

Mitsui Sumitomo Insurance Company Limited
Thailand Branch

Condensed interim financial statements
for the three-month and six-month periods ended
30 June 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 30 June 2022; the statements of comprehensive income for the three-month and six-month periods ended 30 June 2022; the statements of changes in Head Office Account and cash flows for the six-month period ended 30 June 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
10 August 2022

Mitsui Sumitomo Insurance Company Limited Thailand Branch

Statement of financial position

		30 June	31 December
Assets	<i>Note</i>	2022	2021
		(Unaudited)	
		(in thousand Baht)	
Cash and cash equivalents	3	1,016,363	964,790
Premiums due and uncollected	4, 10	1,378,188	945,423
Accrued investment income		43,818	46,282
Reinsurance assets	7, 10	2,384,394	2,408,111
Reinsurance receivables	5, 10	171,749	219,920
Investments assets			
Investments in securities	6, 12, 13	19,504,595	19,026,767
Leasehold building improvement and equipment		18,237	21,302
Right-of-use assets		59,519	66,947
Intangible assets		18,315	4,759
Deferred tax assets		650,277	469,228
Income tax refundable		54,473	54,731
Other assets	10	102,221	188,377
		<hr/>	<hr/>
Total assets		25,402,149	24,416,637
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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>	2022	2021
		(Unaudited)	
		(in thousand Baht)	
<i>Liabilities</i>			
Insurance contract liabilities	7, 10	6,881,240	6,604,578
Reinsurance payable	8, 10	883,002	344,447
Income tax payables		213,831	188,454
Employee benefit obligations		90,555	87,378
Lease liabilities		61,964	69,531
Other liabilities	10	533,436	593,693
Total liabilities		8,664,028	7,888,081
<i>Head Office Account</i>			
Funds from Head Office	10	13,593,146	13,593,146
Head Office current account	10	(106,679)	(88,619)
Retained earnings		3,581,423	2,911,128
Other components of Head Office Account		(329,769)	112,901
Total Head Office Account		16,738,121	16,528,556
Total liabilities and Head Office Account		25,402,149	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 30 June	
	2022	2021
	<i>(in thousand Baht)</i>	
Revenues		
Gross premiums written	2,100,310	2,030,428
<i>Less</i> premiums ceded	<u>(774,835)</u>	<u>(636,685)</u>
Net premiums written	1,325,475	1,393,743
Unearned premium reserve increased from previous period	(642,122)	(662,543)
<i>Add</i> reinsurers' share of unearned premium reserve increased from previous period	<u>407,660</u>	<u>341,526</u>
Net premiums earned	1,091,013	1,072,726
Commission and brokerage income	28,715	25,064
Net investment income	66,486	70,548
Gain (loss) on investments	(705)	10,233
Gain on foreign exchange rate	999	393
Other income	<u>(2)</u>	<u>184</u>
Total revenues	<u>1,186,506</u>	<u>1,179,148</u>
Expenses		
Insurance claims expenses	584,008	546,109
<i>Less</i> insurance claims expenses recovered from reinsurers	<u>(147,841)</u>	<u>(230,128)</u>
Net insurance claims expenses	436,167	315,981
Commission and brokerage expenses	220,522	230,712
Other underwriting expenses	62,616	63,138
Operating expenses	60,092	73,272
Expected credit loss (reversal)	<u>(1,102)</u>	<u>500</u>
Total expenses	<u>778,295</u>	<u>683,603</u>
Profit before income tax	<u>408,211</u>	<u>495,545</u>
Income tax expense	<u>81,730</u>	<u>99,615</u>
Net profit	<u>326,481</u>	<u>395,930</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	
	2022	2021
	<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)	(355,992)	62,880
Income tax relating to components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss	71,199	(12,577)
Other comprehensive income (loss) for the period, net of income tax	(284,793)	50,303
Total comprehensive income for the period	41,688	446,233

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	
	Note	2022	2021
		(in thousand Baht)	
Revenues			
Gross premiums written	10	3,408,609	3,193,886
Less premiums ceded	10	(1,067,197)	(805,172)
Net premiums written		2,341,412	2,388,714
Unearned premium reserve increased from previous period		(519,424)	(467,141)
Add reinsurers' share of unearned premium reserve increased from previous period		337,796	177,789
Net premiums earned		2,159,784	2,099,362
Commission and brokerage income	10	57,894	52,422
Net investment income		132,570	137,477
Gain on investments		50,739	18,643
Gain on foreign exchange rate		1,979	207
Other income		454	586
Total revenues		2,403,420	2,308,697
Expenses			
Insurance claims expenses	10	1,228,617	2,273,042
Less insurance claims expenses recovered from reinsurers	10	(305,041)	(1,549,993)
Net insurance claims expenses		923,576	723,049
Commission and brokerage expenses	10	394,233	398,332
Other underwriting expenses		122,647	127,494
Operating expenses	10	126,122	138,308
Expected credit loss (reversal)		(1,225)	540
Total expenses		1,565,353	1,387,723
Profit before income tax		838,067	920,974
Income tax expense	9	167,772	184,838
Net profit		670,295	736,136

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>	2022	2021
		<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)		(553,338)	(40,812)
Income tax relating to components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss	9	110,668	8,162
Other comprehensive income (loss) for the period, net of income tax		(442,670)	(32,650)
Total comprehensive income for the period		227,625	703,486

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	Other components of Head Office Account <u>Gain (loss) on</u> investments measured at fair value through other comprehensive income (loss)	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 changes in Head Office Account (Unaudited)

	Funds from Head Office	Head Office current account	Retained earnings	Other components of Head Office Account <u>Gain (loss) on</u> investments measured at fair value through other comprehensive income (loss)	Total Head Office Account
			<i>(in thousand Baht)</i>		
Six-month period ended 30 June 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	-	-	670,295	-	670,295
Other comprehensive income (loss)	-	-	-	(442,670)	(442,670)
Total comprehensive income (loss) for the period	-	-	670,295	(442,670)	227,625
Head Office current account	-	(18,060)	-	-	(18,060)
Balance at 30 June 2022	13,593,146	(106,679)	3,581,423	(329,769)	16,738,121

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	
	2022	2021
	(in thousand Baht)	
<i>Cash flows from operating activities</i>		
Premium received	2,811,906	3,017,941
Cash received from reinsurers	377,174	23,393
Interest received	135,034	148,902
Dividend received	-	222
Other income	454	1,490
Insurance claims expenses	(1,473,187)	(835,084)
Commissions and brokerage expenses	(373,538)	(370,996)
Other underwriting expenses	(122,648)	(127,494)
Operating expenses	(59,614)	(132,550)
Income tax received (paid)	(212,519)	(131,224)
Cash received - financial assets	6,710,955	6,566,998
Cash payment - financial assets	(7,690,157)	(8,250,826)
Net cash flows provided by (used in) operating activities	103,860	(89,228)
<i>Cash flows from investing activities</i>		
Cash flows provided by		
Proceeds from sale of leasehold building improvement and equipment	1	461
Cash provided by investing activities	1	461
Cash flows used in		
Purchase of leasehold building improvement and equipment	(156)	(8,717)
Purchase of intangible assets	(15,782)	-
Cash used in investing activities	(15,938)	(8,717)
Net cash flows provided by (used in) investing activities	(15,937)	(8,256)
<i>Cash flows from financing activities</i>		
Payment of lease liabilities	(20,269)	(23,732)
Head Office current account	10 (18,060)	16,507
Net cash flows provided by (used in) financing activities	(38,329)	(7,225)
Net increase (decrease) in cash and cash equivalents	49,594	(104,709)
Cash and cash equivalents at beginning of period	964,790	1,140,788
Effect of exchange rate changes on balances held in foreign currencies	1,979	207
Cash and cash equivalents at ending of period	3 1,016,363	1,036,286

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 2022 (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 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 10 August 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

	30 June 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Cheque on hand	28,130	4,958
Deposits at banks - call deposits	526,290	507,970
Deposits at banks - time deposits	140,000	-
Highly liquid short - term investments	321,943	451,862
Total	1,016,363	964,790

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 2022 (Unaudited)

4 Premiums due and uncollected

As at 30 June 2022 and 31 December 2021, the aging analyses for premiums due and uncollected were as follows:

	30 June 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Within credit terms	1,111,958	768,712
Overdue:		
Not over 30 days	96,765	152,447
31 - 60 days	130,181	13,788
61 - 90 days	4,528	3,366
91 days - 1 year	34,769	7,177
Over 1 year	(13)	(67)
Total	<u>1,378,188</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

	30 June 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Due from reinsurers	171,749	219,920
Total	<u>171,749</u>	<u>219,920</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 2022 (Unaudited)

6 Investments in securities

6.1 Investment in securities by measurement are as follows:

	30 June 2022		31 December 2021	
	Cost / Amortised cost	Fair value (in thousand Baht)	Cost / Amortised cost	Fair value
Investment measured at fair value through other comprehensive income (loss)				
Government and state enterprise debt securities	12,792,544	12,415,738	11,510,731	11,510,853
Private debt securities	3,962,915	3,879,038	4,071,187	4,119,829
Unit trust	498,542	526,678	717,112	793,989
Equity securities	7,492	23,877	7,492	17,831
Total	17,261,493	16,845,331	16,306,522	16,442,502
Add Unrealised gain (loss)	(412,730)	-	139,412	-
Less Allowance for impairment loss	(3,432)	-	(3,432)	-
Total investment measured at fair value through other comprehensive income (loss)	16,845,331	16,845,331	16,442,502	16,442,502
Allowance for expected credit loss	496	-	1,721	-
Investment measured at amortised cost				
Deposits at banks with original maturities over 3 months	2,659,264	2,659,264	2,584,265	2,584,265
Total investment measured at amortised cost	2,659,264	2,659,264	2,584,265	2,584,265
Total investment in securities	19,504,595	19,504,595	19,026,767	19,026,767

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

	30 June 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
		(in thousand Baht)		
Debt securities - no significant increase in credit risk (stage 1)	16,294,776	496	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	526,678	-	793,989	-
Equity securities	23,877	3,432	17,831	3,432
Total	16,845,331	3,928	16,442,502	5,153

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 2022 (Unaudited)

6.3 Investment measured at amortised cost

30 June 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)	2,659,264	-	2,659,264
Total	2,659,264	-	2,659,264
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 and six-month periods ended 30 June 2022 (Unaudited)

7 Insurance contract liabilities

	30 June 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	2,176,861	(965,214)	1,211,647	2,390,323	(1,288,027)	1,102,296
- Incurred but not reported	825,161	(371,274)	453,887	854,462	(409,975)	444,487
Total loss reserves and outstanding claims	3,002,022	(1,336,488)	1,665,534	3,244,785	(1,698,002)	1,546,783
Unearned premium reserves	3,879,218	(1,047,906)	2,831,312	3,359,793	(710,109)	2,649,684
Total	6,881,240	(2,384,394)	4,496,846	6,604,578	(2,408,111)	4,196,467

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	1,179,580	(343,741)	835,839	1,767,815	(730,895)	1,036,920
Insurance claim expenses paid during the period / year	(1,393,041)	666,554	(726,487)	(3,571,991)	2,126,373	(1,445,618)
Change in estimation and assumption	(29,302)	38,701	9,399	67,420	(82,917)	(15,497)
At 30 June 2022 / 31 December 2021	3,002,022	(1,336,488)	1,665,534	3,244,785	(1,698,002)	1,546,783

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	3,408,610	(1,067,198)	2,341,412	5,874,441	(1,503,101)	4,371,340
Earned premium in the period / year	(2,889,185)	729,401	(2,159,784)	(5,739,834)	1,447,240	(4,292,594)
At 30 June 2022 / 31 December 2021	3,879,218	(1,047,906)	2,831,312	3,359,793	(710,109)	2,649,684

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 2022 (Unaudited)

8 Reinsurance payables

	30 June 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Amount withheld on reinsurance	107,751	132,726
Due to reinsurers	775,251	211,721
Total	883,002	344,447

9 Income tax expense

Income tax recognised in profit or loss

For the six-month period ended 30 June

	2022	2021
	<i>(in thousand Baht)</i>	
Current tax expense		
Current period	238,154	236,980
Over provided in prior year	-	(48)
Deferred tax expense		
Movements in temporary differences	(70,382)	(52,094)
Total	167,772	184,838

Income tax recognised in other comprehensive income (loss)

For the six-month period ended 30 June

	2022	2021
	<i>(in thousand Baht)</i>	
Deferred tax expense		
Loss on remeasurement of investments - fair value through other comprehensive income (loss)	110,668	8,162
Total	110,668	8,162

Reconciliation of effective tax rate

For the six-month period ended 30 June

	2022		2021	
		<i>(in thousand Baht)</i>		<i>(in thousand Baht)</i>
Profit before income tax		838,067		920,974
Income tax using the Thai corporation tax rate	20.0	167,613	20.0	184,195
Over provided in prior year	-	-	-	(48)
Expenses not deductible for tax purposes	-	159	-	459
Change in unrecognised temporary differences	-	-	-	232
Total	20.0	167,772	20.0	184,838

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 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 six-month period ended 30 June 2022 and 2021 with key management and related parties were summarised as follows:

<i>For the six-month period ended 30 June</i>	2022	2021
	<i>(in thousand Baht)</i>	
Revenues		
Other related parties		
Gross premiums written	107,974	110,502
Commission and brokerage income	8,975	8,685
Insurance claims expenses recovered from reinsurers	45,859	36,064
Expenses		
Other related parties		
Premiums ceded	182,445	140,821
Insurance claims expenses	23,889	79,289
Commission and brokerage expenses	214,363	235,220
Other operating expenses	54,786	64,976
Key management compensation		
Short-term and long-term benefits	3,417	7,404

Significant balances as at 30 June 2022 and 31 December 2021 with related parties were as follows:

	30 June 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Premiums due and uncollected		
Other related parties	29,643	31,505
Reinsurance assets		
Reinsurance's share of liabilities		
Other related parties	182,085	284,300

Mitsui Sumitomo Insurance Company Limited Thailand Branch
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	30 June 2022 <i>(in thousand Baht)</i>	31 December 2021
<i>Reinsurance receivables</i>		
Due from reinsurers		
Other related parties	<u>50,792</u>	<u>49,227</u>
<i>Other assets</i>		
Other related parties	<u>12,767</u>	<u>10,645</u>
<i>Insurance contract liabilities</i>		
Loss reserves and outstanding claims		
Other related parties	<u>138</u>	<u>761</u>
Accrued loss adjustment expenses		
Other related parties	<u>324</u>	<u>1,486</u>
<i>Reinsurance payables</i>		
Due to reinsurers		
Other related parties	<u>138,160</u>	<u>70,407</u>
Amount withheld on reinsurance		
Other related parties	<u>1,507</u>	<u>1,958</u>
<i>Other liabilities</i>		
Commission payables		
Other related parties	<u>93,061</u>	<u>99,116</u>
Others		
Other related parties	<u>23,082</u>	<u>39,706</u>
Funds from Head Office	<u>13,593,146</u>	<u>13,593,146</u>
Head Office current account	<u>(106,679)</u>	<u>(88,619)</u>

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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.

At 30 June 2022	Note	Fair value			Total
		Level 1	Level 2	Level 3	
		(in thousand Baht)			
Financial assets					
Investment in securities	6				
Government and state enterprise debt securities		-	12,415,738	-	12,415,738
Private debt securities		-	3,879,038	-	3,879,038
Unit trusts		-	526,678	-	526,678
Equity securities		5,608	-	18,269	23,877
Total		5,608	16,821,454	18,269	16,845,331

At 31 December 2021

Financial assets					
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:

	30 June 2022		31 December 2021	
	Book value	Face value (in thousand Baht)	Book value	Face value
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:

	30 June 2022		31 December 2021	
	Book value	Face value (in thousand Baht)	Book value	Face value
Government bonds	<u>1,865,207</u>	<u>1,843,000</u>	<u>1,437,558</u>	<u>1,420,000</u>

13 Restricted and collateral assets

	30 June 2022	31 December 2021
	(in thousand Baht)	
<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 30 June 2022, lawsuits have been brought against the Branch, in relation to insurance claims in the normal course of business totalling approximately Baht 1,379.9 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.