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9 November 2023

เอ็มทีไอ เมืองไทย

Subject: Management Discussion and Analysis for the nine-month period ended 30 September 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 nine-month period ended 30 September 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 544.55 million and Baht 542.21 million, respectively. The net profit of the separate financial statements showed a decrease of Baht 154.24 million or 22.15% in comparison to the same period of 2022. This decrease was attributed to various factors, as follows:

- In the nine-month period 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, which in line with the market growth.
- Fee and commission income from reinsurance dropped from the same period 2022's amounting to 180.69 million or 11.61%. 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%. The claim ratio rises in year 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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สำนักงานใหญ่ • 252 ถนนรัชดาภิเษก แขวงห้วยขวาง เขตห้วยขวาง กรุงเทพฯ 10310 • ทะเบียนเลขที่: 0107551000151
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 nine-month periods ended 30 September 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 September 2023	30 September 2022	Increase (decrease)	Increase (decrease) (%)	30 September 2023	30 September 2022	Increase (decrease)	Increase (decrease) (%)
Gross premium written	12,849.50	12,372.75	476.75	3.85%	12,849.50	12,372.75	476.75	3.85%
Net premium written	7,902.08	6,477.87	1,424.21	21.99%	7,902.08	6,477.87	1,424.21	21.99%
Net earned premium	7,356.32	6,318.76	1,037.56	16.42%	7,356.32	6,318.76	1,037.56	16.42%
Fee and commission income	1,374.99	1,555.68	(180.69)	(11.61%)	1,374.99	1,555.68	(180.69)	(11.61%)
Share of gain (loss) from investments in an associate	2.33	2.18	0.15	7.31%	-	-	-	-
Investment and other income	499.59	474.79	24.80	5.22%	499.59	474.79	24.80	5.22%
Total income	9,233.23	8,351.41	881.83	10.56%	9,230.90	8,349.23	881.67	10.56%
Net claim expenses	4,113.88	3,357.38	756.50	22.53%	4,113.88	3,357.38	756.50	22.53%
Commission and brokerage expenses	2,063.04	1,955.02	108.02	5.53%	2,063.04	1,955.02	108.02	5.53%
Other underwriting expenses	1,215.74	1,075.67	140.07	13.02%	1,215.74	1,075.67	140.07	13.02%
Operating expenses	1,137.72	1,096.38	41.34	3.77%	1,137.72	1,096.38	41.34	3.77%
Finance cost	2.11	1.96	0.15	7.62%	2.11	1.96	0.15	7.62%
Expected credit loss	6.12	(2.20)	8.32	377.78%	6.12	(2.20)	8.32	377.78%
Total expenses	8,538.60	7,484.20	1,054.40	14.09%	8,538.60	7,484.20	1,054.40	14.09%
Profit before income tax	694.63	867.21	(172.58)	(19.90%)	692.30	865.03	(172.73)	(19.97%)
Income tax	(150.09)	(168.58)	(18.49)	(10.97%)	(150.09)	(168.58)	(18.49)	(10.97%)
Net profit	544.55	698.63	(154.08)	(22.05%)	542.21	696.45	(154.24)	(22.15%)

- Gross premium for the nine-month period ended 30 September 2023, comprises direct premium of Baht 12,817.63 million and reinsurance premium of Baht 31.87 million, an increase of 3.85%. Net premium written, which increase from Baht 6,477.87 million to Baht 7,902.88 million or 21.99%, was mainly contributed from both motor and non-motor insurance. Earned premium increased from Baht 6,318.76 million to Baht 7,356.32 million or 16.42%. Fee and commission income decreased by Baht 180.69 million or 11.61% 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 24.80 million or 5.22%. This was due to the capital gain on investments in securities resulted from the favorable market situation.
- Claim expenses of Baht 4,113.88 million increased by 22.53% 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 16.06%, slightly higher than the previous year. Other underwriting and operating expenses increased by Baht 181.41 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 nine-month period ended 30 September 2023 was Baht 542.21 million, a decrease of Baht 154.24 million or 22.15% lower than the same period of last year.

Earnings per share for the nine-month periods ended 30 September 2023 and 2022 were Baht 9.19 and Baht 11.80, respectively. The net profit per equity method recorded at Baht 544.55 million includes the operational performance of an associated company.

Financial position summary

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

(Unit: Million Baht)	Financial statements in which the equity method is applied			Separate financial statements		
	30 September 2023	31 December 2022	Increase (decrease)	30 September 2023	31 December 2022	Increase (decrease)
Total assets	30,863.03	31,572.42	(700.39)	30,876.82	31,586.12	(709.30)
Total liabilities	24,823.97	25,267.19	(443.22)	24,823.97	25,267.19	(443.22)
Equity	6,039.06	6,305.24	(266.18)	6,052.84	6,318.93	(266.09)

The Company's total assets decreased due to the decrease in net premium receivables and net reinsurance assets. Net reinsurance assets decreased in line with a higher premium retention rate in 2023. Investment in securities increased from operation profit in this year. Total liabilities decreased mainly from the decrease of accrued commission from direct insurance, accrued operating expenses, and other liabilities. The movement of equity per separate financial statements for the nine-month period ended 30 September 2023 derived from net profit for the period amounting to Baht 542.21 million, and unrealized loss from the measurement of investments in available-for-sale securities, netted tax of Baht 443.68 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)

บริษัท เมืองไทยประกันภัย จำกัด (มหาชน)
MUANG THAI INSURANCE PUBLIC COMPANY LIMITED

President and Chief Executive Officer



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