

THREL: Management Discussion and Analysis for the 3rd quarter 2018 ending September 30, 2018

9 November 2018

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To President
The Stock Exchange of Thailand

Thaire Life Assurance Public Company Limited (“The Company”) would like to explain the operating performances for Q3/2018 in which the equity method presented that had been reviewed by auditor as follows:

(unit thousand baht)

Description	Q3/2018	Q3/2017	%	9M/2018	9M/2107	%
Reinsurance premium written	731,339	615,442	19%	1,912,846	1,633,833	17%
Earned Premium	661,340	579,074	14%	1,778,759	1,536,691	16%
Long-term insurance policy Reserve Inc. (Dec.) from prior year	20,339	11,022	85%	60,247	(10,845)	656%
Net Claims Expense	385,129	246,716	56%	985,248	674,014	46%
Underwriting & Operating Expenses	195,638	168,471	16%	509,913	465,443	10%
Earnings on Underwriting	60,234	152,865	-61%	223,351	408,079	-45%
Net Investment Income	31,511	13,788	129%	68,614	50,258	37%
Profit before Income Tax expenses	91,745	166,653	-45%	291,965	458,337	-36%
Income Tax Expenses	16,907	35,299	-52%	54,595	89,812	-39%
Net Profit	74,838	131,354	-43%	237,370	368,525	-36%

For the third quarter of 2018

The Company's financial statements in which the equity method presented a net profit for the third quarter 2018 at Baht 75 million, decreased by Baht 57 million or 43% from the previous year mainly due to:

1. **Underwriting Profit** amounted to Baht 60 million, decreased by Baht 93 million or 61% due to the following factors:
 - A. Reinsurance revenue amounted to Baht 661 million, increased by Baht 82 million or 14% due to
 - Gross premium written amounted to Baht 731 million, increased by Baht 116 million or 19% and earned premium written amounted to Baht 661 million, increased by Baht 82 million or 14% mainly driven by health product growth.
 - B. Reinsurance expense amounted to Baht 601 million, increased by Baht 175 million or 41% consisted of
 - Increasing in claim expenses at amounting to Baht 138 million and commission expense at amounting to Baht 23 million which mainly from health and group life product.
 - Underwriting expenses and operating expenses increased by Baht 4 million.
 - Long-term insurance policy reserves increased at amounting to Baht 9 million from actuarial method provision.

2. Net Investment Income

- The Company's net investment income was Baht 32 million, increased by Baht 18 million or 129% from the previous year mainly from dividend income and interest income increased by Baht 7 million, the gain on sale of securities increased by Baht 5 million and gain from fair value adjustment increased by Baht 8 million, while loss from share of profit from investment in associates decreased by Baht 2 million.

For the 9 months of 2018

The Company's financial statements in which the equity method presented a net profit for the 9 months of 2018 at Baht 237 million, decreased by Baht 131 million or 36% from the previous year mainly due to:

1. Underwriting Profit amounted to Baht 223 million, decreased by Baht 185 million or 45% due to the following factors:

- A. Reinsurance revenue amounted to Baht 1,779 million, increased by Baht 242 million or 16% due to
 - Gross premium written amounted to Baht 1,913 million, increased by Baht 279 million or 17% and earned premium written amounted to Baht 1,779 million, increased by Baht 242 million or 16% mainly from health product growth.
- B. Reinsurance expense amounted to Baht 1,555 million, increased by Baht 427 million or 38% consisted of
 - Increasing in claim expenses at amounting to Baht 311 million and commission expense at amounting to Baht 31 million which mainly from health and group life product.
 - Underwriting expenses and operating expenses increased by Baht 13 million.
 - Long-term insurance policy reserves from actuarial method provision increased by Baht 71 million, consisted of reserves increased from new policies and enforced policies by Baht 127 million, while the change assumptions in the calculation decreased by Baht 36 million and insurance policy reserves decreased from benefit paid by Baht 32 million.

2. Net Investment Income

- The Company's net investment income was Baht 69 million, increased by Baht 18 million or 37% from the previous year mainly from dividend and interest income increased by Baht 13 million, the gain on sale of securities increased by Baht 16 million, while loss from fair value adjustment and share of profit from investment in associates decreased by Baht 11 million.

Please be informed accordingly.

Yours sincerely

(Sutti Rajitragson)

President