

MSIG Insurance (Thailand) Public Company Limited

Condensed interim financial statements
for the three-month and nine-month periods ended
30 September 2020
and
Independent auditor's review report



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Independent auditor's report on review of interim financial information

To the Board of Directors of MSIG Insurance (Thailand) Public Company Limited

I have reviewed the accompanying statement of financial position of MSIG Insurance (Thailand) Public Company Limited as at 30 September 2020; the statement of comprehensive income for the three-month and nine-month periods ended 30 September 2020; the statements of changes in equity and cash flows for the nine-month period ended 30 September 2020, 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 November 2020

MSIG Insurance (Thailand) Public Company Limited

Statement of financial position

Assets	Note	30 September	31 December
		2020	2019
		(Unaudited)	
		(in thousand Baht)	
Cash and cash equivalents	4, 17	215,408	233,814
Premiums due and uncollected	5, 21	656,234	757,042
Accrued investment income		16,637	9,887
Reinsurance assets	8, 14	351,654	340,114
Reinsurance receivables	6	71,374	157,841
Investments assets			
Investments in securities	7, 15, 16	2,852,455	2,790,740
Premises and equipment		268,904	273,543
Right-of-use-assets		8,174	-
Intangible assets		31,309	36,347
Deferred acquisition costs		493,246	535,379
Deferred tax assets		272,199	265,859
Other assets	14, 21	87,355	69,560
Total assets		5,324,949	5,470,126

 **MSIG**
ดร. เอ็ม เอส ไอ จี ประสิทธิ์ชัย (ประเทศไทย)
MSIG Insurance (Thailand) Public Company Limited

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

MSIG Insurance (Thailand) Public Company Limited

Statement of financial position

		30 September	31 December
	<i>Note</i>	2020	2019
		(Unaudited)	
		<i>(in thousand Baht)</i>	
Liabilities and equity			
<i>Liabilities</i>			
Insurance contract liabilities	8	2,764,489	2,941,592
Reinsurance payables	9, 14	239,088	222,191
Income tax payable		10,764	41,989
Employee benefit obligations		283,253	272,262
Lease liabilities	21	17,430	13,515
Other liabilities	14, 21	402,704	412,945
Total liabilities		3,717,728	3,904,494
<i>Equity</i>			
Share capital			
Authorized share capital		142,666	142,666
<i>(1,426,662 ordinary shares, par value at Baht 100 per share)</i>			
Issued and paid-up share capital		142,666	142,666
<i>(1,426,662 ordinary shares, par value at Baht 100 per share)</i>			
Share premium on ordinary shares		146,069	146,069
Retained earnings			
Appropriated			
Legal reserve		14,266	14,266
Unappropriated		1,306,882	1,231,928
Other components of shareholders' equity		(2,662)	30,703
Total equity		1,607,221	1,565,632
Total liabilities and equity		5,324,949	5,470,126

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

MSIG Insurance (Thailand) Public Company Limited
Statement of comprehensive income (Unaudited)

	Note	Three-month period ended	
		30 September	
		2020	2019
		<i>(in thousand Baht)</i>	
Revenues			
Gross premiums written		899,158	1,001,866
Less premiums ceded	14	<u>(138,413)</u>	<u>(135,429)</u>
Net premiums written		760,745	866,437
Unearned premium reserve increased from previous period		(914)	(20,147)
Less reinsurers' share of unearned premium reserve decreased from previous period		<u>(9,883)</u>	<u>(11,968)</u>
Net premium earned		749,948	834,322
Commission and brokerage income	14	39,788	37,800
Net investment income		12,241	15,707
Gain on investments		10,973	11,650
Other income	14	<u>2,902</u>	<u>6,524</u>
Total revenues		<u>815,852</u>	<u>906,003</u>
Expenses			
Insurance claim expenses		373,000	450,030
Less insurance claims expenses recovered from reinsurers	14	<u>(28,103)</u>	<u>(43,374)</u>
Net insurance claims expenses		344,897	406,656
Commissions and brokerage expenses		139,768	152,735
Other underwriting expenses		126,693	141,234
Operating expenses	14	138,343	135,506
Expected credit loss (reversal)	13	<u>(122)</u>	<u>-</u>
Total expenses		<u>749,579</u>	<u>836,131</u>
Profit before income tax		66,273	69,872
Income tax	11	<u>12,469</u>	<u>13,281</u>
Net profit		<u>53,804</u>	<u>56,591</u>
Other comprehensive income (loss)			
<i>Components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss</i>			
Gain (loss) on remeasurement of investment-fair value through other comprehensive income (loss)		(36,441)	12,685
Income tax relating to components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss		<u>7,288</u>	<u>(2,537)</u>
Total components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss		<u>(29,153)</u>	<u>10,148</u>
Other comprehensive income (loss) for the period, net of income tax		<u>(29,153)</u>	<u>10,148</u>
Total comprehensive income (loss) for the period		<u>24,651</u>	<u>66,739</u>
Basic earnings per share (in Baht)		<u>37.71</u>	<u>39.67</u>

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MSIG Insurance (Thailand) Public Company Limited
Statement of comprehensive income (Unaudited)

		Nine-month period ended	
		30 September	
	Note	2020	2019
		<i>(in thousand Baht)</i>	
Revenues			
Gross premiums written		2,625,663	2,972,962
Less premiums ceded	14	<u>(440,975)</u>	<u>(454,766)</u>
Net premiums written		2,184,688	2,518,196
Unearned premium reserve decreased (increased) from previous period		138,912	(46,583)
Less reinsurers' share of unearned premium reserve increased from previous period		<u>4,511</u>	<u>17,039</u>
Net premium earned		2,328,111	2,488,652
Commission and brokerage income	14	108,847	122,142
Net investment income		38,321	40,786
Gain on investments		4,682	4,760
Other income	14	<u>6,616</u>	<u>9,865</u>
Total revenues		<u>2,486,577</u>	<u>2,666,205</u>
Expenses			
Insurance claim expenses		1,158,157	1,484,837
Less insurance claims expenses recovered from reinsurers	14	<u>(102,206)</u>	<u>(153,597)</u>
Net insurance claims expenses		1,055,951	1,331,240
Commission and brokerage expenses		440,386	436,235
Other underwriting expenses		394,129	446,136
Operating expenses	14	424,706	412,514
Expected credit loss	13	<u>109</u>	<u>-</u>
Total expenses		<u>2,315,281</u>	<u>2,626,125</u>
Profit before income tax		171,296	40,080
Income tax	11	<u>31,988</u>	<u>67</u>
Net profit		<u>139,308</u>	<u>40,013</u>
Other comprehensive income (loss)			
Components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss			
Gain (loss) on remeasurement of investment-fair value through other comprehensive income (loss)		(41,899)	53,953
Income tax relating to components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss		<u>8,380</u>	<u>(10,791)</u>
Total components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss		<u>(33,519)</u>	<u>43,162</u>
Components of other comprehensive income (loss) that will not be reclassified subsequently to profit or loss			
Actuarial gains on defined employee benefit plans		-	4,287
Income tax relating to components of other comprehensive income (loss) that will not be reclassified subsequently to profit or loss		<u>-</u>	<u>(857)</u>
Total components of other comprehensive income (loss) that will not be reclassified subsequently to profit or loss		<u>-</u>	<u>3,430</u>
Other comprehensive income (loss) for the period, net income tax		<u>(33,519)</u>	<u>46,592</u>
Total comprehensive income (loss) for the period		<u>105,789</u>	<u>86,605</u>
Basic earnings per share (in Baht)		<u>97.65</u>	<u>28.05</u>

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

MSIG Insurance (Thailand) Public Company Limited
Statement of changes in equity (Unaudited)

			Retained earnings		Other components of equity		
		Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Unappropriated	Gain (loss) on investment measured at fair value through other comprehensive income	Total equity
	Note						
<i>(in thousand Baht)</i>							
Nine-month period ended 30 September 2019							
Balance at 1 January 2019		142,666	146,069	14,266	1,167,098	(9,495)	1,460,604
Transactions with shareholders, recorded directly in equity							
<i>Distributions to shareholders of the Company</i>							
Dividends	12, 14	-	-	-	(64,200)	-	(64,200)
Total distributions to shareholders of the Company		-	-	-	(64,200)	-	(64,200)
Comprehensive income for the period							
Net profit		-	-	-	40,013	-	40,013
Other comprehensive income		-	-	-	3,430	43,162	46,592
Total comprehensive income for the period		-	-	-	43,443	43,162	86,605
Balance at 30 September 2019		142,666	146,069	14,266	1,146,341	33,667	1,483,009

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

MSIG Insurance (Thailand) Public Company Limited

Statement of changes in equity (Unaudited)

			Retained earnings		Other components of equity		
	Note	Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Unappropriated (in thousand Baht)	Gain (loss) on investment measured at fair value through other comprehensive income	Total equity
Nine-month period ended 30 September 2020							
Balance at 31 December 2019, as previously reported		142,666	146,069	14,266	1,231,928	30,703	1,565,632
Impact of change in accounting policies	3	-	-	-	(154)	154	-
Balance at 1 January 2020, as restated		142,666	146,069	14,266	1,231,774	30,857	1,565,632
Transactions with shareholders, recorded directly in equity							
<i>Distributions to shareholders of the Company</i>							
Dividends	12, 14	-	-	-	(64,200)	-	(64,200)
<i>Total distributions to shareholders of the Company</i>		-	-	-	(64,200)	-	(64,200)
Comprehensive income (loss) for the period							
Net profit		-	-	-	139,308	-	139,308
Other comprehensive income (loss)		-	-	-	-	(33,519)	(33,519)
Total comprehensive income (loss) for the period		-	-	-	139,308	(33,519)	105,789
Balance at 30 September 2020		142,666	146,069	14,266	1,306,882	(2,662)	1,607,221

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

MSIG Insurance (Thailand) Public Company Limited

Statement of cash flows (Unaudited)

		Nine-month period ended	
		30 September	
	Note	2020	2019
		<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>			
Premium received	21	2,717,553	2,971,161
Cash paid to reinsurers		(128,132)	(169,573)
Interest received		29,001	32,959
Dividend received		3,227	3,629
Other income		9,192	8,924
Insurance claims expenses	21	(1,159,734)	(1,570,647)
Commission and brokerage expenses		(419,198)	(461,569)
Other underwriting expenses	21	(374,080)	(432,025)
Operating expenses	21	(438,625)	(421,540)
Income tax paid		(61,174)	(32,728)
Cash received - financial assets	21	2,459,291	2,605,262
Cash payment - financial assets	21	<u>(2,558,988)</u>	<u>(2,602,343)</u>
Net cash flows provided by (used in) operating activities		<u>78,333</u>	<u>(68,490)</u>
<i>Cash flows from investing activities</i>			
Cash flows provided by			
Proceeds from sale of equipment		<u>70</u>	<u>1,264</u>
Cash provided by investing activities		<u>70</u>	<u>1,264</u>
Cash flows used in			
Purchase of building improvement and equipment		<u>(24,098)</u>	<u>(15,906)</u>
Cash used in investing activities		<u>(24,098)</u>	<u>(15,906)</u>
Net cash flows used in investing activities		<u>(24,028)</u>	<u>(14,642)</u>
<i>Cash flows from financing activities</i>			
Payment of lease liabilities	21	(8,015)	(3,028)
Interest paid	10, 21	(496)	(271)
Dividend paid	12, 14	<u>(64,200)</u>	<u>(64,200)</u>
Net cash flows used in financing activities		<u>(72,711)</u>	<u>(67,499)</u>
Net decrease in cash and cash equivalents		(18,406)	(150,631)
Cash and cash equivalents at beginning of period		<u>233,814</u>	<u>311,329</u>
Cash and cash equivalents at ending of period	4	<u>215,408</u>	<u>160,698</u>

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

MSIG Insurance (Thailand) Public Company Limited
Notes to the condensed interim financial statements
For the three-month and nine-month periods ended 30 September 2020 (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 Company's Board of Directors on 13 November 2020.

1 General information

The principal business of the Company is the operation of non-life insurance.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The condensed interim primary 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 statements") 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, which are effective for annual periods beginning on or after 1 January 2020.

The interim financial statements do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company for the year ended 31 December 2019.

The Company has initially applied Accounting Guideline - Financial instruments standards and disclosure for insurance entities, TAS 32 Financial Instruments: Presentation, and TFRS 16 Leases and disclosed impact from changes to significant accounting policies in note 3.

In addition, the Company 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 Company's operations are disclosed in note 20.

(b) Use of judgements, estimates and accounting policies

In preparing these interim financial statements, judgements and estimates are made by management in applying the Company'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 described in the financial statements for the year ended 31 December 2019, except for the new significant judgements and key sources of estimation uncertainty related to the application of new TFRS as described in note 3.

MSIG Insurance (Thailand) Public Company Limited
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3 Changes in accounting policies

From 1 January 2020, the Company has initially applied Accounting Guideline: Financial Instruments and disclosure for insurance entities and TFRS 16. Impact of changes in accounting policies on shareholders' equity are as follows:

	<i>Note</i>	Retained earnings <i>(in thousand Baht)</i>	Other components of equity
At 31 December 2019 - as reported		1,231,928	30,703
<i>Increase (decrease) due to:</i>			
Adoption of Accounting Guideline: Financial Instruments and disclosure for insurance entities			
Classification of financial instruments	<i>(a (1))</i>	-	-
Impairment losses on financial assets	<i>(a (2))</i>	(154)	192
Related tax		-	(38)
Adoption of TFRS 16 - net of tax	<i>(b)</i>	-	-
At 1 January 2020 - restated		<u>1,231,774</u>	<u>30,857</u>

(a) Accounting Guideline: Financial Instruments and Disclosure for insurance entities

The Company has adopted Accounting Guideline for Financial instruments and Disclosure for insurance entities by adjusting the cumulative effects to retained earnings and other components of equity on 1 January 2020. Therefore, the Company did not adjust the information presented for 2019.

TFRS 4 Insurance Contracts (revised 2019), has allowed insurance entities that meet the conditions as laid down by TFRS 4, to use the deferral approach to TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures and continue to apply Accounting Guideline: Financial Instruments and Disclosure for insurance entities until TFRS 17 Insurance contract becomes effective.

The Company has met the above condition as mentioned in TFRS 4 Insurance Contracts (revised 2019) and selected to apply Accounting Guideline for Financial Instruments and Disclosure for insurance Company.

Accounting Guideline: Financial Instruments and Disclosure for insurance entities is prepared using the principle of TFRS 9 Financial Instruments, TFRS 7 Financial Instruments: Disclosures and TAS 32 Financial Instruments: Presentation. The significant differences between Accounting Guideline: Financial Instruments and Disclosure for insurance entities and TFRS 9 are described below.

- Classification and measurement of financial assets : These are to be classified as trading securities, available-for-sale securities, held to maturity debt securities, and receivables and loans, with no requirement to take into account the assessment of the Company's business model and the characteristics of the contractual cash flows.
- Loss on impairment, gain or loss on derecognition, and gain and loss on fair value hedges for available- for- sale equity securities and unit trust items are to be recognised in profit or loss.
- The embedded derivatives in financial assets that are hybrid contracts are to be separated from host contract if they meet all criteria for separation.
- The disclosure have some differences from TFRS 7.

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Unit trust which is reclassified as financial liabilities under TAS 32 Financial Instruments: Presentation, the gain or loss on foreign exchange rate are to recognised in profit or loss.

The impact from the adoption Accounting Guideline: Financial Instruments and disclosure for insurance entities as follows:

(1) Classification and measurement of financial assets and financial liabilities

The following table shows measurement categories under previous standards and Accounting Guideline: Financial Instruments and disclosure for insurance entities, including reconciliation of the carrying amounts of each class of the Company's financial assets and financial liabilities as at 1 January 2020.

	Classification under previous standards at 31 December 2019	Classification under Accounting Guideline: Financial Instruments and disclosure for insurance entities at 1 January 2020		
		Carrying amounts	Fair value through profit or loss <i>(in thousand Baht)</i>	Fair value through other comprehensive income
General investments	2,067	-	2,067	-
Other debt instruments held to maturities	220,702	-	-	220,702
Total	222,769	-	2,067	220,702

(2) Impairment - Financial assets

Accounting Guideline : Financial Instruments and disclosure for insurance entities introduces forward-looking 'expected credit loss' (ECL) model whereas previously the Company estimates allowance for impairment account by analysing payment histories and future expectation of payment. Accounting Guideline : Financial Instruments and disclosure for insurance entities requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at 'fair value through other comprehensive income' (FVOCI), lease receivables, loans. For investments in equity instruments or unit trusts measured at FVOCI, impairment is considered from objective evidence of impairment, including information about significant change in negative technology, marketing, economy and law environment, which securities issuers has operated, indicate that cost of investment in this equity will not be recovered. Significant or prolonged of investment's fair value which is lower than their cost, as objective evidence impairment.

MSIG Insurance (Thailand) Public Company Limited
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The Company has determined that the application of Accounting Guideline :Financial Instruments and disclosure for insurance entities's impairment requirements at 1 January 2020 results in an additional allowance for impairment loss as follows:

	<i>(in thousand Baht)</i>
Allowance for impairment losses at 31 December 2019	
Allowance for impairment losses on investment in securities	<u>170</u>
<i>Additional impairment loss recognised at 1 January 2020 on:</i>	
- Cash and cash equivalents	-
- Debt instruments measured at amortised cost	-
- Debt instruments measured at FVOCI	<u>192</u>
Allowance for impairment losses at 1 January 2020	<u><u>362</u></u>

The Company has adopted to recognise the increase of impairment loss as an adjustment to retained earnings as at 1 January 2020.

(b) TFRS 16 Leases

From 1 January 2020, the Company has initially adopted TFRS 16 on contracts previously identified as leases according to TAS 17 Leases and TFRIC 4 Determining whether an arrangement contains a lease using the modified retrospective approach.

Previously, the Company, as a lessee, recognised payments made under operating leases and relevant lease incentives in profit or loss on a straight-line basis over the term of the lease. Under TFRS 16, the Company assesses whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Company allocates the consideration in the contract based on stand-alone selling price (transaction price). As at 1 January 2020, the Company recognised right-of-use assets and lease liabilities, as a result, the nature of expenses related to those leases was changed because the Company recognised depreciation of right-of-use assets and interest expense on lease liabilities.

On transition, the Company also elected to use the following practical expedients:

- do not recognise right-of-use assets and lease liabilities for leases with less than 12 months of lease term;
- apply a single discount rate to a portfolio of leases with similar characteristics;

Impact from the adoption of TFRS 16

	<i>(in thousand Baht)</i>
At 1 January 2020	
Increase in Right-of-use assets	11,221
Increase in lease liabilities	11,221

Measurement of lease liability

Operating lease commitment as disclosed at 31 December 2019	<u>28,103</u>
Discounted using the incremental borrowing rate at 1 January 2020	11,221
Finance lease liabilities recognised as at 31 December 2019	13,515
Recognition exemption for short-term leases	-
Recognition exemption for leases of low-value assets	-
Extension and termination options reasonably certain to be exercised	-
Variable lease payments based on an index or a rate	-
Residual value guarantees	-
Lease liabilities recognised at 1 January 2020	<u><u>24,736</u></u>
Weighted-average incremental borrowing rate (% per annum)	<u><u>6.65%</u></u>

MSIG Insurance (Thailand) Public Company Limited
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4 Cash and cash equivalents

	30 September 2020	31 December 2019
	<i>(in thousand Baht)</i>	
Cash on hand	340	472
Deposits at banks-call deposits	108,076	121,362
Highly liquid short-term investments	106,992	111,980
Total	<u>215,408</u>	<u>233,814</u>

5 Premiums due and uncollected

As at 30 September 2020 and 31 December 2019, the aging analyses for premiums due and uncollected were as follows:

	30 September 2020	31 December 2019
	<i>(in thousand Baht)</i>	
Within credit terms	491,832	633,833
Overdue:		
Not over than 30 days	76,971	64,485
31 - 60 days	57,061	25,993
61 - 90 days	8,761	12,457
91 days - 1 year	30,267	21,889
Over 1 year	-	213
Total	<u>664,892</u>	<u>758,870</u>
Less allowance for doubtful accounts	<u>(8,658)</u>	<u>(1,828)</u>
Net	<u>656,234</u>	<u>757,042</u>

	30 September 2020	30 September 2019
	<i>(in thousand Baht)</i>	
Doubtful accounts (reversal) for the period ended	<u>6,830</u>	<u>(610)</u>

The normal credit term of insured and agents and brokers granted by the Company is not over 60 days.

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

During the period ended 30 September 2020, Office of Insurance commission through several announcement announced relief program under COVID 19 situation to extend the grace period by 60 days for all policies and offering an installment premium payment which original grace period expires during 27 February 2020 to 30 September 2020.

6 Reinsurance receivables

	30 September 2020	31 December 2019
	<i>(in thousand Baht)</i>	
Due from reinsurers	<u>71,374</u>	<u>157,841</u>
Total	<u>71,374</u>	<u>157,841</u>

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7 Investments in securities

7.1 Investment in securities by measurement are as follows:

	30 September 2020		31 December 2019	
	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</i>				
Government and state enterprise debt securities	1,705,745	1,723,098	1,751,623	1,777,030
Private debt securities	644,015	643,944	606,967	622,040
Equity securities	144,471	136,154	138,743	140,649
Unit trusts	66,800	54,035	34,500	30,319
Total	2,561,031	2,557,231	2,531,833	2,570,038
Add Unrealised gains (losses)	(3,630)	-	38,375	-
Less Allowance for impairment	(170)	-	(170)	-
Total Investment measured at fair value through other comprehensive income	2,557,231	2,557,231	2,570,038	2,570,038
Allowance for expected credit loss	302	302	-	-
<i>Investment measured at amortised cost</i>				
Deposits at banks with original maturities over 3 months	295,224	295,224	220,702	220,702
Total Investment measured at amortised cost	295,224	295,224	220,702	220,702
Total investments in securities	2,852,455	2,852,455	2,790,740	2,790,740

7.2 Investment measured at fair value through other comprehensive income

	30 September 2020	
	Fair value	Allowance for expected credit loss
	<i>(in thousand Baht)</i>	
Debt securities - no significant increase in credit risk (stage 1)	2,421,077	302
Debt securities - significant increase in credit risk (stage 2)	-	-
Debt securities - default / credit-impaired (stage 3)	-	-
Total	2,421,077	302

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7.3 Amortised cost

	30 September 2020		
	Book value	Loss allowance for ECL <i>(in thousand Baht)</i>	Net book value
Debt securities - no significant increase in credit risk / performing (stage 1)	295,224	-	295,224
Debt securities - significant increase in credit risk / under - performing (stage 2)	-	-	-
Debt securities - Default / non-performing (stage 3)	-	-	-
Total	295,224	-	295,224

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8 Insurance contract liabilities

	30 September 2020			31 December 2019		
	Liabilities under insurance contracts	Reinsurers' share liabilities	Net <i>(in thousand Baht)</i>	Liabilities under insurance contracts	Reinsurers' share liabilities	Net
Short-term technical reserves						
Loss reserves and outstanding claims						
- Case reserves	829,491	(125,325)	704,166	847,121	(113,353)	733,768
- Incurred but not reported	109,825	(28,034)	81,791	130,386	(32,977)	97,409
Total loss reserves and outstanding claims	939,316	(153,359)	785,957	977,507	(146,330)	831,177
Unearned premium reserves	1,825,173	(198,295)	1,626,878	1,964,085	(193,784)	1,770,301
Total	2,764,489	(351,654)	2,412,835	2,941,592	(340,114)	2,601,478
8.1 Loss reserves and outstanding claims						
At 1 January	977,507	(146,330)	831,177	1,261,316	(468,069)	793,247
Insurance claim expenses incurred during the period / year	1,085,011	(107,149)	977,862	1,725,449	(139,840)	1,585,609
Insurance claim expenses paid during the period / year	(1,102,641)	95,177	(1,007,464)	(2,028,315)	464,518	(1,563,797)
Change in estimation and assumption	(20,561)	4,943	(15,618)	19,057	(2,939)	16,118
At 30 September 2020 / 31 December 2019	939,316	(153,359)	785,957	977,507	(146,330)	831,177
8.2 Unearned premium reserves						
At 1 January	1,964,085	(193,784)	1,770,301	1,857,060	(164,397)	1,692,663
Premium written during the period / year	2,625,663	(440,975)	2,184,688	4,054,693	(630,993)	3,423,700
Earned premium in the period / year	(2,764,575)	436,464	(2,328,111)	(3,947,668)	601,606	(3,346,062)
At 30 September 2020 / 31 December 2019	1,825,173	(198,295)	1,626,878	1,964,085	(193,784)	1,770,301

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9 Reinsurance payables

	30 September 2020	31 December 2019
	<i>(in thousand Baht)</i>	
Amount withheld on reinsurance	79,590	72,933
Due to reinsurers	159,498	149,258
Total	<u>239,088</u>	<u>222,191</u>

10 Leases

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>Recognised in profit or loss</i>				
Interest on lease liabilities	137	100	496	271
Total	<u>137</u>	<u>100</u>	<u>496</u>	<u>271</u>

Total cash outflow for leases presented in the statement of cash flows for the nine-month period ended 30 September 2020 were Baht 8.5 million (2019: Baht 3.3 million).

11 Income tax

Income tax recognised in profit or loss

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>Current tax expense</i>				
Current period	25,312	14,031	29,948	22,233
Overstatement in prior year	-	-	-	(4,915)
<i>Deferred tax expense</i>				
Movements in temporary differences	(12,843)	(750)	2,040	(17,251)
Total	<u>12,469</u>	<u>13,281</u>	<u>31,988</u>	<u>67</u>

Income tax recognised in other comprehensive income

Gain (loss) on remeasurement of investments - fair value through other comprehensive income (loss)	7,288	(2,537)	8,380	(10,791)
Actuarial gains on defined employee benefit plan	-	-	-	(857)
Total	<u>7,288</u>	<u>(2,537)</u>	<u>8,380</u>	<u>(11,648)</u>

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Reconciliation of effective tax rate

	Three-month period ended 30 September				Nine-month period ended 30 September			
	2020		2019		2020		2019	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax		<u>66,273</u>		<u>69,872</u>		<u>171,296</u>		<u>40,080</u>
Income tax using the Thai corporation tax rate	20.0	13,254	20.0	13,974	20.0	34,259	20.0	8,016
Overstatement in prior year	-	-	-	-	-	-	(12.3)	(4,915)
Income not subject to tax	(0.1)	(64)	(0.1)	(37)	(0.1)	(205)	(0.7)	(265)
Addition deductible expense for tax purpose	(1.2)	(783)	(1.1)	(786)	(1.4)	(2,357)	(5.9)	(2,361)
Expenses not deductible for tax purposes	0.1	62	0.2	130	0.2	291	(1.0)	(408)
Total	18.8	12,469	19.0	13,281	18.7	31,988	0.1	67

12 Dividends

The dividends paid by the Company to shareholders are as follows:

Annual dividend	Approval date	Payment schedule	Dividends rate per share (Baht)	Amount (in million Baht)
2020	24 April 2020	May 2020	<u>45</u>	<u>64</u>
2019	23 April 2019	May 2019	<u>45</u>	<u>64</u>

13 Expected credit loss

	Three-month period ended 30 September 2020	Nine-month period ended 30 September 2020
	(in thousand Baht)	
Investment in securities		
- Debt securities measured at fair value through other comprehensive income	<u>(122)</u>	<u>109</u>
Total	<u>(122)</u>	<u>109</u>

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14 Related parties

Related parties which have material changes in relationships and the Company had significant transactions during the period with were as follow:

Name of entities/ Personnel	Country of Incorporation/ Nationality	Nature of relationships
Mitsui Sumitomo Insurance Co., Ltd. (Japan)	Japan	Major shareholder on 11 May 2020, 49% shareholding (31 December 2019: nil)
MSIG Holdings (Asia) Pte. Ltd.	Singapore	The subsidiary company of the Ultimate parent company (31 December 2019: 49% shareholding)

On 11 May 2020, MSIG Holdings (Asia) Pte. Ltd. who was the former major shareholder had transferred 699,064 shares (49%) of MSIG Insurance (Thailand) Public Company Limited to Mitsui Sumitomo Insurance Co., Ltd. (Japan). As a result, the new major shareholder of the Company has changed to Mitsui Sumitomo Insurance Co., Ltd. (Japan).

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

Transactions	Pricing policies
Premiums ceded	Normal commercial terms for reinsurance depending on type of insurance and reinsurance contract
Commission and brokerage income	As stated in the agreement upon normal commercial terms for business operations
Service income	As stated in the agreement upon normal commercial terms for business operations
Insurance claims expenses recovered from reinsurers	Actual indemnity but not exceed as stated in the agreement upon normal commercial terms for business operations
Marketing and management support services agreement fee	Actual cost

Significant transactions for the three-month and nine-month periods ended 30 September 2020 and 2019 with key management and related parties were summarised as follows:

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2020	2019	2020	2019
<i>Revenues</i>				
Other related parties				
Commission and brokerage income	4,129	3,019	15,215	16,146
Service income	3,018	3,734	8,938	3,801
<i>Expenses</i>				
Other related parties				
Premiums ceded	17,534	14,392	69,041	74,076
Insurance claims expenses recovered from reinsurers	1,239	13,099	27,844	7,796
Marketing and management support services agreement fee	9,947	9,676	30,149	29,609

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	Three-month period ended		Nine-month period ended	
	30 September 2020	2019	30 September 2020	2019
	<i>(in thousand Baht)</i>			
<i>Key management and director compensation</i>				
Directors' remuneration	791	857	2,779	2,664
Short-term benefits	12,917	13,535	46,997	53,777
Post-employment benefit	2,442	2,980	7,168	7,659
Total	16,150	17,372	56,944	64,100
<i>Dividends</i>				
Major shareholders				
Dividend paid	-	-	55,481	55,481

Significant balances as at 30 September 2020 and 31 December 2019 with related parties were as follows:

	30 September 2020	31 December 2019
	<i>(in thousand Baht)</i>	
<i>Reinsurance assets</i>		
Insurance claims expenses recovered from reinsurers		
Other related parties	<u>28,875</u>	<u>168,506</u>
<i>Other assets</i>		
Other receivables		
Other related parties	<u>759</u>	<u>2,458</u>
<i>Reinsurance payable</i>		
Due to reinsurers		
Other related parties	<u>27,293</u>	<u>13,643</u>
<i>Other liabilities</i>		
Payables to related parties		
Other related parties	<u>10,702</u>	<u>4,703</u>

15 Financial instruments

Carrying amount and fair value

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

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<i>At 30 September 2020</i>	<i>Note</i>	Carrying amount			Fair value				
		Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost - net	Total	Level 1	Level 2	Level 3	Total
<i>(in thousand Baht)</i>									
Financial assets									
Investment in securities	7								
Government and state enterprise debt securities		-	1,723,098	-	1,723,098	-	1,723,098	-	1,723,098
Private debt securities		-	643,944	-	643,944	-	643,944	-	643,944
Equity securities		-	136,154	-	136,154	119,698	14,389	2,067	136,154
Unit trusts		-	54,035	-	54,035	-	54,035	-	54,035
Deposits at banks with original maturities over than 3 months		-	-	295,224	295,224	-	-	-	-
Total		-	2,557,231	295,224	2,852,455				

<i>At 31 December 2019</i>	<i>Note</i>	Carrying amount			Fair value				
		Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost - net	Total	Level 1	Level 2	Level 3	Total
<i>(in thousand Baht)</i>									
Financial assets									
Investment in securities	7								
Government and state enterprise debt securities		-	1,777,030	-	1,777,030	-	1,777,030	-	1,777,030
Private debt securities		-	622,040	-	622,040	-	622,040	-	622,040
Equity securities		-	140,649	-	140,649	130,942	7,640	2,067	140,649
Unit trusts		-	30,319	-	30,319	-	30,319	-	30,319
Deposits at banks with original maturities over than 3 months		-	-	220,702	220,702	-	-	-	-
Total		-	2,570,038	220,702	2,790,740				

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Measurement of fair value

When measuring the fair value of an asset or a liability, the Company 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 asset or liability, 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 are 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 Company determines Level 1 fair values of investment in market equity which are in SET 100 by using the last bidding at the reporting date.

The Company determines Level 2 fair values for debt securities measured at FVOCI by reference price provided by the Thai Bond Market Association, unit trusts using net asset value (NAV) provided by asset management companies at the reporting date. For market equity which are not in SET 100, the fair value is based on last bidding price from SET at the reporting date.

For Level 3 fair value, the Company management performed this judgement by cost approach and expected future dividend and cashflows.

The Company recognises transfers between levels of the fair value hierarchy as of the end of reporting period.

Transfer between Level 1 and 2 of the fair value hierarchy

At 30 September 2020, the Company did not have equity securities measured at FVOCI that were transferred from Level 2 to Level 1 (*31 December 2019: Baht 1.9 million*) or from Level 1 to Level 2 (*31 December 2019: nil*).

16 Securities and assets pledged with the Registrar

- 16.1 As at 30 September 2020 and 31 December 2019, the Company's investments in deposit at bank and government bonds were pledged with the Registrar in accordance with the Non-Life Insurance Act No:2 B.E. 2551 as follows:

	30 September 2020		31 December 2019	
	Book value	Face value	Book value	Face value
<i>(in thousand Baht)</i>				
Government and Bank of Thailand bonds	-	-	15,024	15,000
Time deposit at bank	14,000	14,000	-	-
Total	14,000	14,000	15,024	15,000

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16.2 As at 30 September 2020 and 31 December 2019, the Company's investments in debt securities and deposit at banks 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 September 2020		31 December 2019	
	Book value	Face value	Book value	Face value
		(in thousand Baht)		
Government and Bank of Thailand bonds	176,558	155,000	228,663	225,000
Time deposit at bank	280,000	280,000	220,000	220,000
Total	456,558	435,000	448,663	445,000

17 Restricted and collateral assets

	30 September 2020	31 December 2019
	(in thousand Baht)	
(a) Call deposit at bank		
To secure group personal accident insurance	<u>850</u>	<u>850</u>
(b) Time deposit at bank		
To secure bank guarantee - facilities issued by banks	<u>700</u>	<u>700</u>

18 Commitments with non-related parties

As at 30 September 2020 and 31 December 2019, future minimum lease payments required under these non-cancellable contracts were as follows:

(a) Commitment under service agreements

	30 September 2020	31 December 2019
	(in thousand Baht)	
Operating lease commitments		
Within one year	8,823	14,896
After one year but within five years	9,986	7,291
Total	18,809	22,187

(b) Commitment under car rental agreements

	30 September 2020	31 December 2019
	(in thousand Baht)	
Operating lease commitments		
Within one year	-	2,459
After one year but within five years	-	3,457
Total	-	5,916

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19 Contingent liabilities

As at 30 September 2020, lawsuits have been brought against the Company, in relation to insurance claims of Baht 139 million (*31 December 2019: Baht 48 million*) whereas the sum insured of insurance policy and reinsurance claim recoverables of Baht 136 million and Baht 0.7 million, respectively (*31 December 2019: Baht 165 million and Baht 0.3 million, respectively*). The Company's management believes that the claim reserves accounted for in the financial statements is sufficient for potential losses in respect of those lawsuits.

20 Thai Financial Reporting Standards (TFRS) not yet adopted

New and revised TFRSs, which are relevant to the Company's operations, expected to have a material impact on the Company's financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2021, are as follows:

TFRS	Topic
Framework	Conceptual Framework for Financial Reporting
TFRS 7	Financial Instruments : Disclosures - IBOR Reform
TFRS 9	Financial Instruments - IBOR Reform

21 Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2019 and the statement of cash flows for the nine-month period ended 30 September 2019, which are included in the interim financial statements for the three-month and nine-month periods ended 30 September 2020, have been reclassified for comparative purpose and to conform with the presentation of current interim financial statements. Significant reclassifications are as follows;

	31 December 2019		
	Before reclassification	Reclassification <i>(in thousand baht)</i>	After reclassification
<i>Statement of financial position</i>			
<i>Assets</i>			
Premiums due and uncollected	720,150	36,892	757,042
Other assets	71,221	<u>(1,661)</u>	69,560
		<u>35,231</u>	
<i>Liabilities</i>			
Lease liabilities	-	13,515	13,515
Other liabilities	391,229	<u>21,716</u>	412,945
		<u>35,231</u>	

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	For the nine-month period ended 30 September 2019		
	Before reclassification	Reclassification <i>(in thousand baht)</i>	After reclassification
<i>Statement of cash flows</i>			
<i>Cash flows from operating activities</i>			
Premium received	2,996,656	(25,495)	2,971,161
Insurance claims expenses	(1,571,801)	1,154	(1,570,647)
Other underwriting expenses	(433,840)	1,815	(432,025)
Operating expenses	(447,365)	25,825	(421,540)
Investment in securities	31,973	(31,973)	-
Deposits at financial institutions	(29,054)	29,054	-
Cash received - financial assets	-	2,605,262	2,605,262
Cash payment - financial assets	-	(2,602,343)	(2,602,343)
		<u>3,299</u>	
<i>Cash flows from financing activities</i>			
Payment of lease liabilities	-	(3,028)	(3,028)
Interest paid	-	(271)	(271)
		<u>(3,299)</u>	

The company's management opinion that the new classification is appropriate to current business.


MSIG
 บริษัท อยุธยา ไลฟ์ อินซัวรันซ์ จำกัด (มหาชน)
 MSIG Insurance (Thailand) Public Company Limited

