

**Mitsui Sumitomo Insurance Company Limited
Thailand Branch**

Condensed interim financial statements
for the three-month and six-month periods ended
30 June 2024
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 2024; the statements of comprehensive income for the three-month and six-month periods ended 30 June 2024; the statements of changes in Head Office Account and cash flows for the six-month period ended 30 June 2024, 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
13 August 2024

Mitsui Sumitomo Insurance Company Limited Thailand Branch

Statement of financial position

Assets	<i>Note</i>	30 June	31 December
		2024	2023
		(Unaudited)	
		<i>(in thousand Baht)</i>	
Cash and cash equivalents	3	947,618	449,445
Premiums due and uncollected	4, 10	841,199	1,006,249
Accrued investment income		71,843	68,300
Reinsurance assets	7, 10	1,417,322	1,916,881
Reinsurance receivables	5, 10	36,677	55,360
Investments assets			
Investments in securities	6, 12, 13	22,346,325	21,834,965
Leasehold building improvement and equipment		8,734	11,421
Right-of-use assets		108,673	47,903
Intangible assets		11,889	14,007
Deferred tax assets		625,184	635,488
Other assets	10	<u>95,142</u>	<u>57,035</u>
Total assets		<u>26,510,606</u>	<u>26,097,054</u>

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
	<i>Note</i>	2024	2023
Liabilities and Head Office Account		(Unaudited)	
		<i>(in thousand Baht)</i>	
Liabilities			
Insurance contract liabilities	7, 10	5,728,713	6,366,315
Reinsurance payables	8, 10	494,052	253,723
Corporate income tax payable		133,223	132,141
Employee benefit obligations		106,900	98,096
Lease liabilities		110,474	49,376
Other liabilities	10	405,720	356,314
Total liabilities		6,979,082	7,255,965
Head Office Account			
Funds from Head Office	10	13,593,146	13,593,146
Head Office current account	10	(104,582)	(117,145)
Retained earnings		6,259,253	5,605,202
Other components of Head Office Account		(216,293)	(240,114)
Total Head Office Account		19,531,524	18,841,089
Total liabilities and Head Office Account		26,510,606	26,097,054

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	
	2024	2023
	<i>(in thousand Baht)</i>	
Revenues		
Gross premiums written	1,590,395	1,717,174
<i>Less</i> premiums ceded	<u>(582,010)</u>	<u>(482,571)</u>
Net premiums written	1,008,385	1,234,603
Unearned premium reserve increased from previous period	(53,467)	(264,584)
<i>Add</i> reinsurers' share of unearned premium reserve increased from previous period	<u>72,551</u>	<u>102,763</u>
Net premiums earned	1,027,469	1,072,782
Commission and brokerage income	27,491	29,511
Net investment income	123,622	89,251
Loss on investments	(4,974)	(6,570)
Gain on foreign exchange rate	<u>38</u>	<u>113</u>
Total revenues	<u>1,173,646</u>	<u>1,185,087</u>
Expenses		
Insurance claims expenses (reversal)	546,598	(359,788)
<i>Add (less)</i> insurance claims expenses recovered from reinsurers	<u>(55,408)</u>	<u>223,072</u>
Net insurance claims expenses	491,190	(136,716)
Commission and brokerage expenses	174,944	204,516
Other underwriting expenses	71,721	62,087
Operating expenses	75,484	71,149
Expected credit loss (reversal)	<u>(115)</u>	<u>102</u>
Total expenses	<u>813,224</u>	<u>201,138</u>
Profit before income tax	<u>360,422</u>	<u>983,949</u>
Income tax expense	<u>72,132</u>	<u>196,768</u>
Net profit	<u>288,290</u>	<u>787,181</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	
	2024	2023
	<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 loss	(95,884)	(144,405)
Income tax relating to components of other comprehensive income that will be reclassified subsequently to profit or loss	19,177	28,881
Other comprehensive income (loss) for the period, net of income tax	<u>(76,707)</u>	<u>(115,524)</u>
Total comprehensive income for the period	<u><u>211,583</u></u>	<u><u>671,657</u></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	
	Note	2024	2023
		<i>(in thousand Baht)</i>	
Revenues			
Gross premiums written	10	2,733,526	2,881,165
Less premiums ceded	10	<u>(793,767)</u>	<u>(693,283)</u>
Net premiums written		1,939,759	2,187,882
Unearned premium reserve decreased from previous period		281,072	34,130
Less reinsurers' share of unearned premium reserve decreased from previous period		<u>(158,960)</u>	<u>(87,579)</u>
Net premiums earned		2,061,871	2,134,433
Commission and brokerage income	10	61,707	56,512
Net investment income		231,919	171,154
Loss on investments		(6,264)	(11,572)
Gain (loss) on foreign exchange rate		89	(604)
Other income		<u>721</u>	<u>502</u>
Total revenues		<u>2,350,043</u>	<u>2,350,425</u>
Expenses			
Insurance claims expenses (reversal)	10	839,875	(92,332)
Add insurance claims expenses recovered from reinsurers	10	<u>64,899</u>	<u>341,809</u>
Net insurance claims expenses		904,774	249,477
Commission and brokerage expenses	10	334,812	360,640
Other underwriting expenses		145,560	124,390
Operating expenses	10	147,260	137,988
Expected credit loss (reversal)	6	<u>(135)</u>	<u>81</u>
Total expenses		<u>1,532,271</u>	<u>872,576</u>
Profit before income tax		817,772	1,477,849
Income tax expense	9	<u>163,721</u>	<u>295,547</u>
Net profit		<u>654,051</u>	<u>1,182,302</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	
	Note	2024	2023
		<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)		29,776	(164,304)
Income tax relating to components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss	9	<u>(5,955)</u>	<u>32,861</u>
Other comprehensive income (loss) for the period, net of income tax		<u>23,821</u>	<u>(131,443)</u>
Total comprehensive income for the period		<u><u>677,872</u></u>	<u><u>1,050,859</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</u> investments measured at fair value through other comprehensive income (loss)	Total Head Office Account
Six-month period ended 30 June 2023					
Balance at 1 January 2023	13,593,146	(130,777)	4,384,860	(92,171)	17,755,058
Comprehensive income (loss) for the period					
Net profit	-	-	1,182,302	-	1,182,302
Other comprehensive income (loss)	-	-	-	(131,443)	(131,443)
Total comprehensive income (loss) for the period	-	-	1,182,302	(131,443)	1,050,859
Head Office current account	-	19,053	-	-	19,053
Balance at 30 June 2023	13,593,146	(111,724)	5,567,162	(223,614)	18,824,970

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</u> investments measured at fair value through other comprehensive income (loss)	Total Head Office Account
Six-month period ended 30 June 2024					
Balance at 1 January 2024	13,593,146	(117,145)	5,605,202	(240,114)	18,841,089
Comprehensive income (loss) for the period					
Net profit	-	-	654,051	-	654,051
Other comprehensive income (loss)	-	-	-	23,821	23,821
Total comprehensive income (loss) for the period	-	-	654,051	23,821	677,872
Head Office current account	-	12,563	-	-	12,563
Balance at 30 June 2024	13,593,146	(104,582)	6,259,253	(216,293)	19,531,524

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

Mitsui Sumitomo Insurance Company Limited Thailand Branch

Statement of cash flows (Unaudited)

	Note	Six-month period ended	
		2024	2023
		30 June	
		<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>			
Premium received		2,865,096	2,822,873
Cash received from (paid to) reinsurers		(187,374)	74,724
Interest received		228,265	169,056
Other income		832	502
Insurance claims expenses		(1,157,239)	(1,085,819)
Commissions and brokerage expenses		(344,291)	(379,312)
Other underwriting expenses		(145,565)	(124,390)
Operating expenses		(105,514)	(119,317)
Income tax paid		(158,290)	(183,609)
Cash received - financial assets		6,929,619	7,675,904
Cash payment - financial assets		(7,417,331)	(9,233,607)
Net cash flows provided by (used in) operating activities		508,208	(382,995)
<i>Cash flows from investing activities</i>			
Cash flows provided by			
Proceeds from sale of leasehold building improvement and equipment		-	5
Cash provided by investing activities		-	5
Cash flows used in			
Purchase of leasehold building improvement and equipment		(194)	(1,230)
Purchase of intangible assets		(468)	-
Cash used in investing activities		(662)	(1,230)
Net cash flows used in investing activities		(662)	(1,225)
<i>Cash flows from financing activities</i>			
Payment of lease liabilities		(22,025)	(18,966)
Head Office current account	10	12,563	19,053
Net cash flows provided by (used in) financing activities		(9,462)	87
Net increase (decrease) in cash and cash equivalents		498,084	(384,133)
Cash and cash equivalents at beginning of period		449,445	1,142,020
Effect of exchange rate changes on balances held in foreign currencies		89	(604)
Cash and cash equivalents at ending of period	3	947,618	757,283

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 2024 (Unaudited)

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Mitsui Sumitomo Insurance Company Limited Thailand Branch
Notes to the condensed interim financial statements
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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 13 August 2024.

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 for the Preparation and Submission of the Financial Statements of Non-Life insurance Companies” B.E. 2566, dated 8 February 2023 which was applicable for the financial reporting period starting from 1 January 2023. 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 2023.

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 2023.

The Branch has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Branch’s operations are disclosed in note 15.

3 Cash and cash equivalents

	30 June 2024	31 December 2023
	<i>(in thousand Baht)</i>	
Cheque on hand	47,121	4,239
Deposits at banks - call deposits	282,628	203,541
Deposits at banks - time deposits	50,000	150,000
Highly liquid short - term investments	567,869	91,665
Total	947,618	449,445

Mitsui Sumitomo Insurance Company Limited Thailand Branch
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4 Premiums due and uncollected

As at 30 June 2024 and 31 December 2023, the aging analyses for premiums due and uncollected were as follows:

	30 June 2024	31 December 2023
	<i>(in thousand Baht)</i>	
Within credit terms	535,954	847,532
Overdue:		
Not over 30 days	99,236	123,542
31 - 60 days	113,834	27,347
61 - 90 days	2,686	1,222
91 days - 1 year	76,520	5,944
Over 1 year	12,969	662
Total	<u>841,199</u>	<u>1,006,249</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 2024	31 December 2023
	<i>(in thousand Baht)</i>	
Due from reinsurers	<u>36,677</u>	<u>55,360</u>
Total	<u>36,677</u>	<u>55,360</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 2024 (Unaudited)

6 Investments in securities

6.1 Investment in securities by measurement are as follows:

	30 June 2024		31 December 2023	
	Cost / Amortised cost	Fair value <i>(in thousand Baht)</i>	Cost / Amortised cost	Fair value
<i>Investment measured at fair value through other comprehensive income (loss)</i>				
Government and state enterprise debt securities	16,323,639	16,106,355	15,171,968	14,915,172
Private debt securities	3,444,749	3,421,216	3,605,001	3,565,960
Unit trusts	410,528	369,905	410,528	394,374
Equity securities	7,492	14,653	7,492	15,263
Total	20,186,408	19,912,129	19,194,989	18,890,769
<i>Less unrealised loss</i>	<i>(270,847)</i>	<i>-</i>	<i>(300,788)</i>	<i>-</i>
<i>Less allowance for impairment loss</i>	<i>(3,432)</i>	<i>-</i>	<i>(3,432)</i>	<i>-</i>
Total investment measured at fair value through other comprehensive income	<u>19,912,129</u>	<u>19,912,129</u>	<u>18,890,769</u>	<u>18,890,769</u>
Allowance for expected credit loss	509	-	644	-
<i>Investment measured at amortised cost</i>				
Deposits at banks with original maturities over 3 months	2,434,196	2,434,196	2,944,196	2,944,196
Total investment measured at amortised cost	<u>2,434,196</u>	<u>2,434,196</u>	<u>2,944,196</u>	<u>2,944,196</u>
Total investment in securities	<u>22,346,325</u>	<u>22,346,325</u>	<u>21,834,965</u>	<u>21,834,965</u>

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

	30 June 2024		31 December 2023	
	Fair value	Allowance for expected credit loss / Allowance for impairment loss <i>(in thousand Baht)</i>	Fair value	Allowance for expected credit loss / Allowance for impairment loss
Debt securities - no significant increase in credit risk (stage 1)	19,527,571	509	18,481,132	644
Debt securities - unit trusts	369,905	-	394,374	-
Equity securities	14,653	3,432	15,263	3,432
Total	<u>19,912,129</u>	<u>3,941</u>	<u>18,890,769</u>	<u>4,076</u>

Mitsui Sumitomo Insurance Company Limited Thailand Branch
Notes to the condensed interim financial statements
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6.3 Investment measured at amortised cost

	Book value	30 June 2024 Allowance for expected credit loss <i>(in thousand Baht)</i>	Net book value
Debt securities - no significant increase in credit risk (stage 1)	2,434,196	-	2,434,196
Total	2,434,196	-	2,434,196
		31 December 2023 Allowance for expected credit loss <i>(in thousand Baht)</i>	
	Book value		Net book value
Debt securities - no significant increase in credit risk (stage 1)	2,944,196	-	2,944,196
Total	2,944,196	-	2,944,196

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 2024 (Unaudited)

7 Insurance contract liabilities

	30 June 2024			31 December 2023		
	Liabilities under insurance contracts	Reinsurers' share of liabilities	Net	Liabilities under insurance contracts	Reinsurers' share of liabilities	Net
Short-term technical reserves						
Loss reserves and outstanding claims						
- Case reserves	1,081,790	(362,232)	719,558	1,412,408	(635,523)	776,885
- Incurred but not reported	1,508,206	(370,412)	1,137,794	1,534,119	(437,721)	1,096,398
Total loss reserves and outstanding claims	2,589,996	(732,644)	1,857,352	2,946,527	(1,073,244)	1,873,283
Unearned premium reserves	3,138,717	(684,678)	2,454,039	3,419,788	(843,637)	2,576,151
Total	5,728,713	(1,417,322)	4,311,391	6,366,315	(1,916,881)	4,449,434

7.1 Loss reserves and outstanding claims

At 1 January	2,946,527	(1,073,244)	1,873,283	3,473,721	(1,872,077)	1,601,644
Insurance claim expenses incurred during the period / year	804,387	(2,410)	801,977	1,218,780	18,154	1,236,934
Insurance claim expenses paid during the period / year	(1,135,005)	275,701	(859,304)	(2,308,972)	724,046	(1,584,926)
Change in estimation and assumption	(25,913)	67,309	41,396	562,998	56,633	619,631
At 30 June 2024 / 31 December 2023	2,589,996	(732,644)	1,857,352	2,946,527	(1,073,244)	1,873,283

7.2 Unearned premium reserves

At 1 January	3,419,788	(843,637)	2,576,151	3,451,468	(777,159)	2,674,309
Premiums written during the period / year	2,733,526	(793,767)	1,939,759	5,997,378	(1,827,826)	4,169,552
Earned premium in the period / year	(3,014,597)	952,726	(2,061,871)	(6,029,058)	1,761,348	(4,267,710)
At 30 June 2024 / 31 December 2023	3,138,717	(684,678)	2,454,039	3,419,788	(843,637)	2,576,151

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 2024 (Unaudited)

8 Reinsurance payables

	30 June 2024	31 December 2023
	<i>(in thousand Baht)</i>	
Amount withheld on reinsurance	4,722	4,477
Due to reinsurers	489,330	249,246
Total	<u>494,052</u>	<u>253,723</u>

9 Income tax expense

Income tax recognised in profit and loss

For the six-month period ended 30 June

Current tax expense

	2024	2023
	<i>(in thousand Baht)</i>	
Current period	159,373	211,013

Deferred tax expense

Movements in temporary differences	4,348	84,534
Total	<u>163,721</u>	<u>295,547</u>

Income tax recognised in other comprehensive income (loss)

For the six-month period ended 30 June

Deferred tax expense

	2024	2023
	<i>(in thousand Baht)</i>	
Gain (loss) on remeasurement of investments - fair value through other comprehensive income (loss)	(5,955)	32,861
Total	<u>(5,955)</u>	<u>32,861</u>

Reconciliation of effective tax rate

For the six-month period ended 30 June

	2024		2023	
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before income tax		817,772		1,477,849
Income tax using the Thai corporation tax rate	20.0	163,555	20.0	295,570
Expenses not deductible for tax purposes	-	166	-	(23)
Total	<u>20.0</u>	<u>163,721</u>	<u>20.0</u>	<u>295,547</u>

Mitsui Sumitomo Insurance Company Limited Thailand Branch
Notes to the condensed interim financial statements
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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 2024 and 2023 with key management and related parties were summarised as follows:

<i>For the six-month period ended 30 June</i>	2024	2023
	<i>(in thousand Baht)</i>	
Revenues		
Other related parties		
Gross premiums written (refund)	(2,734)	59,713
Commission and brokerage income	9,439	8,690
Insurance claims expenses recovered from reinsurers (reversal)	12,243	(49,428)
Expenses		
Other related parties		
Premiums ceded	111,526	108,923
Insurance claims expenses	16,151	32,188
Commission and brokerage expenses	168,810	188,048
Other operating expenses	73,503	65,857
Key management compensation		
Short-term and long-term benefits	6,975	5,354

Significant balances as at 30 June 2024 and 31 December 2023 with related parties were as follows:

	30 June 2024	31 December 2023
	<i>(in thousand Baht)</i>	
Premiums due and uncollected		
Other related parties	<u>46,208</u>	<u>25,402</u>
Reinsurance assets		
Reinsurance's share of liabilities		
Other related parties	<u>32,002</u>	<u>63,298</u>

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	30 June 2024	31 December 2023
	<i>(in thousand Baht)</i>	
<i>Reinsurance receivables</i>		
Due from reinsurers		
Other related parties	<u>8,453</u>	<u>33,383</u>
<i>Other assets</i>		
Other related parties	<u>11,461</u>	<u>11,137</u>
<i>Insurance contract liabilities</i>		
Loss reserves and outstanding claims		
Other related parties	<u>45,323</u>	<u>64,147</u>
Accrued loss adjustment expenses		
Other related parties	<u>698</u>	<u>536</u>
<i>Reinsurance payables</i>		
Due to reinsurers		
Other related parties	<u>61,811</u>	<u>49,273</u>
Amount withheld on reinsurance		
Other related parties	<u>85</u>	<u>81</u>
<i>Other liabilities</i>		
Commission payables		
Other related parties	<u>79,037</u>	<u>78,996</u>
Others		
Other related parties	<u>25,942</u>	<u>28,252</u>
Funds from Head Office	<u>13,593,146</u>	<u>13,593,146</u>
Head Office current account	<u>(104,582)</u>	<u>(117,145)</u>

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.

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<i>At 30 June 2024</i>	<i>Note</i>	Book value	Fair value			Total
			Level 1	Level 2	Level 3	
<i>Financial assets</i>						
Investment in securities	6					
Government and state enterprise						
debt securities		16,106,355	-	16,106,355	-	16,106,355
Private debt securities		3,421,216	-	3,421,216	-	3,421,216
Unit trusts		369,905	-	369,905	-	369,905
Equity securities		14,653	3,721	-	10,932	14,653
Total		19,912,129	3,721	19,897,476	10,932	19,912,129

At 31 December 2023

<i>Financial assets</i>						
Investment in securities	6					
Government and state enterprise						
debt securities		14,915,172	-	14,915,172	-	14,915,172
Private debt securities		3,565,960	-	3,565,960	-	3,565,960
Unit trusts		394,374	-	394,374	-	394,374
Equity securities		15,263	4,331	-	10,932	15,263
Total		18,890,769	4,331	18,875,506	10,932	18,890,769

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.

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.

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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 2024		31 December 2023	
	Book value	Face value	Book value	Face value
	<i>(in thousand Baht)</i>			
Time deposits at banks	14,000	14,000	14,000	14,000

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 2024		31 December 2023	
	Book value	Face value	Book value	Face value
	<i>(in thousand Baht)</i>			
Government bonds	1,877,406	1,843,000	1,880,157	1,843,000

13 Restricted and collateral assets

	30 June 2024	31 December 2023
	<i>(in thousand Baht)</i>	
<i>Deposits at banks - time deposits</i>		
To secure bank guarantee facilities issued by banks	196	196

14 Contingent liabilities

As at 30 June 2024, lawsuits have been brought against the Branch, in relation to insurance claims in the normal course of business totalling approximately Baht 1,606 million (*31 December 2023: Baht 1,639 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.

15 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new TFRS which are relevant to the Branch's operations are expected to have significant impact on the Branch's financial statements on the date of initial application are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 17	Insurance contracts

* TFRS - Financial instruments standards

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(a) TFRS - Financial instruments standards

TFRS 9 and TFRS 7 became effective for the annual periods beginning on or after 1 January 2020. However, TFRS 4 Insurance Contracts has allowed insurance entities that meet the conditions as laid down by TFRS 4, to use the deferral approach in application of TFRS 9 and TFRS 7 for insurance entities and continue to apply Accounting Guidance: Financial Instruments and Disclosures for Insurance Business until TFRS 17 Insurance contract becomes effective in 2025.

These TFRSs establish requirements related to definition, classification, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

(b) TFRS 17 - Insurance contracts

TFRS 17 will replace TFRS 4 - Insurance Contracts for the annual periods beginning on or after 1 January 2025.

TFRS 17 introduces the new measurement model which consists of fulfilment cash flows and a contractual service margin. The fulfilment cash flows represent the risk adjusted present value of the insurer's rights and obligations to the policyholders, comprising estimates of expected cash flows, discounting, and an explicit risk adjustment for non-financial risk. The contractual service margin represents the unearned profit from in-force contracts that the Branch will recognise as it provides services over the coverage period. The contractual service margin is earned based on a pattern of coverage units, reflecting the quantity of benefits provided. The simplified approach may be chosen to adopt when certain criteria are met.

The Branch may elect to recognise the cumulative negative impact on insurance contract liabilities from the adoption of TFRS 17 to retained earnings by applying the straight-line method within the period not exceeding 3 years from transition date.

TFRS 17 also introduces substantial changes in both presentation of the statement of financial position and statement of comprehensive income, as well as more granular disclosure requirements.

The Branch is presently considering the potential impact of adopting and initially applying those TFRSs on the financial statements.