Capital Adequacy Ratio: CAR

The Company has a policy of maintaining the ratio as an important aspect of the business, which must not be lower than the legal requirements and can be comparable to international standards. The ratio that the Company considers to be important to the Company's status and security. The Company will maintain a high level of Capital Adequacy Ratio.

The office of Insurance Commission (OIC) has implemented Risk Based Capital (RBC) regulations to ensure that the insurance company has sufficient capital to cover risks arising from the business which varied by character, size and complexity of the company. The adequacy of capital measured by the Capital Adequacy Ratio (CAR), calculated as below;

$$\text{Capital Adequacy ratio : CAR} = \frac{\text{Total Capital Available : TCA}}{\text{Total Capital Required : TCR}}$$

- Total Capital Available: TCA represents the fair value adjusted of shareholders' equity corresponding to the OIC's requirements.
- Total Capital Required: TCR represents the amount of capital required in order to cover risks arising from business activities, consisting of 5 key risks; 1) Insurance risk 2) Market risk 3) Credit risk and 4) Concentration risk

The OIC required the insurance company to maintain CAR not lower than 140% The Company has policy to maintain CAR above 300% to take competitive advantage from reinsurance credit risk charge as RBC model required the insurance company to hold the capital to cover reinsurance credit risk. Considering to this requirement, if the insurance company make outward reinsurance with the domestic reinsurer that has CAR above 300%, the insurance company will be allowed to hold the capital at the lowest level of risk charge 1.6%, equal to making outward reinsurance with the AAA rated off-shore reinsurer.

Reinsurance Credit Risk Charge

Risk Grade	Counter party					Risk Charge %
	Domestic (CAR)	Off-Shore (Credit Rating)				
		S&P	Moody's	Fitch	A.M. Best	
1	≥300%	AAA	Aaa	AAA	A++	1.6
2	≥200% and >300%	AA+ AA AA	Aa1 Aa2 Aa3	AA+ AA AA-	A+	2.8
3	≥150% and <200%	A+ A A-	A1 A2 A3	A+ A A-	A A-	4
4	<150%	BBB+ BBB BBB-	Baa1 Baa2 Baa3	BBB+ BBB BBB-	B++ B+	8
5		BB+ or Below	Ba1 or Below	BB+ or Below	B or Below	12

Disclosed as 1 November 2018

Unit: THB Million

Item	1st Quarter		2nd Quarter		3rd Quarter	
	2018	2017	2018	2017	2018	2017
Capital Adequacy Ratio (%)	474	359	403	363	-	354
Capital available	1,391	1,309	1,309	1,289	-	1,277
Capital required	294	365	325	355	-	361

NOTE: - OIC assigns to define, specific, and condition in order to calculate Capital Adequacy Ratio of the Life Insurance companies. Also, OIC orders registrars set necessary measures to control companies so the companies must supervise Capital adequacy ratio rate is less than 140%.

- Capital adequacy is appraised in accordance with the valuation of assets and liabilities of the company.
- 2nd quarter is accumulated operating results within 6 months and 3rd quarter is also accumulated operating results within 9 months.