



**BANGKOK
LIFE**

กรุงเทพประกันชีวิต

“Management Discussion and Analysis 2021”

**STEP
TOWARDS
THE BETTER
FUTURE**



Executive Summary

Consolidated Baht, million

OPERATING RESULTS	Quarter 4/21	Quarter 4/20	Change YoY%	Quarter 3/21	Change QoQ%	2021	2020	Change YoY%
Revenues								
Net premiums written ⁽¹⁾	7,546	7,765	-2.8	9,523	-20.8	33,992	33,396	1.8
First Year Premium	1,611	1,194	34.9	1,380	16.8	6,262	6,550	-4.4
Bancassurance	839	482	74.1	863	-2.8	3,654	4,228	-13.6
Agent Channel	524	498	5.3	404	29.8	1,829	1,699	7.6
Other Channel	248	215	15.4	113	119.9	780	623	25.2
Renewal Premium	6,385	6,851	-6.8	8,339	-23.4	29,455	28,195	4.5
Total Investment Income ⁽²⁾	3,153	2,788	13.1	3,490	-9.7	13,006	13,251	-1.9
Fee and commission income	229	67	239.8	95	140.2	671	432	55.4
Gain & Loss on revaluation and other income	(65)	(213)	na	303	na	499	258	93.8
Total Revenues	10,862	10,407	4.4	13,411	-19.0	48,169	47,337	1.8
Expenses								
Underwriting expenses	9,679	9,706	-0.3	11,557	-16.2	42,286	43,703	-3.2
Operating expenses	469	379	23.5	425	10.3	1,647	1,534	7.4
Expected Credit Loss	385	128	202.2	44	784.2	472	339	39.1
Total Expenses	10,533	10,213	3.1	12,025	-12.4	44,405	45,576	-2.6
Earning before tax	329	194	69.5	1,386	-76.3	3,764	1,761	113.7
Net profit	274	164	67.6	1,181	-76.8	3,196	1,608	98.7
Net profit (Excluded LAT Reserve)	274	164	67.6	1,181	-76.8	3,196	1,608	98.7
Earnings per share (EPS)	0.16	0.10	67.2	0.69	-76.7	1.87	0.94	98.9
Return on investment (ROI)	3.78%	3.44%	0.3%	4.21%	-0.4%	3.97%	4.14%	-0.2%
Capital Adequacy Ratio (CAR)	301%	274%	27%	299%	2%	301%	274%	27%

⁽¹⁾ Net premiums written = first year premiums + renewal year premiums - premiums ceded ± unearned premium reserves

⁽²⁾ Total investment income = Net investment income + Gain on investment

- In the year of 2021, Bangkok Life Assurance PCL. reported a net profit of 3,196 million Baht, representing an earning per share of 1.87 Baht, increasing 99% from 2020 due to an increase in premium and a decline in underwriting expenses.
- In the year of 2021, the Company's net premium increased by 2%, or the amount of 33,992 million Baht, which due to an increased of renewal year premium by 5%. However, the company's First Year Premium (FYP) declined by 4% or equal to amount of 6,262 million Baht. The FYP decrease mainly came from the restriction on sale during the Covid-19 situation.
- The FYP by distribution channel in 2021 were as followed: bancassurance, agent and other channels accounted for 58%, 29% and 12%, respectively.
- The net investment income in the year of 2021 was 13,006 million Baht, a decrease of 2% from the same period last year. The return on investment (ROI) was 3.97%.
- Total expenses in the year of 2021 amounted to 44,405 million Baht, a decrease of 3% from the same period last year. The key reason was from a decline of underwriting expenses by 3%.
- The Capital Adequacy Ratio (CAR) at the end of 2021 was at 301% an increase from 274% at the end of 2020. The increase came from the company operating profit.
- The Embedded Value (EV) as of 31 December 2021 was 68,152 million Baht, equal to 39.95 Baht per share, an increase of 1% from 2020, which is a result of an increase of value of new business.
- The Value of New Business (VNB) was 2,250 million Baht, an increase of 95% from 2020 was driven by offering high margin products and adjusting long-term ROI assumption to reflect the rising of interest rate.

Performance Overview

Total Premium

In the year of 2021, the Company's total premium amounted to 35,717 million Baht, an increase of 3% from 2020.

Contribution of the total premium by distribution channel were: 56%, 38% and 6%, respectively for bancassurance, agent and other channel.

First Year Premium

In the fourth quarter of 2021, the Company's FYP was 1,611 million Baht, an increase of 35%YoY and 17%QoQ. Bancassurance channel saw FYP increasing 74%YoY. The increase came from the ease of Covid-19 situation. FYP in agency channel, an increase of 5%YoY and 30%QoQ as a result of the launch of unit-linked products and adjusting sales strategy. For other channel, FYP increased by 15%YoY driven by FYP growth from online channel.

In the year of 2021, the Company had an FYP of 6,252 million Baht, a decrease of 4%YoY was due to the decrease of FYP from bancassurance channels by 14%. The mainly reason came from restrictions on selling through bancassurance channel during the Covid-19 situation. FYP from agency channel increase by 8% due to the release of new product which are well received by the customers and more focus on health rider and critical illness rider. FYP from other channels increase by 25% driven by growth in group insurance and online channel. The contribution by distribution channel in 2021 was 58%, 29% and 11% respectively for bancassurance, agent and other channel.

Renewal Year Premium

In the fourth quarter of 2021, the Company had a renewal year premium of 6,385 million Baht, a decrease of 7%YoY due to the fully-paid products this year. In the year of 2021, the Company had a renewal year premium of 29,455 million Baht, an increase of 4%YoY due to the changing of product mix.

Figure 1: Total Premium by channels (Baht: million)

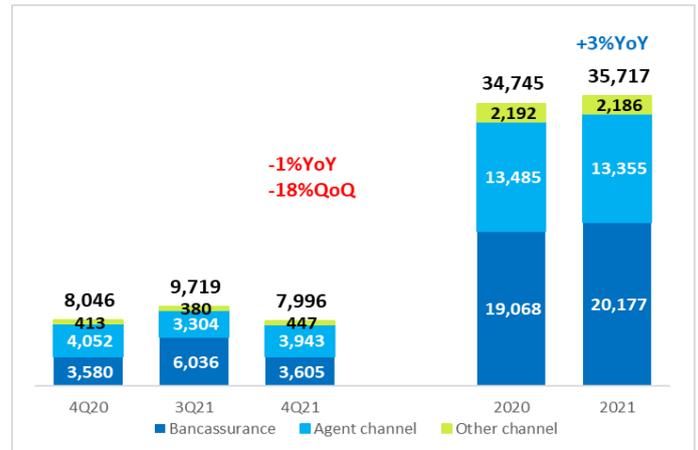


Figure 2: First Year Premium by channels (Baht: million)

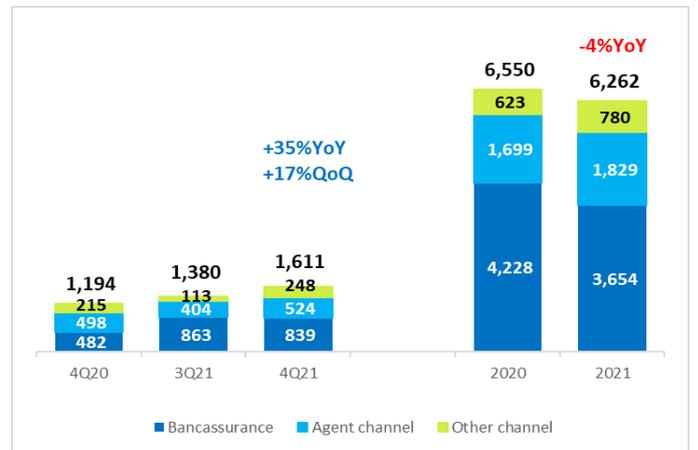
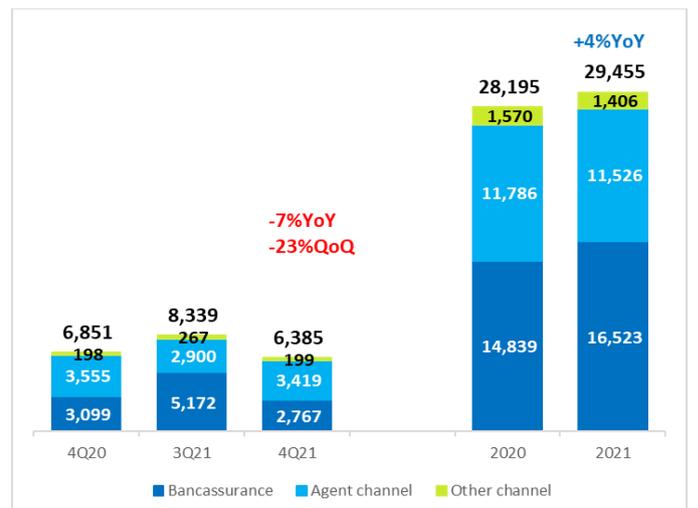


Figure 3: Renewal Premium by channels (Baht: million)



Investment Asset and Investment Return

In the year of 2021, the Company's total investment asset was 338,714 million Baht, an increase of 8,504 million Baht, equal to 3% from 2020. The Company's investment proportion in fixed income was at 82%, equity at 9% and REIT at 5%.

In the fourth quarter of 2021, the Company's investment income⁽³⁾ was 3,204 million Baht, a decrease of 10% from last quarter but increasing by 13% from the same period last year with the increase from higher dividend income and realized gain. Excluding realized gain, interest and dividend income dropped 8%QoQ but increasing by 2%YoY.

In the year of 2021, the Company's investment income was 13,336 million Baht, a decline of 2%YoY. Excluding realized gain, interest and dividend income dropped 1%YoY.

In the fourth quarter of 2021, the return on investment (ROI) equals to 3.78%, decreasing from 4.21% in the previous quarter, but increasing from 3.44% in the previous year. Investment yield (including interest and dividend income) was at 3.50%, declining 3 bps YoY and 32 bps QoQ.

The Company's average return on investment (ROI) in 2021 was 3.97%, decreasing from an average of 4.14% in 2020, based on investment condition.

Table 1: Investment Assets as of 31 December 2021

Investment assets	2021	2020	Change
Short-term investment	2.3%	2.4%	-0.1%
Bond	48.0%	49.4%	-1.4%
Debenture & Note	32.0%	31.6%	0.4%
Total Fixed income	82.3%	83.4%	-1.1%
Equity	9.2%	8.4%	0.8%
REIT	5.0%	4.8%	0.2%
Loan	3.5%	3.4%	0.1%
- Policy Loans	2.8%	2.9%	-0.1%
- Secured Loans	0.7%	0.5%	0.2%
Total Investment assets (MB)	338,714	330,210	2.6%

Figure 4: Investment Income (Baht, Million)

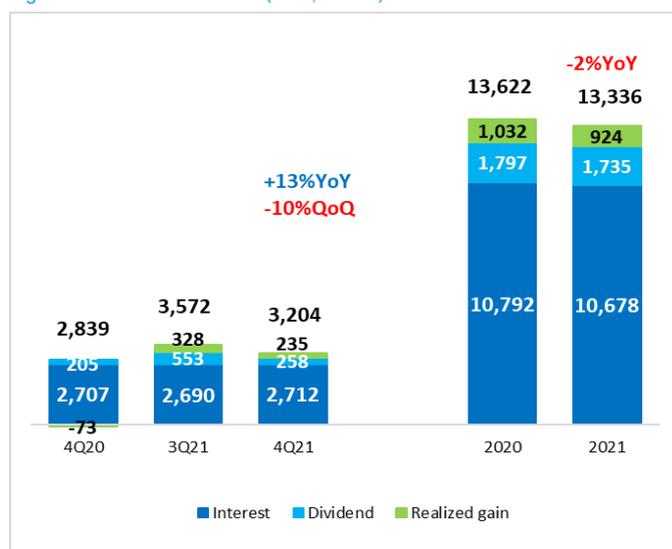
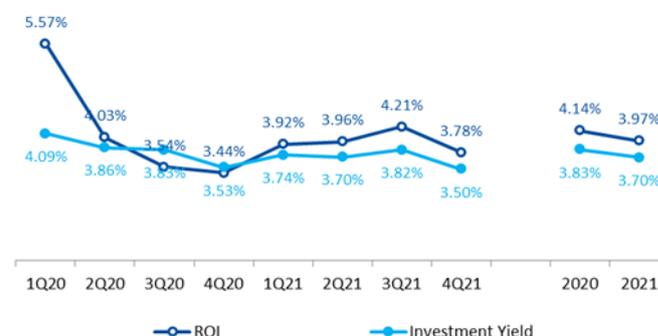


Figure 5: Return on Investment



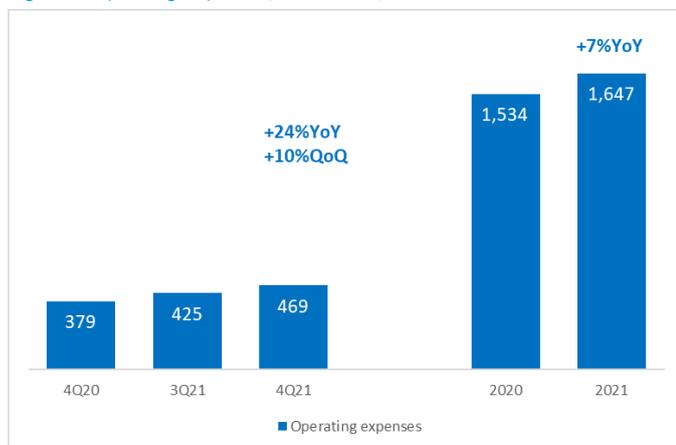
(3) Interest income + Dividend + Profit (Loss) from Investment, all before investment expenses and special business taxes

Underwriting Expenses and Operating Expenses

In the year of 2021, the Company underwriting expenses totaled 42,286 million Baht, a decrease of 3%YoY due to the impact of PAD adjustment from 4% to 5% in the first quarter of 2020.

In the year of 2021, the Company had an operating expense of 1,647 million Baht, an increase of 7% from 2020. The main increase in expenses is employee expenses

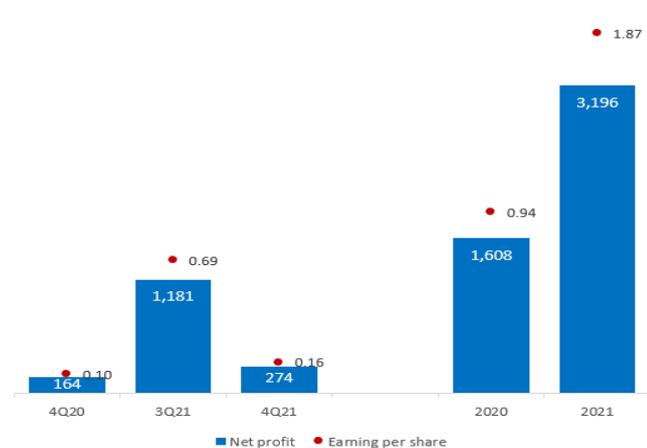
Figure 6: Operating Expense (Baht, million)



Net Profit

In the end of 2021, the Company had a net profit of 3,196 million Baht or Baht 1.87 per share, an increase of 99%YoY due to an increase of total net premium and the decrease of underwriting expense.

Figure 7: Net Profit (Baht, million) and earning per share (Baht)



Capital Adequacy and Risk-Based Capital (RBC)

At the end of 2021, the Company’s Capital Adequacy Ratio (“CAR”) was at 301%, an increase from 274% at the end of 2020. The increase came from the company operating profit.

Embedded Value and the Value of New Business

The Embedded Value as of 31 December 2021 was 68,152 million Baht, equal to 39.95 Baht per share, an increase of 1% from 2020, which is a result of an increase of value of new business.

The Value of new business was 2,250 million Baht, an increase of 95% from 2020 was driven by offering high margin products and adjusting long-term ROI assumption to reflect the rising of interest rate.

Summary of Financial Position as of 31 December 2021

Condolidated Baht, million						
	31 Dec 21	%	31 Dec 20	%	Change	%
Assets						
Cash and cash equivalents	7,637	2%	8,072	2%	(435)	-5%
Premiums due and uncollected	1,648	0.5%	1,786	0.5%	(138)	-8%
Accrued investment incomes	1,599	0.5%	1,647	0.5%	(48)	-3%
Investments ⁽⁴⁾	331,083	95%	322,141	95%	8,942	3%
Premises and equipment	2,283	0.7%	2,188	0.6%	95	4%
Other assets	2,893	0.8%	3,944	1%	(1,051)	-27%
Total Assets	347,143	100%	339,778	100%	7,365	2%
Liabilities and equity						
Life policy reserves	287,772	83%	282,407	83%	5,364	2%
Other insurance contract liabilities	7,708	2%	8,921	3%	(1,213)	-14%
Other liabilities	3,697	1%	2,351	0.7%	1,345	57%
Total liabilities	299,177	86%	293,680	86%	5,497	2%
Retained earnings	34,522	10%	31,729	9%	2,793	9%
Unrealized gain on investment	8,276	2%	9,092	3%	(817)	-9%
Non-controlling interests of the subsidiaries	0.3	0.0%	0.2	0.0%	0	15%
Total equity	47,966	14%	46,098	14%	1,868	4%
Total liabilities and equity	347,143	100%	339,778	100%	7,365	2%
Book value/Share	28.09		27.00			

⁽⁴⁾ Excluded short-term investment which was included in Cash and cash equivalents item

Assets

Total assets as of 31 December 2021 increased from 31 December 2020 by 2% or 7,365 million Baht. Investment asset accounted for 95% of total assets and accounted for 115% of life reserve policy.

Liabilities and Equity

Total liabilities as of 31 December 2021 increased 2% from 31 December 2020. The increase mostly came from the increase in life policy reserves.

The total equity as of 31 December 2021 was 47,966 million Baht, an increase of 1,868 million Baht or 4% from 31 December 2020. The increase came from net profit of 3,196 million Baht, dividend paid of 392 million Baht and unrealized loss from financial instruments of 936 million Baht. Book value per share (BVPS) was at 28.09 Baht per share.

Financial Ratios

Financial ratio	Quarter		Year	
	4Q21	4Q20	2021	2020
NI / Total income	2.5%	1.6%	6.6%	3.4%
NI / Net premium	3.7%	2.1%	9.4%	4.8%
Life policy reserve / Net premium	-33.5%	-73.2%	15.7%	14.7%
Underwriting expenses / Net premium	130.0%	124.4%	124.1%	130.7%
Operating expenses / Net premium	6.3%	4.9%	4.8%	4.6%
Investment assets / Total asset	95.4%	94.8%	95.4%	94.8%
Investment assets / Life policy reserve	115.1%	114.1%	115.1%	114.1%
Return on investment (ROI)	3.78%	3.44%	3.97%	4.14%
NI / Average equity	2.3%	1.5%	6.7%	3.6%
NI / Average assets	0.3%	0.2%	0.9%	0.5%
CAR ratio	301%	274%	301%	274%

Industry Overview

In 2021, life insurance industry reported a new business premium amounting to 170,664 million Baht, an increase of 8% YoY. However, when considering the ordinary FYP without single premium, it slightly declined by 6% due to the decrease of FYP from ordinary products which included whole-life and saving products. Meanwhile, Renewal year premium and total premium compared to the same period last year increase by 0.3% and 2%, respectively.

For 2021, Industry new business premium was driven by the growth of single premium, which increased by 34% compare to the same period last year. The popular products to drive growth are Universal Life & Unit-Linked which reported a total of 31,805 million baht of FYP, an increase of 178% YoY, and the increase of 49% YoY of individual health rider sales.

For new business premiums by distribution channels during of 2021, Agent channel increased by 5% YoY, which accounted for 33% of total FYP. The proportion slightly decreased from the same period last year.

Bancassurance channel FYP increased by 12% YoY, which accounted for 55% of total FYP. This increase come from Universal Life & Unit-Linked products that were popular sold via Bancassurance. Other channels FYP slightly decline by 2% YoY compared to the same period last year due to the decrease of FYP from Tele marketing and Digital channels.

Figure 8: Life Insurance Industry Premiums

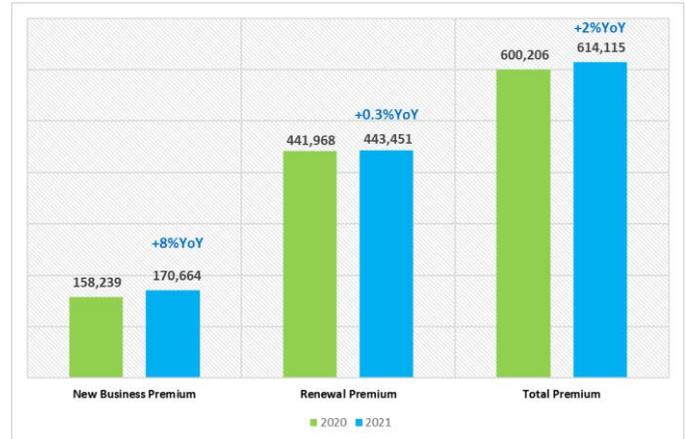


Figure 9: Industry New Business Premiums by products

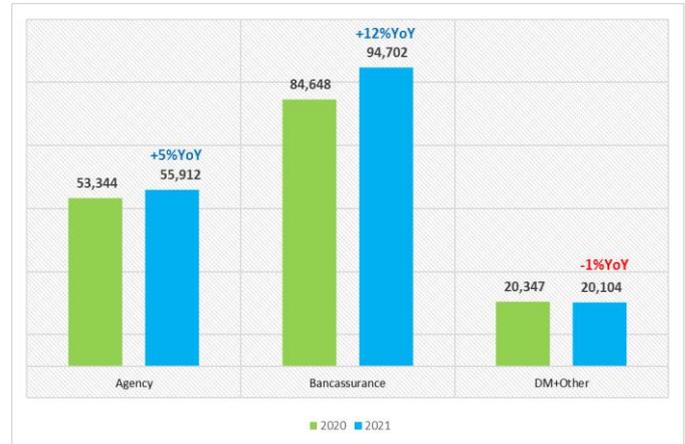


Figure 10: Industry New Business Premium by Channels

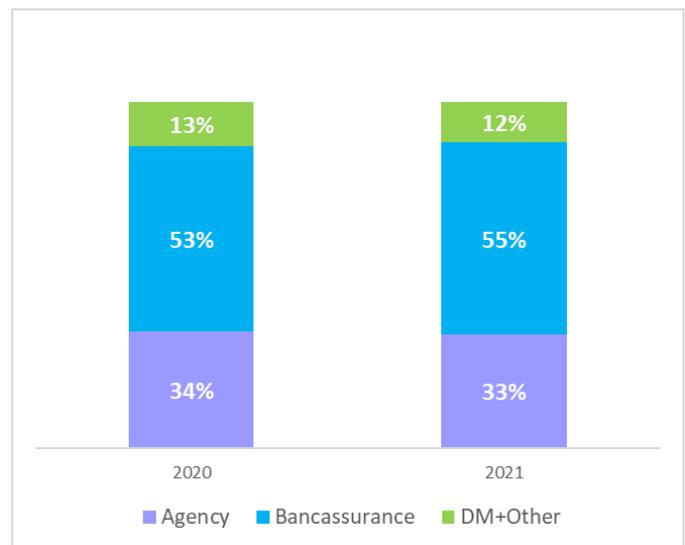


Table 2: Life Insurance Premiums market share (%)

Unit million baht

Rank	Company	New Business Premium	Renewal Premium	Total Premium	Market Share (New Business)	Market Share (Total Premium)
1	AIA	39,029	118,417	157,446	22.87%	25.64%
2	TLI	17,856	72,708	90,564	10.46%	14.75%
3	FWD	23,867	57,188	81,056	13.98%	13.20%
4	MTL	23,687	49,290	72,977	13.88%	11.88%
5	KTAL	12,589	37,432	50,021	7.38%	8.15%
6	BLA	6,307	29,455	35,762	3.70%	5.82%
7	AZAY	6,546	25,523	32,068	3.84%	5.22%
8	PLT	10,639	16,168	26,806	6.23%	4.37%
9	OLIC	2,747	11,965	14,712	1.61%	2.40%
10	SELIC	8,064	2,826	10,891	4.73%	1.77%

Source: The Thai Life Assurance Association