

Bangkok Life Assurance Public Company Limited

Disclosure Report For The Year 2023

Part 1 Certification of the Accuracy of Information Disclosure

The Company has reviewed the disclosed information with care and certifies that the disclosed information is complete and accurate, not being a false or misleading statement, or lacking material significant information. The Company, hereby, certifies the accuracy of all the information disclosed in this report.

Bangkok Life Assurance

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(Mr. Chone Sophonpanich)
Chief Executive Officer and President



(Mr. Yutaka Tsuboi)
Authorized Director

Disclosed on 24 May 2024

For the year 2023

Part 2 Disclosure Details

1. Company History, Policy, Objective and Business Strategy Including Key Business Operation, Key Product and Key Services. Claim Processes and Customer Service Contact

1.1 Company History

Bangkok Life Assurance Public Company Limited was established by Major General Kuang Aphaiwongse (former Prime Minister), Phraya Sriwisarnwacha, Mr. Chin Sophonpanich and many other honorable wealthy individuals. Originally, the Company was named 'KrungSiam Life Assurance Company Limited' and started operating on June 1, 1951. In the early stages, Company business operations mainly focused on managing aid welfare. In 1977, Mr. Chin Sophonpanich, the Company Chief Adviser at the time, suggested that it was the right time for the Company to earnestly conduct life insurance business. He assigned Mr. Vai Vathanakul, an experienced, qualified, and world recognized executive along with Mr. K. V. Claridge F.I.A., Swiss Re Insurance Company's actuarial science specialist, to restructure and reorganise the Company. On January 1, 1979, the Company's name was changed from KrungSiam Life Assurance Company Limited to 'Bangkok Life Assurance Company Limited' and has been listed on the Stock Exchange of Thailand since September 25, 2009.

1.2 Policy, Objective and Business Strategy

1.2.1 Vision and Mission

Vision

"To make people realize the benefits of the life insurance and choose insurance coverage which is suitable for their financial position and value of life."

Mission

"The Company is determined to be a leader in establishing financial security for all groups of people and protecting their value of life by offering financial advice and impressive service through its sincere agents, partners and employees who are experts in the field."

1.2.2 Marketing and Competition

Please see details in 56-1 One Report 2023, page 52 - 57, that is published on the Company's website as follows:

https://www.bangkoklife.com/source/content/files/ENG_BLA%20One%20Report%202023.pdf

1.2.3 Life Insurance Business Trends 2024

Please see details in 56-1 One Report 2023, page 57 - 58, that is published on the Company's website as the follows:

https://www.bangkoklife.com/source/content/files/ENG_BLA%20One%20Report%202023.pdf

1.2.4 Company's Strategy

The company's business strategy focuses on recruiting and developing high-quality life insurance agents and expanding sales channels through new business partners to reach more customers in every segment. The strategy also emphasizes on customer-centric product development, ensuring that customers have comprehensive access to life and health insurance products. Additionally, the company aims to develop high-quality employee who can adapt to changing environments. We also build a strong brand and positive organizational image to establish a stable foundation for future growth. Last but not least, the strategy highlights the adoption of technology to facilitate and support operations under a management system that incorporates holistic risk management and adheres to good corporate governance standards.

1.3 Nature of Business Operation

Bangkok Life Assurance PCL has been running life insurance business and providing comprehensive financial planning services to customers. Life insurance is a means by which to mitigate loss among a certain group of people from unexpected incidents (death, loss of organs, disability, and loss of income). The benefits under policy conditions will be paid by the Company to victims or beneficiaries in order to mitigate his/her financial burden.

The Company has been improving its products to best cater for customer needs, which vary by their life stages and to provide them with the utmost benefits. Basically, life insurance provides two different types of main benefit to policyholders, which are life protection as a guarantee benefit upon death and saving benefit to enrich the policyholder's lives. Life insurance benefit will be paid to beneficiaries on policyholder's death and survival benefit will be paid to policyholder during the coverage period of the insurance contract.

The Company reinvests those premiums received in accordance with the investment policy framework. The investment ratio is allocated in line with the liability under the insurance contract and the Company's risk policy and with a return on investment in accordance with the policy conditions guaranteed by the Company.

1.4 Product Characteristics, Core Services, and Premium Portion Categorized by Type of Products

Types of Life Insurance

The Company currently offers life insurance plans to meet the needs of customers that can be categorized into 3 types of products as follows:

1) Ordinary Life Insurance

Ordinary Life Insurance offers a life protection or saving for an individual policyholder. The company promises to pay the benefits according to the contract details as long as the contract remains in force. The product types are further classified and summarized as follows:

(1) **Whole Life Insurance** promises a lump-sum payout to the beneficiary/policyholder in the event of death or attaining certain age (normally 90 or 99 years old) of the insured. This product type offers a protection against unexpected death of the insured.

(2) **Pension** promises a series of payments payable monthly or yearly once the policyholder attains his/her retirement age (normally 55 or 60 years old) specified in the

contract until the age of 85. This product type offers a protection against longevity risk: the risk of having no income after the retirement age.

(3) Term Life Insurance promises a lump-sum payout in the event of the insured's death which occurs within a specific period to a beneficiary. This product type has a very low premium rate compared to the benefit promised and is suitable for those who look for a death protection for a limited time.

(4) Endowment Insurance promises a lump-sum payout or a series of payments when the insured dies within a specific term or survives at the end of the contract term. This product type has a variety of premium terms e.g., BLA Happy Saving 14/7 (14 years protection term/ 7 years premium term). Generally, this product type is used for saving purposes.

(5) Unit-linked offers both life coverage and returns from the investments in mutual funds. The returns are, thus, non-guaranteed by the company. This product type is suitable for policyholder who would like flexibility in the benefit amount, premium payments and mutual fund investments. However, investing in mutual funds and unit trust involves risks. The policyholder should be adequately aware of the nature of the investment and prepared for the event that loss is made.

(6) Rider Contract is attached to the main contract to provide additional coverages such as in the events of accidents, total permanent disability, health benefit, daily hospitalization compensation or critical illness.

2) Group Life Insurance

Group Insurance Contract covers a group of people. Generally, the contract is arranged for the employees of a particular employer as a form of corporate welfare benefits. The underwriting policy will take into account the risk factor (such as age, gender, occupation, job characteristics and sum assured) of the whole group. Group insurance premium rates in general would be lower than those of Ordinary Insurance. The contract is renewable annually; therefore, the premium rate, benefits covered and the conditions may vary subject to changes in market conditions and risk factors.

3) Mortgage Insurance

Mortgage Insurance is a term life insurance that will pay, in general cases, a decreasing lump sum in the event of death and/or total permanent disability of the policyholder within a specified period. The decreasing sum assured is consistent with the nature of decreasing mortgage balance of the policyholder. The benefits from the policy may be used to close the debt balance in case of the policyholder's unexpected death.

Premium proportion by product type in 2023

Product Type	First Year Premium		Renewal Year Premium		Total Premium	
	Amount (Million Baht)	Proportion (%)	Amount (Million Baht)	Proportion (%)	Amount (Million Baht)	Proportion (%)
Ordinary – Single Premiums	115.34	1.68	-	-	115.34	0.34
Ordinary	4,806.32	69.81	26,104.74	95.73	30,911.05	90.50
<i>Whole life</i>	345.59	5.02	4,808.24	17.63	5,153.83	15.09
<i>Pension</i>	90.58	1.32	536.27	1.97	626.85	1.84
<i>Term</i>	3.22	0.05	49.89	0.18	53.11	0.16
<i>Endowment</i>	3,860.33	56.07	18,269.93	67.00	22,130.25	64.78
<i>Unit-linked*</i>	7.13	0.10	5.64	0.02	12.77	0.04
<i>Riders</i>	499.47	7.25	2,434.77	8.93	2,934.24	8.59
Group Mortgage insurance	567.43	8.24	1,164.90	4.27	1,732.33	5.07
	1,395.81	20.27	0.32	0.00	1,396.13	4.09
Total	6,884.90	100.00	27,269.96	100.00	34,154.86	100.00

*Unit-linked products' FYP includes only the components related to insurance.

Note: Information from 56-1 One Report 2023

1.5 Claim Processes and Customer Service Contact

1.5.1 Claim Processes Including Steps, Period of Time and Documents Needed

Please find details on the Company's website as follow:

<https://www.bangkoklife.com/en/PersonalCustomers/Amercement>

1.5.2 Customer service contact

Contact customer service at Bangkok Life Assurance Public Company Limited 1415 Krungthep - Nonthaburi Road, Wongsawang, Bangsue, Bangkok 10800 Call Center 0-2777-8888, Fax 0-2777-8899, or Email: Csc@bangkoklife.com

2. Good Corporate Governance Framework and Internal Control Process, Include Details on the Implementation of the Framework and Process

2.1 Good Corporate Governance Framework and Internal Control Process

Please see "Handbook Code of Conduct for All Personnel" which is published on the Company's website as follows:

<https://www.bangkoklife.com/en/About/Child/44>

2.2 Organization Chart of Company

Please see "Organizational Chart" which is published on the Company's website as follows:

<https://www.bangkoklife.com/en/About/Child/34>

2.3 Management Structure of Company

2.3.1 Board of Director

The Company's Board of Directors consisted of 13 directors, including 2 executive officers and 11 non-administrative officers, 5 of whom are independent directors and 10 of whom reside in the Kingdom of Thailand, more than 75% as required by law. Please see "Name of Board of Director" which is published on the Company's website as follows:

<https://www.bangkoklife.com/en/About/Child/35>

Roles and Responsibilities of the Board of Directors

Please see Corporate Governance Handbook that is published on the Company's website, Practice 1.3 Board of Directors must supervise all directors and executives to ensure they perform their duty responsibly, carefully, and with loyalty, and govern the operation to comply with laws, rules, and Stockholder Meeting resolution, page 8, as follows:

https://www.bangkoklife.com/source/content/files/ENG_BLA%20One%20Report%202023.pdf

2.3.2 The Management

Please see "Names of Management" which are published on the Company's website as follows:

<https://www.bangkoklife.com/en/about/child/129>

Please see 56-1 One Report 2023 that is published on the Company's website, page 162 and Evaluation Committee and Corporate Governance Handbook Practice 1.4 Board of directors understand their scope of duties and responsibilities and clearly set scope of assigning duties and responsibilities to Managing Director and the Management, and also monitor the Managing Director and the Management to ensure they follow the duties and responsibilities assigned, page 9 - 11, as follows:

56-1 One Report 2023
https://www.bangkoklife.com/source/content/files/ENG_BLA%20One%20Report%202023.pdf

Corporate Governance Handbook

<https://www.bangkoklife.com/source/content/files/Hand%20book%20update%20CG%20Code.pdf>

2.4 Sub-Committees

For effective governance and so as to ensure that it is thoroughly informed on important matters, the Board of Directors appoints Directors with the relevant expertise to 6 sub-committees, which are Risk Management Committee, Nomination and Remuneration Committee, Investment Committee, Corporate Governance and Sustainability Committee, Performance Evaluation and Assessment Committee, and IT Steering Committee. Each committee has authority, duties, and responsibilities approved by the Board of Directors. Please see 56-1 One Report 2023, page 193 - 201, that is published on the Company's website as follows:

https://www.bangkoklife.com/source/content/files/ENG_BLA%20One%20Report%202023.pdf

2.5 Nomination and Appointment of Directors, Independent Directors and Executives

2.5.1 Selection of Directors and Tenure

Please see "Director recruitment and independent director" in the 56-1 One Report 2023, page 176, which is published on the Company's website as follows:

https://www.bangkoklife.com/source/content/files/ENG_BLA%20One%20Report%202023.pdf

2.5.2 Nomination of Independent Directors

For the appointment of independent directors, the Nomination and Remuneration Committee will propose candidates who are independent directors according to the Company's definition, in compliance with good corporate governance principles of the Stock Exchange of Thailand and the requirements of the Capital Market Supervisory Board. The committee consists of at least one third of the total number of directors, but no less than 3 persons. The nominated candidates are proposed to the Board of Directors and are proposed to the shareholders' meeting for appointment.

Qualifications of Independent Directors

- (1) Must hold no more than 1% of total voting shares of the Company, its subsidiaries, affiliates, major shareholders, or persons with controlling power. This includes shares held by their related persons.
- (2) Neither being nor used to be an executive director, employee, staff member, advisor who receives a salary, or is a controlling person of the Company, its parent company, subsidiaries, affiliates, same-level subsidiary companies, major shareholders or controlling persons, unless the foregoing status has ended for at least 2 years.
- (3) Not being a person related by blood or legal registration as a father, mother, spouse, sibling, and child, including spouse of child of other executives, major shareholders, controlling persons, or persons to be nominated as executives or controlling persons of the Company or its subsidiary companies.

- (4) Neither having nor used to have a business relationship with the Company, its parent company, subsidiaries, affiliates, major shareholders or controlling persons, in the manner which may interfere with his/her independent decision, and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiaries, affiliates, major shareholders or controlling persons, unless the foregoing relationship has ended for at least 2 years.
- (5) Neither being nor used to be an auditor of the Company, its parent company, subsidiaries, affiliates, major shareholders or controlling persons, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary companies, affiliates, major shareholders or controlling persons, unless the foregoing relationship has ended for at least 2 years.
- (6) Neither being nor used to be a provider of any professional services including those as a legal advisor or a financial advisor who receives service fees exceeding 2 million baht per year from the Company, its parent company, subsidiaries, affiliates, major shareholders or controlling persons, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended for at least 2 years.
- (7) Not being a director appointed as representative of directors of the Company, major shareholders or shareholders who are related to major shareholders.
- (8) Not conducting any business in the same nature and in competition with the business of the Company or subsidiary companies or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives a salary or holds shares exceeding 1 percent of the total number of shares with voting rights of other companies which conduct business in the same nature and in competition with the business of the Company or its subsidiary companies.
- (9) Not having any other characteristics which prevent them from expressing independent opinions with regard to the Company's business operations.
- (10) Not found guilty by court ruling in connection with violation of the securities and exchange law, the financial institution law, the life insurance law, the non-life insurance law, the anti-money laundering law, or any other financial business laws regardless of whether such laws are local or foreign, and not found guilty in connection with unfair acts concerning securities trading that fall under embezzlement, fraud, or corruption.

2.5.3 Selection of Executive Officers

Please see "Recruitment of senior management" in the 56-1 One Report 2023, page 176, and Corporate Governance Handbook, page 23 which is published on the Company's website as follows:

[56-1 One Report 2023](#)

https://www.bangkoklife.com/source/content/files/ENG_BLA%20One%20Report%202023.pdf

[Corporate Governance Handbook](#)

https://www.bangkoklife.com/source/content/files/TH_BLA%20One%20Report%202023.pdf

2.6 Remuneration Policy

Please see "Remuneration of Directors and Executives" in the 56-1 One Report 2023, page 182 - 183, which is published on the Company's website as follows:

https://www.bangkoklife.com/source/content/files/ENG_BLA%20One%20Report%202023.pdf

3. Enterprise Risk Management (ERM) and Asset Liability Management (ALM)

3.1 Enterprise Risk Management: ERM

The Company has established risk management throughout the organization by using the risk management principles according to the international standard ERM (Enterprise Risk Management) as a guideline. To ensure that the Company operates the business under the appropriate level of Capital Adequacy and Capital management efficiency, the Company has complied with the principles of risk assessment and financial stability of ORSA (Own Risk and Solvency Assessment), in line with minimum risk management to create value added and maximize benefits for all sectors of the organization.

Risk Management policy

The Company has established systematic Enterprise Risk Management consistent with international standards for the comprehensive management of major activities and all risk types through a set of processes. These include identification of risk factors and causes, assessment, analysis, prioritization, management, monitoring, and evaluation of risk management in order to make the corporate operations achieve the business objectives and goals, and to be in line with the defined risk appetite.

Governance structure for risk management

The Company has established a risk management structure and internal control according to the international standard of good governance practice to ensure that the Company has effective risk management and an independent assessment. The Company has also established a risk governance structure along with the scope of responsibilities, duties and participation in developing risk management for all departments by dividing the responsibility of risk management according to the Three Lines of Defense principle as follows:

1. 1st Line of Defense: those who are directly responsible for managing and controlling risks, called Risk Owner / Business Line by following the guidelines of risk management that are supported and in accordance with the plans of each department. This group consists of the Board of Directors, Executive Board of Directors, Investment Committee, President, executive management from all departments, employees in the organization and various working groups appointed by the Company.

2. 2nd Line of Defense: those who are responsible for overseeing and controlling the effectiveness of risk management (risk oversight / risk function), setting policy frameworks and risk management processes, and coordinating with risk owners in order that they are aware of risk management. This group includes Risk Management Committee, Risk Management Department and the Compliance Office.

3. 3rd Line of Defense: those who are responsible for ensuring and reviewing the effectiveness of risk management (risk assurance/ internal audit). They are responsible for monitoring the assessment operation and summarizing the risk management process. This group consists of the Audit Committee and the Internal Audit Department.

Risk factors' impact to Company's business and activities

This is management and internal controls of activities or processes to reduce potential for losses or errors / failures and to reduce impacts that may occur in the future to an acceptable level. The impacts must be assessed, controlled and can be systematically audited in compliance with laws and international standards. The risk factors have been evaluated both internally and externally and considered in conjunction with the Company's strategic planning in analyzing and assessing risks through consideration of executives in each department. In this connection, the focus is on major risks that may affect the risk appetite and the operating performance according to the company's goals as follows:

Competitive risks

In response to the challenges of the COVID-19 crisis, the life insurance business has adapted in terms of operations, leveraging technology for product presentations and customer service to boost efficiency of the process and to accelerate delivery of the service in response to the changing daily lives of consumers and the transition into the digital world economy. In light of these factors, the company is aware of the changes and gives continuous importance to them. We have developed a business plan that sets a direction for the adoption of digital technology as a part of the organization's drive to develop communication, customer and vendor services, promote the use of various tools to drive the company towards paperless and cashless operations, ensuring the security of the implemented systems, including setting risk management plans to support changes in various situations to enable flexible adjustment to business strategies. The company also develops a comprehensive service system, manages sales channels, and develops insurance products to increase its competitive potentials. One of the risks that the company focuses on is the risk of sales channels from partners for the company's business sustainable competitive abilities.

In the life insurance business, a license is mandatory for brokers and agents engaged in sales. As a result, there are only a small number of insurance intermediaries as life insurance brokers or those who have been in business for a long time may increase the number of life insurance companies. High competition has resulted in larger partners with a large number of customers receiving better offers. At the same time, small partners are attractive in expanding their customer base through new channels as well. The Company places importance on maintaining large-scale partners who have long-standing good relationships in maintaining customer bases. In order to avoid the risk of relying too much on any one partner, the company has continued to develop and expand its customer base through online sales and through new channel partners including the management of sales quality risks such as confirmation call, controlling the number of customer complaints regularly for the sustainability of the business, to be able to compete.

In addition to selecting partners to increase competitiveness, the company also considers policies and/or guidelines on social and environmental issues, human rights and business ethics of business partners as well. There is also an Evaluation through Due Diligence-Outsource form and Satisfaction-Assessment of external service providers.

Nowadays, in partner risk assessments on the environment, society, and governance, the company will consider the overall image including reputation, corporate image, operating results, and compliance with the law. As a decision-making criterion, the business unit or project manager related to the partners must assess and review the risks or problems that arise from the partners in such issues before making a decision.

Financial risks

1. Interest rate risk

Interest rate risk can harm the company's income or shareholder value due to fluctuations in interest rates. This risk is particularly significant for the company's deposits at financial institutions, investments in securities, and loans. To mitigate this risk, the company employs a robust risk management framework that considers both investment risks and the suitability of expected returns. Moreover, the company is equipped to conduct gap analysis, which identifies discrepancies in the maturities of its assets and liabilities and assesses the impact of potential interest rate changes on its financial position.

2. Volatility of money market and capital market

This refers to the risk associated with fluctuations in interest rates, foreign currency exchange rates, equity prices, and commodities. This type of risk can impact both investment income and the company's capital. The company effectively manages this risk, ensuring it remains within acceptable bounds and does not exceed the capital allocated in the business plan. Even when considering the combined effect of market fluctuations and other risks, the company maintains a strong capital position, exceeding the legally required minimum.

3. Foreign currency risk

Foreign exchange risk, a type of risk encountered when investing abroad, arises from numerous factors, such as global economic conditions, individual country fundamentals, monetary and fiscal policies, domestic and international political stability, and currency speculation. To mitigate this risk effectively, the company has established risk management guidelines that may include using futures contracts to hedge against unfavorable exchange rate movements at different points in time.

Currently, the sustainability risk assessment of securities issuers includes environment, society, and governance aspects. The company has not made any specific assessments yet. The company considers its overall reputation, corporate image, operating results, and legal compliance as criteria for use in considering investments.

4. Investment risk for investors

This is a risk because of the uncertainty of the returns that investors will receive, or loss of investment from holding securities or company shares, including

- The company's stock price may fluctuate, increase, or decrease. This depends on many factors, some of which the company cannot control, such as economic conditions and changes in regulations, various conditions of business regulatory agencies, crises, the emergence of new diseases, financial crisis, liquidity, price, and trading volume of stocks. Such factors may cause the stock price to fall below the price that investors buy and/or higher than the price of stocks that investors sell. As a result, investors may be at risk from the uncertainty of returns that they will receive, which may not be as expected. To avoid shareholders receiving these effects, the company has continuously provided information on operating results, essential information, and characteristics that are characteristic of life insurance business operations to investors through various channels.

- The risk from dividend payments not being as investors expected comes from many related factors, such as the company's future financial performance. This depends on the successful implementation of the company's business strategy, financial factors, competition, and the rules and policies of business regulatory agencies. General economic conditions, customer demands, and other factors, many of which are beyond the company's control, affect the ability to pay annual dividends and/or interim dividends. The company may be at risk of losing capital if it pays dividends at a normal rate. As a result, the company may not be approved to pay dividends or may pay dividends at a rate lower than the policy set by the company, which is not less than 25 percent of net profits.

The Company has managed the investment risks of the Company's securities holders. By conducting business and setting policies covering financial and other risk management, including reputational and image risks, sustainability risks and legal compliance risks efficiently including tracking economic conditions, rules, regulations, policies of regulatory agencies and other departments closely related to the company. So that the company can prepare to adapt and/or change quickly and keep up with various situations to ensure that the company will have a strong and stable financial position and can give investors the opportunity to receive returns/dividend levels that good and consistent.

Legal and compliance risks

Due to the company's operation under the supervision of government agencies such as Office of Insurance Commission (OIC) and the Securities and Exchange Commission (SEC), the company recognizes that changes in laws and regulations can impact business operations, potentially leading to financial or operational cost implications, or even probation, fines, or lawsuits caused by non-compliance or negligence. To mitigate these risks, the company has established a management structure that leverages the three lines of defense model. This structure supervises and monitors department activities to ensure compliance with regulatory agency regulations, company policies, and updates in relevant laws. The company also communicates these changes to relevant departments and individuals for their acknowledgment and consideration, ensuring consistent adherence throughout the organization.

3.2 Asset and Liability Management Risk: ALM Risk

In order to reduce risk impacts, the Company has been managing the sensitivity of asset and liability value to the changes in interest rate within a similar level (Duration Matching). Duration gap is determined as a key risk indicator (KRI) and therefore, is regularly monitored along with the management of asset and liability cash flow matching, while still maintaining the risk appetite level of ALM risk level.

4. Significant and Predictable Insurance Risks that May Have an Impact on the Company's Finance, Reinsurance Risk Management, the Coherence of Capital Fund, Risks and Concentration of Risk

Risks may occur from underwriting risk processes. Major causes are insureds' risk factors and/or risk factors from external environments which are related to life insurance underwriting processes that may impact the Company's financial status, and cause losses to exceed the Company's estimated loss prediction which is product development assumptions and capital assessment. The Company has criteria and assessment guidelines of underwriting and life insureds' risks prioritization by considering both medical and non-medical risk factors. This is in order to be in line with the Company's risk appetite. The Company also takes into consideration, fairness to the insureds, agents, partnerships, profitability, and competing capacity by setting out clear operation guidelines in writing.

Underwriting is conducted in accordance with announcements, orders, sales rules, operation manuals, which are in line with or not prohibited by regulations and laws; under determined risk management plan, and subject to continuous assessment. The Company also reinsures by considering levels of sum insured as well as its retention limit, and sets the authority of high-level executives in approving underwriting by level, position, knowledge and experience of underwriters.

Insurance risk is a key risk factor in the Company's business operation and directly affects its financial status because in taking risk from customers, the Company assumes contractual obligations when the risk takes place. The Company then has planned for risk mitigation and stabilizing financial losses from unexpected high-value claims by transferring risks to reinsurers, who have financial strength with long-standing experience and are well accepted in both domestic and international markets through reinsurance agreements on both automatic and facultative basis and by considering its own retention limit, risk premium rates and treaty conditions in accordance with the Company's experience in each type of products in order to manage costs. Outward reinsurance also helps increase the Company's underwriting capacity and supports its expansion into new markets which are risky and extraordinarily complex by relying on reinsurer's experience in providing academic services and specialized technical consultation according to market needs and trends. In this connection, the Company has also been managing the credit risk of reinsurance partners and concentration risk in order to ensure that the risk transfer is properly managed and that the company can perform contractual obligations when obligations become due. Additionally, the performance of reinsurance arrangement has been regularly monitored and reinsurance strategies are also reviewed annually in response to changes in the market and the company's risk profile.

Overall, the Company has been exposed to insurance risk, which is lower than other risks as the Company's underwriting guideline and processes are consistent with the risk exposure, and the Company has mitigated insurance risk through strong reinsurers. Moreover, the movement of insurance risk has slightly changed so there is no significant impact on the Company's capital fund.

5. Values, Methodologies, and Assumptions for Evaluating Insurance Liabilities

Reserves for Long-term Insurance Contracts

Under account value basis, reserves for long-term insurance contracts are calculated with reference to net premium valuation method (NPV), which is an actuarial approach for estimating reserves, using the current assumptions (mortality rate, morbidity rate, and discount rate) or assumptions on the issued date, which reflect the best estimate at that time. Additional risk charge and standard deviation are also included.

Under appraisal value basis, reserves for long-term insurance contracts are calculated by using gross premium valuation method (this reserve is also used for calculating risk-based capital). Gross premium valuation (GPV) is an actuarial approach for estimating reserves, using the current assumptions, which are the best estimate at that time and provision of adverse deviations (PAD) of that assumption, according to the OIC's regulations.

Reserves for Short-term Insurance Contracts

Reserves for short-term insurance contracts consist of loss reserves and outstanding claims including premium reserves.

Loss Reserves and Outstanding Claims

Under account value basis, loss reserves and outstanding claims are the estimation of unpaid claims on reported dates, including incurred but not reported claims. This reflects the best estimation of reserves on reported dates based on historical data and company experience.

Under appraisal value basis, loss reserves and outstanding claims are calculated using the same method as that of accounting basis but with provision of adverse deviations (PAD) according to the OIC's regulations.

Premium reserves

Under account value basis, premium reserves are the higher value between unearned premium reserves (UPR) and unexpired risk reserve (URR). UPR is the amount of premium applicable to the portion of the remaining period, while URR is the best estimate of claims in the remaining period. Premium reserves are calculated before commission and brokerage.

Under appraisal value basis, premium reserves are calculated using the same method as that of accounting basis but with provision of adverse deviations (PAD) according to the OIC's regulation.

The Company's insurance liabilities are shown in table below.

Unit: Million Baht

Item	2023		2022	
	Book value	Appraisal value	Book value	Appraisal value
Long-term technical reserves	274,230.43	265,214.81	288,895.49	280,440.01
Short-term technical reserves	2,027.58	1,816.05	2,096.67	1,865.95
Unpaid policy benefits	438.39	438.39	434.50	434.50
Due to insured	2,199.92	2,199.92	3,330.18	3,330.18

6. Company's Investment

Investment Policy

The Company has obligations and responsibilities for its long-term commitments to the policyholders. Therefore, the investment policy is emphasized on risk management aiming to prevent the Company's investment assets from depreciation, along with earning investment return at an acceptable level.

Objective

The Company has long-term commitments to the policyholders. In order to achieve the objective, we emphasize on Asset-Liability management by matching maturity of investment assets to liabilities arising from future obligations. Consequently, liquidity risk and interest rate risk are minimized.

Investment Process

The Company's investment process consists of 4 parts:

1. Investment Diversification: In order to minimize investment risk, the Company diversifies its investment into various asset classes appropriately, focusing its investment in long-term debt securities to match financial obligations and ensuring that each of these asset classes and allocations complies with the rule regulated by OIC.

2. Risk Management: As the Company strongly emphasizes the protection of investment asset principal, the Company focuses on investing in government bond and state-owned enterprise bond, both guaranteed and non-guaranteed by the Ministry of Finance. The rest of the portfolio, which is relatively small, is invested in more risky assets, such as equity, unit trust, and corporate debenture, in order to enhance investment return at an acceptable risk level.

3. Selection Process: Rigorous and careful selection process will be carried out prior to investment in each financial asset. For government bond analysis, both domestic and global economic factors are taken into account to determine interest rate movement and level of bond yield. For more risky assets, such as equity and corporate debenture, both top-down and bottom-up analyses are conducted to ensure that the underlying securities are fundamentally suitable.

4. Evaluation Process: Investment performance is tracked periodically for the purpose of adjusting portfolio allocation according to changing in market environment, and assuring that the investment is on plan.

Asset Valuation Methods Used for Preparation of Financial Statements

The Company uses different methods of asset valuation as follows:

Asset Class	Valuation methods
1. Bonds, debentures, promissory notes and bills of exchange issued by the government, central bank, state-owned enterprise, state organization or local governments in Thailand, both guaranteed and not guaranteed, <u>issued in Thai Baht</u>	Clean Price provided by ThaiBMA
2. Bonds, debentures, promissory notes and bills of exchange issued by the government, central bank, state-owned enterprise, state organization or local governments in Thailand, both guaranteed and not guaranteed, <u>issued in foreign currency</u>	Clean Price provided by ThaiBMA and Bloomberg
3. Bonds, debentures, promissory notes and bills of exchange issued by financial institutions, securities company or insurance company	Asset price provided by bank and clean price provided by ThaiBMA (Bank valuation method based on discounted cash flow using IRS curve, which reflects Bank's cost of fund, or government yield curve)
4. Bonds, debentures, promissory notes and bills of exchange issued by corporate	Clean price provided by ThaiBMA and Bloomberg
5. Equity listed on the Stock Exchange of Thailand, MAI, and other listed companies which are listed on OIC provided index.	Bid price
6. Investment in associated companies and subsidiaries/other equity investments	Price to book value ratio and Dividend discount model
7. Unit trust	Use Bid price for unit trust listed on Exchange market Use Net asset value (NAV) for unit trust not listed on Exchange market
8. Warrants to purchase ordinary shares/ debentures/unit trusts / other	Bid price
9. Mortgage loan	Amortized cost using effective interest rate (EIR) less allowance for impairment
10. Policy loan	Discounted cash flow
11. Person guaranteed loan	Amortized cost using effective interest rate (EIR) less allowance for impairment
12. Cash/Deposit at financial institute/Negotiable Certificate of Deposit (NCD)	Book value

Investment Assets

Unit: Million Baht

Asset classes	As of 31 December			
	2023		2022	
	Book value	Appraisal value	Book value	Appraisal value
Deposits at financial institutions	3,406.96	3,406.96	2,777.30	2,777.30
Debt securities (bonds, debentures, promissory notes, bills of exchange, and convertible bonds)	265,018.47	268,828.05	276,112.48	277,907.18
Equity securities (excluding investment in associated companies and subsidiaries)	18,930.73	18,930.73	21,539.73	21,539.73
Unit trusts	17,743.77	17,743.77	20,946.47	20,946.47
Policy loans	9,810.19	11,061.83	9,649.77	10,980.63
Loans and leasing	1,797.08	1,785.28	2,076.41	2,065.14
Warrants to purchase ordinary shares/ debentures / unit trusts	4.49	4.49	35.06	35.06
Derivatives	342.96	342.96	457.40	457.40
Total investment assets	317,054.65	322,104.07	333,594.62	336,708.91

Note

- Account value refers to assets and liabilities assessed under the Financial Reporting Standards.
- Appraisal value refers to assets and liabilities assessed under the Announcement of the Office Insurance Commission (OIC) on assets and liabilities appraisal for the purpose of overseeing the financial security of insurance companies and to ensure that the company is able to deliver its commitment to the policyholders.

7. Company performance, financial review and ratios

Please see management discussion and analysis 2023 which is published on the Company's website as follows:

<https://www.bangkoklife.com/Upload/InvestorFile/4ed2c51460bc4e719c0bcf85b67a6df4.pdf>

Company financial information summary as follows:

Unit: Million Baht

Items	2023	2022
Gross written premium	34,154.85	35,831.28
Net earned premium	33,330.69	34,579.19
Net investment income	11,743.08	12,170.34
Life policy reserves increased (decreased) from prior year	(14,665.06)	1,123.91
Benefit payments under life policies and claims	51,620.54	38,168.02
Profit (Loss) for the years	2,547.14	3,209.87

Unit: %

Ratio	2023	2022
FY Underwriting expenses / Net premium*	31	30
RY Underwriting expenses / Net premium *	4.6	4.5
Return on equity ratio*	5.7	6.9
Return on assets ratio		
- Return on total assets ratio	0.76	0.9
- Return on total assets excluded assets related to Unit Linked and Universal life policies ratio	0.76	0.9
Return on Investment Ratio*		
- Return on total investment ratio	3.6	3.6
- Return on total investment excluded investment from Unit Linked and Universal life policies ratio	3.6	3.6
Investment assets / Life policy reserve (Appraisal Value)*	120	119

*Ratio based on early warning system rule

Note - Appraisal value refers to assets and liabilities assessed under the Announcement of the Office Insurance Commission (OIC) on assets and liabilities appraisal for the purpose of overseeing the financial security of insurance companies and to ensure that the company is able to deliver its commitment to the policyholders.

- Unit linked insurance policy is life insurance policy including life protection and investment in mutual funds the policy value of which depends on fund's NAV. Investment assets belong to policyholder not the company.
- Universal life insurance policy is life insurance policy with separate investment saving element. Investment return depends on the company's investment performance with guaranteed minimum rate of return.

8. Capital Adequacy

Capital Management Policy and Objective

To ensure that the capital is within the Company's risk appetite, the Company has the assessment policy and stress test under Own Risk and Solvency Assessment guideline and the capital management plan in line with risk assessment and Early Warning System for major activities and significant risk factors.

Capital management processes

For regular monitoring and reviewing risks which will impact operational targets, the Company determines measurements under assumptions that the capital has not been lower than capital adequacy ratio required by the Office of Insurance Commission, by testing risk factors such as interest rate, funds market and economy scenarios with value at risk (VaR).

For implementation according to situations, the Company will assess, monitor and test the sensitivity and stress of risk factors in response to risks as the capital management plan, source of funds and measurements appropriately and promptly. Additionally, the Company has determined the roles and responsibilities of related unit functions and prepared unit functions' risk management plan in line with the Company's risk appetite level. It has also established the management and Risk Committee, reported to the Board of Directors, and communicated to employees for acknowledgement.

Unit: Million Baht

Items	As of 31 December	
	2023	2022
Total Assets	330,105.92	345,186.90
Total Liabilities	272,777.99	289,657.78
- Life insurance contracts Liabilities	269,669.18	286,070.63
- Others	3,108.81	3,587.15
Shareholder equity	57,327.93	55,529.12
Common Equity Tier 1 (CET1) to Total Capital Required (%)	404.83	376.80
Total Capital Tier 1 to Total Capital Required (%)	404.83	376.80
Capital Adequacy ratio (%)	405.14	376.95
Total Available Capital	56,659.16	54,927.46
Regulatory Capital	13,985.23	14,571.59

Remark - According to the Notification of the Office of Commission regarding "Type of Capital Fund including Rules, Procedures and Conditions for Calculating the Life Insurance Capital Fund", the Registrar may impose necessary measures to supervise a company with a capital adequacy ratio lower than Supervisory CAR according to the Notification.

- The data above are calculated by using appraisal value according to the Notification of the Insurance Commission regarding "Asset and Liability Valuation of Life Insurance Company" and the Notification of the Office of Commission regarding "Type of Capital Fund including Rules, Procedures and Conditions for Calculating the Life Insurance Capital Fund".

9. Financial Statements and Notes to Financial Statements Audited by Certified Public Accountant

Please see financial statements on the Company's website as follows:

<https://www.bangkoklife.com/en/Investor/FinanceInfo/17>