

### 3. Enterprise Risk Management: ERM and Asset Liability Management: ALM

#### 3.1 Enterprise Risk Management : ERM

The Company determines its Risk Appetite and applies this in the formulation of strategy and operational policy as well as the establishment of enterprise risk management guidelines. In the process of risk management, key risks that may affect the capital fund, financial stability and reputation of the Company are identified, assessed and analyzed. The Company establishes risk indicators using appropriate threshold to measure and manage these risks to an acceptable level whilst also monitoring the effectiveness of these measures. Focusing on learning from actual loss, THREL then revises both measures and risk indicators to cope with changing environment, regularly monitors key risks and reports the results of risk management activities to both the Enterprise Risk Management Committee and the Board of Directors every quarter.

#### 3.2 Asset Liability Management : ALM

Currently, the Company operate its core reinsurance business only net amount at risk, resulting in the reinsurance were mainly from transferred Mortality and Morbidity, which are not related to the investment component. This would make the net cash flow of the reinsurance contract is not materiality effected by the change of interest rates which leads to the Assets and Liabilities Mismatch.