

THREL: Management Discussion and Analysis for the 4th Quarter Ended Dec 31, 2021

22 February 2022

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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 the year 2021 in which the equity method presented in the audited financial statements as follows:

Overview of the Company's Operations

In 2021, the Coronavirus disease 2019 (COVID-19) outbreak continues to affect the overall economy. It also affected behaviors and lifestyles of people, e.g. consumers switching to online channels, e-commerce growth, and cashless payments, which correspond to the Company's approach to developing products and services for digital platforms. The Company has cooperated with business partners, e.g. foreign Reinsurer group, brokerage groups, and Tech Partner group, to develop life insurance products and services that are suitable and meet customer needs.

A significant leap during last year was the Company executed collaboration with "Pacific Life Re", a reinsurer of the Pacific Life Group that is a major life and health insurance corporate from U.S., in order to develop products and solutions and add new options to enhance the potential of the Thai life insurance industry and to align with the long-term sustainable growth policy.

For the implementation of foreign business plans, the Company continues to expand its business into the region by aiming to expand new markets to Southeast Asian countries, where it has started the operations since 2016. The Company has jointly invested in the establishment of TKI Life Insurance Company Limited that operates all types of life insurance businesses in the Lao People's Democratic Republic, which has been generating revenue since 2020. Also, from the implementation of the plan throughout 2021, the Company has begun to execute reinsurance contracts from Cambodia as well as performed market studies and product development for Indonesia Taiwan and Philippines. It aims to generate revenue from these countries in 2022 and plans to continuously expand further to other countries.

Company performance for the year 2021

In 2021, the Company's financial statements in which the equity method presented a net profit of Baht 98 million, decreased by Baht 23 million or 19% from the previous year mainly due to:

(Unit Million baht)

Description	4Q/2021	4Q/2020	YoY	YE/2021	YE/2020	YoY
Reinsurance premium written	622	513	21%	2,913	2,339	25%
Earned Premium	711	589	21%	2,725	2,291	19%
Long-term Reserve Inc/(Dec) from prior period	(6)	4	-262%	(6)	37	-116%
Unexpired risk reserves Inc/(dec) from prior period	(12)	0	-100%	0	(10)	100%
Net Benefits and Claims Expense	510	349	46%	1,913	1,460	31%
Net Commission Expense	179	135	33%	626	568	10%
Underwriting & Operating Expenses	37	32	14%	145	130	12%
Earnings (Loss) on Underwriting	4	69	-95%	47	106	-55%
Net Investment Income and Other Income	11	(9)	224%	66	37	78%
Profit before Income Tax expenses	14	60	-76%	113	143	-21%
Income Tax Expenses	2	11	-86%	15	21	-31%
Net Profit	13	49	-74%	98	121	-19%
COMBINED RATIO	100.4%	89.1%		98.0%	95.2%	

1. **Earning on Underwriting** amounted to Baht 47 million, decreased by Baht 59 million or 55% from the previous year due to the following factors:

A. The Company's premiums amounted to Baht 2,913 million, increased by Baht 574 million or 25% with earned premiums amounted to Baht 2,725 million, increased by Baht 434 million or 19% mainly from:

- I. Health insurance and Group insurance premium amounted to Baht 1,807 million, an increase of Baht 678 million from the previous year due to executing new contracts with customers in Conventional business and the launching of new products with Non-conventional business, along with the growth of the health insurance market. However, we continue to focus on underwriting and risk management processes with caution and prudence in order to control the quality of the underwriting result to maintain the risk appetite.
- II. Ordinary life insurance decreased by Baht 16 million and Credit Life insurance decreased by Baht 74 million due to economic conditions and lower interest rates, especially in the conventional business.

- B. Reinsurance expense totaled to Baht 2,678 million, increased by Baht 492 million or 23% from the previous year due to the following factors:
- I. The Company has recorded a claim from COVID-19 of approximately Baht 170 million, including claims already notified by customers and estimates loss reserves for coverage in 2021 that have not been collected yet.
 - II. Claims and commission of health insurance and group insurance increase related to the growth of premiums with the lower loss ratio of Non-COVID than normal, due to the COVID situation that has resulted in a reduction in hospital admissions with general illnesses and from the underwriting management of the Company.

In 2021, the combined ratio was 98.0%, an increase of 2.8 percentage point from the previous year. However, if excluding the impact of COVID-19, the combined ratio would be 91.8% which is lower than the target of the Company.

2. Net Investment Income and Other Income

In 2021, the Company has investment income and other income of Baht 66 million, an increased by Baht 29 million or 78% from the previous year mainly from better market situation, while dividend income and interest income was Baht 68 million, which similar to the previous year.

Operating performances for 4Q/2021

The Company's financial statements in equity method presented a net profit for 4Q/2021 at Baht 13 million, decreased by Baht 36 million or 74% from the previous year mainly due to:

1. **Earning on Underwriting** was Baht 4 million, decreased by Baht 65 million or 95% from the previous year mainly due to:
 - A. The Company has gross premiums amounted to Baht 622 million, increased by Baht 109 million or 21% from the previous year with earn premiums amounted to Baht 711 million, increased by Baht 122 million or 21% from the previous year, mainly from the growth of new contracts and market growth in health insurance, while ordinary life and credit life insurance declined due to the impact of COVID-19.
 - B. Reinsurance expenses amounted to Baht 707 million, increased by Baht 187 million or 36% from the previous year, mainly from claim and commission expenses of group life and health insurance which increased related to the growth of premiums. And there was an increase of Baht 161 million in claim, which came from COVID-19 was about Baht 70 million.



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2. Net Investment Income and Other Income

In 4Q/2021, the Company has investment income and other income of Baht 11 million, increased by Baht 20 million or 224% from the previous year, mainly from the impact of stock market last year from COVID-19 causing the price of investment in some industries declined. The Company therefore considers to set an impairment of investment of Baht 24 million in 4Q/2020. In 4Q/2021, the Company recorded an impairment of investment of Baht 5 million. While the total interest and dividend income is Baht 14 million, which similar to the previous year.

Please be informed accordingly.

Yours sincerely

(Sutti Rajitrangson)
President