



7. Overview of Operating Performance

Summary of Operation Overview

Even though COVID-19 epidemic's negative effects have been relaxed, many other factors continue to exert pressure on the economy in 2022. Most notably the issue of the Russian-Ukrainian war, which resulted in trade sanctions and the ongoing energy crisis, along with slowdown in China's economy, and the rise of interest rates in 2022– 2023 to control inflation amid high energy prices, which affects costs and the debt burden of the public and private sectors.

The Company continues to emphasize on managing underwriting process and risk management with caution and prudence, along with maintaining a strong financial position on reserve and capital management to ensure financial stability. The Company is also focus on market research and product development with plans to continuously expand to other countries, thereby increasing the potential of the Thai life insurance industry to support sustainable growth. In order to produce life insurance products and services that and meet consumer needs, the Company has established collaboration with business partners, including international reinsurer, broker, real estate, and tech partner groups.

The Company continues to expand its operations in the region in order to carry out new business from international market.

- In order to operate life insurance business in the Lao People's Democratic Republic, the Company has invested and established TKI Life Insurance Company Limited since 2016, and began to generate revenue starting from 2020.
- In order to enhance product development and solution, the Company signed a collaboration agreement in 2021 with "Pacific Life Re," a reinsurance firm that is a part of the Pacific Life group, one of the leading life and health insurance provider from the United States.
- By offering reinsurance products and services and to support market expansion, the Company began to grow its business in 2022. As a result, the Company established reinsurance contracts with the Philippines, Taiwan, Indonesia, and Cambodia, and started generate revenue in 2022.

The Company is creating its digital infrastructure to support update on accounting procedures per Financial Reporting Standard No. 17 (Insurance Contracts), which was issued by the Federation of Accounting Professionals and will be effective in 2025. In 2022, the Company has invested in the actuarial system and the insurance underwriting system. These advancement will make it easier to deliver services effectively, lower cost, and give clients more convenience.

Additionally, the Company won the SET Award 2022 in the "Rising Star Sustainability Awards" category. This award is a part of the group of Sustainability Excellence awards from the SET Award 2022, which was held on October 28, 2022 by the Stock Exchange of Thailand in collaboration with Money & Banking Magazine. Listed companies that conduct business with focus in financial performance and responsibility to stakeholders, including being able to apply environmental, social, and governance issues, or ESG, to effectively use as a mechanism to sustain business development, are given the award in the Sustainability Excellence group.



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Furthermore, the Company has been awarded Thailand Sustainability Investment (THSI) by the Stock Exchange of Thailand for the second consecutive year, reflecting the commitment to enhancing business management to expand in accordance with sustainable development principles.

Operating Results and Factors for Key Changes

In 2022, the Company earned the total reinsurance premiums of 2,965 million baht, increased 51 million baht from the previous year or accounted for 2%; and earned premium 2,908 million baht, increased 183 million baht from the previous year or accounted for 7% and earning on underwriting 105 million baht, investment income 77 million baht and net profit 153 million baht due to the following factors:

1. Health insurance increased by 172 million baht from the previous year due to executing new contracts with customers in Conventional business and launching of new products in Non-conventional business which is related to the growth of the health insurance market. Group insurance decreased by 151 million baht from portfolio adjustment.
2. Ordinary life insurance and Credit Life insurance has declined from economic conditions and bank's policy that become more stringent, especially impacted. The Company has earned reinsurance premiums from life and critical illness insurance products increasing 32 million baht, from overseas expansion including Indonesia and Taiwan.
3. Reinsurance expense amounted to 2,803 million baht, increased by 125 million baht or 5% from the previous year mainly due to the higher claims and commission of health and group insurance due to 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 in order to control the quality of the underwriting result.
4. Investment income and other income of 77 million baht, increased by 11 million baht or 17% from the previous year mainly from rising interest rates and profit taken from sales of equity at the end of 2022. This resulted in the return of investment (ROI) equal to 3.4% higher than the previous year by 0.3 points.

At the end of 2022, the Company had total assets of 2,875 million baht, which increased by 2.8% from the end of 2021, mainly due to an increase in reinsurance receivables which arises from reinsurance premium. While total investment assets of 2,293 million baht, accounting for 80.0 percent of total assets, decreased by 2.8 percent from the previous year. The Company had total liabilities of 1,429 million baht, which increased by 7.5 percent from the end of 2021, mainly due to an increase in reinsurance payables which represented 21.3 percent of total liabilities.

On the shareholder's equity, at the end of 2022, the Company's total shareholder's equity was 1,447 million baht decreased by 1.5 percent from the end of 2021, mainly due to dividend payment in 2022 and the loss realized from investment revaluation through the statement of other comprehensive income.



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The Company's capital adequacy ratio (CAR) as of December 31, 2022, was 346 percent, which increased by 7 percentage points from the end of 2021. However, the Company's CAR remains above the risk threshold set by the OIC at 140, which reflects sufficient liquidity to support economic uncertainty.

Unit: Million

Items	Y 2022	Y 2021
Gross written premium	2,964.52	2,913.43
Earned premium	2,907.83	2,725.12
Net investment income	68.60	67.79
Long-term insurance policy reserves increased from prior year	(9.02)	(6.08)
Gross benefits and claims	2,015.94	1,912.98
Net Profit (loss)	150.99	98.45

Unit: Percent

Items	Y 2022	Y 2021
First year underwriting expenses: Net reinsurance premium	29.71%	29.01%
Renewal underwriting expenses: Net reinsurance premium	24.14%	24.43%
Return on equity ratio	10.31%	6.78%
Return on asset ratio		
- Total return on asset ratio	5.31%	3.57%
- Return on asset ratio excluding life insurance policies from Unit Linked and Universal Life	-	-
Unit: Return on Investment Ratio		
- Total return on investment ratio	2.94%	3.12%
- Return on investment ratio excluding investment from life insurance policies A Unit Linked and Universal Life	-	-
Ratio Investment asset per premium reserves (appraised value)	216.19%	255.47%