

Dear Fellow Shareholders,

The Company consolidated financial results for the year 2018 presented a net loss of Baht 1,012 million mainly due to One-Time Off transactions included mark-to-market loss from Trading Investment, impairment losses from Available-for-sale Investment and deferred tax assets. After such provisions, the Company's results for the future shall be less fluctuated.

The operating results of each unit are as described below:

#### Reinsurance Performance

Gross Written Premium of Baht 4,849 million decreased slightly 1.1% from prior year due to long term reinsurance projects which started since year 2009 were gradually expiry from year 2018 to 2022. Net Written Premium in contrast was increased by 14.5% comparing to prior year to Baht 3,483 million. Combined ratio increased from last year at 105.5% to 113.1% due mainly to the long term projects with significant higher loss ratio and the Company also fully booked profit commission reduction of this long term projects completely within this year approximately Baht 159 million. Without this profit commission reduction, the combined ratio would be 108.3%. Also, overall reinsurance performance without this long term projects would be a profit of Baht 118 million.

#### Investment Income

Before mark-to-market impact of Trading investment and an impairment loss from 'Available-for-sale' investment of Baht 531 million, net investment income would be THB 234 million with return on investment of 4.2% (increased 1.3 ppt.).

#### Income Tax

The Company fully recognized an impairment of deferred tax assets in relation to unutilized tax loss carry forward of THB 491 million.

#### Income from Service Businesses

With a larger customer base and new services, the Company's service income in 2018 grew by 5.1 percent and made up 9.1 percent of total revenues.

## Moving Forward

2019 will be the final year of the three-year strategic plan under which the Company has implemented and succeeded in, among others, the penetration of the CLMV market where it could gradually earn premium with this portfolio likely to be expanding, the increase of sales channels for InsurTech, the new product innovations, and so forth.

Under the three-year strategic plan for 2017-2019, the Company in 2018 remained committed to and confident in implementing such plan, the progress of which was follows:

1. Reinsurance activities continued to focus on commercial lines with low catastrophe risk exposures, and personal lines. The proportion of personal lines business expanded from 69 percent in 2011 to 80 percent in 2018.

2. A focus was also placed on product modification and development according to the established goals. This was to ensure that products would meet customer expectations given the ever-changing customer needs. An array of new products launched by the Company in 2018 included pet insurance, accident and health insurance provided in the CLMV market, etc.

3. The Company deployed new technology in its service business in order to enhance the competitiveness in the future. During the year, the Company also provided knowledge and experience in technological change to internal staffs and clients to keep up with changes, which would lead to effective business development in the future. New distribution channels have been developed, including InsurTech which offers services and cooperation in innovating and developing sales channels as well as processes for utmost efficiency in line with the ways of “increasing income and reducing cost” with insurers.

4. From the diversification into the Southeast Asian (SEA) reinsurance markets, the Company already signed an MOU with partners in Vietnam, Cambodia and Laos and, in 2018, began to generate revenue from overseas. The Company has also provided insurance-related services in those countries and planned to sign an MOU on service business with partners in Cambodia in early 2019. The business expansion in SEA is set to benefit future growth of the Company.

Following through with the Company’s strategic plan and seizing on new initiatives together with the priority given to investments, stakeholder interests, sound corporate governance and sustainability, the Company will be in a strong position to obtain results in both growth and profitability that will bring benefits to all stakeholders in the years ahead.



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