



Letter to Shareholders

4 February 2014

For Thai Re 2013 was a year in which a number of important events took place the main one being the successful flotation of the Thai Re life reinsurance business reflecting high investor demand for first class financial services businesses in Thailand. Majority ownership in the life company has been retained by Thai Re and it continues to play an important role in the overall performance of the business.

In the non-life reinsurance operating activities all areas of the business continue to make good progress despite reductions in income from the traditional sectors. Earned premiums was THB 4.2 billion, the combined ratio, excluding the impact of the additional provisions for flood claims, was 99% an improvement over 2012 of 4 percentage points. Reinsurance costs reduced by THB 208 million and claims costs reduced by THB 295 million over the previous year.

The issue of provisions for the effect of the major natural catastrophe losses in 2011 reached a major resolution during the year. The company had engaged a renowned international firm of natural catastrophe loss consultants to validate the final provisions for the flood losses and the Office of the Insurance Commission together with the company's external auditors have examined all the relevant findings and have confirmed their agreement that the provisions are sound and based on well-established reinsurance principles.

Total additional provisions of THB 4.8 billion were reserved in the 3rd quarter of the year, together with the THB 9.2 billion of provisions in 2011 and 2012. Within the whole Thai insurance market the flood claims from 52 companies have either been paid or where they remain outstanding are 100% reserved. There are three companies where negotiations over the claims amounts continue, may take some time before the final outcome is known, but in the meantime reinsurance protection is being negotiated to cover any shortfall between the existing provisions and the final outcome.

Together with these provisions and the reinsurance protection Thai Re should have met the liabilities relating to the floods of over THB 29 billion.

The life reinsurance subsidiary had a very successful year with earned premium increasing by 29% to THB 1.34 billion. The combined ratio improved over the previous year to 69% generating THB 468 million in profits before tax.

The service businesses operated by Thai Re were formed with the key principle of providing support to the Thai insurance sector. They provide important resources to the insurance industry especially within the small and medium sized operations who are able to outsource their requirements at a much lower cost than would be the case if they created their own. In total 31 insurers use Thai Re services and over 2,000 motor repairers use the Thai Re systems to assist in

quoting for motor repairs. The Third Party Administration (TPA) services are used by 20 insurers offering healthcare and related insurance products and over 300 hospitals are on line to the TPA. Overall these services enable the small and medium sized insurers to compete effectively with the larger insurance businesses in the Thai market.

The fee based income from these services businesses rose 21% over 2012 to THB 207 million and made a very useful contribution of over THB 62 million to the earnings of the company.

The sale of 49% of Thai Re Life business generated a gain of THB 2.4 billion for the company. This together with investment income of THB 741 million added over THB 3.0 billion of income into the company's balance sheet during 2013.

The balance sheet of the company remains strong and at 31st December shareholders' equity was THB 2,273 million providing a book value of THB 0.65 per share, total assets were THB 28,090 million and total investment assets THB 15,158 million.

Financial data	31 Dec 2012	31 Dec 2013
Assets	33,642	28,090
Liabilities	30,153	25,262
Shareholders' Equity	3,489	2,828
Shareholders' Equity (Excl. Non-controlling interests)	3,476	2,273
Paid-up Capital	3,512	3,512
EPS (Excluding Flood) (Baht)	0.240	0.299
Book value per share (Baht)	0.990	0.647

Conventional Products

Current Quarter			Description	Year to Date		
2012	2013	%Growth		2012	2013	%Growth
270	227	-16%	Net earned premium	1,398	982	-30%
98%	95%		Combined Ratio	113%	90%	

Non Conventional Products

Current Quarter			Description	Year to Date		
2012	2013	%Growth		2012	2013	%Growth
766	841	10%	Net earned premium	2,934	3,206	9%
108%	107%		Combined Ratio	98%	101%	

THRE Net Earnings (Including Flood)

Current Quarter			Year to Date		
2012	2013	%Growth	2012	2013	%Growth
229	110	-52%	(4,269)	(1,116)	74%

THRE Net Earnings (Excluding Flood)

Current Quarter			Year to Date		
2012	2013	%Growth	2012	2013	%Growth
234	115	-51%	804	2,733	240%

ThaiRe Life Net Earnings

Current Quarter			Year to Date		
2012	2013	%Growth	2012	2013	%Growth
38	70	84%	222	378	70%

THRE Consolidated Net Earnings (Including Flood)

Current Quarter			Year to Date		
2012	2013	%Growth	2012	2013	%Growth
158	99	-37%	(4,349)	(2,799)	36%

THRE Consolidated Net Earnings (Excluding Flood)

Current Quarter			Year to Date		
2012	2013	%Growth	2012	2013	%Growth
163	103	-37%	724	1,050	45%

Yours sincerely,



(Surachai Sirivallop)

Chief Executive Officer