

Thai Life Insurance PCL

SET Opportunity Day 2Q2023 Updates

Monday 21 August 2023 | Strictly Private & Confidential



1

Business and Financial Results Update

2

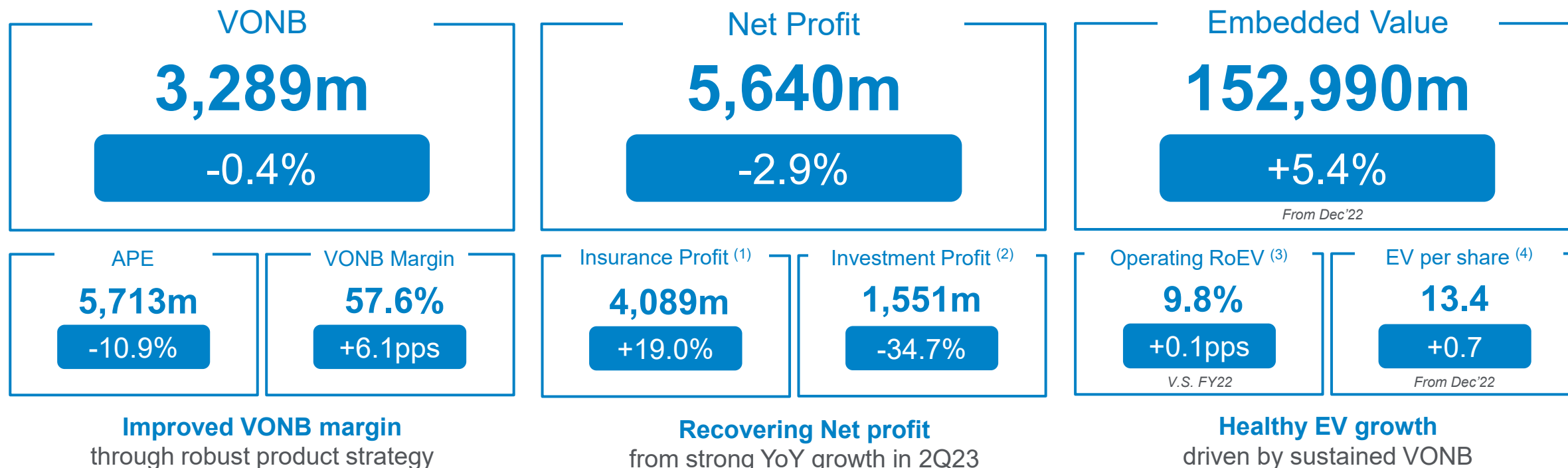
ESG Update

3

Q&A



Sustained Profits Drove Healthy EV Growth during 1H2023



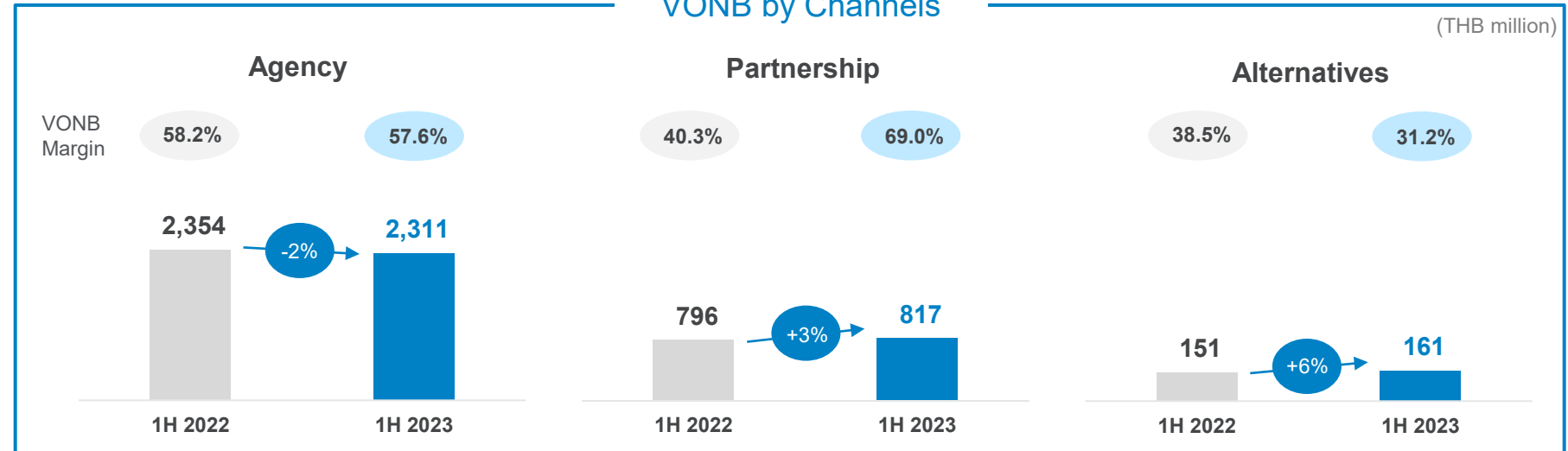
Note: The changes are calculated by comparing the performance for the six-month period ended Jun 30, 2023 to the performance for the six-month period ended Jun 30, 2022, except for Embedded Value which compared the balance between June 30, 2023 and December 31, 2022 (1) Insurance Profit is calculated as Net Profit subtracted Investment Profit. (2) Investment Profit is defined as the total investment return in excess of the interest accretion on insurance contract liabilities (including coupon deposit) and policyholder dividends; total investment return consists of net investment income, gain/loss on investments, gain/loss on fair value change, and expected credit loss. (3) Operating Return on EV can be referred to slide 11 (4) EV per share is calculated as EV divided by total number of issued shares of 11,450,000,000.

All Channels Delivered Resilient VONB

- **Agency channel VONB and APE softened slightly** during the period of strengthening agency force.
- **Partnership channel VONB continued to grow** despite having a lower APE, due to the success in executing product strategy with key bank partners. APE recovery is expected during 2H2023.
- Alternative channel growth was mainly from Group Employee Benefits (GEB) market, as businesses recovered post COVID-19.

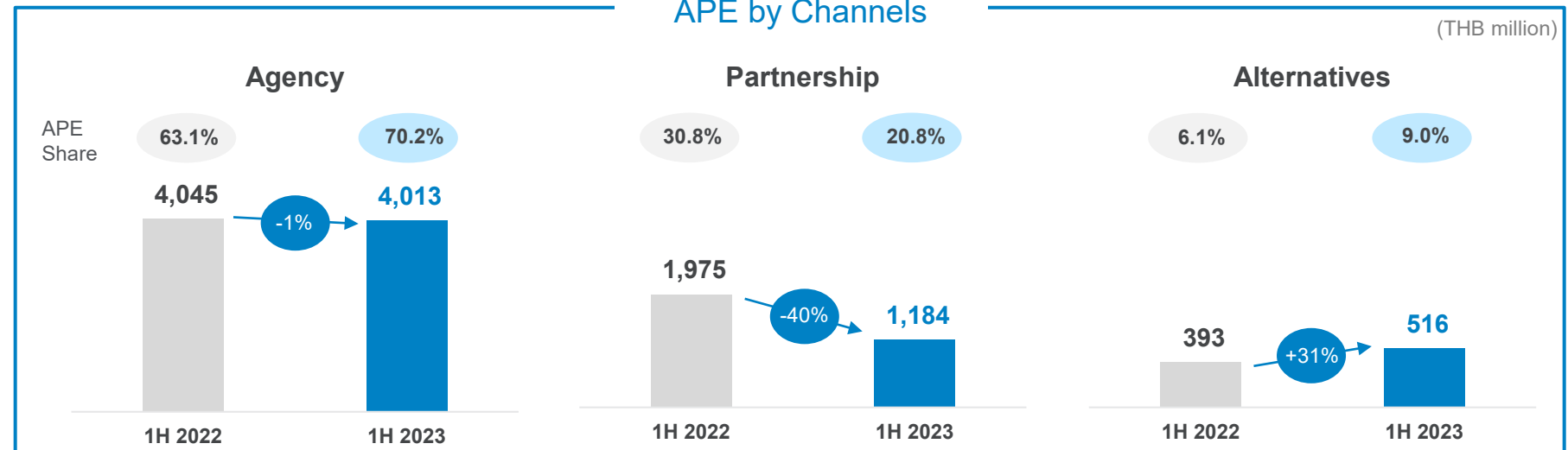
VONB by Channels

(THB million)



APE by Channels

(THB million)



Established Distribution Scale

2nd

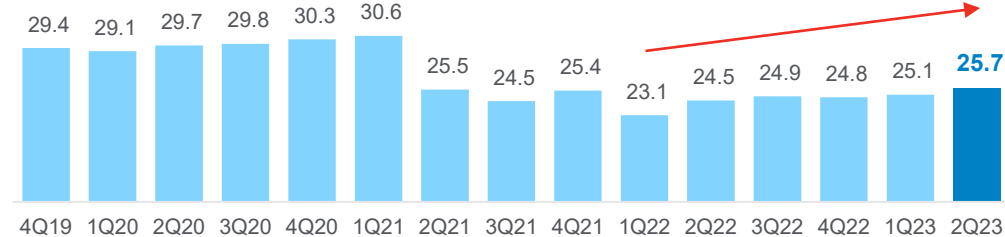
Agency market share
in 6M 2023 GWP
(vs 2nd in 6M 2022 GWP)

25,665

Agents who are unit managers
or above as of Jun 2023
(vs 24,525 as of Jun 2022)

Number of unit managers and above continues to grow since 1Q22, indicating a positive trend of our agency recruitment

Number of Agents who are unit managers or above
(Unit: in '000)



Powered by Digitalization

97%

Policy submitted via TL Pro Plus
(e-application) in Jun 2023
(vs 94% in Dec 2022)



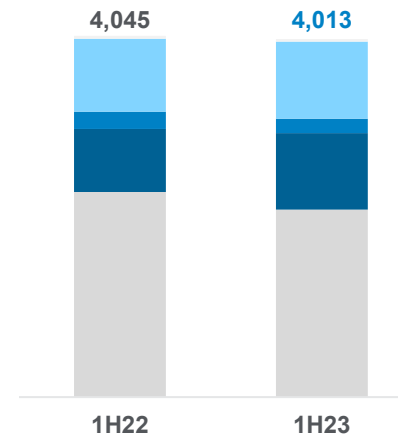
- **Investment Linked Product:** Enhanced the "TL Universal Life 90/90" by reducing the minimum regular premium and minimum sum assured when purchasing together with Health Fit DD rider to reach more target customers and boost the sales.



- **Legacy Whole Life Product:** Launched "Legacy Fit Wealthy 99/1", a single premium whole life product covered up to age 99 with annual coupon of 2.5%. This product is designed mainly for maturity recapture and targets high-net-worth customers.

Sustained Quality of Sales

APE
(THB million)

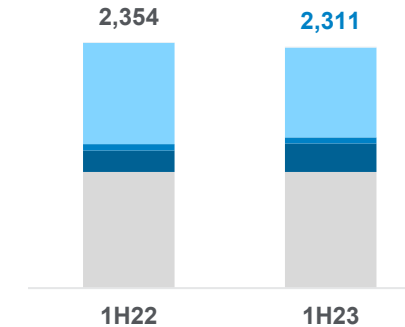


VONB
(THB million)

VONB
Margin

58.2%

57.6%



Others
Riders
Investment-Linked
Ordinary Life (New Participating)
Ordinary Life (Traditional)

Extensive Partnership Covers All Income Groups



4
partners



5
partners



11
partners



2
partners

Improved Digitalization



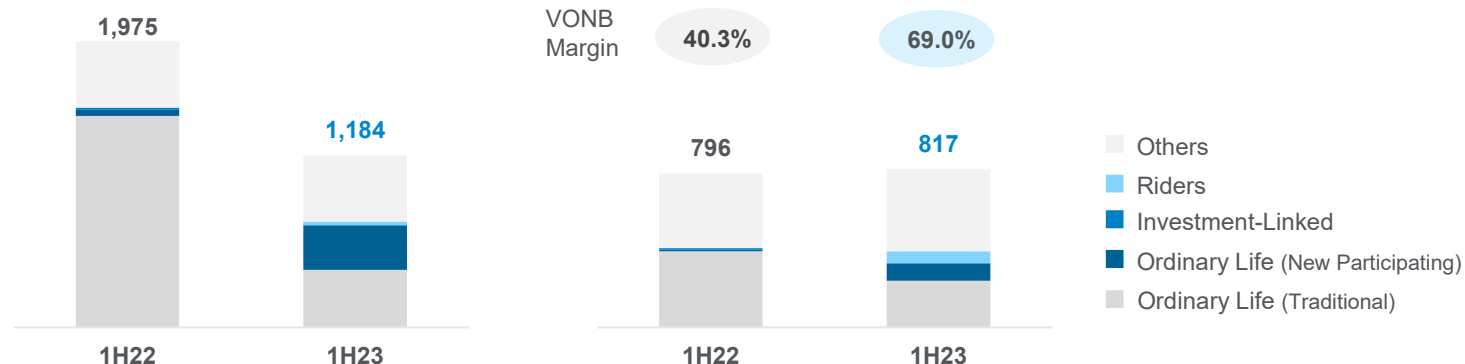
65%

Policies submitted via digital sales tool in Jun 2023
(vs 57% in Dec 2022)

Enhanced Profitability through Product Strategy

APE
(THB million)

VONB
(THB million)

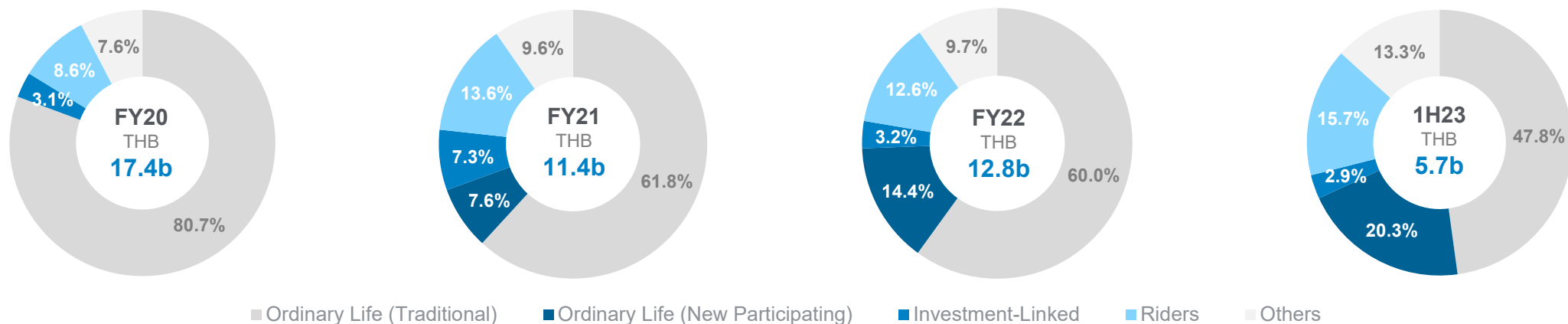


- Launched new participating product and rider package for key bank partners to capture customers' interests.
- Higher usage of digital sales tool continued to improve operational efficiency.

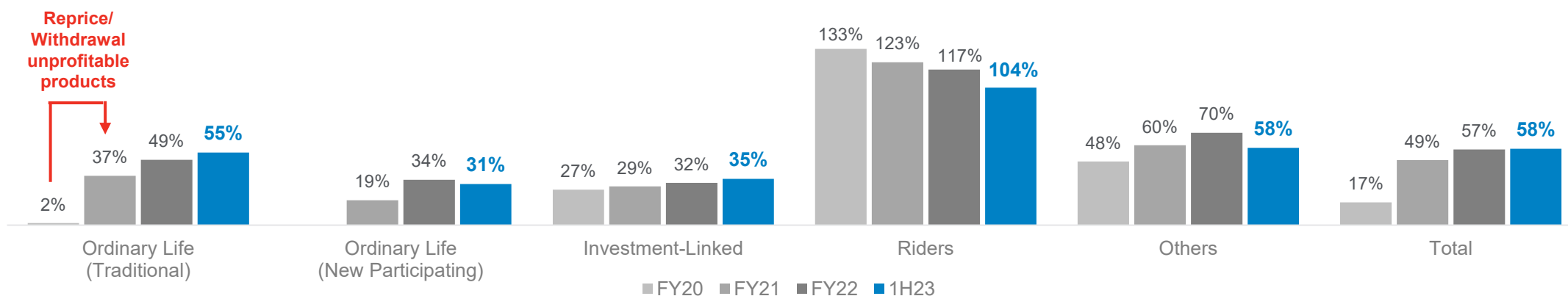
Product Strategy Driving Sustainable Profitability

Continuing to Shift toward Less Interest-sensitive Products to Sustain Profitability

APE Mix by Product



VONB Margin by Product

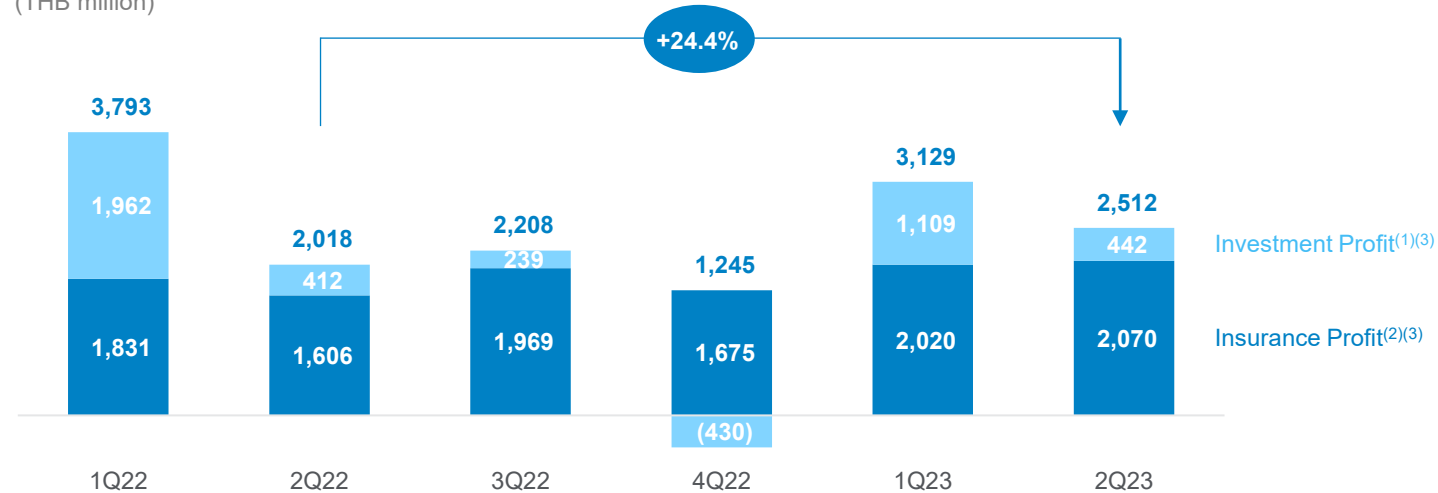


Note: (1) Ordinary Life Traditional products consist of endowment, whole life, and annuity. Investment-Linked products consist of universal life and unit-linked. Riders are add-on benefits that are in addition to the life insurance benefits under the basic policy and cannot be purchased as a standalone policy under the OIC regulation; rider offerings include health, hospital benefit, accidental death/dismemberment/total permanent disability, critical illness and payer benefit. Others include industrial life, group life and personal accident. (2) The new participating product refers to the new suite of participating products launched from July 2021

Continued to Deliver Sustainable Insurance Profit

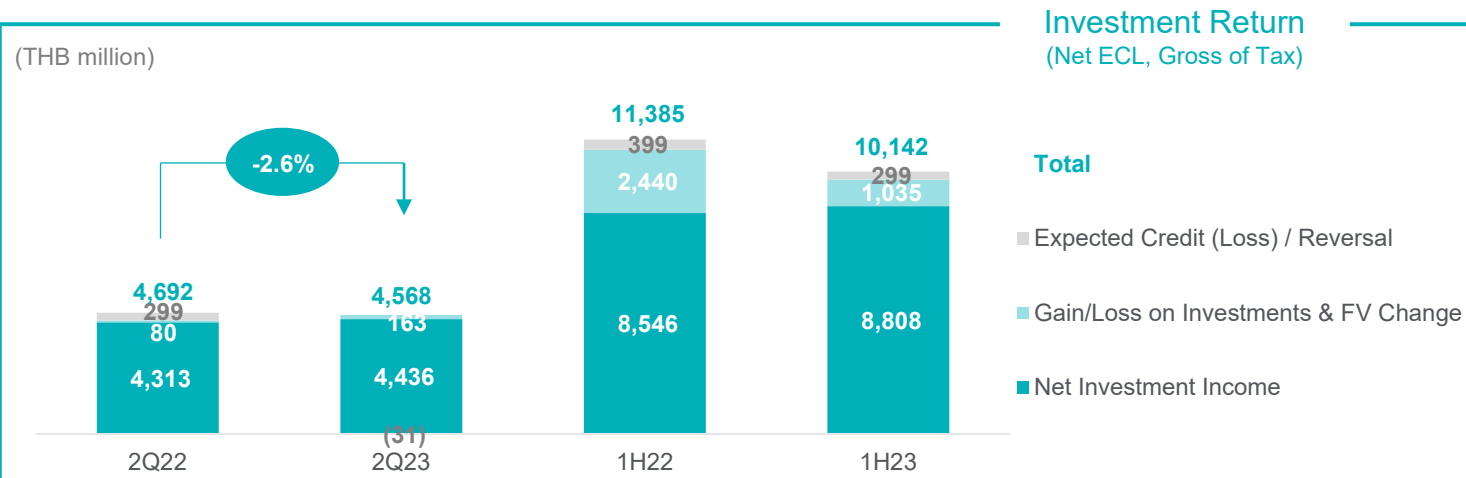
Source of Net Profit

(THB million)



- Insurance profit is a more stable source of profit which contributed more than 70% of our net profit in 2022.
- 2Q23 net profit increased by 24.4% YoY mainly driven by higher insurance profit. 1H23 net profit was slightly lower than last year due to high-base investment profit in 1Q22.
- Net investment income, consisting mainly of interests from fixed income assets and dividends from equity securities, is a stable source of investment return, while the gain on investments and fair value changes are normally volatile due to market condition.

(THB million)



Investment Return (Net ECL, Gross of Tax)

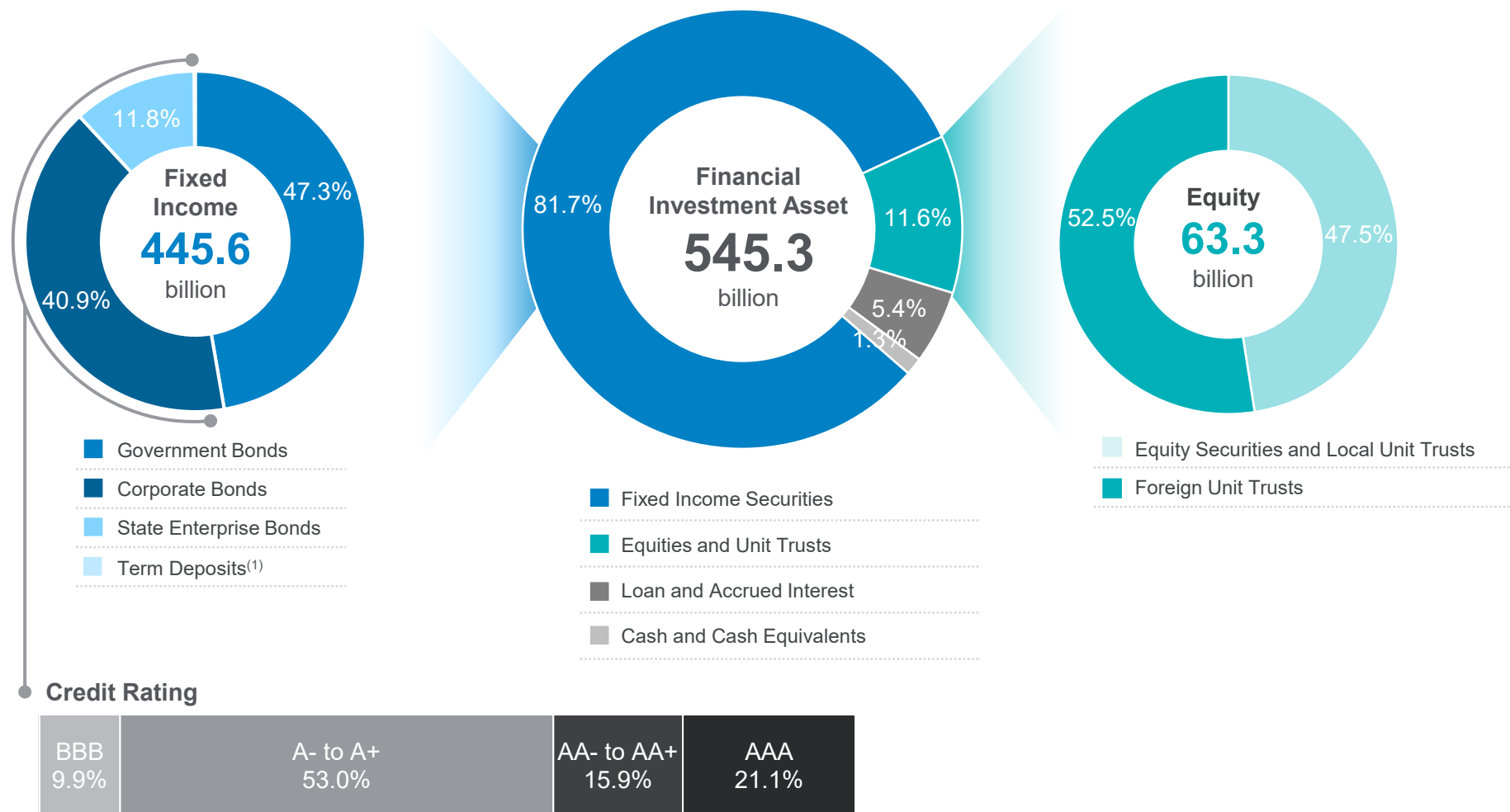
Total

- Expected Credit (Loss) / Reversal
- Gain/Loss on Investments & FV Change
- Net Investment Income



Note: Numbers may not add up due to rounding. (1) Investment Profit is defined as the total investment return in excess of the interest accretion on insurance contract liabilities (including coupon deposit) and policyholder dividends; total investment return consists of net investment income, gain/loss on investments, gain/loss on fair value change, and expected credit loss. (2) Insurance Profit is calculated as Net Profit subtracted Investment Profit. (3) Tax expense is allocated to Investment Profit and Insurance Profit based on the effective tax rate at company level.

Diversified Investment Portfolio Enable Sustainable Return

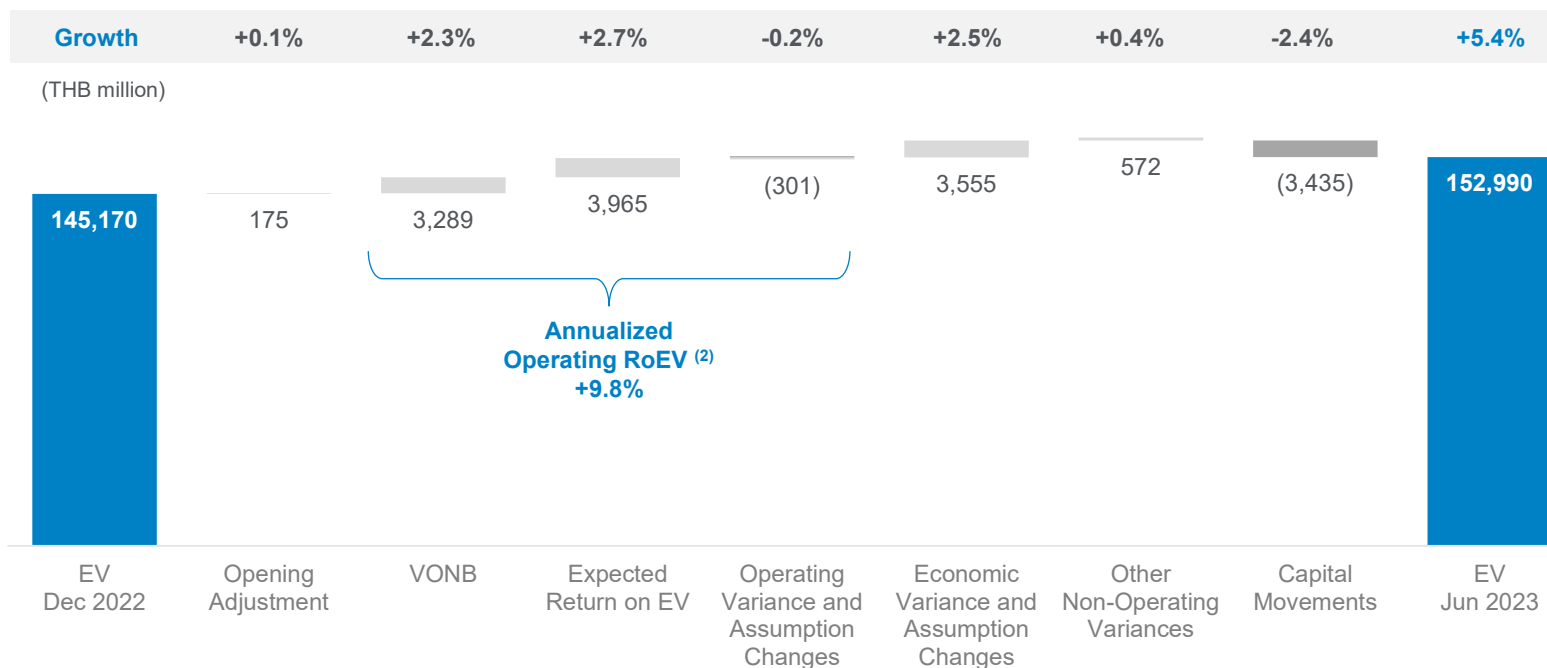


(Short-term credit rating of F1+(tha) 0.15% is not visible in the above graphic as they are insignificant)

Note: (1) term deposits 0.08% are not visible in the above graphic as they are insignificant.

Embedded Value Uplifted by Favourable Operating RoEV

Embedded Value ⁽¹⁾



- EV increased by 5.4% during 1H2023 mainly from additional VONB and expected return on EV.
- Positive economic variance and assumption changes impact were offset by dividend payment during the period.
- Capital adequacy ratio stood at 398% which remains well above regulatory requirement of 140%.

EV per Share ⁽³⁾

13.4

As of June 2023

Capital Adequacy Ratio

398%

As of June 2023
(vs regulatory minimum 140%)

Rating

A- / AAA

(International) (Domestic)
Fitch Rating in Apr 2023

Note: (1) Embedded Value was calculated by using Risk Discount Rate of 8.0% for 31 December 2022 and 8.2% for 30 June 2023 (2) Operating Return on EV is calculated as EV Operating Profit (consists of VONB, Expected Return on EV, and Operating Variance and Assumption Changes) divided by the opening Embedded Value. The return is annualized through compounding calculation (3) EV per share is calculated as EV divided by total number of issued shares of 11,450,000,000

ESG Update





The Company focuses on sustainable business operations with the vision
“To be an insurance company of sustainability”

Environmental

Protect the environment
for a sustainable society



Green Building Project and Promoting the use of EV HEV car

1. Green Building Project

- Improve and maintain of ventilation system equipment in the building including installation an air filter to create fresh air.
- Set up automatic watering system to minimize water consumption.

2. Promoting the use of EV / HEV Car

- Special Campaign EV / HEV Car with Toyota Leasing to promote the use of energy-saving and environmentally friendly cars.

Social

Create a sustainable society



Financial Literacy Project and ESG Product Development

1. Financial Literacy through the Creating Shared Value (CSV) Project

- Thai Life Insurance: Opportunity for Better Life in the Community Enterprise.
- Thai Life Insurance: Opportunity to Enhance Extra Occupation for Local Community around Branch Area.

2. Sales Promotion and ESG Product

- ESG Product: Thai Life Insurance Suk Yang Yuen Refund.

Economic & Governance

Generate sustainable returns



Joining the ESG100 universe

ESG Emerging List of 2023

Selected as the public listed company with outstanding performance on the ESG aspects within a group of ESG Emerging List of 2023 by joining the ESG100 universe of Thaipat Institute for the first time.

In May 2023, TLI was included in Thaipat Institute's ESG Emerging list of 2023 under ESG100

ESG Emerging 2023

Environmental • Social • Governance

ESG100 2023

Environmental • Social • Governance



General Criteria

- The company has achieved a profit for two consecutive fiscal years
- The company has not incurred any charges or fines from the SEC during the evaluation year
- Distribution of shares(Free Float) align with SET regulation

ESG Criteria

- ESG issues can impact the growth potential of the industry
- Ensuring the disclosure of ESG opportunities and risk management is essential
- ESG issues can significantly impact the company's performance

ESG Criteria Specific for Financial Sector

- Personal Information Protection and Data Security
- Providing transparent information and fair advice to customers
- Systemic risk management
- Management's compliance with relevant laws and regulations
- Integrating ESG factors in product and service development



Based on Annual reports, Sustainability reports, and other publicly available information related to company performance

Appendix:



Statement of Profit and Loss

(THB million)

	For the year ended December 31,			For the six-month ended June 30,	
	2020	2021	2022	2022	2023
Gross premium written	91,269.12	90,451.49	88,081.57	40,959.53	39,344.69
Less Premium ceded	(254.21)	(278.60)	(394.36)	(163.78)	(235.44)
Net premiums written	91,014.91	90,172.89	87,687.21	40,795.75	39,109.25
Add (less) Unearned premium reserved decrease (increase) from previous year	201.50	(69.08)	(170.76)	(50.44)	(70.32)
(Less) add Reinsurers' share of (decrease) increase in unearned premium reserve from previous year	(2.76)	0.38	119.05	87.79	31.79
Net premiums earned	91,213.65	90,104.19	87,635.50	40,833.10	39,070.72
Fee and commission income	23.63	34.89	35.96	13.91	30.68
Net investment income	15,749.41	16,015.75	17,201.69	8,546.67	8,808.05
Gain on investment	66.78	3,324.88	2,823.21	2,680.68	1,839.20
Gain (loss) on fair value change	153.91	(652.18)	(1,006.08)	(240.29)	(803.85)
Share of profit of associate	164.31	12.04	5.80	2.66	1.15
Other income	270.57	406.45	456.51	35.66	55.50
Total revenues	107,642.26	109,246.02	107,152.59	51,872.39	49,001.45
Long-term technical reserve increase from previous year	30,422.99	28,224.84	14,913.39	6,036.11	3,355.89
Benefits payments and insurance claims expenses	50,120.82	53,608.00	65,202.52	31,540.83	31,249.23
Less Benefits payments and insurance claims expenses recovered from reinsurers	(157.18)	(149.72)	(210.87)	(59.28)	(97.65)
Net benefits payments and insurance claims expenses	49,963.64	53,458.28	64,991.65	31,481.55	31,151.58
Commissions and brokerage expenses	10,421.50	8,677.65	8,672.16	4,104.37	4,205.38
Other underwriting expenses	1,840.68	1,726.40	1,880.29	842.35	951.79
Operating expenses	5,051.46	5,073.32	5,466.89	2,504.22	2,642.27
Expected credit loss (reversal)	262.94	1,057.68	(360.86)	(398.71)	(298.59)
Other expenses	94.14	226.27	166.91	101.87	47.17
Total expenses	98,057.35	98,444.44	95,730.43	44,671.76	42,055.49
Profit before income tax expense	9,584.91	10,801.58	11,422.16	7,200.63	6,945.96
Income tax expense	1,892.59	2,408.06	2,157.10	1,389.09	1,305.51
Profit for the year	7,692.32	8,393.52	9,265.06	5,811.54	5,640.45

Statement of Financial Position

(THB million)

	As of December 31,			As of June 30,
	2020	2021	2022	2023
Assets				
Cash and cash equivalents	10,497.72	7,326.48	7,685.90	7,000.27
Premiums due and uncollected, net	4,876.39	4,354.56	4,730.62	3,616.10
Accrued investment income	3,559.54	4,063.42	4,659.78	4,927.37
Reinsurers' share of insurance contract liabilities	6.07	6.57	125.81	157.54
Reinsurance receivables, net	133.39	126.66	186.53	207.71
Derivative assets	3,822.00	900.54	3,174.42	1,805.38
Investment assets				
Investments in securities	434,331.97	480,690.51	501,281.38	508,836.57
Loans and accrued interest	30,550.95	29,936.27	29,403.06	29,480.76
Investments in associates, net	1,691.57	470.93	406.17	441.44
Investments held to cover linked liabilities	47.43	150.41	140.95	170.81
Property foreclosed, net	865.35	308.57	24.88	24.53
Land, premises and equipment, net	2,719.46	2,533.93	2,501.39	2,412.43
Intangible assets, net	472.53	1,291.94	1,165.05	1,051.54
Other assets	470.83	1,545.50	555.87	940.25
Total assets	494,045.20	533,706.29	556,041.81	561,072.70

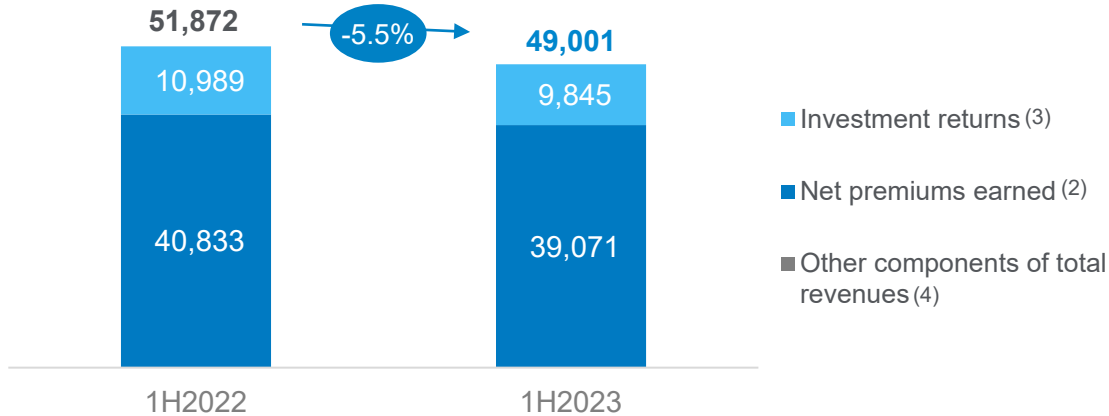
(THB million)

	As of December 31,			As of June 30,
	2020	2021	2022	2023
Liabilities				
Insurance contract liabilities	404,854.91	433,492.29	447,115.52	449,556.99
Investment contract liabilities	47.43	150.41	140.27	170.65
Reinsurance payable	156.18	183.36	351.52	344.34
Derivative liabilities	344.23	3,055.33	2,012.94	2,492.30
Income tax payable	985.88	1,451.26	720.88	1,187.39
Deferred tax liabilities, net	1,559.79	2,027.41	24.53	148.50
Employee benefit obligations	1,810.04	1,593.28	1,616.16	1,462.65
Other liabilities	6,501.29	5,321.72	5,991.81	5,104.25
Total liabilities	416,259.75	447,275.06	457,973.63	460,467.07
Equity				
Share capital				
Authorized share capital	10,600.00	11,600.00	11,600.00	11,600.00
Issued and paid-up share capital	10,600.00	10,600.00	11,450.00	11,450.00
Premium on ordinary shares	7,293.04	7,293.04	19,782.03	19,782.03
Retained earnings				
Appropriated				
Legal reserve	1,060.00	1,160.00	1,160.00	1,160.00
Unappropriated	50,651.80	56,746.67	63,384.52	65,590.04
Other components of equity	8,180.61	10,631.52	2,291.63	2,623.56
Total equity	77,785.45	86,431.24	98,068.18	100,605.63
Total liabilities and equity	494,045.20	533,706.29	556,041.81	561,072.70

Income Statement and Key Financial Ratios

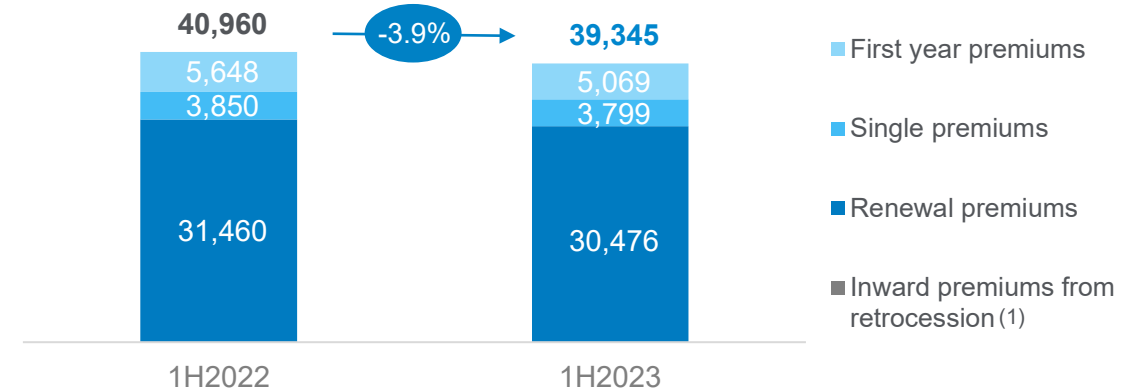
Total Revenues

(THB million)



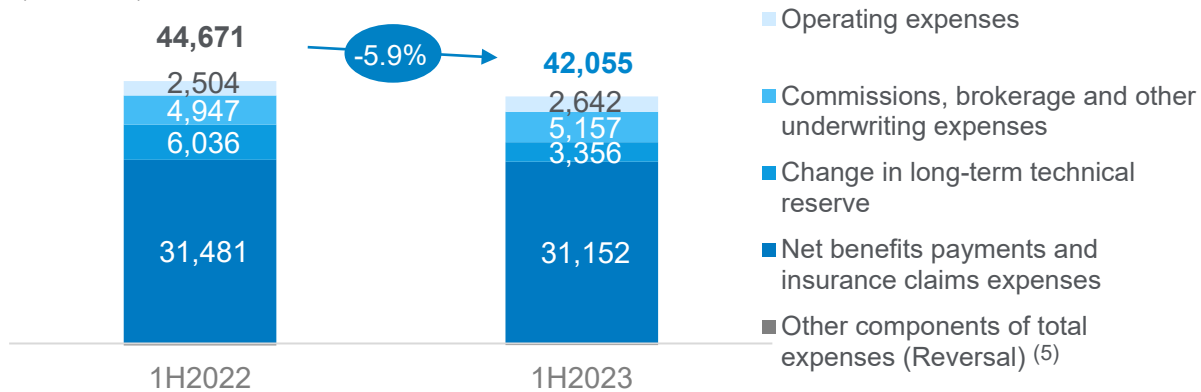
GWP Breakdown

(THB million)



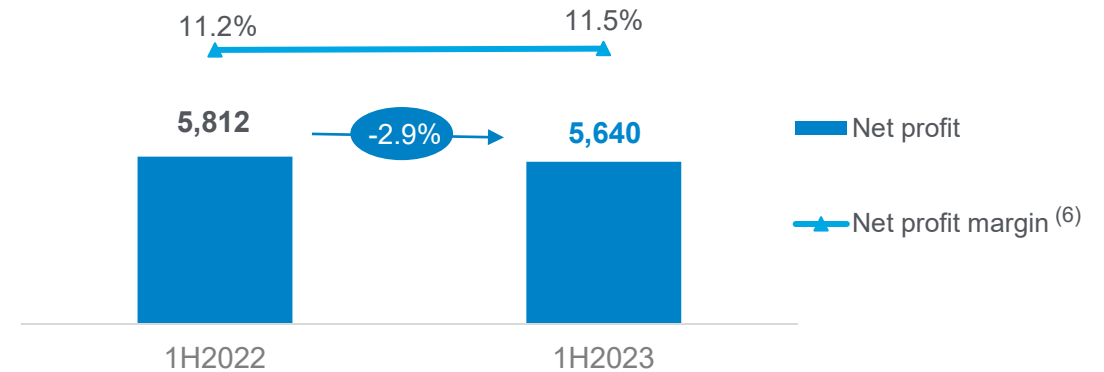
Total Expenses

(THB million)



Net Profit

(THB million, %)

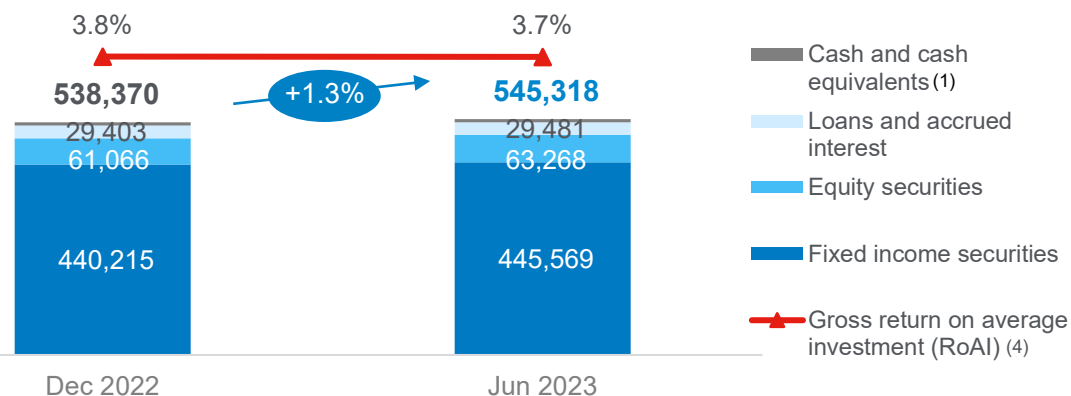


Note: (1) Inward premiums from retrocession amounts are not visible in the above graphic as they are insignificant. (2) Net premiums earned include gross premium written, premium ceded and unearned premium reserve. (3) Investment returns include net investment income, gain (loss) on investments, gain (loss) on fair value change and share of profit (loss) of associate. (4) Other components of total revenues for 1H2022 and 1H2023 are 50 Baht mn and 85 Baht mn, respectively, which comprise fee and commission income and other income. (5) Other components of total expenses (Reversal) for 1H2022 and 1H2023 are (297) Baht mn and (252) Baht mn, respectively, which comprise expected credit losses (reversal) and other expenses. (6) Net profit margin is calculated as net profit divided by total revenues for the period.

Balance Sheet and Key Financial Ratios

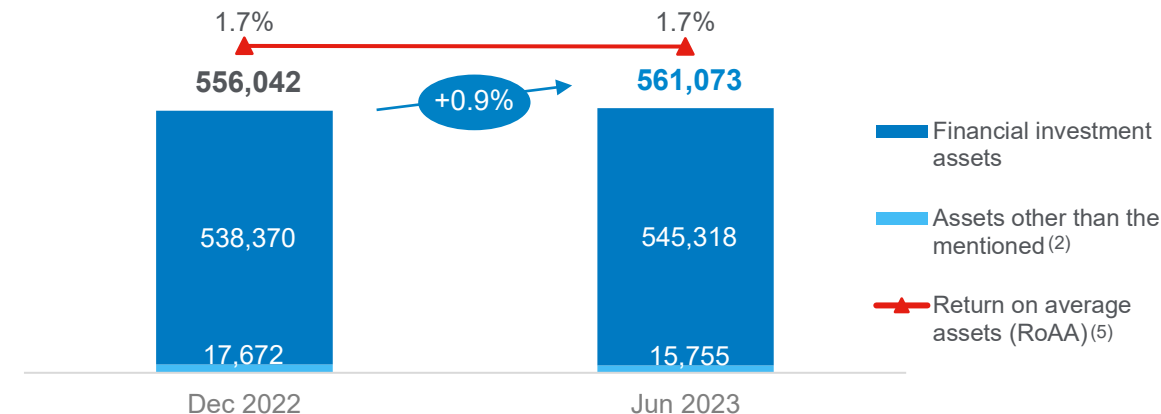
Financial Investment Assets and RoAI

(THB million, %)



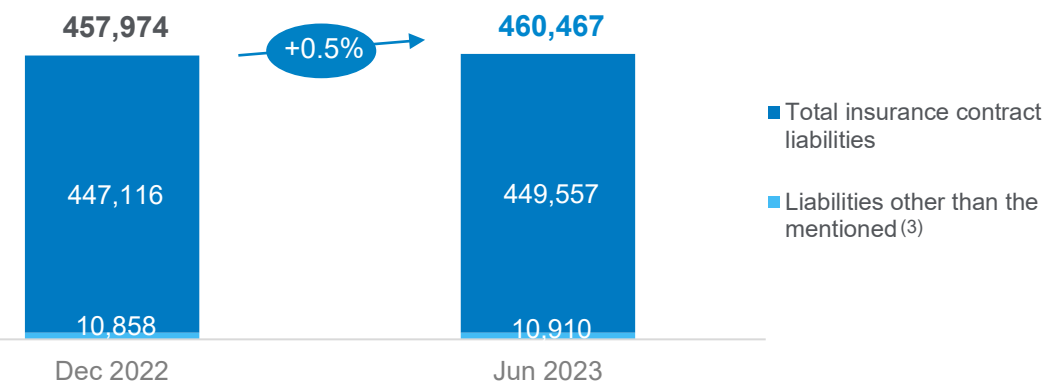
Total Assets and RoAA

(THB million, %)



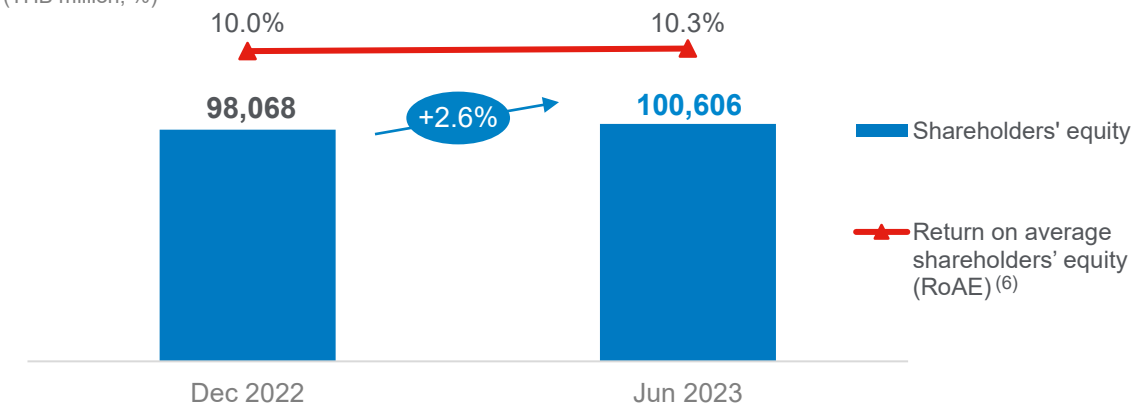
Total Liabilities

(THB million)



Shareholders' Equity and RoAE

(THB million, %)

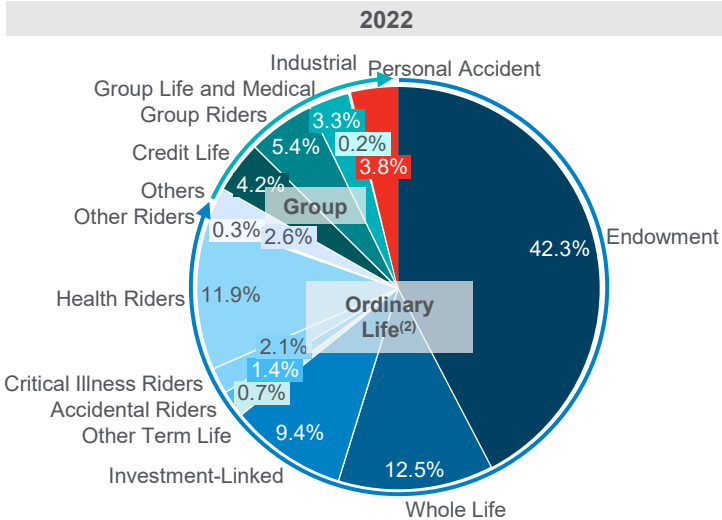


Note: (1) Cash and cash equivalent as of 31 December 2022 and 30 June 2023 are 7,686 Baht mn and 7,000 Baht mn, respectively. (2) Assets other than the mentioned consist of accrued investment income, derivative assets, net investments in associated companies, investments held to cover linked liabilities, net premiums due and uncollected, net land, premises and equipment, reinsurers' share of insurance contract liabilities, net reinsurance receivables, net intangible assets, net property foreclosed, net deferred tax assets and other assets. (3) Liabilities other than the mentioned consists of investment contract liabilities, reinsurance payable, derivative liabilities, income tax payable, net deferred tax liabilities, employee benefit obligations and other liabilities. (4) RoAI is calculated as sum of net investment income and gain (loss) on investment in the latest 12 months divided by an average of the sum of net financial investment assets at the beginning and the end of the period. (5) RoAA is calculated as net profit in the latest 12 months divided by average total assets at the beginning and the end of the period. (6) RoAE 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.

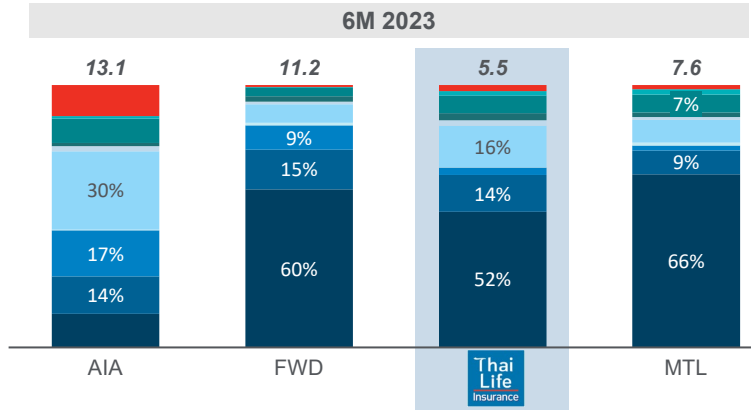
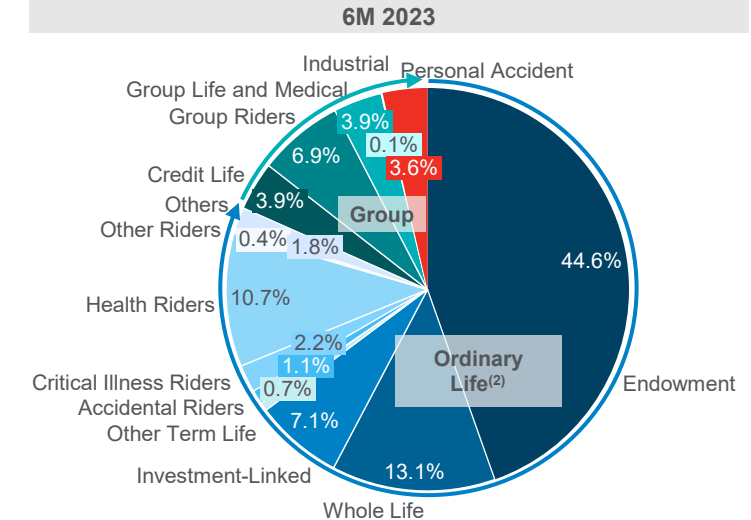
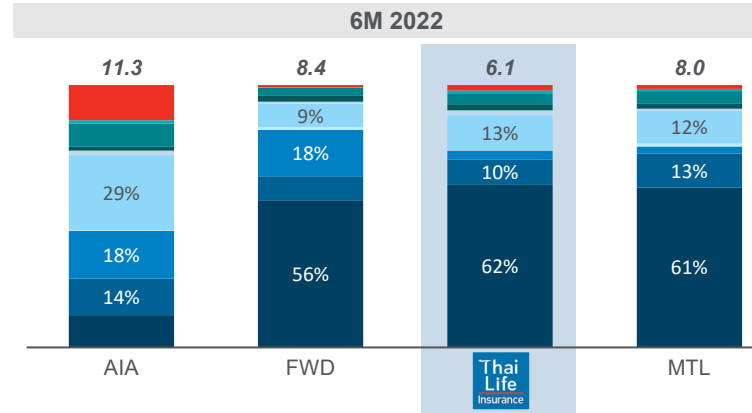
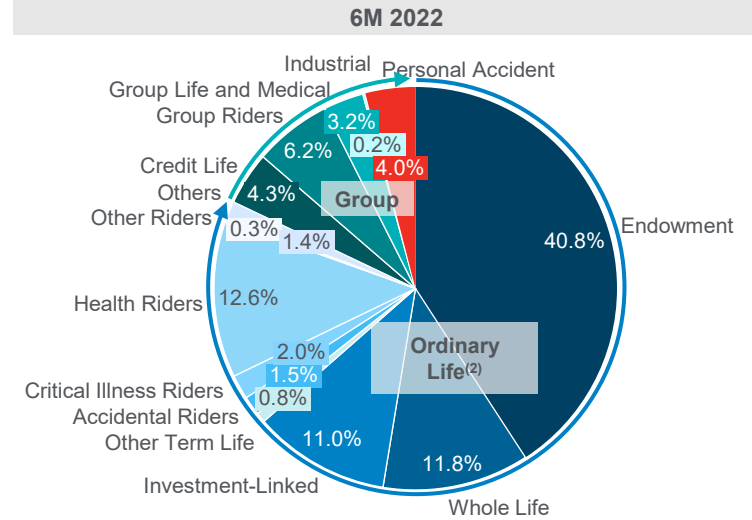
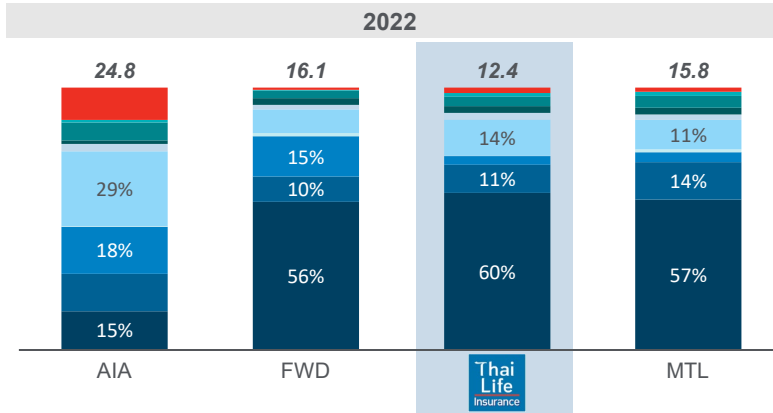
Product Mix of Life Insurance Industry in Thailand

Product Mix is still predominantly Endowment and Whole Life while Investment-linked lessens compared to 6M2022

Life insurance new business product mix (by APE)⁽¹⁾



Product mix (by APE)⁽¹⁾ for the largest four life insurers in THB billion



■ Endowment ■ Whole Life ■ Investment-Linked ■ Other Term Life ■ Individual Riders ■ Others ■ Credit Life ■ Group Riders ■ Group Life and Group Medical ■ Personal Accident

Source: TLAA. Note: (1) APE is calculated as 100% of first year regular premiums plus 10% of single premiums. The product group refers to TLAA industry disclosures, which may not match with the grouping used by the Company.

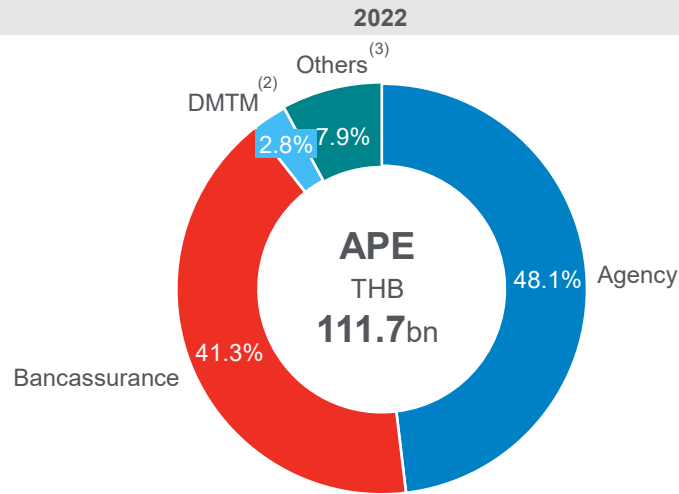
(2) Ordinary Life includes investment-linked insurance (universal life and unit-linked insurance).

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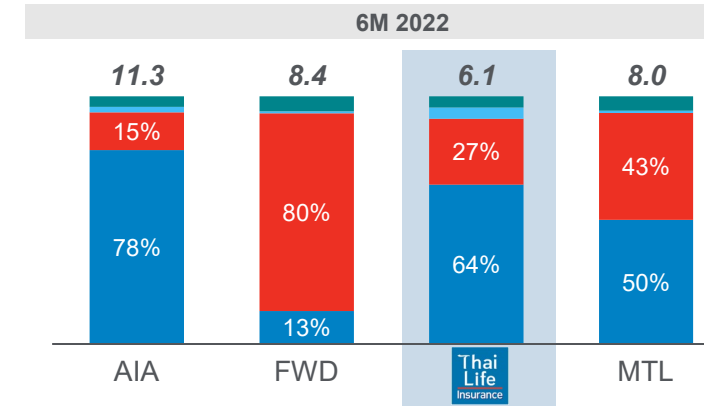
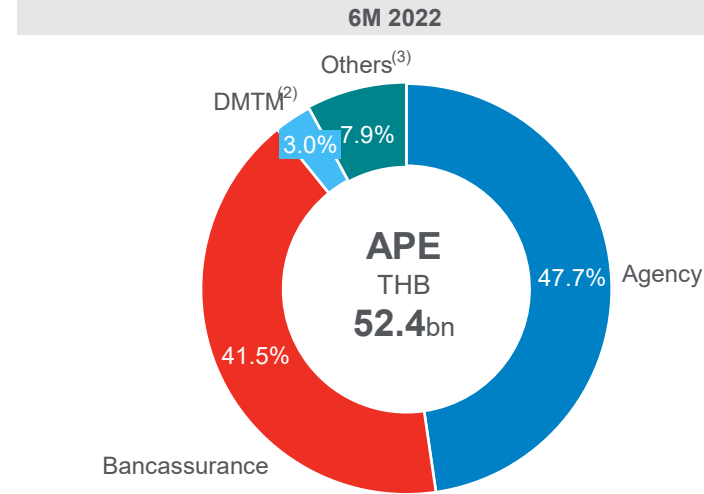
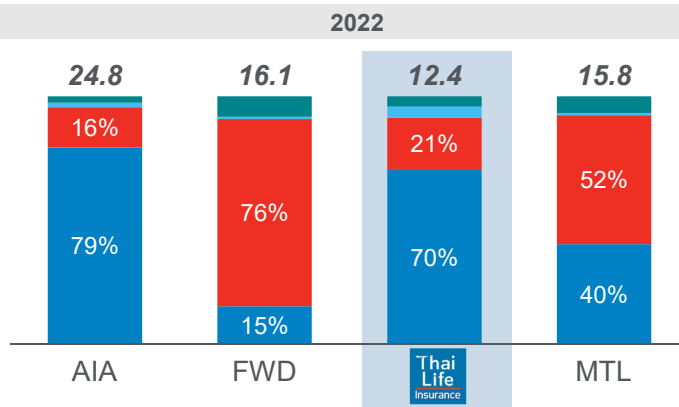
Distribution Mix of Life Insurance Industry in Thailand

Distributions are still dominated by Agency and Bancassurance channels

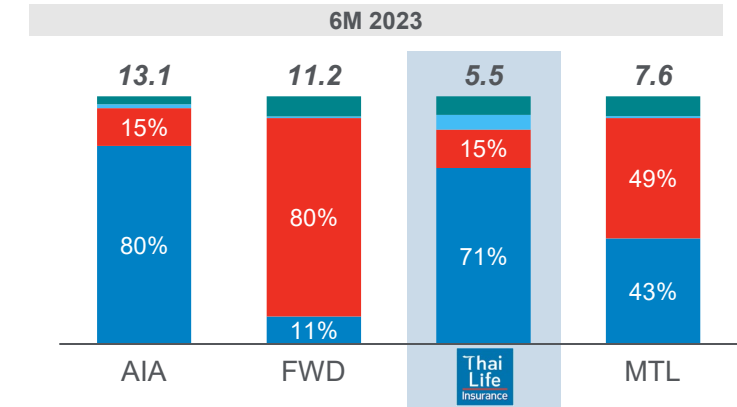
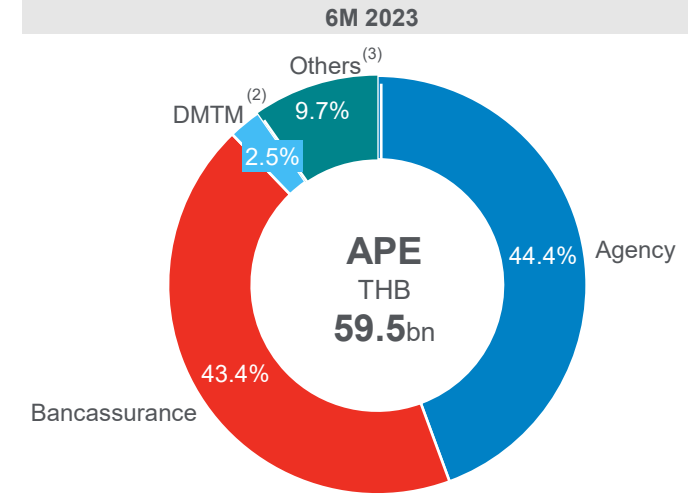
Life insurance new business distribution mix (by APE)⁽¹⁾



Distribution mix (by APE)⁽¹⁾ for the largest four life insurers in THB billion



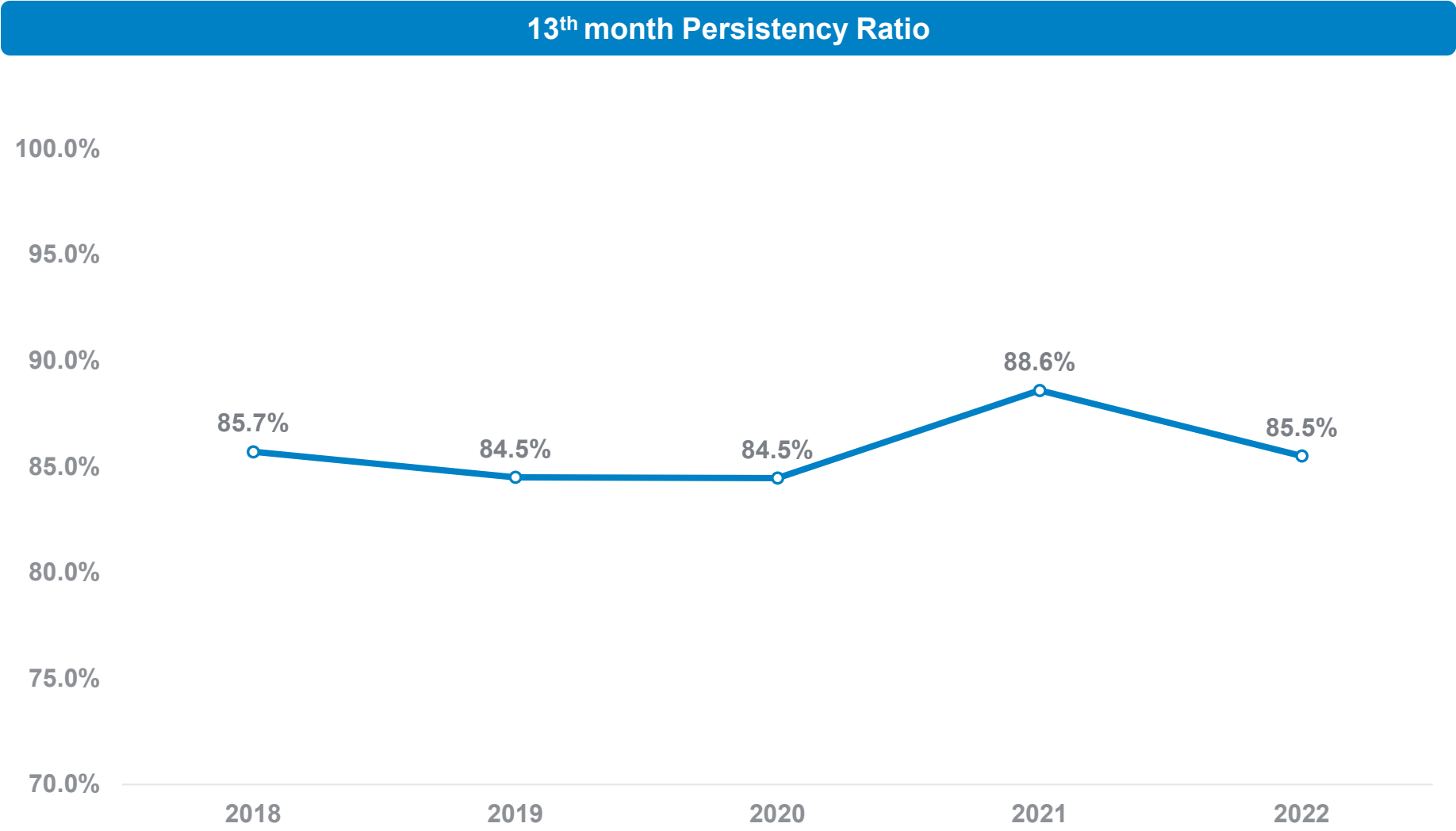
■ Agency ■ Bancassurance ■ DMTM⁽²⁾ ■ Others⁽³⁾



Source: TLAA. Note: (1) APE is calculated as 100% of first year regular premiums plus 10% of single premiums. The distribution group refer to TLAA industry disclosures, which may not match with the grouping used by the Company. (2) DMTM refers to direct marketing and telemarketing. (3) Other channels include digital, independent financial advisors and worksite marketing. Independent financial advisors are financial advisors who advise customers on multiple aspects on investment (including insurance) and which are not tied to any particular insurer, worksite marketing refers to the selling of insurance products at the workplace.

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Five-year Historical Persistency Ratio



13th month persistency ratio is a percentage calculated as annualized premiums received from life insurance policies under which second year premiums are paid divided by annualized first year premiums from policies issued in the previous year. The ratio is calculated based on policies remaining in force issued within the prior 13 months period.



9 Sustainable Development Goals

Environmental



Goal

Protect the environment for a sustainable society

To reduce the impact on climate change

Sustainability Materiality Topics

- Environmental management
- Climate change

Social



Goal

Create a sustainable society

To create a better quality of life, prosperity, and better health for all stakeholders

Sustainability Materiality Topics

- Inclusion and Literacy
- Human management and development
- Human rights and Non-discrimination
- Corporate social responsibility

Economic & Governance



Goal

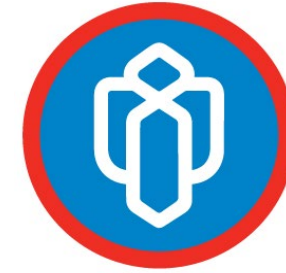
Generate sustainable returns

To be a responsible and accountable company

Sustainability Materiality Topics

- Corporate governance
- Customer relations
- ESG products and services
- Information Technology and Digital Innovation
- ESG risk and crisis management
- Supplier management

Thank you



**Thai
Life**
Insurance



Business Hours
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8.30 – 5.00 p.m.



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