

THREL: Management Discussion and Analysis for the 4th quarter of 2022 and year ended Dec 31, 2022

21 February 2023

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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 2022 in which the equity method presented in the audited financial statements as follows:

Overview of the Company's Operations

In 2022, although the negative impact of the COVID-19 epidemic has subsided, many factors still pressure the economy, especially the Russia-Ukraine War that led to trade sanctions, the protracted energy crisis, and the Chinese economic slowdown as well as the use of a high-interest rate policy in 2022-2023 to control inflation among high energy prices resulting in costs and the debt burden of the public and private sectors.

The Company, therefore, continues to focus on managing the underwriting process and risk management with caution and prudence together with maintaining a strong financial position, liquidity, and capital funds to maintain stable financial stability. As well as market studies and product development for the country, which will expand to other countries to enhance the potential of the Thai life insurance industry. This is in line with the policy to create long-term sustainable growth. The Company has developed cooperation with business partners such as foreign reinsurer groups, brokerage groups, and real estate groups, including tech partner groups to develop life insurance products and services that are appropriate and meet customer needs.

For the part of international business plans, the Company continues to expand the business into the new region continuously.

- Operating a life insurance business in the Lao People's Democratic Republic through TKI Life Insurance Company Limited has started to generate continuous revenue since 2020.
- The result of working with partners "Pacific Life Re", starting to have products offered to life insurance customers in Thailand in 2022.
- In 2022, the Company has started to expand its business to the oversea markets such as Cambodia, Indonesia, Taiwan and the Philippines.

At the same time, the Company is developing the digital infrastructure for its business to accommodate changes in accounting practices issued by the Federation of Accounting Professions to comply with Thai Financial Reporting Standard No. 17 (Insurance Contracts) that will be effective in 2025. This year, there has been an investment in

the actuarial work system and insurance underwriting system. These developments will increase the ability to provide services efficiently, reduce costs and increase customer convenience.

In addition, the Company received the SET Award 2022 in the category of “Rising Star Sustainability Awards”, which is one of the Sustainability Excellence awards groups from the SET Award 2022, organized by the Stock Exchange of Thailand in conjunction with Money & Banking Magazine on October 28, 2022. The award in the Sustainability Excellence group is awarded to listed companies that conduct business about financial performance and responsibility to stakeholders, including the ability to effectively apply Environmental, Social, and Governance issues or ESG to be used as a mechanism for sustainable business development.

Operating Result for the year 2022

In 2022, the Company’s financial statements in which the equity method presented a net profit of Baht 153 million, increased by Baht 55 million or 55% from the previous year mainly due to:

(Unit Million baht)

Description	4Q/2022	4Q/2021	YoY	YE/2022	YE/2021	YoY
Reinsurance premium written	698	622	12%	2,965	2,913	2%
Earned Premium	754	711	6%	2,908	2,725	7%
Long-term Reserve Inc/(Dec) from prior period	(6)	(6)	14%	(9)	(6)	-48%
Unexpired risk reserves Inc/(dec) from prior period	(1)	(12)	88%	0	0	0%
Net Benefits and Claims Expense	574	510	13%	2,016	1,913	5%
Net Commission Expense	156	179	-13%	642	626	3%
Underwriting & Operating Expenses	37	37	2%	154	145	6%
Reinsurance expense	760	707	7%	2,803	2,678	5%
Earnings (Loss) on Underwriting	(6)	4	-269%	105	47	122%
Net Investment Income and Other Income	13	11	19%	71	66	8%
Profit before Income Tax expenses	7	14	-54%	176	113	56%
Income Tax Expenses	(6)	2	-461%	23	14	56%
Net Profit	12	13	-1%	153	98	55%
COMBINED RATIO	101.4%	100.4%		96.4%	98.0%	

1. **Earning on Underwriting** amounted to Baht 105 million, increased by Baht 57 million or 122% from the previous year due to the following factors:

- A. The Company's premiums amounted to Baht 2,965 million, increased by Baht 51 million or 2% with earned premiums amounted to Baht 2,908 million, increased by Baht 183 million or 7% mainly from:
- I. Health insurance increased by Baht 172 million from the previous year due to executing new contracts with customers in Conventional business and the launching of new products in Non-conventional business which is related to the growth of the health insurance market. Group insurance decreased by Baht 151 million from adjusting portfolios.
 - II. Ordinary life insurance and Credit Life insurance are close to the previous year. Although there has been a decline in domestic business as a result of economic conditions and the bank's more conservative lending policies, the Company has earned reinsurance premiums from life and critical illness insurance products from its expansion in overseas markets both domestically and internationally including Indonesia and Taiwan.
- B. Reinsurance expense amounted to Baht 2,803 million, increased by Baht 125 million or 5% from the previous year mainly due to the claims and commission of health insurance and group insurance increase related to the growth of premiums and from the number of patients from common diseases gradually return to hospital after the COVID-19 situation relaxes. 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.

In 2022, the combined ratio was 96.4%, decreased by 1.6 percentage point from the previous year which is close to the target set by the Company.

2. Net Investment Income and Other Income

In 2022, the Company has investment income and other income of Baht 77 million, increased by Baht 11 million or 17% from the previous year mainly from rising interest rates and profit taken from sales of equity at the end of 2022

Operating Result for 4Q/2022

The Company's financial statements in equity method presented a net profit for 4Q/2022 at Baht 12 million, close to the previous year mainly due to:

1. **Earning on Underwriting** there was a loss Baht 6 million, decreased by Baht 10 million or 269% from the previous year mainly due to:
 - A. The Company has gross premiums amounted to Baht 698 million, increased by Baht 76 million or 12% from the previous year with earned premiums amounted to Baht 754 million, increased by Baht 43 million or

6% from the previous year, mainly from the growth of new contracts and market growth in health insurance, which increased by Baht 30 million. Group insurance decreased by Baht 23 million from the portfolios adjust, while credit life and critical illness insurance increased by Baht 62 million from business expansion in overseas markets, including Indonesia and Taiwan.

- B. Reinsurance expenses amounted to Baht 760 million, increased by Baht 53 million or 7% from the previous year mainly due to the increase in claims in proportion to premium increases.

2. Net Investment Income and Other Income

In 4Q/2022, the Company has investment income and other income of Baht 18 million, increased by Baht 8 million or 74% from the previous year mainly from gain from the sale of securities, while interest income and dividend income are close to the previous year.

Please be informed accordingly.

Yours sincerely

(Sutti Rajitrangson)
President