



บริษัท กรุงเทพประกันชีวิต จำกัด (มหาชน)  
BANGKOK LIFE ASSURANCE PUBLIC COMPANY LIMITED

# BLA EV 2015

May 13, 2016

# EV Valuation Methodology & Assumptions

## Methodology

- BLA has adopted a traditional discounted cash flow methodology to determine the components of Embedded Value (EV)
- It is a common methodology used by life insurance companies in Asia at the current time

### Component of EV

**ANW**  
(Adjusted Net Worth)

Excess of market value of assets over statutory liabilities



**VIF**  
(Value of In-force Business)

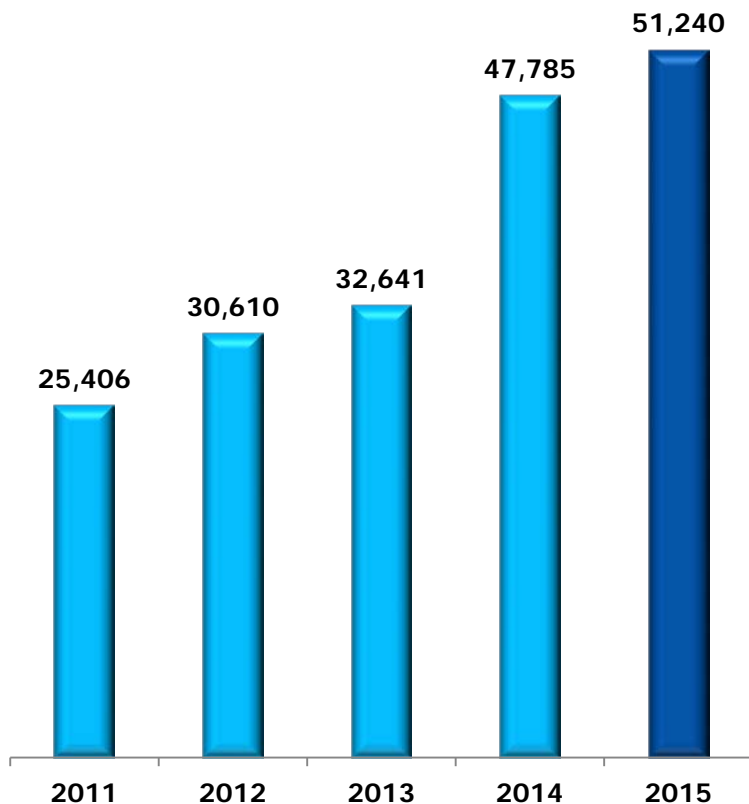
Discounted value of distributable earnings from In-Force business

## Assumptions

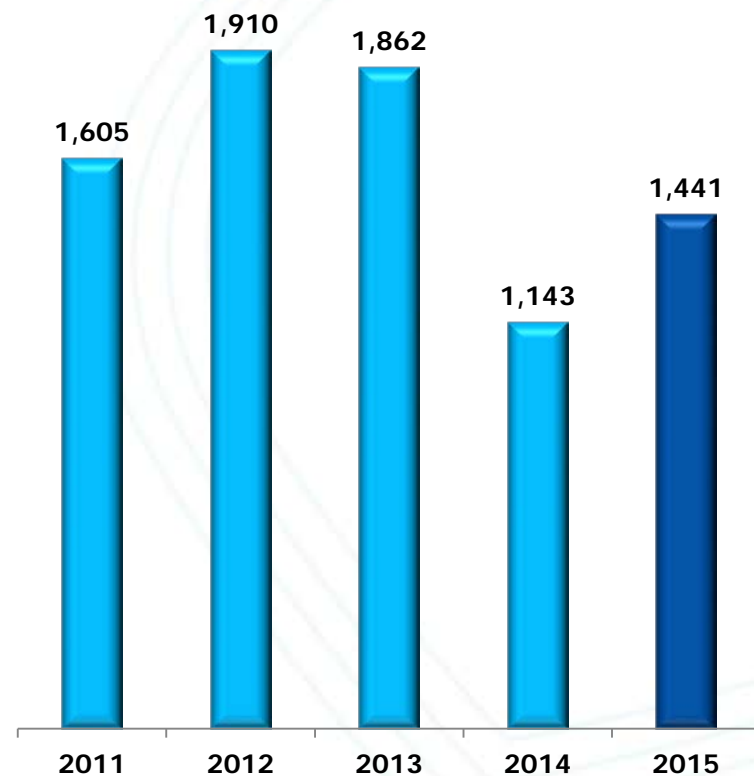
- Risk Discount Rate 9% (2014: 10%)
- Investment Return 4.25% (2014: 4.75%)
- Capital Adequacy Ratio 140% (2014 : 140%)
- Tax Rate 20% from 2015 onwards (2014 : 20%)
- Lapse, mortality, morbidity and expense assumption are prudent best estimate of BLA's future experience based on recent experience studies and business environment in Thailand.

# Summary of results

## EV (MB)



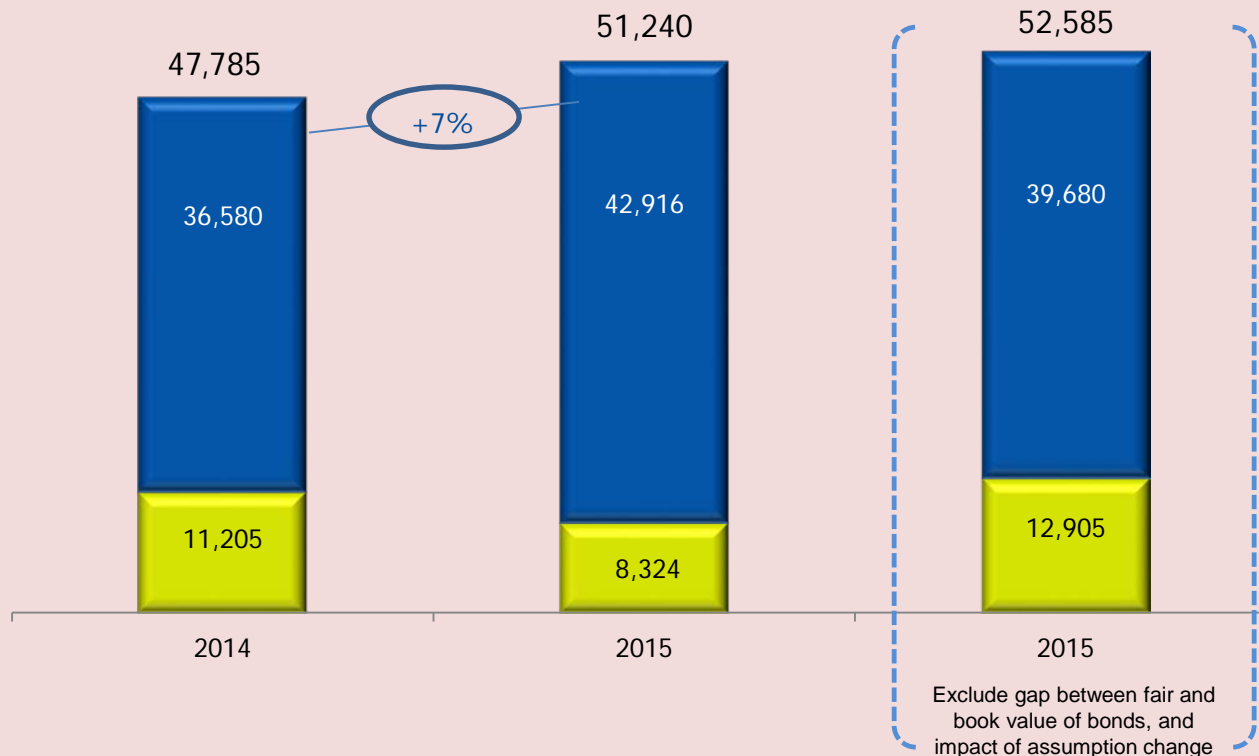
## VNB (MB)



# EV Increases Moderately from 2014

## EV (MB)

■ VIF ■ ANW



➤ **EV 2015 increase 3,455 MB from 2014 (+7%).**

Although the change of assumption (especially ROI) negatively impact VIF, the EV still grow from 2014 because of increase in ANW from the fair market value of current bond holdings as the market interest rate dropped.

If we exclude the gap between fair and book value of bond, and impact from assumption change, EV 2015 is 52,585 MB (close to that before excluding

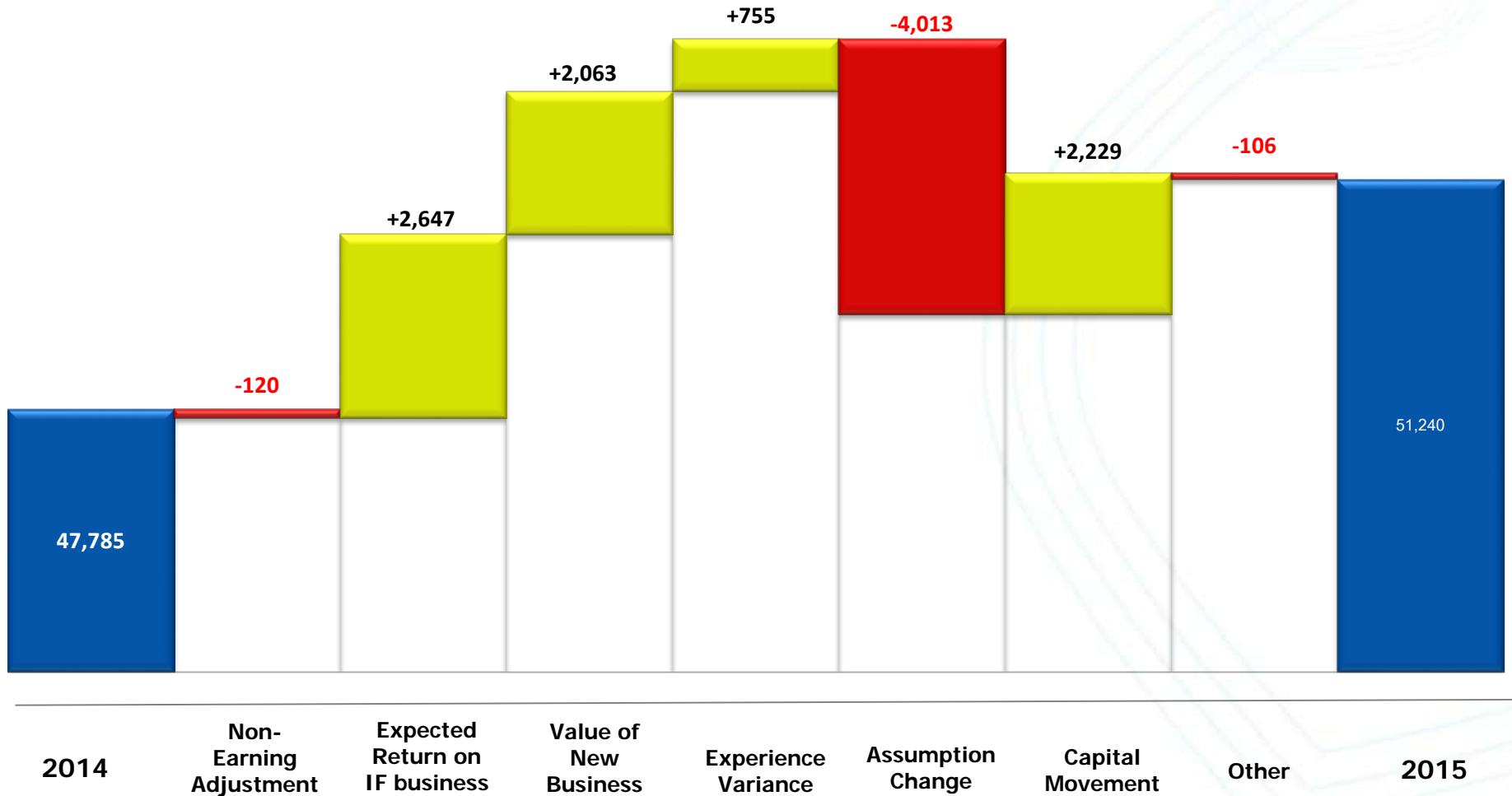
Number of share (Million)	1,698
EV per share (Baht)	28.14

Number of share (Million)	1,704
EV per share (Baht)	30.07

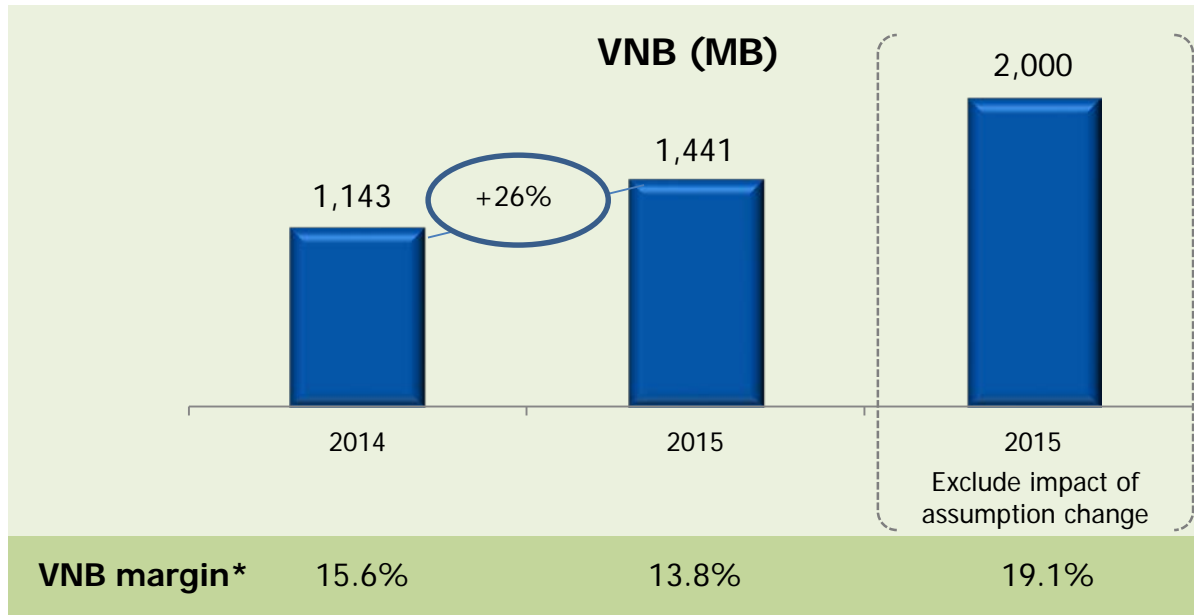
Number of share (Million)	1,704
EV per share (Baht)	30.86

# EV increases from several components, but assumption change has a large negative effect

## EV Movement (M Baht)



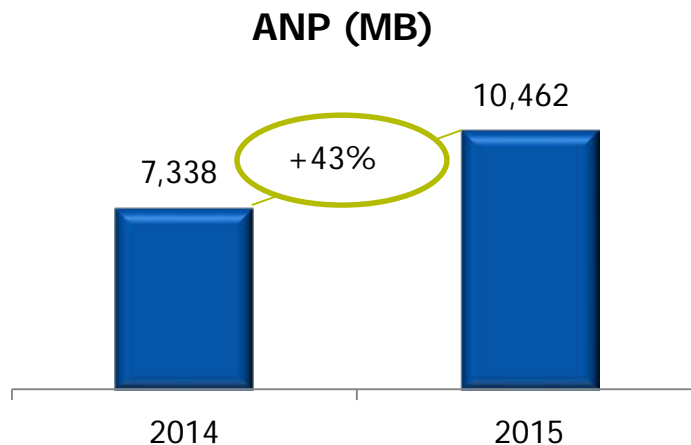
# VNB Increases Moderately from 2014



➤ **VNB 2015 increase moderately from 2014 (+26%)**

Although the change of assumption (especially ROI) negatively impact to VNB 2015, the VNB 2015 still grow from 2014 because of increase in ANP.

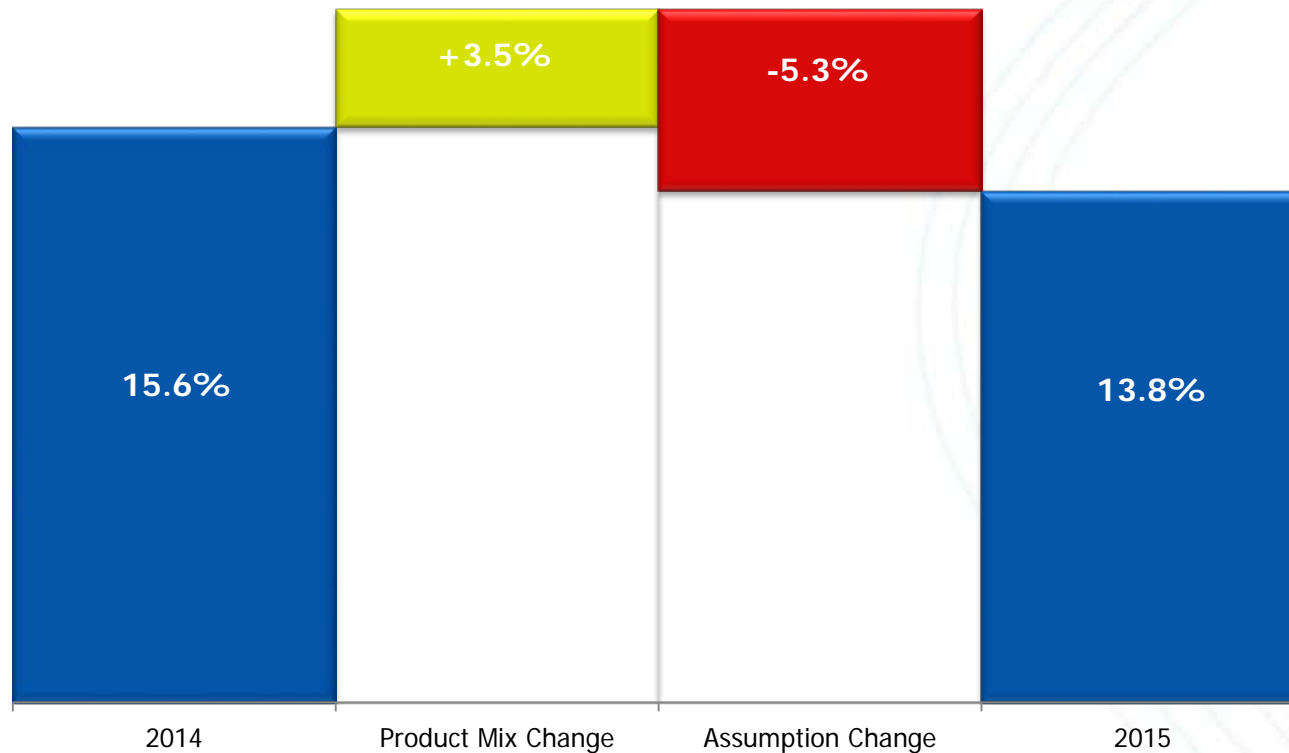
If exclude impact of assumption change in order to compare the sale performance, VNB increase significantly by 75% (2,000 MB)



\***Remark:** VNB Margin = VNB/ANP.  
Annualized New Premium (ANP) include 100% of regular premium and 10% of single premium

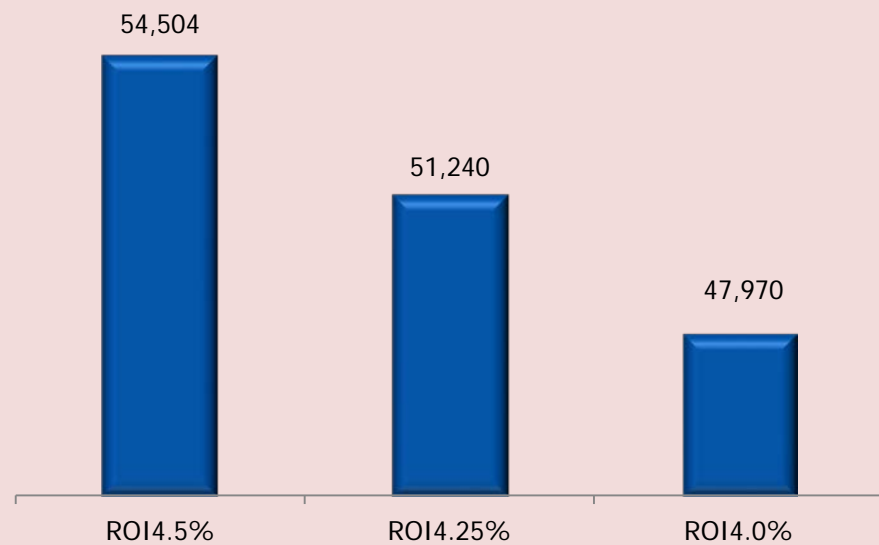
VNB margin increases resulted from change of product mix However, decrease largely from assumption change (especially ROI)

## VNB Margin Movement

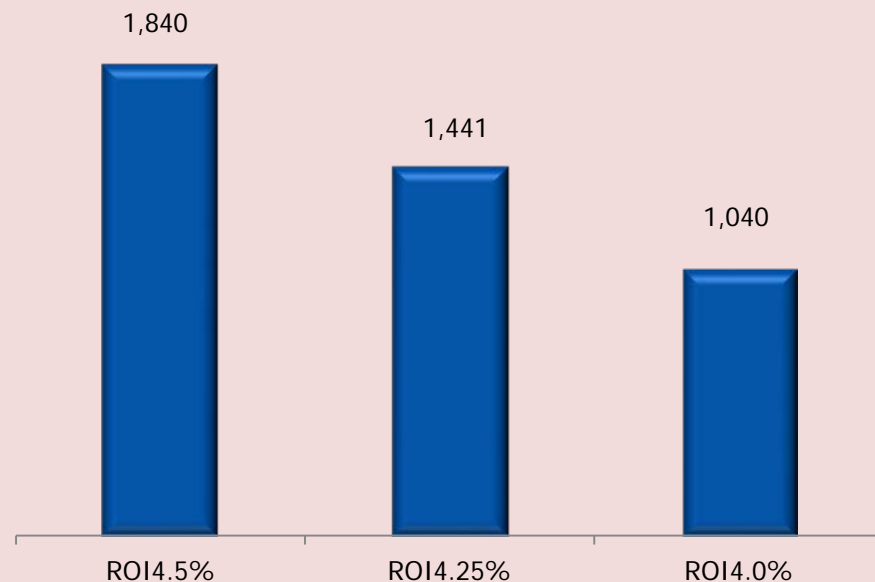


# Sensitivity of EV and VNB to changes in ROI

## 2015 EV (MB)



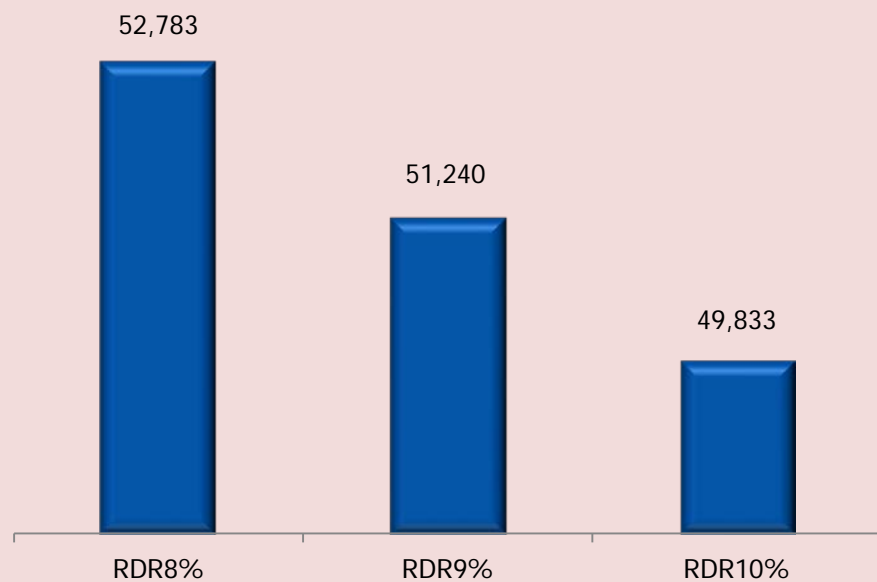
## 2015 VNB (MB)



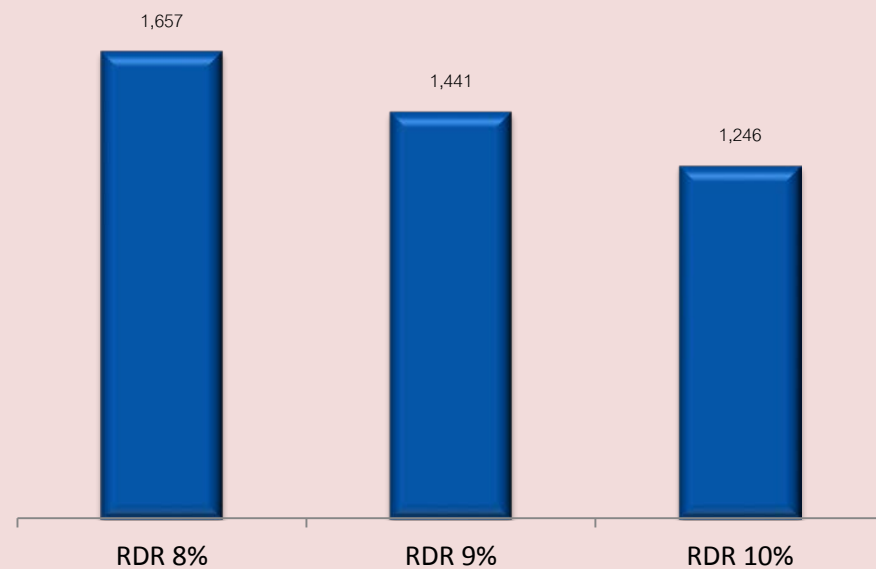


# Sensitivity of EV and VNB to changes in RDR

## 2015 EV (MB)



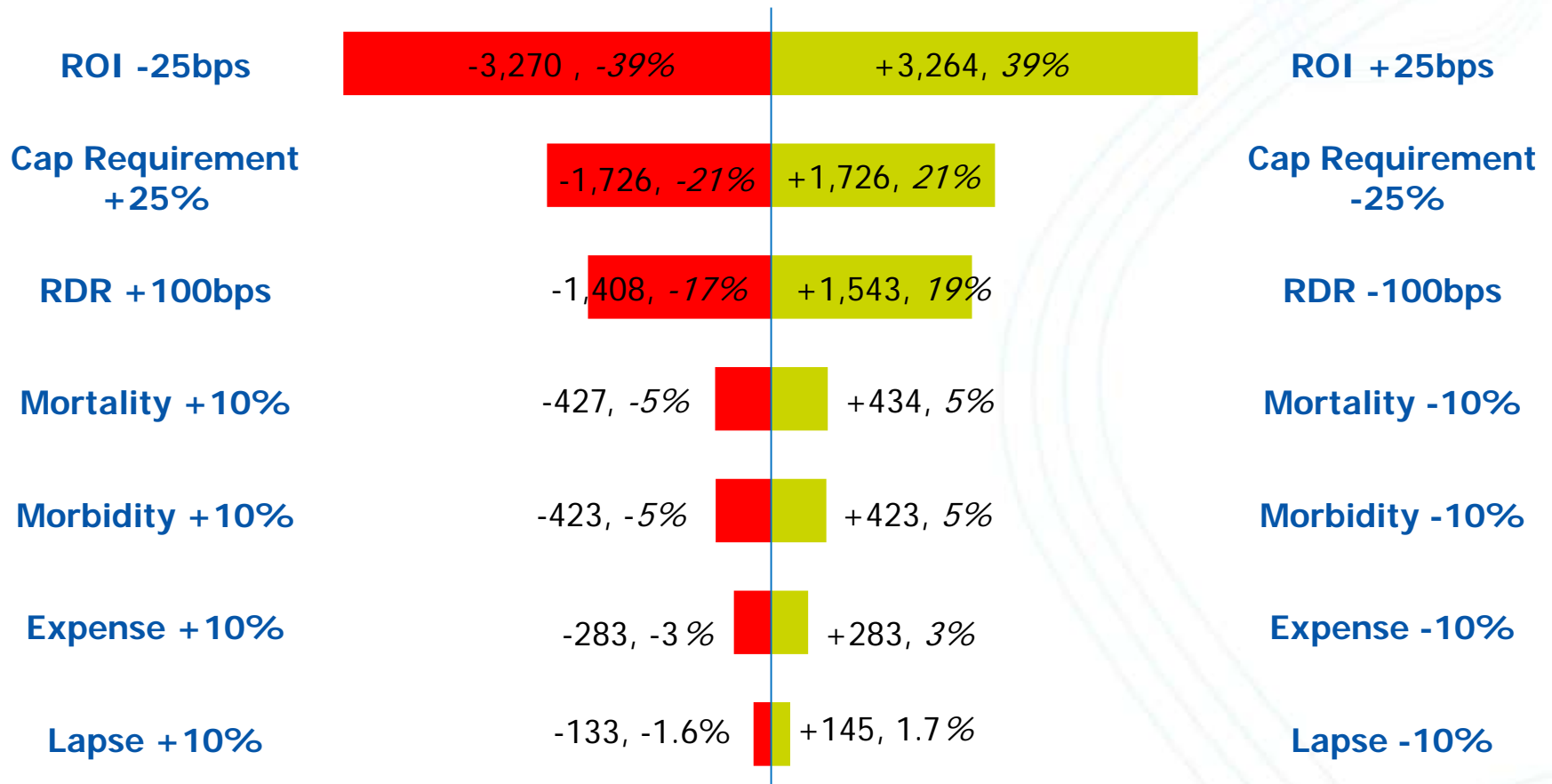
## 2015 VNB (MB)



# VIF Sensitivity

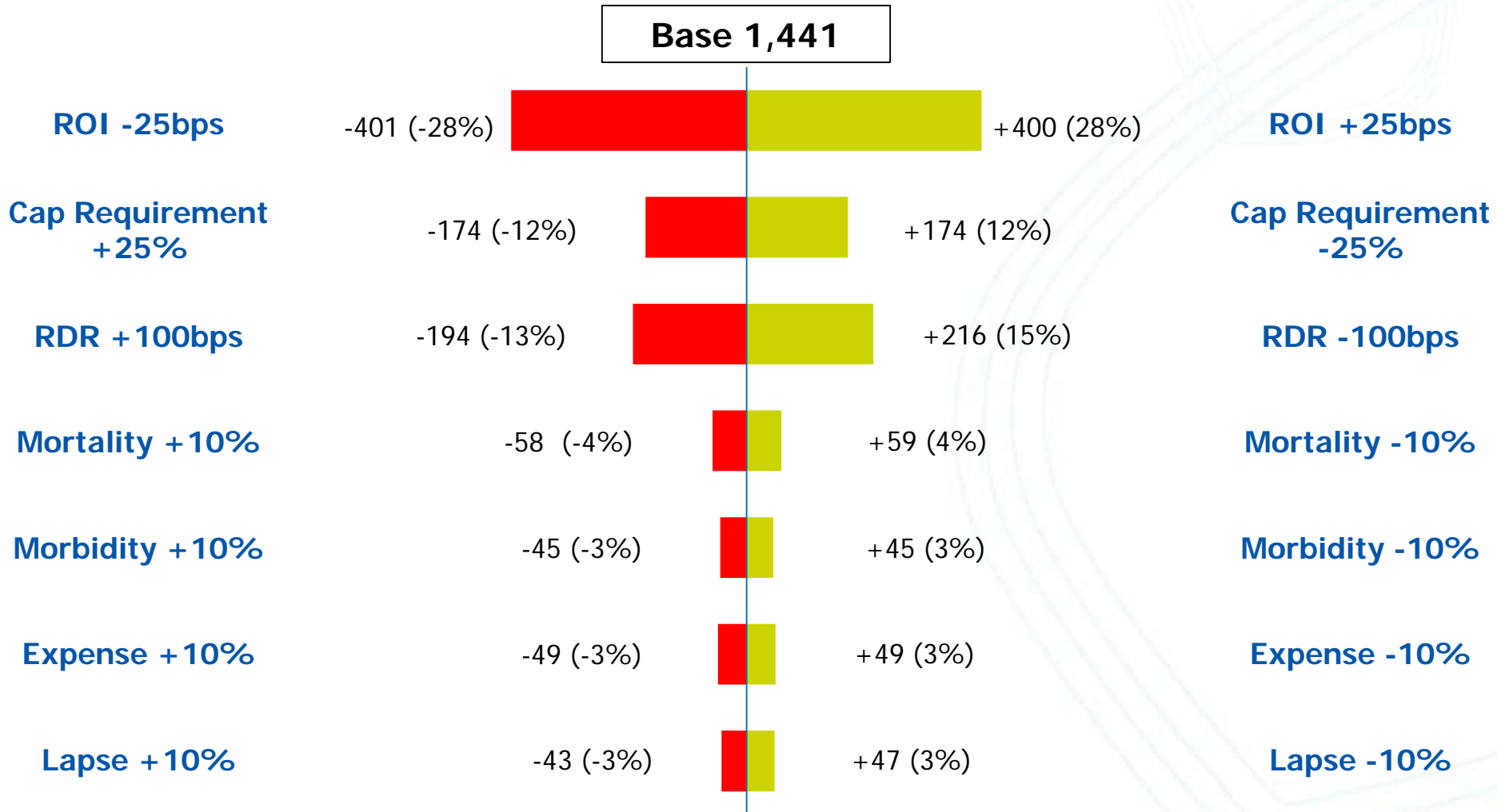
BLA's VIF is highly sensitive to change in Return on Investment (ROI)

Base 8,324



# VNB Sensitivity

BLA's VNB 2015 is highly sensitive to change in Return on Investment (ROI)





**กรุงเทพมหานคร**  
ชีวิตที่มีความสุขมากกว่า