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# “Management Discussion and Analysis for 2<sup>nd</sup> quarter 2022”

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## Executive Summary

Consolidated Baht, million

OPERATING RESULTS	Quarter 2/22	Quarter 2/21	Change YoY%	Quarter 1/21	Change QoQ%	6M22	6M21	Change YoY%
<b>Revenues</b>								
Net premiums written <sup>(1)</sup>	7,294	7,770	-6.1	8,406	-13.2	15,700	16,923	-7.2
First Year Premium	1,260	1,930	-34.7	1,405	-10.3	2,665	3,271	-18.5
Bancassurance	771	1,235	-37.6	763	1.1	1,534	1,952	-21.4
Agent Channel	397	512	-22.5	392	1.2	789	901	-12.4
Other Channel	93	183	-49.5	250	-63.0	343	418	-18.1
Renewal Premium	6,222	6,082	2.3	7,666	-18.8	13,888	14,731	-5.7
Total Investment Income <sup>(2)</sup>	3,454	3,215	7.4	3,257	6.1	6,710	6,364	5.4
Fee and commission income	72	74	-2.9	178	-59.7	250	355	-29.5
Gain & Loss on revaluation and other income	214	110	94.4	299	-28.3	513	254	102.2
<b>Total Revenues</b>	<b>11,034</b>	<b>11,170</b>	<b>-1.2</b>	<b>11,853</b>	<b>-6.9</b>	<b>22,888</b>	<b>23,896</b>	<b>-4.2</b>
<b>Expenses</b>								
Underwriting expenses	9,297	9,864	-5.7	10,555	-11.9	19,852	21,050	-5.7
Operating expenses	388	391	-0.6	353	10.0	742	754	-1.6
Expected Credit Loss	(60)	45	na	(1)	na	(61)	43	na
<b>Total Expenses</b>	<b>9,626</b>	<b>10,299</b>	<b>-6.5</b>	<b>10,907</b>	<b>-11.8</b>	<b>20,533</b>	<b>21,846</b>	<b>-6.0</b>
Earning before tax	1,409	871	61.8	946	49.0	2,355	2,049	14.9
<b>Net profit</b>	<b>1,189</b>	<b>751</b>	<b>58.3</b>	<b>801</b>	<b>48.5</b>	<b>1,990</b>	<b>1,741</b>	<b>14.3</b>
<b>Earnings per share (EPS)</b>	<b>0.70</b>	<b>0.44</b>	<b>59.1</b>	<b>0.47</b>	<b>49.3</b>	<b>1.17</b>	<b>1.02</b>	<b>14.6</b>
Return on investment (ROI)	4.25%	3.96%	0.3%	3.98%	0.3%	4.11%	3.94%	0.2%
Capital Adequacy Ratio (CAR)	364%	295%	69%	329%	35%	364%	295%	69%

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

<sup>(2)</sup> Total investment income = Net investment income + Gain on investment

- In the second quarter of 2022, Bangkok Life Assurance PCL. reported a net profit of 1,189 million Baht, increasing 58% from the second quarter of 2021 representing an earnings per share of 0.70 Baht. In the six-month period of 2022, the net profit was 1,990 million Baht, an increase of 14% YoY representing an earnings per share of 1.17 Baht. The main reasons were due to an increase in investment income and reversal of expected credit loss.
  - In the second quarter of 2022, the Company recorded a total revenue of 11,034 million Baht, a decrease of 1% YoY. First year premium (FYP) was 1,260 million Baht, a decrease of 35% YoY. In the six-month period of 2022, a total revenue is 22,888 million Baht, a decrease of 4% YoY. FYP was 2,665 million Baht, a decrease of 19% YoY due to a decrease in FYP from all channel
  - The RYP in the second quarter of 2022 increased by 2% compared to the same period last year.
- However, in the first half of 2022, RYP decreased by 6% as expected.
- The FYP by distribution channel in 2Q22 were as followed: bancassurance, agent and other channels accounted for 57%, 30% and 13%, respectively.
  - The total investment income in the second quarter of 2022 was 3,454 million Baht, an increase of 7% from the same period last year. The return on investment (ROI) in 2Q22 was 4.25% and ROI of the six-month period of 2022 was 4.11%
  - Total expense in the second quarter of 2022 amounted to 9,626 million Baht, a decrease of 7% from the same period last year. Total expenses in the six-month period of 2022 amounted to 20,533 million Baht decreased by 6%. The key reason was from a decline in underwriting expenses.
  - The Capital Adequacy Ratio (CAR) in the second quarter of 2022 year was at 364%.

Performance Overview

Total Premium

In the second quarter of 2022, the Company's total premium amounted to 7,482 million Baht, a decrease of 7% YoY.

In the first-half of 2022, the Company's total premium amounted to 16,553 million Baht, a decrease of 8% YoY.

Contribution of the total premium by distribution channel were bancassurance 57%, agent 36% and other channels 7%.

First Year Premium

In the second quarter of 2022, the Company's FYP was 1,260 million Baht, a decrease of 35% from the same period last year. This was resulted mainly from the Bancassurance channel which FYP decreased by 38% YoY due to new product launched in Apr 2021. Agency channel saw FYP decreased by 22% due to sales promotion launched last year. For other channel, FYP decreased by 50% as a result of the decline in group FYP

In the first-half of 2022, the Company's FYP was 2,665 million Baht, a decrease of 19% YoY as a result of decrease in bancassurance channels by 21%, Agent channels by 12% and other channels by 18%. The contribution by distribution channel was 57%, 30% and 13% respectively for bancassurance, agent and other channels.

Renewal Year Premium

In the second quarter of 2022, the Company had a renewal year premium of 6,222 million Baht, an increase of 2% from the same period last year. In the first-half of 2022, the Company's RYP was 13,888 million Bath, a decrease of 6% YoY as expected.

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

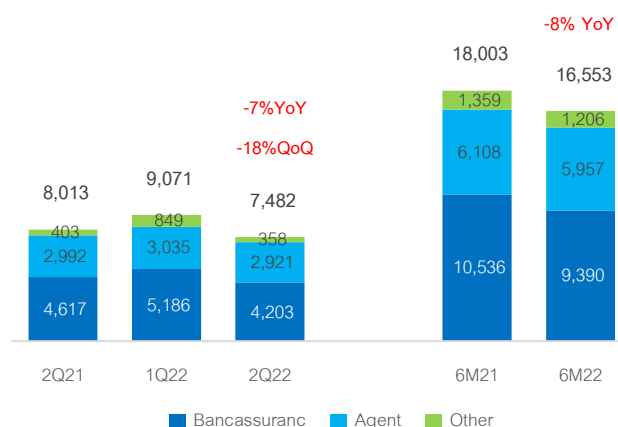


Figure 2: First Year Premium by channels (Baht: million)

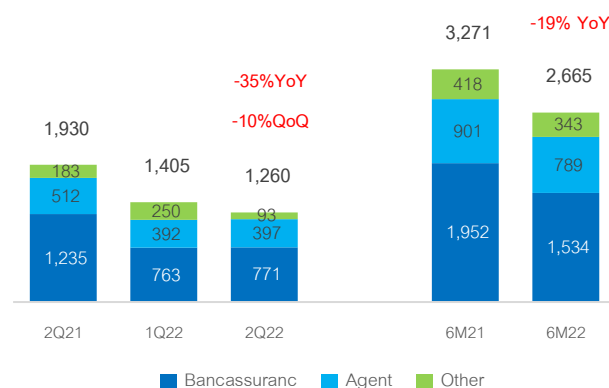
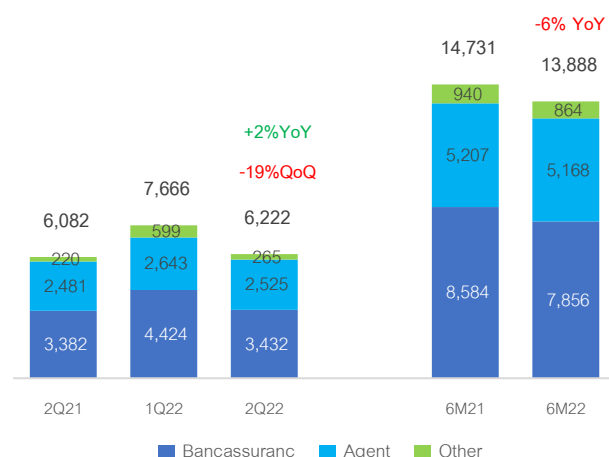


Figure 3: Renewal Premium by channels (Baht: million)



### Investment Asset and Investment Return

In the second quarter of 2022, the Company's total investment asset was 333,861 million Baht, a decrease of 1,596 million Baht from the first quarter of 2022. The Company's investment proportion in fixed income was at 83%, equity at 9% and REIT at 5%.

In the second quarter of 2022, the Company's investment income <sup>(3)</sup> was 3,546 million Baht, an increase of 7% from the same period last year with the increase from higher realized gain and dividend income.

In the first-half of 2022, the Company's investment income was 6,892 million Baht, an increase of 5% YoY. Excluding realized gain, interest and dividend income increased 1% YoY.

In the second quarter of 2022, the return on investment (ROI) equals to 4.25%, increasing from 3.96% in the previous year, and increasing from 3.98% in the previous quarter. Investment yield (including interest and dividend income) was at 3.82%, increasing 12 bps YoY, and 19 bps QoQ.

In the first-half of 2022, the return on investment (ROI) and Investment yield equaled to 4.11% and 3.72% respectively.

Table 1: Investment Assets as of 30 June 2022

Investment assets	1Q22	2Q22	change
Short-term investment	1.5%	2.5%	1.0%
Bond	48.6%	47.8%	-0.8%
Debenture & Note	32.3%	32.9%	0.6%
<b>Total Fixed income</b>	<b>82.4%</b>	<b>83.2%</b>	<b>0.8%</b>
Equity	9.3%	8.7%	-0.6%
REIT	4.9%	4.6%	-0.3%
Policy Loans	2.8%	2.8%	0.0%
Secured Loans	0.6%	0.7%	0.1%
<b>Total Investment assets (MB)</b>	<b>335,457</b>	<b>333,861</b>	<b>-0.5%</b>

Figure 4: Investment Income (Baht Million)

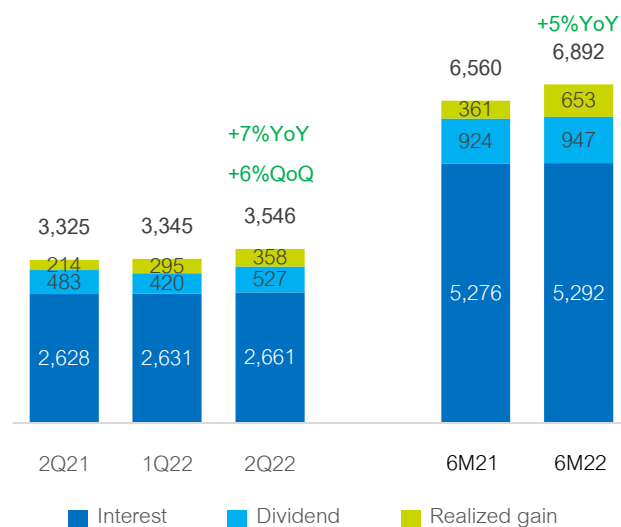
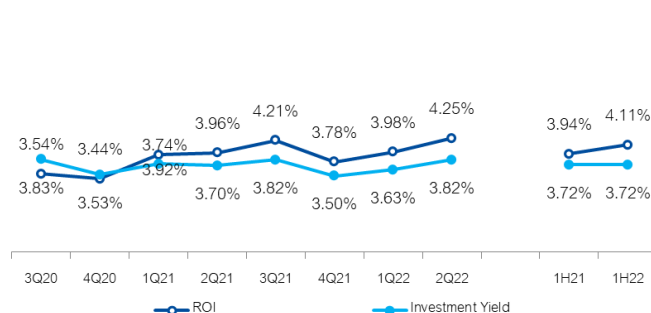


Figure 5: Return on Investment



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

### Underwriting Expenses and Operating Expenses

In the second quarter of 2022, the Company underwriting expenses totaled 9,297 million Baht, a decrease of 6% YoY in line with a decline of FYP.

In the first-half of 2022, the underwriting expenses was 19,852 million Baht, a decline of 6% YoY. The major reason came from a decrease of life policy reserves.

In the second quarter of 2022, the Company had an operating expense of 388 million Baht, a decrease of 1% from the same period last year. In the first-half of 2022, operating expense decreased by 2%. The company continues to focus on expense management.

### Net Profit

In the second quarter of 2022, the Company had a net profit of 1,189 million Baht an increase of 58% from the same period last year and the increase of 49% from the previous quarter, representing an earnings per share of Baht 0.70.

In the first-half of 2022, the company reported a net profit amounting to 1,990 million Baht an increase of 14% YoY. representing an earnings per share of Baht 1.17 per share.

### Capital Adequacy and Risk-Based Capital (RBC)

In the second quarter of 2022, the Company's Capital Adequacy Ratio ("CAR") was at 364%, an increase from 329% at the first quarter of 2022 due to an increase in government bond yield.

Figure 6: Underwriting Expenses (Baht, million)

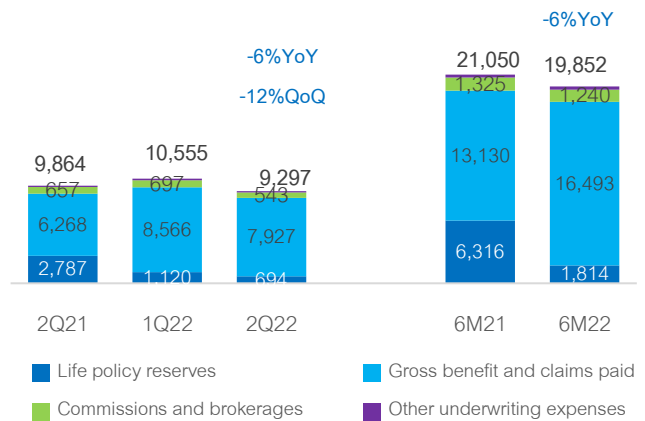


Figure 7: Operating Expense (Baht, million)

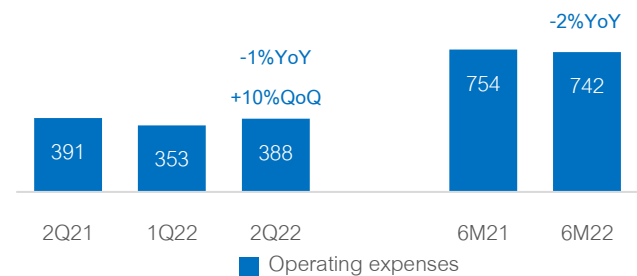
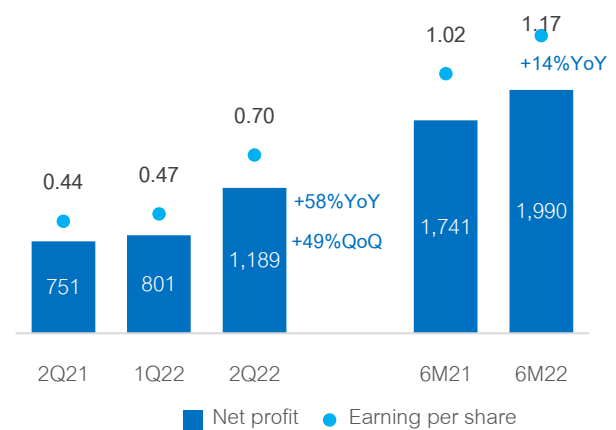


Figure 8: Net Profit (Baht, million) and earning per share (Baht)



## Summary of Financial Position as of 30 June 2022

Consolidated Baht, million						
	30-Jun-22	%	31-Dec-21	%	Change	%
<b>Assets</b>						
Cash and cash equivalents	8,220	2%	7,637	2%	583	7.6%
Premiums due and uncollected	1,895	0.6%	1,648	0.5%	247	15.0%
Accrued investment incomes	1,548	0.5%	1,599	0.5%	(52)	-3.2%
Investments <sup>(4)</sup>	325,647	95%	331,083	95%	(5,436)	-1.6%
Premises and equipment	2,225	0.6%	2,283	0.7%	(59)	-2.6%
Other assets	4,426	1.3%	2,893	1%	1,533	53.0%
<b>Total Assets</b>	<b>343,960</b>	<b>100%</b>	<b>347,143</b>	<b>100%</b>	<b>(3,183)</b>	<b>-0.9%</b>
<b>Liabilities and equity</b>						
Life policy reserves	289,586	84%	287,772	83%	1,814	0.6%
Other insurance contract liabilities	6,923	2%	7,708	2%	(786)	-10.2%
Other liabilities	4,656	1%	3,697	1.1%	959	25.9%
<b>Total liabilities</b>	<b>301,164</b>	<b>88%</b>	<b>299,177</b>	<b>86%</b>	<b>1,987</b>	<b>0.7%</b>
Retained earnings	5,069	1%	5,069	1%	-	0.0%
Unrealized gain on investment	35,560	10%	34,522	10%	1,038	3.0%
Non-controlling interests of the subsidiaries	2,167	1%	8,375	2%	(6,208)	-74.1%
<b>Total equity</b>	<b>42,796</b>	<b>12%</b>	<b>47,966</b>	<b>14%</b>	<b>(5,170)</b>	<b>-10.8%</b>
<b>Total liabilities and equity</b>	<b>343,960</b>	<b>100%</b>	<b>347,143</b>	<b>100%</b>	<b>(3,183)</b>	<b>-0.9%</b>
<b>Book value/Share</b>	<b>25.06</b>		<b>28.09</b>			

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

### Assets

Total assets as of 30 June 2022 decreased from 31 December 2021 by 1% or 3,183 million Baht which was impacted from a decrease in market value of investment asset. The majority of the company's assets was investment asset, which accounted for 95% of total assets and accounted for 112% of life policy reserves.

### Liabilities and Equity

Total liabilities as of 30 June 2022 increased 1% from 31 December 2021. The increase mostly came from the increase in life policy reserves and other liabilities.

The total equity as of 30 June 2022 was 42,796 million Baht, a decrease of 5,170 million Baht or 11% from 31 December 2021. The decrease came from net profit of 1,990 million Baht, dividend paid 952 million Baht and unrealized gain from financial instruments of 6,208 million Baht. Book value per share (BV/share) was at 25.06 Baht per share.

## Financial Ratios

Financial ratio	Quarter		6 Months	
	2Q22	2Q21	6M22	6M21
NI / Total income	10.8%	6.7%	8.7%	7.3%
NI / Net premium	16.2%	9.7%	12.4%	10.1%
Life policy reserve / Net premium	9.5%	35.9%	11.3%	36.8%
Underwriting expenses / Net premium	126.8%	127.1%	123.6%	122.6%
Operating expenses / Net premium	5.3%	5.0%	4.6%	4.4%
Investment assets / Total asset	94.7%	94.4%	94.7%	94.4%
Investment assets / Life policy reserve	112.5%	113.9%	112.5%	113.9%
Return on investment (ROI)	4.25%	3.96%	4.11%	3.94%
NI / Average equity	10.6%	6.4%	8.8%	14.8%
NI / Average assets	1.4%	0.9%	1.2%	2.0%
CAR ratio	364%	295%	364%	295%

Industry Overview

In the first-half of 2022, life insurance industry reported a new business premium amounting to Baht 79,664 million Baht, a decrease of 5% YoY due to a decrease of single premium which decline by 20% YoY. The main reason was from a significant decrease of Unit-linked sold via Bancassurance channel. However, when considering the ordinary FYP without single premium, it increased by 8%.

Meanwhile, Renewal year premium and total premium compared to the same period last year decreased by 1% and 2%, respectively.

For new business premiums by distribution channels in the first-half of 2022, Agent channel increased by 12% YoY, which accounted for 35% of total FYP. This proportion increased from 31% in the same period last year.

Bancassurance channel FYP decreased by 12% YoY, which accounted for 52% of total FYP. This proportion decreased from the same period last year. Other channel FYP decreased by 10% compared to the same period last year, accounted for 12% of total FYP.

Figure 9: Life Insurance Industry Premiums

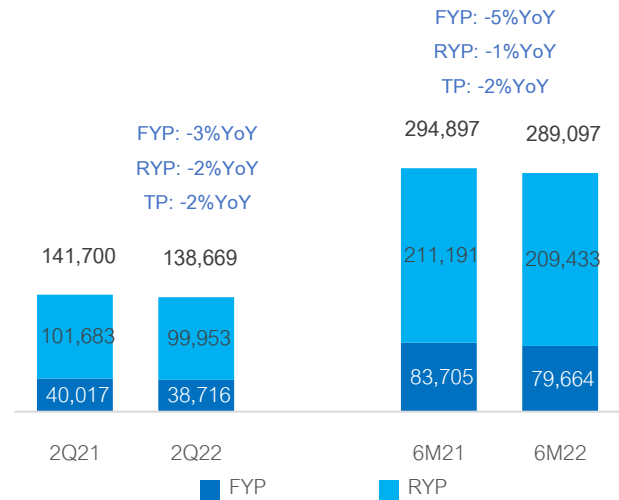


Figure 10: Industry New Business Premiums by products

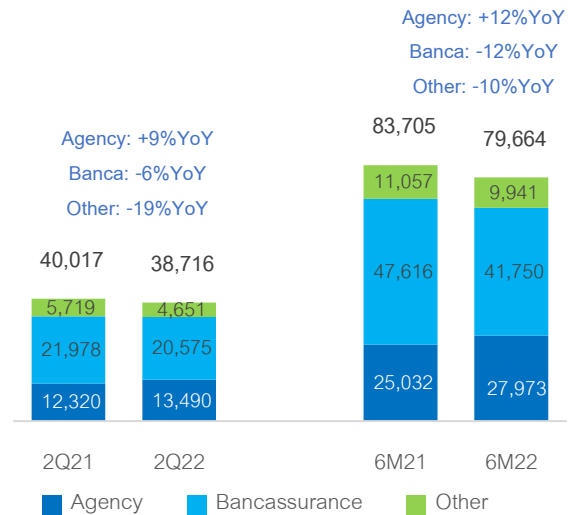


Figure 11: Industry New Business Premium by Channels

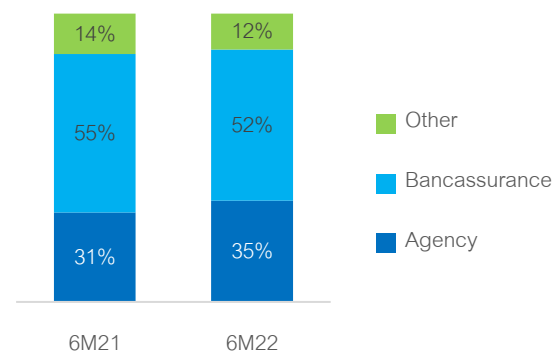




Table 2: Life Insurance Premiums market share (%)

Ranking by New business	Company	New Business Premium	Renewal Premium	Total Premium	Market share New business	Market share Total premium
1	AIA	15,392	55,667	71,060	19.3%	24.6%
2	FWD	12,759	31,552	44,311	16.0%	15.3%
3	MTL	11,032	21,100	32,131	13.8%	11.1%
4	TLI	9,535	31,447	40,982	12.0%	14.2%
5	KTAL	6,069	16,355	22,424	7.6%	7.8%
6	PLT	5,289	8,550	13,839	6.6%	4.8%
7	GT	3,462	2,185	5,647	4.3%	2.0%
8	AZAY	3,369	12,839	16,208	4.2%	5.6%
9	BLA	2,700	13,839	16,539	3.4%	5.7%
10	SELIC	2,566	1,434	4,000	3.2%	1.4%

Source: The Thai Life Assurance Association