

THREL: Management Discussion and Analysis for 1Q/2023 ending Mar 31, 2023

9 May 2023

Subject: Management Discussion and Analysis for 1Q/2023 ended Mar 31, 2023

To President
The Stock Exchange of Thailand

Thaire Life Assurance Public Company Limited would like to explain the operating performances for 1Q/2023 in which the equity method presented that had been reviewed by auditor as follows:

(Unit Million baht)

Description	1Q/2023	1Q/2022	YoY
Reinsurance premium written	668	670	0%
Earned Premium	712	693	3%
Reinsurance expense	739	594	24%
Earnings (Loss) on Underwriting	(27)	98	-127%
Net Investment Income and Other Income	15	16	-9%
Operating Expenses	28	28	0%
Profit (Loss) before Income Tax expenses	(40)	86	-147%
Net Profit (Loss)	(15)	70	-121%
COMBINED RATIO	108.2%	90.5%	

Operating performances for 1Q/2023

The Company's financial statements in which the equity method presented a net loss for 1Q/2023 at Baht 15 million, decreased by Baht 84 million or 120% from the previous year mainly due to:

1. **Earning on Underwriting** Loss on Underwriting amounted to Baht 27 million, decreased by Baht 125 million or 127% from the previous year comprises:
 - A. The Company has reinsurance premiums written amounted to Baht 668 million, which is close to the previous year with the earned premiums amounted to Baht 712 million, increased by Baht 19 million or 3%. This increase is a result of new contracts for credit life and critical illness insurance from the international market and the growth of the domestic market for credit life insurance.
 - B. Reinsurance expenses amounted to Baht 739 million, increased by Baht 145 million or 24% this resulting in a Combined Ratio of 108.2% for 1Q2023, which increased by 17.7 percentage point from the previous year mainly from:
 - I. Long-term insurance policy reserves increased by Baht 23 million from the previous year. This was primarily driven by the growth in long-term life insurance premium and the delayed upward adjustment of the discount rate compared to the previous year.
 - II. Total claim expenses amount increased by Baht 78 million for health insurance product due to the following main reasons:

- The accumulation of non-COVID medical care from 2020-2021, which returned to the medical system after the COVID situation subsided. This resulted in the number of patients to increase higher than normal in the second half of 2022 and continued into 2023.
 - Increasing medical cost inflation, which aligned with the inflation rate in the year 2022.
- III. Commission expenses increased by Baht 45 million from the previous year mainly from
- The increase of 2022 profit commission of credit life product which was the result of lower claims compared to the previous year (2021) which was booked in Q1'2023.

The Company would like to provide an explanation that the increase in reinsurance expenses in the significant 1Q/2023 was mainly due to one-time temporary factors. These include the profit commission that was collected on a cycle basis (seasonal) and the implication number of medical treatments, which are expected to return to normal level in the following quarters. However, with regards to the medical inflation, the Company is currently revisiting the price of health insurance product for the next annual renewal terms and conditions to ensure their profitability. As a result, the company aims to improve the Loss Ratio and Combined Ratio to be within the target range.

2. Investment Income and Other Income

In 1Q/2023, the Company has net investment income of Baht 15 million, which is close to the previous year. Despite there being changes in the investment accounting policy this year, which resulted in no revenue recognition from the sale of investments through the profit and loss statement, there was an increase in income from the interest received due to the rising interest rates in the debt securities market.

Please be informed accordingly.

Yours sincerely

-Signed-

(Sutti Rajitragson)

President