

Ref. No. Acc. 028/2021

10 November 2021

Subject: Management Discussion and Analysis for the nine-month period ended 30 September 2021

To: Director and Manager  
The Stock Exchange of Thailand

## Summary

The Company would like to report the operating result reviewed by the external auditor for the nine-month period ended 30 September 2021. The report was presented according to the equity method (including investment in associate) and the separate financial statements, whereby the net profit were Baht 625.95 million and Baht 624.72 million, respectively. The net profit of the separate financial statements showed an increase of Baht 123.97 million or 24.76% in comparison to 2020's. This increase was attributed to various factors, as follows:

- An increase in investment income was in line with the 2021 stock market conditions, which had been recovering with a positive outlook while the 2020 stock market was mostly fluctuated.
- The Coronavirus (COVID-19) outbreak in the first quarter of 2021 continued through the third quarter, the Company received renewal premium of COVID-19 health insurance policies. Moreover, new products related to COVID-19 health insurance policies had been launched to fulfill customers' needs and sold until mid of the third quarter.
- Claim expenses in relative to motor insurance decreased. Motor claim ratio has declined in both 2021 and 2020 as a result of COVID-19 measures, including WFH, cross province travel restrictions and curfew hours. In terms of general insurance, the claim ratio was not much different from the 2020's, even though there were a huge number of claims arising from COVID-19 insurance policies due to proper reinsurance management to credible reinsurance companies. Apart of such claims, there were large claims arising from major fire and flood incidents in the third quarter of 2021 which was well covered by reinsurance schemes.
- Positive results were received in 2021 from the insurance premium adjustment, the reduction of underperformed sales channels/product types and the efficiency improvement of claim management.



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**Financial operational summary**

Key operational results and movements for the nine-month period ended 30 September 2021 and 2020 are summarized in the table below.

(Unit: Million Baht)	Financial statements in which the equity method is applied				Separate financial statements			
	30 September 2021	30 September 2020	Increase (decrease)	Increase (decrease) (%)	30 September 2021	30 September 2020	Increase (decrease)	Increase (decrease) (%)
Gross premium written	11,118.73	10,872.72	246.01	2.26%	11,118.73	10,872.72	246.01	2.26%
Net premium written	5,571.24	5,657.03	(85.79)	(1.52%)	5,571.24	5,657.03	(85.79)	(1.52%)
Net earned premium	5,538.40	5,619.75	(81.35)	(1.45%)	5,538.40	5,619.75	(81.35)	(1.45%)
Fee and commission income	1,548.94	1,443.25	105.69	7.32%	1,548.94	1,443.25	105.69	7.32%
Share of gain (loss) from investments in an associate	1.23	(0.22)	1.45	659.09%	-	-	-	-
Investment and other income	553.36	356.29	197.07	55.31%	553.36	356.30	197.06	55.31%
Total income	7,641.93	7,419.07	222.86	3.00%	7,640.70	7,419.30	221.40	2.98%
Net claim expenses	3,010.36	3,210.84	(200.48)	(6.24%)	3,010.36	3,210.84	(200.48)	(6.24%)
Commission and brokerage expenses	1,713.47	1,679.45	34.02	2.03%	1,713.47	1,679.45	34.02	2.03%
Other underwriting expenses	1,056.86	921.59	135.27	14.68%	1,056.86	921.59	135.27	14.68%
Operating expenses	1,068.13	959.39	108.74	11.33%	1,068.13	959.39	108.74	11.33%
Finance cost	1.91	1.79	0.12	6.70%	1.91	1.79	0.12	6.70%
Expected credit loss	1.25	2.24	(0.99)	(44.20%)	1.25	2.24	(0.99)	(44.20%)
Total expenses	6,851.98	6,775.30	76.68	1.13%	6,851.98	6,775.30	76.68	1.13%
Profit before income tax	789.95	643.77	146.18	22.71%	788.72	644.00	144.72	22.47%
Income tax	(164.00)	(143.42)	(20.58)	(14.35%)	(164.00)	(143.25)	(20.75)	(14.49%)
Net profit	625.95	500.35	125.60	25.10%	624.72	500.75	123.97	24.76%

- Gross premium for the nine-month period ended 30 September 2021 comprises direct premium of Baht 11,084.41 million, an increase of 2.55%, and reinsurance premium of Baht 34.32 million. Net premium written, which decreased from Baht 5,657.03 million to Baht 5,571.24 million or 1.52%, was mainly contributed from general insurance. Earned premium decreased from Baht 5,619.75 million to Baht 5,538.40 million or 1.45%, which decreased from reinsurance premiums under excess of loss treaty. Fee and commission income increased by Baht 105.69 million or 7.32% from reinsurance income of general insurance.



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- Net investment income and gain on investments in securities and other income increased by Baht 197.07 million or 55.31% compared to those of previous year. This was in line with the stock market conditions of 2021 which had moved in a better direction. As a result, there was an increase in net investment income and gain on investments.
- Claim expenses of Baht 3,010.36 million decreased by 6.24% from last year. Motor claim ratio decreased due to the improvement of motor claims management, the adjustment of motor premium rates and low car usage resulted from various government's Covid-19 measures mentioned earlier. In terms of general insurance, there were large claims arising from accidents and natural perils and claims from COVID-19 policies with proper reinsurance management.
- Commission and brokerage expenses on gross premium were at 15.41%, slightly lower than the previous year. Other underwriting and operating expenses increased by Baht 244.01 million due to various marketing and sales promotion expenses incurred to retain existing customers and gain new customers under high market competition.

As detailed above, the Company's net profit per separate financial statements for the nine-month period ended 30 September 2021 was Baht 624.72 million, Baht 123.97 million or 24.76% higher than the same period of last year. Earnings per share for the nine-month period ended 30 September 2021 and 2020 were Baht 10.59 and Baht 8.49, respectively. The net profit per equity method recorded at Baht 625.95 million includes operational performance of an associated company.

### Financial position summary

Key financial position information as at 30 September 2021 and 31 December 2020:

(Unit: Million Baht)	Financial statements in which the equity method is applied			Separate financial statements		
	30 September 2021	31 December 2020	Increase (decrease)	30 September 2021	31 December 2020	Increase (decrease)
Total assets	29,126.35	25,585.33	3,541.02	29,127.14	25,589.12	3,538.02
Total liabilities	23,345.27	20,156.78	3,188.49	23,345.27	20,156.78	3,188.49
Equity	5,781.08	5,428.55	352.53	5,781.87	5,432.34	349.53

The Company's total assets increased from investment assets and reinsurance assets on loss reserves and unearned premium reserves. Total liabilities increased mainly from insurance contract liabilities from loss reserves and unearned premium reserves and accrued expenses. The movement of equity per separate financial statements for the nine-month period ended 30 September 2021 derived from net profit for the period amounting to Baht 624.72 million, unrealized losses from the measurement of investments in



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available-for-sale securities – net of tax of Baht 9.1 million and dividend paid for the year 2020 of Baht 266.09 million.

As for the financial statements using the equity method, the movement was higher because of the exchange differences on the translation of financial statements in foreign currency - investment in an associate.

For your acknowledgement

Yours sincerely,

(Mrs. Nualphan Lamsam)

President and Chief Executive Officer

