

August 15, 2025

The Directors  
Thai Life Insurance Public Company Limited  
123 Ratchadaphisek Road  
Din Daeng  
Bangkok 10400  
Thailand

## **ACTUARIAL CONSULTANT'S REPORT**

Dear Directors,

### **1 INTRODUCTION**

#### **1.1. BACKGROUND**

Thai Life Insurance Public Company Limited ("Thai Life", "Company", "you", or "your") has prepared the embedded value ("EV") and the value of new business ("VONB") of the Company. The EV has been calculated as at June 30, 2025 and, for comparison purposes, as at December 31, 2024 (collectively referred to as the "Valuation Date"), while the VONB has been calculated in respect of new business sold in the 6-month period ended June 30, 2025 and, for comparison purposes, the 6-month period ended June 30, 2024. The Company has also prepared additional analyses, including sensitivity tests on the EV as at the Valuation Date and VONB, and an analysis of movement in the EV from the EV measured as at the previous calendar year-end (i.e. December 31, 2024). These results are collectively referred to as the "EV Results" and have been prepared by the Company in connection with public disclosure of the EV Results. The EV as at December 31, 2024 has been based on the Company's audited Thai Financial Reporting Standards ("TFRS") accounts while the EV as at June 30, 2025 has been based on the Company's unaudited but reviewed TFRS accounts (reviewed by the Company's auditor).

Milliman Limited ("Milliman", "we", "us" or "our") has been engaged by Thai Life to independently review and provide an opinion on the EV Results. This report ("Report") sets out the consolidated results prepared by Thai Life and includes a description of the EV methodology and assumptions, details of our review and opinion, as well as the reliances and limitations applicable to our work.

In accordance with the engagement letter dated March 28, 2024, this Report has been prepared for public disclosure on Thai Life's website. This Report should be read in its entirety, including the reliances and limitations, as individual sections, if considered in isolation, may be misleading.

Milliman is acting exclusively for Thai Life, and no one else, in connection with this review of the EV Results. This Report has been prepared solely for the purpose of inclusion in the external disclosure on the Thai Life's website. This Report should not be used for any other purpose without our prior written consent. Neither Milliman nor any employee of Milliman undertakes responsibility arising in any way whatsoever to any other party in respect of this Report contrary to the aforesaid purpose.

Except where otherwise stated, the figures quoted in this Report as at the Valuation Date do not make allowance for any developments after those dates. The various monetary amounts specified are expressed in Thai Baht (“THB”).

## **1.2. SCOPE OF OUR WORK**

Our work involved the following:

- We have reviewed the methodology and derivation of assumptions used to determine the EV Results presented in this Report.
- The value of in-force business (“VIF”) and VONB have been derived using Thai Life’s in-house models developed in Prophet (the “Prophet Model”), a proprietary modelling software provided by a third party, FIS. In addition, the compilation of results and any off-model adjustments have been carried out using Microsoft Excel (the “Excel Models”). The Prophet Model and Excel Models are referred to collectively as the “Valuation Models” in this Report. We have reviewed certain elements of the Valuation Models used to produce the EV Results. In particular, we have carried out sample policy checks on the projected cash flows produced by the Prophet Model using profit-test spreadsheets we have set up internally and reviewed the aggregate cash flows by product groups for reasonableness. As part of our model review work, the sample policy checks performed have covered products making up at least 90% of gross premium valuation (“GPV”) reserves (for in-force business) and at least 90% of new business annualized premium equivalent (“APE”) for new business written (for new business).

The objective of our review was to confirm that the EV Results have been prepared, in all material respects, in accordance with the methodology and assumptions described in this Report.

## **1.3. STRUCTURE OF THE REPORT**

The various sections of this Report are set out as follows:

- Section 2: Executive summary – provides an overview of the EV Results and explanation of key terms used in this Report
- Section 3: Methodology – provides details of the methodology adopted in the derivation of the EV Results
- Section 4: Assumptions – describes the assumptions used to calculate the EV Results
- Section 5: EV Results – sets out the EV Results, including sensitivity analysis
- Section 6: Milliman review – provides a formal opinion in respect of the EV Results
- Section 7: Reliances and limitations – sets out the reliances and limitations applicable to our work and to this Report
- Appendix A: Abbreviations used in this Report
- Appendix B: Key information received

## 2 EXECUTIVE SUMMARY

An overview of the EV Results as at the Valuation Date is presented in this section. While reading this section alone can provide a high-level summary, it does not give the full details, and this Report must be read in its entirety in order to be fully understood. Further details of the methodology, assumptions and EV Results, including sensitivity analyses, are set out in Sections 3, 4 and 5 of this Report.

An embedded value is an actuarial method of measuring the consolidated value of shareholders' interests in the in-force business of an insurance company. It is an estimate of the economic value of the life insurance business based on a particular set of assumptions as to future experience, excluding any economic value attributable to future new business. The EV is the sum of the adjusted net worth ("ANW") and VIF, with the methodology defined in Section 3.1 of this Report.

The value of new business represents the value to shareholders arising from the new business issued within the reporting period, with the methodology defined in Section 3.2 of this Report. VONB Margin is equal to VONB expressed as a percentage of APE for the relevant reporting period. APE represents the sum of 100% of annualized first year premium and 10% of single premium.

Following the implementation of TFRS 9 and 17, certain components presented in this Report have been updated to reflect the latest local accounting standard.

A summary of the EV Results evaluated under the risk discount rate assumed by the Company is presented in Table 2.1.

**Table 2.1: Summary of EV and VONB Results (in THB millions)**

Embedded value	As at June 30, 2025	As at December 31, 2024
ANW	161,557.7	148,966.2
VIF before cost of capital	52,772.0	48,460.2
Cost of capital	(15,628.5)	(16,653.4)
VIF	37,143.6	31,806.8
Embedded value	198,701.3	180,773.0

  

VONB	6-month period ended June 30, 2025	6-month period ended June 30, 2024
VONB before cost of capital	4,764.4	3,706.3
Cost of capital	(506.2)	(380.5)
VONB (1)	4,258.2	3,325.9
APE (2)	6,725.0	5,223.9
VONB Margin [(1) / (2)]	63.3%	63.7%

Figures may not be additive due to rounding.

APE = Annualized premium equivalent = the sum of 100% of annualized first year premium and 10% of single premium.

### 3 METHODOLOGY

The EV and VONB of Thai Life have been determined using a Traditional Embedded Value (“TEV”) approach. This approach makes implicit allowance for the time value of financial options and guarantees and other risks associated with the realization of the projected future profits through the use of a risk adjusted discount rate. The higher the risk discount rate, the greater the allowance for these risks. TEV methodology is commonly used by life insurance companies in Asia. Alternative approaches, such as those using “fair value” and “Market Consistent Embedded Value”, exist in the market, under which these types of risks, including the allowance for the time value of financial options and guarantees, are explicitly valued. Thai Life conducts a high-level market consistent valuation on an annual basis in order to assess the reasonableness of the risk discount rate used to calculate the EV Results.

Thai Life has modelled products comprising 98.3% of total GPV reserves for in-force business as at June 30, 2025. The remainder of total GPV reserves that have not been included in the Prophet Model are mainly in relation to advance premium and policy loans. No value has been assigned in the VIF to the unmodelled items given materiality. However, it should be noted that we have not explicitly investigated the impact on value of these items.

#### 3.1. EMBEDDED VALUE

The EV is taken to be the sum of the ANW and VIF.

The ANW represents the adjusted statutory net asset value attributable to shareholders. The ANW comprises:

the statutory net asset value, reflecting the excess of assets over policy reserves and other liabilities reported on a Thai regulatory basis,

*plus/minus* mark-to-market adjustments for assets, and adjustments for liabilities to reflect the differences between the TFRS and RBC bases,

*minus* the value of intangible assets.

The ANW includes Thai Life’s 35% stake in CB Life Insurance Company Limited (“CB Life”), measured at cost, which is recognized as “investment in associates” under the Company’s financial statements as at the Valuation Date. No VIF or VONB has been attributed to CB Life due to immateriality.

The VIF represents the present value of future net-of-tax statutory profits arising from the in-force business as at the Valuation Date less the cost of capital required to support the in-force business. The cost of capital is calculated as the present value of the net-of-tax investment return on shareholder assets backing required capital, plus the present value of any projected releases in the required capital, less the face value of the required capital at the Valuation Date.

The business covered in the VIF comprises all life insurance business, including medical, accident and health business written by Thai Life.

The breakdown of ANW and EV results is shown in Section 5.1 of this Report.

### **3.2. VALUE OF NEW BUSINESS**

The VONB represents the value to shareholders arising from the new business issued during the reporting period. The VONB covers all new life insurance sales with premiums paid and policies issued during the reporting period. The VONB reflects the present value, measured at point of sale, of future net-of-tax statutory profits less the corresponding cost of capital. The VONB is calculated quarterly based on assumptions applicable at the start of each quarter.

The VONB results shown in this Report are based on long-term unit costs assumptions rather than current expense levels. Based on these long-term unit costs assumptions, Thai Life has an acquisition expense underrun of THB 132.9 million in the 6-month period ended June 30, 2025 (equal to 3.1% of VONB for new business written in the same period).

### **3.3. REQUIRED CAPITAL**

The Thai insurance regulator, the Office of Insurance Commission (“OIC”) introduced a revised risk-based capital regime, RBC 2, effective from December 31, 2019. The requirement of holding 140% of the required capital has been reflected in both VIF and VONB calculations.

The cost of capital in the VIF and VONB represents the cost of holding required regulatory capital to maintain the business, and is calculated as the present value of the net-of-tax investment return on shareholder assets backing required capital, plus the present value of any projected releases in the required capital, less the face value of the required capital at the Valuation Date.

### **3.4. NON-CONTROLLING INTEREST**

The EV Results represent Thai Life’s 35% share of CB Life, measured at cost, (please refer to Section 3.1) and a 100% holding in all lines of business written by Thai Life.

## 4 ASSUMPTIONS

This section provides a summary of the assumptions used to determine the EV Results.

### 4.1. ECONOMIC ASSUMPTIONS

The economic assumptions have been set based on long-term returns on assets as prescribed by Thai Life. The assumed long-term returns have been set with reference to Thai Life's long-term outlook for the economy, interest rates and asset class yields. The current market yields observed at the respective dates for assumption setting (i.e. the Valuation Date assumptions for VIF and at the start of each quarter for VONB) have been assumed to grade to the assumed long-term returns.

The investment returns have been determined by applying the projected annual returns for major asset categories to the assumed asset mix. New money after the Valuation Date has been assumed to be invested in accordance with Thai Life's strategic asset allocation, which differs by fund as different funds have been set up to support different insurance products.

The risk discount rate used to determine VIF and VONB has been set by Thai Life. The difference between the risk discount rate and the risk-free rate of return (set with reference to the long-term 10-year government bond yield) is referred to as the "risk margin." The risk margin is intended to represent the level of additional return an investor might consider to be appropriate to reflect the underlying risk of the business.

Table 4.1 sets out the current and long-term 10-year Thai government bond yield, local equity return, and risk discount rate used to determine the VIF as at the Valuation Date. VONB has been calculated quarterly, based on economic assumptions at the start of the period, which are summarized in Table 4.2.

**Table 4.1: Economic assumptions for VIF**

Economic assumptions	As at June 30, 2025	As at December 31, 2024
Current market 10-year Thai government bond yield	1.60%	2.30%
Long-term 10-Year Thai government bond yield	3.20%	3.20%
Local equity return	8.20%	8.20%
Risk discount rate	8.20%	8.20%

**Table 4.2: Economic assumptions for VONB**

Economic assumptions	For new business written in the following quarters			
	2Q2025	1Q2025	2Q2024	1Q2024
Current market 10-year Thai government bond yield	1.99%	2.30%	2.51%	2.70%
Long-term 10-Year Thai government bond yield	3.20%	3.20%	3.20%	3.20%
Local equity return	8.20%	8.20%	8.20%	8.20%
Risk discount rate	8.20%	8.20%	8.20%	8.20%

Note: As VONB is measured at point of sale, the economic assumptions used to determine the VONB for a particular quarter have been set with reference to the current market government bond yield as at the beginning of that period.

#### 4.2. EXPENSE INFLATION

The assumed long-term expense inflation rate assumed by Thai Life as at the Valuation Date is 2.0% p.a., which has been set with reference to the expected long-term inflation rates in Thailand.

#### 4.3. TAXATION

The projected statutory profits used to determine the EV and VONB are net of corporate tax. The projections have been based on a continuation of the current tax legislation in Thailand as at the Valuation Date, with an adjustment in the EV to calculate corporate tax based on the profit determined using GPV reserves. This is more consistent with the liability valuation under TFRS 17, and ensures a more similar cash flow profile between the profit before tax and the tax cash flows. A corporate tax rate of 20% has been assumed.

#### 4.4. PERSISTENCY

Persistency assumptions include lapses for basic plans and riders, lapse skewness and partial withdrawals. The assumptions differ by policy year and are usually split by product, product type, and distribution channel. The assumptions have been based on Thai Life's historical experience where statistically credible, with allowance for current and future trends and with reference to pricing assumptions where the data available is limited or not statistically credible.

#### 4.5. MORTALITY

Mortality assumptions have been determined by Thai Life based on the Company's historical mortality experience where statistically credible and with reference pricing assumptions where there is limited claims experience available. The assumptions have been expressed as a percentage of either the relevant Thai industry experience mortality table or of reinsurance rates. No allowance has been made for future mortality improvement.

#### **4.6. MORBIDITY**

Similar to mortality, morbidity assumptions have been developed by Thai Life based on the Company's historical morbidity experience where statistically credible, with allowance for current and future trends, and with reference to pricing assumptions where the data available is limited or not statistically credible. The assumptions have either been set as a percentage of reinsurance rates, expressed as a loss ratio applied to the premium earned, in form as an incidence rate as a percentage of sum assured, or a percentage of the standard Thai industry experience table.

#### **4.7. EXPENSES**

The operating expense assumptions have been set by Thai Life based on the latest annual study performed by the Company, under which the Company allocates operating expenses into acquisition expenses and maintenance expenses based on the nature of the cost items and cost center, which form the basis of setting the long-term unit cost assumptions. Using these assumptions results in operating expense overruns in the short term as the aggregated amount in the Valuation Models is lower than budgeted operating expenses. These projected operating expense overruns, after excluding one-off expenses, are small in relation to the VIF (THB 372.4 million in 2025, THB 236.1 million in 2026, and THB 170.2 million in 2027, with an expense underrun of THB 177.2 million in the first half of 2025) and are expected to be eliminated in 2028 based on Thai Life's business plan forecasts. Due to the low materiality of these projected operating expense overruns, the fact that we have been advised that Thai Life will continue to closely monitor the actual operating expenses against budgeted expenses to avoid expense overruns, no allowance for operating expense overruns has been made in the VIF.

Assumptions for other sales related expenses for different distribution channels in addition to operating expenses have been set by Thai Life, based on its latest experience study that considers both actual experience and the budgeted position.

#### **4.8. REINSURANCE**

The reinsurance assumptions have been developed by Thai Life based on the Company's reinsurance arrangements in-force as at the Valuation Date, with reference to historical experience and the actual terms and conditions of the reinsurance arrangements.

#### **4.9. POLICYHOLDER DIVIDENDS AND CREDITING RATES**

The projected policyholder dividends and crediting rate assumptions have been determined by taking into account Thai Life's bonus and crediting rate mechanisms, as well as the investment return assumptions.

#### **4.10. STATUTORY VALUATION BASIS**

The EV Results have been based on reserves being projected in line with the prevailing regulatory framework applicable in Thailand as at the Valuation Date. In particular, gross premium valuation ("GPV") reserves have been assumed in the determination of ANW, VIF, and VONB.

#### **4.11. PRODUCT CHARGES**

Various product charges reflect those that were applicable as at the Valuation Date.



## 5 EV RESULTS

### 5.1. EMBEDDED VALUE

A summary of the EV of Thai Life as at June 30, 2025 and December 31, 2024 is shown in Table 5.1.

**Table 5.1: Embedded value as at June 30, 2025 and December 31, 2024 (in THB millions)**

	As at June 30, 2025	As at December 31, 2024
ANW (1)	161,557.7	148,966.2
VIF before cost of capital	52,772.0	48,460.2
Cost of capital	(15,628.5)	(16,653.4)
VIF (2)	37,143.6	31,806.8
Embedded value [(1) + (2)]	198,701.3	180,773.0

Figures may not be additive due to rounding.

### 5.2. RECONCILIATION OF ANW FROM TFRS EQUITY

The ANW has been derived from the TFRS equity as presented in the unaudited but reviewed TFRS accounts as at the Valuation Date. Following the update of the local accounting standard, the TFRS equity is reported with consistent approach as the International Financial Reporting Standard ("IFRS") 9 and 17 bases and therefore the adjustments required for ANW are different as compared to the prior valuations. The adjustments as at the Valuation Date include:

- Difference between TFRS and local statutory (RBC 2 basis) asset and liability items (including mark-to-market adjustments for revaluation of assets to fair value as at the Valuation Date, as well as the differences in liability valuation bases);
- Elimination of intangible assets which are mainly computer software;
- Other adjustments to capture the value of business that is not fully reflected under the RBC basis; and
- Recognition of deferred tax impacts of the above adjustments.

Reconciliation of the TFRS equity attributable to shareholders and ANW as at June 30, 2025 and December 31, 2024 is presented in Table 5.2.

**Table 5.2: Reconciliation of TFRS equity and ANW (THB millions)**

<b>As at June 30, 2025</b>	
TFRS equity attributable to shareholders (1) *	145,601.4
Difference between TFRS and local statutory (RBC 2 basis) asset and liability items:	
TFRS liability to RBC liability adjustment (2)	14,809.1
Revaluation of assets to fair value (3) **	9,648.6
Removal of deferred tax assets and deferred tax liabilities (4)	9,000.6
Removal of intangible assets (5)	(821.8)
Other adjustments (6) ***	(3,677.2)
Recognition of deferred tax impacts of the above adjustments (7)	(4,002.4)
Inclusion of deferred tax assets and deferred tax liabilities (8) ****	(9,000.6)
<b>ANW [sum of (1) to (8)]</b>	<b>161,557.7</b>
<b>As at December 31, 2024</b>	
TFRS equity attributable to shareholders (9) *	112,538.3
Difference between TFRS and local statutory (RBC 2 basis) asset and liability items:	
NPV-to-GPV reserve adjustment (10)	1,394.3
Mark-to-market adjustments for revaluation of assets to fair value (11)	44,723.4
Removal of deferred tax assets and deferred tax liabilities (12)	313.8
Removal of intangible assets (13)	(803.7)
Recognition of deferred tax impacts of the above adjustments (14)	(9,199.9)
<b>ANW [sum of (9) to (14)]</b>	<b>148,966.2</b>

Figures may not be additive due to rounding.

Note \*: The starting shareholders' equity has been taken from the Company's financial statement in which the "equity" method is applied. As at June 30, 2025, an adjustment equivalent to negative THB 52.8 million has been made under "revaluation of assets to fair value" (included within item (3)) to reflect the difference in shareholders' equity between the "equity" method and the Company's "separate financial statements" method to align the ANW derivation with the Company's RBC template.

Note \*\*: The revaluation of asset as at the Valuation Date is mainly due to the positive mark-to-market adjustment for land and property which is measured at cost under the local accounting basis.

Note \*\*\*: Other adjustments as at June 30, 2025 include the reversal of certain adjustments to the TFRS basis to better reflect the economic value of these items, including due premium and prepaid expenses. It also includes the removal of spread of both the policy loan and coupons and dividends on deposit, which has been captured in the VIF calculation.

Note \*\*\*\*: Thai Life has added back the deferred tax liability to the shareholders' equity on an RBC 2 basis in order to derive the ANW, since the deferred tax liability contains tax or tax benefits which Thai Life will need to pay, or is entitled to receive, which has not been captured in the VIF calculation.

### 5.3. VALUE OF IN-FORCE BUSINESS

A breakdown of the VIF of Thai Life as at June 30, 2025 and December 31, 2024 is set out in Table 5.3.

**Table 5.3: VIF as at June 30, 2025 and December 31, 2024 (THB millions)**

Product Group	As at June 30, 2025	As at December 31, 2024
Ordinary life (including whole life, endowment, annuity and term)	25,076.0	24,027.0
Investment linked (including universal life and unit linked)	1,075.9	1,065.1
Riders	23,909.1	21,629.1
Others (including standalone personal accident, industrial and group (including credit life))	1,894.4	576.5
<b>VIF before adjustments and cost of capital</b>	<b>51,955.5</b>	<b>47,297.7</b>
Coupons on deposit adjustment *	816.6	1,162.5
<b>VIF before cost of capital</b>	<b>52,772.0</b>	<b>48,460.2</b>
Cost of capital	(15,628.5)	(16,653.4)
<b>VIF</b>	<b>37,143.6</b>	<b>31,806.8</b>

Figures may not be additive due to rounding.

Note \*: Policyholders can leave their coupons and dividend payments on deposit with the Company. Thai Life is expected to earn a spread between the investment return and the crediting rate credited to the policyholders' deposit accounts. The value attributable to coupons and dividends on deposit has been calculated as the present value at the risk discount rate of the accumulated interest spread of future coupons on deposit.

### 5.4. EARNINGS PROFILE

The projected net-of-tax distributable earnings of Thai Life on a discounted and undiscounted basis for the in-force business as at June 30, 2025 and December 31, 2024 are set out in Table 5.4.

The net-of-tax distributable earnings are defined as the distributable profits to shareholders from the assets backing the GPV reserves and the required capital of in-force business as at the Valuation Date. On a discounted basis, the total net-of-tax distributable earnings are equal to the sum of the required capital and the VIF.

**Table 5.4: Cash flow profile of net-of-tax distributable earnings for in-force business (in THB millions)**

As at June 30, 2025		
Expected period of emergence	Undiscounted	Discounted
1 – 5 years*	44,101.6	36,427.2
6 – 10 years	38,072.6	21,225.3
11 – 15 years	28,248.6	10,639.6
16 – 20 years	23,385.6	5,944.9
21 years and thereafter	60,836.9	6,158.2
<b>Total</b>	<b>194,645.2</b>	<b>80,395.3</b>

  

As at December 31, 2024		
Expected period of emergence	Undiscounted	Discounted
1 – 5 years*	30,837.6	23,824.2
6 – 10 years	37,888.5	21,048.7
11 – 15 years	28,350.6	10,677.6
16 – 20 years	23,700.3	6,030.3
21 years and thereafter	58,889.3	6,106.4
<b>Total</b>	<b>179,666.4</b>	<b>67,687.2</b>

Figures may not be additive due to rounding.

Note \*: As at December 31, 2024, the opening capital requirement was lower due to a temporary asset allocation toward less risky assets as a result of a switch of investment vehicle, and the Company has assumed that the required capital would revert to a higher level in the first projection year, leading to lower net of tax distributable earnings expected to emerge in projection years 1 to 5. As at June 30, 2025, the switch of investment vehicle has concluded and therefore the net of tax distributable earnings in projection years 1 to 5 have increased.

## 5.5. VALUE OF NEW BUSINESS

The VONB and VONB margin covering new business written in the 6-month period ended June 30, 2025 and the 6-month period ended June 30, 2024 respectively is set out in Table 5.5, with a breakdown of VONB by product group shown in Table 5.6.

**Table 5.5: VONB and VONB margin by calendar year (in THB millions)**

	6-month period ended June 30, 2025	6-month period ended June 30, 2024
VONB before adjustment and cost of capital	4,608.9	3,597.9
Coupons on deposit adjustment *	155.4	108.4
VONB before cost of capital	4,764.4	3,706.3
Cost of capital	(506.2)	(380.5)
<b>VONB (1)</b>	<b>4,258.2</b>	<b>3,325.9</b>
APE (2)	6,725.0	5,223.9
<b>VONB Margin [(1) / (2)]</b>	<b>63.3%</b>	<b>63.7%</b>

Figures may not be additive due to rounding.

APE = the sum of 100% of annualized first year premium and 10% of single premium.

Note \*: Policyholders can leave their coupons and dividend payments on deposit with the Company. Thai Life is expected to earn a spread between the investment return and the crediting rate credited to the policyholders' deposit accounts. The value attributable to coupons and dividends on deposit has been calculated as the present value at the risk discount rate of the accumulated interest spread of future coupons on deposit.

**Table 5.6: Breakdown by product group of VONB (in THB millions)**

Product group	6-month period ended June 30, 2025			6-month period ended June 30, 2024		
	VONB	APE	VONB Margin	VONB	APE	VONB Margin
Ordinary life – whole life and others (including whole life, annuity and term)	984.1	1,684.5	58.4%	1,138.3	1,343.5	84.7%
Ordinary life – traditional endowment	547.9	1,357.8	40.4%	615.5	1,349.1	45.6%
Ordinary life – new participating products	284.6	1,215.8	23.4%	248.2	675.6	36.7%
Investment linked (including universal life and unit linked)	41.9	125.1	33.5%	58.8	136.4	43.1%
Riders	2,003.6	1,402.0	142.9%	880.0	934.7	94.1%
Others (including standalone personal accident, industrial and group (including credit life))	396.1	939.8	42.1%	385.0	784.5	49.1%
<b>Total</b>	<b>4,258.2</b>	<b>6,725.0</b>	<b>63.3%</b>	<b>3,325.9</b>	<b>5,223.9</b>	<b>63.7%</b>

Figures may not be additive due to rounding.

Thai Life's VONB margin has remained relatively unchanged from 63.7% in the first half of 2024 to 63.3% in the first half of 2025. This is mainly due to lower margins for ordinary life products under the prevailing low interest rate environment, partly offset by the increased sales of certain health riders with relatively high margins prior to the introduction of the copayment clause by the regulator in March 2025. The VONB margin for riders has increased due to a change in product mix within the riders group and the introduction of a new rider series with higher VONB.

## 5.6. ANALYSIS OF EV MOVEMENT

A breakdown of the EV movement over the period December 31, 2024 to June 30, 2025 is set out in Table 5.7.

**Table 5.7: Analysis of EV movement (in THB millions)**

	For the 6-month period ended June 30, 2025		EV
	ANW	VIF	
Opening EV as at December 31, 2024 (1)	148,966.2	31,806.8	180,773.0
Opening adjustment (2)	(69.9)	437.0	367.1
VONB (3)	-	4,258.2	4,258.2
Expected return on EV (4)	6,364.1	(1,586.8)	4,777.3
Operating variance (5)	149.5	(519.9)	(370.4)
Operating assumption change (6)	-	-	-
Economic variance (7)	11,515.1	3,199.3	14,714.4
Economic assumption change (8)	-	-	-
Other non-operating variance and methodology change (9)	357.4	(451.0)	(93.6)
Capital movements (10)	(5,724.7)	-	(5,724.7)
Closing EV as at June 30, 2025 [= sum of (1) to (10)]	161,557.7	37,143.6	198,701.3

Figures may not be additive due to rounding.

The EV of Thai Life increased by THB 17,928.3 million in the first half of 2025, from THB 180,773.0 million as at December 31, 2024 to THB 198,701.3 million as at June 30, 2025 (equivalent to a 9.9% increase from the opening EV).

Key contributors to the total EV impact during the period are as follows:

- a positive opening adjustment of THB 367.1 million reflecting model enhancements;
- the positive value of new business written during the first half of 2025 of THB 4,258.2 million;
- the positive expected return on EV of THB 4,777.3 million, reflecting the expected return on ANW and the unwinding of profit based on the risk discount rate (this item also includes a transfer of profit from VIF to ANW, which has a negative impact on VIF and a corresponding positive impact on ANW and hence no impact on EV);

- the negative operating variance of THB 370.4 million, driven mainly by negative surrender variance caused by endowment, whole life products and medical riders, partially offset by a positive expense variance;
- the positive economic variance of THB 14,714.4 million, reflecting primarily the impact of interest rate movements, and the fact that the methodology used to value the liabilities (i.e. GPV discount rate based on the weighted average of the historical government yield curves) has dampened the change in discount rate when interest rates have reduced in the recent months;
- other non-operating variance and methodology change of negative THB 94 million, reflecting the effect on EV of the change in tax methodology so that the tax projection is more consistent with the liability valuation under TFRS 17 and distributable earning; and
- the negative impact from the capital movement of THB 5,724.7 million, reflecting the dividends paid to the Company's shareholders in the first half of 2025.

## 5.7. SENSITIVITY ANALYSIS

Sensitivity tests have been performed on Thai Life's EV and VONB in respect of changes to key assumptions.

For each of the following tests, only the specified parameter has been changed with all other assumptions remaining unchanged:

- 1.0% increase in risk discount rate
- 1.0% decrease in risk discount rate
- 0.5% per annum increase in interest rates
- 0.5% per annum decrease in interest rates
- 10% increase in rates of policy discontinuance, premium discontinuance and partial withdrawal (i.e. 110% of the rates under the base case)
- 10% decrease in rates of policy discontinuance, premium discontinuance and partial withdrawal (i.e. 90% of the rates under the base case)
- 10% increase in rates of mortality and morbidity and loss ratios (i.e. 110% of the rates and loss ratios under the base case)
- 10% decrease in rates of mortality and morbidity and loss ratios (i.e. 90% of the rates and loss ratios under the base case)
- 10% increase in acquisition and maintenance expenses (i.e. 110% of the acquisition and maintenance expenses under the base case)
- 10% decrease in acquisition and maintenance expenses (i.e. 90% of the acquisition and maintenance expenses under the base case)

In addition, the following sensitivity tests have also been performed on the EV only:

- 10% increase in equity prices (i.e. 110% of equity prices as at the Valuation Date)
- 10% decrease in equity prices (i.e. 90% of equity prices as at the Valuation Date)

For each sensitivity test above, the underlying GPV reserves have been changed accordingly, while the provision for adverse deviation ("PAD") scenarios for GPV reserves remain unchanged from the base case under all sensitivities.

Under the interest rate sensitivities, the market value of debt securities and policy loans, discount rates for GPV reserves, net investment returns, bonus/dividend scales for participating business, crediting rates for universal life business, and unit fund growth rates for unit linked business have been shocked. In particular, the current spot yield as at the Valuation Date has been changed by +/- 0.5% per annum respectively within the yield curve used to discount cash flows in the determination of GPV reserves.

The expense sensitivities only reflect changes to VIF and VONB in relation to the change in unit cost expense assumptions.

For the equity prices sensitivities, no adjustments have been made to the bonus/dividend scales for participating business, crediting rates for universal life business and unit fund growth rates for unit linked business as the equity mix assumed in the strategic asset allocations of the asset portfolios backing this business, and hence the second order impact to these parameters, are not considered to be material. Both equities and unit trusts reported under the Company's RBC template have been stressed.

The EV sensitivity results as at June 30, 2025 and December 31, 2024 are set out in Table 5.8, and the VONB sensitivity results for new business written in the 6-month period ended June 30, 2025 and the 6-month period ended June 30, 2024 are shown in Table 5.9.



**Table 5.8: Impact of sensitivities on EV (in THB millions)**

	As at June 30, 2025		As at December 31, 2024	
EV – Base case	198,701.3		180,773.0	
Impact of:	Absolute change from base case EV	% change from base case EV	Absolute change from base case EV	% change from base case EV
Increase risk discount rate by 1.0%	(5,504.8)	(2.8%)	(5,426.9)	(3.0%)
Reduce risk discount rate by 1.0%	6,379.5	3.2%	6,291.2	3.5%
Increase interest rates by 0.5% p.a.	(8,234.5)	(4.1%)	(2,571.1)	(1.4%)
Reduce interest rates by 0.5% p.a.	10,434.8	5.3%	4,746.8	2.6%
Increase discontinuance and partial withdrawal rates by 10%	(242.2)	(0.1%)	(799.2)	(0.4%)
Reduce discontinuance and partial withdrawal rates by 10%	334.3	0.2%	851.1	0.5%
Increase mortality and morbidity rates and loss ratios by 10%	(8,102.6)	(4.1%)	(7,829.7)	(4.3%)
Reduce mortality and morbidity rates and loss ratios by 10%	8,277.6	4.2%	8,008.5	4.4%
Increase acquisition and maintenance expenses by 10%	(1,698.3)	(0.9%)	(1,736.8)	(1.0%)
Reduce acquisition and maintenance expenses by 10%	1,698.3	0.9%	1,736.8	1.0%
Increase equity prices by 10%	5,501.7	2.8%	5,851.0	3.2%
Decrease equity prices by 10%	(5,501.7)	(2.8%)	(5,851.0)	(3.2%)

Figures may not be additive due to rounding.

**Table 5.9: Impact of sensitivities on VONB (in THB millions)**

	For the 6-month period ended June 30, 2025		For the 6-month period ended June 30, 2024	
VONB – Base case	4,258.2		3,325.9	
Impact of:	Absolute change from base case	% change from base case	Absolute change from base case	% change from base case
Increase risk discount rate by 1.0%	(396.1)	(9.3%)	(205.7)	(6.2%)
Reduce risk discount rate by 1.0%	473.6	11.1%	248.1	7.5%
Increase interest rates by 0.5% p.a.	860.7	20.2%	626.7	18.8%
Reduce interest rates by 0.5% p.a.	(909.3)	(21.4%)	(615.8)	(18.5%)
Increase discontinuance and partial withdrawal rates by 10%	(299.3)	(7.0%)	(221.6)	(6.7%)
Reduce discontinuance and partial withdrawal rates by 10%	328.3	7.7%	240.6	7.2%
Increase mortality and morbidity rates and loss ratios by 10%	(744.6)	(17.5%)	(521.7)	(15.7%)
Reduce mortality and morbidity rates and loss ratios by 10%	758.5	17.8%	531.6	16.0%
Increase acquisition and maintenance expenses by 10%	(214.4)	(5.0%)	(169.2)	(5.1%)
Reduce acquisition and maintenance expenses by 10%	214.4	5.0%	169.2	5.1%

Figures may not be additive due to rounding.

## **6 MILLIMAN REVIEW**

This section describes a summary of our review in respect of the methodology, assumptions and EV Results.

### **6.1. REVIEW OF METHODOLOGY**

The EV Results have been prepared by Thai Life using TEV methodology in accordance with the generally accepted actuarial principles used for TEV reporting. We have reviewed whether the results have been determined, in all material respects, in a consistent manner with the Company's TEV methodology. In forming this view, we have checked the consolidated aggregate results spreadsheet prepared by Thai Life and conducted sample model point checks on products making up over 90% of in-force business (measured by in-force GPV reserves) and new business (measured by APE).

### **6.2. REVIEW OF ASSUMPTIONS**

The assumptions used to determine the EV Results have been developed by Thai Life based on its operating experience where statistically credible, reference to pricing assumptions, anticipated future trends, investment strategies, the economic outlook and current regulatory frameworks.

We have reviewed the appropriateness of the non-economic assumptions adopted, having regard to the underlying experience investigations performed by Thai Life, expected future experience and materiality of the impact of assumptions on the overall results.

We have reviewed the appropriateness of the economic assumptions, having regard to the current asset holdings, the investment policy of the Company and its strategic asset allocation, industry benchmarks and economic conditions as at the Valuation Date.

Overall, we note that the assumptions adopted have been set in accordance with generally accepted actuarial principles. However, we highlight that actual future experience may differ from that assumed in the projections. In particular, due to the lack of statistically credible experience, the pricing assumptions used may differ materially from the actual operating experience that emerges over time. The sensitivity of results to certain changes in assumptions is provided in Section 5.7.

### **6.3. REVIEW OF RESULTS**

The EV Results have been prepared by Thai Life using its in-house Valuation Models. We have reviewed certain elements of the Valuation Models. In particular, we have carried out sample policy checks on the projected cash flows produced by the Valuation Models for products representing over 90% of the in-force business (measured by in-force GPV reserves) and new business (measured by APE). The sample policy checks were performed to independently validate that the Valuation Models appropriately capture the features of these products and that the Valuation Models have been set up in accordance with the agreed methodology and assumptions.

We have also performed the following checks on the aggregate results:

- Static validation of the opening liabilities projected from Valuation Models to accounting data.
- Static validation of the new business model point file against APE presented in new business sales summaries.
- Validating the ANW to accounting data including a reconciliation performed against the opening TFRS equity presented in the unaudited but reviewed TFRS financial statements.

- High level checks to confirm the implied lapses, loss ratios, investment returns implied from cash flows were in line with assumptions.
- Reconciliation of final VIF and VONB results by discounting the VIF and VONB cash flows at the risk discount rate assumed.
- Validation of out-of-model adjustments.
- Review of VIF and VONB sensitivity results in respect of changes to assumptions.

Any material errors revealed by our checks were corrected in the Valuation Models. Our model review process has been to highlight to the Thai Life where the present value of cash flows for sample model points exceeded our 1% tolerance level (a tolerance level in line with industry standard), and to discuss with the Thai Life whether a change to the Valuation Models was required.

#### **6.4. OPINION**

Based on our review of the methodology and assumptions used by Thai Life to calculate the EV Results, we conclude that:

- The methodology used to determine the EV Results is in line with generally accepted actuarial principles used for TEV reporting.
- The operating assumptions used to calculate the EV Results have been developed using the operating experience of the Company, with allowance for expected future trends where applicable, or have been set with reference to pricing assumptions where the experience is not statistically credible.
- The economic assumptions used to develop the EV Results have been determined having regard to Thai Life's current asset holdings, the investment policy of the Company and its strategic asset allocation, industry benchmarks and economic conditions as at the Valuation Date, and are broadly consistent with economic assumptions adopted by insurers in Asia that report on a TEV basis.
- The EV Results have been prepared in all material respects in accordance with the methodology and assumptions described in this Report. This has been validated through the sample model point checks performed for products making up over 90% of in-force business (measured by in-force GPV reserves) and new business (measured by APE).

This opinion is subject to the reliances and limitations set out below.

## **7 RELIANCES AND LIMITATIONS**

### **7.1. RELIANCES**

In carrying out our work and producing this Report we have relied on information supplied by Thai Life. Reliance was placed on, but not limited to, the accuracy of the information provided to us. References to unaudited but reviewed financial statements at June 30, 2025 in the Report are based on TFRS accounts reviewed by Thai Life's auditors for the purpose of TFRS reporting and take no account of any subsequent changes to this version of the accounts.

Except as specifically stated in this Report, we have performed no audits or independent verification of the information furnished to us. To the extent that there are any material errors in the information provided, the results of our analysis will be affected as well, possibly materially. The principal materials provided by Thai Life and relied upon by us are listed in Appendix B to this Report.

Thai Life has confirmed to us that the data and information it has provided to us is accurate and complete.

### **7.2. LIMITATIONS**

This Report is intended to provide certain actuarial information and analyses that would assist a professional, technically competent in the area of actuarial appraisals, to develop an estimate of the components of economic value of Thai Life. This Report must be read in its entirety to be fully understood. We assume that recipients of this Report will seek explanation and/or amplification of any part of this Report which is not clear.

The actuarial valuation of Thai Life has been developed on a going concern basis and assumes a continuation of the current economic, political and social environment in Thailand. It therefore inherently assumes that the environment will remain stable. The user of this Report should be aware that any political, economic or social instability in Thailand would add a degree of uncertainty to the results presented. In particular, the EV Results have been based on long-term unit cost loadings determined in accordance with Thai Life's business plan forecasts. There is uncertainty regarding the impact of various geopolitical factors on the economic, legal, and regulatory environment, and the level and nature of business activity, which could have an impact on the EV Results.

In determining the EV Results of Thai Life, assumptions have been made about future experience, including economic and investment experience, mortality, morbidity, persistency, expenses and taxes. Actual experience may differ from that assumed in the projections. To the extent actual experience is different from the assumptions underlying this Report, actual results will also differ from the projected results shown. The sensitivity of results to certain changes in assumptions is provided in Section 5.7 of this Report.

The expense assumptions have been chosen on the basis that Thai Life would continue to operate on a going concern basis. They do not take into account any future changes to product strategy, sales volumes or other matters that may have a consequential impact on product specific expense loadings. They also do not take into account any strategic spending or any matters that could lead to an increase in such spending beyond what has been planned and set aside in the VIF. The assumptions have also been set with reference to the Company's latest business plan available when the expense study was performed. We have relied on the business plan provided to us and have not reviewed the assumptions underlying them.

The Company has projected relatively small operating expense overruns from 2025 to 2027. Due to the low materiality of these projected operating expense overruns, the fact that we have been advised

that Thai Life will continue to closely monitor actual operating expenses against budgeted operating expenses to avoid operating expense overruns, no allowance for operating expense overruns has been made in the VIF. Should actual operating expenses be higher than planned or expenses loadings be lower than planned, the operating expense overruns will increase and may become more material, and therefore can negatively impact the values shown in this Report.

There has been an overall trend of increase in medical cost post-COVID-19 across a number of Asian markets including Thailand. In the valuation, the Company assumes the medical business can be repriced or the medical claim could be under control within the short term by assuming loss ratios are flat over time. If the Company is not able to do so in reality due to regulatory barriers, competitive considerations or market conditions, the actual results will differ to those shown in this Report, potentially materially.

The risk discount rates used to determine the EV Results shown in this Report have been selected by Thai Life. The underlying risk margin within the risk discount rates is intended to represent the level of additional return an investor might consider appropriate to reflect the underlying risk of the business. Different investors may have different views of the appropriate range of risk discount rates to use to value an insurance enterprise.

We have not attempted to assess the suitability or quality of the assets held by Thai Life or its reinsurance strategy. We have not reviewed, and make no judgment or representation on, Thai Life's strategic asset allocation. We have also not assessed, or made allowance for, any claims against Thai Life other than those made by policyholders under the normal terms of life insurance business. In particular, no account has been taken of liabilities in respect of pension entitlements, stock option plans, service contracts, leases and breaches of regulations.

No investigation has been made into the accuracy of the unit pricing and unit allocation procedures adopted by Thai Life.

The results have been prepared by Thai Life using the Company's Valuation Models. Although we have performed extensive checks on the Valuation Models and underlying results as described in Section 6.3 of this Report, our checks were not exhaustive, and hence may not have uncovered all potential issues.

Reserves and cost of capital have been calculated using the prevailing regulatory frameworks applicable as at the Valuation Date, and do not take into account any future changes in these frameworks. We have relied on the opinion of Thai Life's Chief Actuary and auditors that the reserves and capital requirements held as at the Valuation Date comply with the prevailing regulations. We understand that there may be an upcoming change in tax regulations following the introduction of TFRS 17, with details of the changes currently being discussed at an industry level. For the June 30, 2025 valuation, Thai Life has adopted a new approach to calculate tax in the EV calculation that is more consistent with the liability valuation under TFRS 17 and distributable earnings. The EV Results set out in this Report do not include any allowance for withholding or other taxes that may apply to the payment of shareholder dividends on remittances out of Thailand.



The EV Results allow for adjustments to policyholder dividends and crediting rate assumptions taking into account Thai Life's bonus and crediting rate mechanisms, as well as the investment return assumptions. We have relied on Thai Life's application of these rules within the Valuation Models, and note that the impact on the results if the rules incorporated in the Valuation Models are not followed in actual practice can be material.

Yours faithfully  
for Milliman Limited

A handwritten signature in blue ink that reads "C. Bonnet.".

---

Clement Bonnet IA  
Principal & Consulting Actuary

A handwritten signature in blue ink that reads "Scott Chow.".

---

Scott Chow FSA  
Principal & Consulting Actuary

**Appendix A: ABBREVIATIONS**

ANW	Adjusted Net Worth
APE	Annualized Premium Equivalent
CB Life	CB Life Insurance Company Limited
EV	Embedded Value
FVOCI	Fair Value through Other Comprehensive Income
GPV	Gross Premium Valuation
IFRS	International Financial Reporting Standard
NPV	Net Premium Valuation
OIC	Office of Insurance Commission
PAD	Provision for Adverse Deviation
RBC	Risk-based Capital
TEV	Traditional Embedded Value
TFRS	Thai Financial Reporting Standards
THB	Thai Baht
VIF	Value of In-force Business after cost of capital
VONB	Value of New Business after cost of capital



**Appendix B: KEY INFORMATION RECEIVED**

- Audited local accounting financial statements of Thai Life as at December 31, 2024, including the restated financial statements under the new TFRS basis, and unaudited but reviewed local accounting financial statements of Thai Life as at June 30, 2025;
- Audited risk-based capital regulatory filings as at December 31, 2024, and unaudited but reviewed risk-based capital regulatory filings as at June 30, 2025;
- Breakdown of statutory reserves by product as at December 31, 2024 and June 30, 2025;
- New business summary by product for new business in the 6-month period ended June 30, 2024 and June 30, 2025;
- EV Results as at the respective Valuation Dates, including sensitivity results and analysis of EV movement;
- Summary of quarterly VONB results and APE for new business covered written in the 6-month period ended June 30, 2024 and June 30, 2025;
- Consolidated EV Results, including any off-model adjustments;
- Thai Life's in-house actuarial model, namely the Valuation Models, used to prepare the EV Results;
- Individual in-force policy database as at the Valuation Date;
- Product descriptions for key in-force and new business products reviewed;
- Reserving basis for key in-force and new business products reviewed;
- Justification of parameters used to project asset risk charges for new business;
- Information and analysis prepared by the Company in respect of recent operating experience for mortality, morbidity, loss ratios, persistency, commission overrides, reinsurance, expenses (including overruns/underruns), coupons on deposit and investment returns; and
- Other information and clarifications obtained through various email and telecommunication during the period of our assignment.