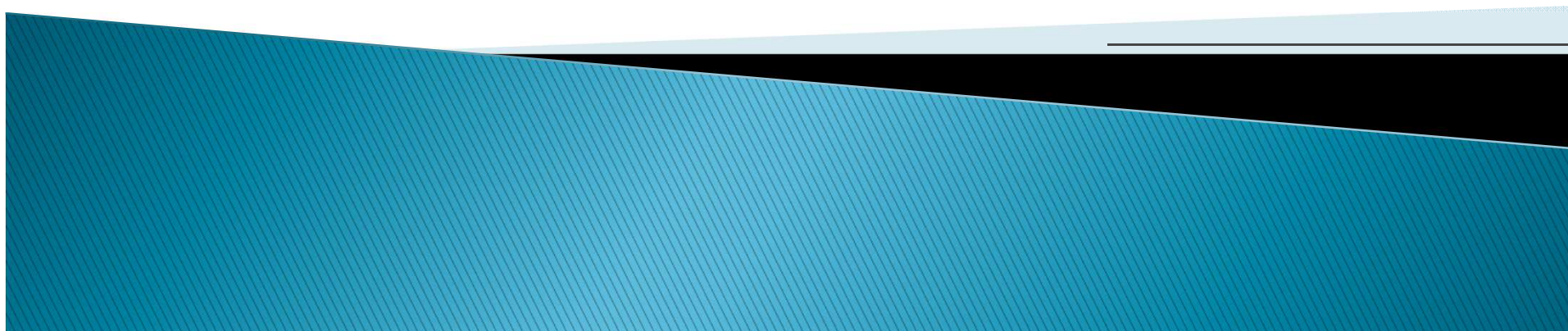


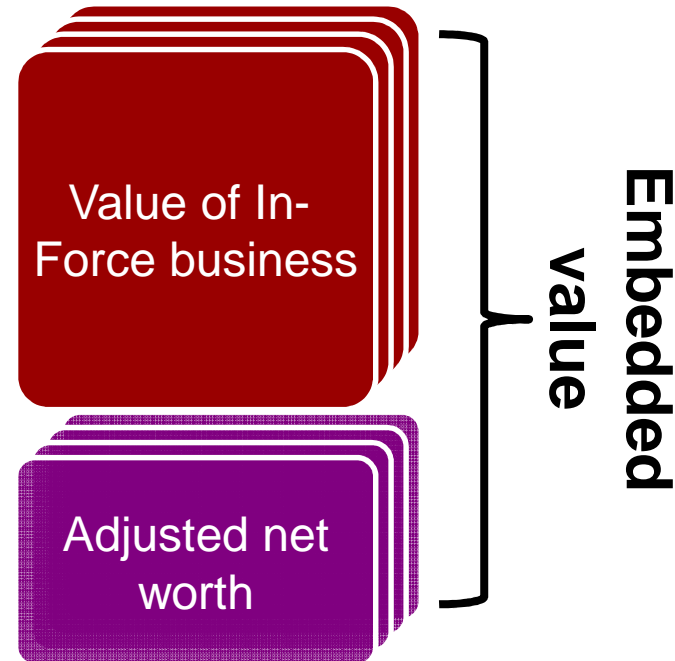
# BLA'S EMBEDDED VALUE 2012 (EV)



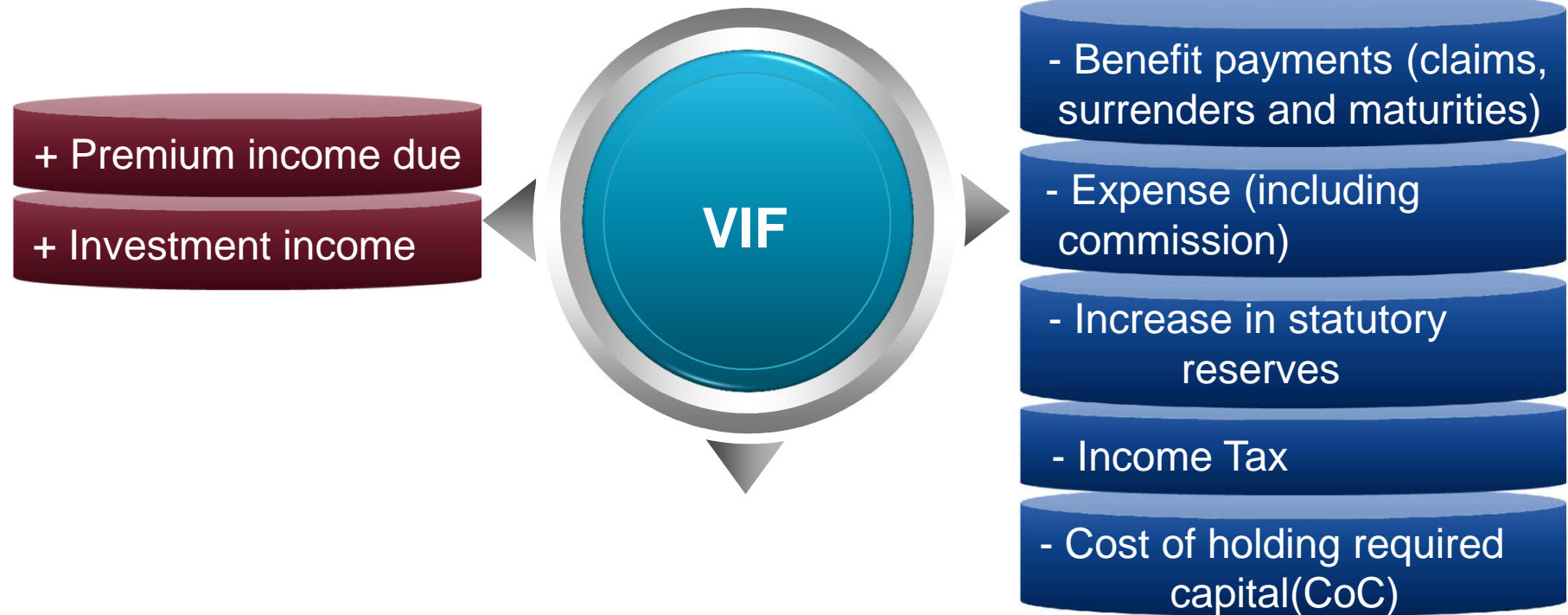
## Components of an Embedded value

Discounted Value of distributable earnings from In-Force business

Excess of market value of assets over statutory liabilities



**Embedded value = Value of In-Force business + Adjusted Net Worth**



Value of in-force covered business (VIF) is defined as the discounted value of projected future distributable earnings of the business in-force on the valuation date consists above part.

## Thailand has recently moved to RBC framework

### Previous NPV Basis

Mix of  
MV of asset  
+  
Prescribed  
method of  
valuing  
assets (e.g.  
book value,  
carrying  
value,  
contractual  
value etc.)

Fixed  
solvency  
capital  
  
Implicit risk  
margins  
  
Prudent  
value of  
liabilities



### RBC Framework

Market value  
of assets  
based on  
IFRS  
framework

Risk based  
capital  
  
Explicit risk  
margins  
  
Best  
estimate  
liabilities

Fair value of  
assets

95%  
confidence  
interval

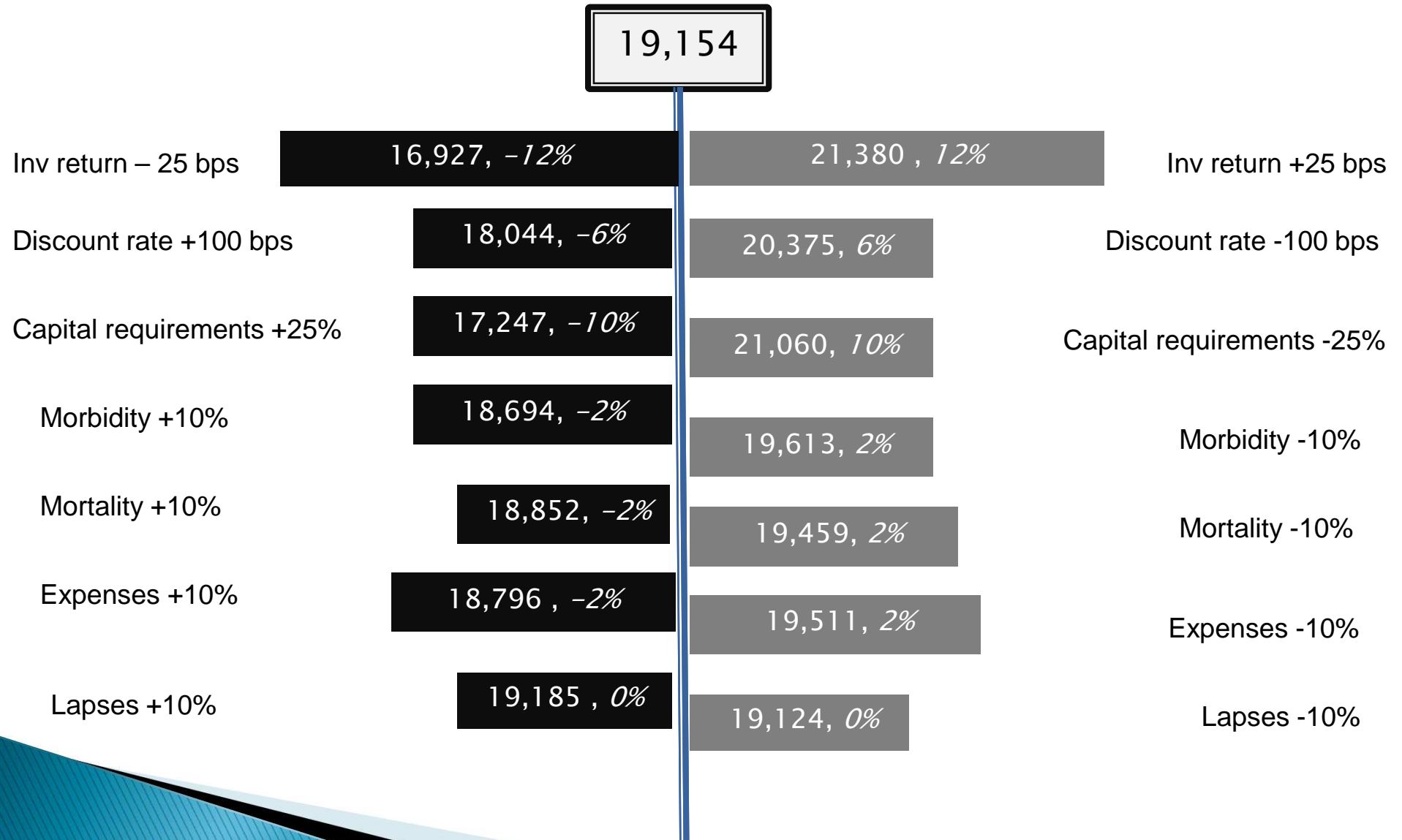
75%  
confidence  
interval

Gross  
premium  
valuation,  
best estimate  
assumptions

Embedded value (EV)

<b>2012 EV has increased by 20%</b> (unit : MB)	
Present Value of	2012
Adjusted Net Worth	11,457
VIF after cost of capital	19,154
<b>Embedded value of life insurance business</b>	<b>30,610</b>
Value of one year's new business (VNB)	
VNB after cost of capital	1,910

## Bangkok Life's VIF is highly sensitive to changes in economic assumptions

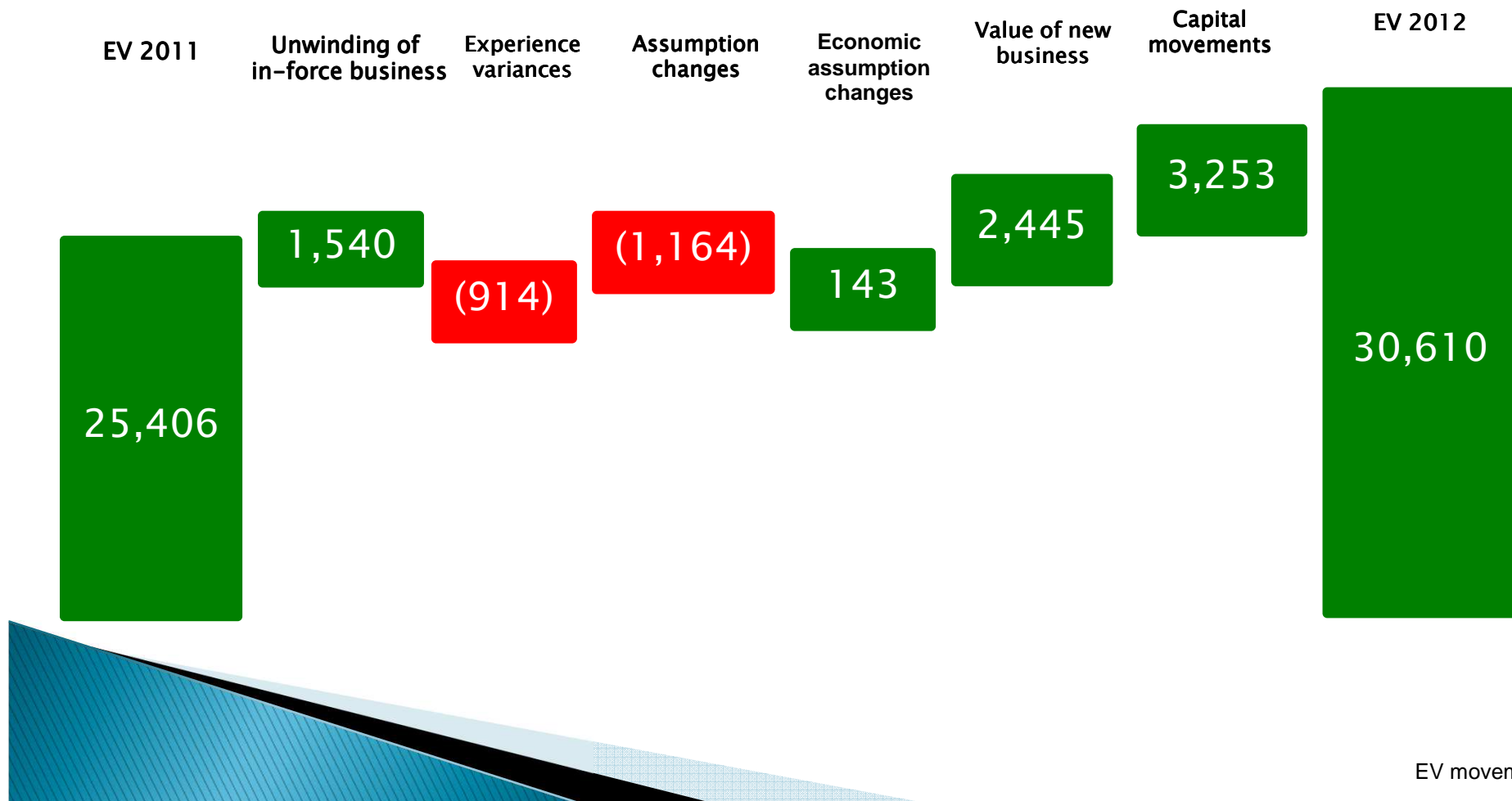


NOTES: Amounts in THB m.

Compared to a 2011 EV (unit : MB) 2012 EV has increased by 20%				
Present Value of	2012	2011	Difference	% change
Adjusted Net Worth	11,457	9,216	2,241	24%
VIF after cost of capital	19,154	16,190	2,964	18%
Embedded value of life insurance business	30,610	25,406	5,204	20%
Value of one year's new business (VNB)				
VNB after cost of capital	1,910	1,605	305	19%

Embedded value (EV)

## Changes to the capital regime have had a significant impact to EV in 2012





### Summary of Embedded Value and Value of New Business Results (in millions of Baht)

Embedded Value as at 31 December 2012	Risk Discount Rate		
	9%	10%	11%
Adjusted Net Worth("ANW")	11,457	11,457	11,457
Value of In-force ("VIF")	20,397	19,154	18,023
<b>Embedded Value</b>	<b>31,853</b>	<b>30,610</b>	<b>29,480</b>
<b>EV per share</b>	<b>26.7</b>	<b>25.7</b>	<b>24.8</b>
Value of one year 's new business	2,114	1,910	1,730

Key assumptions	
1.	<p><b>Risk discount rate</b> The discount rates are 9%, 10% and 11% have been assumed in each future year as the discount rate for the in-force life insurance business.</p>
2.	<p><b>Investment returns</b> Future investment returns have been assumed to be 5% for investment fund.</p>
3.	<p><b>Taxation</b> Income tax rate is at a rate of 20% up to the end of 2014 and 30% thereafter.</p>
4.	<p><b>Mortality, Morbidity, Lapse Rate, Expenses</b> These experience rates have been based on the Company's experience.</p>

# Thank You !

