

**THREL: Management Discussion and Analysis for the 4<sup>th</sup> quarter 2018 and the year ended December 31, 2018**

20 February 2019

 Subject: Management Discussion and Analysis for the 4<sup>th</sup> quarter 2018 and the year ended December 31, 2018

 To President  
 The Stock Exchange of Thailand

Thaire Life Assurance Public Company Limited (“The Company”) would like to explain the operating performances for Q4/2018 in which the equity method presented in the audited financial statements as follows:

(unit thousand baht)

Description	Q4/2018	Q4/2017	%	2018	2017	%
Reinsurance premium written	487,451	523,595	-7%	2,400,298	2,157,428	11%
Earned Premium	568,704	559,853	2%	2,347,462	2,096,545	12%
Long-term insurance policy Reserve Inc. (Dec.) from prior year	26,344	46,375	-43%	86,591	35,530	144%
Net Claims Expense	385,213	241,245	60%	1,370,461	915,259	50%
Commission Expense	119,350	194,871	-39%	545,665	589,906	-7%
Underwriting & Operating Expenses	27,045	29,479	-8%	110,644	99,885	11%
Earnings on Underwriting	10,752	47,883	-78%	234,101	455,965	-49%
Net Investment Income	7,305	36,012	-80%	75,920	86,269	-12%
Profit before Income Tax expenses	18,057	83,896	-78%	310,022	542,233	-43%
Income Tax Expenses	1,960	16,736	-88%	56,555	106,549	-47%
Net Profit	16,097	67,159	-76%	253,467	435,684	-42%

**For the fourth quarter of 2018**

The Company’s financial statements in which the equity method presented a net profit for the fourth quarter 2018 at Baht 16 million, decreased by Baht 51 million or 76% from the previous year mainly due to:

1. **Underwriting Profit** amounted to Baht 11 million, decreased by Baht 37 million or 78% due to the following factors:
  - A. Reinsurance revenue amounted to Baht 569 million, increased by Baht 9 million or 2% due to
    - Gross premium written amounted to Baht 487 million, decreased by Baht 36 million or 7% and earned premium written amounted to Baht 569 million, increased by Baht 9 million or 2% mainly driven by health product growth.
  - B. Reinsurance expense amounted to Baht 558 million, increased by Baht 46 million or 9% consisted of
    - Increasing in claim expenses at amounting to Baht 144 million which mainly from health and mortgage life product. While decreasing in commission expense at amounting to Baht 76 million which mainly from decrease in health premium and experience adjustment in group and credit life product.

- Long-term insurance policy reserves decreased at amounting to Baht 20 million from actuarial method provision.

2. **Net Investment Income** The Company's net investment income was Baht 7 million, decreased by Baht 29 million or 80% from the previous year mainly from dividend income and interest income increased by Baht 7 million, while profit from share of profit from investment in associates and other income decreased by Baht 2 million, gain from fair value adjustment decreased by Baht 8 million and gain on sale of securities decreased by Baht 25 million.

For gain on sale of securities decreased from the previous year due to the previous year has the extraordinary profit net amount at 21 million baht from the sale of EMCS shares and loss from portfolio adjustment by selling the impaired equity fund.

### **For the 12 months of 2018**

The Company's financial statements in which the equity method presented a net profit for the 12 months of 2018 at Baht 253 million, decreased by Baht 182 million or 42% from the previous year mainly due to:

1. **Underwriting Profit** amounted to Baht 234 million, decreased by Baht 222 million or 49% due to the following factors:
  - A. Reinsurance revenue amounted to Baht 2,347 million, increased by Baht 251 million or 12% due to
    - Gross premium written amounted to Baht 2,400 million, increased by Baht 243 million or 11% and earned premium written amounted to Baht 2,347 million, increased by Baht 251 million or 11% mainly from health product growth.
  - B. Reinsurance expense amounted to Baht 2,113 million, increased by Baht 473 million or 29% consisted of
    - Increasing in claim expenses at amounting to Baht 455 million which mainly from health and group life product.
    - Decreasing in commission expense at amounting to Baht 44 million which mainly from credit life, ordinary life and group life product decreased, while health product increase.
    - Underwriting expenses and operating expenses increased by Baht 11 million.
    - Long-term insurance policy reserves from actuarial method provision increased by Baht 51 million, consisted of reserves increased from new policies and enforced policies by Baht 29 million and the change assumptions in the calculation increased by Baht 52 million, while insurance policy reserves decreased from benefit paid by Baht 31 million.
2. **Net Investment Income** The Company's net investment income was Baht 76 million, decreased by Baht 10 million or 12% from the previous year mainly from dividend and interest income increased by Baht 19 million, while profit from share of profit from investment in associates and other income decreased by Baht 10 million, the gain on sale of securities decreased by Baht 9 million and gain from fair value adjustment decreased by Baht 10 million.

Please be informed accordingly.

Yours sincerely

(Sutti Rajitrangson)  
President