



**BANGKOK
LIFE**

กรุงเทพประกันชีวิต

“Management Discussion and Analysis for 1st quarter 2023”



Executive Summary

Consolidated Baht, million

OPERATING RESULTS	Quarter	Quarter	Change	Quarter	Change
	1/23	1/22	YoY%	4/22	QoQ%
Revenues					
Net premiums written ⁽¹⁾	8,043	8,406	-4.3	8,627	-6.8
First Year Premium	2,198	1,405	56.5	2,174	1.1
Bancassurance	1,441	763	89.0	1,315	9.6
Agent Channel	353	392	-10.0	470	-24.9
Other Channel	404	250	61.6	390	3.6
Renewal Premium	6,598	7,666	-13.9	6,667	-1.0
Total Investment Income ⁽²⁾	2,961	3,257	-9.1	2,997	-1.2
Fee and commission income	138	178	-22.5	193	-28.3
Gain & Loss on revaluation and other income	(34)	12	-376.2	(245)	-86.1
Total Revenues	11,108	11,853	-6.3	11,572	-4.0
Expenses					
Underwriting expenses	9,805	10,555	-7.1	10,578	-7.3
Operating expenses	395	353	11.8	481	-17.9
Expected Credit Loss	2	(1)	na	183	-98.8
Total Expenses	10,202	10,907	-6.5	11,242	-9.3
Earning before tax	906	946	-4.2	330	174.9
Net profit	756	801	-5.6	279	170.7
Earnings per share (EPS)	0.44	0.47	-5.6	0.16	174.8
Return on investment (ROI)	3.69%	3.98%	-0.3%	3.72%	-0.8
Capital Adequacy Ratio (CAR)	369%	329%	48%	377%	-2.1

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

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

- In the first quarter of 2023, Bangkok Life Assurance PCL. reported a net profit of 756 million Baht, representing an earning per share of 0.44 Baht, decreasing 6% from the same period last year from a decrease in Investment Income.
- In the first quarter of 2023, the Company recorded a total First Year Premium (FYP) of 2,198 million Baht, an increase of 57% YoY, which Banca and Others channels saw a strong FYP growth.
- The FYP by distribution channel in 1Q23 is as followed: bancassurance, agent and other channels accounted for 66%, 16% and 18%, respectively.
- The total investment income in the first quarter of 2023 was 2,961 million Baht, a decline of 9% from the same period last year, resulted from realized gain on investment that has declined according to the market condition. The return on investment (ROI) was 3.69% which decreased from 3.98% in the previous year.
- Total expense in the first quarter of 2023 amounted to 10,202 million Baht, a decline of 7% from the same period last year. The key reason was the decrease in insurance reserves.
- The Capital Adequacy Ratio (CAR) at the first quarter of 2023 year was at 369%, decreased from 377% at the end of year 2022. As a result of changes in the market value of assets and liabilities from lower interest rates.

Performance Overview

Total Premium

In the first quarter of 2023, the Company’s total premium amounted to 8,796 million Baht, a decline of 3% from the same period last year from the reduction of RYP as the policies have been fully paid. Regarding the total premium by distribution channel: bancassurance, agent and other channels accounted for 55%, 33% and 12%, respectively.

First Year Premium

In the first quarter of 2023, the Company’s FYP was 2,198 million Baht, an increase of 57% from the same period last year. Bancassurance channel FYP increased 89% YoY, which premiums increased in all product categories. Agency channel saw FYP decreased by 10%. For other channel, FYP increased by 62% due mainly to an increase in FYP from group channel. Regarding FYP by distribution channel: bancassurance, agent and other channels accounted for 66%, 16% and 18%, respectively

Renewal Year Premium

In the first quarter of 2023, the Company had a renewal year premium of 6,598 million Baht, a decline of 14% as expected from the same period last year due to paid-up policies. Regarding the renewal premium by distribution channel: bancassurance, agent and other channels accounted for 51%, 39% and 10%, respectively.

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

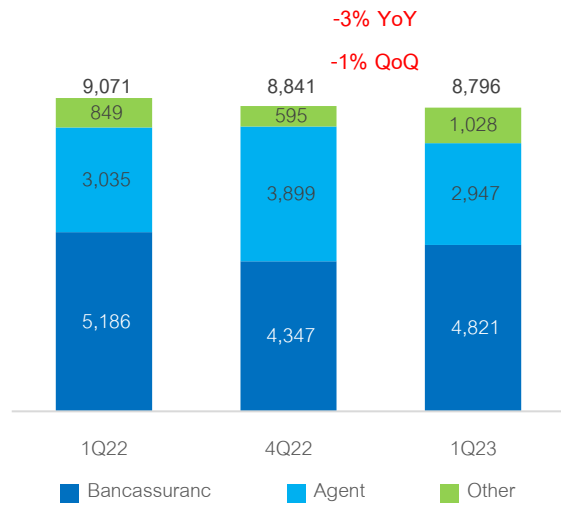


Figure 2: First Year Premium by channels (Baht: Million)

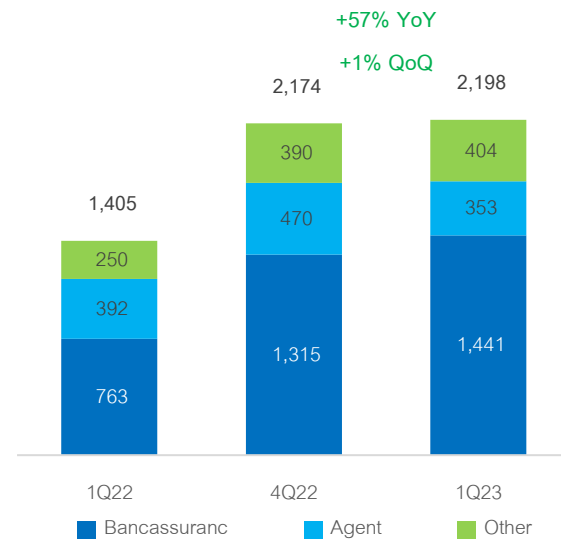
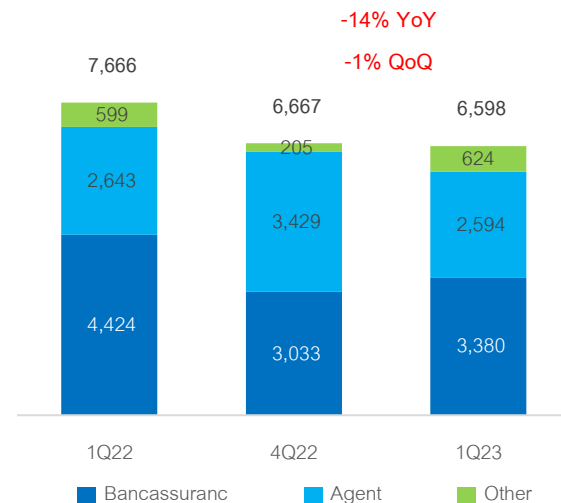


Figure 3: Renewal Premium by channels (Baht: Million)



Investment Asset and Investment Return

In the first quarter of 2023, the Company’s total investment asset was 326,921 million Baht, The Company’s investment proportion in fixed income was at 83.6%, equity at 8.7%, REIT at 4.1% and others at 3.6%.

In the first quarter of 2023, the Company’s investment income ⁽³⁾ was 3,047 million Baht, a decrease of 9% from the same period last year as a result of a decline in realized gain. Excluding realized gain, interest and dividend income, realized gain would drop by 1%.

In the first quarter of 2023, the return on investment (ROI) equals to 3.69%, decreasing from 3.98% in the previous year and a decreasing from 3.72% in the previous quarter due to lower realized gain. Investment yield was at 3.66%, increasing of 3 bps YoY and an increase of 11bps from previous quarter.

Table 1: Investment Assets as of 31 March 2023
(Separate financial statements)

Investment assets	2022	1Q23	change
Short-term investment	3.8%	2.6%	-1.2%
Bond	48.2%	49.0%	0.8%
Debenture & Note	31.7%	32.0%	0.3%
Total Fixed income	83.7%	83.6%	-0.1%
Equity	8.7%	8.7%	0.0%
REIT	4.1%	4.1%	0.0%
Policy Loans	2.9%	3.0%	0.1%
Secured Loans	0.6%	0.6%	0.0%
Total Investment assets (MB)	333,164	326,921	-1.9%

Figure 4: Investment Income (Baht, Million)

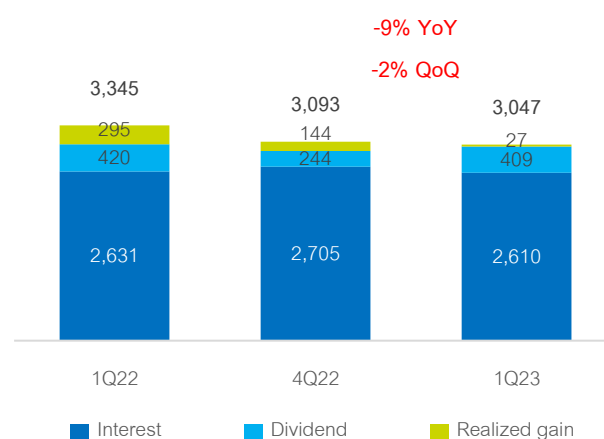
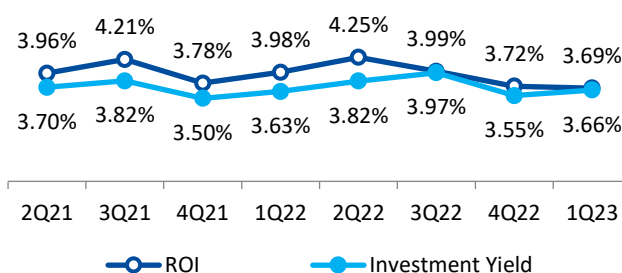


Figure 5: Return on Investment

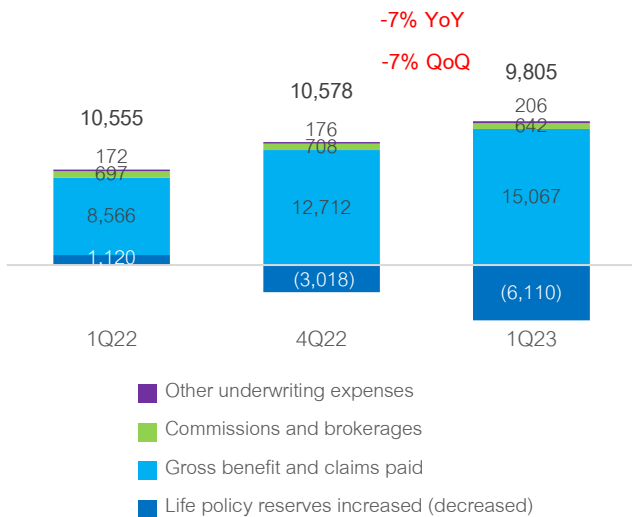


(3) Interest income + Dividend + Profit (Loss) from Investment

Underwriting Expenses

In the first quarter of 2023, the Company underwriting expenses totaled 9,805 million Baht, a decrease of 7% YoY. The decline was from a decreasing of life policy reserve, resulted from an increase in matured policies during the first quarter.

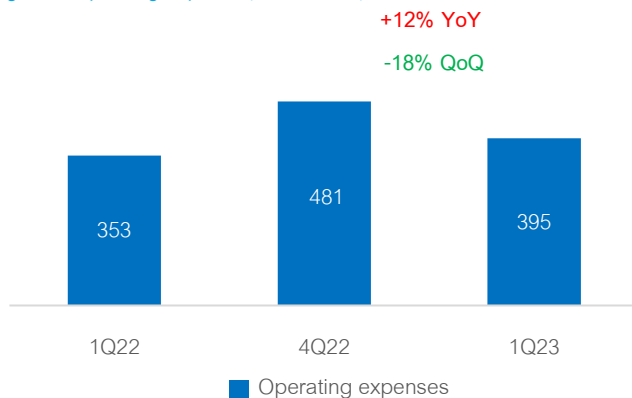
Figure 6: Underwriting Expenses (Baht, Million)



Operating Expenses

In the first quarter of 2023, the Company had an operating expense of 395 million Baht, an increase of 12% from the same period last year, The increase in expenses is in line with the increase in First Year Premium. The company continues to focus on expense management.

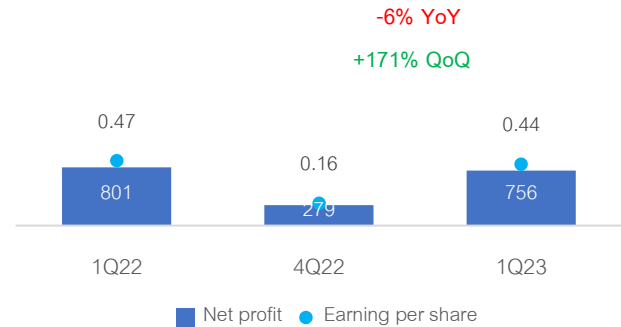
Figure 7: Operating Expense (Baht, Million)



Net Profit

In the first quarter of 2023, the Company had a net profit of 756 million Baht or 0.44 Baht per share, a decrease of 6% from the same period last year due mainly to the decrease in Investment income.

Figure 8: Net Profit (Baht, Million) and Earning per share (Baht)



Capital Adequacy and Risk-Based Capital (RBC)

In the first quarter of 2023, the Company's Capital Adequacy Ratio (“CAR”) was at 369%, a decrease from 377% at the end of 2022 as a result of changes in the market value of assets and liabilities from lower interest rates.

Summary of Financial Position as of 31 March 2023

Consolidated Baht, million						
	31-Mar-23	%	31-Dec-22	%	Change	%
Assets						
Cash and cash equivalents	8,268	2%	12,681	4%	(4,413)	-34.8%
Premiums due and uncollected	2,135	0.6%	1,567	0.5%	567	36.2%
Accrued investment incomes	2,726	0.8%	1,556	0.5%	1,170	75.2%
Investments ⁽⁴⁾	318,658	94%	320,488	94%	(1,831)	-0.6%
Premises and equipment	2,184	0.6%	2,189	0.6%	(5)	-0.2%
Other assets	3,602	1.1%	4,130	1%	(527)	-12.8%
Total Assets	337,573	100%	342,611	100%	(5,038)	-1.5%
Liabilities and equity						
Life policy reserves	282,786	84%	288,895	84%	(6,110)	-2.1%
Other insurance contract liabilities	6,212	2%	5,861	2%	350	6.0%
Other liabilities	2,783	1%	3,071	0.9%	(289)	-9.4%
Total liabilities	291,780	86%	297,828	87%	(6,048)	-2.0%
Retained earnings	5,069	2%	5,069	1%	-	0.0%
Unrealized gain on investment	36,997	11%	36,241	11%	756	2.1%
Non-controlling interests of the subsidiaries	3,728	1%	3,474	1%	254	7.3%
Total equity	45,793	14%	44,783	13%	1,010	2.3%
Total liabilities and equity	337,573	100%	342,611	100%	(5,038)	-1.5%
Book value/Share	26.82		26.23			

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

Assets

Total assets as of 31 March 2023 decreased from 31 December 2022 by 1.5% or 5,038 million Baht. The majority of the company's assets was investment asset, which accounted for 97% of total assets and accounted for 116% of life reserve policy.

Liabilities and Equity

Total liabilities as of 31 March 2023 decreased 2% from 31 December 2022. The decrease mostly came from the life policy reserves.

The total equity as of 31 March 2023 was 45,793 million Baht, an increase of 1,010 million Baht or 2% from 31 December 2022. The decrease came from net profit of 756 million Baht and unrealized gain(loss) from financial instruments of 254 million Baht. Book value per share (BV/share) was at 26.82 Baht per share.

Financial Ratios

Financial ratio	Quarter		
	1Q23	1Q22	4Q22
NI / Total income	6.8%	6.8%	2.4%
NI / Net premium	9.0%	9.2%	3.3%
Life policy reserve / Net premium	-72.3%	12.8%	-35.9%
Underwriting expenses / Net premium	116.1%	120.9%	125.7%
Operating expenses / Net premium	4.7%	4.0%	5.7%
Investment assets / Total asset	96.8%	96.8%	97.2%
Investment assets / Life policy reserve	115.6%	115.3%	115.3%
Return on investment (ROI)	3.7%	4.0%	3.7%
NI / Average equity	6.7%	6.8%	2.6%
NI / Average assets	0.9%	0.9%	0.3%
CAR ratio	369%	329%	377%

Industry Overview

In the first quarter of 2023, life insurance industry reported a new business premium amounting to 44,854 million Baht, an increase of 10% YoY. FYP excluding single premium increased by 17%. Renewal year premium increase 2% and the total premium increased by 4% compare to the same period last year.

For new business premiums by distribution channels in the first quarter of 2023, Agent channel was stable from the same period last year, which accounted for 32% of total FYP. The proportion decreased from the same period last year.

Bancassurance channel FYP increased by 11% YoY, which accounted for 53% of total FYP. Other channel FYP increased by 30% compared to the same period last year, which accounted for 15% of the industry FYP.

Figure 9: Life Insurance Industry Premiums

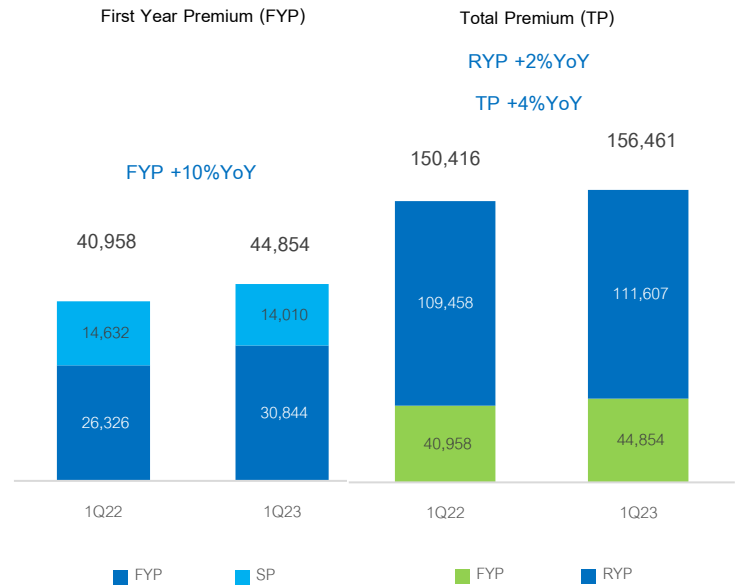


Figure 10: Industry New Business Premiums by products

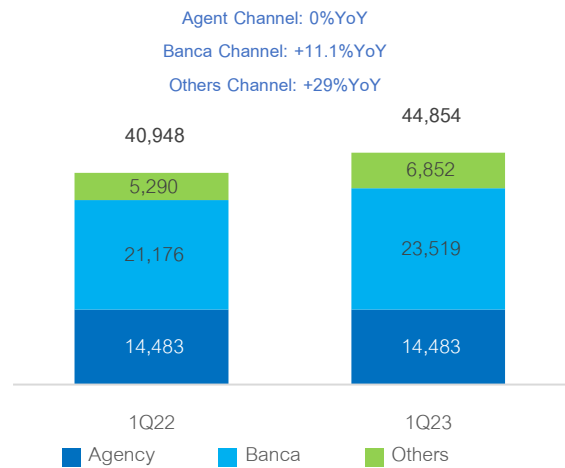


Figure 11: Industry New Business Premium by Channels

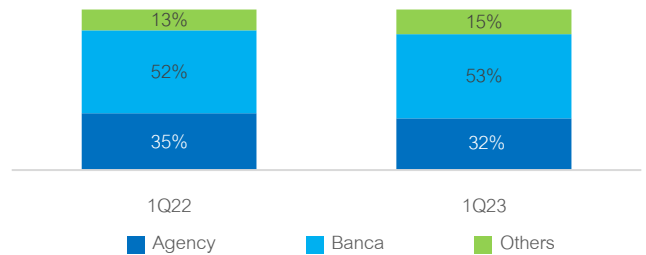


Table 2: Life Insurance Premiums market share (%)

As of 31 March 2023

(Unit: Million Baht)

Ranking by FYP	Company	First year premium	Market share by first year premium (%)
1	FWD	8,054	18.0%
2	AIA	7,533	16.8%
3	MTL	6,988	15.6%
4	TLI	4,168	9.3%
5	KTAL	3,129	7.0%
6	PLT	3,022	6.7%
7	DLA	2,226	5.0%
8	BLA	2,105	4.7%
9	AZAY	1,808	4.0%
10	GT	1,412	3.1%

Ranking by TP	Company	Total premium	Market share by total premium (%)
1	AIA	36,608	23.4%
2	FWD	26,990	17.3%
3	MTL	19,939	12.7%
4	TLI	19,057	12.2%
5	KTAL	11,154	7.1%
6	BLA	8,710	5.6%
7	AZAY	8,696	5.6%
8	PLT	7,645	4.9%
9	OLIC	3,492	2.2%
10	GT	2,772	1.8%

Source: The Thai Life Assurance Association