

27 February 2015

Letter to Shareholders

Although the country has been experiencing a period of political stability under the military backed government the Thai economy remained sluggish through to the year end in 2014 coming in at less than 1% for the year. Manufacturing and exports were well down on the previous year with the resultant impact on the services sector.

The non-life insurance sector was almost flat to the year-end compared to the previous year. The life insurance sector registered relatively strong growth of 14%. In spite of this annual gross premiums written at Thai Re were up by 7.1% at THB 6.3 billion. Thai Re Life recording 17.0% growth and the non-life business up 4%. Net premiums after reinsurance were up 8.8% on a consolidated basis.

The trend over the past three years to seek new business from the non-conventional classes of general insurance continued. Premiums from this area grew by 10.4% and now account for 82% of the non-life account. Total premiums for non-life totalled THB 4.7 billion. The underlying* loss ratio of 52.1% provides a same combined ratio of 99% as of 2013.

The life reinsurance subsidiary has performed well during 2014 with annual gross premiums reaching THB 1.62 billion. 17% overall growth was well ahead of industry growth. The company recorded a combined operating ratio of 79% which in the highly competitive life insurance sector provides a good indication of the potential of our operations.

On a consolidated basis the underlying* performance of the business remains strong with premiums well above industry averages. The claims ratio was identical to 2013, commission was 2.2% higher and the resultant combined ratio of 93.5% indicates a balanced portfolio well placed for future profitability.

Fee based income and management fee income exceeded THB 268 million well above the previous year's levels. This income is a valuable additional source of revenue not usually associated with the other insurance businesses and does not carry the risk exposure inherent in the reinsurance operations.

Investment income was THB 590 million at the end of the forth quarter, this is some THB 150 million below the previous year which was expected following the weaker performance of both the economy and the Thai stock market as well as a reduction in interest and dividend income. The cash flow demands of claims payments during the year also affected the amount of investment assets available.

Overall the company recorded an underlying* profit before tax and minorities of THB 1.03 billion. The after tax and minorities figure was THB 667 million.

The losses suffered by the company from the 2011 flood event are carried forward in respect of the tax returns for the company, however projections at this stage indicate that not all accumulated losses will be extinguished before the tax law time bar. As a result a deferred tax charge of THB 449 million has been included in the accounts.

By the year end 98% of all claims following the 2011 flood had been met. THB 438 million is still held in reserves for claims that have been reported but remain unsettled.

The company's external auditors have given the company an qualified audit for the year further elevating the level of confidence that can be placed in the company for the future. Currently planning and budgeting processes are being conducted and these include plans for strong growth during the coming years together with the aim of regaining the company's "A" rating from the rating agencies.

As at 31st December shareholder's equity was THB 3,054 million providing a book value of THB 0.725 per share, total assets were THB 14,682 million and total investment assets THB 9,324 million

**excluding the impact of the 2011 flood claims*

Financial data	31 Dec 2013	31 Dec 2014
Assets	27,910	14,682
Liabilites	25,082	10,900
Shareholders' Equity	2,828	3,782
Shareholders' Equity (Excl. Non-controlling interests)	2,273	3,054
Paid-up Capital	3,512	4,215
EPS (Excluding Flood) (Baht)	0.299	0.178
Book value per share (Baht)	0.647	0.725

Conventional Products

Current Quarter			Description	Year to Date		
2013	2014	%Growth		2013	2014	%Growth
230	208	-10%	Net earned premium	995	859	-14%
94%	83%		Combined Ratio	90%	86%	

Non Conventional Products

Current Quarter			Description	Year to Date		
2013	2014	%Growth		2013	2014	%Growth
838	917	9%	Net earned premium	3,192	3,566	12%
107%	98%		Combined Ratio	101%	102%	

THRE Net Earnings (Including Flood)

Current Quarter			Year to Date		
2013	2014	%Growth	2013	2014	%Growth
110	242	120%	(1,116)	(1,395)	-25%

THRE Net Earnings (Excluding Flood)

Current Quarter			Year to Date		
2013	2014	%Growth	2013	2014	%Growth
115	674	486%	2,733	1,225	-55%

ThaiRe Life Net Earnings

Current Quarter			Year to Date		
2013	2014	%Growth	2013	2014	%Growth
70	112	60%	378	366	-3%

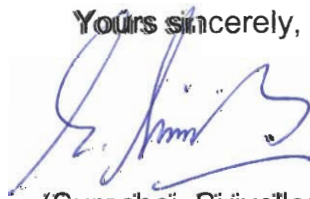
THRE Consolidated Net Earnings (Including Flood)

Current Quarter			Year to Date		
2013	2014	%Growth	2013	2014	%Growth
99	(298)	-401%	(2,799)	(1,953)	30%

THRE Consolidated Net Earnings (Excluding Flood)

Current Quarter			Year to Date		
2013	2014	%Growth	2013	2014	%Growth
103	134	30%	1,050	667	-36%

Yours sincerely,



(Surachai Sirivallop)

Chief Executive Officer