



## 7. Overview of Operating Performance

### Summary of Operation Overview

In 2023, despite the reopening of the country and the implementation of economic stimulus measures following the resolution of the COVID-19 pandemic, several factors continued to exert pressure on the economy. The Russia-Ukraine conflict led to trade sanctions that caused oil prices to rise, resulting in severe inflation. Additionally, China's economic slowdown, combined with high-interest rate policies in 2022-2023 aimed at controlling inflation, affected the costs and debt burdens of both the public and private sectors, ultimately contributing to economic stagnation.

In the life insurance sector, the public is becoming increasingly aware of the importance of life insurance and the growing significance of additional health insurance contracts or critical illness insurance policies. This awareness is driven by rising healthcare costs, uncertainties surrounding the spread of new epidemics such as COVID-19, and industry initiatives to introduce and enforce new standards for health insurance policies (New Health Standard). These standards aim to facilitate quicker and more convenient comparisons of products and coverage options for consumers. Meanwhile, people are becoming more aware of pension insurance as Thailand has entered an aging society.

The Company continues to emphasize prudent management of insurance underwriting processes and risk management both before and after issuing insurance policies. This is coupled with maintaining financial stability, liquidity, and strong fund reserves to preserve financial stability. Additionally, there is a focus on studying the market and developing products both domestically and internationally. The Company has established partnerships with business allies and is consistently expanding its business into new regions to align with sustainable long-term growth policies.

Moreover, the Company is in the process of developing digital infrastructure for its business to accommodate changes in accounting practices following the release of Thai Financial Reporting Standards No. 17 (Insurance Contracts), which will be effective in 2025. Substantial investments have been allocated to the enhancement of the actuarial work system and insurance underwriting system. These developments will help enhance the ability to provide services efficiently, reduce costs, and increase convenience for customers.

And this year, the Company received the SET Award 2023 in the "Best Company Performance Awards" and the "Best CEO Awards" under the Business Excellence group. These awards were presented at the SET Award 2023 event organized by the Stock Exchange of Thailand in collaboration with Money & Banking Magazine on November 21, 2023. The Business Excellence awards are given to companies that demonstrate outstanding operational performance, good corporate governance, and compliance with securities market regulations. These awards aim to recognize individuals and organizations that excel in the capital market sector, serving as a model for inspiring other organizations associated with the Thai capital market, including executives and employees who collectively contribute to the organization's development.



### Operating Results and Factors for Key Changes

In 2023, the Company earned the total reinsurance premiums of 3,455 million baht, increasing 490 million baht from the previous year or accounted for 17%; and earned the underwriting profits 3,301 million baht, increasing 393 million baht from the previous year or accounted for 14% and loss on underwriting 4million baht, investment income 75 million baht and net profit 62 million baht due to the following factors:

1. Group insurance increased by Baht 86 million and Health insurance increased by Baht 498 million from the previous year due to executing new contracts with customers and launching of new products which is related to the growth of the health insurance market.
2. Ordinary life insurance and Credit Life insurance decreased by Baht 90 million from the previous year. Although there has been a decline in domestic business because of economic conditions and the bank's more conservative lending policies.
3. Reinsurance expense amounted to Baht 3,305 million, increased by Baht 502 million or 16% 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 to control the quality of the underwriting result to maintain the risk appetite.
4. investment income and other income of Baht 75 million close to the previous year mainly from rising interest rates. Resulting in the return of investment (ROI) equal to 3.4%.

At the end of 2023, the Company had total assets of 2,737 million baht, which increased by 4.8 percent from the previous year, mainly due to sell investment units while total investment assets of 2,131million baht, accounting for 77.8 percent of total assets, decreased by 7.0 percent from the previous year. The Company had total liabilities of 1,369 million baht, which decreased by 4.2 percent from the previous year, mainly due to an increase in reinsurance payables which represented 87.1 percent of total liabilities.

On the shareholder's equity, at the end of 2023, the Company's total shareholder's equity was 1,368 million baht decreased by 5.5 percent from the previous year, mainly due to the dividend payment during 2023 and the recognition of a loss on investment revaluation through the statement of other comprehensive income.

The Company's capital adequacy ratio (CAR) as of December 31, 2023, was 333 percent, which increased by 3 percentage points from the end of 2022. However, the Company's CAR remains above the risk level set by the OIC at 140, which reflects sufficient liquidity to support economic uncertainty.



Unit: Million

| Items   | Y 2023   | Y 2022   |
|---|----------|----------|
| Gross written premium   | 3,455.28 | 2,964.52 |
| Earned premium  | 3,301.30 | 2,907.83 |
| Net investment income   | 73.31    | 68.60    |
| Long-term insurance policy reserves increased from prior year | (6.23)   | (9.02)   |
| Gross benefits and claims                                     | 2,386.39 | 2,015.94 |
| Net Profit (loss)   | 60.30    | 150.99   |

Unit: Percent

| Items   | Y 2023  | Y 2022  |
|---|---------|---------|
| First year underwriting expenses: Net reinsurance premium   | 28.8%   | 29.71%  |
| Renewal underwriting expenses: Net reinsurance premium  | 24.3%   | 24.14%  |
| Return on equity ratio  | 4.26%   | 10.31%  |
| Return on asset ratio   |         |         |
| - Total return on asset ratio   | 2.14%   | 5.31%   |
| - Return on asset ratio excluding life insurance policies from Unit Linked and Universal Life                   | -       | -       |
| Unit: Return on Investment Ratio  |         |         |
| - Total return on investment ratio  | 3.30%   | 2.94%   |
| - Return on investment ratio excluding investment from life insurance policies A Unit Linked and Universal Life | -       | -       |
| Ratio Investment asset per premium reserves (appraised value)   | 182.13% | 216.19% |