

Ref. No. Acc. 022/2022

10 November 2022

Subject: Management Discussion and Analysis for the nine-month period ended 30 September 2022

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 nine-month period ended 30 September 2022. The report was presented according to the equity method (including investment in associate) and the separate financial statements, whereby the net profits were Bath 698.63 million and Baht 696.45 million, respectively. The net profit of the separate financial statements showed an increase of Baht 71.73 million or 11.48% in comparison to 2021's. The operating result for the three-month period of the third quarter of 2022 had higher net profit of Baht 46.95 million or 27.01% in comparison to 2021's. This increase was attributed to various factors, as follows:

- Better underwriting performance in 2022 was due to the insurance premium adjustment, the reduction of underperformed sales channels/product types and the efficiency improvement of claim operation.
- The Coronavirus (COVID-19) outbreak in the first half-year of 2022 has resulted in a significantly higher number of claim expenses compared to 2021. However, the Company has risk management by ceded premium to the reinsurer more than 85%. and moreover, the Company also has the non-proportional reinsurance.
- Claim expenses in relative to motor insurance decreased. Motor claim ratio declined significantly in 2022 because of COVID-19 measures, including cross province travel restrictions and curfew hours in the first quarter of 2022. In terms of general insurance, the claim ratio was higher from the 2021's. Even though there were a high number of claims arising from COVID-19 insurance policies in the first half-year of 2022, there was a little impact to the Company, due to the proper reinsurance management schemes with overseas reinsurers which has the strong credit rating.



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1



Financial operational summary

Key operational results and movements for the nine-months period ended 30 September 2022 and 2021 are summarized in the table below.

(Unit: Million Baht)	Financial statements in which the equity method is applied				Separate financial statements			
	30 September 2022	30 September 2021	Increase (decrease)	Increase (decrease) (%)	30 September 2022	30 September 2021	Increase (decrease)	Increase (decrease) (%)
Gross premium written	12,372.75	11,118.73	1,254.02	11.28%	12,372.75	11,118.73	1,254.02	11.28%
Net premium written	6,477.87	5,571.24	906.63	16.27%	6,477.87	5,571.24	906.63	16.27%
Net earned premium	6,318.76	5,538.40	780.36	14.09%	6,318.76	5,538.40	780.36	14.09%
Fee and commission income	1,555.68	1,548.94	6.74	0.44%	1,555.68	1,548.94	6.74	0.44%
Share of gain (loss) from investments in an associate	2.18	1.23	0.95	77.24%	-	-	-	-
Investment and other income	474.79	553.36	(78.57)	(14.20%)	474.79	553.36	(78.57)	(14.20%)
Total income	8,351.41	7,641.93	709.48	9.28%	8,349.23	7,640.70	708.53	9.27%
Net claim expenses	3,357.38	3,010.36	347.02	11.53%	3,357.38	3,010.36	347.02	11.53%
Commission and brokerage expenses	1,955.02	1,713.47	241.55	14.10%	1,955.02	1,713.47	241.55	14.10%
Other underwriting expenses	1,075.66	1,056.86	18.80	1.78%	1,075.66	1,056.86	18.80	1.78%
Operating expenses	1,096.38	1,068.13	28.25	2.64%	1,096.38	1,068.13	28.25	2.64%
Finance cost	1.96	1.91	0.05	2.62%	1.96	1.91	0.05	2.62%
Expected credit loss	(2.20)	1.25	(3.45)	(276.00%)	(2.20)	1.25	(3.45)	(276.00%)
Total expenses	7,484.20	6,851.98	632.22	9.23%	7,484.20	6,851.98	632.22	9.23%
Profit before income tax	867.21	789.95	77.26	9.78%	865.03	788.72	76.31	9.68%
Income tax	(168.58)	(164.00)	(4.58)	2.79%	(168.58)	(164.00)	(4.58)	2.79%
Net profit	698.63	625.95	72.68	11.61%	696.45	624.72	71.73	11.48%

- Gross premium for the nine-month period ended 30 September 2022 comprises direct premium of Baht 12,345.04 million, an increase of 11.37%, and reinsurance premium of Baht 27.71 million. Net premium written, which increase from Baht 5,571.24 million to Baht 6,477.87 million or 16.27%, was mainly contributed from motor insurance. Earned premium increased from Baht 5,538.40 million to Baht 6,318.76 million or 14.09%, which increased from the motor business. Fee and commission



income increased by Baht 6.74 million or 0.44% from reinsurance income of motor insurance which in line with the growth of motor insurance direct premium.

- Net investment income and gain on investments in securities and other income decreased by Baht 78.57 million or 14.20% compared to those of previous year. This was in line with the stock market conditions of 2022.
- Claim expenses of Baht 3,357.38 million increased by 11.53% from last year. Motor claim ratio increased, this came from the expansion of motor insurance business of the Company. 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 15.80%, slightly higher than the previous year. Other underwriting and operating expenses increased by Baht 47.05 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 2022 was Baht 696.45 million, Baht 71.73 million or 11.48% higher than the same period of last year.

Earnings per share for the nine-month periods ended 30 September 2022 and 2021 were Baht 11.80 and Baht 10.59, respectively. The net profit per equity method recorded at Baht 698.63 million includes operational performance of an associated company.

Financial position summary

Key financial position information as at 30 September 2022 and 31 December 2021:

(Unit: Million Baht)	Financial statements in which the equity method is applied			Separate financial statements		
	30 September 2022	31 December 2021	Increase (decrease)	30 September 2022	31 December 2021	Increase (decrease)
Total assets	31,061.87	30,011.02	1,050.85	31,073.25	30,015.90	1,057.35
Total liabilities	25,179.61	24,006.05	1,173.56	25,179.61	24,006.05	1,173.56
Equity	5,882.26	6,004.97	(122.71)	5,893.64	6,009.85	(116.21)

The Company's total assets increased from investment assets and reinsurance assets on loss reserves. Total liabilities increased mainly from insurance contract liabilities from loss reserves and premium received in advance. The movement of equity per separate financial statements for the nine-month period ended 30 September 2022 derived from net profit for the period amounting to Baht 696.45 million, unrealized loss



from the measurement of investments in available - for - sale securities , net of tax : Baht 505.86 million, dividend paid for the year 2021 of Baht 306.80 million.

As for the financial statements using the equity method, the movement was lower 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

