

MSIG Insurance (Thailand) Public Company Limited

Condensed interim financial statements
for the three-month and nine-month periods ended
30 September 2023
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 2023; the statement of comprehensive income for the three-month and nine-month periods ended 30 September 2023; changes in equity and cash flows for the nine-month period ended 30 September 2023, 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
14 November 2023

MSIG Insurance (Thailand) Public Company Limited

Statement of financial position

Assets	Note	30 September	31 December
		2023	2022
		(Unaudited)	
		(in thousand Baht)	
Cash and cash equivalents	3, 15	277,753	236,303
Premiums due and uncollected	4, 12	694,087	646,366
Accrued investment income		25,722	9,786
Reinsurance assets	7, 12	595,361	372,933
Reinsurance receivables	5, 12	219,250	88,213
Investments assets			
Investments in securities	6, 13, 14	3,818,381	3,796,893
Premises and equipment		263,135	264,689
Right-of-use assets		11,260	14,291
Intangible assets		35,781	30,053
Deferred acquisition costs		661,664	664,478
Deferred tax assets		472,310	446,440
Other assets	12	59,908	68,542
Total assets		7,134,612	6,638,987



บมจ. 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

		30 September	31 December
Liabilities and equity	<i>Note</i>	2023	2022
		(Unaudited)	
		(in thousand Baht)	
Liabilities			
Insurance contract liabilities	7	3,897,574	3,754,550
Reinsurance payables	8, 12	612,531	291,821
Income tax payable		571	19,800
Employee benefit obligations		304,083	293,974
Lease liabilities		10,382	12,985
Other liabilities	12	454,448	430,444
Total liabilities		5,279,589	4,803,574
Equity			
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		1,649,846	1,542,899
Other components of shareholders' equity		(97,824)	(10,487)
Total equity		1,855,023	1,835,413
Total liabilities and equity		7,134,612	6,638,987

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	
	2023	2022
	<i>(in thousand Baht)</i>	
Revenues		
Gross premiums written	1,129,742	1,128,262
<i>Less</i> premiums ceded	(243,986)	(164,826)
Net premiums written	885,756	963,436
Unearned premium reserve decreased (increased) from previous period	(2,837)	26,760
<i>Add (less)</i> reinsurers' share of unearned premium reserve increased (decreased) from previous period	33,640	(27,483)
Net premium earned	916,559	962,713
Commission and brokerage income	70,326	52,236
Net investment income	18,418	13,175
Gain on investments	260	413
Other income	3,929	2,415
Total revenues	1,009,492	1,030,952
Expenses		
Insurance claim expenses	466,568	517,188
<i>Add (less)</i> insurance claims expenses recovered from reinsurers	(59,132)	5,433
Net insurance claims expenses	407,436	522,621
Commission and brokerage expenses	240,428	163,839
Other underwriting expenses	212,926	194,104
Operating expenses	143,341	127,579
Other expenses	1,931	2,606
Expected credit loss (reversal)	17	(10)
Total expenses	1,006,079	1,010,739
Profit before income tax	3,413	20,213
Income tax	305	3,608
Net profit	3,108	16,605

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

Three-month period ended
30 September
2023 2022
(in thousand Baht)

Other comprehensive income (loss)

Items that will be reclassified subsequently to profit or loss

Loss on remeasurement of investments - fair value through other comprehensive income (loss)	(64,268)	(18,775)
Income tax relating to items that will be reclassified subsequently to profit or loss	12,853	3,755
Total items that will be reclassified subsequently to profit or loss	(51,415)	(15,020)

Items that will not be reclassified subsequently to profit or loss

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	-	-
Other comprehensive loss for the period, net of income tax	(51,415)	(15,020)

Total comprehensive income (loss) for the period	(48,307)	1,585
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Basic earnings per share (in Baht)	2.18	11.64
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The accompanying notes form an integral part of the interim financial statements.

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

		Nine-month period ended	
		30 September	
	<i>Note</i>	2023	2022
		<i>(in thousand Baht)</i>	
<i>Revenues</i>			
Gross premiums written		3,477,512	3,550,824
<i>Less</i> premiums ceded	12	(744,108)	(613,611)
Net premiums written		2,733,404	2,937,213
Unearned premium reserve increased from previous period		(83,154)	(218,385)
<i>Add</i> reinsurers' share of unearned premium reserve increased from previous period		145,541	20,003
Net premium earned		2,795,791	2,738,831
Commission and brokerage income	12	157,253	183,886
Net investment income		52,473	34,996
Loss on investments		(1,704)	(120)
Other income	12	10,715	8,833
Total revenues		3,014,528	2,966,426
<i>Expenses</i>			
Insurance claim expenses		1,523,083	1,789,386
<i>Less</i> insurance claims expenses recovered from reinsurers	12	(185,811)	(239,922)
Net insurance claims expenses		1,337,272	1,549,464
Commission and brokerage expenses	12	469,821	432,655
Other underwriting expenses		605,638	530,973
Operating expenses	12	394,050	355,339
Other expenses		5,520	7,413
Expected credit loss (reversal)	11	48	(195)
Total expenses		2,812,349	2,875,649
Profit before income tax		202,179	90,777
Income tax	9	38,165	18,145
Net profit		164,014	72,632

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

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

		Nine-month period ended	
		30 September	
	Note	2023	2022
		<i>(in thousand Baht)</i>	
<i>Other comprehensive income (loss)</i>			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Loss on remeasurement of investments - fair value through other comprehensive income (loss)		(109,171)	(120,914)
Income tax relating to items that will be reclassified subsequently to profit or loss	9	<u>21,834</u>	<u>24,183</u>
Total items that will be reclassified subsequently to profit or loss		<u>(87,337)</u>	<u>(96,731)</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	<u>-</u>	<u>(1,043)</u>
Total items that will not be reclassified subsequently to profit or loss		<u>-</u>	<u>4,170</u>
Other comprehensive loss for the period, net of income tax		<u>(87,337)</u>	<u>(92,561)</u>
Total comprehensive income (loss) for the period		<u>76,677</u>	<u>(19,929)</u>
Basic earnings per share <i>(in Baht)</i>		<u>114.96</u>	<u>50.91</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		
			Legal	Unappropriated	Gain (loss) on	Total	
	Note	Issued and paid-up share capital	Share premium on ordinary shares	reserve	investment measured at fair value through other comprehensive income	equity	
<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

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MSIG Insurance (Thailand) Public Company Limited

Statement of changes in equity (Unaudited)

			Retained earnings		Other components of equity		
			Legal	Unappropriated	Loss on		
	Note	Issued and paid-up share capital	Share premium on ordinary shares	reserve	investment measured at fair value through other comprehensive income	Total equity	
<i>(in thousand Baht)</i>							
Nine-month period ended 30 September 2023							
Balance at 1 January 2023		142,666	146,069	14,266	1,542,899	(10,487)	1,835,413
Transactions with shareholders, recorded directly in equity							
<i>Distributions to shareholders of the Company</i>							
Dividends	10	-	-	-	(57,067)	-	(57,067)
<i>Total distributions to shareholders of the Company</i>		-	-	-	(57,067)	-	(57,067)
Comprehensive income (loss) for the period							
Net profit		-	-	-	164,014	-	164,014
Other comprehensive income loss		-	-	-	-	(87,337)	(87,337)
Total comprehensive income (loss) for the period		-	-	-	164,014	(87,337)	76,677
Balance at 30 September 2023		142,666	146,069	14,266	1,649,846	(97,824)	1,855,023

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	2023	2022
	<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>		
Premium received	3,417,363	3,591,182
Cash paid to reinsurers	(242,880)	(144,898)
Interest received	32,587	19,536
Dividend received	3,698	3,982
Other income	5,217	3,093
Insurance claims expenses	(1,447,380)	(1,554,380)
Commission and brokerage expenses	(510,786)	(493,939)
Other underwriting expenses	(576,800)	(548,433)
Operating expenses	(353,165)	(385,515)
Income tax paid	(61,429)	(121,131)
Cash received - financial assets	1,139,434	1,666,240
Cash payment - financial assets	(1,271,594)	(1,849,332)
Net cash flows provided by operating activities	<u>134,265</u>	<u>186,405</u>
<i>Cash flows from investing activities</i>		
Cash flows provided by		
Proceeds from sale of equipment	-	634
Cash provided by investing activities	<u>-</u>	<u>634</u>
Cash flows used in		
Purchase of building improvement and equipment	(19,429)	(26,251)
Purchase of intangible assets	(11,308)	(4,710)
Cash used in investing activities	<u>(30,737)</u>	<u>(30,961)</u>
Net cash flows used in investing activities	<u>(30,737)</u>	<u>(30,327)</u>
<i>Cash flows from financing activities</i>		
Payment of lease liabilities	(4,510)	(5,122)
Interest paid	(501)	(537)
Dividend paid	10 <u>(57,067)</u>	<u>(142,666)</u>
Net cash flows used in financing activities	<u>(62,078)</u>	<u>(148,325)</u>
Net increase in cash and cash equivalents	41,450	7,753
Cash and cash equivalents at beginning of period	<u>236,303</u>	<u>239,366</u>
Cash and cash equivalents at ending of period	3 <u><u>277,753</u></u>	<u><u>247,119</u></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 2023 (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 14 November 2023.

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 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 Company for the year ended 31 December 2022.

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 2022.

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 2023	31 December 2022
	<i>(in thousand Baht)</i>	
Cash on hand	30	30
Deposits at banks - call deposits	277,723	236,273
Total	277,753	236,303

MSIG Insurance (Thailand) Public Company Limited
Notes to the condensed interim financial statements
For the three-month and nine-month periods ended 30 September 2023 (Unaudited)

4 Premiums due and uncollected

As at 30 September 2023 and 31 December 2022, premiums due and uncollected by aging were as follows:

	30 September 2023	31 December 2022
	<i>(in thousand Baht)</i>	
Within credit terms	543,168	543,747
Overdue:		
Not over than 30 days	71,414	54,043
31 - 60 days	62,791	36,857
61 - 90 days	10,968	12,296
91 days - 1 year	12,750	6,363
Over 1 year	5,360	4,560
Total	<u>706,451</u>	<u>657,866</u>
Less allowance for doubtful accounts	<u>(12,364)</u>	<u>(11,500)</u>
Net	<u>694,087</u>	<u>646,366</u>
	30 September 2023	30 September 2022
	<i>(in thousand Baht)</i>	
Doubtful accounts for the period ended	<u>864</u>	<u>299</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 2023	31 December 2022
	<i>(in thousand Baht)</i>	
Due from reinsurers	<u>219,250</u>	<u>88,213</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 2023 (Unaudited)

6 Investments in securities

6.1 Investment in securities by measurement are as follows:

	30 September 2023		31 December 2022	
	Cost / Amortised cost	Fair value	Cost / Amortised cost	Fair value
<i>(in thousand Baht)</i>				
<i>Investment measured at fair value through other comprehensive income</i>				
Government and state enterprise debt securities	2,599,944	2,507,133	2,545,211	2,525,919
Private debt securities	905,578	875,932	848,446	837,314
Equity securities	206,837	204,364	187,995	202,951
Unit trust	30,000	30,243	-	-
Total	3,742,359	3,617,672	3,581,652	3,566,184
Less unrealised losses	(124,517)	-	(15,298)	-
Less allowance for impairment	(170)	-	(170)	-
Total investment measured at fair value through other comprehensive income	3,617,672	3,617,672	3,566,184	3,566,184
Allowance for impairment loss	2,067	-	2,067	-
Allowance for expected credit loss	171	-	123	-
<i>Investment measured at amortised cost</i>				
Deposits at banks with original maturities over 3 months	200,709	200,709	230,709	230,709
Total investment measured at amortised Cost	200,709	200,709	230,709	230,709
Total investment in securities	3,818,381	3,818,381	3,796,893	3,796,893

6.2 Investment measured at fair value through other comprehensive income

	30 September 2023		31 December 2022	
	Fair value	Allowance for expected credit loss / Allowance for impairment loss	Fair value	Allowance for expected credit loss / Allowance for impairment loss
<i>(in thousand Baht)</i>				
Debt securities - no significant increase in credit risk (stage 1)	3,383,065	171	3,363,233	123
Equity securities	204,364	2,237	202,951	2,237
Unit trust	30,243	-	-	-
Total	3,617,672	2,408	3,566,184	2,360

MSIG Insurance (Thailand) Public Company Limited

Notes to the condensed interim financial statements

For the three-month and nine-month periods ended 30 September 2023 (Unaudited)

6.3 Investment measured at amortised cost

	Book value	30 September 2023 Allowance for expected credit loss <i>(in thousand Baht)</i>	Net book value
Debt securities - no significant increase in credit risk (stage 1)	200,709	-	200,709
Total	200,709	-	200,709

	Book value	31 December 2022 Allowance for expected credit loss <i>(in thousand Baht)</i>	Net book value
Debt securities - no significant increase in credit risk (stage 1)	230,709	-	230,709
Total	230,709	-	230,709

MSIG Insurance (Thailand) Public Company Limited
Notes to the condensed interim financial statements
For the three-month and nine-month periods ended 30 September 2023 (Unaudited)

7 Insurance contract liabilities

	30 September 2023			31 December 2022		
	Liabilities under insurance contracts	Reinsurers' share liabilities	Net (in thousand Baht)	Liabilities under insurance contracts	Reinsurers' share liabilities	Net
Short-term technical reserves						
Loss reserves and outstanding claims						
- Case reserves	1,280,232	(224,156)	1,056,076	1,220,633	(150,238)	1,070,395
- Incurred but not reported	136,482	(29,516)	106,966	136,211	(26,547)	109,664
Total loss reserves and outstanding claims	1,416,714	(253,672)	1,163,042	1,356,844	(176,785)	1,180,059
Unearned premium reserves	2,480,860	(341,689)	2,139,171	2,397,706	(196,148)	2,201,558
Total	3,897,574	(595,361)	3,302,213	3,754,550	(372,933)	3,381,617
7.1 Loss reserves and outstanding claims						
At 1 January	1,356,844	(176,785)	1,180,059	1,158,036	(189,504)	968,532
Insurance claim expenses incurred during the period / year	1,382,963	(182,842)	1,200,121	2,148,991	(262,505)	1,886,486
Insurance claim expenses paid during the period / year	(1,323,364)	108,924	(1,214,440)	(1,956,405)	275,742	(1,680,663)
Change in estimation and assumption	271	(2,969)	(2,698)	6,222	(518)	5,704
At 30 September 2023 / 31 December 2022	1,416,714	(253,672)	1,163,042	1,356,844	(176,785)	1,180,059
7.2 Unearned premium reserves						
At 1 January	2,397,706	(196,148)	2,201,558	2,209,470	(203,912)	2,005,558
Premium written during the period / year	3,477,512	(744,108)	2,733,404	4,652,267	(748,416)	3,903,851
Earned premium in the period / year	(3,394,358)	598,567	(2,795,791)	(4,464,031)	756,180	(3,707,851)
At 30 September 2023 / 31 December 2022	2,480,860	(341,689)	2,139,171	2,397,706	(196,148)	2,201,558

MSIG Insurance (Thailand) Public Company Limited
Notes to the condensed interim financial statements
For the three-month and nine-month periods ended 30 September 2023 (Unaudited)

8 Reinsurance payables

	30 September 2023	31 December 2022
	<i>(in thousand Baht)</i>	
Amount withheld on reinsurance	93,834	88,960
Due to reinsurers	518,697	202,861
Total	<u>612,531</u>	<u>291,821</u>

9 Income tax

Income tax recognised in profit or loss

For the nine-month period ended 30 September

	2023	2022
	<i>(in thousand Baht)</i>	
<i>Current tax expense</i>		
Current period	41,200	65,977
Under provided in prior year	1,001	1,100
<i>Deferred tax expense</i>		
Movements in temporary differences	(4,036)	(48,932)
Total	<u>38,165</u>	<u>18,145</u>

Income tax recognised in other comprehensive income

Deferred tax expense

Loss on remeasurement of investments - fair value through other comprehensive income (loss)	21,834	24,183
Actuarial gain on defined benefit plan	-	(1,043)
Total	<u>21,834</u>	<u>23,140</u>

Reconciliation of effective tax rate

For the nine-month period ended 30 September

	2023		2022	
	Rate (%)	<i>(in thousand Baht)</i>	Rate (%)	<i>(in thousand Baht)</i>
Profit before income tax		<u>202,179</u>		<u>90,777</u>
Income tax using the tax rate	20.0	40,436	20.0	18,155
Under provided in prior year	0.5	1,001	1.2	1,100
Income not subject to tax	(1.1)	(2,339)	(0.2)	(217)
Additional deductible expenses for tax purpose	(0.6)	(1,128)	(1.3)	(1,191)
Expenses not deductible for tax purposes	0.1	195	0.3	298
Total	<u>18.9</u>	<u>38,165</u>	<u>20.0</u>	<u>18,145</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 2023 (Unaudited)

10 Dividends

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

Annual dividend	Approval date	Payment schedule	Dividends per share (Baht)	Amount (in million Baht)
2023	24 April 2023	May 2023	40	57
2022	25 April 2022	May 2022	100	143

11 Expected credit loss (reversal)

For the nine-month period ended 30 September

	2023	2022
	<i>(in thousand Baht)</i>	
Expected credit loss (reversal)		
Investment in securities		
- Debt securities measured at fair value through other comprehensive income	48	(195)
Total	48	(195)

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

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Significant transactions for the nine-month period ended 30 September 2023 and 2022 with key management and related parties were summarised as follows:

<i>For the nine-month period ended 30 September</i>	2023	2022
	<i>(in thousand Baht)</i>	
Revenue		
Other related parties		
Commission and brokerage income	15,259	13,700
Service income	7,236	7,796
Expenses		
Other related parties		
Premiums ceded	82,798	73,775
Commission and brokerage expense	109	84
Insurance claims expenses recovered from reinsurers	32,121	29,445
Marketing and management support services agreement fee	43,536	29,695
Key management and director compensation		
Directors' remuneration	2,693	3,511
Short-term benefits	47,116	46,520
Post-employment benefit	7,786	7,958
Total	<u>57,595</u>	<u>57,989</u>
Dividends		
Major shareholders		
Dividend paid	49,317	123,292

Significant balances as at 30 September 2023 and 31 December 2022 with related parties were as follows:

	30 September 2023	31 December 2022
	<i>(in thousand Baht)</i>	
Premiums due and uncollected		
Other related parties	<u>123</u>	<u>296</u>
Reinsurance assets		
Reinsurance's share of liabilities		
Other related parties	<u>65,766</u>	<u>38,479</u>
Reinsurance receivables		
Due from reinsurers		
Other related parties	<u>43,220</u>	<u>32,574</u>
Other assets		
Other receivables		
Other related parties	<u>944</u>	<u>466</u>
Reinsurance payables		
Due to reinsurers		
Other related parties	<u>83,047</u>	<u>50,806</u>

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	30 September 2023	31 December 2022
	<i>(in thousand Baht)</i>	
<i>Amount withheld on reinsurance</i>		
Other related parties	<u>16,046</u>	<u>16,008</u>
<i>Other liabilities</i>		
Payables to related parties		
Other related parties	<u>14,868</u>	<u>8,169</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 2023</i>	<i>Note</i>	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		2,507,133	-	2,507,133	-	2,507,133
Private debt securities		875,932	-	875,932	-	875,932
Equity securities		204,364	200,417	3,947	-	204,364
Unit trusts		30,243	-	30,243	-	30,243
Total		<u>3,617,672</u>	<u>200,417</u>	<u>3,417,255</u>	<u>-</u>	<u>3,617,672</u>
<i>At 31 December 2022</i>						
<i>Financial assets</i>						
Investment in securities	6					
Government and state enterprise debt securities		2,525,919	-	2,525,919	-	2,525,919
Private debt securities		837,314	-	837,314	-	837,314
Equity securities		202,951	185,880	17,071	-	202,951
Total		<u>3,566,184</u>	<u>185,880</u>	<u>3,380,304</u>	<u>-</u>	<u>3,566,184</u>

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.

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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 2023 and 31 December 2022, 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 2023		31 December 2022	
	Book value	Face value	Book value	Face value
Bank of Thailand bond	15,000	15,000	14,921	15,000
Total	15,000	15,000	14,921	15,000

- 14.2 As at 30 September 2023 and 31 December 2022, 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 2023		31 December 2022	
	Book value	Face value	Book value	Face value
Government and Bank of Thailand bonds	369,293	368,000	381,609	368,000
Deposit at bank - time deposit	200,000	200,000	200,000	200,000
Total	569,293	568,000	581,609	568,000

15 Restricted and collateral assets

	30 September 2023	31 December 2022
	<i>(in thousand Baht)</i>	
Deposit at bank - time deposit		
To secure bank guarantee - facilities issued by banks	<u>700</u>	<u>700</u>

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16 Commitments with non-related parties

As at 30 September 2023 and 31 December 2022, the Company had future minimum lease payments required under these non-cancellable contracts as follows:

Commitments under office rental and service agreements

	30 September 2023	31 December 2022
	<i>(in thousand Baht)</i>	
Operating lease commitments		
Within one year	3,683	4,587
After one year but within five years	258	329
Total	<u><u>3,941</u></u>	<u><u>4,916</u></u>

17 Contingent liabilities

As at 30 September 2023, lawsuits have been brought against the Company, in relation to insurance claims of Baht 229 million (*31 December 2022: Baht 211 million*) whereas the sum insured of insurance policy and reinsurance claim recoverable of Baht 214 million and Baht 6 million, respectively (*31 December 2022: Baht 239 million and Baht 5 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.

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.

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(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.


MSIG
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