

Mitsui Sumitomo Insurance Company Limited
Thailand Branch

Condensed interim financial statements
for the three-month and six-month periods ended
30 June 2021
and
Independent auditor's review report



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Independent auditor's report on review of interim financial information

To the Management of Mitsui Sumitomo Insurance Company Limited Thailand Branch

I have reviewed the accompanying statement of financial position of Mitsui Sumitomo Insurance Company Limited Thailand Branch as at 30 June 2021; the statements of comprehensive income for the three-month and six-month periods ended 30 June 2021; the statements of changes in Head Office Account and cash flows for the six-month period ended 30 June 2021, and the condensed notes ("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 the 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".

(Pantip Gulsantithamrong)
Certified Public Accountant
Registration No. 4208

KPMG Phoomchai Audit Ltd.
Bangkok
11 August 2021

Mitsui Sumitomo Insurance Company Limited Thailand Branch

Statement of financial position

		30 June	31 December
Assets	<i>Note</i>	2021	2020
		(Unaudited)	
		<i>(in thousand Baht)</i>	
Cash and cash equivalents	3	1,036,286	1,140,788
Premiums due and uncollected	4, 12	869,861	873,096
Accrued investment income		49,820	61,468
Reinsurance assets	7, 12	5,210,503	3,664,811
Reinsurance receivables	5, 12	130,648	384,995
Investments assets			
Investments in securities	6, 14, 15	18,883,263	17,222,144
Leasehold building improvement and equipment		24,742	21,943
Right-of-use-assets		84,801	37,375
Intangible assets		4,096	3,897
Deferred tax assets		572,776	512,519
Income tax refundable		54,731	108,361
Other assets	12	164,440	225,066
		<hr/>	<hr/>
Total assets		27,085,967	24,256,463
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The accompanying notes form an integral part of the interim financial statements.

Mitsui Sumitomo Insurance Company Limited Thailand Branch

Statement of financial position

		30 June	31 December
Liabilities and Head Office Account	<i>Note</i>	2021	2020
		(Unaudited)	
		(in thousand Baht)	
<i>Liabilities</i>			
Insurance contract liabilities	7, 12	9,991,898	8,206,727
Reinsurance payables	8, 12	783,971	471,758
Income tax payables		209,481	157,402
Employee benefit obligations		91,455	85,383
Lease liabilities		86,691	38,321
Other liabilities	12	416,985	511,379
Total liabilities		11,580,481	9,470,970
<i>Head Office Account</i>			
Funds from Head Office	12	13,593,146	13,593,146
Head Office current account	12	(76,676)	(93,183)
Retained earnings		1,764,579	1,028,443
Other components of Head Office Account		224,437	257,087
Total Head Office Account		15,505,486	14,785,493
Total liabilities and Head Office Account		27,085,967	24,256,463

The accompanying notes form an integral part of the interim financial statements.

Mitsui Sumitomo Insurance Company Limited Thailand Branch

Statement of comprehensive income (Unaudited)

	Three-month period ended	
	30 June	
	2021	2020
	<i>(in thousand Baht)</i>	
<i>Revenues</i>		
Gross premiums written	2,030,428	1,976,902
<i>Less</i> premiums ceded	<u>(636,685)</u>	<u>(668,368)</u>
Net premiums written	1,393,743	1,308,534
Unearned premium reserve increased from previous period	(662,543)	(586,055)
<i>Add</i> reinsurers' share of unearned premium reserve increased from previous period	<u>341,526</u>	<u>341,151</u>
Net premiums earned	1,072,726	1,063,630
Commission and brokerage income	25,064	53,805
Net investment income	70,548	74,161
Gain on investments	10,233	1,315
Gain on foreign exchange rate	393	327
Other income	<u>184</u>	<u>137</u>
Total revenues	<u>1,179,148</u>	<u>1,193,375</u>
<i>Expenses</i>		
Insurance claims expenses	546,109	1,806,619
<i>Less</i> insurance claims expenses recovered from reinsurers	<u>(230,128)</u>	<u>(1,414,538)</u>
Net insurance claims expenses	315,981	392,081
Commission and brokerage expenses	230,712	258,475
Other underwriting expenses	63,138	66,675
Operating expenses	73,272	62,582
Expected credit loss (reversal)	<u>500</u>	<u>(9)</u>
Total expenses	<u>683,603</u>	<u>779,804</u>
Profit before income tax	495,545	413,571
Income tax	<u>99,615</u>	<u>83,279</u>
Net profit	<u>395,930</u>	<u>330,292</u>

The accompanying notes form an integral part of the interim financial statements.

Mitsui Sumitomo Insurance Company Limited Thailand Branch

Statement of comprehensive income (Unaudited)

	Three-month period ended	
	30 June	
	2021	2020
	<i>(in thousand Baht)</i>	
Other comprehensive income		
<i>Items that will be reclassified subsequently to profit or loss</i>		
Gain on remeasurement of investments - fair value through other comprehensive income	62,880	43,116
Income tax relating to components of other comprehensive income that will be reclassified subsequently to profit or loss	<u>(12,577)</u>	<u>(14,007)</u>
Other comprehensive income for the period, net of income tax	<u>50,303</u>	<u>29,109</u>
Total comprehensive income for the period	<u>446,233</u>	<u>359,401</u>

The accompanying notes form an integral part of the interim financial statements.

Mitsui Sumitomo Insurance Company Limited Thailand Branch

Statement of comprehensive income (Unaudited)

		Six-month period ended	
		30 June	
	<i>Note</i>	2021	2020
		<i>(in thousand Baht)</i>	
Revenues			
Gross premiums written	12	3,193,886	3,123,442
Less premiums ceded	12	(805,172)	(783,278)
Net premiums written		2,388,714	2,340,164
Unearned premium reserve increased from previous period		(467,141)	(329,382)
Add reinsurers' share of unearned premium reserve increased from previous period		177,789	127,969
Net premiums earned		2,099,362	2,138,751
Commission and brokerage income	12	52,422	76,088
Net investment income		137,477	149,954
Gain on investments		18,643	19,472
Gain on foreign exchange rate		207	1,025
Other income		586	356
Total revenues		2,308,697	2,385,646
Expenses			
Insurance claims expenses	12	2,273,042	2,257,464
Less insurance claims expenses recovered from reinsurers	12	(1,549,993)	(1,451,199)
Net insurance claims expenses		723,049	806,265
Commission and brokerage expenses	12	398,332	425,758
Other underwriting expenses		127,494	137,147
Operating expenses	12	138,308	130,345
Expected credit loss	11	540	50
Total expenses		1,387,723	1,499,565
Profit before income tax		920,974	886,081
Income tax	10	184,838	177,536
Net profit		736,136	708,545

The accompanying notes form an integral part of the interim financial statements.

Mitsui Sumitomo Insurance Company Limited Thailand Branch

Statement of comprehensive income (Unaudited)

		Six-month period ended	
		30 June	
	<i>Note</i>	2021	2020
		<i>(in thousand Baht)</i>	
Other comprehensive income (loss)			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Gain (loss) on remeasurement of investments - fair value through other comprehensive income (loss)		(40,812)	5,346
Income tax relating to components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss	10	<u>8,162</u>	<u>(6,441)</u>
Other comprehensive income (loss) for the period, net of income tax		<u>(32,650)</u>	<u>(1,095)</u>
Total comprehensive income (loss) for the period		703,486	707,450

The accompanying notes form an integral part of the interim financial statements.

Mitsui Sumitomo Insurance Company Limited Thailand Branch

Other components of Head Office		Account		Total Head Office Account	
Gain (loss) on investments measured at fair value through other comprehensive income (loss)					
Head Office current account		Deficits		(in thousand Baht)	
Funds from Head Office					
101,901,346	(97,734)	(88,321,009)	189,433	13,672,036	
Comprehensive income (loss) for the period					
Net profit	-	708,545	-	708,545	
Other comprehensive income (loss)	-	-	(1,095)	(1,095)	
Total comprehensive income (loss) for the period	-	708,545	(1,095)	707,450	
Head Office current account	7,124	-	-	7,124	
Balance at 30 June 2020	101,901,346	(87,612,464)	188,338	14,386,610	

The accompanying notes form an integral part of the interim financial statements.

Mitsui Sumitomo Insurance Company Limited Thailand Branch
Statement of changes in Head Office Account (Unaudited)

					Other components of Head Office Account
					Gain (loss) on investments measured at fair value through other comprehensive income (loss)
	Funds from Head Office	Head Office current account	Retained earnings		Total Head Office Account
			<i>(in thousand Baht)</i>		
Six-month period ended 30 June 2021					
Balance at 1 January 2021	13,593,146	(93,183)	1,028,443	257,087	14,785,493
Comprehensive income (loss) for the period					
Net profit	-	-	736,136	-	736,136
Other comprehensive income (loss)	-	-	-	(32,650)	(32,650)
Total comprehensive income (loss) for the period	-	-	736,136	(32,650)	703,486
Head Office current account	-	16,507	-	-	16,507
Balance at 30 June 2021	13,593,146	(76,676)	1,764,579	224,437	15,505,486

The accompanying notes form an integral part of the interim financial statements.

Mitsui Sumitomo Insurance Company Limited Thailand Branch

Statement of cash flows (Unaudited)

		Six-month period ended	
		30 June	
	Note	2021	2020
		(in thousand Baht)	
Cash flows from operating activities			
Premium received		3,017,941	2,784,069
Cash received from (paid to) reinsurers	17	23,393	(42,560)
Interest received		148,902	156,400
Dividend received		222	17
Other income		1,490	604
Insurance claims expenses		(835,084)	(1,088,050)
Commission and brokerage expenses	17	(370,996)	(389,247)
Other underwriting expenses		(127,494)	(137,147)
Operating expenses		(132,550)	(46,927)
Income tax paid		(131,224)	(24,056)
Cash received - financial assets		6,566,998	6,114,305
Cash payment - financial assets		(8,250,826)	(7,108,700)
Net cash flows provided by (used in) operating activities		(89,228)	218,708
Cash flows from investing activities			
Cash flows provided by			
Proceeds from sale of leasehold building improvement and equipment		461	875
Cash provided by investing activities		461	875
Cash flows used in			
Purchase of leasehold building improvement and equipment		(8,717)	(3,758)
Cash used in investing activities		(8,717)	(3,758)
Net cash flows provided by (used in) investing activities		(8,256)	(2,883)
Cash flows from financing activities			
Payment of lease liabilities		(23,732)	(390)
Head Office current account		16,507	7,124
Net cash flows provided by (used in) financing activities	12	(7,225)	6,734
Net increase (decrease) in cash and cash equivalents		(104,709)	222,559
Cash and cash equivalents at beginning of period		1,140,788	859,085
Effect of exchange rate changes on balances held in foreign currencies		207	1,025
Cash and cash equivalents at ending of period	3	1,036,286	1,082,669

The accompanying notes form an integral part of the interim financial statements.

Mitsui Sumitomo Insurance Company Limited Thailand Branch
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2021 (Unaudited)

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Mitsui Sumitomo Insurance Company Limited Thailand Branch
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2021 (Unaudited)

These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the management on 11 August 2021.

1 General information

The principal business of the Branch is the provision of non-life insurance.

2 Basis of preparation of the interim financial statements

The condensed interim financial statements are presented in the same format as the annual financial statements and prepared its notes to the interim financial statements on a condensed basis (“interim financial statement”) in accordance with Thai Accounting Standard (TAS) No. 34 *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions. In addition, the interim financial statements are prepared in accordance with the Notification of the Office of Insurance Commission regarding “Rules, Procedures, Conditions and Timing Period for Preparation and Submission of the Financial Statements and Reporting the Operation of Non-Life insurance Companies” B.E. 2562 (No.2) , dated 4 April 2019. The interim financial statements focus on new activities, events, and circumstances to avoid repetition of information previously reported in annual financial statements. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Branch for the year ended 31 December 2020.

In preparing these interim financial statements, judgements and estimates are made by management in applying the Branch’s accounting policies. Actual results may differ from these estimates. The accounting policies, methods of computation and the key sources of estimation uncertainty were the same as those that were described in the financial statements for the year ended 31 December 2020.

3 Cash and cash equivalents

	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Cheque on hand	31,608	20,512
Deposits at banks - call deposits	819,704	265,293
Deposits at banks - time deposits	-	450,000
Highly liquid short - term investments	184,974	404,983
Total	<u>1,036,286</u>	<u>1,140,788</u>

Mitsui Sumitomo Insurance Company Limited Thailand Branch
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2021 (Unaudited)

4 Premiums due and uncollected

As at 30 June 2021 and 31 December 2020, the aging analyses for premiums due and uncollected were as follows:

	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Within credit terms	573,049	712,551
Overdue:		
Not over 30 days	146,095	144,502
31 - 60 days	135,619	11,995
61 - 90 days	4,626	3,036
91 days - 1 year	9,298	807
Over 1 year	1,174	205
Total	869,861	873,096

The normal credit term for brokers granted by the Branch is not over 60 days.

For premiums due and uncollected from brokers, the Branch has established collection guidelines in accordance with the regulatory requirement for premium collection. For overdue premium receivables, the Branch is pursuing legal proceedings against such agents and brokers.

5 Reinsurance receivables

	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Due from reinsurers	130,648	384,995
Total	130,648	384,995

Mitsui Sumitomo Insurance Company Limited Thailand Branch
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2021 (Unaudited)

6 Investments in securities

6.1 Investment in securities by measurement are as follows:

	30 June 2021		31 December 2020	
	Cost / Amortised cost	Fair value <i>(in thousand Baht)</i>	Cost / Amortised cost	Fair value
Investment measured at fair value through other comprehensive income (loss)				
Government and state enterprise debt securities	11,109,022	11,231,797	9,864,803	10,070,833
Private debt securities	4,035,066	4,134,089	3,718,947	3,809,410
Unit trust	717,112	759,227	785,000	783,310
Equity securities	7,492	18,886	7,492	29,327
Total	15,868,692	16,143,999	14,376,242	14,692,880
Add Unrealised gains	278,739	-	320,070	-
Less Allowance for impairment	(3,432)	-	(3,432)	-
Total investment measured at fair value through other comprehensive income (loss)	16,143,999	16,143,999	14,692,880	14,692,880
Allowance for expected credit loss	1,806	-	1,266	-
Investment measured at amortised cost				
Deposits at banks with original maturities over 3 months	2,739,264	2,739,264	2,529,264	2,529,264
Total investment measured at amortised cost	2,739,264	2,739,264	2,529,264	2,529,264
Total investment in securities	18,883,263	18,883,263	17,222,144	17,222,144

6.2 Investment measured at fair value through other comprehensive income (loss)

	30 June 2021		31 December 2020	
	Fair value	Allowance for expected credit loss / impairment <i>(in thousand Baht)</i>	Fair value	Allowance for expected credit loss / impairment
Debt securities - no significant increase in credit risk (stage 1)	16,125,113	1,806	14,663,553	1,266
Debt securities - significant increase in credit risk (stage 2)	-	-	-	-
Debt securities - default / credit-impaired (stage 3)	-	-	-	-
Equity securities	18,886	3,432	29,327	3,432
Total	16,143,999	5,238	14,692,880	4,698

Mitsui Sumitomo Insurance Company Limited Thailand Branch
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2021 (Unaudited)

6.3 Investment measured at amortised cost

	30 June 2021		
	Book value	Allowance for expected credit loss <i>(in thousand Baht)</i>	Net book value
Debt securities - no significant increase in credit risk (stage 1)	2,739,264	-	2,739,264
Debt securities - significant increase in credit risk (stage 2)	-	-	-
Debt securities - Default / credit-impaired (stage 3)	-	-	-
Total	2,739,264	-	2,739,264

	31 December 2020		
	Book value	Allowance for expected credit loss <i>(in thousand Baht)</i>	Net book value
Debt securities - no significant increase in credit risk (stage 1)	2,529,264	-	2,529,264
Debt securities - significant increase in credit risk (stage 2)	-	-	-
Debt securities - Default / credit-impaired (stage 3)	-	-	-
Total	2,529,264	-	2,529,264

Mitsui Sumitomo Insurance Company Limited Thailand Branch

Notes to the condensed interim financial statements

For the three-month and six-month periods ended 30 June 2021 (Unaudited)

7 Insurance contract liabilities

		30 June 2021	31 December 2020
		Liabilities under insurance contracts	Reinsurers' share of liabilities
		Net <i>(in thousand Baht)</i>	Net
Short-term technical reserves			
Loss reserves and outstanding claims			
- Case reserves		5,583,307	1,461,121
- Incurred but not reported		716,264	459,984
Total loss reserves and outstanding claims		<u>6,299,571</u>	<u>4,981,541</u>
Unearned premium reserves		<u>3,692,327</u>	<u>3,225,186</u>
Total		<u>9,991,898</u>	<u>8,206,727</u>
			<u>(2,683,505)</u>
			<u>(327,058)</u>
			<u>1,510,994</u>
			<u>459,984</u>
			<u>1,970,978</u>
			<u>2,570,938</u>
			<u>4,541,916</u>
Loss reserves and outstanding claims			
At 1 January		4,981,541	1,607,615
Insurance claim expenses incurred during the period / year		2,258,657	3,954,572
Insurance claim expenses paid during the period / year		(869,849)	(2,066,525)
Change in estimation and assumption		(70,778)	86,365
At 30 June 2021 / 31 December 2020		<u>6,299,571</u>	<u>4,981,541</u>
			<u>(1,399,514)</u>
			<u>(1,916,694)</u>
			<u>353,793</u>
			<u>(48,148)</u>
			<u>1,970,978</u>
Unearned premium reserves			
At 1 January		3,225,186	3,237,845
Premiums written during the period / year		3,193,886	5,774,149
Earned premium in the period / year		(2,726,745)	(5,786,808)
At 30 June 2021 / 31 December 2020		<u>3,692,327</u>	<u>3,225,186</u>
			<u>(669,942)</u>
			<u>(1,518,352)</u>
			<u>1,534,046</u>
			<u>(654,248)</u>
			<u>2,567,903</u>
			<u>4,255,797</u>
			<u>(4,252,762)</u>
			<u>2,570,938</u>

Mitsui Sumitomo Insurance Company Limited Thailand Branch
Notes to the condensed interim financial statements
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8 Reinsurance payables

	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Amount withheld on reinsurance	118,274	274,870
Due to reinsurers	665,697	196,888
Total	783,971	471,758

9 Leases

For the six-month period ended 30 June

	2021	2020
	<i>(in thousand Baht)</i>	
<i>Recognised in profit or loss</i>		
Interest on lease liabilities	2,585	2,165
Total	2,585	2,165

Total cash outflow for leases presented in the statement of cash flows for the six-month period ended 30 June 2021 were Baht 23.7 million (2020: Baht 0.4 million).

Mitsui Sumitomo Insurance Company Limited Thailand Branch
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2021 (Unaudited)

10 Income tax

Income tax recognised in profit or loss

For the six-month period ended 30 June

	2021	2020
	<i>(in thousand Baht)</i>	
Current tax expense		
Current period	236,980	228,833
Over provided in prior year	(48)	-
Deferred tax expense		
Movements in temporary differences	(52,094)	(51,297)
Total	184,838	177,536

Income tax recognised in other comprehensive income (loss)

Deferred tax expense

(Gain) loss on remeasurement of investments - fair value through other comprehensive income (loss)

	8,162	(6,441)
Total	8,162	(6,441)

Reconciliation of effective tax rate

For the six-month period ended 30 June

	2021	2020
	<i>(in thousand Baht)</i>	
	Rate (%)	Rate (%)
Profit before income tax	920,974	886,081
Income tax using the Thai corporation tax rate	20.0 184,195	20.0 177,216
Over provided in prior year	- (48)	-
Expenses not deductible for tax purposes	- 459	- 320
Change in unrecognised temporary differences	- 232	-
Total	20.0 184,838	20.0 177,536

11 Expected credit loss

For the six-month period ended 30 June

	2021	2020
	<i>(in thousand Baht)</i>	
Investment in securities		
- Debt securities measured at fair value through other comprehensive income (loss)	540	50
Total	540	50

Mitsui Sumitomo Insurance Company Limited Thailand Branch
Notes to the condensed interim financial statements
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12 Related parties

There is no material change in relationships with key management and related parties during the period.

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Gross premium written	At contractually agreed prices
Commission and brokerage income	At contractually agreed prices
Insurance claims expenses recovered from reinsurers	As it incurred
Premiums ceded	At contractually agreed prices
Insurance claims expenses	As it incurred and at contractually agreed prices
Commission and brokerage expenses	Within range of rates announced by the Office of Insurance Commission or as stated in the agreement
Other operating expenses	At contractually agreed prices

Significant transactions for the six-month period ended 30 June 2021 and 2020 with key management and related parties were summarised as follows:

<i>For the six-month period ended 30 June</i>	2021	2020
	<i>(in thousand Baht)</i>	
Revenues		
Other related parties		
Gross premiums written	110,502	37,474
Commission and brokerage income	8,685	11,522
Insurance claims expenses recovered from reinsurers	36,064	95,370
Expenses		
Other related parties		
Premiums ceded	140,821	139,335
Insurance claims expenses	79,289	34,283
Commission and brokerage expenses	235,220	250,137
Other operating expenses	64,976	56,076
Key management compensation		
Short-term and long-term benefits	7,404	7,618

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Significant balances as at 30 June 2021 and 31 December 2020 with related parties were as follows:

	30 June 2021 (in thousand Baht)	31 December 2020
<i>Premiums due and uncollected</i>		
Other related parties	<u>38,992</u>	<u>20,705</u>
<i>Reinsurance assets</i>		
Reinsurance's share of liabilities		
Other related parties	<u>427,237</u>	<u>251,705</u>
<i>Reinsurance receivables</i>		
Due from reinsurers		
Other related parties	<u>45,970</u>	<u>52,649</u>
<i>Other assets</i>		
Other related parties	<u>13,396</u>	<u>10,610</u>
<i>Insurance contract liabilities</i>		
Loss reserves and outstanding claims		
Other related parties	<u>1,064</u>	<u>26,895</u>
Accrued loss adjustment expenses		
Other related parties	<u>603</u>	<u>3,770</u>
<i>Reinsurance payables</i>		
Due to reinsurers		
Other related parties	<u>122,804</u>	<u>38,348</u>
Amount withheld on reinsurance		
Other related parties	<u>3,331</u>	<u>5,582</u>
<i>Other liabilities</i>		
Commission payables		
Other related parties	<u>117,647</u>	<u>93,102</u>
Others		
Other related parties	<u>26,101</u>	<u>24,447</u>
Funds from Head Office	<u>13,593,146</u>	<u>13,593,146</u>
Head Office current account	<u>(76,676)</u>	<u>(93,183)</u>

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13 Financial instruments

Carrying amounts and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities measured at amortised cost if the carrying amount is a reasonable approximation of fair value

<i>At 30 June 2021</i>	<i>Note</i>	Level 1	Fair value		Total
			Level 2	Level 3	
			<i>(in thousand Baht)</i>		
Financial assets					
Investment in securities	6				
Government and state enterprise debt securities		-	11,231,797	-	11,231,797
Private debt securities		-	4,134,089	-	4,134,089
Unit trusts		-	759,227	-	759,227
Equity securities		7,385	-	11,501	18,886
Total		7,385	16,125,113	11,501	16,143,999

<i>At 31 December 2020</i>					
Financial assets					
Investment in securities	6				
Government and state enterprise debt securities		-	10,070,833	-	10,070,833
Private debt securities		-	3,809,410	-	3,809,410
Unit trusts		-	783,310	-	783,310
Equity securities		7,052	-	22,275	29,327
Total		7,052	14,663,553	22,275	14,692,880

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Measurement of fair values

When measuring the fair value of an asset or a liability, the Branch uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liabilities that are not based on observable movement date (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Branch determines Level 1 fair values of investment in marketable equity using last bid price from SET at the reporting date.

The Branch determines Level 2 fair values of investment in debt securities by reference to the price provided by the Thai Bond Market Association at the reporting date, and for unit trusts using net assets value (NAV) published by asset management companies at the reporting date.

The Branch determines Level 3 for fair values for non-listed equity securities using the discounted cash flow method which is the last value published by General Insurance Association or net asset values of those non-listed companies.

The Branch recognises transfers between levels of the fair value hierarchy as of the end of reporting period during which the transfer has occurred.

14 Securities and assets pledged with the Registrar

- 14.1 The Branch's investments in deposits at banks were pledged with the Registrar in accordance with the Non-Life Insurance Act No. 2 B.E. 2551 as follows:

	30 June 2021		31 December 2020	
	Book value	Face value	Book value	Face value
		(in thousand Baht)		
Time deposits at banks	<u>14,000</u>	<u>14,000</u>	<u>14,000</u>	<u>14,000</u>

- 14.2 The Branch's investments in debt securities were reserved with the Registrar in accordance with the Notification of the Office of Insurance Commission regarding "Rates, Rules and Procedures for unearned premium reserve of Non-Life Insurance Company B.E.2557" as follows:

	30 June 2021		31 December 2020	
	Book value	Face value	Book value	Face value
		(in thousand Baht)		
Government bonds	<u>1,449,292</u>	<u>1,420,000</u>	<u>1,463,936</u>	<u>1,420,000</u>

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15 Restricted and collateral assets

	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>	
<i>Deposits at banks - time deposits</i>		
To secure bank guarantee facilities issued by banks	<u>264</u>	<u>264</u>

16 Contingent liabilities

As at 30 June 2021, lawsuits have been brought against the Branch, in relation to insurance claims in the normal course of business totalling approximately Baht 1,351.8 million (*31 December 2020: Baht 1,356.3 million*). The Branch's management believes that the recorded amount of provision in the financial statements for potential losses in respect of those claims is adequate.

17 Reclassification of accounts

Certain accounts in the statement of cash flows for the six-month period ended 30 June 2020, which are included in the interim financial statements for comparative purposes, have been reclassified to conform to the presentation in the current period of the financial statements. Significant reclassifications were as follows:

	Before reclassification	2020 Reclassification	After reclassification
		<i>(in thousand baht)</i>	
<i>Statement of cash flows</i>			
<i>Cash flows from operating activities</i>			
Cash received from (paid to) reinsurers	(98,359)	55,799	(42,560)
Commission and brokerage expenses	(333,448)	<u>(55,799)</u>	(389,247)
		<u>-</u>	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Branch's business.