

## 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). The Company 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 the minimum requirement. As at 31 December 2025, the capital adequacy ratio is at 380%.

Unit: Million Baht

Description	As at 31 December	
	2025	2024
Total assets	241,120	199,771
Total liabilities	204,110	160,346
(1) Insurance contract liabilities	190,243	151,410
(2) Other liabilities	13,867	8,936
Shareholders' equity	37,010	39,425
Common Equity Tier 1 ratio (Percentage)	380	378
Tier 1 ratio (Percentage)	380	378
Capital Adequacy Ratio (Percentage)	380	378
Total Capital Available	19,021	21,167
Total Capital Required	5,005	5,598

**Remark:**

1. Insurance contract liabilities are calculated as insurance reserves (before reinsurance) + other outstanding liabilities under insurance policies.
2. Other liabilities are calculated as liabilities/borrowings + reinsurance liabilities + deferred income tax liabilities + income tax payable + employee benefits + other liabilities + derivative instruments + head office current account.
3. In accordance with the Notification of the Office of Insurance Commission on the determination of types and categories of capital, including the criteria, methods, and conditions for the calculation of capital of life insurance companies, the Registrar may prescribe necessary supervisory measures for insurance companies whose capital adequacy ratio (CAR) falls below the prescribed supervisory capital adequacy ratio (supervisory CAR).

4. The above items are calculated using values determined in accordance with the Notification of the Office of Insurance Commission on the valuation of assets and liabilities of life insurance companies, and the Notification of the Office of Insurance Commission on the determination of types and categories of capital, including the criteria, methods, and conditions for the calculation of capital of life insurance companies.

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

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