



ยิ้มได้ เมื่อภัยมา

Ref. No. Acc. 003/2023

27 February 2024

Subject: Management Discussion and Analysis for year ended 31 December 2023

To: Director and Manager
The Stock Exchange of Thailand

Summary

The Company would like to report the operating result audited by the external auditor for the year ended 31 December 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 655.46 million and Baht 652.28 million, respectively. The net profit of the separate financial statements showed a decrease of Baht 154.04 million or 19.10% in comparison to the same period of 2022. This decrease was attributed to various factors, as follows:

- In the year 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 2022 amounting to 337.00 million or 14.52%. 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 level upon compared with industry benchmark, claim ratio rises in the 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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Financial operational summary

Key operational results and movements for the years ended 31 December 2023 and 2022 are summarized in the table below.

(Unit: Million Baht)	Financial statements in which the equity method is applied				Separate financial statements			
	31 December 2023	31 December 2022	Increase (decrease)	Increase (decrease) (%)	31 December 2023	31 December 2022	Increase (decrease)	Increase (decrease) (%)
Gross premium written	17,757.57	17,183.68	573.89	3.34%	17,757.57	17,183.68	573.89	3.34%
Net premium written	10,911.46	9,023.63	1,887.83	20.92%	10,911.46	9,023.63	1,887.83	20.92%
Net earned premium	10,029.22	8,572.58	1,456.64	16.99%	10,029.22	8,572.58	1,456.64	16.99%
Fee and commission income	1,984.26	2,321.26	(337.00)	(14.52%)	1,984.26	2,321.26	(337.00)	(14.52%)
Share of gain (loss) from investments in an associate	3.18	3.90	(0.72)	(18.57%)	-	-	-	-
Investment and other income	581.46	426.35	155.11	36.38%	581.46	426.35	155.11	36.38%
Total income	12,598.12	11,324.09	1,274.03	11.25%	12,594.94	11,320.19	1,274.75	11.26%
Net claim expenses	5,665.31	4,576.04	1,089.27	23.80%	5,665.31	4,576.04	1,089.27	23.80%
Commission and brokerage expenses	2,864.55	2,729.73	134.82	4.94%	2,864.55	2,729.73	134.82	4.94%
Other underwriting expenses	1,621.88	1,524.28	97.61	6.40%	1,621.88	1,524.28	97.61	6.40%
Operating expenses	1,565.93	1,476.38	89.55	6.07%	1,565.93	1,476.38	89.55	6.07%
Finance cost	2.85	2.52	0.33	13.25%	2.85	2.52	0.33	13.25%
Expected credit loss	40.77	(0.07)	40.85	55,024.81%	40.77	(0.07)	40.85	55,024.81%
Total expenses	11,761.30	10,308.86	1,452.43	14.09%	11,761.30	10,308.86	1,452.43	14.09%
Profit before income tax	836.82	1,015.23	(178.41)	(17.57%)	833.64	1,011.32	(177.68)	(17.57%)
Income tax	(181.36)	(205.01)	(23.64)	(11.53%)	(181.36)	(205.01)	(23.64)	(11.53%)
Net profit	655.46	810.22	(154.76)	(19.10%)	652.28	806.32	(154.04)	(19.10%)

- Gross premium for year ended 31 December 2023, comprises direct premium of Baht 17,722.97 million and reinsurance premium of Baht 34.60 million, an increase of 3.34%. Net premium written, which increased from Baht 9,023.63 million to Baht 10,911.46 million or 20.92%, was mainly contributed from both motor and non-motor insurance. Earned premium increased from Baht 8,572.58 million to Baht 10,029.22 million or 16.99%. Fee and commission income decreased by Baht 337.00 million or 14.52% 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 155.11 million or 36.38%. This was due to the capital gain on investments in securities resulted from the favorable market situation.
- Claim expenses of Baht 5,665.31 million increased by 23.80% 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 16.13%, slightly higher than the previous year. Other underwriting and operating expenses increased by Baht 187.15 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 year ended 31 December 2023 was Baht 652.28 million, a decrease of Baht 154.04 million or 19.10% lower than the same period of last year.

Earnings per share for the years ended 31 December 2023 and 2022 were Baht 11.06 and Baht 13.67, respectively. The net profit per equity method recorded at Baht 655.46 million includes the operational performance of an associated company.

Financial position summary

Key financial position information as of 31 December 2023 and 31 December 2022:

(Unit: Million Baht)	Financial statements in which the equity method is applied			Separate financial statements		
	31 December 2023	31 December 2022	Increase (decrease)	31 December 2023	31 December 2022	Increase (decrease)
Total assets	31,380.36	31,572.42	(192.06)	31,395.67	31,586.12	(190.45)
Total liabilities	25,297.75	25,267.19	30.56	25,297.75	25,267.19	30.56
Equity	6,082.61	6,305.24	(222.62)	6,097.92	6,318.93	(221.01)



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The Company's total assets decreased from the previous year on net premium receivables, net reinsurance assets and net receivables from reinsurance contracts, while investment in securities increased. Total liabilities amount is comparable to last year. The movement of equity per separate financial statements for year ended 31 December 2023 derived from net profit for the year amounting to Baht 652.28 million, and unrealized loss from the measurement of investments in available-for-sale securities, netted tax of Baht 495.70 million, and actuarial loss, netted tax of Baht 12.97 million.

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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