

Ref: FN.A.005/2016

23 February 2016

Subject: Management Discussion and Analysis Year Ending 31 December 2015

To: President of the Stock Exchange of Thailand

The Navakij Insurance Public Company Limited (the “Company”) would like to inform you the financial statements in which the equity method is applied for the year ended 31 December 2015 represented a net profit of Baht 49.68 million, decreased by Baht 196.43 or 79.81% compared to the same period last year of Baht 246.11 million.

The Company would like to clarify the reasons of the above operating results as follows:

1. Profit from underwriting

Profit from underwriting represented a loss of Baht 117.72 million, decreased by Baht 207.81 million or 230.67% compared to the profit of Baht 90.09 million in the same period last year, mainly due to:

- Underwriting income was Baht 2,565.21 million, an increase of Baht 382.73 million or 17.54% compared to the same period last year of Baht 2,182.48 million.
- Underwriting expenses was Baht 2,682.94 million, an increase of Baht 590.54 million or 28.22% compared to the same period last year of Baht 2,092.39 million, consisted of:

Claims and loss adjustment expenses was Baht 1,528.09 million, an increase of Baht 361.73 million or 31.01% from the previous year. In 2014, the Company reduced a loss reinsurance reserve of Baht 45.38 million from the 2011 mega flood that affected the net claim expenses to increase in account for the year ended 2015 by Baht 316.35 million.

Commissions and brokerages expenses were Baht 558.04 million, an increase of Baht 80.26 million or 16.80%

Other underwriting expenses was Baht 596.81 million, an increase of Baht 148.55 million or 33.14%. In 2014, the Company reduced a doubtful accounts from reinsurance recovery of Baht 58.98 million caused by the outstanding debt has been reimbursed to the Company that affected the net other underwriting expenses to decrease in account for the year ended 2015 by Baht 89.57 million.

2. Profit on investments was Baht 192.61 million, an increase of Baht 9.43 million or 5.15% compared to the same period last year of Baht 183.18 million.

3. Profit sharing from investment in associate company was Baht 5.43 million, decreased by Baht 29.70 million or 84.54% compared to the profit of Baht 35.13 million in the same period last year.

Please be informed accordingly.

Yours sincerely,

Mr. Pitiphong Bisalputra
Chief Executive Officer and President