

MSIG Insurance (Thailand) Public Company Limited

Condensed interim financial statements
for the three-month and nine-month periods ended
30 September 2022

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 2022; the statement of comprehensive income for the three-month and nine-month periods ended 30 September 2022; changes in equity and cash flows for the nine-month period ended 30 September 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
11 November 2022

MSIG Insurance (Thailand) Public Company Limited

Statement of financial position

Assets	Note	30 September	31 December
		2022	2021
		(Unaudited)	
		(in thousand Baht)	
Cash and cash equivalents	3, 15	247,119	239,366
Premiums due and uncollected	4	714,403	760,611
Accrued investment income		20,781	9,326
Reinsurance assets	7, 12	409,032	393,416
Reinsurance receivables	5	110,840	103,469
Investments assets			
Investments in securities	6, 13, 14	3,571,102	3,508,824
Premises and equipment		263,150	256,517
Right-of-use assets		15,928	13,889
Intangible assets		33,211	33,839
Deferred acquisition costs		630,101	565,279
Deferred tax assets		461,848	389,776
Other assets	12	80,013	81,868
Total assets		6,557,528	6,356,180


MSIG
 บริษัท เอ็ม เอส ไอ จี ประกันภัย (ประเทศไทย)
 MSIG Insurance (Thailand) Public Company Limited

Mr. Arnop Phorndhiti

Mr. Rattapol Gitisakchaiyakul

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

MSIG Insurance (Thailand) Public Company Limited

Statement of financial position

Liabilities and equity	Note	30 September 2022 (Unaudited) <i>(in thousand Baht)</i>	31 December 2021
Liabilities			
Insurance contract liabilities	7	3,830,703	3,367,506
Reinsurance payables	8, 12	343,659	300,570
Income tax payable		4,941	58,995
Employee benefit obligations		289,761	285,060
Lease liabilities		14,461	12,588
Other liabilities	12	381,383	476,246
Total liabilities		4,864,908	4,500,965
Equity			
Share capital			
Authorized share capital <i>(1,426,662 ordinary shares, par value at Baht 100 per share)</i>		142,666	142,666
Issued and paid-up share capital <i>(1,426,662 ordinary shares, par value at Baht 100 per share)</i>		142,666	142,666
Share premium on ordinary shares		146,069	146,069
Retained earnings			
Appropriated			
Legal reserve		14,266	14,266
Unappropriated		1,472,148	1,538,012
Other components of shareholders' equity		(82,529)	14,202
Total equity		1,692,620	1,855,215
Total liabilities and equity		6,557,528	6,356,180

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

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

Three-month period ended
30 September
2022 2021
(in thousand Baht)

Revenues

Gross premiums written	1,128,262	981,503
<i>Less</i> premiums ceded	<u>(164,826)</u>	<u>(154,335)</u>
Net premiums written	963,436	827,168
Unearned premium reserve decreased from previous period	26,760	10,803
<i>Less</i> reinsurers' share of unearned premium reserve decreased from previous period	<u>(27,483)</u>	<u>(11,470)</u>
Net premium earned	962,713	826,501
Commission and brokerage income	52,236	28,960
Net investment income	13,175	8,537
Gain on investments	413	8,383
Other income	<u>2,415</u>	<u>3,075</u>
Total revenues	<u>1,030,952</u>	<u>875,456</u>

Expenses

Insurance claim expenses	517,188	391,255
<i>Less</i> insurance claims expenses recovered from reinsurance	<u>5,433</u>	<u>(56,595)</u>
Net insurance claims expenses	522,621	334,660
Commissions and brokerage expenses	163,839	126,335
Other underwriting expenses	194,104	146,486
Operating expenses	127,579	151,200
Other expenses	2,606	2,340
Expected credit loss (reversal) and impairment loss	<u>(10)</u>	<u>4</u>
Total expenses	<u>1,010,739</u>	<u>761,025</u>
Profit before income tax	<u>20,213</u>	<u>114,431</u>
Income tax	<u>3,608</u>	<u>22,482</u>
Net profit	<u>16,605</u>	<u>91,949</u>

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

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

	Three-month period ended 30 September	
	2022	2021
	<i>(in thousand Baht)</i>	
Other comprehensive income (loss)		
<i>Items that will be reclassified subsequently to profit or loss</i>		
Loss on remeasurement of investment - fair value through other comprehensive income (loss)	(18,775)	(20,017)
Income tax relating to items that will be reclassified subsequently to profit or loss	3,755	4,004
Total items that will be reclassified subsequently to profit or loss	<u>(15,020)</u>	<u>(16,013)</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Actuarial loss on defined benefit plan	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	-	-
Total items that will not be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>
Other comprehensive loss for the period, net income tax	<u>(15,020)</u>	<u>(16,013)</u>
Total comprehensive income for the period	<u>1,585</u>	<u>75,936</u>
Basic earnings per share (in Baht)	<u>11.64</u>	<u>64.45</u>

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

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

	Note	Nine-month period ended	
		30 September	
		2022	2021
		<i>(in thousand Baht)</i>	
Revenues			
Gross premiums written		3,550,824	2,943,310
Less premiums ceded	12	(613,611)	(481,245)
Net premiums written		2,937,213	2,462,065
Unearned premium reserve increased from previous period		(218,385)	(114,421)
Add reinsurers' share of unearned premium reserve increased from previous period		20,003	19,170
Net premium earned		2,738,831	2,366,814
Commission and brokerage income	12	183,886	110,083
Net investment income		34,996	28,688
Gain (loss) on investments		(120)	47,598
Other income	12	8,833	8,851
Total revenues		2,966,426	2,562,034
Expenses			
Insurance claim expenses		1,789,386	1,131,355
Less insurance claims expenses recovered from reinsurance	12	(239,922)	(80,210)
Net insurance claims expenses		1,549,464	1,051,145
Commission and brokerage expenses		432,655	410,820
Other underwriting expenses		530,973	394,091
Operating expenses	12	355,339	411,833
Other expenses		7,413	7,338
Expected credit loss (reversal) and impairment loss	11	(195)	2,156
Total expenses		2,875,649	2,277,383
Profit before income tax		90,777	284,651
Income tax	9	18,145	59,631
Net profit		72,632	225,020

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

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

	Note	Nine-month period ended 30 September	
		2022	2021
<i>(in thousand Baht)</i>			
Other comprehensive income (loss)			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Loss on remeasurement of investment - fair value through other comprehensive income (loss)		(120,914)	(26,364)
Income tax relating to items that will be reclassified subsequently to profit or loss	9	24,183	5,273
Total items that will be reclassified subsequently to profit or loss		<u>(96,731)</u>	<u>(21,091)</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Actuarial gain on defined benefit plan		5,213	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	9	(1,043)	-
Total items that will not be reclassified subsequently to profit or loss		<u>4,170</u>	<u>-</u>
Other comprehensive loss for the period, net income tax		<u>(92,561)</u>	<u>(21,091)</u>
Total comprehensive income (loss) for the period		<u>(19,929)</u>	<u>203,929</u>
Basic earnings per share (in Baht)		<u>50.91</u>	<u>157.72</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				(in thousand Baht)		
Nine-month period ended 30 September 2021							
Balance at 1 January 2021		142,666	146,069	14,266	1,371,576	34,926	1,709,503
Transactions with shareholders, recorded directly in equity							
<i>Distributions to shareholders of the Company</i>							
Dividends	10	-	-	-	(78,466)	-	(78,466)
<i>Total distributions to shareholders of the Company</i>		-	-	-	(78,466)	-	(78,466)
Comprehensive income (loss) for the period							
Net profit		-	-	-	225,020	-	225,020
Other comprehensive income (loss)		-	-	-	-	(21,091)	(21,091)
Total comprehensive income (loss) for the period		-	-	-	225,020	(21,091)	203,929
Balance at 30 September 2021		142,666	146,069	14,266	1,518,130	13,835	1,834,966

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		
			Legal	Unappropriated	Gain (loss) on investment measured at fair value through other comprehensive income	Total equity	
	<i>Note</i>	Issued and paid-up share capital	Share premium on ordinary shares	reserve			
				<i>(in thousand Baht)</i>			
Nine-month period ended 30 September 2022							
Balance at 1 January 2022		142,666	146,069	14,266	1,538,012	14,202	1,855,215
Transactions with shareholders, recorded directly in equity							
<i>Distributions to shareholders of the Company</i>							
Dividends	10	-	-	-	(142,666)	-	(142,666)
<i>Total distributions to shareholders of the Company</i>		-	-	-	(142,666)	-	(142,666)
Comprehensive income (loss) for the period							
Net profit		-	-	-	72,632	-	72,632
Other comprehensive income (loss)		-	-	-	4,170	(96,731)	(92,561)
Total comprehensive income (loss) for the period		-	-	-	76,802	(96,731)	(19,929)
Balance at 30 September 2022		142,666	146,069	14,266	1,472,148	(82,529)	1,692,620

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

MSIG Insurance (Thailand) Public Company Limited

Statement of cash flows (Unaudited)

	Note	Nine-month period ended	
		30 September	
		2022	2021
		<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>			
Premium received		3,591,182	2,900,527
Cash paid to reinsurers		(144,898)	(225,768)
Interest received		19,536	21,841
Dividend received		3,982	5,067
Other income		3,093	1,566
Insurance claims expenses		(1,554,380)	(1,099,878)
Commission and brokerage expenses		(493,939)	(410,013)
Other underwriting expenses		(548,433)	(386,685)
Operating expenses		(385,515)	(380,245)
Income tax paid		(121,131)	(136,440)
Cash received - financial assets		1,666,240	2,352,054
Cash payment - financial assets		(1,849,332)	(2,523,472)
Net cash flows provided by operating activities		186,405	118,554
<i>Cash flows from investing activities</i>			
Cash flows provided by			
Proceeds from sale of equipment		634	-
Cash provided by investing activities		634	-
Cash flows used in			
Purchase of building improvement and equipment		(26,251)	(14,651)
Purchase of intangible assets		(4,710)	(694)
Cash used in investing activities		(30,961)	(15,345)
Net cash flows used in investing activities		(30,327)	(15,345)
<i>Cash flows from financing activities</i>			
Payment of lease liabilities		(5,122)	(5,155)
Interest paid		(537)	(371)
Dividend paid	10	(142,666)	(78,466)
Net cash flows used in financing activities		(148,325)	(83,992)
Net increase in cash and cash equivalents		7,753	19,217
Cash and cash equivalents at beginning of period		239,366	212,808
Cash and cash equivalents at ending of period	3	247,119	232,025

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 2022 (Unaudited)

These notes form an integral part of these 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 11 November 2022.

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

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 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. 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 Company for the year ended 31 December 2021.

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 2021.

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 18.

3 Cash and cash equivalents

	30 September 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Cash on hand	30	50
Deposits at banks - call deposits	247,089	184,211
Highly liquid short-term investments	-	55,105
Total	247,119	239,366

MSIG Insurance (Thailand) Public Company Limited
Notes to the condensed interim financial statements
For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

4 Premiums due and uncollected

As at 30 September 2022 and 31 December 2021, premiums due and uncollected by aging were as follows:

	30 September 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Within credit terms	551,517	618,774
Overdue:		
Not over than 30 days	66,464	61,314
31 - 60 days	63,083	39,057
61 - 90 days	12,857	15,818
91 days - 1 year	21,174	25,817
Over 1 year	4,984	5,208
Total	<u>720,079</u>	<u>765,988</u>
Less allowance for doubtful accounts	<u>(5,676)</u>	<u>(5,377)</u>
Net	<u>714,403</u>	<u>760,611</u>
	30 September 2022	30 September 2021
	<i>(in thousand Baht)</i>	
Doubtful accounts for the period ended	<u>299</u>	<u>495</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 closely follows up or pursues legal proceedings against such agents and brokers.

5 Reinsurance receivables

	30 September 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Due from reinsurers	<u>110,840</u>	<u>103,469</u>

MSIG Insurance (Thailand) Public Company Limited
Notes to the condensed interim financial statements
For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

6 Investments in securities

6.1 Investment in securities by measurement are as follows:

	30 September 2022		31 December 2021	
	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	2,302,430	2,228,615	2,075,289	2,066,781
Private debt securities	902,922	865,880	761,964	766,358
Equity securities	239,516	243,248	229,481	241,781
Unit trust	31,050	32,651	82,800	89,805
Total	3,475,918	3,370,394	3,149,534	3,164,725
Add unrealised gains (losses)	(105,354)	-	15,361	-
Less allowance for impairment	(170)	-	(170)	-
Total investment measured at fair value through other comprehensive income	3,370,394	3,370,394	3,164,725	3,164,725
Allowance for impairment loss	2,067	-	2,067	-
Allowance for expected credit loss	126	-	321	-
<i>Investment measured at amortised cost</i>				
Deposits at banks with original maturities over 3 months	200,708	200,708	344,099	344,099
Total investment measured at amortised Cost	200,708	200,708	344,099	344,099
Total investment in securities	3,571,102	3,571,102	3,508,824	3,508,824

6.2 Investment measured at fair value through other comprehensive income

	30 September 2022		31 December 2021	
	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)	3,094,495	126	2,833,139	321
Debt securities - unit trust	32,651	-	89,805	-
Equity securities	243,248	2,237	241,781	2,237
Total	3,370,394	2,363	3,164,725	2,558

MSIG Insurance (Thailand) Public Company Limited**Notes to the condensed interim financial statements****For the three-month and nine-month periods ended 30 September 2022 (Unaudited)****6.3 Investment measured at amortised cost**

	Book value	30 September 2022 Allowance for expected credit loss <i>(in thousand Baht)</i>	Net book value
Debt securities - no significant increase in credit risk (stage 1)	200,708	-	200,708
Total	200,708	-	200,708

	Book value	31 December 2021 Allowance for expected credit loss <i>(in thousand Baht)</i>	Net book value
Debt securities - no significant increase in credit risk (stage 1)	344,099	-	344,099
Total	344,099	-	344,099

MSIG Insurance (Thailand) Public Company Limited
Notes to the condensed interim financial statements
For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

7 Insurance contract liabilities

	30 September 2022			31 December 2021		
	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	1,274,361	(152,696)	1,121,665	1,028,047	(163,475)	864,572
- Incurred but not reported	128,487	(32,421)	96,066	129,989	(26,029)	103,960
Total loss reserves and outstanding claims	1,402,848	(185,117)	1,217,731	1,158,036	(189,504)	968,532
Unearned premium reserves	2,427,855	(223,915)	2,203,940	2,209,470	(203,912)	2,005,558
Total	3,830,703	(409,032)	3,421,671	3,367,506	(393,416)	2,974,090
7.1 Loss reserves and outstanding claims						
At 1 January	1,158,036	(189,504)	968,532	1,055,830	(222,438)	833,392
Insurance claim expenses incurred during the period / year	1,698,780	(233,530)	1,465,250	1,509,415	(149,186)	1,360,229
Insurance claim expenses paid during the period / year	(1,452,466)	244,309	(1,208,157)	(1,362,823)	125,373	(1,237,450)
Change in estimation and assumption	(1,502)	(6,392)	(7,894)	(44,386)	56,747	12,361
At 30 September 2022 / 31 December 2021	1,402,848	(185,117)	1,217,731	1,158,036	(189,504)	968,532
7.2 Unearned premium reserves						
At 1 January	2,209,470	(203,912)	2,005,558	1,934,549	(195,014)	1,739,535
Premium written during the period / year	3,550,824	(613,611)	2,937,213	4,105,405	(628,232)	3,477,173
Earned premium in the period / year	(3,332,439)	593,608	(2,738,831)	(3,830,484)	619,334	(3,211,150)
At 30 September 2022 / 31 December 2021	2,427,855	(223,915)	2,203,940	2,209,470	(203,912)	2,005,558

MSIG Insurance (Thailand) Public Company Limited
Notes to the condensed interim financial statements
For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

8 Reinsurance payables

	30 September 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Amount withheld on reinsurance	79,123	85,336
Due to reinsurers	264,536	215,234
Total	<u>343,659</u>	<u>300,570</u>

9 Income tax

Income tax recognised in profit or loss

For the nine-month period ended 30 September

	2022	2021
	<i>(in thousand Baht)</i>	
<i>Current tax expense</i>		
Current period	65,977	62,673
Understatement in prior year	1,100	3,850
<i>Deferred tax expense</i>		
Movements in temporary differences	<u>(48,932)</u>	<u>(6,892)</u>
Total	<u>18,145</u>	<u>59,631</u>

Income tax recognised in other comprehensive income

Deferred tax expense

Loss on remeasurement of investments - fair value through other comprehensive income (loss)	24,183	5,273
Actuarial gain on defined benefit plan	<u>(1,043)</u>	<u>-</u>
Total	<u>23,140</u>	<u>5,273</u>

Reconciliation of effective tax rate

For the nine-month period ended 30 September

	2022		2021	
	Rate (%)	<i>(in thousand Baht)</i>	Rate (%)	<i>(in thousand Baht)</i>
Profit before income tax		<u>90,777</u>		<u>284,651</u>
Income tax using the tax rate	20.0	18,155	20.0	56,930
Understatement in prior year	1.2	1,100	1.4	3,850
Income not subject to tax	(0.2)	(217)	(0.1)	(144)
Addition deductible expense for tax purpose	(1.3)	(1,191)	(0.4)	(1,208)
Expenses not deductible for tax purposes	0.3	298	0.1	203
Total	<u>20.0</u>	<u>18,145</u>	<u>21.0</u>	<u>59,631</u>

MSIG Insurance (Thailand) Public Company Limited
Notes to the condensed interim financial statements
For the three-month and nine-month periods ended 30 September 2022 (Unaudited)

10 Dividends

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

Annual dividend	Approval date	Payment schedule	Dividends per share (in Baht)	Amount (in million Baht)
2022	25 April 2022	May 2022	<u>100</u>	<u>143</u>
2021	27 April 2021	May 2021	<u>55</u>	<u>78</u>

11 Expected credit loss (reversal) and impairment loss

For the nine-month period ended 30 September

2022 2021
(in thousand Baht)

Expected credit loss (reversal)

Investment in securities

- Debt securities measured at fair value through
other comprehensive income

(195) 89

Impairment loss

Investment in securities

- Equity securities measured at fair value through
other comprehensive income

- 2,067

Total

(195) 2,156

12 Related parties

The Company do not have material changing 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
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
Commission and brokerage expenses	As stated in the agreement upon normal commercial terms for business operations

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Transactions	Pricing policies
Marketing and management support services agreement fee	As stated in the agreement upon normal commercial terms for business operations

Significant transactions for the nine-month period ended 30 September 2022 and 2021 with key management and related parties were summarised as follows:

<i>For the nine-month period ended 30 September</i>	2022	2021
	<i>(in thousand Baht)</i>	
Revenues		
Other related parties		
Commission and brokerage income	13,700	16,726
Service income	7,796	7,267
Expenses		
Other related parties		
Premiums ceded	73,775	88,580
Commission and brokerage expense	84	54
Insurance claims expenses recovered from reinsurers	29,445	17,493
Marketing and management support services agreement fee	29,695	42,973
Key management and director compensation		
Directors' remuneration	3,511	2,757
Short-term benefits	46,520	48,079
Post-employment benefit	7,958	7,502
Total	<u>57,989</u>	<u>58,338</u>
Dividends		
Major shareholders		
Dividend paid	123,292	67,811

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

	30 September 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Premiums due and uncollected		
Other related parties	<u>100</u>	<u>156</u>
Reinsurance assets		
Reinsurance's share of liabilities		
Other related parties	<u>45,815</u>	<u>55,983</u>
Reinsurance receivables		
Due from reinsurers		
Other related parties	<u>30,524</u>	<u>14,946</u>

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	30 September 2022	31 December 2021
	<i>(in thousand Baht)</i>	
<i>Other assets</i>		
Other receivables		
Other related parties	<u>482</u>	<u>511</u>
<i>Reinsurance payable</i>		
Due to reinsurers		
Other related parties	<u>46,705</u>	<u>27,296</u>
<i>Amount withheld on reinsurance</i>		
Other related parties	<u>13,708</u>	<u>21,364</u>
<i>Other liabilities</i>		
Payables to related parties		
Other related parties	<u>9,858</u>	<u>21,499</u>

13 Financial instruments

Carrying amounts and fair value

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

<i>At 30 September 2022</i>	Note	Carrying amount	Fair value			Total
			Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>						
<i>Financial assets</i>						
Investment in securities	6					
Government and state enterprise debt securities		2,228,615	-	2,228,615	-	2,228,615
Private debt securities		865,880	-	865,880	-	865,880
Equity securities		243,248	224,953	18,295	-	243,248
Unit trusts		32,651	-	32,651	-	32,651
Total		<u>3,370,394</u>	<u>224,953</u>	<u>3,145,441</u>	<u>-</u>	<u>3,370,394</u>
<i>At 31 December 2021</i>						
<i>Financial assets</i>						
Investment in securities	6					
Government and state enterprise debt securities		2,066,781	-	2,066,781	-	2,066,781
Private debt securities		766,358	-	766,358	-	766,358
Equity securities		241,781	221,006	20,775	-	241,781
Unit trusts		89,805	-	89,805	-	89,805
Total		<u>3,164,725</u>	<u>221,006</u>	<u>2,943,719</u>	<u>-</u>	<u>3,164,725</u>

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Measurement of fair values

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 in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, 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 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 from the Stock Exchange of Thailand (SET) 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 the Stock Exchange of Thailand (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.

14 Securities and assets pledged with the Registrar

- 14.1 As at 30 September 2022 and 31 December 2021, the Company's investments were pledged with the Registrar in accordance with the Non-Life Insurance Act No. 2 B.E. 2551 as follows:

	30 September 2022		31 December 2021	
	Book value	Face value	Book value	Face value
	<i>(in thousand Baht)</i>			
Bank of Thailand bond	14,892	15,000	15,008	15,000
Total	14,892	15,000	15,008	15,000

- 14.2 As at 30 September 2022 and 31 December 2021, 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 2022		31 December 2021	
	Book value	Face value	Book value	Face value
	<i>(in thousand Baht)</i>			
Government and Bank of Thailand bonds	371,031	363,000	278,725	255,000
Deposit at bank - time deposit	200,000	200,000	250,000	250,000
Total	571,031	563,000	528,725	505,000

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15 Restricted and collateral assets

	30 September 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Deposit at bank - time deposit		
To secure bank guarantee - facilities issued by banks	<u>700</u>	<u>700</u>

16 Commitments with non-related parties

As at 30 September 2022 and 31 December 2021, the Company had future minimum lease payments required under these non-cancellable contracts as follows:

Commitments under office rental and service agreements

	30 September 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Operating lease commitments		
Within one year	6,607	8,620
After one year but within five years	<u>352</u>	<u>2,651</u>
Total	<u>6,959</u>	<u>11,271</u>

17 Contingent liabilities

As at 30 September 2022, lawsuits have been brought against the Company, in relation to insurance claims of Baht 213 million (*31 December 2021: Baht 189 million*) whereas the sum insured of insurance policy and reinsurance claim recoverable of Baht 253 million and Baht 6 million, respectively (*31 December 2021: Baht 126 million and Baht 6 million, respectively*). The Company's management believes that the claim reserves accounted for in the financial statements is adequate for potential losses in respect of those lawsuits.

18 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new TFRS which are relevant to the Company's operations are expected to have significant impact on the Company'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

(a) TFRS - Financial instruments standards

TFRS 9 and TFRS 7 became effective for the annual periods beginning on or after 1 January 2020. 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.

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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 fulfillment cash flows and a contractual service margin. The fulfillment 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 Company 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 Company 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.

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