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11 August 2023

ยึดมิได้ เมื่อภัยมา

Subject: Management Discussion and Analysis for the six-month period ended 30 June 2023

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 six-month period ended 30 June 2023. The report was presented according to the equity method (including investment in associate) and the separate financial statements, whereby the net profits were Bath 342.78 million and Baht 341.46 million, respectively. The net profit of the separate financial statements showed a decrease of Baht 134.66 million or 28.28% in comparison to the same period of 2022. This decrease was attributed to various factors, as follows:

- In the first half-year of 2023, the Company's gross premium grew both motor and non-motor insurance. The growth is due to economic recoveries in both industrial and service sectors. Moreover, the price competition was moderate because of the closure of many insurance companies.
- Fee and commission income from reinsurance dropped from the same period 2022's amounting to 151.46 million or 15.02%. It's mainly due to the Company has increased the proportion of premium retention rate of motor business in 2023.
- Claim expenses in relation to motor insurance increased but were still at a satisfactory upon compared with industry benchmark of 65%, claim ratio rises in the first half-year of 2023 from the expansion of motor business and usage of cars at normal level compared with low usage of cars during the same period of last year due to COVID-19's various measures, including travel restrictions and curfew hours. In terms of general insurance, the claim ratio was lower when compared to the same period of 2022 which was impacted from high COVID-19 's claims.



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Muang Thai Insurance Public Company Limited

Head Office • 252 Rachadaphisek Road, Huaykwang, Bangkok 10310 • Registration: 0107551000151

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Financial operational summary

Key operational results and movements for the six-month periods ended 30 June 2023 and 2022 are summarized in the table below.

(Unit: Million Baht)	Financial statements in which the equity method is applied				Separate financial statements			
	30 June 2023	30 June 2022	Increase (decrease)	Increase (decrease) (%)	30 June 2023	30 June 2022	Increase (decrease)	Increase (decrease) (%)
Gross premium written	8,340.02	7,980.48	359.53	4.51%	8,340.02	7,980.48	359.53	4.51%
Net premium written	5,236.29	4,153.79	1,082.51	26.06%	5,236.29	4,153.79	1,082.51	26.06%
Net earned premium	4,785.48	4,077.57	707.90	17.36%	4,785.48	4,077.57	707.90	17.36%
Fee and commission income	857.18	1,008.64	(151.46)	(15.02%)	857.18	1,008.64	(151.46)	(15.02%)
Share of gain from investments in an associate	1.32	1.73	(0.41)	(23.86%)	-	-	-	-
Investment and other income	323.95	296.38	27.57	9.30%	323.95	296.38	27.57	9.30%
Total income	5,967.93	5,384.33	583.60	10.84%	5,966.61	5,382.59	584.01	10.85%
Net claim expenses	2,645.43	2,143.01	502.43	23.44%	2,645.43	2,143.01	502.43	23.44%
Commission and brokerage expenses	1,352.52	1,280.01	72.52	5.67%	1,352.52	1,280.01	72.52	5.67%
Other underwriting expenses	761.24	670.31	90.93	13.56%	761.24	670.31	90.93	13.56%
Operating expenses	762.93	706.67	56.25	7.96%	762.93	706.67	56.25	7.96%
Finance cost	1.31	1.37	(0.07)	(4.84%)	1.31	1.37	(0.07)	(4.84%)
Expected credit loss (reversal)	6.71	(2.45)	9.16	374.13%	6.71	(2.45)	9.16	374.13%
Total expenses	5,530.14	4,798.92	731.22	15.24%	5,530.14	4,798.92	731.22	15.24%
Profit before income tax	437.79	585.41	(147.62)	(25.22%)	436.47	583.68	(147.21)	(25.22%)
Income tax	(95.01)	(107.55)	12.55	11.67%	(95.01)	(107.55)	12.55	11.67%
Net profit	342.78	477.86	(135.08)	(28.27%)	341.46	476.12	(134.66)	(28.28%)

- Gross premium for the six-month period ended 30 June 2023, comprises direct premium of Baht 8,321.20 million and reinsurance premium of Baht 18.82 million, an increase of 4.51%. Net premium written, which increase from Baht 4,153.79 million to Baht 5,236.29 million or 26.06%, was mainly contributed from both motor and non-motor insurance. Earned premium increased from Baht 4,077.57 million to Baht 4,785.48 million or 17.36%. Fee and commission income decreased by Baht 151.46 million or 15.02% from decreasing in ceded premium of motor insurance due to higher premium retention rate in this year.



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- Net investment income and gain on investments in securities and other income increased by Baht 27.57 million or 9.30%. This was due to the capital gain on investments in securities resulted from the favorable market situation.
- Claim expenses of Baht 2,645.43 million increased by 23.44% from last year. The motor claim ratio increased from the expansion of motor insurance business and regular usage of vehicles compared with last year. In terms of general insurance, the lower claim ratio & expenses came from decreasing in claims of COVID-19 policies which had already expired.
- Commission and brokerage expenses on gross premium were at 16.22%, slightly higher than the previous year. Other underwriting and operating expenses increased by Baht 147.18 million due to various marketing and sales promotion expenses incurred to retain existing customers and gain new customers in high market competition. Furthermore, there was an increase in expenses related to improving the information technology system.

As detailed above, the Company's net profit per separate financial statements for the six-month period ended 30 June 2023 was Baht 341.46 million, a decrease of Baht 134.66 million or 28.28% lower than the same period of last year.

Earnings per share for the six-month periods ended 30 June 2023 and 2022 were Baht 5.79 and Baht 8.07, respectively. The net profit per equity method recorded at Baht 342.78 million includes the operational performance of an associated company.

Financial position summary

Key financial position information as at 30 June 2023 and 31 December 2022:

(Unit: Million Baht)	Financial statements in which the equity method is applied			Separate financial statements		
	30 June 2023	31 December 2022	Increase (decrease)	30 June 2023	31 December 2022	Increase (decrease)
Total assets	31,034.87	31,572.42	(537.55)	31,048.41	31,586.12	(537.71)
Total liabilities	24,964.62	25,267.19	(302.57)	24,964.62	25,267.19	(302.57)
Equity	6,070.25	6,305.24	(234.98)	6,083.79	6,318.93	(235.14)

The Company's total assets decreased from premium receivables, net and reinsurance assets, net while receivables from reinsurance contract net, and investment in securities increased. Total liabilities decreased mainly from accrued commission from direct insurance, accrued operating expense, and other liabilities while amounts due to reinsurers increased. The movement of equity per separate financial statements for the six-month period ended 30 June 2023 derived from net profit for the period amounting to Baht 342.78 million, and unrealized loss from the measurement of investments in available-for-sale securities, netted tax of Baht 211.98 million.



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

For your acknowledgment

Yours sincerely,

(Mrs. Nualphan Lamsam)

President and Chief Executive Officer



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