

August 13, 2021

President

The Stock Exchange of Thailand

COVID-19 Impact Analysis

As rising number of COVID-19 cases in Thailand at the moment, the Company has assessed the potential impact both in term of the COVID-19 insurance policies with higher claims and on the other hand other types of insurance policies such as automobile and health insurance with lower claims as a result of travel restrictions and better health care awareness, etc. However, to conservatively cope with such uncertainty of the COVID-19 situation, especially for the next few quarters, the Company considered setting aside meaningful amount of COVID-19 reserves with more details as follows.

COVID-19 net written premium for the underwriting year 2020 was THB 440 million. With the plan to reduce this COVID-19 insurance policies since the beginning of this year, the underwriting year 2021 net written premium for the first half year 2021 was merely Baht 146 million. The Company expects approximately THB 314 million for the whole year 2021, a decrease of 28.6% from the previous year. Within this amount, the Company expects the lump-sum payout policies not more than THB 82 million while last year THB 144 million, a decrease of 43.1%.

Although reported loss ratio at Q2/2021 were still as low as 36.8%, our actuary calculated claims incurred but not reported (IBNR) and booked such IBNR reserve THB 42 million in Q2/2021. However, with continue arising in COVID-19 effected cases recently, the Company prudently decided to add more insurance reserve for another THB 45 million and total underwriting year 2021 reserve was THB 87 million which increase our risk tolerance up to loss ratio of 181.9%. Apart from that, the unreleased reserve for the underwriting year 2020 of THB 70 million remains intact. Therefore, total reserve for the impact of COVID-19 would be in the amount of THB 157 million.

Even with such a substantial reserve, the Company's separate financial statements after the provision for Q2/2021 still presented a net profit of THB 65 million, an increase of THB 30 million from Q1/2021 or up 86%. For the Company's consolidated financial statements, the net profit was the same at THB 65 million, an increase of 23% from Q1/2021.

Operating results for Q2/2021 and the first half year 2021

Unit: THB Million

	Consolidated (3months)					(6 months)		
	Q2/2021	Q1/2021	QoQ %	Q2/2020	YoY %	1H2021	1H2020	YoY %
Gross Written Premium	1,311	999	31%	1,237	6%	2,310	2,311	0%
Net Written Premium	1,136	933	22%	1,050	8%	2,069	2,034	2%
Reinsurance Results	(7)	36	-119%	27	-126%	30	(21)	243%
Net Investment Income	64	8	700%	68	-6%	72	80	-10%
Net Services Income	17	20	-15%	14	21%	36	33	9%
Profit before Income Tax	76	64	19%	109	-30%	140	93	51%
Income Tax	(11)	(11)	0%	(14)	21%	(22)	(6)	-267%
Net Profit	65	53	23%	95	-32%	118	87	36%

	30 Jun 2021	31 Mar 2021	Δ%
Total Assets	7,724	7,384	5%
Total Liabilities	4,010	3,529	14%
Shareholders' Equity	3,714	3,855	-4%

The Company still maintain its profitability momentum with a net profit of THB 65 million an increase of 23% from Q1/2021 and a net profit of THB 118 million up 36% from last year.

Q2/2021 Operating Results:

1. Reinsurance Results

Comparing to Q1/2021, gross and net written premium continue to grow by increased 31% and 22% orderly and also increase 6% and 8% orderly when comparing Q2/2020 due to growing in motor and health insurance as planned.

Without COVID-19 reserves, reinsurance results would be a profit of THB 80 million. However, with the COVID-19 reserves of THB 87 million, reinsurance results presented a loss of THB 7 million comparing to a profit of THB 36 million from Q1/2021 and a profit of THB 27 million in Q2/2020.

2. Net Investment Income

Net investment income of THB 64 million increase 700% from Q1/2021 due to seasonal payment of dividend and interest income and slightly down 6% from Q1/2020 due to COVID-19 impact which gradually caused lower dividend and interest income.

3. Net Services Income

Net service income THB 17 million down 15% from Q1/2021 due to the second wave of COVID-19 impact which incurred in Q2/2021 but still improved 21% from Q2/2020.

First half year 2021 Operating Results:

The first half year presented a net profit of THB 118 million increased 36%, details as follows:

1. Reinsurance Results

Gross written premium of THB 2,310 million similar to last year while net written premium of THB 2,069 million increased 2% due to growth in motor and health insurance.

Without COVID-19 reserves, reinsurance results would be a profit of THB 117 million. Nevertheless, reinsurance results still presented a profit of THB 30 million turning around from a loss of THB 21 million or increase 243% from last year due mainly to lower claim expenses, gradually decrease of long-term project expenses and an improvement of health insurance results.

2. Net Investment Income

Net investment income of THB 72 million, a decrease of 10% due to COVID-19 impact which gradually caused lower dividend and interest income.

3. Net Services Income

Net service income THB 36 million still grow by 9% from last year even enduring the COVID-19 impact.

Please be informed accordingly.

Yours sincerely,

(Mr. Oran Vongsuraphichet)
Chief Executive Officer