

Dear Fellow Shareholders,

While I am writing this letter, many countries around the world including Thailand, are facing the pandemic of the corona virus (Covid-19) that affects people's life and causes the economy slowdown. THRE Group, of course, is inevitably affected by this pandemic which we are in the midst to assess the impact. The management team have increased the utmost precautionary measures under the worst scenario assumptions, though we also believe that the new opportunities shall arise in the midst of changing environment and THRE Group is capable of steering business with sustainability.

In this letter, I will report the performance of 2019 including our future plans which might be adjusted to reflect any changing situations accordingly while we maintain fundamental structure of our key strategies.

2019 witnessed a turnaround in THRE Group's performance in line with the plan we have consistently communicated to the shareholders. We further project that our performance will likely revive with quality and sustainability into the future.

Looking back at 2018, to cope with performance fluctuations plaguing us over the past years and prevent their recurrence in the future, we decided to write off one-time transactions such as deferred tax assets, impairment losses from investments, and expenses on long-term projects. By so doing, THRE Group could in overall bring in a net profit of THB 125 million in 2019, marking a turnaround from the 2018 loss of THB 1,012 million, with an ROE of 3.5 percent, which was in line with the Company's plan and expectation. I hereby would like to thank all parties, the shareholders, the Board of Directors, our business partners, customers and employees for their continued support.

For 2020, we aspire to reach the ROE target of 5-7 percent, as propelled by growth in all our business units, including reinsurance, investment and service businesses. The key encouraging factor is our earning a high international credit rating of "A-" or "Strong" with "Stable" outlook from Fitch Rating, which helps to ensure THRE Group's strong financial health and enhance confidence among our domestic and international business partners, thus paving the way for our overseas business expansion.

Please, moreover, be advised that our adoption of TFRS9 as from the beginning of 2020 will by no means have any impact on THRE Group's business plan.

In view of the aforementioned positive factors and the more stable future performance potential of THRE Group, we would like to propose a reduction of the Company's par value in order to clean off the accumulated

loss for approval from the 2020 Annual General Meeting of Shareholders (scheduled for April 28, 2020). If such approval is given by the AGM, THRE Group will then be able to pay dividends again in the not too distant future.

The operating results in 2019 of each unit are as described below:

Reinsurance Performance

Gross written premium amounted to THB 4,455 million, dropping by 8.1 percent from the previous year due to a gradual decrease in premium from long-term reinsurance projects in line with expiry of contracts. Meanwhile, net written premium increased 0.4 percent year-on-year to THB 3,498 million and combined ratio edged down from 113.1 percent in 2018 to 106.2 percent in 2019.

The decline in gross written premium and minimal increase in net written premium were ascribed to the cancellation or non-renewal of poor performance contracts and the decrease in long-term projects, amounting to as much as THB 715 million, thus apparently suggesting the Company's future growth potential. Based on the reasons described above, reinsurance performance could improve by almost 7.0 pp.. Taking no account of the decrease in long-term projects and the rejected contracts, the Company could grow favorably, as evident from the robust 24.4 percent increase in non-conventional business.

Moreover, we earned gross written premium and net written premium from foreign reinsurance in a total amount of THB 21 million in 2019, jumping 125.5 percent from the preceding year.

Investment Income

In 2019, THRE Group recorded net investment income of THB 301 million with ROI of 6.4 percent (including tax benefits), increasing by 10.6 pp.. It could be broken down into gain on investment of THB 112 million, interest and dividend income of THB 170 million, and gain on fair value adjustment and others of THB 19 million.

Income from Service Businesses

With a larger customer base and new services, service income in 2019 grew remarkably by 11.1 percent and made up 8.0 percent of THRE Group's total revenues. Such service income growth was attributable to the rendering of various services by THRE Group members, including 1) Thaire Services Co., Ltd., a provider of Third Party Administrative (TPA) services; 2) EMCS Thai Co., Ltd., a provider of computer service for motor insurance claims and related statistics; and 3) Thaire Actuarial Consulting Co., Ltd., a provider of actuarial services. In addition, Thaire Innovation Co., Ltd. joined as a new THRE Group member in 2019 to play a role in providing digital technology development services specifically for insurance business. As a consequence, service businesses could fetch a profit of THB 80 million, a year-on-year surge of 23.4 percent.