

15 August 2022

Managing Director
The Stock Exchange of Thailand
93 Ratchadaphisek Road, Dindaeng
Bangkok 10400, Thailand

Dear Sir,

Subject: Management Discussion and Analysis Quarter 2 Ending 30 June 2022

Thaivivat Insurance Public Company Limited (“the Company”) would like to clarify the operating results for the six-month period ended June 30, 2022 compared to the same period of the previous year. The results of operations are summarized as follows:

Summary Performance

	Consolidated		Change		Separate		Change	
	30-Jun-22	30-Jun-21	Amount	%	30-Jun-22	30-Jun-21	Amount	%
Underwriting income	3,047.1	2,720.4	326.7	12.0%	3,045.2	2,718.8	326.4	12.0%
Underwriting expenses	2,320.8	2,142.6	178.2	8.3%	2,319.4	2,141.0	178.4	8.3%
Underwriting profit before operating expenses	726.3	577.8	148.5	25.7%	725.8	577.8	148.0	25.6%
Operating expenses	(361.8)	(360.8)	(1.1)	0.3%	(354.6)	(358.6)	4.0	(1.1%)
Profit from underwriting	364.5	217.1	147.4	67.9%	371.3	219.2	152.0	69.3%
Gain (loss) on investment	(146.0)	157.4	(303.4)	(192.8%)	(147.1)	156.1	(303.2)	(194.3%)
Financial cost	(0.04)	(0.05)	0.01	(10.7%)	-	-	-	-
Other income	1.9	5.1	(3.1)	(62.2%)	2.6	4.9	(2.3)	(46.9%)
Profit before income tax	220.3	379.5	(159.1)	(41.9%)	226.7	380.2	(153.5)	(40.4%)
Income tax expenses	(44.1)	(73.3)	29.2	(39.9%)	(44.1)	(73.3)	29.2	(39.9%)
Profit for the year	176.3	306.2	(129.9)	(42.4%)	182.6	306.9	(124.3)	(40.5%)

The Company's underwriting income was Baht 3,047.1 million, increasing Baht 326.7 million or 12.0 percent from the previous year. So, the Company's underwriting and operating expenses was Baht 2,682.6 million, increased by Baht 179.3 million or 7.2 percent, which was lower than the growth rate of underwriting income. As a result, the Company had a profit from underwriting of Baht 364.5 million, increasing of Baht 147.4 million. Due to the economic downturn in 2022 and the uncertainty of the war situation, the company had a loss on investment of Baht 146.0 million in the first half of 2022 compared to a profit of Baht 157.4 million the previous year. Global stock values thus fell in comparison to the prior year. From the above reasons, the Company had a net profit of Baht 176.3 million, a decrease of Baht 129.9 million or a 42.4 percent decrease from the previous year.

Underwriting income and expenses

	Consolidated		Change		Separate		Change	
	30-Jun-22	30-Jun-21	Amount	%	30-Jun-22	30-Jun-21	Amount	%
Gross premium written	3,245.8	2,683.3	562.5	21.0%	3,242.7	2,682.2	560.5	20.9%
Less Premium ceded to reinsurers	(183.8)	(129.7)	(54.1)	41.7%	(183.8)	(129.7)	(54.1)	41.7%
Net premium written	3,062.0	2,553.6	508.4	19.9%	3,058.9	2,552.5	506.4	19.8%
Less Unearned premium reserves increase from prior period	(78.9)	118.7	(197.7)	(166.5%)	(77.8)	118.2	(195.9)	(165.8%)
Earned premium	2,983.1	2,672.3	310.7	11.6%	2,981.1	2,670.7	310.4	11.6%
Fee and commission income	64.1	48.1	16.0	33.2%	64.1	48.1	16.0	33.2%
Total underwriting income	3,047.1	2,720.4	326.7	12.0%	3,045.2	2,718.8	326.4	12.0%
Claim and loss adjustment expenses	1,618.3	1,522.4	95.9	6.3%	1,617.1	1,521.0	96.1	6.3%
Commission and brokerage expenses	531.8	454.1	77.6	17.1%	531.4	454.0	77.4	17.0%
Other underwriting expenses	170.7	166.1	4.6	2.8%	170.9	165.9	5.0	3.0%
Total underwriting expenses	2,320.8	2,142.6	178.2	8.3%	2,319.4	2,141.0	178.4	8.3%
Operating expenses	(361.8)	(360.8)	(1.1)	0.3%	(354.6)	(358.6)	4.0	(1.1%)
Profit from underwriting	364.5	217.1	147.4	67.9%	371.3	219.2	152.0	69.3%

The Company's underwriting income was Baht 3,047.1 million increased Baht 326.7 million or 12.0 percent, owing primarily to the expansion of motor insurance by Baht 310.2 million or 12.8 percent, which resulted from the Company's continuous product development by using new innovations in product design to facilitate and meet the insured needs, as well as the company's continuous sales promotion activities.

Underwriting and operating expenses for the Company totaled Baht 2,682.6 million, up Baht 179.3 million or 7.2 percent, which was less than the growth rate of underwriting income. Due to the continued COVID-19 situation which caused a slowdown in economic activity. Additionally, Work from Home (WFH) activities are encouraged in Thailand by both the public and private sectors, which resulted to a loss ratio in the motor insurance of 56.7 percent, which was about the same as the loss ratio in the previous year, which was 56.2 percent. Furthermore, the Company's emphasizes the use of Big Data and innovation to improve operational effectiveness and a more effective risk screening system. From the above reasons, the company's insurance profit was 364.5 million baht, increasing 147.4 million baht from the same period of the previous year.

Gain (loss) on investment

	Consolidated		Change		Separate		Change	
	30-Jun-22	30-Jun-21	Amount	%	30-Jun-22	30-Jun-21	Amount	%
Net investment income	40.5	40.8	(0.3)	(0.7%)	39.4	39.4	(0.1)	(0.1%)
Gain (loss) on financial instruments	(118.0)	63.9	(181.9)	(284.6%)	(118.0)	63.9	(181.9)	(284.6%)
Gain (loss) on fair value valuation of financial instruments	(68.6)	52.7	(121.3)	(230.1%)	(68.6)	52.7	(121.3)	(230.1%)
Total gain(loss) on investment	(146.0)	157.4	(303.4)	(192.8%)	(147.1)	156.1	(303.2)	(194.3%)

However apart from underwriting income, the company had a main investment income with investment ratio as the Office of Insurance Commission (OIC) announcement, with the investment amount as of ended June 30, 2022 shown in the Financial Statements and recorded as market price Million 5,197.3 baht.

The Company has income from investment which is considered as another main source of income other than income from insurance. The investment proportion is in accordance with the announcement of investment in other businesses of the Insurance Commission (OIC). In the statement of financial position as of June 30, 2022, which was recorded using market prices, the amount invested in financial instruments was Baht 5,197.3 million.

Due to the recession trend of the economy in 2022, rising inflation around the world and the uncertainty of the war situation. Global stock prices as a result fluctuated and dropped in comparison to the prior year. Consequently, the Company had a loss from investment in the first half of Baht 146.0 million, while last year had a profit from investment of Baht 157.4 million, mainly from losses from trading investments of Baht 118.0 million and unrealized loss on investment occurred Baht 68.6 million, while interest and dividend income remained close to the previous year at Baht 40.5 million.

Best regards,

Jiraphant Asvatanakul
President & CEO