



**“Management Discussion and Analysis
for 2nd quarter 2021”**

**STEP
TOWARDS
THE BETTER
FUTURE**

Executive Summary

Consolidated Baht, million

OPERATING RESULTS	Quarter 2/21	Quarter 2/20	Change YoY%	Quarter 1/21	Change QoQ%	6M/21	6M/20	Change YoY%
Revenues								
Net premiums written ⁽¹⁾	7,770	6,677	16.4	9,153	-15.1	16,923	15,887	6.5
First Year Premium	1,930	1,073	80.0	1,341	43.9	3,272	2,350	39.2
Bancassurance	1,235	534	131.4	717	72.3	1,952	1,150	69.8
Agent Channel	512	422	21.3	389	31.6	901	841	7.1
Other Channel	183	117	56.9	236	-22.2	419	359	16.7
Renewal Premium	6,082	5,766	5.5	8,648	-29.7	14,731	14,546	1.3
Total Investment Income ⁽²⁾	3,325	3,328	-0.1	3,235	2.8	6,560	7,841	-16.3
Total Revenues	11,170	9,716	15.0	12,726	-12.2	23,896	24,106	-0.9
Expenses								
Underwriting expenses	9,864	8,446	16.8	11,186	-11.8	21,050	22,221	-5.3
Operating expenses	391	387	1.1	363	7.7	754	750	0.6
Expected Credit Loss	45	190	-76.5	(2)	2,383.8	43	220	-80.6
Total Expenses	10,299	9,023	14.1	11,547	-10.8	21,846	23,191	-5.8
Earning before tax	871	694	25.5	1,179	-26.1	2,049	914	124.1
Net profit	751	631	19.1	990	-24.1	1,741	861	102.2
Net profit (Excluded LAT Reserve)	751	631	19.1	990	-24.1	1,741	861	102.2
Earnings per share (EPS)	0.44	0.37	18.8	0.58	-24.1	1.02	0.50	102.3
Return on investment (ROI)	3.96%	4.03%	-0.1%	3.92%	0.04%	3.94%	4.79%	-0.9%
Capital Adequacy Ratio (CAR)	295%	275%	20%	284%	11%	295%	275%	20%

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

⁽²⁾ Total investment income = Interest income + Dividend + Profit (Loss) from Investment

- In the second quarter of 2021, Bangkok Life Assurance PCL. reported a net profit of 751 million Baht, representing an earning per share of 0.44 Baht, increasing 19% from the second quarter of 2020. In the six-month period of 2021, the net profit was 1,741 million Baht, representing an earnings per share of 1.02 Baht, an increase of 102% YoY. The main reason was due to an increase in Provision for Adverse Deviation (PAD) in the first quarter of 2020. As a result, life insurance reserve expense increased.
- In the second quarter of 2021, the Company recorded a total revenue of 11,170 million Baht, an increase of 15% YoY. First year premium (FYP) was 1,930 million Baht, an increase of 80% YoY. The increase came from all channels including Bancassurance, Agency and other channel. Meanwhile, industry FYP grew by 15% YoY. Excluding single premium, BLA saw FYP increasing 94% YoY while the industry's FYP showed a decline of 3%. Renewal Year Premium increased 5% YoY while the industry's showed an increase of 0.6%
- The FYP by distribution channel in 2Q21 were as followed: bancassurance, agent and other channels accounted for 64%, 27% and 9%, respectively.
- The total investment income in the second quarter of 2021 was 3,325 million Baht, a decrease of 0.1% from the same period last year. The return on investment (ROI) was 3.96%.
- Total expense in the second quarter of 2021 amounted to 10,299 million Baht, an increase of 14% from the same period last year but declined by 11% from the previous quarter. The key reason was from benefit payments and life policy reserves.
- The Capital Adequacy Ratio (CAR) in the second quarter of 2021 year was at 295%.

Performance Overview

Total Premium

In the second quarter of 2021, the Company's total premium amounted to 8,013 million Baht, an increase of 17% from the same period last year. Contribution of the total premium by distribution channel were: 58%, 37% and 5%, respectively for bancassurance, agent and other channels.

In the first-half of 2021, the Company's total premium amounted to 18,002 million Baht, an increase of 7% YoY. Contribution of the total premium by distribution channel were: 59%, 34% and 8%, respectively for bancassurance.

First Year Premium

In the second quarter of 2021, the Company's FYP was 1,930 million Baht, an increase of 80% from the same period last year. Bancassurance channel saw FYP increasing 131% YoY. The increase came from the new product launch and revamp of existing products which are well received by the customers. Agency channel saw FYP increased by 21% driven also by product revamp and effective use of sales promotion. For other channel, FYP increased by 57% driven by growth in online channel.

In the first-half of 2021, the Company's FYP was 3,272 million Baht, an increase of 39% YoY as a result of increase in bancassurance channels by 70%, Agent channels by 7% and other channels by 17%. The contribution by distribution channel was 60%, 28% and 13% respectively for bancassurance, agent and other channels.

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

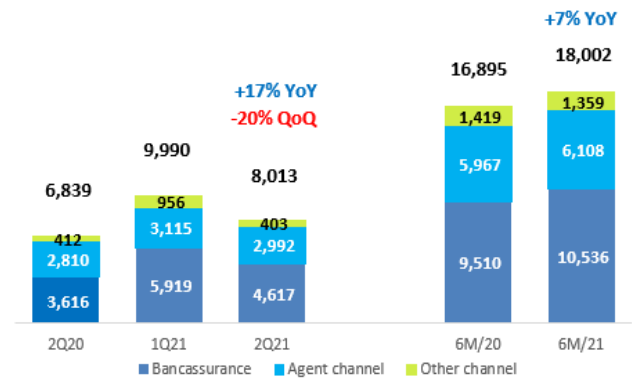
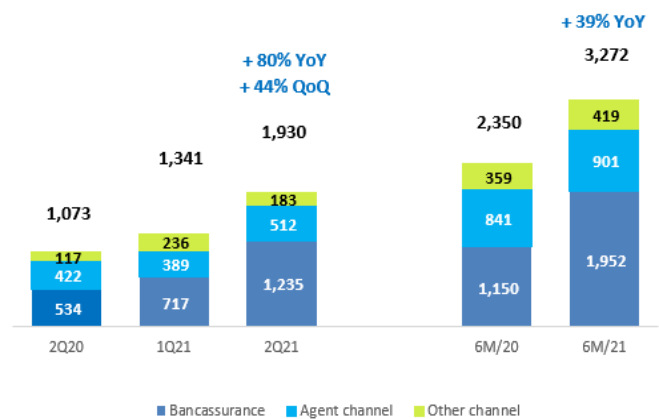


Figure 2: First Year Premium by channels (Baht: million)

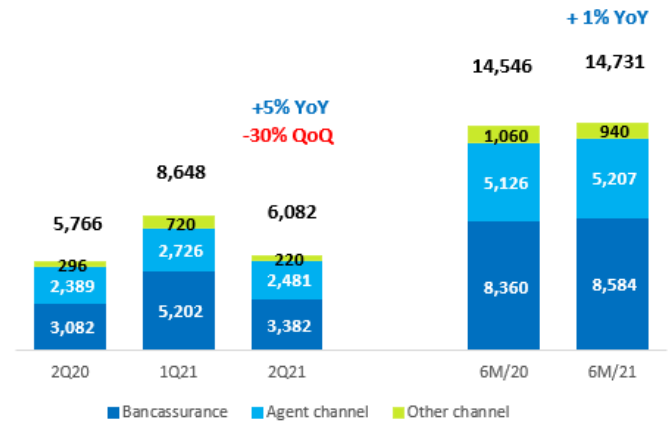


Renewal Year Premium

In the second quarter of 2021, the Company had a renewal year premium of 6,082 million Baht, an increase of 5% from the same period last year. In the first-half of 2021, the Company’s RYP was 14,731 million Bath, an increase of 1% YoY.

The Company continues to expect Renewal Year Premium for 2021 to be positive. As of current, Renewal Year Premium has not been negatively impacted by the spread of COVID-19.

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



Investment Asset and Investment Return

In the second quarter of 2021, the Company's total investment asset was 339,712 million Baht, an increase of 6,371 million Baht from the first quarter of 2021. The Company's investment proportion in fixed income was at 83%, equity at 9% and REIT at 5%.

In the second quarter of 2021, the Company's investment income ⁽³⁾ was 3,325 million Baht, a slight decrease of 0.1% from the same period last year with the increase from higher realized gain netting out against 2.3% YoY drop from interest and dividend income.

In the first-half of 2021, the Company's investment income was 6,560 million Baht, a decline of 16% YoY. Excluding realized gain, interest and dividend income dropped 5% YoY.

In the second quarter of 2021, the return on investment (ROI) equals to 3.96%, declining from 4.03% in the previous year, but increasing from 3.92% in the previous quarter. Investment yield (including interest and dividend income) was at 3.70%, declining 16 bps YoY, and declining 4 bps QoQ.

Table 1: Investment Assets as of 30 June 2021

Investment assets	2Q21	1Q21	Change
Short-term investment	3.8%	4.3%	-0.5%
Bond	48.5%	48.6%	-0.1%
Debenture & Note	31.0%	30.0%	1.0%
Total Fixed income	83.3%	82.9%	0.4%
Equity	8.6%	9.2%	-0.6%
REIT	5.0%	4.9%	0.1%
Loan	3.1%	3.0%	0.1%
- Policy Loans	2.5%	2.5%	0.0%
- Secured Loans	0.6%	0.5%	0.1%
Total Investment assets (MB)	339,712	333,341	1.9%

Figure 4: Investment Income (Baht, Million)

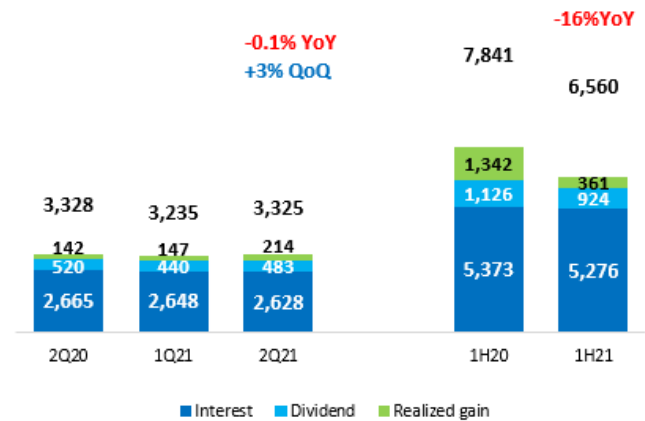
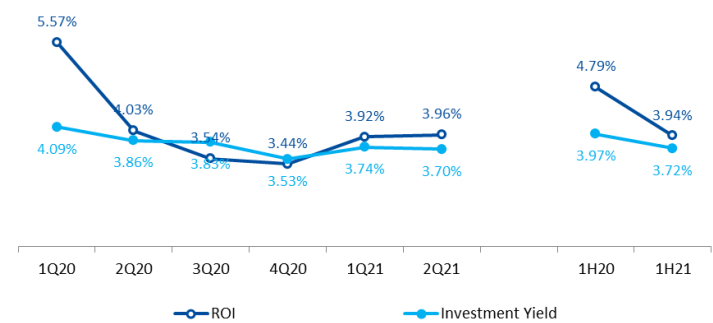


Figure 5: Return on Investment



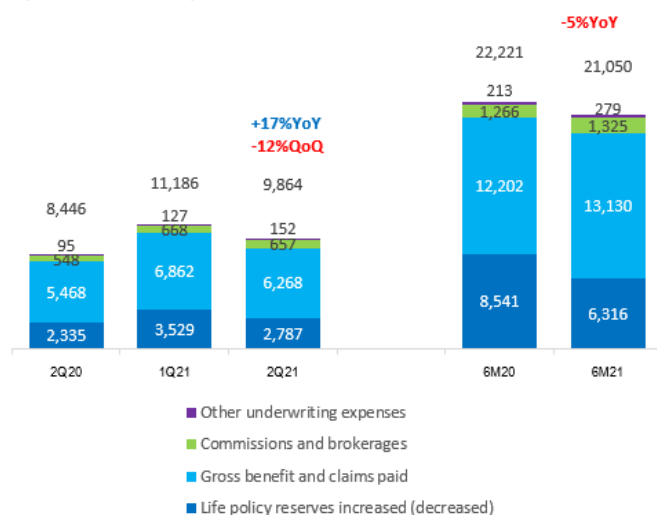
(3) Interest income + Dividend + Profit (Loss) from Investment

Underwriting Expenses and Operating Expenses

In the second quarter of 2021, the Company underwriting expenses totaled 9,864 million Baht, an increase of 17% YoY from 8,446 million Baht increase in benefit payments and 452 million Baht increase in life policy reserves.

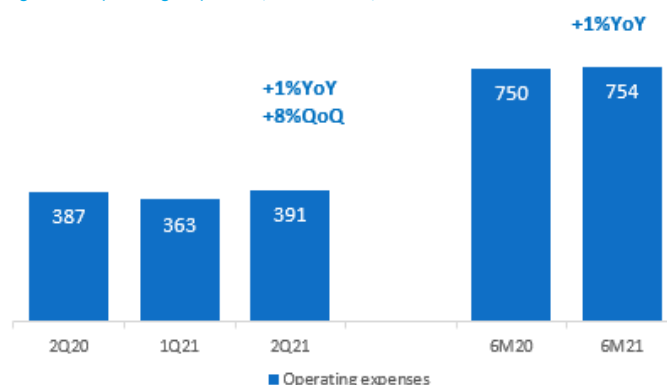
In the first-half of 2021, the underwriting expenses was 21,050 million Baht, a decline of 5%YoY. The major reason came from the impact of Provision for Adverse Deviation (PAD) adjustment from 4% to 5% or 2,668 million Baht in the first quarter of 2020.

Figure 6: Underwriting Expenses (Baht, million)



In the second quarter of 2021, the Company had an operating expense of 391 million Baht, an increase of 1% from the same period last year. In the first-half of 2021, operating expense also increased by 1%. The company continues to focus on expense management.

Figure 7: Operating Expense (Baht, million)

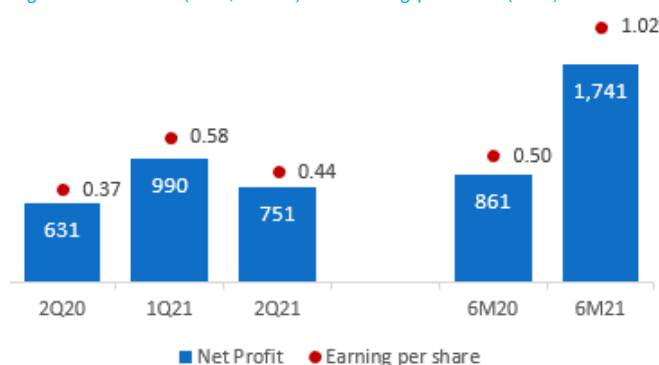


Net Profit

In the second quarter of 2021, the Company had a net profit of 751 million Baht or Baht 0.44 per share, an increase of 19% from the same period last year.

In the first-half of 2021, the company reported a net profit amounting to 1,741 million Baht or Baht 1.02 per share, an increase of 102% YoY. The mainly reason came from the impact of PAD adjustment from 4% to 5% amounting to 2,668 million Baht in the first quarter of 2020.

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



Capital Adequacy and Risk-Based Capital (RBC)

In the second quarter of 2021, the Company's Capital Adequacy Ratio ("CAR") was at 295%, an increase from 284% at the first quarter of 2021 due to 1) the company's profit in 2Q21 2) lower asset allocation to equity and 3) movement of the zero coupon yield curve.

Summary of Financial Position as of 30 June 2021

Condolitated Baht, million

	30 Jun 21	%	31 Dec 20	%	Change	%
Assets						
Cash and cash equivalents	10,752	3%	8,072	2%	2,679	33%
Premiums due and uncollected	1,926	0.6%	1,786	1%	140	8%
Accrued investment incomes	1,613	0.5%	1,647	0%	(35)	-2%
Investments ⁽⁴⁾	328,968	94%	322,141	95%	6,828	2%
Premises and equipment	2,267	0.7%	2,188	0.6%	79	4%
Other assets	3,002	1%	3,944	1%	(942)	-24%
Total Assets	348,527	100%	339,778	100%	8,749	3%
Liabilities and equity						0%
Life policy reserves	288,724	83%	282,407	83%	6,316	2%
Other insurance contract liabilities	8,763	3%	8,921	3%	(159)	-2%
Other liabilities	3,263	1%	2,351	1%	911	39%
Total liabilities	300,749	86%	293,680	86%	7,069	2%
Retained earnings	33,078	9%	31,729	9%	1,349	4%
Unrealized gain on investment	9,515	3%	9,092	3%	423	5%
Non-controlling interests of the subsidiaries	0.2	0.0%	0.2	0.0%	0	8%
Total equity	47,779	14%	46,098	14%	1,680	4%
Total liabilities and equity	348,527	100%	339,778	100%	8,749	3%
Book value/Share	27.98		27.00			

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

Assets

Total assets as of 30 June 2021 increased from 31 December 2020 by 3% or 8,749 million Baht. The majority of the company's assets was investment asset, which accounted for 94% of total assets and accounted for 114% of life reserve policy.

The total equity as of 30 June 2021 was 47,779 million Baht, an increase of 1,680 million Baht or 4% from 31 December 2020. The increase came from net profit of 1,741 million Baht, dividend paid 392 million Baht and unrealized gain from financial instruments of 331 million Baht. Book value per share (BV/share) was at 27.98 Baht per share.

Liabilities and Equity

Total liabilities as of 30 June 2021 increased 3% from 31 December 2020. The increase mostly came from the increase in life policy reserves.

Financial Ratios

Financial ratio	Quarter		6 Months	
	2Q21	2Q20	6M/21	6M/20
NI / Total income	6.7%	6.5%	7.3%	3.6%
NI / Net premium	9.7%	9.6%	10.1%	5.4%
Life policy reserve / Net premium	35.9%	35.4%	36.8%	53.2%
Underwriting expenses / Net premium	127.1%	128.1%	122.6%	138.3%
Operating expenses / Net premium	5.0%	5.9%	4.4%	4.7%
Investment assets / Total asset	94.4%	93.1%	94.4%	93.1%
Investment assets / Life policy reserve	113.9%	111.6%	113.9%	111.6%
NI / Average investment assets	4.0%	4.0%	3.9%	4.8%
NI / Average equity	6.4%	5.9%	14.8%	7.7%
NI / Average assets	0.9%	0.7%	2.0%	1.0%
CAR ratio	295%	275%	295%	275%

Industry Overview

In the first-half of 2021, life insurance industry reported a new business premium amounting to Baht 83,705 million Baht, an increase of 10% YoY. However, when considering the ordinary FYP without single premium, it declined by 8%. Meanwhile, Renewal year premium and total premium compared to the same period last year increase by 0.7% and 3%, respectively.

For new business premiums by distribution channels in the first-half of 2021, Agent channel increased by 5% YoY, which accounted for 30% of total FYP. The proportion decreased from the same period last year.

Bancassurance channel FYP increased by 15% YoY, which accounted for 57% of total FYP. This proportion increased from the same period last year. Other channel and direct marketing FYP increased by 3% compared to the same period last year.

Figure 9: Life Insurance Industry Premiums

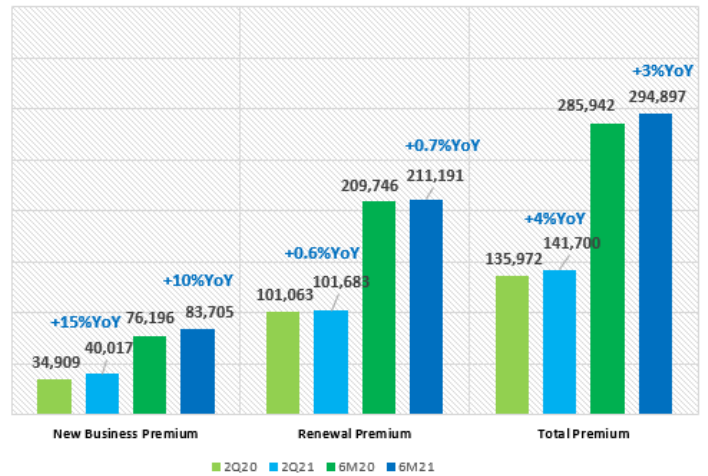


Figure 10: Industry New Business Premiums by products

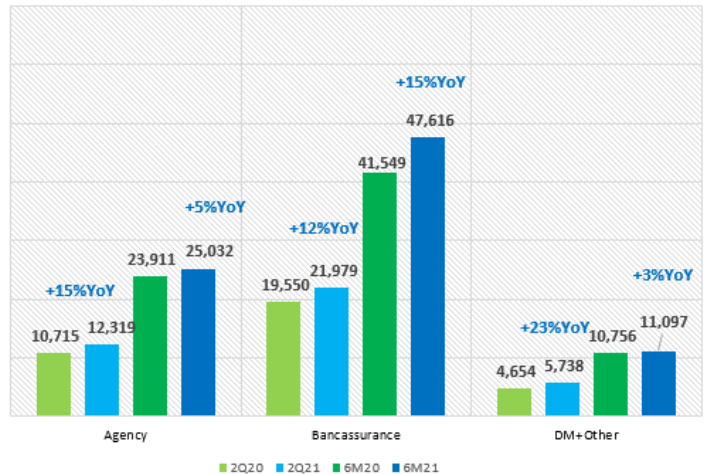


Figure 11: Industry New Business Premium by Channels

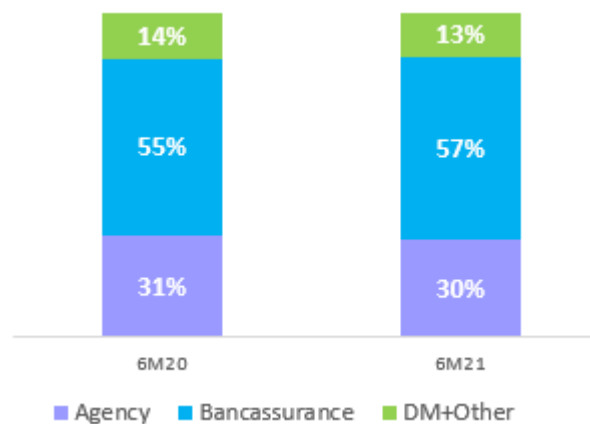


Table 2: Life Insurance Premiums market share (%)

Unit Million Baht

Rank	Company	New Business Premium	Renewal Premium	Total Premium	Market Share (New Business)
1	AIA	18,141	53,289	71,430	21.67%
2	FWD	13,764	30,213	43,976	16.44%
3	TLI	7,214	33,169	40,383	8.62%
4	MTL	12,412	23,559	35,971	14.83%
5	KTAL	6,400	18,797	25,197	7.65%
6	BLA	3,272	14,731	18,002	3.91%
7	AZAY	3,185	12,200	15,385	3.80%
8	PLT	4,974	7,695	12,668	5.94%
9	OLIC	1,227	5,855	7,082	1.47%
10	SELIC	4,620	1,252	5,872	5.52%

Source: The Thai Life Assurance Association