



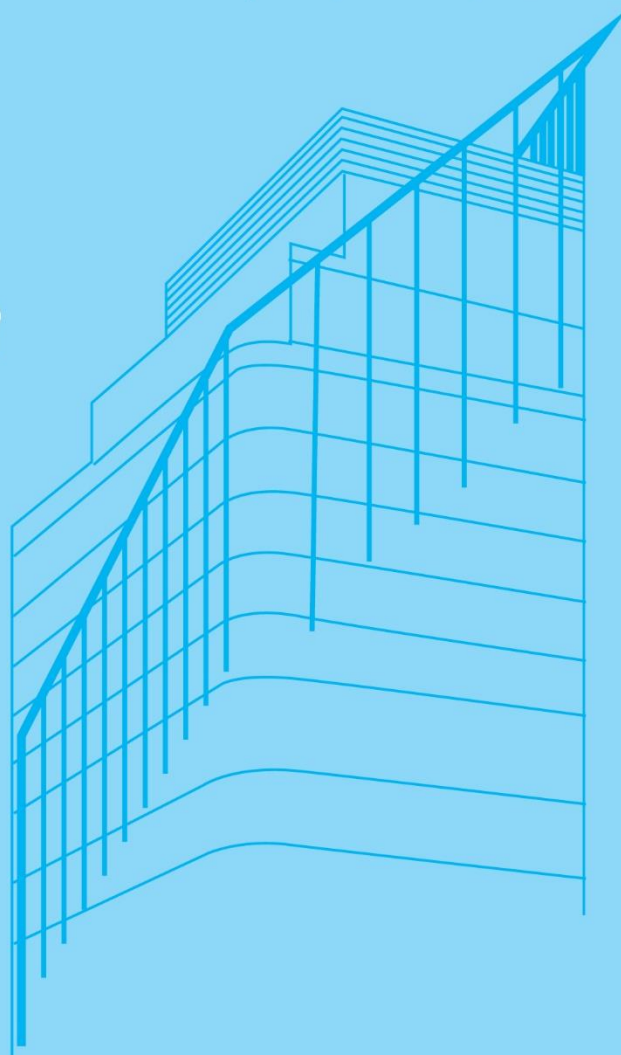
**BANGKOK
LIFE**

กรุงเทพประกันชีวิต



Management Discussion and Analysis

2023



Executive Summary

Consolidated Baht, million

OPERATING RESULTS	Quarter 4/23	Quarter 4/22	Change YoY%	Quarter 3/23	Change QoQ%	2023	2022	Change YoY%
Revenues								
Net premiums written ⁽¹⁾	7,850	8,627	-9.0	10,386	-24.4	33,331	34,579	-3.6
First Year Premium	1,574	2,174	-27.6	1,790	-12.1	6,885	6,925	-0.6
Bancassurance	881	1,315	-33.0	1,324	-33.5	4,539	4,436	2.3
Agent Channel	557	469	18.7	350	59.1	1,616	1,652	-2.2
Other Channel	136	390	-65.1	116	17.6	730	837	-12.8
Renewal Premium	6,304	6,667	-5.4	8,632	-27.0	27,270	28,906	-5.7
Total Investment Income ⁽²⁾	3,174	2,997	5.9	2,731	16.2	11,799	12,974	-9.1
Fee and commission income	34	193	-82.5	93	-63.7	352	531	-33.6
Gain & Loss on revaluation and other income	(110)	(245)	-55.0	1	(21,094)	(48)	101	-147.5
Total Revenues	10,948	11,572	-5.4	13,211	-17.1	45,434	48,185	-5.7
Expenses								
Underwriting expenses	9,723	10,578	-8.1	12,046	-19.3	40,310	42,629	-5.4
Operating expenses	458	481	-4.7	430	6.7	1,710	1,650	3.6
Expected Credit Loss	333	183	na	13	na	422	127	na
Total Expenses	10,514	11,242	-6.5	12,489	-15.8	42,442	44,406	-4.4
Earning before tax	434	330	31.7	722	-39.8	2,992	3,779	-20.8
Net profit	358	279	28.2	645	-44.5	2,548	3,212	-20.7
Earnings per share (EPS)	0.21	0.16	27.4	0.38	-46.0	1.49	1.88	-20.7
Return on investment (ROI)	4.14%	3.72%	0.4%	3.55%	0.6%	3.77%	3.99%	-0.2%
Capital Adequacy Ratio (CAR)	405%	377%	28%	378%	27.0%	405%	377%	28%

⁽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 fourth quarter of 2023, Bangkok Life Assurance PCL reported a net profit of 358 million Baht, an increase of 28% from the fourth quarter of 2022, representing an earnings per share of 0.21 Baht. In 2023, the net profit was 2,548 million Baht, a decrease of 21% YoY, representing an earnings per share of 1.49 Baht.
- In the fourth quarter of 2023, the company recorded a total revenue of 10,948 million Baht, a decrease of 5% YoY due to the first-year premium (FYP) decreased by 28% YoY and the renewal year premium (RYP) decreased by 5% YoY. In 2023, total revenue was 45,434 million Baht, a decrease of 6% YoY as the FYP slight decreased. The RYP decreased by 6% YoY and the company's total investment income decreased by 9% YoY compared to the same period last year. The decrease in renewal premiums is as expected.
- The FYP by distribution channel in 2023 was as follows: bancassurance, agent, and other channels accounted for 66%, 23%, and 11%, respectively.
- The total investment income in the fourth quarter of 2023 was 3,174 million Baht, an increase of 6% YoY. The reason was due to an increase in realized gain. The return on investment (ROI) in 4Q23 was 4.14% and ROI in 2023 was 3.77%.
- Total expense in the fourth quarter of 2023 amounted to 10,514 million Baht, a decrease of 7% YoY. Total expenses in 2023 amounted to 42,442 million Baht, a decrease of 4%. The reason came from a decrease in underwriting expenses.
- The Capital Adequacy Ratio (CAR) in the fourth quarter of 2023 was at 405%, an increase from 377% at the end of 2022, which higher than regulatory minimum requirement of 140%.
- The Embedded Value (EV) as of 31 December 2023 was 67,871 million Baht, equal to 39.75 Baht per share, a decrease of 1.5% from 2022
- The Value of New Business (VNB) at the end of 2023 was 2,759 million Baht, a decrease of 8.2% from 2022

Performance Overview

Total Premium

In the fourth quarter of 2023, the company's total premium amounted to 7,878 million Baht, a decrease of 11% YoY.

In 2023, the company's total premium amounted to 34,155 million Baht, a decrease of 5% YoY.

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

First Year Premium

In the fourth quarter of 2023, the company's FYP was 1,574 million Baht, a decrease of 28% from the same period last year. The results were from the bancassurance channel, which FYP decreased by 33%, due to last year's high base. Other channels' FYP decreased by 65% while the agent channel saw FYP increased by 19% YoY.

In 2023, the company's FYP was 6,885 million Baht, a decrease of 1% YoY as a result of a decrease in FYP from other channels by 13% and agent channels decreased by 2%, while bancassurance channels increased by 2%. The contribution by distribution channel was 66%, 23%, and 11%, respectively, for bancassurance, agent, and other channels.

Renewal Year Premium

In the fourth quarter of 2023, the company had a renewal year premium of 6,304 million Baht, a decrease of 5% from the same period last year. In 2023, the company's RYP was 27,270 million Bath, a decrease of 6% YoY as expected.

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

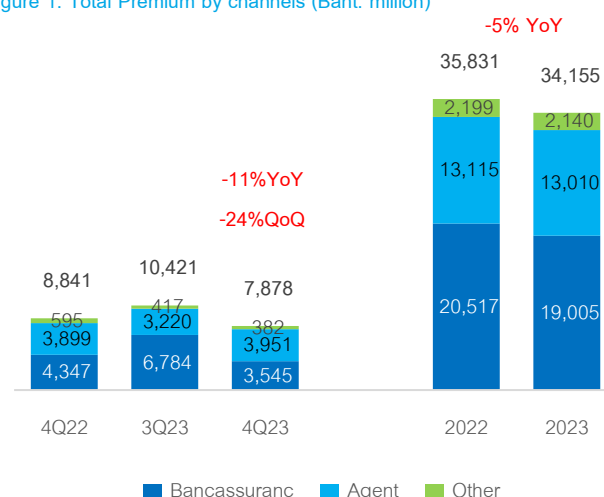


Figure 2: First Year Premium by channels (Baht: million)

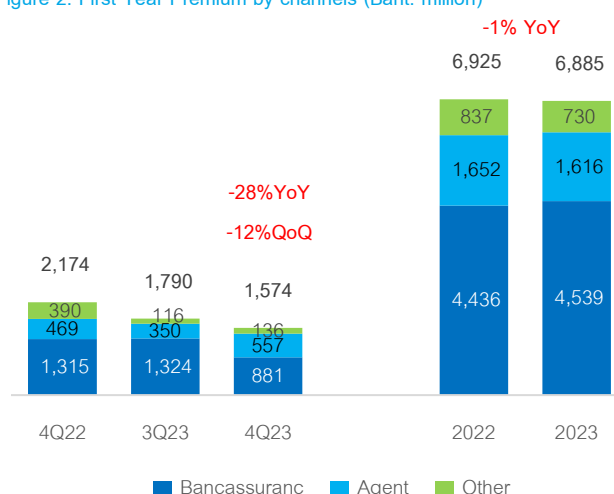
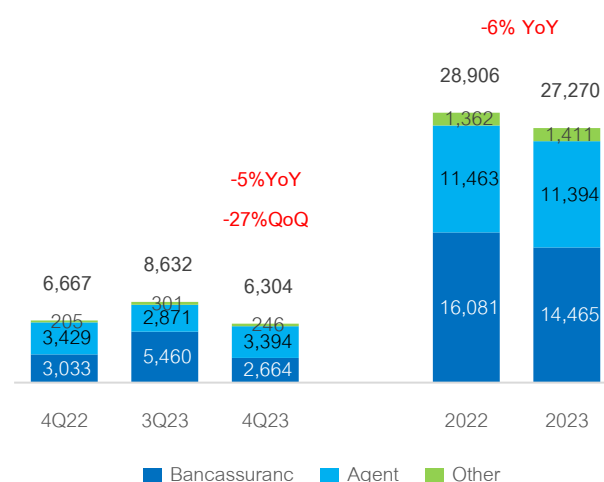


Figure 3: Renewal Premium by channels (Baht: million)



Investment Asset and Investment Return

In the end of 2023, the Company's total investment asset was 316,736 million Baht, a decrease of 5% from the end of 2022. The Company's investment proportion in fixed income was 85%, equity at 8% and REIT at 4%. The company decreased the investment in equity and increased the allocation in fixed income according the market environment.

In the fourth quarter of 2023, the Company's investment income ⁽³⁾ was 3,251 million Baht, an increase of 5% from the same period last year, resulted from an increase of realized gain by 198% YoY.

In 2023, the Company's investment income was 12,118 million Baht, a decrease of 9% YoY. Excluding realized gain, interest and dividend income decreased 4% YoY.

In the fourth quarter of 2023, the return on investment (ROI) equals 4.14%, increasing from 3.72% in the previous year, and increasing from 3.55% in the previous quarter. Investment yield (including interest and dividend income) was at 3.59%, increasing 4 bps YoY and decreasing 30 bps QoQ.

In 2023, the return on investment (ROI) and Investment yield equaled 3.77% and 3.76% respectively.

Table 1: Investment Assets as of 2023

Investment assets	2022	2023	change
Short-term investment	3.8%	5.1%	1.3%
Bond	48.2%	50.0%	1.8%
Debenture & Note	31.7%	29.7%	-2.0%
Total Fixed income	83.7%	84.7%	1.0%
Equity	8.7%	8.1%	-0.6%
REIT	4.1%	3.5%	-0.6%
Policy Loans	2.9%	3.1%	0.2%
Secured Loans	0.6%	0.6%	0.0%
Total Investment assets (MB)	333,164	316,736	-4.9%

Figure 4: Investment Income (Baht Million)

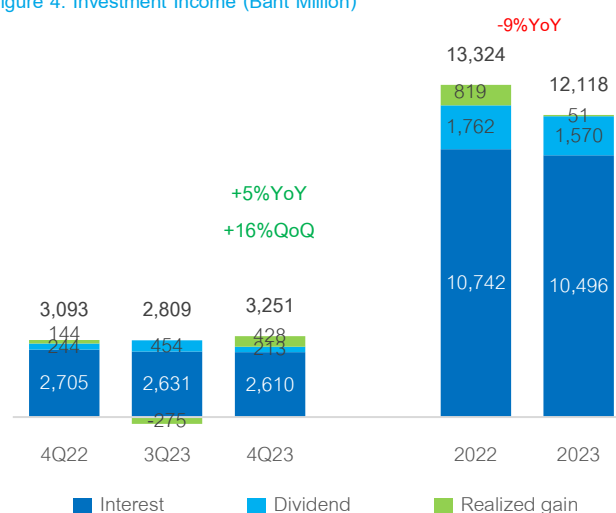
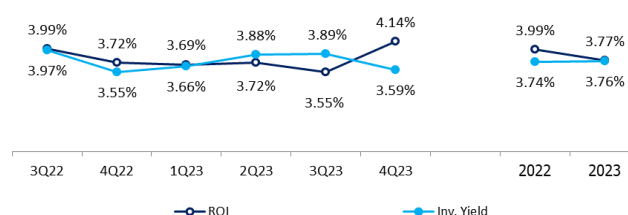


Figure 5: Return on Investment



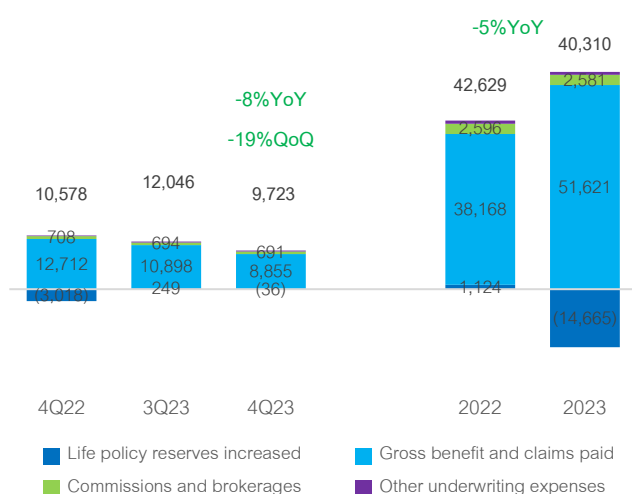
(3) Interest income + Dividend + Profit (Loss) from Investment

Underwriting Expenses

In the fourth quarter of 2023, the company's underwriting expenses totaled 9,723 million Baht, a decrease of 8% YoY.

In 2023, the underwriting expenses were 40,310 million Baht, a decline of 5% YoY. The reason came from a decrease in life policy reserves from maturing policies.

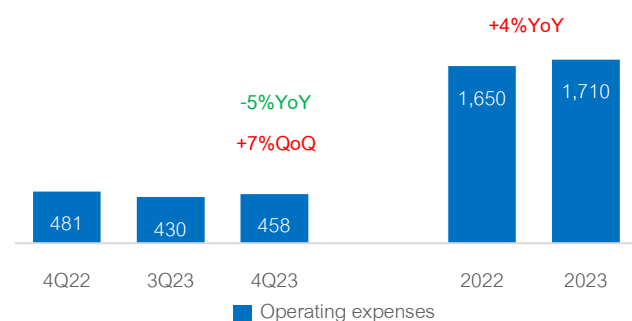
Figure 6: Underwriting Expenses (Baht, million)



Operating Expenses

In the fourth quarter of 2023, the Company had an operating expense of 458 million Baht, a decrease of 5% from the same period last year. In 2023, operating expense increased by 4% YoY. The reasons were due to employee expenses and technology system development expenses. The company continues to focus on expense management.

Figure 7: Operating Expense (Baht, million)

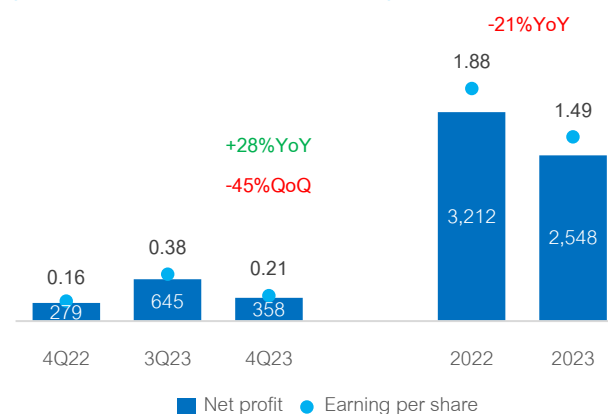


Net Profit

In the fourth quarter of 2023, the Company had a net profit of 358 million Baht, an increase of 28% from the same period last year and a decrease of 45% from the previous quarter, representing an earnings per share of Baht 0.21.

In 2023, the company reported a net profit amounting to 2,548 million Baht, a decrease of 21% YoY, representing an earnings per share of Baht 1.49 per share.

Figure 8: Net Profit (Baht, million) and earning per share (Baht)



Capital Adequacy and Risk-Based Capital (RBC)

In the fourth quarter of 2023, the Company's Capital Adequacy Ratio ("CAR") was 405%, an increase from 378% at the third quarter of 2023 and increasing from the fourth quarter of 2022 at 377%.

Embedded Value and Value of New Business

The Embedded Value (EV) as of 31 December 2023 was 67,871 million Baht, equal to 39.75 Baht per share, a decrease of 1.5% from 2022. The reason came from the adjustment of health insurance contracts' benefit payments.

The Value of New Business (VNB) at the end of 2023 was 2,759 million Baht, a decrease of 8.2% from 2022 due to the adjustment of health insurance contracts' benefit payments and a decrease in bond yields.

Summary of Financial Position as of 31 December 2023

Condolitated Baht, million

	31-Dec-23	%	31-Dec-22	%	Change	%
Assets						
Cash and cash equivalents	16,084	5%	12,681	4%	3,403	26.8%
Premiums due and uncollected	1,599	0.5%	1,567	0.5%	0	0.0%
Accrued investment incomes	1,471	0.5%	1,556	0.5%	(85)	-5.5%
Investments ⁽⁴⁾	300,772	92%	320,488	94%	(20)	0.0%
Premises and equipment	2,003	0.6%	2,189	0.6%	(186)	-8.5%
Other assets	4,002	1.2%	4,130	1%	(128)	-3.1%
Total Assets	325,931	100%	342,611	100%	(16,680)	-4.9%
Liabilities and equity						
Life policy reserves	274,230	84%	288,896	84%	(14,666)	-5.1%
Other insurance contract liabilities	4,667	1%	5,861	2%	(1,194)	-20.4%
Other liabilities	2,599	1%	3,071	0.9%	(472)	-15.4%
Total liabilities	281,496	86%	297,828	87%	(16,332)	-5.5%
Retained earnings	5,069	2%	5,069	1%	-	0.0%
Unrealized gain on investment	37,825	12%	36,241	11%	1,584	4.4%
Non-controlling interests of the subsidiaries	1,541	0%	3,473	1%	(2)	-0.1%
Total equity	44,435	14%	44,783	13%	(348)	-0.8%
Total liabilities and equity	325,931	100%	342,611	100%	(16,680)	-4.9%
Book value/Share	26.02		26.23			

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

Assets

Total assets as of 31 December 2023 was 325,931 million Baht, decreased from 31 December 2022 by 5% or 16,680 million Baht. The main reason was impacted from a decrease in market value of investment asset. The majority of the company's assets was investment asset and cash equivalents, which accounted for 97% of total assets and accounted for 116% of life policy reserves.

Liabilities and Equity

Total liabilities as of 31 December 2023 decreased 6% from 31 December 2022. The decrease mostly came from the decrease in life policy reserves.

The total equity as of 31 December 2023 was 44,435 million Baht, a decrease of 348 million Baht or 0.8% from 31 December 2022. The decrease came from net profit of 2,548 million Baht, dividend paid 954 million Baht and unrealized gain from financial instruments of 1,932 million Baht. Book value per share (BV/share) was at 26.02 Baht per share.

Financial Ratios

Financial ratio	Quarter		Year	
	4Q23	4Q22	2023	2022
NI / Total income	3.3%	2.4%	5.6%	6.7%
NI / Net premium	4.7%	3.3%	7.7%	9.3%
Life policy reserve / Net premium	-0.5%	-35.9%	-44.1%	3.2%
Underwriting expenses / Net premium	126.6%	125.7%	121.1%	122.8%
Operating expenses / Net premium	6.0%	5.7%	5.1%	4.8%
Investment assets / Total asset	97.2%	97.2%	97.2%	97.2%
Investment assets / Life policy reserve	115.5%	115.3%	115.5%	115.3%
Return on investment (ROI)	4.1%	3.7%	3.8%	4.0%
NI / Average equity	3.3%	2.6%	5.7%	6.9%
NI / Average assets	0.4%	0.3%	0.8%	0.9%
CAR ratio	405%	377%	405%	377%

Industry Overview

In 2023, life insurance industry reported a new business premium amounting to 178,470 million Baht, an increase of 5% YoY. FYP excluding single premium increased by 7% YoY mainly from whole life, endowment and group products.

Renewal year premium and total premium compared to the same period last year increased by 3% and 4%, respectively.

For new business premiums by distribution channels in 2023, Agent channel increased by 9% YoY, this mainly came from the increase in whole life products and rider sales. Agent channel accounted for 36% of the industry's total FYP.

Bancassurance channel FYP decreased by 0.2% YoY, which accounted for 50% of total FYP. The decrease is mainly due to the decrease in Unit-Linked products sales during the period.

Other channel FYP increased by 16% YoY, accounted for 14% of total FYP. The drivers in this channel are from broker channel and other.

Figure 9: Life Insurance Industry Premiums

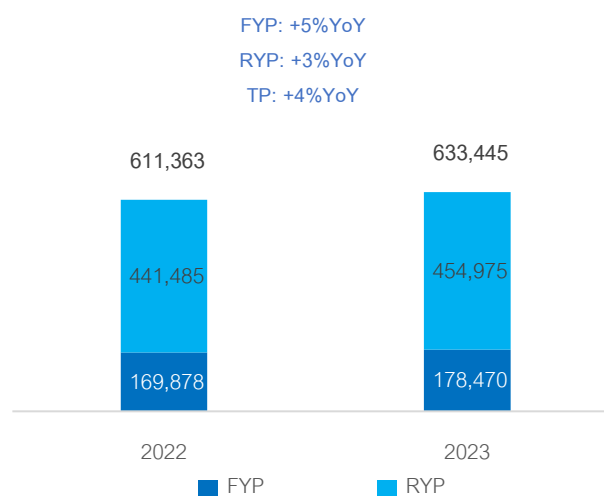


Figure 10: Industry New Business Premiums by products

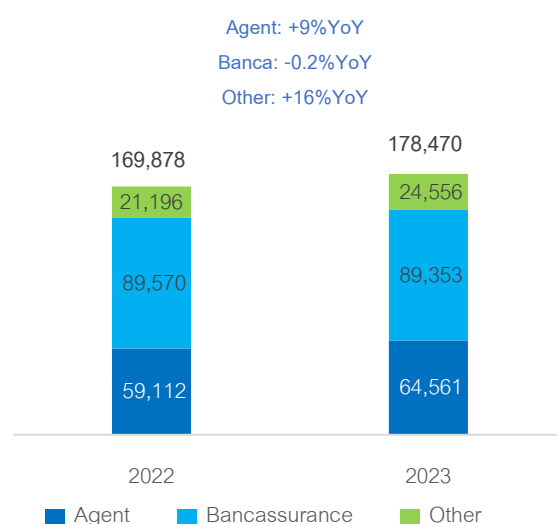


Figure 11: Industry New Business Premium by Channels

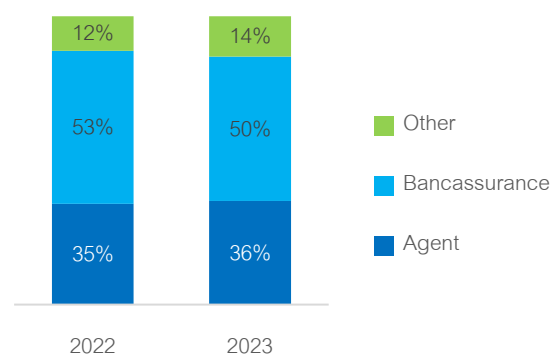


Table 2: Life Insurance Premiums market share (%)

As of 31 December 2023

(Baht: million)

Ranking by FYP	Company	First year premium	Market share by first year premium (%)
1	AIA	32,208	18.0%
2	FWD	27,374	15.3%
3	MTL	23,720	13.3%
4	TLI	23,134	13.0%
5	PLT	12,533	7.0%
6	KTAL	11,800	6.6%
7	AZAY	7,414	4.2%
8	BLA	6,940	3.9%
9	DLA	6,904	3.9%
10	SELIC	5,827	3.3%

Ranking by TP	Company	Total premium	Market share by total premium (%)
1	AIA	158,046	25.0%
2	TLI	90,357	14.3%
3	FWD	90,081	14.2%
4	MTL	70,978	11.2%
5	KTAL	44,757	7.1%
6	AZAY	36,207	5.7%
7	PLT	34,692	5.5%
8	BLA	34,267	5.4%
9	OLIC	14,983	2.4%
10	TMLTH	11,393	1.8%

Source: The Thai Life Assurance Association

Sustainable Development

Bangkok Life Assurance PCL is committed to operating businesses that follow the Sustainable Development Goals (SDGs), covering economic, social, environmental, and governance (ESG) dimensions based on the integrated concept of GRC. "Corporate Governance" determines the direction of business operations to be sustainable. We aim to lead implementation that covers both efficient, flexible, responsive "risk management" and full "compliance," by sustainability performance (ESG) for the year 2023 as follows:

Economy

The company developed products by focusing on customer-centric services. By offering our products and services through various channels, we aim to provide easy and convenient access. To optimize product design and ensure timely responses to evolving customer needs, we conduct in-depth analyses of customer behavior and requirements. In 2023, the company developed "Happy Pension (Par)," a pension insurance being a guaranteed benefit plan with the opportunity to earn additional bonuses besides dividends. This product ensures financial stability when income from work ceases. Our company provides a variety of savings products to meet diverse customer needs, including "Gain 1st Speed Up 15/8" and "Prestige Health Unlock," which cater specifically to individuals seeking treatment at leading private hospitals, offering benefits up to 200 million baht per year.

Environment

The company recognized our responsibility towards environmental problems and established an environmental management policy, environmental goals and environmental management practice guidelines for energy management, water resource management, waste management and climate change management. Including cultivating a culture of environmental stewardship within the organization with public relations and raising awareness about the greenhouse effect and energy-saving practices among the employees through social media and activities.

In addition, the company has been on a continuous campaign to reduce paper usage by promoting electronic insurance policies (E-Policy), electronic receipts (E-Receipt) and electronic policy loan (E-loan).

Promote BLA Happy Life mobile app downloads through engaging customer campaigns and easy-to-understand user manuals. In 2023, our mobile app had roughly 203,427 downloads, representing a 12% increase from 2022.

In 2023, the company's performance can reduce 9% of electricity usage and reduce 11% of paper usage within the company from the last year.

Social

The company prioritizes developing our employees' potential and integrating our vision and mission into all HR strategies. We invest in building diverse competencies relevant to the future, preparing them for competition and unforeseen challenges. In 2023, the company has 72% of total employees who have received at least 15 hours of

training in digital innovation. Each individual sets goals as part of their performance evaluation, aiming for at least 6 man-days per year

In 2023, we emphasized online learning, while also focusing on self-development. Notably, 632 employees (63%) exceeded the 6-man-day minimum.

Our company promoted financial planning knowledge and life insurance for the general public and increased access to life insurance for everyone who received knowledge about financial planning through the company's various media 790,314 time.

In addition, we supported youth, the elderly, and society by building and donating a small library to Ban Bang Kao School and promoting youth health through a proud partnership with the BG Pathum United Football Club (BGPU) to organize sports activities and health checkups and vaccinations for the elderly and general public. We offer guidance on basic financial planning, empowering individuals to understand its importance and encouraging employees to participate in regular blood donation drives every 3 months, ensuring a reliable supply of blood for hospitals and meeting the needs of patients in need.

Governance

Bangkok Life Assurance has always reviewed the code of conduct, corporate governance policy and suggestions from the assessment that are aligned with international standards. The company places great importance on good corporate governance based on operations and makes it our priority to give confidence to our stakeholders through our fair and transparent business operations to contribute to a strong foundation for sustainable

growth. In addition, we have ethics training for employees to raise awareness and remind them of the importance of strictly following the company's code of ethics.

In addition, our company prioritizes information and cyber security to build trust with customers, agents, partners, business partners, shareholders, and stakeholders. We implement robust measures to protect our systems and critical information. These measures aim to minimize the impact and likelihood of cyberattacks, ensure swift system and data recovery, and effectively address security challenges across all dimensions.

The company received the Thailand Institute of Directors rating "5 stars" or "Excellent" in the 2023 Corporate Governance Report (CGR) and was one of the top quartile companies by market capitalization of more than 10,000 million baht. It has successfully met the selection criteria required for inclusion in the SET ESG rating 2023 for the third consecutive year and received an "AA" rating in the SET ESG rating from the Stock Exchange of Thailand.