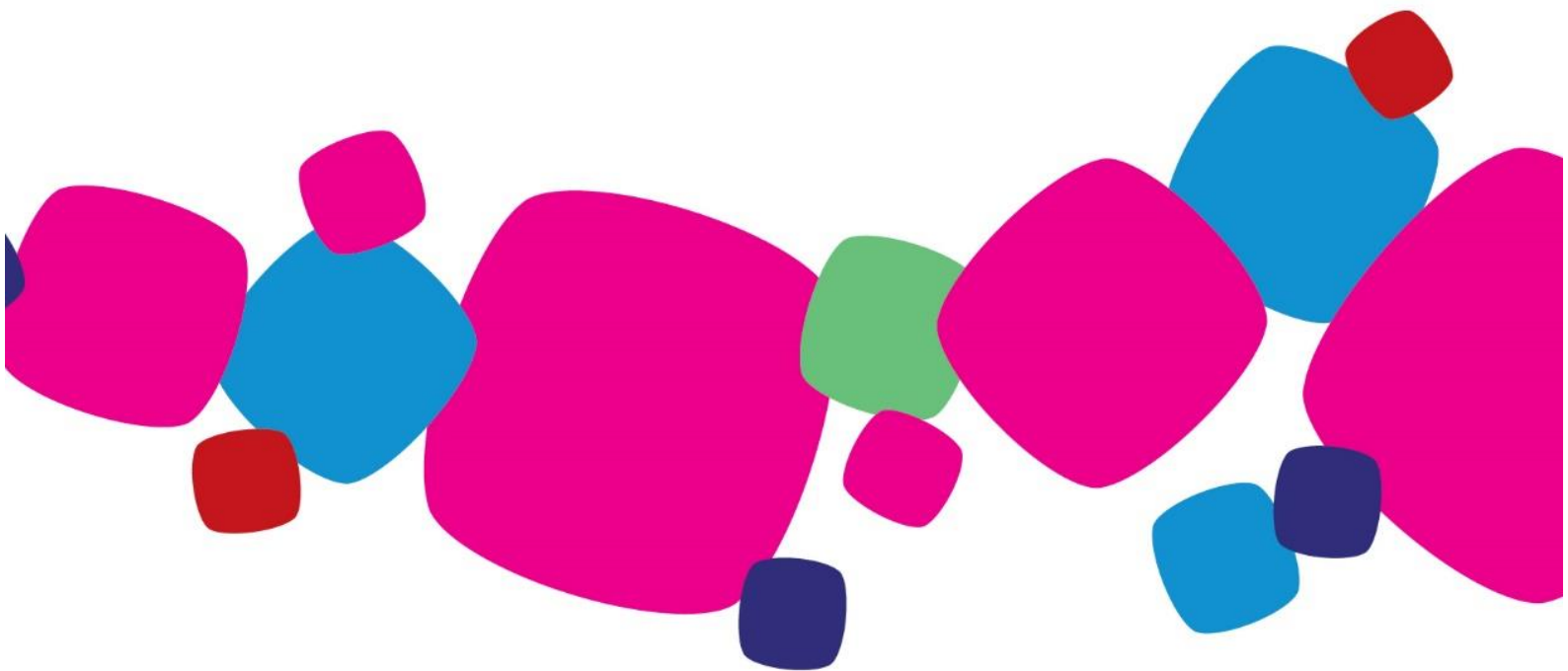


Disclosure of Financial Status and Operating Results Muang Thai Life Assurance Public Company Limited

Form Por Phor Chor.1 (Annual)



Information Disclosure Form
(Appendix to the Registrar Order No. 71/2563 (2020))
Re: Disclosure of Financial Status and Operating Results of
Life Insurance Companies

Part 1 Certification of the Accuracy of Disclosed Information

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

Signed Sara Lamsam
Name (Mr. Sara Lamsam)
Position Authorized Director

Signed Pakineenard Tiyachate
Name (Mrs. Pakineenard Tiyachate)
Position Authorized Director

On 25 May 2021
Data for the year 2020

Part 2 Disclosure Details

The Company is required to disclose the following information.

1. Company profile, policy, objectives and strategies, business overview, product description and key services, contact channels, procedures and time frame of claim and compensation of life insurance contract

1.1 Company Profile: URL

<https://www.muangthai.co.th/en/about-mtl/history>

1.2 Policy, Objectives and Strategies

Muang Thai Life Assurance Public Company Limited (MTL) has been operating life insurance business for over 69 years under the slogan of “Happiness Means Everything”. MTL aims to sustainably deliver happiness to customers, employees, and stakeholders in every aspect, with the goal of being the trusted brand that is ready to take care of and stand by customers during their every life stage under “MTL Trusted Lifetime Partner”. This can be achieved through presentations of products and services via multi-channel distribution, with innovations and technologies that can address customer needs in every target group in a more personalized manner on digital and non-digital platforms responding to all needs of different lifestyles. The Company is also ready to elevate its standard to become international and unique with the modern, professional, and attractive brand image for the new generation to join the workforce. MTL also progresses to develop its workforce for handling and adapting itself to the digital world completely and continuously emphasizes market expansion in countries with potential for economic growth.

The strategy of comprises 8 dimensions: 1. Enhance Distribution Capabilities to Grow Market Share Sustainably 2. Excellent Customer Service 3. Cost Management & Intelligent Automation 4. Ecosystem Orchestrator 5. Digitalized and Data-Driven Organization 6. New Growth in Regional Market 7. Workforce of the Future, and 8. Effective Risk Management & Org-wide GRC

1.3 Business Overview

MTL is determined to conduct multi-channel distribution, including agency channel, bancassurance channel, brokerage, and online sales channels via the integration of face-to-face and digital-face-to-face presentations with the standard of professional life insurance agents aspiring to be Life Planners capable of providing the design, advice, and financial plans for each customer appropriately. Systems and sales supporting tools are also developed to be continuously up-to-date to expand channels for approaching customers via various digital platforms comprehensively and deliver good financial plans that are appropriate for customers and respond to all kinds of needs in end-to-end services. This emphasizes leadership in terms of updated services that catch up with today's changes.

1.4 Company's Product and Key Services and Table of Proportion of Premiums Classified by Type of Insurance

(1) Company's Product and Key Services: URL

<https://www.muangthai.co.th/th/whole-life-insurance>

<https://www.muangthai.co.th/th/savings-insurance>

<https://www.muangthai.co.th/th/retirement-insurance>

<https://www.muangthai.co.th/th/personal-accident-insurance>

<https://www.muangthai.co.th/th/muangthaitakaful>

<https://www2.muangthai.co.th/mrta>

<https://www.muangthai.co.th/th/health-insurance>

<https://www.muangthai.co.th/th/critical-illness-insurance>

<https://www.muangthai.co.th/th/investment>

<https://www.muangthai.co.th/th/group-insurance>

(2) Table of Proportion of Premiums Classified by Type of Insurance

Table of Proportion of Premiums Classified by Type of Insurance for Year 2020

Unit: Million Baht

Items	Ordinary					Industrial	Personal Accident	Group	Total
	Whole Life	Endowment	Term	Others	Total				
Direct Premium	15,452.23	44,611.79	3,084.56	471.64	63,620.22	15.79	265.32	11,425.96	75,327.29
Proportion of Premium (Percentage)	20.51	59.22	4.09	0.63	84.46	0.02	0.35	15.17	100.00

Remark: Data from Annual Report

- Direct Premium = First Year Premium + Renewal Year Premium + Single Premium + Rider Premium

1.5 Contact Channel and Method of Filing for Compensation of Life Insurance Contract

1.5.1 Procedures, Time Frame, Documents and Method of Filing for Compensation of Life Insurance Contract: URL

<https://www.muangthai.co.th/en/claims>

<https://www.muangthai.co.th/en/policy-services>

<https://www.muangthai.co.th/en/policy-loan-service/policy-loan>

1.5.2 How to Contact Company and Related Units in Case of Disputes or Complaints: URL

<https://www.muangthai.co.th/en/contact>

2. Corporate Governance and Internal Controls Including Details on the Implementation Framework and Processes

2.1 Corporate Governance and Internal Controls

(1) Corporate Governance: URL

<https://www.muangthai.co.th/en/about-mtl/corporate-governance/cg-framework>

(2) Internal Controls

Muang Thai Life Assurance Public Company Limited emphasizes the good internal control system being compatible with the total risk management policy, regular assessment of adequacy and effectiveness of the internal control system, and appropriate organizational structure, segregation of duties, and line of command. These reasonably assures that the Company's operations can achieve objectives and long-term profitability, treat insureds fairly and that accountable financial and performance reports are provided in compliance with laws, regulations and other rules. Above all, it aims to prevent fraud, corruption or the conduct that may discredit the Company.

The Board of Directors and Senior Executives are aware of the importance of good internal control in order to maintain a culture of consciousness in risk management and internal control of all aspects of the Company's operations. Our employees are also fully aware of its importance and engage in maintaining a good internal control.

"Internal control policy" has been implemented to raise awareness among all employees. The policy is approved by the Board of Directors and reviewed on annual basis.

2.2 Organization Structure

<https://www.muangthai.co.th/en/about-mtl/organization>

2.3 Management Structure: URL

<https://www.muangthai.co.th/en/about-mtl/organization>

2.4 Subcommittees

2.4.1 Audit Committee

1) Members of Audit Committee

(1) Mr.Suebtrakul Soonthornthum	Chairman
(2) Mr.Somkiat Sirichatchai	Vice Chairman
(3) Assoc. Prof. Dr. Theeraporn Verathaworn	Member
(4) Mr. Philippe Pol Arthur Latour	Member
(5) Mrs.Charuvarn Vanasin	Member
(6) Ms.Maneerut Anulomsombut	Member

2) Roles and Responsibilities of Audit Committee

- (1) Review and ensure that the Company's financial reports including reports being submitted to the regulatory authorities, are complete, accurate, reliable, have revealed the key information completely and are in accordance with the Generally Accepted Accounting Principles.
- (2) Review and evaluate so as to the Company has the appropriate, effective and concise internal control, internal audit and risk management systems according to the international framework, including determine the authorities, duties and responsibilities of the internal audit unit.
- (3) Consider the disclosure of the Company's information especially the related party transactions or transactions, which may lead to the conflict of interests, to ensure their accuracy and completeness.
- (4) Review so as to the Company's operations complies with the Life Insurance Act, the Anti-Money Laundering Act, the Countering Financing of Terrorism and Weapon of Mass Destruction Act, and regulations of the Office of Insurance Commission, and review the operations of the Company to comply with other regulations related to the Company's business.
- (5) Consider, select and nominate the independent persons to perform a duty as the independent auditors of the Company, including offer the remuneration for the service of such persons as well as join a meeting with the independent auditors without participation of the management at least once (1) a year.
- (6) Consider and approve the compliance report and deliver to the related regulatory authority.

- (7) Review investment or any other activities that might cause damages to financial status and the wealth of the Company based on recommendations made either from the independent auditors or from the Company's staff.
- (8) Define the Charter of Audit Committee to be consistent with the scope of responsibilities regarding the Company's operations and to be approved by the Board of Directors. This Charter shall be reviewed the appropriateness at least once (1) a year.
- (9) Exchange opinion with independent auditors and actuary regarding financial statement and the reports submitted to the related regulatory authority, including join the meeting with the Internal Audit Department concerning the efficiency of internal control system of the Company.
- (10) Provide an advice to the management to ensure that they perform their duties effectively and efficiently. Then, report to the Board of Directors to make an improvement within the timeframe deemed appropriate on the following matters found or suspected by the Audit Committee;
 - (10.1) Transaction with the conflict of interests.
 - (10.2) Fraud, corruption or irregular matter or significant defect in internal control system.
 - (10.3) Violation of the Life Insurance Act, the Anti-Money Laundering Act, the Countering Financing of Terrorism and Weapon of Mass Destruction Act and regulations of Office of Insurance Commission.
 - (10.4) If the Board of Directors or the management failed to take an action for improvement within a recommended period of time, the Audit Committee must report to the Office of Insurance Commission without delay.
- (11) Express the opinions accompanying with the internal control evaluation report to the Board of Directors.
- (12) Perform any other duties assigned by the Board of Directors and approved by the Audit Committee. If necessary, the Audit Committee may seek an advice from outside consultant or professional experts on auditing on the Company expense.

In performing the duties, the Audit Committee must report directly to the Board of Directors. However, the Board of Directors still be accountable for the third parties.

2.4.2 Risk Management Committee

1) Members of Risk Management Committee

(1) Mr. Somkiat Sirichatchai	Chairman
(2) Mr. Philippe Pol Arthur Latour	Vice Chairman
(3) Ms. Sujitpan Lamsam	Member
(4) Mr. Sara Lamsam	Member
(5) Mrs. Siriluck Ratanachai	Member
(6) Mr. Mong Siew Han	Member
(7) Ms. Maneerut Anulomsombut	Member
(8) Dr. Sutee Mookhavesa	Member and Secretary

2) Roles and Responsibilities of Risk Management Committee

- (1) To determine the risk management policy which cover the significant risks of the Company to be proposed to the Board of Directors, and regularly review the risk management policy and other risks-related policies.
- (2) To ensure that the Company has clear risk management regarding authority, duty, responsibility, and risk report procedures which comply with rules, regulations, and criterion that regulate business of the Company.
- (3) To ensure that the Company has appropriate, sufficient and effective risk management process that comply with the Company's risk management policy, rules, regulations, and criterion that regulate business of the Company, and be in line with the good corporate governance. The risk management process should include identification, assessment, response, monitoring, review, and report of the risks. This should also include stress testing, Business Continuity Plan, risk model testing, and complete, timely, and reliable database for decision making. The details must be reported to the Board of the Directors.
- (4) To provide advice to the Board of Directors on the risk management or any matters relating to the Company's risk regarding appropriate directions, including any advice on matters that may lead the Company to violate related regulations, rules or criterion.
- (5) To oversee and provide advice to the Board of Directors on the adequacy and sufficiency of infrastructure, tools, resources, systems, and documents for efficient risk management.
- (6) To review and provide advice to the Board of Directors on setting risk appetite, risk limit, and any assumptions relating to risk management models.

- (7) To regularly oversee and provide advice to the Board of Directors on current and future capital adequacy of the Company.
- (8) To consider and prepare contingency plan for any emergency risks.
- (9) Risk Management Committee is authorized to view the meeting minutes of every Company' s Committees except the Audit Committee and the Nomination, Remuneration and Corporate Governance Committee to manage the risk of the enterprise.

2.4.3 Investment Committee

1) Members of Investment Committee

(1) Mr. Sara Lamsam	Chairman
(2) Mrs. Pakineenard Tiyachate	Member
(3) Mrs. Siriluck Ratanachai	Member
(4) Dr. Sutee Mokkavesa	Member
(5) Mr. Mong Siew Han	Member
(6) Mrs. Duangporn Wasanasompong	Member
(7) Mr. Thomporn Wongsirimaetheekul	Member
(8) Mr. Amnaj Udomsamuthirun	Member
(9) Mr. Rangson Kositsripanya	Member
(10) Mr. Wisit Leksawangwong	Member
(11) Mr. Wattanachai Tanthaprasart	Member
(12) Ms. Nattha Munchitkatunyu	Member
(13) Ms. Monthanat Archavachalee	Member
(14) Mr. Ratanachai Tuoratana	Member
(15) Mr. Thananchai Sajjaporamest	Member and Secretary
(16) Mr. Photipong Lamsam	Advisor
(17) Mr. Asoke Wongcha-um, Ph.D	Advisor

2) Roles and Responsibilities of Investment Committee

- (1) To determine and present Investment Policy Statement (IPS), Policy for Real Estate Business, Investment Management Guideline (IMG) and Investment Procedure annually to be approved by the Risk Management Committee (RMC) and Board of Directors (BOD).
- (2) To approve the amendment of IMG and Investment Procedures during the year.
- (3) To approve Investment Plan that is in-line with IPS and risk management policy.

- (4) To determine investment target and return on investment as a part of corporate budget to be approved by the Board of Directors.
- (5) To approve investment, real estate business under the scope of IPS and Policy for Real Estate Business.
- (6) To control and monitor investment, real estate business of the Company in compliance with IPS, Policy for Real Estate Business, Risk Management policy, investment procedures and relevant laws, and to evaluate the investment activities and report performance to the Board of Directors regularly.
- (7) To be in charge of good corporate governance, transparency, and precaution against conflict of interest regarding investment transaction and real estate business of the Company, while ensuring adequate work systems, human resources, and data.
- (8) To have authorities to appoint Subcommittees, authorized Investment Committee members, working teams, appropriate persons to approve and perform investment and real estate business activities in accordance with the policies.

2.4.4 Nomination, Remuneration, and Corporate Governance Committee

1) Members of Nomination, Remuneration, and Corporate Governance Committee

- | | |
|------------------------------------|---------------|
| (1) Mrs. Charuvan Vanasin | Chairman |
| (2) Mr. Suebtrakul Soonthornthum | Vice Chairman |
| (3) Mr. Somkiet Sirichatchai | Member |
| (4) Mr. Philippe Pol Arthur Latour | Member |
| (5) Mrs. Pakineenard Tiyachate | Member |

2) Roles and Responsibilities of Nomination, Remuneration, and Corporate Governance Committee

Nomination

- (1) To determine policies, principle and process in recruiting appropriate person to be in a position of Company's Directors and members of Subcommittees to have duties and responsibilities as assigned.
- (2) To nominate and select person who has qualification based on related laws and regulations and propose to the Board of Directors for consideration on following positions;
 - (1) Directors
 - (2) Members of Subcommittees

- (3) To ensure that the Board of Directors is in appropriate size and have suitable combination with the corporate as well as to adjust the BOD to match the changing environment. The Board of Directors has to contain persons with knowledge, competency and experience in various fields that benefit the operation of the Company.

Remuneration

- (1) To determine and consider the remuneration for Board of Directors and Subcommittees, including meeting allowance, annual bonus, other fringe benefits both in financial and non-financial values and present such matter to the Board of Directors.
- (2) To ensure that Board of Directors and Subcommittees receive appropriate remuneration in comparison to their duties and responsibilities toward the Company.
- (3) To have an annual consideration on the remuneration of the Board of Directors and Subcommittees, taking into account the environment, performance and yield in industry level.
- (4) To disclose policy and criteria on the determination of remuneration of each group of Director and member of Subcommittees, and report it in the Company's annual report.

Corporate Governance

- (1) To monitor, determine, and review Corporate Governance Framework, Corporate Governance Policy, Code of Conduct, including various policies to align with relevant regulators and international practice.
- (2) To monitor and advise to ensure good governance and sustainable development which leads to continuous practice and is appropriate for the Company's business.
- (3) To monitor and ensure that the Company's operations are in line with good governance.
- (4) To report to the Board of Directors about the Company's good governance and sustainable development, as well as advice about practice and improvements as needed.
- (5) To appoint subcommittees and working groups as needed.

2.4.5 Executive Committee

1) Members of Executive Committee

(1) Ms. Sujitpan Lamsam	Chairman
(2) Mr. Krisada Lamsam	Member
(3) Mr. Sara Lamsam	Member
(4) Mrs. Pakineenard Tiyachate	Member
(5) Mr. Kiam Khiaw Ho	Member
(6) Mr. Mong Siew Han	Member
(7) Mrs. Siriluck Ratanachai	Member
(8) Mrs. Maythaca Laokwansatit	Member

2) Roles and Responsibilities of Executive Committee

- (1) Cooperate with the Management regarding all aspects of the Company's business as usual and implementation according to the business plan and budget.
- (2) Consider the matters designated by the Board of Directors which are subject to annual revision and amendment as deemed appropriate by the Board of Directors.
- (3) Consider matters which are business as usual of the Company that the Management refers to Executive Committee.
- (4) To consider other matters that are not business as usual of the Company and/or outside the business plan and budget that has been approved in advance, where such matter must have material impact on the financial status and profitability or reputation of the Company.

2.4.6 Product Governance Committee

1) Members of Product Governance Committee

(1) Mr. Sara Lamsam	Chairman
(2) Mr. Puttipat Supornpaibul	Vice Chairman
(3) Mrs. Maythaca Laokwansatit	Member
(4) Mr. Ratanachai Tuoratana	Member
(5) Mrs. Duangporn Wasanasompong	Member
(6) Ms. Hathai Kaewpitak	Member
(7) Mr. Theerawat Pinta	Member
(8) Ms. Jitkasame Surathammanun	Member
(9) Ms. Cherry Phongsak	Member
(10) Mr. Panut Suttinont	Member and Secretary

2) Roles and Responsibilities of Executive Committee

- (1) To propose the product policy and framework for the Board of Directors' approval. The policy shall be linked with the strategic risk, CAR, the principles of Insurance, actuarial principle, laws, ethics, and market conduct.
- (2) To monitor and follow up the Company's product performance. Details are as follows:
 - 2.1 To conduct the Company's operation regarding product to be in accordance with the Company's vision, strategies, and financial targets as determined by the Board of Directors.
 - 2.2 To conduct the Company to perform the duties according to the laws and regulations regarding product.
 - 2.3 To follow up the performance on the Product Policy.
 - 2.4 To conduct the Company to be in line with the Market Conduct principles.
 - 2.5 To prepare the Company's manpower in aspect of quantity and quality to be in line with the business and effectiveness.
 - 2.6 To conduct the Company's operation regarding product to be fair, systematic, up-to-date, and be able to overall evaluate and completely assess the business risk.
 - 2.7 To follow up the Company's operation to be in line with the Company's procedures for being prompt and efficient before sale process.
- (3) To quarterly report the material matter and information regarding Product for the Board of Directors' acknowledgment.

2.5 Nomination and Appointment of Directors, Independent Directors, and Executives

2.5.1 The Nomination and Appointment of Directors and Independent Directors

The Board of Directors established the Nomination, Remuneration, and Corporate Governance Committee to consider nominations and select qualified individuals to serve as Directors or Independent Directors when there is a vacancy on the Board of Directors or when a Director is retired by rotation. The Committee shall consider various dimensions such as age, gender, education background, competence, skills, experience, morals, ethics, and ability to dedicate time to the Company's work. The Committee shall also consider the appropriate ratio, number, and variety components of the Board of Directors. This shall be in line with Company policies, rules and guidelines of the regulator, relevant laws, and the Company's business strategy.

Once the Board of Directors or Annual General Meeting of Shareholders resolves to appoint a Director or Independent Director, in the event of an appointment to replace a vacancy, the Corporate Secretariat Division and Legal Division will register the change in Directors with the Ministry of Commerce and relevant regulators within the specified timeframe.

Each Director's term lasts 3 years from the date of appointment by the Board of Directors or the Annual General Meeting of Shareholders, unless the Director was appointed to replace a Director retired for any other reason than retirement by rotation. In such case, the Director shall serve the remaining term of the Director being replaced. The Director who is retired by rotation may be reappointed for another term.

2.5.2 Recruitment and Selection Policy

The Company places an emphasis on employee recruitment and selection in order to acquire talents. MTL recruitment and selection policy is as follows:

1. Provide opportunities for those who are interested in joining the Company by specifying the qualifications of each position prior to the recruitment i. e. qualifications, educational qualifications, skills and work experience. Provide opportunities to those who have abilities and skills as required to join the Company. There is no discrimination and limitation in the selection process.
2. Employee selection process is based on the Right to Equality and Non-discrimination for those who meet the required qualifications, educational qualifications and work experience. However, applicants must not possess prohibited characteristics as specified by law or notifications of the regulator.
3. Employment selection process is collaboratively conducted between an original department who are experts in specific professions and the Human Resources Management Department to ensure that the selection is transparent and the candidates who have appropriate qualifications with their positions are selected.
4. Assessment tools are utilized during employment selection in order that the Company acquires the right person who has potential to success in the career.
5. Provide security in professions for every level of MTL employees and adequate welfare to enhance morale and performance while working with the Company.

The Company's employment selection channels are as follows:

1. Walk-in application at the Company
2. Job fairs held at leading universities to create good image for the Company and the leading universities
3. Job fairs with other organizations and online media
4. Internal recruitment
5. Referral program
6. Recruitment agency

2.6 Remuneration policy

The Board of Directors established the Nomination, Remuneration, and Corporate Governance Committee to set policies and consider remuneration for Directors and subcommittee members, including meeting allowance, annual bonuses, welfare, and other benefits, both monetary and non-monetary, to ensure that compensation for Directors and subcommittee members is appropriate and in line with the responsibilities. The Directors shall follow the Fiduciary Duty, which is stipulated by law. Directors shall be liable for both civil and criminal offenses if he or she does not act with dedication, which includes the value of the Director's work, in relation to the business conditions, performance, and return of the same type of business.

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

3.1 Enterprise Risk Management: ERM: URL

<https://www.muangthai.co.th/en/about-mtl/corporate-governance/risk-management-policy>

3.2 Asset Liability Management: ALM

MTL manages the assets and liabilities by focusing on the economic value concept. That is to consider the impact of interest rate changes or other financial factors on the company's future cash flows derived in such a way as to be consistent with market prices or using market consistent principle. The assets and liabilities management takes into consideration other risks such as market risk and insurance risk to ensure that the company's assets are adequate to meet the obligations from the insurance contract. As of 31 December 2020, the company's duration of interest rate sensitive assets and insurance contract liabilities are in 10-15 years range which remains at a manageable level and the company still maintains the capital adequacy ratio at an acceptable level.

4. Expected Underwriting Risks That Might Significantly Affect Company Financial Position, Reinsurance Management, Relation among Capital, Risk and Concentration Risk

Risk and Retention

MTL manages insurance risk by taking into consideration the appropriateness of underwriting process, pricing and insurance reserve allocation. The Company takes account of regulatory capital requirement and minimum capital at a company's acceptable level. In addition, the Company diversifies the risk that is beyond the Company's ability to accept alone by arranging a transfer of risk through reinsurance contract.

The Company sets retention limit by type of risks. For the risks that the Company has an expertise and sufficient experience data, the Company will retain at high proportion. For relatively new risks, the Company will retain at small proportion.

The Company sets the condition of risk transfer by policy. For cases that net amount at risk exceeds the appropriate retention limit, the Company will transfer the amount of risk above the retention limit to a reinsurance company.

Reinsurance

Reinsurance is a transfer of parts or all of the retained risk to other companies while the transferring risk company is "Ceding Company" and Accepting Risk Company is "Reinsurer".

Reinsurance is not only an important risk transferring tool for the Company, but also has many other advantages below:

- (1) To reduce volatility of claim payments
- (2) To reduce risk of losses from large claims and catastrophes
- (3) To stabilize financial statement
- (4) To increase capacity of acceptance of higher case size
- (5) To allow the Company to enter into new product lines, where internal expertise is limited
- (6) To make services meet the international standards

Factor for Reinsurance Company Selection

- (1) Credit Rating: The Company will consider financial strength of Reinsurance Company from result of credit rating. This is to obtain more confidence in reinsurer's repayment ability.
- (2) Experience and technical expertise of reinsurers which can professionally advise as international standards
- (3) Appropriate reinsurance premium rate and reinsurance structure.
- (4) Flexibility and understanding of domestic marketing competition
- (5) Other services

The Company also uses reinsurance to manage various business areas including:

Credit Risk Management

The Company will reinsure with reinsurer whose financial rating is at least BBB+ (or equivalent local capital adequacy ratio defined by OIC) at commencement date.

The Company will monitor the reinsurer's ratings regularly. If the rating falls below BBB+, then the Company will have an action plan to reduce the credit risk and the Company reserves the right to terminate the new business.

Liquidity Risk Management

On special request, the reinsurer shall remit immediately its share of the claim.

Reinsurer Concentration Risk Management

The Company sets the proportion of reinsurer which is consistent with reinsurance's rule and criteria of Life Insurance Company in OIC's announcement and always monitors concentration risk.

Reinsurance Policy and Business Plan, Capital Requirement and Risk Management Policy

In the business plan of the company, the company sets the target by taking into account the direction and trend of the market, risks that may occur, including risk management. Reinsurance, which is a tool of insurance risk management, is one of the concerned factors in the company's business plan.

The reinsurance policy is established by taking expected company's growth and product mix, which stated in the company business plan submitted to OIC annually, into consideration. The policy also considers the risk of catastrophic events; for example, terrorism and tsunami, to ensure the business continuity during emergencies.

The reinsurance policy is also aligned with the company risk appetite, which stated in the risk management policy, in terms of 1) the proportion of total actual premium per expected premium and 2) MTL's Capital Adequacy Ratio (CAR).

5. The Valuation, Method, and Assumptions for Insurance Liabilities

5.1 Reserves for Long-Term Insurance Contract

The Company calculates reserves for long-term insurance contract as follows:

Book Value for Long-Term Reserves

The Company calculates reserves using net premium valuation as at valuation date booked in accounting as disclosed in the financial statement. Mortality and morbidity assumptions are set according to the standard morality table, while the discount rates, valuation interests, are used according to OIC allowance based on types of product.

Admitted Value for Long-Term Reserves

The Company calculates reserves, on valuation date, using gross premium valuation as disclosed in the report. Best estimate assumptions are used to calculate gross of reinsurance liabilities, considering provision for adverse deviation (PADs), according to risk-based capital regimes regulated by OIC.

5.2 Reserves for Short-Term Insurance Contract

The Company calculates reserves for short-term insurance contract as follows:

Book Value and Admitted Value for Short-Term Insurance Contract

For short-term contract, book value and admitted value consist of claim reserves, reported but not paid reserves, and premium reserves as of valuation date.

As at valuation date, the Company uses Chain-Ladder for calculating claim reserves which is the international standard methods. The assumptions aim to estimate the reserves that are adequate for the future liability as reasonably as possible.

For premium reserves, the Company holds the maximum between “Unearned Premium Reserves: UPR” and “Unexpired Risk Reserves: URR” considering provision for adverse deviation (PADs) as of valuation to ensure adequacy of the reserve as regulated by OIC.

Nonetheless, the Company assesses data source, consistency in methodology, data accuracy, data completeness, assumptions, and also the reliability of the data used to calculate reserves by both internal and external auditors.

Quantitative Data

Unit: Million Baht

Items	2020		2019	
	Book Value	Admitted Value	Book Value	Admitted Value
Long-Term Technical Reserves	467,030	533,510	441,079	486,547
Short-Term Technical Reserves	3,852	3,947	3,761	3,850
Unpaid Policy Benefits	681	681	903	903
Due to Insured	453	453	352	352

Remark:

- Book Value means the insurance contract liabilities appraised by accounting standards. Its main objective is to allow investors and financial analysts to understand the economic value of insurance contract liability in accordance with generally accepted accounting principles of Thailand and it must be approved by an auditor.
- Admitted Value means the insurance contract liabilities appraised according to the OIC Notification Re: the Valuation of Assets and Liabilities of Life Insurance Company. Its main objectives are to supervise the financial stability of insurance companies and to ensure that the companies have the ability to pay all insurance contract benefits to the insured, which must be appraised by an actuary certified by the Registrar according to accepted actuarial principles. The appraisal assumptions must be in line with actual experience or, if a company does not have sufficient data, it may refer to industrial experience and adapt to suit the characteristics of the underwriting portfolio of such company. In addition, the insurance reserve value must include the Provision of Adverse Deviation (PAD) as prescribed by OIC regulations.

Note: During some periods of financial reporting, the insurance contract liabilities may have significant differences between the book value and admitted value due to the aforementioned difference in objectives and methods of appraisal. Data users should study and understand the objectives of both appraisals of insurance contract liabilities carefully before making a decision.

6. The Company's Investment

Investment Objectives

1. The Company's investment objective is to achieve higher investment return than minimum required return committed to policyholders.
2. The Company's investment objective is to service operating cash flow of the company.
3. The Company's investment objective is to conform with the risk management policy of the Company.

Investment Policy and Process

The principle of investment is to obtain the highest investment return at the affordable risk. The Company should focus on reliable investment with liquidity and securities in terms of the preservation of the principal sum and stable cash inflow. The investment portfolio should contain a variety of different asset classes in order to diversify returns and risks of the investment along with assets and liabilities management to decrease duration gap.

Quantitative Data

Unit: Million Baht

Type of Invested Assets	AS OF 31 DECEMBER			
	2020		2019	
	Book Value	Admitted Value	Book Value	Admitted Value
Deposits at Financial Institution and Certificate of Deposits	5,571	5,571	1,394	1,394
Debt Securities (bonds, debentures, promissory notes, bills of exchange, convertible bonds and savings tickets)	423,960	514,294	404,754	504,117
Equity Securities (excluding investments in subsidiaries and investments in associates)	54,221	54,219	45,493	45,875
Unit Trusts	19,791	19,791	26,968	26,968
Policy Loans	20,876	25,786	19,811	19,811
Loans, Hire Purchase and Leasing	1,961	1,961	3,864	3,858
Warrants	6	6	2	2
Derivatives	5,191	5,191	4,007	9,983
Other Investment	-	-	-	-
Total Invested Assets	531,577	626,818	506,293	612,008

Remark: - Book Value means assets and liabilities appraised according to financial reporting standards.

- Admitted Value means assets and liabilities appraised according to the OIC Notification Re: the Valuation of Assets and Liabilities of Life Insurance Company. Its main objectives are to supervise the financial stability of insurance companies and to ensure that the companies have the ability to pay all insurance contract benefits to the insured.

7. Financial Performance and Analysis

Financial Performance and Analysis

Unit: Million Baht

List	2020	2019
Gross premiums written	75,327	83,840
Net premiums earned	72,162	80,515
Net investment income	19,072	18,803
Long-term technical reserves increase from previous year	25,951	35,102
Net benefit payments and insurance claims	43,009	41,369
Net profit	7,883	7,740

The company had total premiums at the amount of 75,327 MB which mostly contributed by bancassurance channel (KBank). After deducting the premium ceded and unearned premium reserves increase from previous year, the net premium earned was 72,162 MB. The net investment income was at 19,072 MB, largely contributed by the interest income from investment in held to maturity securities and dividends. The long term technical reserves increased from previous year by 25,951 MB which aligned with the increased premiums and covered the insurance contract liabilities of existing in-force policies. The net benefit payments and insurance claims was at 43,009 MB which mostly contributed by maturity, surrender and cash bonus. As a result, the company had net profit for the period January to December 2020 at the amount of 7,883 MB.

Report on Relevant Ratios

Unit: Percentage

Ratio	2020	2019
First Year Underwriting Expenses : Net First Year Premiums	46.23	40.03
Renewal Underwriting Expense : Net Renewal Premiums	9.47	8.86
Return on Equity Ratio	11.29	12.41
Return on Assets Ratio		
- Return on Total Assets Ratio	1.45	1.53
- Return on Assets Ratio Excluding Unit Linked and Universal Life	1.44	1.52
Return on Investment Ratio		
- Return on Total Investment Ratio	3.62	3.85
- Return on Investment Ratio Excluding Unit Linked and Universal Life	3.65	3.87
Invested Asset : Policy Reserve (Admitted Value)	118.39	126.60

- Remark:** - Admitted Value means assets and liabilities appraised according to the OIC Notification Re: the Valuation of Assets and Liabilities of Life Insurance Company. Its main objectives are to supervise the financial stability of insurance companies and to ensure that the companies have the ability to pay all insurance contract benefits to the insured.
- Unit-Linked insurance policies offer both life coverage and investments in mutual funds, whereby the policy value depends on mutual fund value. The assets under mutual funds belong to the insured, not the company.
 - Universal Life insurance policy is life insurance that clearly separates life coverage and investment. The return on investment depends on the company's investment performance, but it will not be lower than the minimum guaranteed return.

8. Capital Adequacy

MTL places great emphasis on capital that reflects the financial strength and credibility of the company. The capital management is under supervision of the Risk Management Committee to ensure that the Company's risk level is maintained within risk appetite.

The main objectives of MTL's capital management are to strengthen the capital position and ensure capital adequacy for business undertaking under normal and stressed conditions as well as being consistent with the company's risk level, business strategy, and business plans. MTL effectively manage capital aims at maximizing stakeholders' returns through various management processes e.g. financial planning, asset and liability management, product pricing and performance assessment.

Capital management procedures ensure alignment of business plans, business strategy, risk appetite, and capital position. The capital management covers various types of risk including insurance risk, market risk, credit risk, operational risk, and other risks. MTL also assess capital adequacy under stressed conditions and management actions are in place to handle stressed events and ensure the capital adequacy.

MTL regularly assesses, monitor, and reports capital adequacy under normal situation and stressed conditions to the Board of Directors to ensure the effective and timely capital management. Moreover, MTL has continuously developed its capital management process.

Quantitative Data

Unit: Million Baht

Items	As of 31 December	
	2020	2019
Total assets	656,401	641,010
Total liabilities	551,487	511,275
- Insurance Contract liabilities	538,591	491,652
- Other liabilities	12,896	19,623
Total equity	104,914	129,735
Common equity tier 1 ratio / CAR (Percentage)	321.3	385.2
Tier 1 ratio / CAR (Percentage)	321.3	385.2
Capital Adequacy Ratio (Percentage)	323.3	385.7
Total Capital Available	104,652	129,539
Total Capital Required	32,370	33,587

Remark - According to the OIC's Notification Re: Type and Category of Capital, Criteria, Methods, and Conditions on Capital Calculation of Life Insurance Companies, the Registrar may specify necessary measures to oversee and govern the companies with CAR which is lower than supervisory CAR as specified.

- The above items are calculated by values according to the OIC's Notification Re: Valuation of Assets and Liabilities of Life Insurance Companies and OIC's Notification Re: Type and Category of Capital, Criteria, Methods, and Conditions on Capital Calculation of Life Insurance Companies.

9. Audited Financial Statements and Notes to Financial Statements in a Previous Calendar Year: URL

Financial statements for the year ended 31 December 2020

<https://www.muangthai.co.th/en/about-mtl/investor-relations>



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