
| | Assets Thousand Baht | Liabilities Thousand Baht |
| Held for hedge derivatives | | |
| - Applied hedge accounting | 3,111,197 | 12,383,408 |
| - Not applied hedge accounting | 390,057 | 1,086,791 |
| Total derivatives | <u>3,501,254</u> | <u>13,470,199</u> |

10. Derivative assets and liabilities (Cont'd)

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

| 30 June 2022 (Unaudited) | | | | | | | |
|---|--|---------------------|-------------------------|------------------------------|-------------------------|------------------------------|---|
| Type of contract | Purpose | Number of contracts | Face value | | Fair value | | Fair value gains (losses) on derivatives Thousand Baht |
| | | | Assets Thousand Baht | Liabilities Thousand Baht | Assets Thousand Baht | Liabilities Thousand Baht | |
| Cross currency swap and forward contracts | Closing financial position of investment in foreign currency | 170 | 1,212,775 | 62,401,725 | 70,509 | 7,712,458 | (1,410,226) |
| Interest rate swap contracts | Closing position of floating interest rate | 222 | - | - | 3,356,453 | 3,881,183 | 2,515,758 |
| Total | | 392 | 1,212,775 | 62,401,725 | 3,426,962 | 11,593,641 | 1,105,532 |
| 31 December 2021 (Audited) | | | | | | | |
| Type of contract | Purpose | Number of contracts | Face value | | Fair value | | Fair value losses on derivatives Thousand Baht |
| | | | Assets Thousand Baht | Liabilities Thousand Baht | Assets Thousand Baht | Liabilities Thousand Baht | |
| Cross currency swap and forward contracts | Closing financial position of investment in foreign currency | 217 | 2,221,126 | 80,635,478 | 26,652 | 6,258,375 | (9,717,097) |
| Interest rate swap contracts | Closing position of floating interest rate | 305 | - | - | 3,084,545 | 6,125,033 | (716,190) |
| Total | | 522 | 2,221,126 | 80,635,478 | 3,111,197 | 12,383,408 | (10,433,287) |

10. Derivative assets and liabilities (Cont'd)

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

| 30 June 2022 (Unaudited) | | | | | | | |
|---|--|---------------------|-------------------------|------------------------------|-------------------------|------------------------------|---|
| Type of contract | Purpose | Number of contracts | Face value | | Fair value | | Fair value gains (losses) on derivatives Thousand Baht |
| | | | Assets Thousand Baht | Liabilities Thousand Baht | Assets Thousand Baht | Liabilities Thousand Baht | |
| Cross currency swap and forward contracts | Closing financial position of investment in foreign currency | 38 | 587,550 | 11,643,015 | 44,152 | 1,324,971 | (837,185) |
| Interest rate swap contracts | Closing position of floating interest rate | 38 | - | - | 1,014,518 | 1,236,296 | 59,715 |
| Warrants | | - | - | - | 30,174 | - | 1,781 |
| Total | | 76 | 587,550 | 11,643,015 | 1,088,844 | 2,561,267 | (775,689) |

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

11. Investment in securities

The details of investment in securities are as follows:

| | (Unaudited) 30 June 2022 | | (Audited) 31 December 2021 | |
|--|---|---|---|---|
| | Cost/ Amortised cost Thousand Baht | Fair value Thousand Baht | Cost/ Amortised cost Thousand Baht | Fair value Thousand Baht |
| <u>Investments measured at fair value through profit or loss</u> | | | | |
| Equity securities - mutual funds | 630 | 559 | 630 | 646 |
| Total | 630 | 559 | 630 | 646 |
| <u>Add</u> Unrealised gains (losses) | (71) | - | 16 | - |
| Total investments measured at fair value through profit or loss | 559 | 559 | 646 | 646 |
| <u>Investments measured at fair value through other comprehensive income</u> | | | | |
| Government and state enterprise securities | 253,303,352 | 236,030,411 | 463,804,532 | 502,363,772 |
| Private enterprise debt securities | 61,285,289 | 59,593,281 | 66,600,040 | 69,495,767 |
| Foreign debt securities | 82,496,363 | 72,776,907 | 89,034,361 | 96,997,972 |
| Equity securities | 66,980,658 | 85,771,845 | 64,344,596 | 86,743,735 |
| Total | 464,065,662 | 454,172,444 | 683,783,529 | 755,601,246 |
| <u>Add</u> Unrealised gains (losses) | (9,616,684) | - | 72,094,251 | - |
| <u>Less</u> Provision for impairment on equity securities | (276,534) | - | (276,534) | - |
| Total investments measured at fair value through other comprehensive income | 454,172,444 | 454,172,444 | 755,601,246 | 755,601,246 |
| <u>Investment measured at amortised cost</u> | | | | |
| Government and state enterprise securities | 292,028,380 | 226,563,439 | 51,500,000 | 60,982,051 |
| Total investment measured at amortised cost | 292,028,380 | 226,563,439 | 51,500,000 | 60,982,051 |
| <u>Investment designated at fair value through profit or loss</u> | | | | |
| Equity securities - mutual funds | 3,386,276 | 3,035,836 | 565,547 | 496,250 |
| Total | 3,386,276 | 3,035,836 | 565,547 | 496,250 |
| <u>Less</u> Unrealised losses | (350,440) | - | (69,297) | - |
| Total investment designated at fair value through profit or loss | 3,035,836 | 3,035,836 | 496,250 | 496,250 |
| Total investment in securities | 749,237,219 | 683,772,278 | 807,598,142 | 817,080,193 |

11. Investment in securities (Cont'd)

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

As at 30 June 2022, the fair value of these debt securities is Baht 176,514 million (Baht 141,211 million, net of tax).

For the interim period ended 30 June 2022, losses on remeasuring investments measured at fair value through other comprehensive income would be amounting to Baht 64,161 million (Baht 51,329 million, net of tax).

For the three-month and six-month period ended 30 June 2022 and 2021, the Branch had revenue recognised relating to investment as follows:

| | For the three-month period ended | |
|--|---|---|
| | (Unaudited) 30 June 2022 Thousand Baht | (Unaudited) 30 June 2021 Thousand Baht |
| Interest income and dividend income from investments | 6,786,601 | 6,843,531 |
| Consideration received from selling investments | 20,456,742 | 54,720,015 |
| Gains from selling investments | 424,692 | 1,029,479 |
| | | |
| | For the six-month period ended | |
| | (Unaudited) 30 June 2022 Thousand Baht | (Unaudited) 30 June 2021 Thousand Baht |
| Interest income and dividend income from investments | 13,475,846 | 13,587,631 |
| Consideration received from selling investments | 44,620,418 | 109,865,745 |
| Gains from selling investments | 2,936,547 | 5,744,593 |

As at 30 June 2022, the Branch had government bonds and promissory notes deposited with the Office of Insurance Commission in order to comply with the Life Insurance Act with a fair value amounting to Baht 157,317 million (31 December 2021: Baht 192,764 million).

11. Investment in securities (Cont'd)

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

| | (Unaudited) 30 June 2022 | |
|--|---|--|
| | 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) | 367,320,653 | 302,517 |
| Investment in debt securities which credit risk has significantly increased (Stage 2) | 1,079,946 | 2,041,601 |
| Credit-impaired investments in debt securities (Stage 3) | - | 100,000 |
| Total | 368,400,599 | 2,444,118 |

| | (Audited) 31 December 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) | 668,644,731 | 466,313 |
| Investment in debt securities which credit risk has significantly increased (Stage 2) | 212,780 | 12,115 |
| Credit-impaired investments in debt securities (Stage 3) | - | 100,000 |
| Total | 668,857,511 | 578,428 |

11. Investment in securities (Cont'd)

11.2 Debt securities that are measured at amortised cost

| (Unaudited) 30 June 2022 | | | |
|--|--|---|---------------------------------------|
| | Gross carrying value Thousand Baht | Expected credit loss Thousand Baht | Carrying value Thousand Baht |
| Investments in debt securities which credit risk has not significantly increased (Stage 1) | 292,028,480 | 100 | 292,028,380 |
| Total | 292,028,480 | 100 | 292,028,380 |

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

12. Investment in associates

The Branch has interests in an immaterial associate.

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

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

The Branch has not presented financial statements in which 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 June 2022 | | (Audited) 31 December 2021 | |
|---|-------------------------------|---|-------------------------------|---|
| | Principal Thousand Baht | Accrued interest Thousand Baht | Principal Thousand Baht | Accrued interest Thousand Baht |
| <u>Policy loans</u> | | | | |
| Outstanding period | | | | |
| Current | 31,463,928 | 987,747 | 30,869,125 | 876,781 |
| Overdue | | | | |
| Less than 3 months | - | - | - | - |
| 3 - 6 months | - | - | - | - |
| 6 - 12 months | - | - | - | - |
| More than 12 months | - | - | - | - |
| Policy loans, net | 31,463,928 | 987,747 | 30,869,125 | 876,781 |
| <u>Reverse repurchase agreements</u> | | | | |
| Loans which credit risk has not significantly increased (Stage 1) | 6,950,000 | 569 | - | - |
| Total | 6,950,000 | 569 | - | - |
| <u>Less</u> expected credit loss | - | - | - | - |
| Reverse repurchase agreements, net | 6,950,000 | 569 | - | - |
| <u>Mortgage loans</u> | | | | |
| Loans which credit risk has not significantly increased (Stage 1) | 24,286 | 127 | 1,410,865 | 455 |
| Loans which credit risk has significantly increased (Stage 2) | 367 | 3 | 2,018 | 25 |
| Credit-impaired loans (Stage 3) | 22,924 | - | 26,521 | - |
| Total | 47,577 | 130 | 1,439,404 | 480 |
| <u>Less</u> expected credit loss | (8,086) | - | (12,562) | - |
| Mortgage loans, net | 39,491 | 130 | 1,426,842 | 480 |
| <u>Loans to employees</u> | | | | |
| Loans which credit risk has not significantly increased (Stage 1) | - | - | 33 | - |
| Total | - | - | 33 | - |
| <u>Less</u> expected credit loss | - | - | - | - |
| Loans to employees, net | - | - | 33 | - |
| Loans and accrued interest receivables | 38,453,419 | 988,446 | 32,296,000 | 877,261 |

13. Loans and accrued interest receivables (Cont'd)

13.1 Reverse repurchase agreements

As at 30 June 2022, the Branch had purchased government bonds with Reverse Repurchase Agreements (Reverse repo) with commercial banks as collateral for borrowings at the same amount. Certain government bonds have nominal value amounting to Baht 7,090 million. The interest rate of the loan agreements were 0.39% - 0.40% per annum (31 December 2021: nil).

Subsequent event after the financial information date

In July and August 2022, the Branch sold the government bonds to the commercial banks amounting to Baht 4,001 million and Baht 950 million, respectively.

14. Investment property

| 30 June 2022 (Unaudited) | | | | | | |
|--|--|-------------------------------|------------------------------|---|---|---|
| Cost/Fair value | | | | | | |
| Beginning balance 1 January 2022 Thousand Baht | Additions from acquisition and capitalised subsequent expenditures Thousand Baht | For the period | | | Fair value gains Thousand Baht | Ending balance 30 June 2022 Thousand Baht |
| | | Write-off Thousand Baht | Transfer Thousand Baht | | | |
| Land | 13,250,693 | - | - | - | 8,000 | 13,258,693 |
| Buildings and improvements | 8,954,899 | 1,320,797 | (242) | - | 173 | 10,275,627 |
| Total | 22,205,592 | 1,320,797 | (242) | - | 8,173 | 23,534,320 |

| 31 December 2021 (Audited) | | | | | | |
|--|--|-------------------------------|------------------------------|-------------|--|---|
| Cost/Fair value | | | | | | |
| Beginning balance 1 January 2021 Thousand Baht | Additions from acquisition and capitalised subsequent expenditures Thousand Baht | For the year | | | Fair value gains (losses) Thousand Baht | Ending balance 31 December 2021 Thousand Baht |
| | | Write-off Thousand Baht | Transfer Thousand Baht | | | |
| Land | 9,505,320 | - | - | 3,297,212 | 448,161 | 13,250,693 |
| Buildings and improvements | 7,900,080 | 4,521,343 | (554) | (3,297,212) | (168,758) | 8,954,899 |
| Total | 17,405,400 | 4,521,343 | (554) | - | 279,403 | 22,205,592 |

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

For the three-month and six-month period ended 30 June 2022, the investment property generated rental income amounting to Baht 244 million and Baht 491 million, respectively (30 June 2021: Baht 252 million and Baht 504 million, respectively) and its direct operating expenses (including repair and maintenance) arise from investment property that generated rental income amounting to Baht 53 million and Baht 102 million, respectively (30 June 2021: Baht 54 million and Baht 100 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 June 2022 Thousand Baht | (Audited) 31 December 2021 Thousand Baht |
|----------------------|--|--|
| Maturing | | |
| Within 1 year | 787,531 | 730,796 |
| Between 1 to 2 years | 589,858 | 562,387 |
| Between 2 to 3 years | 208,189 | 292,796 |
| Between 3 to 4 years | 37,401 | 36,243 |
| Between 4 to 5 years | 37,138 | 35,709 |
| Later than 5 years | 241,033 | 260,316 |
| Total | <u>1,901,150</u> | <u>1,918,247</u> |

15. Assets held to cover linked liabilities

| | (Unaudited) 30 June 2022 Thousand Baht | (Audited) 31 December 2021 Thousand Baht |
|--|--|--|
| Investment in mutual funds that are measured at fair value through profit or loss | <u>59,559,535</u> | <u>59,961,552</u> |
| Total | <u>59,559,535</u> | <u>59,961,552</u> |

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

16. Property, plant and equipment

30 June 2022 (Unaudited)

| | Cost/Revaluation | | | | | | | Accumulated depreciation | | | | | | | Property plant and equipment Thousand Baht |
|---|---|------------------------------|-------------------------------|------------------------------|------------------------------|--|--|---|--|-------------------------------|------------------------------|---|--|-----------|--|
| | Beginning balance 1 January 2022 Thousand Baht | For the period | | | | | Ending balance 30 June 2022 Thousand Baht | Beginning balance 1 January 2022 Thousand Baht | For the period | | | | Ending balance 30 June 2022 Thousand Baht | | |
| | | Addition Thousand Baht | Write-off Thousand Baht | Disposal Thousand Baht | Transfer Thousand Baht | Gain (loss) on revaluation Thousand Baht | | | Depreciation charge Thousand Baht | Write-off Thousand Baht | Disposal Thousand Baht | Revaluation adjustment Thousand Baht | | | |
| | | | | | | | | | | | | | | | |
| Land | 462,000 | - | - | - | - | - | 462,000 | - | - | - | - | - | - | 462,000 | |
| Buildings and improvements | 733,000 | - | - | - | - | - | 733,000 | - | 30,411 | - | - | - | 30,411 | 702,589 | |
| Furniture, fixtures and equipment | 2,309,990 | 3,297 | (1,485) | (738) | 7,735 | - | 2,318,799 | 1,752,626 | 68,049 | (1,566) | (657) | - | 1,818,452 | 500,347 | |
| Computer hardware | 1,024,100 | 9,213 | (216) | - | - | - | 1,033,097 | 965,444 | 20,503 | (215) | - | - | 985,732 | 47,365 | |
| Motor vehicles | 43,052 | - | - | (8,128) | - | - | 34,924 | 28,719 | 2,183 | - | (6,004) | - | 24,898 | 10,026 | |
| Construction in progress | 10,545 | 19,482 | - | - | (7,735) | - | 22,292 | - | - | - | - | - | - | 22,292 | |
| Total | 4,582,687 | 31,992 | (1,701) | (8,866) | - | - | 4,604,112 | 2,746,789 | 121,146 | (1,781) | (6,661) | - | 2,859,493 | 1,744,619 | |

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

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

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

If the land and buildings are stated under the cost model, as at 30 June 2022, the carrying value would be Baht 53 million and Baht 55 million, respectively (31 December 2021: Baht 53 million and Baht 59 million, respectively).

17. Intangible assets

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

| 30 June 2022 (Unaudited) | | | | | | | | | | |
|----------------------------|---|------------------------------|-------------------------------|------------------------------|--|---|--|-------------------------------|--|--|
| | Cost | | | | | Accumulated amortisation | | | | |
| | Beginning balance 1 January 2022 Thousand Baht | For the period | | | Ending balance 30 June 2022 Thousand Baht | Beginning balance 1 January 2022 Thousand Baht | For the period | | Ending balance 30 June 2022 Thousand Baht | Intangible assets Thousand Baht |
| | | Addition Thousand Baht | Write-off Thousand Baht | Transfer Thousand Baht | | | Amortisation charge Thousand Baht | Write-off Thousand Baht | | |
| | | | | | | | | | | |
| Computer software | 1,898,995 | 3,016 | (16,185) | 952,972 | 2,838,798 | 1,349,534 | 94,340 | (16,149) | 1,427,725 | 1,411,073 |
| Other | 368,964 | - | - | - | 368,964 | 49,186 | 12,371 | - | 61,557 | 307,407 |
| Work in progress | 1,743,858 | 355,008 | - | (952,972) | 1,145,894 | - | - | - | - | 1,145,894 |
| Total | 4,011,817 | 358,024 | (16,185) | - | 4,353,656 | 1,398,720 | 106,711 | (16,149) | 1,489,282 | 2,864,374 |
| 31 December 2021 (Audited) | | | | | | | | | | |
| | Cost | | | | | Accumulated amortisation | | | | |
| | Beginning balance 1 January 2021 Thousand Baht | For the year | | | Ending balance 31 December 2021 Thousand Baht | Beginning balance 1 January 2021 Thousand Baht | For the year | | Ending balance 31 December 2021 Thousand Baht | Intangible assets Thousand Baht |
| | | Addition Thousand Baht | Write-off Thousand Baht | Transfer Thousand Baht | | | Amortisation charge Thousand Baht | Write-off Thousand Baht | | |
| | | | | | | | | | | |
| Computer software | 1,813,977 | 39,653 | (13,050) | 58,415 | 1,898,995 | 1,228,412 | 134,145 | (13,023) | 1,349,534 | 549,461 |
| Other | 55,671 | - | - | 313,293 | 368,964 | 25,671 | 23,515 | - | 49,186 | 319,778 |
| Work in progress | 1,056,156 | 1,059,410 | - | (371,708) | 1,743,858 | - | - | - | - | 1,743,858 |
| Total | 2,925,804 | 1,099,063 | (13,050) | - | 4,011,817 | 1,254,083 | 157,660 | (13,023) | 1,398,720 | 2,613,097 |

18. Other assets

| | (Unaudited) 30 June 2022 Thousand Baht | (Audited) 31 December 2021 Thousand Baht |
|--|--|--|
| Deposits (Note 26 (b)) | 119,590 | 119,968 |
| Amounts due from a related party (Note 26 (b)) | 20,270 | 19,350 |
| Receivables from sale of investments | 283,315 | 2,629,634 |
| Cash collateral from derivative contract | 10,666,003 | 10,373,452 |
| Right-of-use assets (Note 26 (b)) | 1,975,177 | 2,242,741 |
| Others (Note 26 (b)) | 222,625 | 257,574 |
| | <hr/> | <hr/> |
| Total | 13,286,980 | 15,642,719 |
| | <hr/> | <hr/> |

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

18. Other assets (Cont'd)

18.1 Right-of-use assets

| 30 June 2022 (Unaudited) | | | | | | | | | | | | |
|-------------------------------|--|------------------------------|---|--|--|---|--|---|---|---|--|--|
| | Cost | | | | Accumulated amortisation | | | | | | | |
| | For the period | | | | For the period | | | | | | | |
| | Beginning balance 1 January 2022 Thousand Baht | Addition Thousand Baht | Change in contract Thousand Baht | Gain (loss) on revaluation Thousand Baht | Ending balance 30 June 2022 Thousand Baht | Beginning balance 1 January 2022 Thousand Baht | Amortisation charge Thousand Baht | Change in contract Thousand Baht | Revaluation adjustment Thousand Baht | Temporary measures to relieve the impact from COVID-19 Thousand Baht | Ending balance 30 June 2022 Thousand Baht | Right-of-use assets Thousand Baht |
| Land | 734,000 | - | - | - | 734,000 | - | 9,543 | - | - | - | 9,543 | 724,457 |
| Buildings and improvements | 2,173,876 | 14,100 | (122,917) | - | 2,065,059 | 665,135 | 164,523 | (15,606) | - | 287 | 814,339 | 1,250,720 |
| Total | 2,907,876 | 14,100 | (122,917) | - | 2,799,059 | 665,135 | 174,066 | (15,606) | - | 287 | 823,882 | 1,975,177 |

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

18. Other assets (Cont'd)

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

The related lease liabilities are disclosed in Note 21.1.

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

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

19. Insurance liabilities

| | 30 June 2022 (Unaudited) | | | 31 December 2021 (Audited) | | |
|-----------------------------------|---|---|----------------------|---|---|----------------------|
| | Insurance contract liabilities Thousand Baht | Liabilities recovered from reinsurance Thousand Baht | Net Thousand Baht | Insurance contract liabilities Thousand Baht | Liabilities recovered from reinsurance Thousand Baht | Net Thousand Baht |
| Long-term technical reserves | 566,557,449 | - | 566,557,449 | 563,981,057 | - | 563,981,057 |
| Claim liability | | | | | | |
| - Reported claim | 2,126,757 | (4,320) | 2,122,437 | 1,339,810 | (5,233) | 1,334,577 |
| - Claim incurred but not reported | 681,839 | (238,459) | 443,380 | 579,741 | (187,503) | 392,238 |
| Premium liability | | | | | | |
| - Unearned premium reserve | 20,072,048 | (75,681) | 19,996,367 | 18,493,978 | (77,162) | 18,416,816 |
| Unpaid policy benefits | 540,725 | - | 540,725 | 545,682 | - | 545,682 |
| Due to insured | 159,937,149 | - | 159,937,149 | 156,695,813 | - | 156,695,813 |
| Total | 749,915,967 | (318,460) | 749,597,507 | 741,636,081 | (269,898) | 741,366,183 |

19. Insurance liabilities (Cont'd)

19.1 Long-term technical reserve

The movement details are below:

| | (Unaudited) 30 June 2022 Thousand Baht | (Audited) 31 December 2021 Thousand Baht |
|---|--|--|
| Beginning balance for the period/year | 563,981,057 | 574,291,648 |
| Policy reserve movement for new policies and inforce policies during the period/year | 32,836,112 | 70,034,424 |
| Net movement in benefits payable to life policyholders for death, maturities, surrenders, other policyholders benefits and claims | (27,494,443) | (77,483,731) |
| Others | (2,765,277) | (2,861,284) |
| Closing balance at the end of period/year | <u>566,557,449</u> | <u>563,981,057</u> |

19.2 Short-term technical reserve

19.2.1 Claim liability

The movement details are below:

| | (Unaudited) 30 June 2022 Thousand Baht | (Audited) 31 December 2021 Thousand Baht |
|--|--|--|
| Beginning balance for the period/year | 1,919,551 | 1,754,194 |
| Insurance claims and loss adjustment expenses incurred during the period/year | 13,578,528 | 20,070,246 |
| Changes in claim reserve from change in assumption during the period/year | 102,098 | (198,497) |
| Insurance claims and loss adjustment expenses paid during the period/year | (12,791,581) | (19,706,392) |
| Closing balance at the end of period/year | <u>2,808,596</u> | <u>1,919,551</u> |

19.2.2 Unearned premium reserve

| | (Unaudited) 30 June 2022 Thousand Baht | (Audited) 31 December 2021 Thousand Baht |
|---|--|--|
| Beginning balance for the period/year | 18,493,978 | 17,786,901 |
| Premium written for the period/year | 22,216,085 | 42,872,120 |
| Premium earned in the period/year | (20,638,015) | (42,165,043) |
| Closing balance at the end of period/year | <u>20,072,048</u> | <u>18,493,978</u> |

19. Insurance liabilities (Cont'd)

19.3 Unpaid policy benefits

The details are as below:

| | (Unaudited) 30 June 2022 Thousand Baht | (Audited) 31 December 2021 Thousand Baht |
|----------------|--|--|
| Death benefits | 540,725 | 545,682 |
| Total | 540,725 | 545,682 |

19.4 Due to insured

The details of due to insured are presented below:

| | (Unaudited) 30 June 2022 Thousand Baht | (Audited) 31 December 2021 Thousand Baht |
|---|--|--|
| Deposits from insurance contracts | 90,394,698 | 86,641,772 |
| Account value of universal life insurance contracts | 9,982,916 | 10,092,489 |
| Account value of unit linked insurance contracts | 59,559,535 | 59,961,552 |
| Total | 159,937,149 | 156,695,813 |

20. Amount due to reinsurance

| | (Unaudited) 30 June 2022 Thousand Baht | (Audited) 31 December 2021 Thousand Baht |
|--|--|--|
| Fund reserve | 13,884 | 17,714 |
| Outward premium payables (Note 26 (b)) | 519,020 | 547,683 |
| Total amount due to reinsurance | 532,904 | 565,397 |

21. Other liabilities

| | (Unaudited) 30 June 2022 Thousand Baht | (Audited) 31 December 2021 Thousand Baht |
|---|--|--|
| Accrued expenses | 8,866,617 | 8,821,283 |
| Payable for purchase of investments | 959,935 | 2,255,967 |
| Unpresented cheques payable | 1,349,083 | 5,731,665 |
| Expired cheques payable | 2,658,589 | 2,556,371 |
| Due commissions and expenses | 718,892 | 891,154 |
| Payable to related parties (Note 26 (b)) | 454,475 | 890,213 |
| Agents payable | 1,851,828 | 5,214,874 |
| Cash collateral from derivative contracts | 819,475 | 122,700 |
| Other accounts payable | 671,202 | 1,115,341 |
| Lease liabilities (Note 26 (b)) | 1,270,897 | 1,515,809 |
| Others (Note 26 (b)) | 1,969,408 | 2,735,591 |
| Total | 21,590,401 | 31,850,968 |

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

21.1 Lease liabilities

The maturity analysis of lease liabilities is aged as follows:

| | (Unaudited) 30 June 2022 Thousand Baht | (Audited) 31 December 2021 Thousand Baht |
|------------------------|--|--|
| Maturing | | |
| Within 1 year | 309,103 | 301,928 |
| Between 1 to 5 years | 874,516 | 1,096,402 |
| Later than 5 years | 87,278 | 117,479 |
| Total | 1,270,897 | 1,515,809 |
| Including: - Principal | 1,423,051 | 1,700,420 |
| - Interest | (152,154) | (184,611) |

For the three-month and six-month period ended 30 June 2022, interest expense on lease liabilities amounted to Baht 9.2 million and Baht 19.2 million, respectively (30 June 2021: Baht 11.6 million and Baht 21.7 million, respectively), is recorded as "Finance cost" in the statement of comprehensive income.

22. Gross benefits and claim paid

| | For the three-month period ended | |
|-----------------------------|---|---|
| | (Unaudited) 30 June 2022 Thousand Baht | (Unaudited) 30 June 2021 Thousand Baht |
| Insurance contract benefits | 26,702,590 | 26,472,223 |
| Total | 26,702,590 | 26,472,223 |

| | For the six-month period ended | |
|-----------------------------|---|---|
| | (Unaudited) 30 June 2022 Thousand Baht | (Unaudited) 30 June 2021 Thousand Baht |
| Insurance contract benefits | 48,177,900 | 52,605,159 |
| Total | 48,177,900 | 52,605,159 |

23. Operating expenses

| | For the three-month period ended | |
|--|---|---|
| | (Unaudited) 30 June 2022 Thousand Baht | (Unaudited) 30 June 2021 Thousand Baht |
| Employee expenses not relating to underwriting expenses, and loss adjusting expenses | 934,023 | 845,197 |
| Property and equipment expenses not relating to underwriting expenses, and loss adjusting expenses | 624,944 | 542,930 |
| Tax expenses | 4,786 | 4,115 |
| Other operating expenses | 628,618 | 623,988 |
| Total | 2,192,371 | 2,016,230 |

| | For the six-month period ended | |
|--|---|---|
| | (Unaudited) 30 June 2022 Thousand Baht | (Unaudited) 30 June 2021 Thousand Baht |
| Employee expenses not relating to underwriting expenses, and loss adjusting expenses | 1,917,429 | 1,823,720 |
| Property and equipment expenses not relating to underwriting expenses, and loss adjusting expenses | 1,276,878 | 1,084,486 |
| Tax expenses | 8,551 | 6,903 |
| Other operating expenses | 1,169,744 | 1,109,449 |
| Total | 4,372,602 | 4,024,558 |

24. Expected credit loss

| | For the three-month period ended | |
|--|---|---|
| | (Unaudited) 30 June 2022 Thousand Baht | (Unaudited) 30 June 2021 Thousand Baht |
| Investment in securities | 1,770,797 | 37,111 |
| Loans and accrued interest receivables | (3,044) | (493) |
| Total | 1,767,753 | 36,618 |

| | For the six-month period ended | |
|--|---|---|
| | (Unaudited) 30 June 2022 Thousand Baht | (Unaudited) 30 June 2021 Thousand Baht |
| Investment in securities | 1,865,790 | 74,348 |
| Loans and accrued interest receivables | (5,025) | (2,758) |
| Total | 1,860,765 | 71,590 |

25. Income tax expenses

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

26. Related party transactions

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

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

(a) Statements of comprehensive income

| | For the three-month period ended | |
|---|---|---|
| | (Unaudited) 30 June 2022 Thousand Baht | (Unaudited) 30 June 2021 Thousand Baht |
| <u>Head office</u> | | |
| Operating expenses | 477,905 | 299,109 |
| Capitalised expenses | 65,530 | - |
| <u>Affiliated companies</u> | | |
| Premiums ceded to reinsurers | 2,431,750 | 1,927,989 |
| Fee and commission income | 84,244 | 22,967 |
| Net investment income (expense) | (332,058) | (416,940) |
| Other income | 7,111 | 4,271 |
| Benefits and claim paid recovered from reinsurers | 1,812,293 | 1,033,230 |
| Other underwriting expenses | - | 970 |
| Operating expenses | 205,090 | 356,519 |
| Capitalised expenses | 5,744 | 49,690 |
| Finance cost | 4,057 | 4,139 |
| | | |
| | For the six-month period ended | |
| | (Unaudited) 30 June 2022 Thousand Baht | (Unaudited) 30 June 2021 Thousand Baht |
| <u>Head office</u> | | |
| Operating expenses | 836,452 | 514,281 |
| Capitalised expenses | 124,330 | - |
| <u>Affiliated companies</u> | | |
| Premiums ceded to reinsurers | 4,799,295 | 3,704,840 |
| Fee and commission income | 157,574 | 73,746 |
| Net investment income (expense) | (750,751) | (871,156) |
| Other income | 18,400 | 8,551 |
| Benefits and claim paid recovered from reinsurers | 3,301,744 | 2,084,076 |
| Other underwriting expenses | - | 3,629 |
| Operating expenses | 465,110 | 671,676 |
| Capitalised expenses | 11,095 | 82,452 |
| Finance cost | 8,268 | 7,093 |

26. Related party transactions (Cont'd)

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

(b) Statement of financial position

| | (Unaudited) 30 June 2022 Thousand Baht | (Audited) 31 December 2021 Thousand Baht |
|------------------------------------|--|--|
| <u>Head office</u> | | |
| Profit remittances to Head Office | - | 3,432,112 |
| Other liabilities | 193,651 | 502,142 |
| <u>Affiliated companies</u> | | |
| Reinsurance assets | 2,284 | 2,460 |
| Investment in securities | 2,723,466 | - |
| Investment in associates | 171,500 | 171,500 |
| Other assets | 1,325,410 | 1,373,805 |
| Amount due to reinsurance | 126,330 | 206,956 |
| Other liabilities | 768,553 | 935,064 |

(c) Key management compensations

Key management compensations are as follows:

| | For the three-month period ended | |
|---|--|--|
| | (Unaudited) 30 June 2022 Thousand Baht | (Unaudited) 30 June 2021 Thousand Baht |
| Salary and other short-term employee benefits | 41,856 | 36,448 |
| Post-employment benefits | 3,119 | 2,622 |
| Share-based payment | 9,273 | 9,090 |
| Total | 54,248 | 48,160 |
| | For the six-month period ended | |
| | (Unaudited) 30 June 2022 Thousand Baht | (Unaudited) 30 June 2021 Thousand Baht |
| Salary and other short-term employee benefits | 79,518 | 74,674 |
| Post-employment benefits | 5,592 | 4,888 |
| Share-based payment | 16,774 | 18,180 |
| Total | 101,884 | 97,742 |

27. Contingent liabilities and commitments

As at 30 June 2022, the Branch had contractual commitment from contracts for investment property projects with the amount at the maximum of Baht 1,049 million (31 December 2021: the amount at the maximum of Baht 2,407 million). Commitments arising from short-term leases and low-value leases are not material to the interim financial information.

INFORMATION UPDATE

2.4 SUB-COMMITTEE MEMBERS

a) Investment Committee (“IC”)

The members of IC are:

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

b) Pension Investment Committee (“Pension IC”)

The members of Pension IC are:

1. Johann Dutoit (Chief Investment Officer)
2. Sineenart Porkaew (Fund Manager from Life Fund)
3. Kawisa Hemwej (Fund Manager from Pension Business)
4. Vilasinee Limprana (Head of Pension Business)
5. Dudpong Wongsasitorn (Fund Manager from Pension Business)
6. Pongthep Somprasong (Fund Manager from Pension Business)
7. Titti Tungpanitansook (Director of Enterprise Risk Management)

c) Operational Risk Committee (“ORC”)

The members of ORC are:

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

d) Financial Risk Committee (“FRC”)

The members of FRC are:

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

The Audit Committee

The members of AIA Group’s Audit Committee are:

1. Ricky Choi-Cheung Fung (Independent Non-Executive Director)
2. Dominic Ka-Kui Leung (Independent Non-Executive Director)
3. Stuart John Valentine (Independent Non-Executive Director)
4. Garth Brian Jones (Group Chief Financial Officer)

Financial Oversight Committee

The members of FOC are:

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