

Mitsui Sumitomo Insurance Company Limited
Thailand Branch

Condensed interim financial statements
for the three-month period ended 31 March 2022
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 31 March 2022; the statements of comprehensive income, changes in Head Office Account and cash flows for the three-month period ended 31 March 2022, 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
12 May 2022

Mitsui Sumitomo Insurance Company Limited Thailand Branch

Statement of financial position

Assets	<i>Note</i>	31 March 2022 (Unaudited)	31 December 2021
		<i>(in thousand Baht)</i>	
Cash and cash equivalents	<i>3</i>	1,049,234	964,790
Premiums due and uncollected	<i>4, 10</i>	816,093	945,423
Accrued investment income		103,817	46,282
Reinsurance assets	<i>7, 10</i>	1,855,418	2,408,111
Reinsurance receivables	<i>5, 10</i>	196,349	219,920
Investments assets			
Investments in securities	<i>6, 12, 13</i>	19,035,220	19,026,767
Leasehold building improvement and equipment		19,725	21,302
Right-of-use assets		57,495	66,947
Intangible assets		19,346	4,759
Deferred tax assets		508,597	469,228
Income tax refundable		54,731	54,731
Other assets	<i>10</i>	131,646	188,377
		<hr/>	<hr/>
Total assets		<u><u>23,847,671</u></u>	<u><u>24,416,637</u></u>

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

Mitsui Sumitomo Insurance Company Limited Thailand Branch

Statement of financial position

		31 March 2022	31 December 2021
Liabilities and Head Office Account	<i>Note</i>		
		(Unaudited)	
		(in thousand Baht)	
Liabilities			
Insurance contract liabilities	7, 10	6,041,700	6,604,578
Reinsurance payable	8, 10	373,764	344,447
Income tax payables		263,672	188,454
Employee benefit obligations		88,561	87,378
Lease liabilities		60,255	69,531
Other liabilities	10	323,024	593,693
Total liabilities		7,150,976	7,888,081
Head Office Account			
Funds from Head Office	10	13,593,146	13,593,146
Head Office current account	10	(106,417)	(88,619)
Retained earnings		3,254,942	2,911,128
Other components of Head Office Account		(44,976)	112,901
Total Head Office Account		16,696,695	16,528,556
Total liabilities and Head Office Account		23,847,671	24,416,637

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	
		31 March	
	Note	2022	2021
		<i>(in thousand Baht)</i>	
Revenues			
Gross premiums written	10	1,308,299	1,163,458
Less premiums ceded	10	<u>(292,362)</u>	<u>(168,487)</u>
Net premiums written		1,015,937	994,971
Unearned premium reserve decreased from previous period		122,698	195,402
Less reinsurers' share of unearned premium reserve decreased from previous period		<u>(69,864)</u>	<u>(163,737)</u>
Net premiums earned		1,068,771	1,026,636
Commission and brokerage income	10	29,179	27,358
Net investment income		66,084	66,929
Gain on investments		51,444	8,410
Gain (loss) on foreign exchange rate		980	(186)
Other income		<u>456</u>	<u>402</u>
Total revenues		<u>1,216,914</u>	<u>1,129,549</u>
Expenses			
Insurance claims expenses	10	644,609	1,726,933
Less insurance claims expenses recovered from reinsurers	10	<u>(157,200)</u>	<u>(1,319,865)</u>
Net insurance claims expenses		487,409	407,068
Commission and brokerage expenses	10	173,711	167,620
Other underwriting expenses		60,031	64,356
Operating expenses	10	66,030	65,036
Expected credit loss (reversal)		<u>(123)</u>	<u>40</u>
Total expenses		<u>787,058</u>	<u>704,120</u>
Profit before income tax		<u>429,856</u>	<u>425,429</u>
Income tax expense	9	<u>86,042</u>	<u>85,223</u>
Net profit		<u>343,814</u>	<u>340,206</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	
		31 March	
	Note	2022	2021
		<i>(in thousand Baht)</i>	
Other comprehensive income (loss)			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Loss on remeasurement of investments - fair value through other comprehensive income (loss)		(197,346)	(103,692)
Income tax relating to components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss	9	39,469	20,739
Other comprehensive income (loss) for the period, net of income tax		<u>(157,877)</u>	<u>(82,953)</u>
Total comprehensive income (loss) for the period		<u><u>185,937</u></u>	<u><u>257,253</u></u>

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)

	Funds from Head Office	Head Office current account	Retained earnings <i>(in thousand Baht)</i>	Other components of Head Office Account <u>Gain (loss) on investments measured at fair value through other comprehensive income (loss)</u>	Total Head Office Account
Three-month period ended 31 March 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	-	-	340,206	-	340,206
Other comprehensive income (loss)	-	-	-	(82,953)	(82,953)
Total comprehensive income (loss) for the period	-	-	340,206	(82,953)	257,253
Head Office current account	-	14,902	-	-	14,902
Balance at 31 March 2021	13,593,146	(78,281)	1,368,649	174,134	15,057,648

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)

	Funds from Head Office	Head Office current account	Retained earnings <i>(in thousand Baht)</i>	Other components of Head Office Account <u>Gain (loss) on investments measured at fair value through other comprehensive income (loss)</u>	Total Head Office Account
Three-month period ended 31 March 2022					
Balance at 1 January 2022	13,593,146	(88,619)	2,911,128	112,901	16,528,556
Comprehensive income (loss) for the period					
Net profit	-	-	343,814	-	343,814
Other comprehensive income (loss)	-	-	-	(157,877)	(157,877)
Total comprehensive income (loss) for the period	-	-	343,814	(157,877)	185,937
Head Office current account	-	(17,798)	-	-	(17,798)
Balance at 31 March 2022	13,593,146	(106,417)	3,254,942	(44,976)	16,696,695

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

Mitsui Sumitomo Insurance Company Limited Thailand Branch

Statement of cash flows (Unaudited)

		Three-month period ended	
		31 March	
	Note	2022	2021
		<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>			
Premium received		1,362,737	1,213,862
Cash received from reinsurers	15	492,194	142,747
Interest received		8,548	16,826
Other income		455	495
Insurance claims expenses		(1,089,107)	(389,609)
Commissions and brokerage expenses	15	(185,213)	(180,912)
Other underwriting expenses		(60,031)	(64,356)
Operating expenses		(237,461)	(132,343)
Income tax received (paid)		(10,724)	44,683
Cash received - financial assets		2,678,531	3,065,784
Cash payment - financial assets		(2,832,764)	(4,025,194)
Net cash flows provided by (used in) operating activities		127,165	(308,017)
<i>Cash flows from investing activities</i>			
Cash flows provided by			
Proceeds from sale of leasehold building improvement and equipment		1	9
Cash provided by investing activities		1	9
Cash flows used in			
Purchase of leasehold building improvement and equipment		(146)	(7,550)
Purchase of intangible assets		(15,690)	-
Cash used in investing activities		(15,836)	(7,550)
Net cash flows provided by (used in) investing activities		(15,835)	(7,541)
<i>Cash flows from financing activities</i>			
Payment of lease liabilities		(10,068)	(12,700)
Head Office current account	10	(17,798)	14,902
Net cash flows provided by (used in) financing activities		(27,866)	2,202
Net increase (decrease) in cash and cash equivalents		83,464	(313,356)
Cash and cash equivalents at beginning of period		964,790	1,140,788
Effect of exchange rate changes on balances held in foreign currencies		980	(186)
Cash and cash equivalents at ending of period	3	1,049,234	827,246

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 period ended 31 March 2022 (Unaudited)

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Mitsui Sumitomo Insurance Company Limited Thailand Branch
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2022 (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 12 May 2022.

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 2021.

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 2021.

3 Cash and cash equivalents

	31 March 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Cheque on hand	22,763	4,958
Deposits at banks - call deposits	610,535	507,970
Deposits at banks - time deposits	100,000	-
Highly liquid short - term investments	315,936	451,862
Total	<u>1,049,234</u>	<u>964,790</u>

Mitsui Sumitomo Insurance Company Limited Thailand Branch
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2022 (Unaudited)

4 Premiums due and uncollected

As at 31 March 2022 and 31 December 2021, the aging analyses for premiums due and uncollected were as follows:

	31 March 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Within credit terms	710,384	768,712
Overdue:		
Not over 30 days	62,456	152,447
31 - 60 days	28,620	13,788
61 - 90 days	8,941	3,366
91 days - 1 year	5,695	7,177
Over 1 year	(3)	(67)
Total	<u>816,093</u>	<u>945,423</u>

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

	31 March 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Due from reinsurers	196,349	219,920
Total	<u>196,349</u>	<u>219,920</u>

Mitsui Sumitomo Insurance Company Limited Thailand Branch
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For the three-month period ended 31 March 2022 (Unaudited)

6 Investments in securities

6.1 Investment in securities by measurement are as follows:

	31 March 2022		31 December 2021	
	Cost / Amortised cost	Fair value	Cost / Amortised cost	Fair value
<i>(in thousand Baht)</i>				
Investment measured at fair value through other comprehensive income (loss)				
Government and state enterprise debt securities	12,360,349	12,224,784	11,510,731	11,510,853
Private debt securities	3,850,807	3,854,549	4,071,187	4,119,829
Unit trust	393,542	447,079	717,112	793,989
Equity securities	7,492	24,544	7,492	17,831
Total	16,612,190	16,550,956	16,306,522	16,442,502
Add Unrealised gain (loss)	(57,802)	-	139,412	-
Less Allowance for impairment loss	(3,432)	-	(3,432)	-
Total investment measured at fair value through other comprehensive income (loss)	16,550,956	16,550,956	16,442,502	16,442,502
Allowance for expected credit loss	1,598	-	1,721	-
Investment measured at amortised cost				
Deposits at banks with original maturities over 3 months	2,484,264	2,484,264	2,584,265	2,584,265
Total investment measured at amortised cost	2,484,264	2,484,264	2,584,265	2,584,265
Total investment in securities	19,035,220	19,035,220	19,026,767	19,026,767

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

	31 March 2022		31 December 2021	
	Fair value	Allowance for expected credit loss / Allowance for impairment loss	Fair value	Allowance for expected credit loss / Allowance for impairment loss
<i>(in thousand Baht)</i>				
Debt securities - no significant increase in credit risk (stage 1)	16,079,333	1,598	15,630,682	1,721
Debt securities - significant increase in credit risk (stage 2)	-	-	-	-
Debt securities - default / credit-impaired (stage 3)	-	-	-	-
Debt securities - unit trust	447,079	-	793,989	-
Equity securities	24,544	3,432	17,831	3,432
Total	16,550,956	5,030	16,442,502	5,153

Mitsui Sumitomo Insurance Company Limited Thailand Branch
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2022 (Unaudited)

6.3 Investment measured at amortised cost

	31 March 2022		
	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)	2,484,264	-	2,484,264
Total	2,484,264	-	2,484,264

	31 December 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)	2,584,265	-	2,584,265
Total	2,584,265	-	2,584,265

Mitsui Sumitomo Insurance Company Limited Thailand Branch
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2022 (Unaudited)

7 Insurance contract liabilities

	31 March 2022			31 December 2021		
	Liabilities under insurance contracts	Reinsurers' share of liabilities	Net	Liabilities under insurance contracts	Reinsurers' share of liabilities	Net
	<i>(in thousand Baht)</i>					
Short-term technical reserves						
Loss reserves and outstanding claims						
- Case reserves	1,950,143	(805,198)	1,144,945	2,390,323	(1,288,027)	1,102,296
- Incurred but not reported	854,462	(409,975)	444,487	854,462	(409,975)	444,487
Total loss reserves and outstanding claims	<u>2,804,605</u>	<u>(1,215,173)</u>	<u>1,589,432</u>	<u>3,244,785</u>	<u>(1,698,002)</u>	<u>1,546,783</u>
Unearned premium reserves	3,237,095	(640,245)	2,596,850	3,359,793	(710,109)	2,649,684
Total	<u>6,041,700</u>	<u>(1,855,418)</u>	<u>4,186,282</u>	<u>6,604,578</u>	<u>(2,408,111)</u>	<u>4,196,467</u>

7.1 Loss reserves and outstanding claims

At 1 January	3,244,785	(1,698,002)	1,546,783	4,981,541	(3,010,563)	1,970,978
Insurance claim expenses incurred during the period / year	603,580	(157,200)	446,380	1,767,815	(730,895)	1,036,920
Insurance claim expenses paid during the period / year	(1,043,760)	640,029	(403,731)	(3,571,991)	2,126,373	(1,445,618)
Change in estimation and assumption	-	-	-	67,420	(82,917)	(15,497)
At 31 March 2022 / 31 December 2021	<u>2,804,605</u>	<u>(1,215,173)</u>	<u>1,589,432</u>	<u>3,244,785</u>	<u>(1,698,002)</u>	<u>1,546,783</u>

7.2 Unearned premium reserves

At 1 January	3,359,793	(710,109)	2,649,684	3,225,186	(654,248)	2,570,938
Premiums written during the period / year	1,308,299	(292,362)	1,015,937	5,874,441	(1,503,101)	4,371,340
Earned premium in the period / year	(1,430,997)	362,226	(1,068,771)	(5,739,834)	1,447,240	(4,292,594)
At 31 March 2022 / 31 December 2021	<u>3,237,095</u>	<u>(640,245)</u>	<u>2,596,850</u>	<u>3,359,793</u>	<u>(710,109)</u>	<u>2,649,684</u>

Mitsui Sumitomo Insurance Company Limited Thailand Branch
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2022 (Unaudited)

8 Reinsurance payables

	31 March 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Amount withheld on reinsurance	133,320	132,726
Due to reinsurers	240,444	211,721
Total	<u>373,764</u>	<u>344,447</u>

9 Income tax expense

Income tax recognised in profit or loss

For the three-month period ended 31 March

	2022	2021
	<i>(in thousand Baht)</i>	
<i>Current tax expense</i>		
Current period	85,941	93,023
<i>Deferred tax expense</i>		
Movements in temporary differences	101	(7,800)
Total	<u>86,042</u>	<u>85,223</u>

Income tax recognised in other comprehensive income (loss)

Deferred tax expense

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

	39,469	20,739
Total	<u>39,469</u>	<u>20,739</u>

Reconciliation of effective tax rate

For the three-month period ended 31 March

	2022		2021	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax		429,856		425,429
Income tax using the Thai corporation tax rate	20.0	85,971	20.0	85,086
Expenses not deductible for tax purposes	0.0	71	0.0	137
Total	<u>20.0</u>	<u>86,042</u>	<u>20.0</u>	<u>85,223</u>

Mitsui Sumitomo Insurance Company Limited Thailand Branch
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For the three-month period ended 31 March 2022 (Unaudited)

10 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 three-month ended 31 March 2022 and 2021 with key management and related parties were summarised as follows:

<i>For the three-month period ended 31 March</i>	2022	2021
	<i>(in thousand Baht)</i>	
Revenues		
Other related parties		
Gross premiums written	53,345	61,180
Commission and brokerage income	3,392	3,970
Insurance claims expenses recovered from reinsurers	21,781	7,850
Expenses		
Other related parties		
Premiums ceded	40,351	33,553
Insurance claims expenses	12,211	11,444
Commission and brokerage expenses	110,392	107,658
Other operating expenses	29,248	28,923
Key management compensation		
Short-term and long-term benefits	2,476	3,796

Significant balances as at 31 March 2022 and 31 December 2021 with related parties were as follows:

	31 March 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Premiums due and uncollected		
Other related parties	<u>40,963</u>	<u>31,505</u>
Reinsurance assets		
Reinsurance's share of liabilities		
Other related parties	<u>161,065</u>	<u>284,300</u>

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	31 March 2022	31 December 2021
	<i>(in thousand Baht)</i>	
<i>Reinsurance receivables</i>		
Due from reinsurers		
Other related parties	<u>77,026</u>	<u>49,227</u>
<i>Other assets</i>		
Other related parties	<u>11,271</u>	<u>10,645</u>
<i>Insurance contract liabilities</i>		
Loss reserves and outstanding claims		
Other related parties	<u>560</u>	<u>761</u>
Accrued loss adjustment expenses		
Other related parties	<u>1,537</u>	<u>1,486</u>
<i>Reinsurance payables</i>		
Due to reinsurers		
Other related parties	<u>38,244</u>	<u>70,407</u>
Amount withheld on reinsurance		
Other related parties	<u>1,967</u>	<u>1,958</u>
<i>Other liabilities</i>		
Commission payables		
Other related parties	<u>102,279</u>	<u>99,116</u>
Others		
Other related parties	<u>24,581</u>	<u>39,706</u>
Funds from Head Office	<u>13,593,146</u>	<u>13,593,146</u>
Head Office current account	<u>(106,417)</u>	<u>(88,619)</u>

Mitsui Sumitomo Insurance Company Limited Thailand Branch
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2022 (Unaudited)

11 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 31 March 2022</i>	<i>Note</i>	Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>					
<i>Financial assets</i>					
Investment in securities	6				
Government and state enterprise debt securities		-	12,224,784	-	12,224,784
Private debt securities		-	3,854,549	-	3,854,549
Unit trusts		-	447,079	-	447,079
Equity securities		6,275	-	18,269	24,544
Total		6,275	16,526,412	18,269	16,550,956

At 31 December 2021

<i>Financial assets</i>					
Investment in securities	6				
Government and state enterprise debt securities		-	11,510,853	-	11,510,853
Private debt securities		-	4,119,829	-	4,119,829
Unit trusts		-	793,989	-	793,989
Equity securities		6,330	-	11,501	17,831
Total		6,330	16,424,671	11,501	16,442,502

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 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 or indirectly.
- Level 3: inputs for the assets or liabilities that are based on 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.

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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.

12 Securities and assets pledged with the Registrar

12.1 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:

	31 March 2022		31 December 2021	
	Book value	Face value	Book value	Face value
	<i>(in thousand Baht)</i>			
Time deposits at banks	<u>14,000</u>	<u>14,000</u>	<u>14,000</u>	<u>14,000</u>

12.2 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:

	31 March 2022		31 December 2021	
	Book value	Face value	Book value	Face value
	<i>(in thousand Baht)</i>			
Government bonds	<u>1,431,581</u>	<u>1,420,000</u>	<u>1,437,558</u>	<u>1,420,000</u>

13 Restricted and collateral assets

	31 March 2022	31 December 2021
	<i>(in thousand Baht)</i>	
<i>Deposits at banks - time deposits</i>		
To secure bank guarantee facilities issued by banks	<u>196</u>	<u>196</u>

14 Contingent liabilities

As at 31 March 2022, lawsuits have been brought against the Branch, in relation to insurance claims in the normal course of business totalling approximately Baht 1,377.3 million (*31 December 2021: Baht 1,374.0 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.

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15 Reclassification of accounts

Certain accounts in the statement of cash flows for the three-month period ended 31 March 2021, 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	2021 Reclassification <i>(in thousand baht)</i>	After reclassification
<i>Statement of cash flows</i>			
<i>Cash flows from operating activities</i>			
Cash received from reinsurers	129,517	13,230	142,747
Commission and brokerage expenses	(167,682)	<u>(13,230)</u>	(180,912)
		<u><u>-</u></u>	

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