

## **-Translation-**

Por Phor Chor 1 Form (Annual)

### **Information Disclosure Form**

#### **1 Certification of the accuracy of information disclosure**

The Company has reviewed the disclosed information with care and certifies that the disclosed information is complete and accurate, not being a false or misleading statement, or lacks material/significant information. The Company, hereby, certifies the accuracy of all the information disclosed in this report.

Mr. Aman Chowla  
Authorized Director

Mrs. Saipin Choaknumkij  
Authorized Director

Disclosed on 30 May 2019  
For the Year 2018

Remark: Translation for information only. In case of any discrepancy between the English and the Thai version of this document, the Thai version shall prevail in all respects.

## Section 2 Disclosure Information

### 1. The Company's history, policy, objectives and strategies, business overview, product description and key services, how to contact the Company, procedures and time-frame of filing for policy benefit

#### 1.1 The Company's General Information

Prudential Life Assurance (Thailand) Public Company Limited ("the Company") was founded in Thailand in 1995 as a joint investment between the Prudential Group and Thai Sethakij Life Assurance (TS Life) and changed its name to Prudential Life Assurance (Thailand) Public Company Limited in 2007. The Company is located at 9/9 @Sathorn Building, 20th – 27th Fl., South Sathorn Rd., Yannawa, Sathorn, Bangkok 10120.

The Company is a subsidiary of Prudential plc, a leading international financial services group with operations spanning in Asia, the UK, the US and Africa.

For more information about the Company's General Information, please visit our website

<https://www.prudential.co.th/corp/prudential-th/en/our-company/prudential-worldwide/>

#### 1.2 Strategic Direction

**Vision** of the Company is "To be your lifetime partner providing innovative solutions with exceptional customer experiences".

**Mission** of the Company is "Providing financial security and peace of mind to the Thai people".

##### Strategic direction

The strategic direction is based on **enhancing the core** including broadening our customer base and optimizing all potential business opportunities including alternative distribution channels; **creating frictionless experience; providing best-in-class UL, health & protection** by providing innovative insurance solutions and services, health and protection solutions; and **designing organization for the future** along with developing staff to have essential skills and capabilities to deliver our mission and vision and to establish an organization culture that fosters engagement, enjoyment with positive energy.

For more information about the Strategic Direction, please visit our website

<https://www.prudential.co.th/corp/prudential-th/en/our-company/our-philosophy/>

#### 1.3 Business Overview

The Company focuses on multi-channel distribution strategy. Our current distribution channels consist of Bancassurance, Agency, Direct/Tele marketing and alternative channels including Group insurance.

For more information about the Business Overview, please visit our website

<https://www.prudential.co.th/corp/prudential-th/en/our-company/prudential-worldwide/>

#### 1.4 Company's product and key services and percentage of premium by type

The Company offers a comprehensive range of products as follows; (1) Credit Life Protection such as auto & mortgage loans, (2) Investment-linked Insurance Plan (ILP) to provide flexibility on financial management based on customer life stage needs through investment in selected mutual funds, (3) Ordinary Life Insurance (i.e. whole life, endowment, term and annuity) for wealth protection and financial security solutions together with a variety of riders based on customers' choices, and (4) Health and protection riders covering accidents and critical illness with as-charged feature.

For more information about our current products and services, please visit our website

<https://www.prudential.co.th/corp/prudential-th/en/our-products/>

<https://www.prudential.co.th/corp/prudential-th/en/our-services/index.html>

<https://www.prudential.co.th/corp/prudential-th/en/our-company/our-financial-performance/>

#### Percentage of premium by type for year 2018

Unit: Million Baht

Description	Ordinary					Industrial	Personal Accident	Group	Total
	Whole Life	Endowment	Term	Others	Total				
Gross premium	288	8,705	18	6,723	15,734	-	23	5,780	21,537
Percentage	1%	41%	0%	31%	73%	-	0%	27%	100%

Remarks: Data from OIC Annual Report

## **1.5 Contact channels & method of filing for policy benefits**

### **1.5.1 Procedure, time-frame, documents and method of filing for policy benefits**

In order to be convenient for the insured to request the policy benefits, the Company provides the information about procedures, time-frames, documents and methods of filing for policy benefits such as maturity benefit, cash surrender, and claim benefits in the Company's website.

For more information about procedures, time-frames, documents and methods of filing for policy benefits, please visit our website

Policy Service

<https://www.prudential.co.th/corp/prudential-th/en/our-services/policy-administration/>

Claims Service

<https://www.prudential.co.th/corp/prudential-th/en/our-services/how-to-claim/index.html>

### **1.5.2 How to contact Company in case of complaints**

The Company provides various methods for the policyholders to communicate with the Company including a customer hotline, website, email, fax or post.

For more information about how to contact the Company, please visit our website.

<https://www.prudential.co.th/corp/prudential-th/en/contact-us/>

## **2. Company's corporate governance and internal controls including details on the implementation framework and processes**

### **2.1 Company's Corporate Governance and Internal Controls**

#### **Corporate Governance**

The Company sets high priority for good corporate governance and believes that this is in the heart of running its business. Together with the Prudential Group philosophy of "Always Listening, Always Understanding", the Prudential Group has drawn up the Code of Business Conduct that sets the values and standards required across its business operations, in its "Group Governance Manual", which is fully adopted by the Company. The Code forms the basis of the Company's integrity in its responsibility toward its customers, shareholders, business partners, competitors, regulators and all its employees. The management and employees of the Company follow the framework of this Code.

For more information about the Code of Business Conduct, please visit our website

<https://www.prudential.co.th/corp/prudential-th/en/our-company/corporate-governance/index.html>

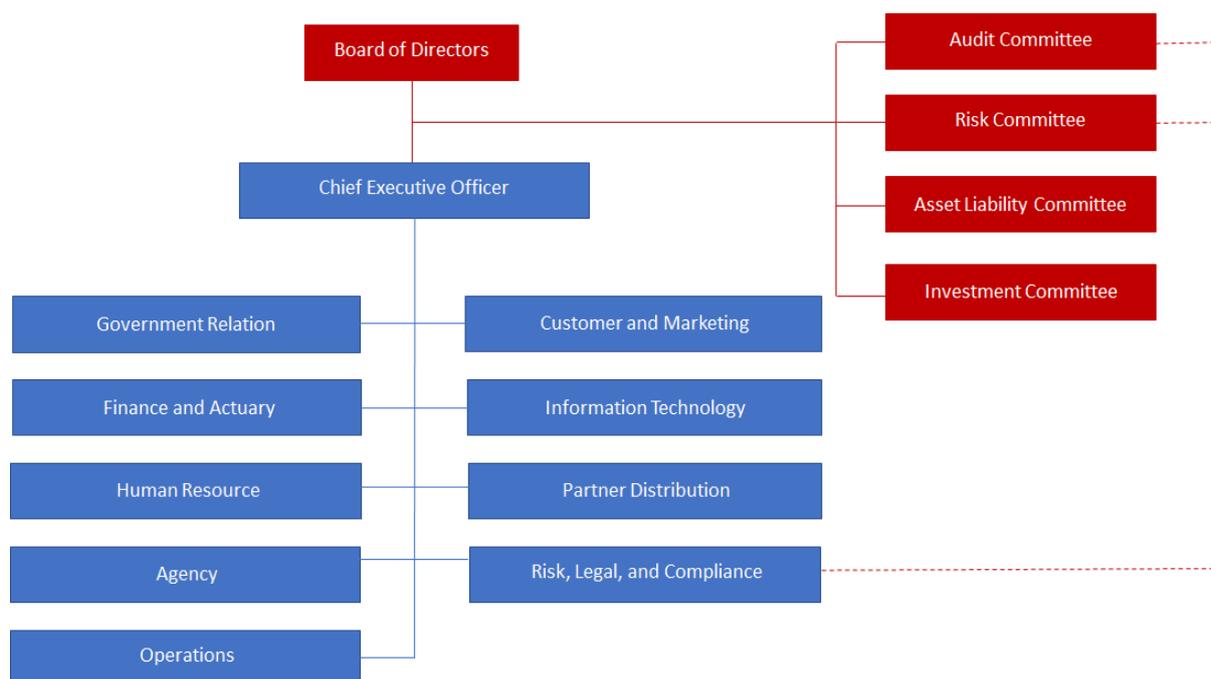
#### **Internal Controls**

The Company establishes standard operating procedures with clear goals and objectives, setting out roles and responsibilities with pre-defined authority limits where necessary, to ensure effective operations of the business. These are reviewed, monitored and assessed regularly to maintain sufficiency of the internal controls. Group-wide Internal Audit provides the independent assessment at least annually to the Audit Committee and Board of Directors.

For more information about the Internal Controls, please visit our website

<https://www.prudential.co.th/corp/prudential-th/en/our-company/corporate-governance/index.html>

## 2.2 Company's organization chart



## 2.3 Company's management structure

### Board of Directors

The Board has the duty and responsibility to establish good Corporate Governance Framework, strategy and important policies and to ensure that the Company has effective mechanism to control, supervise and monitor the operation of the Company on a regular basis and to ensure that the Company is operated with fairness, transparency and accountability to the stakeholders under the concept of corporate governance and creating long-term value to the Company. The Board of Directors meeting shall be scheduled at least quarterly. Additional meetings may be called to examine and consider such other matters related to the Board of Directors' responsibilities as the Committee may consider desirable.

Board of Directors consists of 7 members as follows:

Name	Position
1. Ms. Lilian Lup-Yin Ng	Chairperson
2. Mr. Aman Chowla	Managing Director
3. Mr. Supapong Asvinvichit	Director
4. Mrs. Saipin Choaknumkij	Director
5. Mr. Totsachai Asvinvichit	Director
6. Mr. Vatcharakitt Asvinvichit	Director
7. Mr. Gavintorn Atthakor	Director

## Executive Committee

Management team has the duty and responsibility to do the strategic planning and decision-making for the organizations according to the mission, vision and values of the organization, to manage and regular review of operational and financial performance of the business by presenting proposals for the business plans and the achievement, to be responsible for compliance with the Company's policies and relevant regulations by establishing and monitoring of internal controls and risk management throughout the business. The Executive Committee meeting shall be scheduled at least monthly. Additional meetings may be called to examine and consider such other matters related to the Executive Committee's responsibilities as the Committee may consider desirable.

Management Team consists of 10 members as follows:

Name	Position
1. Mr. Aman Chowla	Chief Executive Officer and Managing Director
2. Mrs. Saipin Choaknumkij	Chief Government Relations Officer
3. Mr. Martin Steven Berry	Chief Financial Officer
4. Ms. Chui Mei Siew	Chief Risk Officer
5. Ms. Pasalaree Theerasas	Chief Operations Officer
6. Ms. Pornpimon Trongtiengdham	Chief Partnership Distribution Officer
7. Mr. Aman Kapoor	Chief Marketing Officer
8. Mr. Wichai Cheewasrirungruang	Chief Agency Officer
9. Ms. Rosanun Chankasame	Chief Human Resources Officer
- Vacant since 1 May 2019 -	Chief Information Technology Officer

For more information about our management structure, please visit our website

<https://www.prudential.co.th/corp/prudential-th/en/our-company/leadership/management-team/index.html>

The Board has established the following Board Committees to assist in the management of the Company's business and discharge of its duties:

- (i) Audit Committee
- (ii) Risk Committee
- (iii) Asset Liability Committee
- (iv) Investment Committee

## 2.4 Sub-Committees

### 2.4.1 Audit Committee

The Board of Directors has delegated authority to the Audit Committee to review financial reporting, risk management, compliance and governance frameworks and internal controls to ensure compliance with laws and regulations and meet Group standards. Furthermore, the Audit Committee oversees the assurance work carried out by Group-wide Internal Audit and external audit. A review of the effectiveness of internal controls is carried out by Group-wide Internal Audit, with recommendations provided to the Audit Committee. In turn, the Audit Committee provides oversight over processes developed to address these recommendations in a timely manner. The Audit Committee meeting shall be scheduled at least quarterly. Additional meetings may be called to examine and consider such other matters related to the Audit Committee's responsibilities as the Committee may consider desirable.

The Audit Committee consists of 3 members including the representative appointed by the Board of Directors as follows:

Name	Position
1. Ms. Lilian Lup-Yin Ng	Managing Director (Chairman)
2. Mr. Supapong Asvinvichit	Independent Director
3. Mr. Vatcharakitt Asvinvichit	Independent Director

### 2.4.2 Risk Committee

The Board of Directors has delegated authority to the Risk Committee to oversee all financial and non-financial risk management across the Company. The Risk Committee is accountable for advising the Board on risk related policies, framework, infrastructure, function and processes, and to ensure compliance with regulatory and internal requirements, as minimum standards. The Risk Committee is also responsible for implementation and maintenance of the risk framework, and the monitoring of compliance with those requirements. The Risk Committee meeting shall be scheduled at least quarterly. Additional meetings may be called to examine and consider such other matters related to Risk Committee's responsibilities as the Committee may consider desirable.

The Risk Committee consists of 10 members including the representative appointed by the Board of Directors as follows:

<b>Name</b>	<b>Position</b>
1. Mr. Aman Chowla	Chief Executive Officer and Managing Director (Chairman)
2. Ms. Chui Mei Siew	Chief Risk Officer (Deputy Chairman)
3. Mrs. Saipin Choaknumkij	Chief Government Relations Officer
4. Mr. Martin Steven Berry	Chief Financial Officer
5. Ms. Pasalaree Theerasas	Chief Operations Officer
6. Ms. Pornpimon Trongtiengdham	Chief Partnership Distribution Officer
7. Mr. Aman Kapoor	Chief Marketing Officer
8. Mr. Wichai Cheewasrirungruang	Chief Agency Officer
9. Ms. Rosanun Chankasame	Chief Human Resources Officer
- Vacant since 1 May 2019 -	Chief IT Officer

#### **2.4.3 Asset Liability Committee**

The Board of Directors has delegated authority to the Asset Liability Committee (“ALCO”) to exercise direction and oversight over the asset and liability position and its management, including investment management, capital and liquidity management, reinsurance and aspects of inforce product management. The ALCO meeting shall be scheduled at least four times per year. Additional meetings may be called to examine and consider such other matters related to the ALCO’s responsibilities as the Committee may consider desirable.

The Committee consists of at least 3 members including the representative appointed by the Board of Directors as follows:

<b>Name</b>	<b>Position</b>
1. Mr. Martin Steven Berry	Chief Financial Officer (Chairman)
2. Mr. Aman Chowla	Chief Executive Officer and Managing Director
3. Mr. Itt Apiraktivong	Chief Actuary, or his/her delegate
4. Ms. Chui Mei Siew	Chief Risk Officer

#### 2.4.4 Investment Committee

The Board of Directors has delegated authority to the Investment Committee, reporting directly to the Board of Directors, to establish the Company's investment framework by setting investment policy and guideline and proposing to be approved by the Company's Board of Directors. The committee reviews and approves investment plans and investment risk management policies, as well as supervises and monitors the Company's investment to ensure that they are in line with the overall investment and risk policies, and the provisions of related laws. The committee is also responsible in the areas of governance, transparency and conflicts of interests that may arise from investment activities, as well as to ensure that the Company has adequate system, personnel and information for investment management. The committee shares report the investment performance to the board at least once a year.

The Investment Committee meeting shall be scheduled at least quarterly. Additional meetings may be called to examine and consider such other matters related to the Investment Committee's responsibilities as the Committee may consider desirable.

The Committee consists of at least 3 members including the representative appointed by the Board of Directors as follows:

Name	Position
1. Mr. Martin Steven Berry	Chief Financial Officer (Chairman)
2. Mr. Itt Apiraktivong	Chief Actuary, or his/her delegate
3. Mr. Yingyong Chiaravutthi	Head of Investment, or his/her delegate
4. Ms. Chui Mei Siew	Chief Risk Officer, or his/her delegate (Alternative member)

\* In the absence of Investment Committee member item 2) or item 3), Chief Risk Officer, or his/her delegate will be appointed to be Investment Committee member.

For more information about Sub-Committees, please visit our website

<https://www.prudential.co.th/corp/prudential-th/en/our-company/corporate-governance/index.html>

## **2.5 Director's and Executive's selection and appointment**

### **Director's Selection and appointment**

The Company recruits and selects capable candidates based on qualifications by law and regulations, skills, experience, and functional expertise, to replace Directors, who have completed their term, resigned or have been discharged and propose for the approval of Prudential Corporation Asia Officers, the Board of Directors and/or in a shareholders' meeting as stipulated in the Company's regulation.

### **Executive's Selection and appointment**

As for the principles for the hiring of "Senior Management" members for the Company, "Senior Hiring" is defined as the search and recruitment activities for the CEO and CEO's direct reports. The evaluation and assessment process must be finalized by 2 managers such as the CEO and the Regional Officer. The leadership assessment and/or any additional assessment instrument will be designed by Regional Human Resources and the formal Employment Screening is the responsibility of the Company.

For more information about Director's and Executive's selection and appointment, please visit our website

<https://www.prudential.co.th/corp/prudential-th/en/our-company/corporate-governance/index.html>

## **2.6 Remuneration policy**

### **Director's Remuneration**

The Company has established a set of well-defined procedures for setting the directors' remuneration. Each year, the appropriateness of the remuneration is reviewed with respect to the scope of responsibilities of each director to ensure that the Company's remuneration is comparable to that of other companies in the same industry. The proposed remuneration is then tabled at the General Meeting of Shareholders for approval. Once approved this will remain effective until a General Meeting of Shareholders determine otherwise. Directors who are also employees of the Company do not receive this remuneration as a director.

Remuneration for Directors who are also employees is considered on a yearly basis in line with the Company's employee remuneration policy and principles. The remuneration is aligned with the Company's objectives in order to support the delivery of the Company's business plans and strategies; and, complies with the related legislative and regulatory requirement.

### **Executive's Remuneration**

Total compensation includes salary, short-term and long-term bonus and other benefits that are competitive in the local environment. This is to ensure that senior management remuneration is appropriately positioned against external market salary information. The remuneration policy is geared towards rewarding contribution to the business and must be conscious of internal equity. Rewards should be underpinned by a thorough, involving a detailed annual performance appraisal where the achievements against targets over the prior financial reporting period.

For more information about Remuneration policy, please visit our website

<https://www.prudential.co.th/corp/prudential-th/en/our-company/corporate-governance/index.html>

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

#### **3.1 Enterprise Risk Management: ERM**

Risk Management is an essential process of the Company to protect, maintain and support the Company to maximize risk-adjusted returns and to provide a competitive rate of return that supports the profitable growth of its business, while safeguarding the Company's financial strength. Therefore, management is able to effectively manage the uncertainty according to the situation and reduce the impact and uncertainty on the Company direction, strategies, decision and operation.

The Company implements the Risk Management Policy to promote the effectiveness and efficiency of the Enterprise Risk Management, ensure a sufficient resource allocation and meet insurance obligations. It also helps promote good corporate governance and trustworthiness within the organization and industry.

The risk management process of the Company is comprised of risk identification, risk measurement and assessment, risk management and control, and risk monitoring and reporting.

#### **3.2 Asset Liability Management: ALM**

Assets and liability management is one of the key responsibilities of Asset and liability committee (ALCO), whose roles are to monitor, review, and analyze risks that could impact the Company's capital adequacy, with consideration of risk appetite, economic outlook, implicit product guarantees, policyholders' reasonable expectations and profitability to the Company.

The Company manages duration matching by setting asset duration target to be approximately in line with liability duration to manage sensitivities against future market interest rate movements, and manage the investment cash flows to ensure that they will meet contractual obligations of policyholders.

For more information about Enterprise Risk Management: ERM and Asset Liability Management: ALM, please visit our website

<https://www.prudential.co.th/corp/prudential-th/en/our-company/corporate-governance/index.html>

#### **4. Expected underwriting risks that might significantly affect to company financial position, reinsurance management, relation between capital and risk of company and concentration risk**

##### **Underwriting risks**

The Company underwrites its risks based on the principal of both medical and financial health of customers. There may be other factors to be considered as part of the underwriting process based on occupation and lifestyle of the risks being underwritten. The Company would also apply risk aggregation rules where deemed appropriate. The processes of underwriting are also in line with the reinsurance arrangements of the Company.

##### **Reinsurance management**

Reinsurance management is defined as a process of retention versus ceding of risks to the reinsurer. The Company enters into reinsurance arrangements based on risk appetite and to ensure adequate capital management. Risks considered include large risks (individual and portfolio level), concentration risk and emerging health risks. The Company reviews its panel of reinsurers from time to time as well as with the creation of new customer solutions.

For more information about Risk Management, please visit our website

<https://www.prudential.co.th/corp/prudential-th/en/our-company/corporate-governance/index.html>

## **5. The valuation, method and assumption to assess insurance contract liabilities**

### **Long-term technical reserves**

The Company determines the long-term technical reserves based on the Net Level Premium Valuation method (NPV) for book value.

### **Process involved in determining assumptions**

The Company determines assumptions in relation to mortality, morbidity and pricing rates that were established at the time when insurance products designed and as approved to the Office of Insurance Commission. These assumptions are locked-in and used for calculating the liabilities over the life of the contract. This year, there is no change in assumption from last year.

### **Short-term technical reserves**

Short-term technical reserves consist of loss reserve, outstanding claims and premium reserves.

### **Process involved in determining assumptions**

The Company determines the loss reserves and outstanding claims in accordance with the Company's claim assessment. The assumptions used in the estimation are intended to result in provisions which are sufficient to cover any liabilities arising out of insurance contracts to the extent that can be reasonably foreseen.

However, given the uncertainty in establishing a provision for insurance claims, it is likely that the final outcome could prove to be significantly different from the original liability established.

Provision is made at the reporting date for the expected ultimate cost of settlement of all claims incurred in respect of events up to that date, whether reported or not.

The Company uses "Bornhuetter-Ferguson" method, "Chain Ladder" method and "Expected Loss Ratio" method to estimate claims incurred but not reported depending on the maturity of a particular line of business and the type of business written.

Information of Policy Liabilities Valuation as follows

Unit: Million Baht

Description	Year 2018		Year 2017	
	Book value	Appraisal value	Book value	Appraisal value
Long-term technical reserves	86,872	88,595	76,028	76,395
Short-term technical reserves	294	268	286	246
Unpaid policy benefits	285	285	225	225
Due to insured	321	321	221	221

Remark: Book value is value of liability from insurance contract liabilities appraised according to accounting standard. The key objective is to enable investors to analyze economic value of liability from insurance contract liabilities according to accounting standards in Thailand. The said value was audited by certified public accountant.

Appraisal value is value of insurance contract liabilities assessed under the Notification of the Insurance Commission on Asset Valuation and Life Assurance Valuation. Primary purpose is for overseeing the financial security of insurance companies and to ensure that the Company is able to fully cover the Insured Person's insurance benefits according to the insurance policy. It is required assessment from actuary that qualified by the registrar according to actuarial standard. The assumption used for determining this shall be in line with actual experience or in case that the Company has no enough experience, it could be referred to the industry experience and adjust to be suit to the Company's portfolio characteristic. Moreover, reserve must include Provision of Adverse Deviation, which is prescribed by the OIC.

Notice: in some period book value and appraisal value of insurance contract liabilities may be materially different. This is due to the differences of objective and methodology that said above. By the way, the one who will use the information above should carefully study and understand the objective and methodology to calculate book value and appraisal value before making decision.

For more information about the valuation, method and assumption to assess insurance contract liabilities, please visit our website

<https://www.prudential.co.th/corp/prudential-th/en/our-company/our-financial-performance/index.html>

## **6. The Company's Investment**

### **Investment Business**

The Company's investment policy focuses on investing in assets with fixed returns (Fixed Income) such as government bond and renowned state enterprise's highly secured debenture of which credit rating is not below BBB-, or equivalent to, and accredited by well-known credit rating institutes. The debenture must be issued by a well-known company that has trustworthy operations and strong financial status.

The Company focuses on investing received premiums in the investments that provide safe and secured returns in order to manage the investment cash flows to ensure that they will meet contractual obligations of policyholders. Anyway, the investment must comply with Office of Insurance Commission ("OIC")'s regulations.

### **Investment management guideline**

The Company's investment unit will propose the investment management guidelines as mutually agreed to the Investment Committee for approval before implementation with the investment manager. The investment guidelines require the conservative investment management according to the investment policy and compliance with the regulation. The scope of investment guidelines includes investment objectives, scope and type of asset allocation, and additional investment limitation other than the minimum requirement of OIC regulation and investment requirement in compliance with the laws and regulations of OIC Re: Investment in Operating Other Businesses by Life Insurance Companies.

The Company appoints Eastspring Investments (Singapore) Limited to perform investment management of Company as per company's investment guidelines.

### **Assumption and valuation method**

- **Financial Statements**

The assumption and valuation are prepared in accordance with Thai Financial Reporting Standards (TFRSs), guidelines promulgated by the Thailand Federation of Accounting Professions ("TFAC").

- Cash and cash equivalents, and policy Loans, are stated at the principal amounts less allowance for doubtful accounts which approximates the fair value.
- Debt securities, are stated at the clean price on the last day of the period provided by the Thai Bond Market Association and foreign issued debt securities are based on broker quotes.
- Equity securities which are not marketable are stated at cost less any impairment losses.
- Unit trusts, use quoted prices (unadjusted) in active markets for identical assets or liabilities, or using the net asset value (NAV) on the last business day of the period provided by assets management companies.
- Promissory notes, use a discounted cash flow technique, which uses contractual cash flows and a market - related discount rate.
- For simple over-the-counter derivative financial instruments are based on broker quotes.

- **Solvency Report**

The assumption and valuation are prepared in accordance with announcement of OIC committee: Assessment of Asset and liability of Life Assurance Company.

- All invested asset valuations are similar to the financial statements except that for equity securities which are not marketable are stated at the multiple of price per book value of the invested company.

Unit: Million Baht

Investment assets	As at 31 December			
	Year 2018		Year 2017	
	Book value	Appraisal Value	Book value	Appraisal Value
Cash and Deposits	1,359	1,359	3,132	3,132
Debt securities	81,947	81,947	84,417	84,417
Equity securities	1	6	1	5
Unit trust	15,443	15,443	4,338	4,338
Policy loans	2,209	2,209	2,027	2,027
Other Loans	-	-	-	-
Warrants	-	-	-	-
Derivatives	286	286	234	234
Others	-	-	-	-
<b>Total</b>	<b>101,245</b>	<b>101,250</b>	<b>94,149</b>	<b>94,153</b>

Remark:

- Book value refers to assets and liabilities as assessed by the Financial Reporting Standards
- Appraisal value refers to the assets and liabilities assessed under the Notification of the Insurance Commission on Asset Valuation and Life Assurance Valuation. Primary purpose is for overseeing the financial security of insurance companies and to ensure that the Company is able to fully cover the Insured Person's insurance benefits according to the insurance policy.

For more information about the Company's Investment, please visit our website

<https://www.prudential.co.th/corp/prudential-th/en/our-company/our-financial-performance/index.html>

## 7. Financial Performance

Unit: Million Baht

Description	Year 2018	Year 2017
Gross premium written	21,537	20,046
Net premiums written	21,354	19,936
Net investments income	2,954	2,806
Long-term technical reserve increase (decrease) from prior year	10,844	10,395
Net benefits payments and insurance claims expenses	5,952	5,033
Net profit	1,420	1,806

Comparison with financial performance year 2017

- The Company has net profit for the year 2018 amounting to 1,420 Million Baht (2017 : Net profit 1,806 Million Baht).
- Revenue from insurance business (Net premium written) has increased 7 percent from last year to 21,354 Million Baht and Investment income increased 5 percent.
- Insurance reserve has increased from last year amounting to 449 Million Baht and Net benefits payments and insurance claims expenses has increased amounting to 919 Million Baht aligned with the growth in insurance revenue.

Unit: Percentage

Description	Year 2018	Year 2017
First year underwriting expenses: Net premiums written	27.74	41.90
Renewal year underwriting expenses: Net premiums written	4.75	6.04
Return on equity ratio	5.57	7.06
Return on assets ratio		
- Return on total assets ratio	1.22	1.75
- Return on total assets excluded unit linked and universal life ratio	1.27	1.79
Return on Investment ratio		
- Return on Investment ratio	2.80	3.06
- Return on Investment excluded unit linked and universal life ratio	2.94	3.15
Ratio of invested assets to insurance reserve (Appraisal value)	121.27	126.54

Remark:

- Appraisal value refers to the assets and liabilities assessed under the Notification of the Insurance Commission on Asset Valuation and Life Assurance Valuation. Primary purpose is for overseeing the financial security of insurance companies and to ensure that the Company is able to fully cover the Insured Person's insurance benefits according to the insurance policy.
- Unit Linked Insurance is a life insurance that provides both life insurance protection and Investment in mutual funds. The policy value depends on the unit value. Assets in the Fund belong to the insured, not to the Company.
- Universal life insurance is a clearly defined policy that separate life insurance part and investment part. The return on investment depends on the Company's investment but not less than the minimum return.

For more information about the Financial Performance, please visit our website

<https://www.prudential.co.th/corp/prudential-th/en/our-company/our-financial-performance/index.html>

## 8. Capital Adequacy

The Company's capital management policy is to maintain a strong capital base to meet policyholders' obligations and the requirements of the Office of Insurance Commission, to create shareholder value and deliver sustainable returns to shareholders. The Company performed its own risk and solvency assessment (ORSA) incorporating with its business plan, company key risk, and capital management, taking into account strategic risks and external factors which could negatively affect capital adequacy. Capital management is one of the key responsibilities of Asset and Liability Committee (ALCO). Our activities to effectively monitor and test our capital sufficiency on a regular basis include but not limited to

- Testing capital adequacy in 3 years Business Plan;
- Regularly testing and forward projection of capital adequacy based on going concern basis and economic downturn; and
- The sensitivity test on any significant changes to assess the impact of key risk variables for better informed decisions.

In accordance with and the requirements of the Office of Insurance Commission, all insurers are required to maintain a minimum at least 140% of capital adequacy ratio. It is the Company's policy to hold capital levels in excess of minimum requirement. As at 31 December 2018, the capital adequacy ratio is at 438%, much higher than the minimum required capital of 140%.

Unit: Million Baht

Description	As at 31 December	
	Year 2018	Year 2017
Total assets	121,591	110,877
Total liabilities	92,197	80,770
- Insurance contract liabilities	89,469	77,087
- Other liabilities	2,729	3,682
Shareholders' equity	29,394	30,108
Capital Adequacy Ratio (Percentage)	438%	494%
Total Capital Available	18,050	18,344
Total Capital Required	4,122	3,714

Remark:

- According to the Notification of the Office of Commission regarding "Type of Capital Fund including Rules, Procedures and Conditions for Calculating the Life Insurance Capital Fund", the Registrar may impose necessary measures to supervise a company with a capital adequacy ratio lower than one hundred and forty percent.

- The capital fund is calculated by using the appraisal value according to the Notification of the Insurance Commission regarding "Asset and Liability Valuation of Life Insurance Company".

- The above items are calculated by using the appraisal value according to the Notification of the Insurance Commission regarding "Asset and Liability Valuation of Life Insurance Company".

For more information about the Capital Adequacy, please visit our website

<https://www.prudential.co.th/corp/prudential-th/en/our-company/our-financial-performance/index.html>

## **9. Audited Financial Statement**

For Financial statements for the year ended 31 December 2018, please visit our website

<https://www.prudential.co.th/corp/prudential-th/en/our-company/our-financial-performance/index.html>