

Sompo Insurance (Thailand) Public Company Limited
Review report and interim financial information
31 March 2022

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Sompoo Insurance (Thailand) Public Company Limited

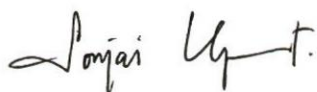
I have reviewed the accompanying statement of financial position of Sompoo Insurance (Thailand) Public Company Limited as at 31 March 2022, the related statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended as well as the condensed notes to the interim financial statements (collectively called "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 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.



Somjai Khunapasut
Certified Public Accountant (Thailand) No. 4499

EY Office Limited
Bangkok: 10 May 2022

Sompo Insurance (Thailand) Public Company Limited**Statements of financial position****As at 31 March 2022 and 31 December 2021**

		(Unit: Baht)	
	Note	31 March 2022	31 December 2021
		(Unaudited but reviewed)	(Audited)
Assets			
Cash and cash equivalents	4	452,807,159	312,068,207
Premium receivables	5, 18	508,819,962	567,863,807
Accrued investment income		12,256,167	10,271,902
Reinsurance assets	6	1,328,676,232	1,395,020,640
Receivables from reinsurance contracts	7, 18	238,071,415	305,000,728
Debt financial assets	8	2,610,979,471	2,557,198,198
Equity financial assets	9	22,817,582	22,817,582
Equipment		16,821,519	19,454,406
Right-of-use assets		65,107,480	72,294,654
Intangible assets	10	747,482,130	759,856,569
Deferred tax assets	11	3,210,612	2,885,284
Prepaid premium ceded		21,717,734	35,084,413
Other assets	12, 18	316,356,003	383,443,470
Total assets		6,345,123,466	6,443,259,860

The accompanying notes are an integral part of the financial statements.

Sompo Insurance (Thailand) Public Company Limited

Statements of financial position (continued)

As at 31 March 2022 and 31 December 2021

(Unit: Baht)

	Note	31 March 2022 (Unaudited but reviewed)	31 December 2021 (Audited)
Liabilities and equity			
Liabilities			
Insurance contract liabilities	13	2,531,481,565	2,540,098,492
Due to reinsurers	14, 18	1,265,257,372	1,320,984,974
Lease liabilities		70,242,479	77,682,387
Payable under the Distribution Agreement	10.1	286,435,423	284,984,865
Income tax payable		43,740,953	33,213,306
Employee benefit obligations		36,176,730	34,550,091
Premium received in advance		35,726,636	39,814,681
Accrued commission	18	76,495,383	87,272,962
Others liabilities	15, 18	126,577,806	162,608,500
Total liabilities		4,472,134,347	4,581,210,258
Equity			
Share capital			
Registered			
18,103,153 ordinary shares of Baht 100 each		1,810,315,300	1,810,315,300
Issued and paid-up			
18,103,153 ordinary shares of Baht 100 each		1,810,315,300	1,810,315,300
Retained earnings			
Unappropriated		45,056,687	34,117,170
Other components of equity		17,617,132	17,617,132
Total equity		1,872,989,119	1,862,049,602
Total liabilities and equity		6,345,123,466	6,443,259,860

The accompanying notes are an integral part of the financial statements.

河野 親由

Kimu Imanishi

Directors



บริษัท ซมโปะ ประกันภัย (ประเทศไทย) จำกัด (มหาชน)
Sompo Insurance (Thailand) Public Company Limited

(Unaudited but reviewed)

Sompo Insurance (Thailand) Public Company Limited

Statements of income

For the three-month periods ended 31 March 2022 and 2021

		(Unit: Baht)	
	Note	2022	2021
Income			
Gross premium written		757,004,461	575,810,202
Less: Premium ceded to reinsurers		(447,826,880)	(330,254,565)
Net premium written		309,177,581	245,555,637
Less: Unearned premium reserve increase from prior period		(7,443,140)	(17,504,290)
Net earned premium		301,734,441	228,051,347
Fee and commission income from reinsurers		122,289,827	103,475,672
Net investment income		10,279,178	10,581,843
Gain on financial instruments		6,341	46,175
Other income		2,966,437	1,782,644
Total income		437,276,224	343,937,681
Expenses			
Gross claim and loss adjustment expenses		271,994,072	166,520,818
Less: Claim recovery from reinsurers		(101,554,851)	(35,340,639)
Commission and brokerage expenses		103,934,097	80,681,195
Other underwriting expenses		57,236,790	44,398,742
Operating expenses	16	76,997,302	77,439,094
Financial costs		1,746,093	3,169,239
Expected credit loss (reversal)		121,982	(322,608)
Total expenses		410,475,485	336,545,841
Profit before income tax		26,800,739	7,391,840
Less: Income tax expenses	11	(15,861,222)	(9,559,650)
Profit (loss) for the period		10,939,517	(2,167,810)
Earnings per share	17		
Basic earning (loss) per share		0.60	(0.05)
Weighted average number of ordinary shares (Shares)		18,103,153	40,200,200

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Sompo Insurance (Thailand) Public Company Limited

Statements of comprehensive income

For the three-month periods ended 31 March 2022 and 2021

	(Unit: Baht)	
	2022	2021
Profit (loss) for the period	<u>10,939,517</u>	<u>(2,167,810)</u>
Total other comprehensive income for the period	<u>-</u>	<u>-</u>
Total comprehensive income for the period (loss)	<u><u>10,939,517</u></u>	<u><u>(2,167,810)</u></u>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Sompo Insurance (Thailand) Public Company Limited

Statements of changes in equity

For the three-month periods ended 31 March 2022 and 2021

(Unit: Baht)

	Issued and paid up share capital	Retained earnings Appropriated - statutory reserve	Unappropriated (Deficits)	Other components of equity - equity securities designated to be measured at fair value through other comprehensive income	Total
Balance as at 1 January 2021	4,020,020,000	8,881,806	(2,246,083,428)	11,079,355	1,793,897,733
Loss for the period	-	-	(2,167,810)	-	(2,167,810)
Comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period (loss)	-	-	(2,167,810)	-	(2,167,810)
Balance as at 31 March 2021	4,020,020,000	8,881,806	(2,248,251,238)	11,079,355	1,791,729,923
Balance as at 1 January 2022	1,810,315,300	-	34,117,170	17,617,132	1,862,049,602
Profit for the period	-	-	10,939,517	-	10,939,517
Comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	10,939,517	-	10,939,517
Balance as at 31 March 2022	1,810,315,300	-	45,056,687	17,617,132	1,872,989,119

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Sompo Insurance (Thailand) Public Company Limited

Statements of cash flows

For the three-month periods ended 31 March 2022 and 2021

	(Unit: Baht)	
	2022	2021
Cash flows from (used in) operating activities		
Direct premium written	767,980,298	588,823,076
Cash paid for reinsurance	(227,182,196)	(221,252,309)
Interest income	8,300,352	6,885,277
Other income	2,966,437	1,782,644
Loss incurred on direct insurance	(161,823,429)	(142,507,295)
Commission and brokerage expenses on direct insurance	(104,907,501)	(74,674,465)
Other underwriting expenses	(53,452,256)	(34,005,608)
Operating expenses	(79,189,758)	(111,832,185)
Income tax expenses	50,525,475	(9,067,192)
Cash flows from financial assets	88,342,618	464,834,581
Cash flows used in financial assets	(142,162,270)	(57,533,133)
Net cash flows from operating activities	149,397,770	411,453,391
Cash flows from (used in) investing activities		
Cash paid for purchase of equipment	(90,869)	(2,512,050)
Cash paid for purchase of intangible assets	(735,000)	-
Net cash flows used in investing activities	(825,869)	(2,512,050)
Cash flows from (used in) financial activities		
Repayment of liabilities under lease agreements	(7,750,248)	(7,540,121)
Net cash flows used in financial activities	(7,750,248)	(7,540,121)
Increase in allowance for expected credit loss	(82,701)	(222,966)
Net increase in cash and cash equivalents	140,738,952	401,178,254
Cash and cash equivalents at beginning of period	312,068,207	261,899,141
Cash and cash equivalents at end of period	452,807,159	663,077,395

The accompanying notes are an integral part of the financial statements.

Sompo Insurance (Thailand) Public Company Limited
Notes to interim financial statements
For the three-month periods ended 31 March 2022 and 2021

1. General information

1.1 General information of the Company

Sompo Insurance (Thailand) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Since 9 February 2022, C.K.T Holding Company Limited, a company registered and incorporated in Thailand, is the Company's major shareholder, holding 51% of the Company's issued and paid-up capital. In addition, Sompo Japan Insurance Inc., a company registered in the Japan and the Group's ultimate parent company, holds 49% of the Company's issued and paid-up capital. (31 December 2563: Its parent company was Sompo Japan Insurance Inc., holding 100%).

The Company is principally engaged in the provision of non-life insurance.

2. Basis for the preparation of the financial information

2.1 Basis for the preparation of the interim financial information

This interim financial information is prepared in accordance with Thai Accounting Standard No. 34 “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented line items in the statements of financial position, income, comprehensive income, changes in equity and cash flows in the same format as that used for annual financial statements, and in accordance with the format of financial statements specified in the Notification of the Office of Insurance Commission (“OIC”) regarding criteria, procedures, terms and conditions for preparation and submission of financial statements and operating performance reports of non-life insurance companies (No.2) B.E. 2562 dated 4 April 2019.

This interim financial information is intended to provide information additional to that included in the latest annual financial statements. Accordingly, the interim financial information focuses on new activities, events and circumstances so as not to duplicate information previously reported. This interim financial information should therefore be read in conjunction with the latest annual financial statements.

(Unaudited but reviewed)

The interim financial information in Thai language is the official statutory financial statements of the Company. The interim financial information in English language has been translated from the Thai language financial information.

2.2 Significant accounting policies

The interim financial information is prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2021.

2.3 Financial reporting standards that became effective in the current period

The revised financial reporting standards which are effective for fiscal year beginning on or after 1 January 2022 do not have any significant impact on the Company's financial statements.

3. Classification of financial assets and financial liabilities

As at 31 March 2022 and 31 December 2021, carrying amounts of financial assets and financial liabilities were classified as follow.

(Unit: Baht)

	31 March 2022		
	Equity instruments designed to be measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
Financial assets			
Cash and cash equivalents	-	452,807,159	452,807,159
Accrued investment income	-	12,256,167	12,256,167
Debt financial assets	-	2,610,979,471	2,610,979,471
Equity financial assets	22,817,582	-	22,817,582
Financial liabilities			
Lease liabilities	-	70,242,479	70,242,479

(Unaudited but reviewed)

(Unit: Baht)

31 December 2021

	Equity instruments designed to be measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
Financial assets			
Cash and cash equivalents	-	312,068,207	312,068,207
Accrued investment income	-	10,271,902	10,271,902
Debt financial assets	-	2,557,198,198	2,557,198,198
Equity financial assets	22,817,582	-	22,817,582
Financial liabilities			
Lease liabilities	-	77,682,387	77,682,387

4. Cash and cash equivalents

(Unit: Baht)

	31 March 2022	31 December 2021
Cash on hand	31,000	31,000
Deposits at banks with no fixed maturity date	453,196,231	312,374,578
Total cash and cash equivalents	453,227,231	312,405,578
Less: Allowance for expected credit loss	(420,072)	(337,371)
Cash and cash equivalents - net	452,807,159	312,068,207

5. Premium receivables

The balances as at 31 March 2022 and 31 December 2021 of premium receivables due from direct insurance are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

	(Unit: Baht)	
	31 March 2022	31 December 2021
Not yet due	333,744,560	321,139,283
Not over 30 days	52,899,886	167,460,508
Over 31 days to 60 days	43,901,270	40,758,143
Over 61 days to 90 days	11,455,767	6,445,768
Over 91 days	67,197,478	32,439,104
Total	509,198,961	568,242,806
Less: Allowance for doubtful accounts	(378,999)	(378,999)
Total premium receivables - net	<u>508,819,962</u>	<u>567,863,807</u>

6. Reinsurance assets

	(Unit: Baht)	
	31 March 2022	31 December 2021
Insurance recoverable from reinsurers		
- Loss reserves	391,465,123	338,040,804
- Unearned premium reserves	937,211,109	1,056,979,836
Total reinsurance assets	<u>1,328,676,232</u>	<u>1,395,020,640</u>

7. Receivables from reinsurance contracts

	(Unit: Baht)	
	31 March 2022	31 December 2021
Amounts due from reinsurers	<u>238,071,415</u>	<u>305,000,728</u>

(Unaudited but reviewed)

8. Debt financial assets

8.1 Classified by type of financial assets

(Unit: Baht)

	31 March 2022	31 December 2021
	Amortised cost	Amortised cost
Debt instruments measured at amortised cost		
Government and state enterprise securities	274,249,856	362,543,198
Private debt instruments	1,069,096,851	958,896,944
Deposits at financial institutions which matured over 3 months	1,269,887,707	1,237,974,621
Total	2,613,234,414	2,559,414,763
Less: Allowance for expected credit loss	(2,254,943)	(2,216,565)
Total debt financial assets - net	2,610,979,471	2,557,198,198

8.2 Classified by stage of credit risk

(Unit: Baht)

	31 March 2022			31 December 2021		
	Gross carrying value	Allowance for expected credit loss recognised in profit or loss	Net carrying value	Gross carrying value	Allowance for expected credit loss recognised in profit or loss	Net carrying value
Debt instruments measured at amortised cost						
Stage 1 - Debt securities with no significant increase in credit risk	2,613,234,414	(2,254,943)	2,610,979,471	2,559,414,763	(2,216,565)	2,557,198,198

8.3 Financial assets with restrictions and commitments

As at 31 March 2022 and 31 December 2021, the following assets have been pledged as security, policy reserve with the Registrar of the Office of Insurance Commission in accordance with the Non-Life Insurance Act, and pledged as bail bond in case of where insured driver have been charged with criminal offence as below.

(Unit: Million Baht)

	31 March 2022		31 December 2021	
	Amortised cost	Fair value	Amortised cost	Fair value
Assets pledged				
Government bonds	18.8	20.9	18.8	21.3
Assets reserve as non - life insurance reserve				
Government bonds	191.7	200.5	192.1	205.2
Assets subject to other restriction				
Saving lottery which pledged	2.1	2.1	3.5	3.5
Total	212.6	223.5	214.4	230.0

9. Equity financial assets

9.1 Classified by type of equity financial assets

(Unit: Baht)

	31 March 2022		31 December 2021	
	Cost	Fair value	Cost	Fair value
Equity instruments designated to be measured at fair value through other comprehensive income				
Non-listed equity instruments	796,166	22,817,582	796,166	22,817,582
Add: Unrealised gain	22,021,416		22,021,416	
Total equity financial assets - net	22,817,582		22,817,582	

10. Intangible assets

(Unit: Baht)

	For the three-month period ended 31 March 2022			
	Computer software	Computer software in progress	Rights under the Bancassurance agreement	Total
Net book value as at 1 January 2022	16,955,194	34,084,098	708,817,277	759,856,569
Acquisition during the period - at cost	735,000	-	-	735,000
Amortisation charge for the period	(632,702)	-	(12,476,737)	(13,109,439)
Net book value as at 31 March 2022	17,057,492	34,084,098	696,340,540	747,482,130

10.1 Rights under the bancassurance agreement

On 19 September 2017, the Company entered into a Distribution agreement (“Agreement”) with a Commercial bank and certain companies in the Bank’s Group. The Agreement is effective from 4 November 2020 to 31 December 2035. Under this Agreement, the Company is committed to pay the fees and applicable taxes, in consideration of the Bank and the group company granting the Company access to the distribution network for insurance products and also acting as the insurance agents for the Company over the agreement term. The Company has therefore recognised the net present value of the amount to be paid in order to obtain the right under the agreement with directly related expenses as an intangible asset totaling Baht 767 million. The payment period is as specified in the agreement, depending on the premium amount the counterparty is able to gain for each period. The rights will be amortised as expenses over the term of the agreement. Under the terms and conditions of this agreement, the Company has to pay commission and other fees at the rate specified in the agreement, and such amount will be recognised as expenses on an accrual basis in the statement of income in the period they are incurred.

As at 31 March 2022, the carrying value of the access right to distribution network were Baht 696.3 million (31 December 2021: Baht 708.8 million).

(Unaudited but reviewed)

As at 31 March 2022, the payable under the Distribution Agreement was Baht 286.4 million (31 December 2021: Baht 285.0 million) whereby the movement was as below.

	(Unit: Baht)
	For the three-month period ended 31 March 2022
Balance - beginning of the period	284,984,865
Add: amortisation of deferred interest expenses	1,450,558
Balance - end of the period	286,435,423

11. Deferred tax assets / income tax expenses

11.1 Deferred tax assets/liabilities

The components of deferred tax assets and deferred tax liabilities as at 31 March 2022 and 31 December 2021 are as follows:

	(Unit: Baht)			
	Changes in deferred tax assets and liabilities that are recognised in profit or loss for the three-month periods ended 31 March			
	31 March 2022	31 December 2021	2022	2021
Deferred tax assets				
Allowance for expected credit loss	-	-	-	(64,522)
Allowance for loss on impairment of investments in securities	379,549	379,549	-	-
Right-of-use assets and lease liabilities	-	-	-	271,414
Post employee benefit obligations	7,235,346	6,910,018	325,328	(264,850)
Total	7,614,895	7,289,567		
Deferred tax liabilities				
Gain on changes in value of equity instruments designated to be measured at fair value through other comprehensive income	4,404,283	4,404,283		
Total	4,404,283	4,404,283		
Deferred tax assets - net	3,210,612	2,885,284		
Changes in deferred tax assets and liabilities that are recognised in profit or loss			325,328	(57,958)

(Unaudited but reviewed)

As at 31 March 2022, the Company has temporary differences available to be utilised as tax deductions in the future of Baht 686.6 million (31 December 2021: Baht 635.2 million). The Company did not record deferred tax assets since the Company's assessment is that there may not be sufficient taxable profit available in the future to utilise these items.

11.2 Income tax expenses

Income tax expenses for the three-month periods ended 31 March 2022 and 2021 are as follows:

	(Unit: Baht)	
	For the three-month periods ended 31 March	
	2022	2021
Current income tax:		
Current income tax charge for the period	16,186,550	9,501,692
Deferred tax:		
Relating to origination and reversal of temporary differences	(325,328)	57,958
Income tax expenses reported in the statement of income	<u>15,861,222</u>	<u>9,559,650</u>

The reconciliations between income tax expenses and the product of accounting profit for the three-month periods ended 31 March 2022 and 2021 and the applicable tax rate are as follows:

	(Unit: Baht)	
	For the three-month periods ended 31 March	
	2022	2021
Accounting profit before income tax expenses	<u>26,800,739</u>	<u>7,391,840</u>
Applicable tax rate	20%	20%
Accounting profit before income tax expenses multiple by applicable tax rate	5,360,148	1,478,368
Tax effect of:		
Temporary differences not treated as tax deductible expenses and was not recognised as deferred tax	10,281,246	9,204,828
Non-taxable income and non-deductible expenses	219,828	(1,123,546)
Income tax expenses reported in the statement of income	<u>15,861,222</u>	<u>9,559,650</u>

(Unaudited but reviewed)

12. Other assets

(Unit: Baht)

	31 March 2022	31 December 2021
Withholding tax refundable	90,805,857	135,323,889
Input tax refundable	43,427,435	55,093,781
Suspense input tax	38,003,784	35,237,361
Deposits on rice field insurance scheme	66,649,196	87,609,049
Prepaid commission expenses	46,014,506	41,202,908
Others	31,455,225	28,976,482
Total other assets	<u>316,356,003</u>	<u>383,443,470</u>

13. Insurance contract liabilities

(Unit: Baht)

	31 March 2022		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
- Claim incurred and reported	341,521,112	(162,024,270)	179,496,842
- Claim incurred but not reported	491,799,187	(229,440,853)	262,358,334
Unearned premium reserves	1,698,161,266	(937,211,109)	760,950,157
Total	<u>2,531,481,565</u>	<u>(1,328,676,232)</u>	<u>1,202,805,333</u>

(Unit: Baht)

	31 December 2021		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
- Claim incurred and reported	310,471,576	(131,059,316)	179,412,260
- Claim incurred but not reported	419,140,063	(206,981,488)	212,158,575
Unearned premium reserves	1,810,486,853	(1,056,979,836)	753,507,017
Total	<u>2,540,098,492</u>	<u>(1,395,020,640)</u>	<u>1,145,077,852</u>

(Unaudited but reviewed)

13.1 Loss reserves

(Unit: Baht)

	For the three-month period ended 31 March 2022	For the year ended 31 December 2021
Beginning balance	729,611,639	766,636,492
Claim expenses for the period	202,300,979	695,032,907
Change in loss reserves of prior period's claim	(12,262,317)	(59,551,129)
Change in assumption in calculating loss reserves	72,659,124	42,759,593
Claim paid during the period	(158,989,126)	(715,266,224)
Ending balance	833,320,299	729,611,639

13.2 Unearned premium reserves

(Unit: Baht)

	For the three-month period ended 31 March 2022	For the year ended 31 December 2021
Beginning balance	1,810,486,853	1,451,119,306
Premium written for the period	757,004,461	3,504,124,760
Premium earned for the current period	(869,330,048)	(3,144,757,213)
Ending balance	1,698,161,266	1,810,486,853

14. Due to reinsurers

(Unit: Baht)

	31 March 2022	31 December 2021
Amounts withheld on reinsurance	579,429,737	617,261,346
Other reinsurance payable	685,827,635	703,723,628
Total due to reinsurers	1,265,257,372	1,320,984,974

(Unaudited but reviewed)

15. Other liabilities

	(Unit: Baht)	
	31 March 2022	31 December 2021
Commission received in advance	35,391,360	36,898,447
Accrued expenses	34,162,106	55,215,904
Short - term employee benefits	30,728,182	29,521,571
Other payables	8,641,126	700,179
Undue output tax	6,765,393	17,796,728
Others	10,889,639	22,475,671
Total other liabilities	<u>126,577,806</u>	<u>162,608,500</u>

16. Operating expenses

	(Unit: Baht)	
	For the three-month periods ended 31 March	
	2022	2021
Personnel expenses which are not expenses for underwriting and claims	45,600,102	52,025,155
Premises and equipment expenses which are not expenses for underwriting and claims	13,086,219	15,121,723
Taxes and duties	1,460,066	442,195
Bad debts and doubtful accounts (reversal)	-	(5,431,730)
Other operating expenses	16,850,915	15,281,751
Total operating expenses	<u>76,997,302</u>	<u>77,439,094</u>

17. Earnings per share

Basic earnings per share is calculated by dividing profit for the period (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

18. Related party transactions

18.1 Nature of relationship

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The relationships between the Company and its related parties are summarised below.

Name of related parties	Nature of relationship
Sompo Japan Insurance Inc. ⁽¹⁾	Ultimate parent company and shareholder
C.K.T Holding Company Limited ⁽²⁾	Major shareholder
Sompo Brokers (Thailand) Company Limited	Common shareholder in the same group
Sompo Insurance Singapore Pte. Ltd.	Common shareholder in the same group
Sompo Holdings (Asia) Pte. Ltd.	Common shareholder in the same group
Sompo Holding Inc.	Common shareholder in the same group
Sompo International Holdings Ltd.	Common shareholder in the same group
Sompo Japan Nipponkoa Reinsurance (Hong Kong) Company Limited	Common shareholder in the same group

(1) Sompo Japan Insurance Inc. was the parent company until 8 February 2022 and became the ultimate parent company since 9 February 2022.

(2) C.K.T Holding Company Limited is the parent company since 9 February 2022.

18.2 Intercompany transactions

During the periods, the Company had significant business transactions with its related parties. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those parties are as follows:

(Unit: Million Baht)

	For the three-month periods		Transfer pricing policy
	ended 31 March		
	2022	2021	
Transactions with ultimate parent company			
Premium ceded	191.8	155.1	Reinsurance rate depending on type of insurance and reinsurance contracts
Fee and commission income	67.8	58.1	Reinsurance rate depending on type of insurance and reinsurance contracts
Claim recovery	41.6	14.6	According to terms of reinsurance contracts depending on types of insurance and reinsurance

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month periods		Transfer pricing policy
	ended 31 March		
	2022	2021	
Transactions with related companies			
Premium ceded	1.7	1.0	Reinsurance rate depending on type of insurance and reinsurance contracts
Fee and commission income	0.4	0.2	Reinsurance rate depending on type of insurance and reinsurance contracts
Commission paid on direct insurance	26.0	16.3	In accordance with the Notification by the Registrar regarding "Commission rate for Non-life insurance"
Claim recovery	4.2	3.3	According to terms of reinsurance contracts depending on types of insurance and reinsurance
Management fee expenses	1.2	1.2	At the contract price

The Company had the following related party outstanding balances as at 31 March 2022 and 31 December 2021.

	(Unit: Million Baht)	
	31 March 2022	31 December 2021
Transactions with ultimate parent company		
Receivables from reinsurance contracts	23.3	62.7
Due to reinsurers - amounts withheld on reinsurance	396.4	409.9
Due to reinsurers - other reinsurance payable	189.8	148.5
Transactions with related companies		
Premium receivables	71.5	108.5
Receivables from reinsurance contracts	15.6	11.5
Other assets	1.3	1.4
Due to reinsurers - amounts withheld on reinsurance	25.1	27.2
Due to reinsurers - other reinsurance payable	6.4	2.9
Accrued commission	10.8	15.1
Other liabilities	1.2	5.7

Directors and management's remuneration

During the three-month periods ended 31 March 2022 and 2021, the Company had employment benefit expenses of its directors and management personnel as following.

(Unit: Million Baht)

	For the three-month periods ended 31 March	
	2022	2021
Short-term benefits	9.1	11.0
Long-term benefits	0.1	2.5
Total	9.2	13.5

19. Commitments and contingent liabilities**19.1 Operating lease and services commitments**

As at 31 March 2022, future minimum lease payments required under lease and services agreements which are not recognised as right-of-use assets are as follow.

(Unit: Million Baht)

Payable within:	
Within 1 year	6.9
1 to 4 years	1.4

19.2 Bank guarantees

As at 31 March 2022, there were outstanding bank guarantees of approximately Baht 2.3 million (31 December 2021: Baht 2.3 million) issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business.

19.3 Litigation

As at 31 March 2022, the Company has been sued for damaged totaling approximately Baht 21.1 million (31 December 2021: Baht 20.9 million) as insurer. The total maximum sum insured per the relevant policy is Baht 52.9 million (31 December 2021: Baht 52.3 million). The outcomes of these cases have not yet finalised but the Company has recorded loss reserves for its contingent loss amounting to Baht 9.9 million (31 December 2021: Baht 9.8 million) in the financial statements. The Company's management believes that such provision is adequate.

20. Fair value financial instruments

As at 31 March 2022 and 31 December 2021, the Company had financial assets that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	31 March 2022				31 December 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Equity financial assets -								
Equity instruments designated to be measured at fair value through other comprehensive income	-	-	22.8	22.8	-	-	22.8	22.8

In addition to the financial assets that are presented at fair value as mentioned above, the Company also has financial assets measured at cost but has to disclose their fair value, which consist of cash and cash equivalents, deposit at financial institutions, accrued investment income and debt instruments. Most of those financial assets are classified as short-term and/or have interest rates that are close to market rate, therefore, the carrying amounts of these financial instruments is estimated to approximate their fair value, except for certain investments in debt instruments whose fair value was differ from the carrying amount as follows.

(Unit: Million Baht)

	31 March 2022		31 December 2021	
	Carrying value	Fair value	Carrying value	Fair value
Debt instruments measured at amortised cost				
Government and state enterprise securities	274.3	285.1	362.5	378.0
Private debt securities	1,067.9	1,070.1	957.9	967.6
Deposits at financial institutions which matured over 3 months	1,268.8	1,269.9	1,236.8	1,238.0
	<u>2,611.0</u>	<u>2,625.1</u>	<u>2,557.2</u>	<u>2,583.6</u>

During the current period, there were no change in the methods and assumption used by the Company in estimating the fair value of financial instruments and no transfers within the fair value hierarchy.

21. Approval of interim financial information

These interim financial information were authorised for issue by the Company's authorised directors on 10 May 2022.