THAI LIFE INSURANCE PCL.

“2024 Financial Results under TFRS 17 and TFRS 9”

May 2, 2025

– Transcript –

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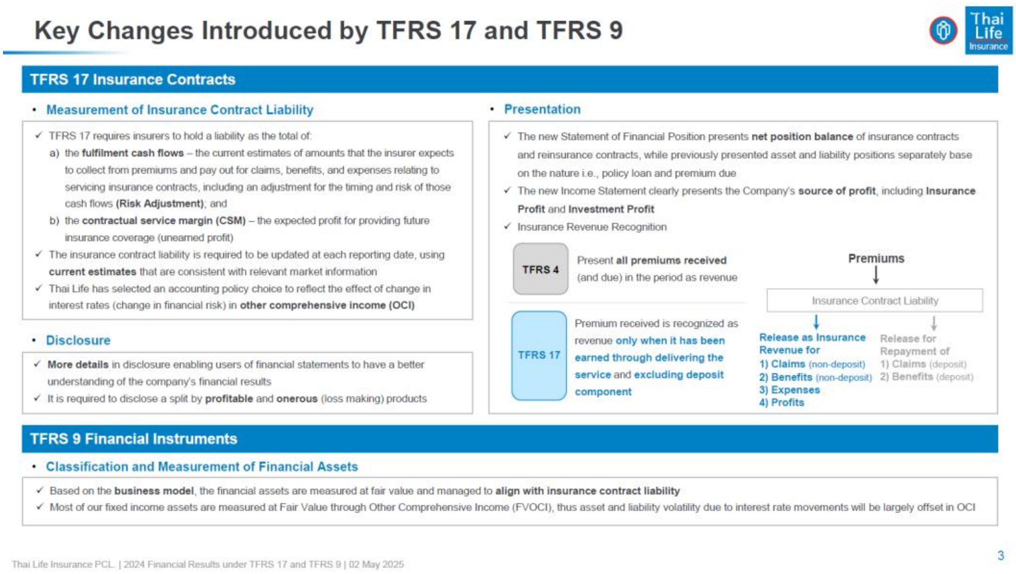
Slide 1: Introduction

Good day. Welcome to Thai Life’s special announcement for 2024 financial results under the new accounting standards, TFRS 17 and TFRS 9.

Before we proceed to the financial results.



Slide 3: Key Changes Introduced by TFRS 17 and TFRS 9

Please allow me to give a quick overview of these new accounting standards and their implications to our financial reporting.

TFRS 17 aims to require insurance companies to provide more updated information about the insurance contracts' obligation, risk, and performance, and to make financial reports more transparent and easier to understand. With this objective, the measurement of insurance contract liability, presentation of financial statements, and disclosure are the key areas being enhanced.

The measurement of insurance contract liabilities has been changed from a historical cost to market value basis, which is now required to be updated regularly to reflect the latest estimates and market conditions, such as interest rates. As a result, the value of insurance contract liabilities would change when there are interest rate movements.

Thai Life has selected an accounting policy choice to separate and report the impact from interest rate movements in Other Comprehensive Income (OCI), while the net profit reflects the unwinding interest cost, which is locked-in at insurance policy inception. This disaggregation would allow the users of financial statements to have a clear distinguish between sustainable cost and short-term market volatility.

Meanwhile, as the measurement of insurance contract liabilities has been changed, under TFRS 17, selling profitable products will no longer incur financial strain in the first year. Instead, it allows the company to recognize profit from the first year following the insurance services provided. This would benefit the company who focuses on sustainable profitability.

The presentation of income statement has been rearranged to give a better view of the company's source of profits, clearly splitting into insurance profit and investment profit.

In addition, under the previous accounting standard, all premiums once received were recognized as revenue, despite part of it being needed to reserve for future benefits and therefore recognized as expenses at the same time.

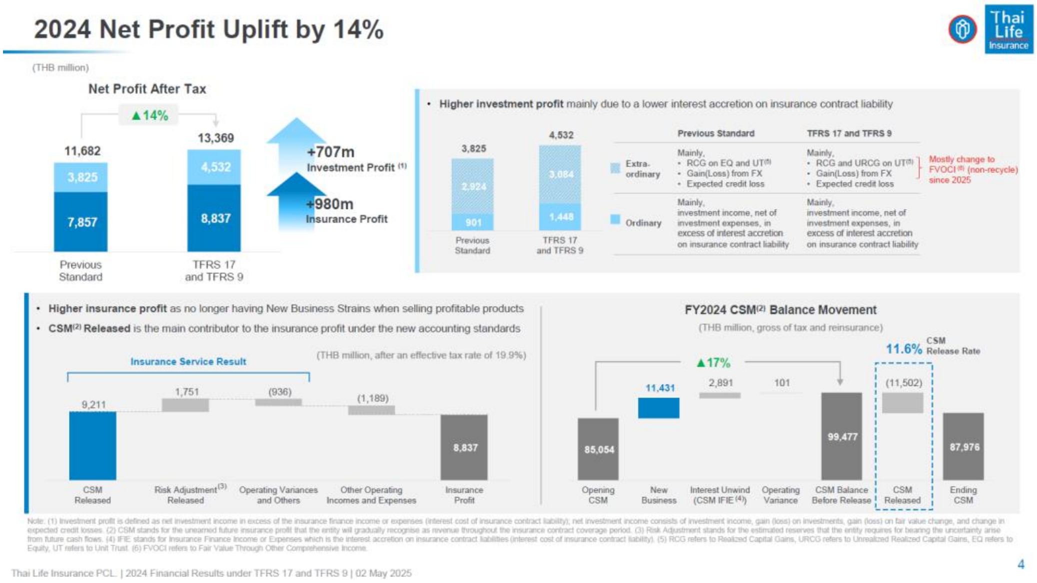
Under the new accounting standards, all premiums received will be reserved into the insurance contract liabilities first, and then being released and recognized as insurance revenue only when it has been earned by providing insurance services. This new presentation aims to provide a more accurate reflection of the revenue earned by the company during the reporting period.

More details about the new presentation of income statement are provided in the Appendix for your reference.

Along with the adoption of TFRS 17, the insurance companies have also fully adopted TFRS 9 starting from 1st January 2025, which allows financial assets to be reclassified to ensure the measurement of financial assets aligning with the insurance contract liabilities under TFRS 17. As the insurance contract liability is now measured on a market-value basis, most of our fixed income assets are reclassified from book value to market value to align with the insurance contract liability.

With both asset and liability are now measured on a market value basis, the effectiveness of asset liability management becomes one of the keys to sustain the shareholders' equity.

Now, let's move on to our financial results in 2024 under these new accounting standards.



Slide 4: 2024 Net Profit Uplift by 14%

Thai Life's Net Profit in 2024 uplifted by 14% after adopting the new accounting standards, reaching 13.4 billion Baht.

Our investment profit increased by 19%, or 707 million Baht, while the insurance profit also increased by 12%, or 980 million Baht. The higher investment profit was mainly from ordinary items, due to a lower unwinding interest cost of insurance contract liabilities under the new measurement.

The amount of extraordinary investment profit remains similar; however, the component has been changed. Under the new accounting standards, the extraordinary items mainly consist of the market value movement of unit trusts, impact from foreign exchange rates and hedging derivatives, and changes in expected credit loss.

Under TFRS 9, unit trust is required to be measured as fair value through P&L, meaning that its market value movement, no matter it is realized or unrealized, will be recognized in net profit. This is not aligning with Thai Life's investment strategy and business model, as we intent to invest offshore equities through unit trusts for a longer horizon.

Therefore, we had an initiative toward the end of last year to change the investment vehicle from unit trusts to private fund for most of our offshore equity investment. This would allow us to measure offshore equity investment as fair value through OCI (Other Comprehensive Income), meaning that market value movements will be recognized in Other Comprehensive Income when it is still unrealized, and recognized in retained earnings without passing through net profit when it has been realized. With this, the net profit will clearly reflect the sustainable portion of our investment profit without being distorted by short-term market volatility, although a drop in reported net profit might be observed in 2025 due to this reallocation of extraordinary investment profit.

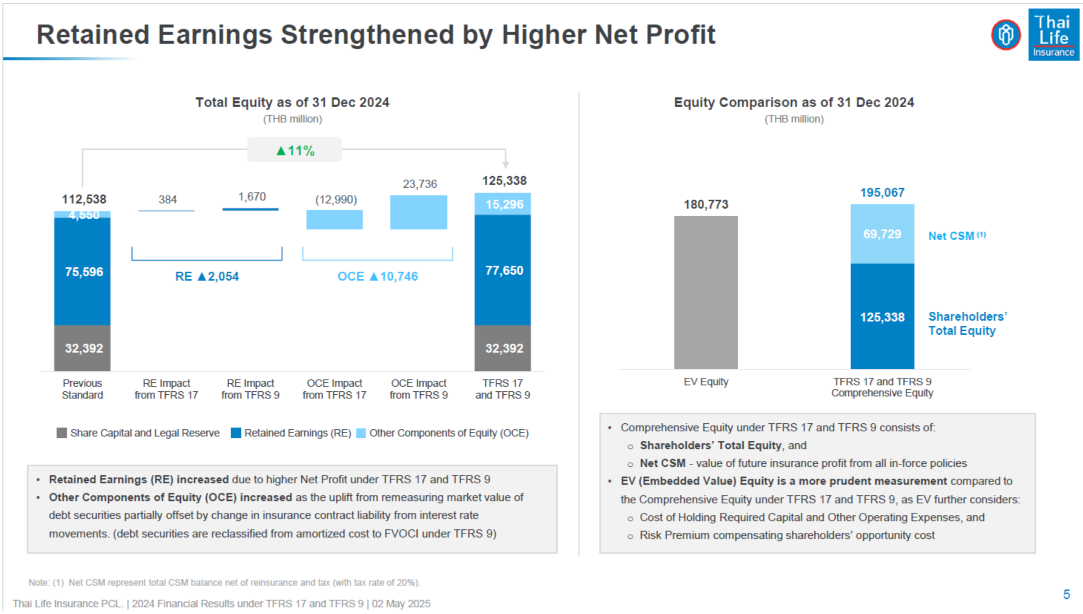
On the insurance side, the higher insurance profit was due to no longer having a new business strain when selling profitable products. As Thai Life has a strategic focus on selling profitable products, our insurance profit was benefit from adopting TFRS 17. And, moving forward, the insurance profit under the new accounting standard will be mainly contributed by release of Contract Service Margin or CSM, meaning release of unearned profit, along with providing insurance services to customers.

The CSM balance represents the total unearned profit that the company is currently holding in the liability as the services have not yet been provided. It will be gradually released over the policy term after providing the services.

Last year, Thai Life's CSM balance began with 85.1 billion Baht, and increased by 17% before calculating the amount that could be released. The growth was mainly from new business, as Thai Life has a strategic focus on selling profitable products, which contributed an increase in CSM of 11.4 billion Baht in 2024.

The CSM balance was then built up to 99.5 billion Baht, and released 11.5 billion during the year, equivalent to a release rate of 11.6%. As the release of CSM follows a predetermined service schedule, the rate of release is normally stable year-on-year.

Meanwhile, as the increase from new business, unwinding interest, and operating variance in total is higher than the release of CSM; our ending CSM balance has a net increase in 2024.



Slide 5: Retained Earnings Strengthened by Higher Net Profit

As for shareholders' total equity at the end of last year, after adopting the new accounting standard, it increased by 11%, from 112.5 billion Baht to 125.3 billion Baht. Retained earnings increased by 2.1 billion Baht due to higher net profit, while Other Components of Equity (OCE) increased by 10.7 billion Baht mainly driven by the shift to market value basis valuation for both assets and liabilities.

Comparing the equity under Embedded Value with the Comprehensive Equity under the new financial statement is a common practice in the countries who have already adopted the new accounting standard. As both metrics could serve the purpose to assess the company's value.

The Comprehensive Equity under the new financial statement consists of 2 parts: the first part is the shareholders' total equity, and the second part is the CSM balance net of reinsurance and tax. The Net CSM represents the current value of future insurance profit from our existing in-force policies. Therefore, the Comprehensive Equity, as a whole, could serve as a measurement of the company's value from existing in-force policies.

Thai Life's EV Equity at the end of last year was 180.8 billion Baht, equivalent to 15.8 Baht per share, while the Comprehensive Equity under the new financial statement was 195 billion Baht, equivalent to 17 Baht per share. EV Equity is normally more prudent, as it further takes into account the cost of holding required capital, the cost of other operating expenses, and the risk premium compensating shareholders' opportunity cost.

Summary: TFRS 17 and TFRS 9 Unveils the Actual Worth of TLI

(THB million)	FY 2024		YE 2024		FY 2024
	Net Profit (without extraordinary)	Net Profit	Retained Earning	Total Equity	ROE [1]
Previous Accounting Standard	8,758	11,682	75,596	112,538	10.76%
TFRS 17 and TFRS 9	10,285	13,369	77,650	125,338	11.73%
Impact	+1,527 ▲17%	+1,687 ▲14%	+2,054 ▲3%	+12,800 ▲11%	+0.97pps

Note: (1) Return on average shareholders' equity (ROE) is calculated as net profit in the latest 12 months divided by average total shareholders' equity at the beginning and the end of the period.

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Slide 6: Summary: TFRS 17 and TFRS 9 Unveils the Actual Worth of TLI

All in all, the new accounting standard has proven beneficial for Thai Life and revealed the actual worth of the Company. All financial results have notable increases. Our Net Profit increased by 14%, Retained Earnings increased by 3%, Shareholders' Total Equity increased by 11%, and ROE increased from 10.8% to 11.7%.

The new accounting standards reaffirm our solid and strong financial foundation. With our business strategy focusing on enhancing customer experience, offering superior personalized products and services, and building dedicated multi-channel distributions, Thai Life remains committed to deliver long term value to all of our stakeholders.

This is the end of our presentation. Thank you for your attention today.