

Ref. No. Acc. 002/2022

25 February 2022

Subject: Management Discussion and Analysis for the year ended 31 December 2021

To: Director and Manager  
The Stock Exchange of Thailand

## Summary

The Company would like to report the operating result examined by the external auditor for the year ended 31 December 2021. The report was presented according to the equity method (including investment in associate) and the separate financial statements, whereby the net profits were Bath 767.45 million and Baht 765.15 million, respectively. The net profit of the separate financial statements showed an increase of Baht 174.18 million or 29.47% 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 declined significantly in 2021 from 2020 which showed some improvement because 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 high number of claims arising from COVID-19 insurance policies and large claims arising from major fire and flood incidents in the third quarter of 2021, it was due to proper reinsurance management schemes.
- Better underwriting performance in 2021 was due to the insurance premium adjustment, the reduction of underperformed sales channels/product types and the efficiency improvement of claim operation.



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## Financial operational summary

Key operational results and movements for the year ended 31 December 2021 and 2020 are summarized in the table below.

(Unit: Million Baht)	Financial statements in which the equity method is applied				Separate financial statements			
	31 December 2021	31 December 2020	Increase (decrease)	Increase (decrease) (%)	31 December 2021	31 December 2020	Increase (decrease)	Increase (decrease) (%)
Gross premium written	15,556.20	14,724.96	831.24	5.65%	15,556.20	14,724.96	831.24	5.65%
Net premium written	7,924.25	7,756.18	168.07	2.17%	7,924.25	7,756.18	168.07	2.17%
Net earned premium	7,438.37	7,559.25	(120.88)	(1.60%)	7,438.37	7,559.25	(120.88)	(1.60%)
Fee and commission income	2,219.62	1,920.54	299.08	15.57%	2,219.62	1,920.54	299.08	15.57%
Share of gain (loss) from investments in an associate	2.30	0.10	2.20	2,200.00%	-	-	-	-
Investment and other income	618.62	415.93	202.69	48.73%	618.62	415.93	202.69	48.73%
Total income	10,278.91	9,895.82	383.09	3.87%	10,276.61	9,895.72	380.89	3.85%
Net claim expenses	3,972.29	4,377.44	(405.15)	(9.26%)	3,972.29	4,377.44	(405.15)	(9.26%)
Commission and brokerage expenses	2,422.78	2,289.40	133.38	5.83%	2,422.78	2,289.40	133.38	5.83%
Other underwriting expenses	1,489.20	1,236.17	253.03	20.47%	1,489.20	1,236.17	253.03	20.47%
Operating expenses	1,419.68	1,237.11	182.57	14.76%	1,419.68	1,237.12	182.56	14.76%
Finance cost	2.62	2.31	0.31	13.42%	2.62	2.31	0.31	13.42%
Expected credit loss	0.59	2.25	(1.66)	(73.78%)	0.59	2.25	(1.66)	(73.78%)
Total expenses	9,307.16	9,144.68	162.48	1.78%	9,307.16	9,144.69	162.47	1.78%
Profit before income tax	971.75	751.14	220.61	29.37%	969.45	751.03	218.42	29.08%
Income tax	204.30	160.24	44.06	27.50%	204.30	160.06	44.24	27.64%
Net profit	767.45	590.90	176.55	29.88%	765.15	590.97	174.18	29.47%

- Gross premium for the year ended 31 December 2021 comprises direct premium of Baht 15,516.00 million, an increase of 5.88%, and reinsurance premium of Baht 40.20 million. Net premium written, which increase from Baht 7,756.18 million to Baht 7,924.25 million or 2.17%, was mainly contributed from motor insurance. Earned premium decreased from Baht 7,559.25 million to Baht 7,438.37 million or 1.60%, which decreased from reinsurance premiums under excess of loss treaty. Fee and commission income increased by Baht 299.08 million or 15.57% 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 202.69 million or 48.73% 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 3,972.29 million decreased by 9.26% from last year. Motor claim ratio decreased due to the improvement of motor claim operation, 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 schemes.
- Commission and brokerage expenses on gross premium were at 15.57%, slightly lower than the previous year. Other underwriting and operating expenses increased by Baht 435.60 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 year ended 31 December 2021 was Baht 765.15 million, Baht 174.18 million or 29.47% higher than the same period of last year. Earnings per share for the year ended 31 December 2021 and 2020 were Baht 12.97 and Baht 10.02, respectively. The net profit per equity method recorded at Baht 767.45 million includes operational performance of an associated company.

### Financial position summary

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

(Unit: Million Baht)	Financial statements in which the equity method is applied			Separate financial statements		
	31 December 2021	31 December 2020	Increase (decrease)	31 December 2021	31 December 2020	Increase (decrease)
Total assets	30,011.02	25,585.33	4,425.69	30,015.90	25,589.12	4,426.78
Total liabilities	24,006.05	20,156.78	3,849.27	24,006.05	20,156.78	3,849.27
Equity	6,004.97	5,428.55	576.42	6,009.85	5,432.34	577.51

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 year ended 31 December 2021 derived from net profit for the period amounting to Baht 765.15 million, unrealized gains from the measurement of investments in available - for



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- sale securities , net of tax : Baht 45.52 million, dividend paid for the year 2020 of Baht 266.09 million and actuarial gains , net of tax : Baht 32.93 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



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