



# Analyst Meeting Presentation 2021 Financial Results

28 Feb 2022

# Agenda

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**1 4Q21 and 2021 performance summary** (K.Chaiyapol Inthuprapha– SVP, Corporate Strategy & Planning)

**2 Key Highlights**

## **2.1 Premiums and Business & Operation**

(K.Chaiyapol Inthuprapha – SVP, Corporate Strategy & Planning)

(K.Anucha Pingkarawat –EVP, Agency Division)

(K. Laddawan Sitthiworranant –EVP, Bancassurance and Alternative Division)

**2.2 Investments** (K.Chollada Sophonpanich – EVP, Investment Division)

**2.3 P&L and Key accounting change** (K. Jaruwan Limkhunthammo – EVP, Accounting and Finance)

**2.4 EV & VNB** (K. Jakkrapong Sangkeaw– SVP, Actuary Division)

**3 Outlook** (K. Chone Sophonpanich, President and Chief Executive Officer )

**4 Q&A**

## Synopsis of 4Q21 performance

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- **4Q21 profit:** Net profit +67% YoY mainly from higher investment income while declining 77% QoQ from dividend seasonality and impairment.
- **FYP: BLA +35% YoY and +17% QoQ**
  - **Bancassurance:** FYP +74% YoY due to sales campaign
  - **Agent:** FYP +5% YoY from the launching of Unit-Linked product in Oct 21.
  - **Other:** FYP +15% YoY driven by sales in the Online channel.
- **Investment:** ROI increased from 3.44% in 4Q20 to 3.78% in 4Q21 due to realized gain and slightly higher dividend and interest income. The decline QoQ is from lower realized gain and dividend seasonality.
- **CAR ratio:** increased from 299% in the previous quarter to 301%

## Synopsis of 2021 performance

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- **2021 profit:** Net profit +99% YoY due to the increase of net premium and no extra provision for PAD reserve.
- **FYP: BLA -4% vs industry +8%. Excluding SP, BLA -8% vs. industry -6%.**
  - **Bancassurance:** FYP -14% YoY due to the impact from Covid
  - **Agent:** FYP +8% YoY. Strong performance was supported by digital tools to support sales process during lockdown, higher sales of health & Par products, and, the launch of unit-linked
  - **Other:** FYP +25% YoY, driven by group insurance and online channel
- **Investment:** ROI decreased by 17 bps from 2020 to 3.97% due to the lower investment yield and realized gain
- **CAR ratio:** increased from 274% in 2020 to 301% in year end 2021
- **EV:** increased 1%YoY to Bt68,152 m. as a result of value of new business
- **VNB:** Significantly increased to Bt2,250 m. (from Bt 1,151 m. in 2020) due to increased in product margin and yield improvement

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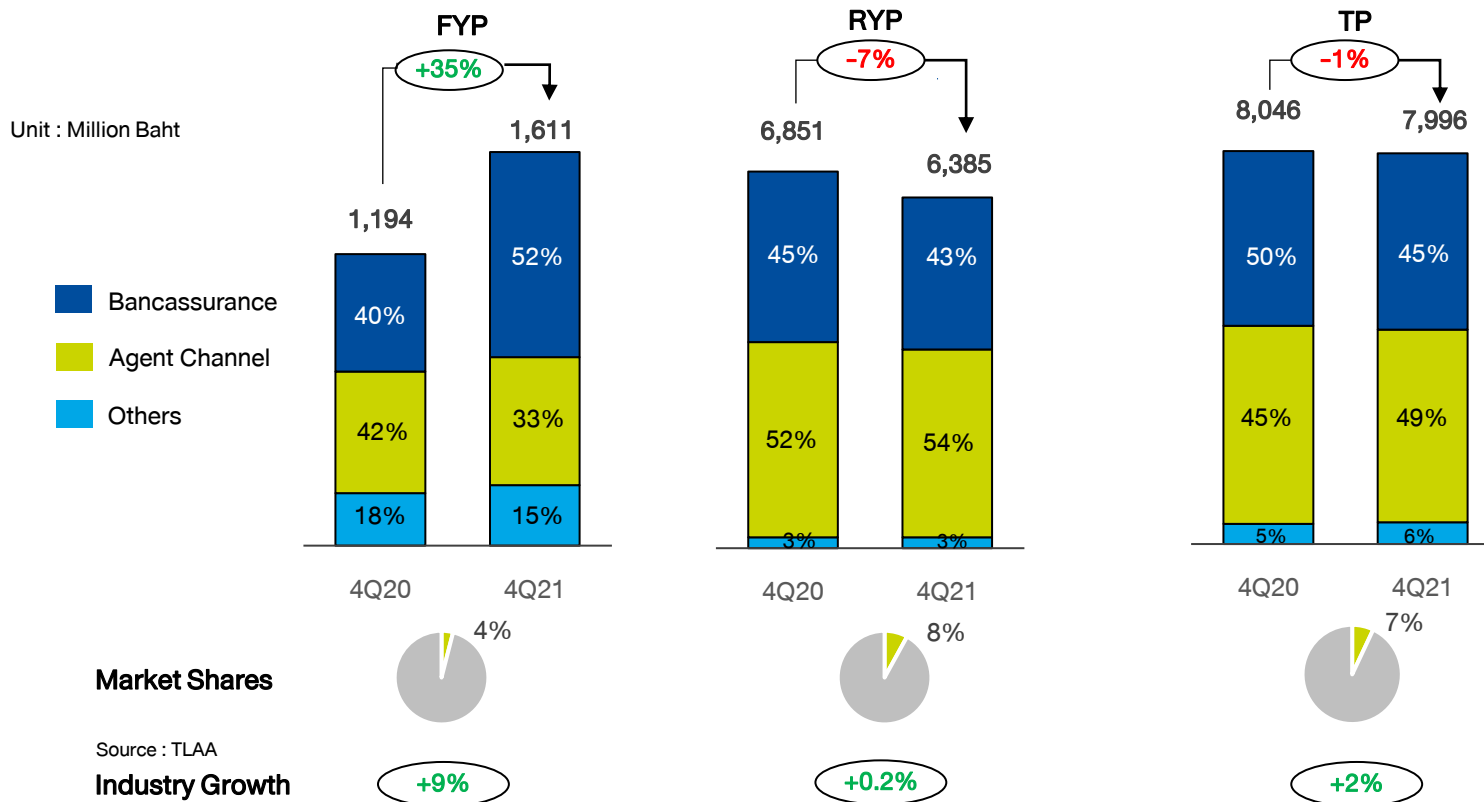
2.4 EV & VNB

3 Outlook

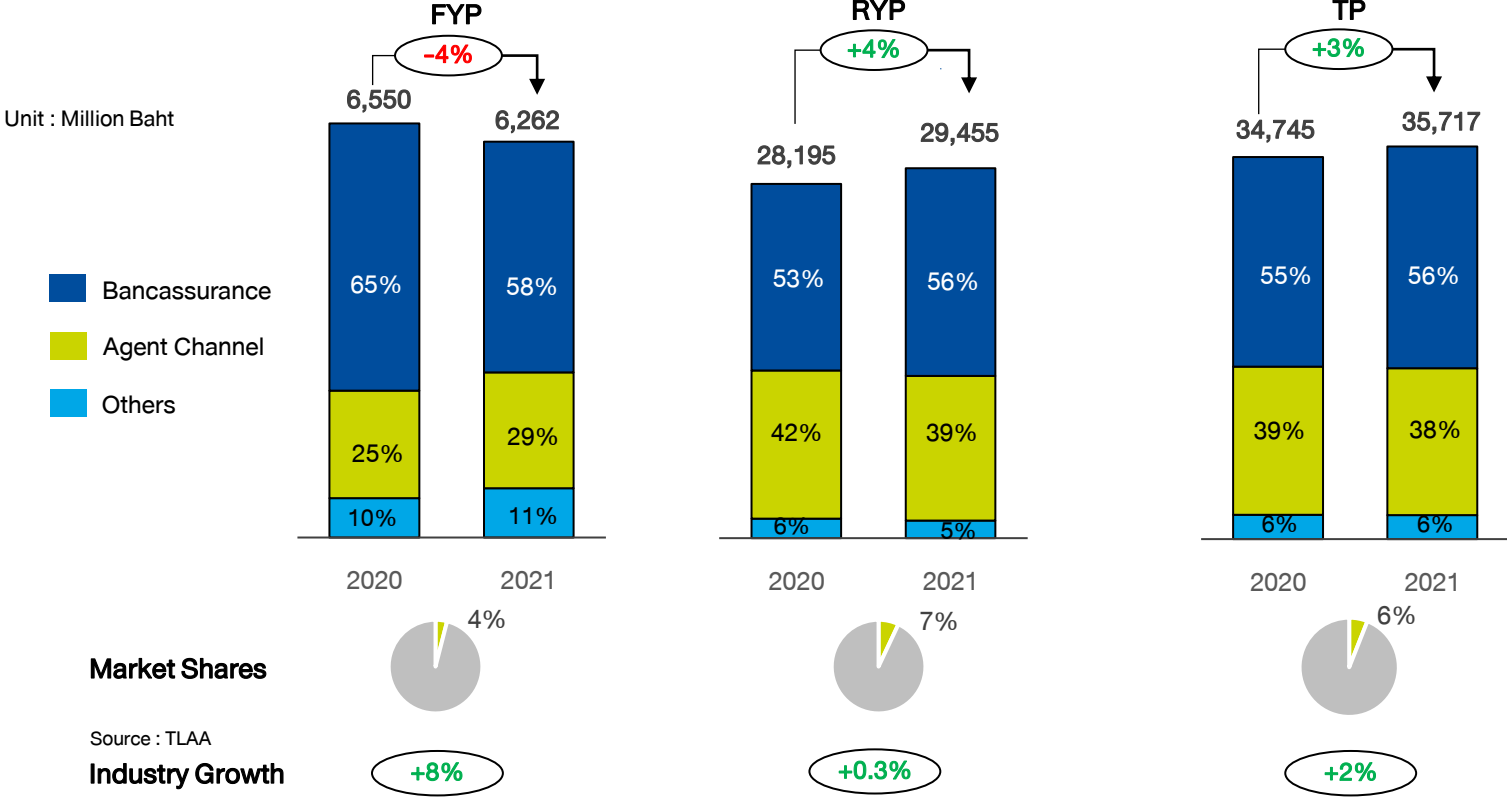
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# 4Q21: FYP +35% due to Sales Campaign during 4Q21

RYP -7%YoY from fully-paid as expected

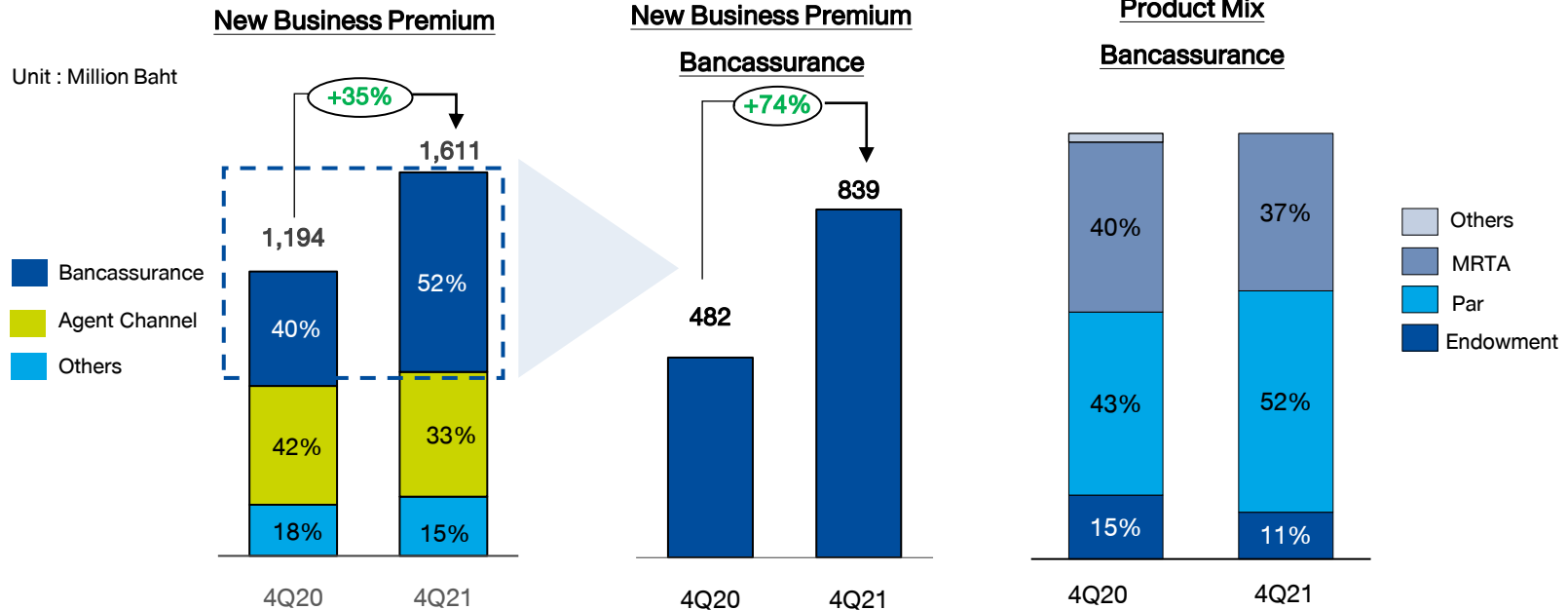


# 2021: FYP -4% due to customers demand from branches falling



Source : TLAA  
**Industry Growth**

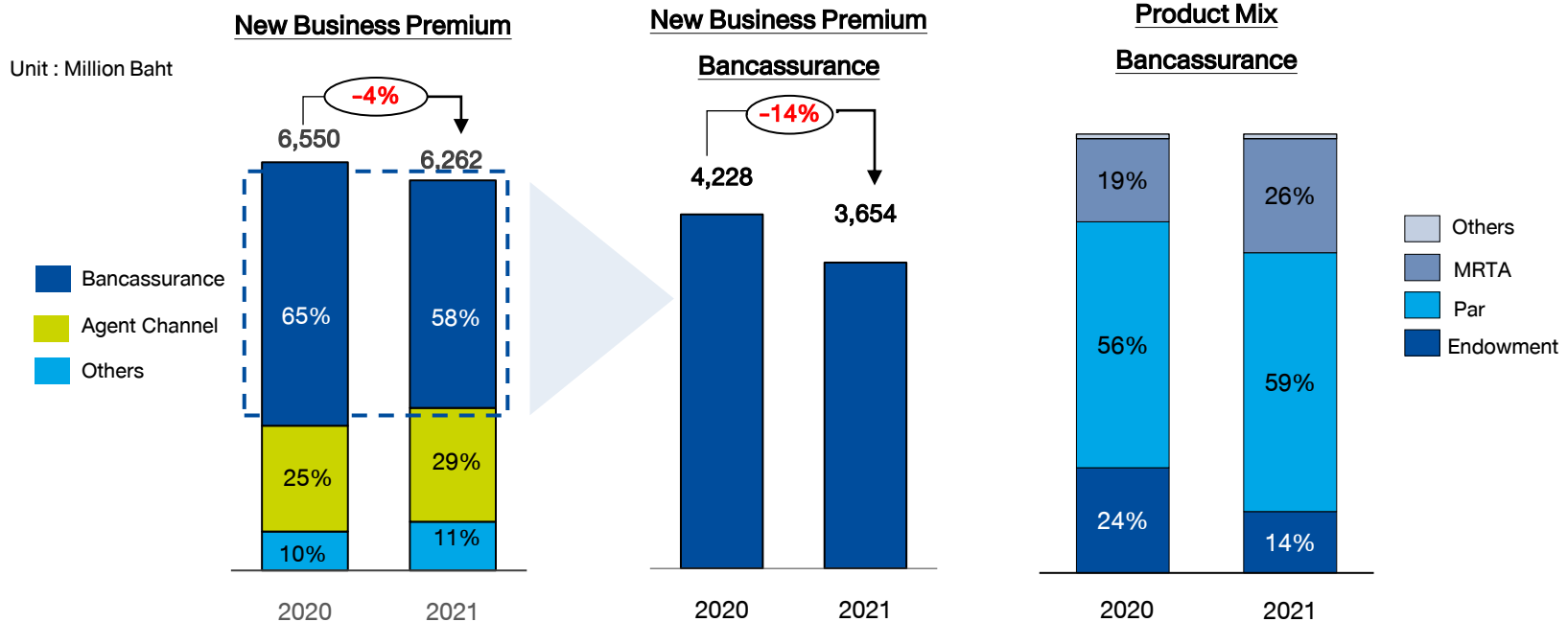
# Banc: 4Q21 FYP +74% YoY due to the product campaign



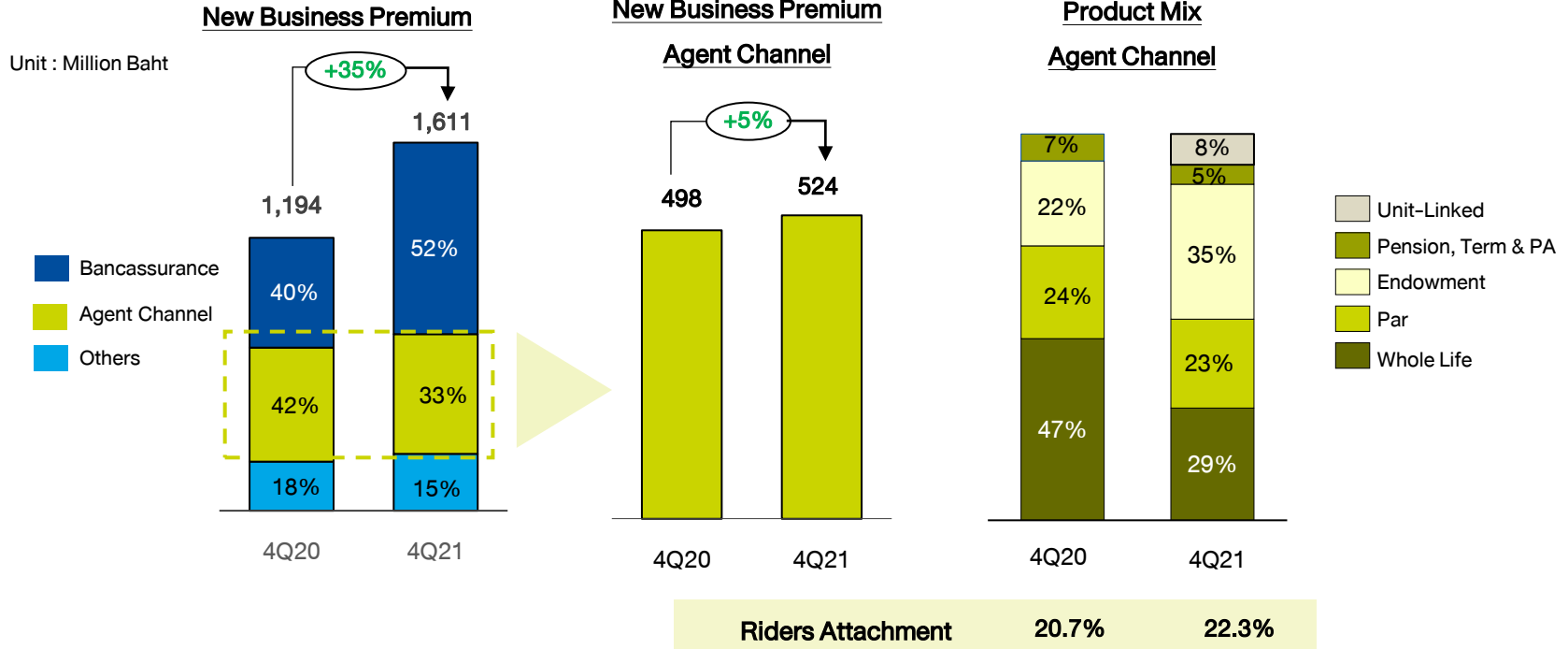


# Banc: 2021 FYP -14% YoY due to less frequent visit to branch during pandemic

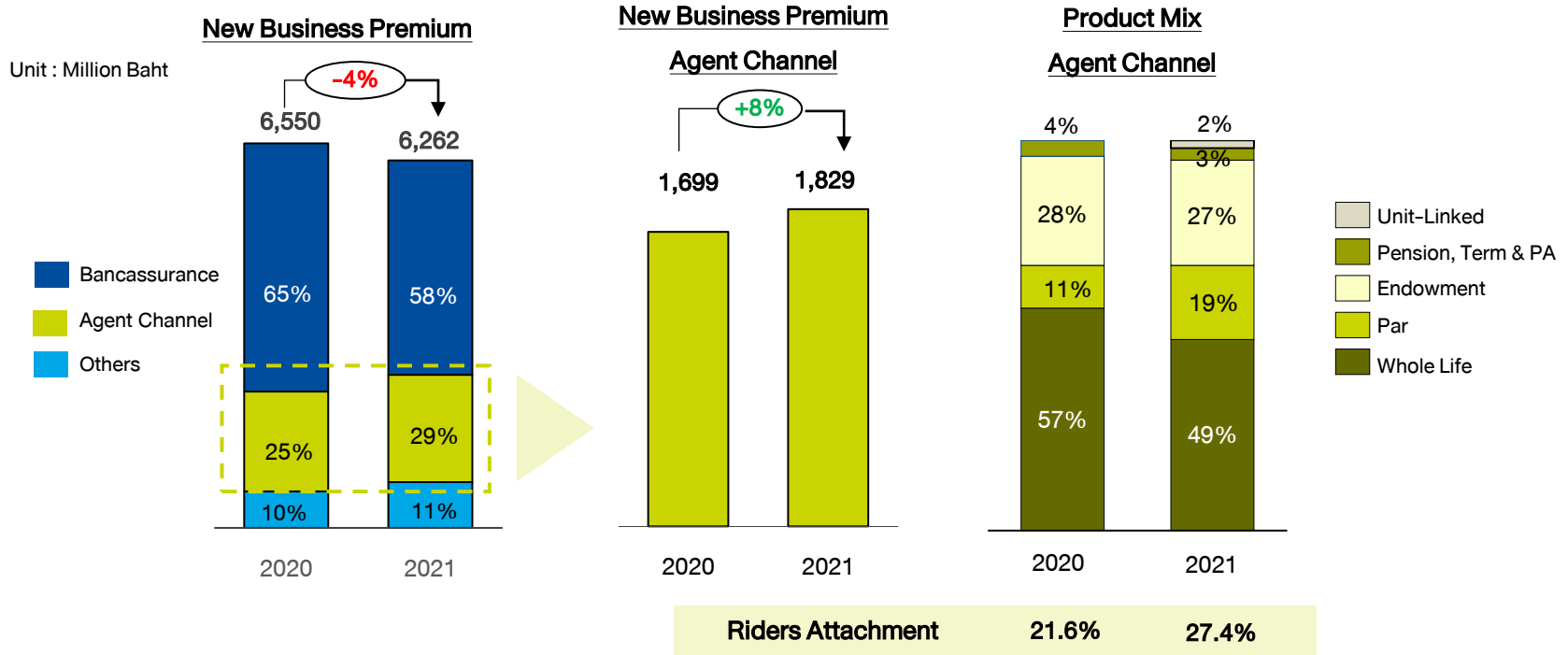
## Guarantee endowment products reduced to only 14% of FYP



# Agent: 4Q21 FYP +5%YoY, Unit-Linked was launched in Oct 21 and received good feedbacks



# Agent: 2021 FYP +8%YoY due to sales strategy to focus on Health and non-guarantee product which better match customers' needs



# 2021 Alternative channel : FYP +25%YoY led by Group and Online channels

## Strong performance for Group FYP (+26%YoY)



## FYP from Direct Marketing was slightly lower



## Online FYP increased by 89%YoY

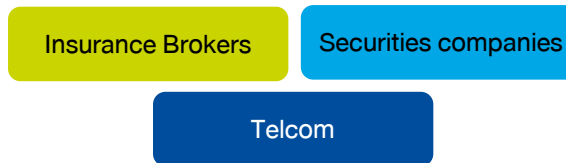
and saw higher sales across all 4 quarters



## FYP Partnership +66% YoY

Driven by both higher sales from existing partners and

the introduction of new partners



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## 2021 saw allocation tilt towards slightly riskier assets

Fixed income saw increased exposure to debenture. Allocation to equity increased from both increased allocation and price increase

Asset Class	2020	2021	Remark
Short-term Investment	2.4%	2.3%	
Bond	49.4%	48.0%	Bond allocation dropped mainly from mark to market.
Debenture & Notes	31.6%	32.0%	Taking credit risk to increase yield.
<b>Total Fixed Income</b>	<b>83.4%</b>	<b>82.3%</b>	
Equity	8.4%	9.2%	Increased from both increased allocation and price increase
REIT	4.8%	5.0%	
Loan	3.4%	3.5%	
- Policy loan	2.9%	2.8%	
- Secured loan	0.5%	0.7%	Higher demand for loan from customer due to economic recovery.
<b>Total Investment Assets (MB)</b>	<b>330,210</b>	<b>338,714</b>	

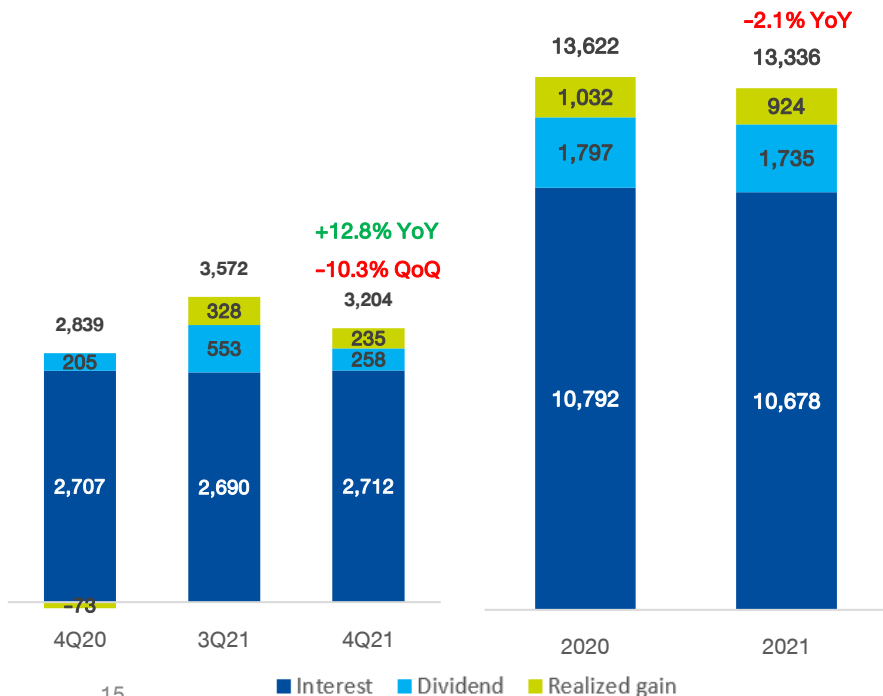
Foreign currencies account for 8.5% (+0.6% YoY) of investment assets as of Dec 2021

Fixed income 4.7% (-0.2% YoY) Equity 2.6% (+0.6% YoY) REIT 1.2% (+0.2% YoY)

# FY2021 investment income -2.1% YoY, mainly from lower realized gain

Investment yield decline from lower carrying yield

Investment income (THB mn)



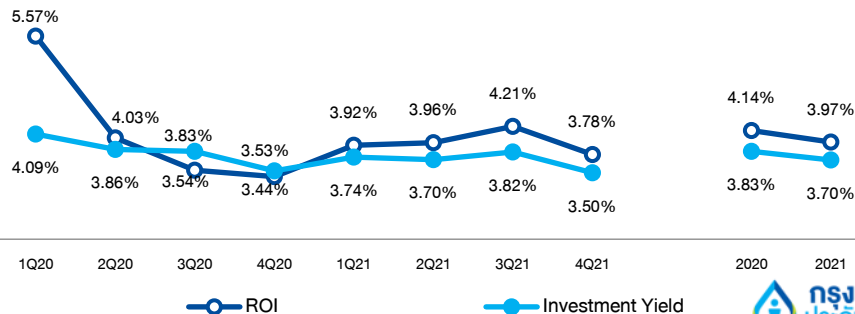
## INVESTMENT INCOME: 2021 -2.1% YoY, 4Q21 +12.8% YoY

- The FY2021 YoY decrease came from all components
  - Interest income -1.0% YoY due to lower portfolio's carrying yield
  - Dividend saw a slight decline -0.3% YoY
  - Realized gain -10.5% YoY in the absence of significant realized gain from fixed income witnessed in 2020.
- 4Q21 +12.8% YoY -10.3% QoQ
  - YoY improvement was from realized gain which turned from negative to positive. The rest came from interest income and dividend which slightly increase by 2.0% YoY
  - The decline QoQ is due to dividend seasonality and lower realized gain

## INVESTMENT YIELD (exc. Realized gain/loss)

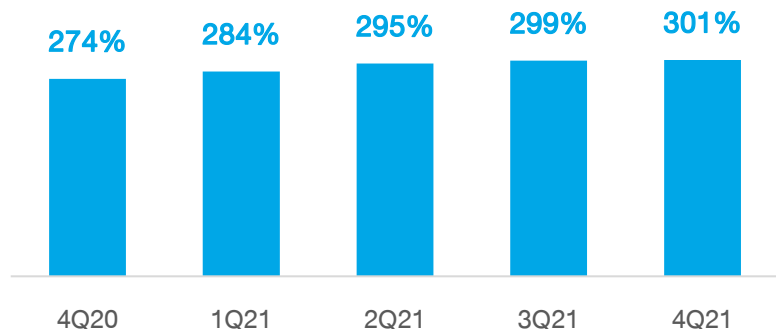
### FY2021: -13 bps yoy to 3.70%, 4Q21: -32 bps QoQ to 3.50%

- YoY decline from lower interest income and dividend income as mentioned
- The QoQ decline is mainly from dividend seasonality



# CAR increased to 301% in 2021 (+26% YoY)

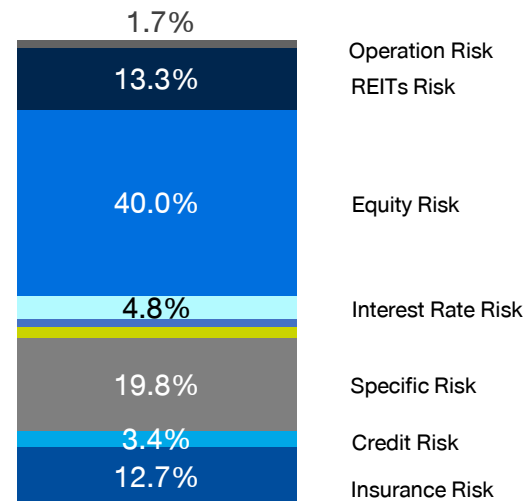
The key reason is from the company's profitability



Company	CAR (RBC2)
AIA	416%
TLI	343%
MTL	316%
FWD	331%
AZAY	282%
KTAL	245%

## Total Capital Required (TCR)

### Risk charged by type to TCR





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# Statement of financial positions

	31 Dec 21		31 Dec 20		Inc / Dec	
	MB	%	MB	%	MB	%
<b>Assets</b>						
Cash and cash equivalents	7,637	2%	8,072	2%	(435)	-5%
Investment assets	331,083	95%	322,141	95%	8,942	3%
Other assets	8,423	2%	9,565	3%	(1,142)	-12%
<b>Total assets</b>	<b>347,143</b>	<b>100%</b>	<b>339,778</b>	<b>100%</b>	<b>7,365</b>	<b>2%</b>
<b>Liabilities and owners' equity</b>						
<b>Liabilities</b>						
Insurance contract liabilities	295,480	85%	291,329	86%	4,151	1%
Other liabilities	3,697	1%	2,351	1%	1,345	57%
<b>Total liabilities</b>	<b>299,177</b>	<b>86%</b>	<b>293,680</b>	<b>86%</b>	<b>5,497</b>	<b>2%</b>
<b>Owners' equity</b>	<b>47,966</b>	<b>14%</b>	<b>46,098</b>	<b>14%</b>	<b>1,868</b>	<b>4%</b>
<b>Total liabilities and owners' equity</b>	<b>347,143</b>	<b>100%</b>	<b>339,778</b>	<b>100%</b>	<b>7,365</b>	<b>2%</b>
<b>Owners' equity</b>						
Share capital	1,708	0%	1,708	1%	-	0%
Premium on share capital	3,361	1%	3,361	1%	-	0%
Retained earnings	34,522	10%	31,729	9%	2,793	9%
Other component of equity	8,375	2%	9,301	3%	(926)	-10%
Non-controlling interests of the subsidiaries	0.26	0%	0.23	0%	0.03	15%
<b>Total owners' equity</b>	<b>47,966</b>	<b>14%</b>	<b>46,098</b>	<b>14%</b>	<b>1,868</b>	<b>4%</b>

## **ASSETS increase 7,365 MB**

Total assets increase in 2021 due to increasing in investment asset.

## **Liabilities increase 5,497 MB**

Ins liabilities increase by 4,151 MB due to increasing in life policy reserves.  
Inv assets to Ins Liabilities is 112% (2020: 111%)

## **Owners' equity Increase 1,868 MB**

- RE + 2,793 MB from profit for the year 2021.
- Other component of equity -926 MB from decreasing on FV from AFS/CF hedge.

# 4Q-2021 Financial Summary

Million Baht	4Q21	% of TNP	4Q20	% of TNP	%YoY	2021	% of TNP	2020	% of TNP	%YoY
First year premium	1,611	21%	1,194	15%	35%	6,262	18%	6,550	20%	-4%
Renewal premium	6,385	85%	6,851	88%	-7%	29,455	87%	28,195	84%	4%
REIN&UPR	(449)	-6%	(280)	-4%	-60%	(1,725)	-5%	(1,348)	-4%	-28%
<b>Total Net Premium (TNP)</b>	<b>7,546</b>	<b>100%</b>	<b>7,766</b>	<b>100%</b>	<b>-3%</b>	<b>33,992</b>	<b>100%</b>	<b>33,396</b>	<b>100%</b>	<b>2%</b>
Investment income	3,062	41%	2,535	33%	21%	13,385	39%	13,381	40%	0%
Other income	254	3%	106	1%	138%	791	2%	560	2%	41%
<b>Total Income</b>	<b>10,862</b>	<b>144%</b>	<b>10,407</b>	<b>134%</b>	<b>4%</b>	<b>48,169</b>	<b>142%</b>	<b>47,337</b>	<b>142%</b>	<b>2%</b>
Life policy reserve	(2,495)	-33%	(5,711)	-74%	56%	5,364	16%	4,919	15%	9%
Benefit payments	11,326	150%	14,647	189%	-23%	33,653	99%	35,461	106%	-5%
Commission and Brokerage	707	9%	638	8%	11%	2,718	8%	2,765	8%	-2%
Other underwriting expense	141	2%	132	2%	7%	551	2%	558	2%	-1%
<b>Total Underwriting Expense</b>	<b>9,679</b>	<b>128%</b>	<b>9,706</b>	<b>125%</b>	<b>0%</b>	<b>42,286</b>	<b>124%</b>	<b>43,703</b>	<b>131%</b>	<b>-3%</b>
Operating Expense	469	6%	379	5%	24%	1,647	5%	1,534	5%	7%
Expected Credit Loss	385	5%	128	2%	202%	472	1%	339	1%	39%
<b>Total Expense</b>	<b>10,533</b>	<b>140%</b>	<b>10,213</b>	<b>132%</b>	<b>3%</b>	<b>44,405</b>	<b>131%</b>	<b>45,576</b>	<b>136%</b>	<b>-3%</b>
<b>Earning before tax</b>	<b>329</b>	<b>4%</b>	<b>194</b>	<b>2%</b>	<b>69%</b>	<b>3,764</b>	<b>11%</b>	<b>1,762</b>	<b>5%</b>	<b>114%</b>
Income Tax	(54)	-1%	(30)	0%	-80%	(568)	-2%	(153)	0%	-271%
Loss for the periods from discontinued	-	0%	(0.06)	0%	100%	-	0%	(0.3)	0%	100%
<b>Net income</b>	<b>274</b>	<b>4%</b>	<b>164</b>	<b>2%</b>	<b>67%</b>	<b>3,196</b>	<b>9%</b>	<b>1,608</b>	<b>5%</b>	<b>99%</b>
<b>EPS</b>	<b>0.16</b>		<b>0.10</b>			<b>1.87</b>		<b>0.94</b>		

## 4Q21

**TNP -3%** mainly from RYP -7%.

**Investment income +21%** from gain on selling securities in Q4'21.

**Underwriting exp** not significant change.

**Opex** increase from salary and CRM cost

**ECL** increase 202% from EQ impairment

**Net profit +67%** due to increasing in investment income

## 2021

**TNP +2%** mainly from RYP +4%.

**Investment income** not significant change.

**Underwriting exp -3%** while TNP +2% due to last year PAD

We always focus on Opex management.

**Net profit +99%** due to increase in TP and decrease in underwriting expenses.

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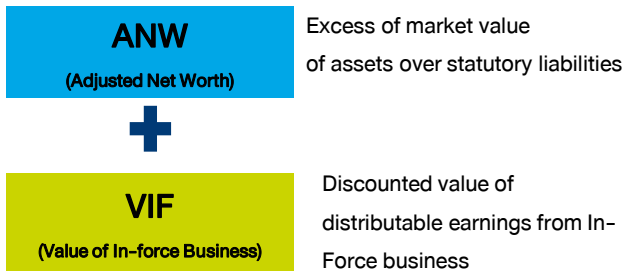
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# EV Valuation Methodology & Assumptions

## 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



## Assumptions

### Economic Assumption

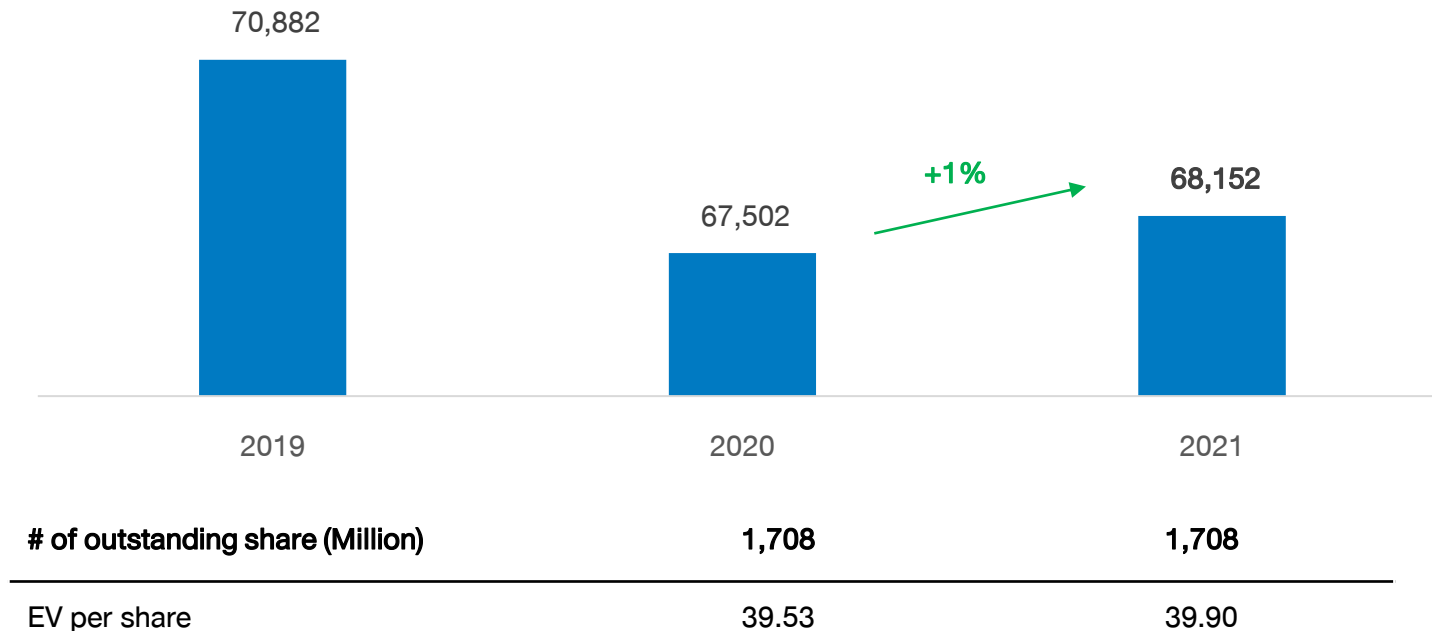
- Risk Discount Rate 8.3% (2020: 8.3%)
- **Investment Return 3.25% (2020: 3.0%)**
- Capital Adequacy Ratio 140% (2020 : 140%)
- Tax Rate 20% (2020 : 20%)
- Tax on Investment Return 19% (2020 : 19%)

### Non-Economic Assumption

- 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.

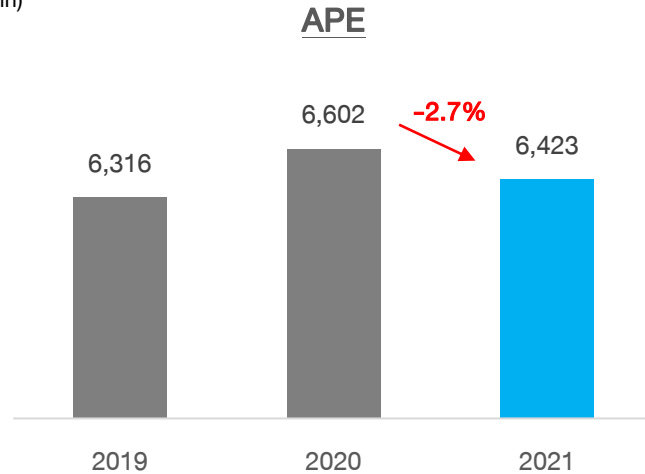
# EV increased by 1% or 650 MB in 2021

- EV increased 1% or 650 MB from 2020 resulting in increase of Value of New Business



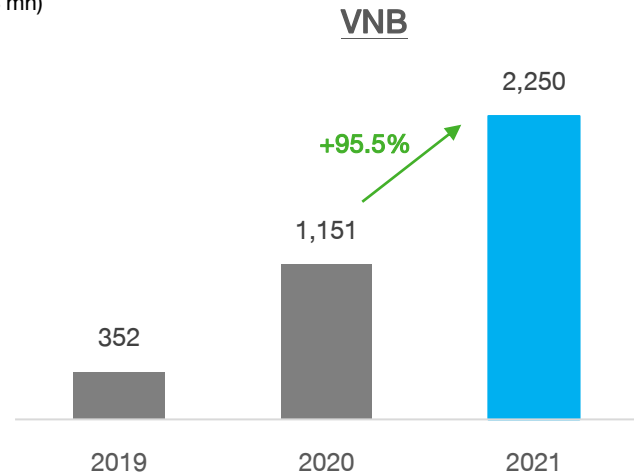
# Annualized first year premium slightly decreased in 2021, where as VNB significantly improve

(THB mn)



- APE slightly decreased from 2020.

(THB mn)



- VNB greatly increases by 95.5% from 2020 due to product management and increase in ROI.

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3 **Outlook** (K. Chone Sophonpanich, President and Chief Executive Officer )

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# Highlights in 2021 and the focus in 2022

## Highlights in 2021

1	More balanced on VNB by distribution channel
2	Increased Rider attachment
3	Shift from guarantee endowment to Participation product
4	Added to THSI

## Focus in 2022

1	Grow FYP in low teens range
2	Focus on products with healthy profitability (Health, CI, PAR, and Unit-Linked)
3	Provide and promote comprehensive health services for all health condition
4	Digital transformation



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