(Translation)

Form Por Phor Wor 1: Quarterly Disclosure

Information Disclosure Form (attached to Registrar's Order No. 48/2561)

Subject: Information Disclosure of Non-Life Insurance Company B.E. 2561

Section 1: Certification of Disclosed Information

The Company has carefully reviewed the disclosed information and has certified that the information is correct, complete, factual, not misleading or that no important information has been missing and has certified the accuracy of every particular of disclosed information.

Signed: Watana Kanlanan.

Name: Mr. Watana Kanlanan

Positions: Director

Signed:

Name: Mr. Somporn Suebthawilkul

Positions: Managing Director

Information disclosed on 27 November 2020.
Information for the third quarter of 2020.

Section 2: Details of Information Disclosure

1. Adequacy of Capital

1.1 Policies

The Company manages its capital in accordance with the Risk-Based Capital (RBC) criteria, which was enacted on 1 September 2011, as specified by the Regulator, the Insurance Commission (OIC). The Risk-Based Capital (RBC) provides that every company must maintain its capital to ensure that it is adequate to accommodate insurance risks, marketing risks, credit risks, and concentration risks. However, from 31 December 2019, an operational risk has been added in accordance with the Risk-Based Capital (RBC) 2 Framework which the OIC has revised to be appropriate to the current business operations and to strengthen the quality of capital, as well as to be in line with international standards, with effect from 31 December 2019 onwards.

Accordingly, the Company disclosed information on the adequacy of capital to provide the insured, external parties, or stakeholders, with clear and sufficient information that can help the aforementioned parties to analyze and assess the risks of the non-life insurance companies.

1.2 Objective

The Company's objective in maintaining the adequacy of capital level is to support its business expansion strategies and to generate a sustainable and suitable long-term return for its stakeholders both in the present and in the future, within acceptable risks and in compliance with the criteria of the Regulator by keeping a Minimum Capital Adequacy Ratio (CAR) that is higher than the standard specified by the OIC.

1.3 Capital Management Process

Capital management involves evaluating the capital adequacy level in line with all of the Company's significant risk appetite so as to appropriately manage capital risks by considering the capital structure and risks according to the notification by the OIC regarding the Risk-Based Capital (RBC) Framework. The Company evaluates, monitors, and regularly provides a capital adequacy report to the Risk Management Committee to ensure that capital management is efficient and timely.

The Company undertakes an annual Stress Test using factors that include, for example, economic variables or catastrophic disasters, in order to assess the effectiveness and resilience of its capital. The Company also seeks new approaches to keep the capital adequacy level sufficient to withstand potential crises and adjusts it to be suitable for each level of risk appetite, which will help increase the effectiveness of capital management in compliance with the requirements and directions of the OIC.

The Company has underwriting policies that specify risk categories and the Company's underwriting capacity, its retention limit, and its reinsurance management strategies that outline domestic and international reinsurer selection criteria, as well as the reinsurance proportion of each insurance company to appropriately diversify the risk. Therefore, both underwriting and reinsurance policies are directly related to the capital required for the following risk areas: insurance risks, credit risks, and concentration risks.

In addition to underwriting and reinsurance policies, the Company has an adequate reserve capital for insurance provision, as well as plans designed to arrange timely claim payments and an accelerated collection from reinsurers to keep the insurance provision at an appropriate level, and this will directly affect the capital required for various areas of insurance and the credit risk.

Furthermore, the Reinsurance Department regularly reviews the credit rating of insurance companies, manages the reinsurance proportion of each insurance company to comply with specified policies, and reports to the Risk Management Committee on a regular basis.

The Company also manages its investment and administrates its conduct of other businesses according to the investment policies and guidelines, which outline the direction and plans for investment every year, specifies investment capacities at all types and levels, and considers investment grades. Therefore, investment plans directly relate to and affect the capital required for the following risk areas: market risks, credit risks, and concentration risks.

The Investment Department will, therefore, calculate the capital to be prepared for relevant investment risks in both equity instruments and debt instruments so as to monitor the changes in investment value which will impact the CAR ratio, as well as regularly reporting to the Investment Committee. Additionally, the Investment Department monitors and administers investments by reporting the investment returns ratio compared to the benchmarks in each investment category, as well as the Value at Risk (VaR) ratio compared to the portfolio's market value and the duration ratio according to the investment proportion, in order to manage the Company's liquidity.

1.4 Assessment of Capital Adequacy

The Company monitors its capital to ensure that it is adequate for all risk appetite levels. At the end of the third quarter of 2020, the Company had a Total Capital Available (TCA) of THB 6,758.02 million and a Total Capital Required (TCR) of THB 2,771.19 million. Therefore, the Company's Capital Adequacy Ratio (CAR) is 243.87 percent, which is higher than the standard of 120 percent set by the OIC. The result of the stress test; therefore, indicates that the Capital Adequacy Ratio is higher than the OIC requirements for both medium and severe crises. To sum up, the Company has adequate capital to cover various areas of risks.

Information disclosed on 27 November 2020.

Unit: Million Baht

Description	First Quarter		Second Quarter		Third Quarter	
	2020	2019	2020	2019	2020	2019
Capital Adequacy Ratio (%)	213.86	382.55	254.32	386.34	243.87	386.75
Total Capital Available	5,954.33	7,947.63	6,947.63	7,917.86	6,758.02	7,878.20
Total Capital Required	2,784.20	2,077.55	2,725.22	2,049.48	2,771.19	2,037.05

Remarks:

- The notification of the Insurance Commission on prescribing of the types and classes of capital, criteria, procedures, and conditions for calculating the capital of non-life insurance companies provides that the Registrar may prescribe necessary measures for monitoring companies with a capital adequacy ratio lower than the following.

    (1) 120 percent from 31 December 2019 – 31 December 2021.

    (2) 140 percent from 1 January 2022 onwards.

- This capital appraisal is based on the notification of the Insurance Commission on the valuation of assets and liabilities of non-life insurance companies.
- The second quarter refers to a six-month cumulative operating results and the third quarter refers to a nine-month cumulative operating results.

2. Financial Reporting

Please refer to the quarterly financial statement reviewed by the financial auditor as follows: https://www.dhipaya.co.th/userfiles/file/202009_FS_Eng.pdf