Form Por Phor Wor 1: Quarterly Disclosure

Information Disclosure Form (attached to Registrar's Order No. 72/2563)
Subject: Information Disclosure of Non-Life Insurance Company

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, that no important information has been omitted, and that the accuracy of every particular of the disclosed information has been certified.

Signed: ....

Name: Miss Panida Makaphol

Position: Director

Signed: ....

Name: Mr. Somporn Suebthawilkul

Position: Managing Director

Information disclosed on 30 May 2023.
Information for the first quarter of 2023.

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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, as specified by the Insurance Commission (OIC), as the Regulator, with effect from 1 September 2011 onwards. The Risk-Based Capital (RBC) requires that every company must maintain its capital to ensure that it is adequate to accommodate insurance risks, market risks, credit risks, and concentration risks. In addition, in order to stay abreast of the current business operations and to strengthen the quality of capital, as well as to be in line with international standards, the OIC has issued the Risk-Based Capital (RBC) 2 Framework, whereby an operational risk has been added, with effect from 31 December 2019 onwards.

Accordingly, the Company disclosed information on the adequacy of capital to provide the insured and external parties, or stakeholders, with clear and sufficient information that will help these parties to analyze and assess the risks of 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 at present and in the future, within risk appetites and in compliance with the criteria of the Regulator, by maintaining 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 appetites, so as to appropriately manage its capital risks by considering the capital structure and risks according to the Notification of the OIC regarding the Risk-Based Capital (RBC) Framework. The capital adequacy is assessed, monitored, and reported to the Risk Management Committee on a regular basis, to ensure that capital management is carried out efficiently and keeps abreast of the current situation.

A stress test is conducted on an annual basis applying various factors, for example, economic variables and catastrophe factors, in order to ascertain the impact on and the strength of capital. The Company also explores new approaches to keep the capital adequacy level sufficient, so as to withstand potential crises and adjusts this to be suitable for each level of risk appetite, and this will help increase the effectiveness of capital management in compliance with the requirements and directions of the OIC.

The Company has adopted underwriting policies that specify risk categories, its underwriting capacity, its retention limit, and its reinsurance management strategies, which outline domestic and international reinsurer selection criteria, as well as the reinsurance proportion of each insurance company, in order to diversify the risk appropriately. 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 adequately managed the insurance reserve, as well as its plans to arrange timely claim payments and an accelerated collection from reinsurers, to keep the insurance reserve at an appropriate level, and this will directly affect the capital required for areas of insurance risk 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 administers its conduct of other businesses according to the investment policies and guidelines, these outline the direction and plans for investment every year, specifying the investment capacities at all types and levels, and considers investment grades. Therefore, the investment plan is directly related to and affects the capital required for the following risk areas: market risks, credit risks, and concentration risks.

The Investment Department will, therefore, calculate the capital required in order to be prepared for relevant investment risks in both equity instruments and debt instruments so as to monitor the changes in investment value that will impact the Capital Adequacy Ratio (CAR), as well as report regularly 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 and in line with all risk appetite levels. At the end of the first quarter of 2023, the Company had the Total Capital Available (TCA) of THB 7,436.95 million and the Total Capital Required (TCR) of THB 3,619.13 million. Therefore, the Company's Capital Adequacy Ratio (CAR) is 205.49 percent, and this is higher than the standard of 140 percent set by the OIC. In addition, the results of the stress tests indicate that the Company's Capital Adequacy Ratio is higher than the OIC requirements for both moderate and severe crises. The Company's capital is, therefore, adequate to accommodate various risks.

Information disclosed on 30 May 2023.

Unit: THB Million

Description	First Quarter		Second Quarter		Third Quarter	
	2023	2022	2023	2022	2023	2022
Tier 1 Capital of the shareholders' equity to Total Capital Required Ratio (%)	192.11	226.53		227.84		205.61
Tier 1 Capital to Total Capital Required Ratio (%)	192.11	226.53		227.84		205.61
Capital Adequacy Ratio (%)	205.49	239.75		243.23		219.85
Total Capital Available	7,436.95	8,441.98		7,381.31		7,210.16
Total Capital Required	3,619.13	3,521.12		3,034.66		3,279.57

Remarks:

- According to the Notification of the Insurance Commission on prescribing types and classes of capital, criteria, procedures, and conditions for calculating the capital of non-life insurance companies, the Registrar may prescribe necessary measures for supervision of companies with a capital adequacy ratio lower than the supervisory capital adequacy ratio prescribed in the Notification.
- The values in the table above are calculated by applying the value in the Notification of the Insurance Commission on the valuation of assets and liabilities of non-life insurance companies, and the Notification of the Insurance Commission on prescribing types and classes of capital, criteria, procedures, and conditions for calculating the capital 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/uploads/ir_financial/65/desktop/thai/5acaec6a39e1006af25ab8bf310bdc52.pdf