



**BANGKOK
LIFE**

กรุงเทพประกันชีวิต

“Management Discussion and Analysis for 3rd quarter 2022”



Executive Summary

Consolidated Baht, million

| OPERATING RESULTS | Quarter 3/22 | Quarter 3/21 | Change YoY% | Quarter 2/22 | Change QoQ% | 9M22 | 9M21 | Change YoY% |
|---|-----------------|-----------------|----------------|-----------------|----------------|---------------|---------------|----------------|
| Revenues | | | | | | | | |
| Net premiums written ⁽¹⁾ | 10,252 | 9,523 | 7.6 | 7,294 | 40.5 | 25,952 | 26,446 | -1.9 |
| First Year Premium | 2,086 | 1,380 | 51.1 | 1,260 | 65.5 | 4,751 | 4,651 | 2.1 |
| Bancassurance | 1,588 | 863 | 84.0 | 771 | 105.9 | 3,122 | 2,815 | 10.9 |
| Agent Channel | 394 | 404 | -2.6 | 397 | -0.8 | 1,182 | 1,304 | -9.4 |
| Other Channel | 104 | 113 | -7.6 | 93 | 12.6 | 447 | 531 | -15.8 |
| Renewal Premium | 8,351 | 8,339 | 0.1 | 6,222 | 34.2 | 22,239 | 23,070 | -3.6 |
| Total Investment Income ⁽²⁾ | 3,267 | 3,490 | -6.4 | 3,454 | -5.4 | 9,978 | 9,853 | 1.3 |
| Fee and commission income | 87 | 88 | -0.2 | 72 | 21.6 | 338 | 443 | -23.7 |
| Gain & Loss on revaluation and other income | 119 | 310 | -61.5 | 214 | -44.3 | 346 | 564 | -38.7 |
| Total Revenues | 13,726 | 13,411 | 2.3 | 11,034 | 24.4 | 36,613 | 37,307 | -1.9 |
| Expenses | | | | | | | | |
| Underwriting expenses | 12,199 | 11,557 | 5.6 | 9,297 | 31.2 | 32,051 | 32,606 | -1.7 |
| Operating expenses | 427 | 425 | 0.5 | 388 | 9.9 | 1,169 | 1,179 | -0.8 |
| Expected Credit Loss | 5 | 44 | na | (60) | na | (56) | 86 | na |
| Total Expenses | 12,631 | 12,025 | 5.0 | 9,626 | 31.2 | 33,164 | 33,871 | -2.1 |
| Earning before tax | 1,095 | 1,386 | -21.0 | 1,409 | -22.3 | 3,450 | 3,435 | 0.4 |
| Net profit | 942 | 1,181 | -20.2 | 1,189 | -20.7 | 2,932 | 2,922 | 0.4 |
| Earnings per share (EPS) | 0.55 | 0.69 | -20.4 | 0.70 | -21.4 | 1.72 | 1.71 | 0.4 |
| Return on investment (ROI) | 4.00% | 4.21% | -0.2% | 4.25% | -0.3% | 4.07% | 4.03% | 0.0% |
| Capital Adequacy Ratio (CAR) | 363% | 299% | 64% | 364% | -1% | 363% | 299% | 64% |

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

⁽²⁾ Total investment income = Net investment income + Gain on investment

- In the Third quarter of 2022, Bangkok Life Assurance PCL. reported a net profit of 942 million Baht, decreasing 20% from the Third quarter of 2021 representing an earnings per share of 0.55 Baht. In the nine-month of 2022, the net profit was 2,932 million Baht, an increase of 0.4% YoY representing an earnings per share of 1.72 Baht.
- In the Third quarter of 2022, the Company recorded a total revenue of 13,726 million Baht, an increase of 2% YoY. First year premium (FYP) was 2,086 million Baht, an increase of 51% YoY. In the nine-month of 2022, a total revenue is 36,613 million Baht, a decrease of 2% YoY. FYP was 4,751 million Baht, an increase of 2% YoY due to an increase in FYP from bancassurance channel.
- The RYP in the Third quarter of 2022 increased by 0.1% compared to the same period last year. However, in the nine-month of 2022, RYP decreased by 4% as expected.
- The FYP by distribution channel in 3Q22 were as followed: bancassurance, agent and other channels accounted for 66%, 25% and 9%, respectively.
- The total investment income in the Third quarter of 2022 was 3,267 million Baht, a decrease of 6% from the same period last year. The return on investment (ROI) in 3Q22 was 4.00% and ROI of the nine-month period of 2022 was 4.07%
- Total expense in the Third quarter of 2022 amounted to 12,631 million Baht, an increase of 5% from the same period last year. Total expenses in the nine-month period of 2022 amounted to 33,164 million Baht decreased by 2%. The key reason was from a decline in underwriting expenses.
- The Capital Adequacy Ratio (CAR) in the Third quarter of 2022 year was at 363%, which stable from 364% in 2Q22.

Performance Overview

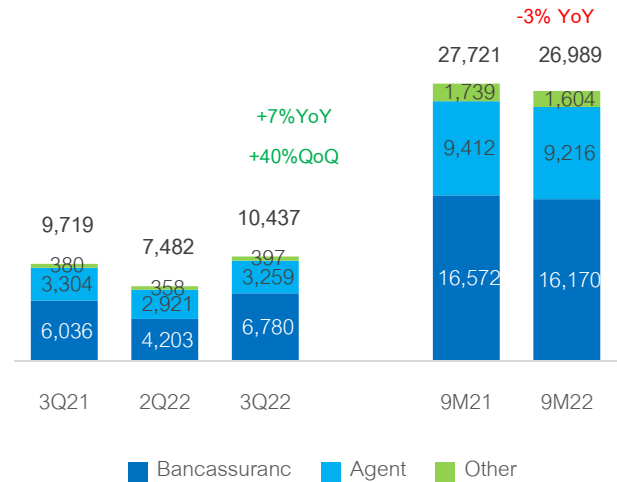
Total Premium

In the Third quarter of 2022, the Company’s total premium amounted to 10,437 million Baht, an increase of 7% YoY.

In the nine-month of 2022, the Company’s total premium amounted to 26,989 million Baht, a decrease of 3% YoY.

Contribution of the total premium by distribution channel were bancassurance 60%, agent 34% and other channels 6%.

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

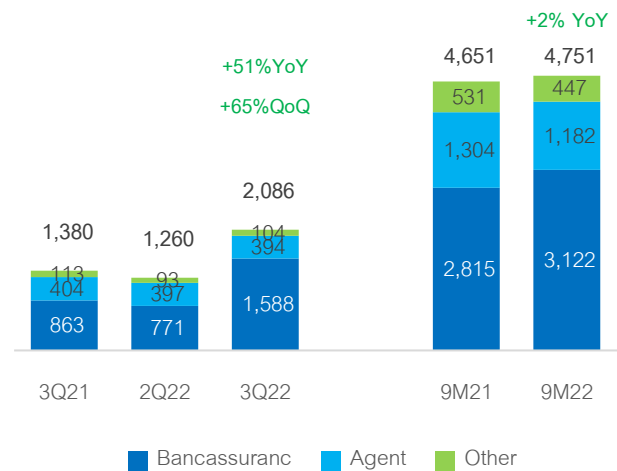


First Year Premium

In the Third quarter of 2022, the Company’s FYP was 2,086 million Baht, an increase of 51% from the same period last year. This was resulted mainly from the Bancassurance channel which FYP increased by 84% YoY. Agency channel saw FYP decreased by 3%. For other channel, FYP decreased by 8%.

In the nine-month of 2022, the Company’s FYP was 4,751 million Baht, an increase of 2% YoY as a result of increase in bancassurance channels by 11%, Decrease in Agent channels by 9% and other channels by 16%. The contribution by distribution channel was 66%, 25% and 9% respectively for bancassurance, agent and other channels.

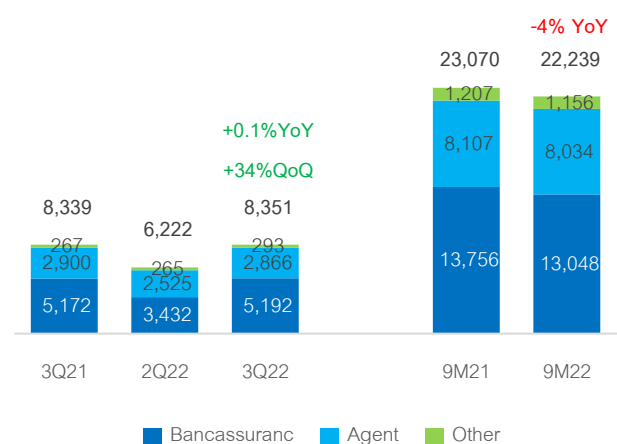
Figure 2: First Year Premium by channels (Baht: million)



Renewal Year Premium

In the Third quarter of 2022, the Company had a renewal year premium of 8,351 million Baht, an increase of 34% from the last quarter. In the nine-month of 2022, the Company’s RYP was 22,239 million Bath, a decrease of 4% YoY as expected.

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



Investment Asset and Investment Return

In the third quarter of 2022, the Company's total investment asset was 333,085 million Baht, a decrease of 776 million Baht from the second quarter of 2022. The Company's investment proportion in fixed income was at 84%, equity at 9% and REIT at 4%.

In the third quarter of 2022, the Company's investment income ⁽³⁾ was 3,340 million Baht, a decrease of 7% from the same period last year and a decrease of 6% from the second quarter of 2022 due to the decline of realized gain.

In the nine-month of 2022, the Company's investment income was 10,231 million Baht, an increase of 1% YoY. Excluding realized gain, interest and dividend income also increased 1% YoY due to higher interest income and dividend.

In the third quarter of 2022, the return on investment (ROI) equals to 4.00%, decreasing from 4.21% in the same period last year, and decreasing from 4.25% in the previous quarter. Investment yield (including interest and dividend income) was at 3.97%, increasing 15 bps YoY, and QoQ due to higher interest rate.

In the nine-month of 2022, the return on investment (ROI) and Investment yield equaled to 4.07% and 3.80% respectively.

Table 1: Investment Assets as of 30 September 2022

| Investment assets | 2Q22 | 3Q22 | change |
|-------------------------------------|----------------|----------------|--------------|
| Short-term investment | 3.0% | 3.5% | 0.5% |
| Bond | 47.3% | 48.0% | 0.7% |
| Debenture & Note | 32.9% | 32.1% | -0.8% |
| Total Fixed income | 83.2% | 83.6% | 0.4% |
| Equity | 8.7% | 8.7% | 0.0% |
| REIT | 4.6% | 4.2% | -0.4% |
| Policy Loans | 2.8% | 2.9% | 0.1% |
| Secured Loans | 0.7% | 0.6% | -0.1% |
| Total Investment assets (MB) | 333,861 | 333,085 | -0.2% |

Figure 4: Investment Income (Baht Million)

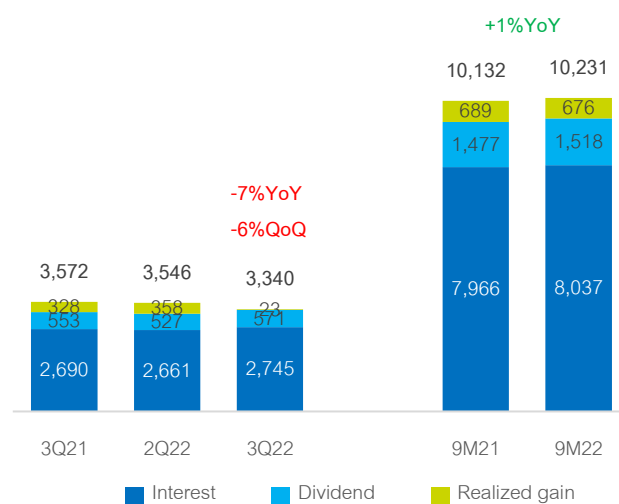
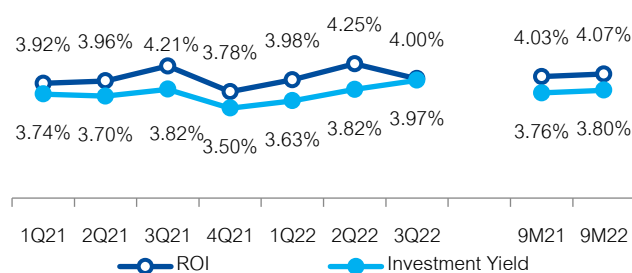


Figure 5: Return on Investment



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

Underwriting Expenses

In the Third quarter of 2022, the Company underwriting expenses totaled 12,199 million Baht, an increase of 6% YoY in line with an increase of FYP.

In the nine-month of 2022, the underwriting expenses was 32,051 million Baht, a decline of 2% YoY. The major reason came from a decrease of life policy reserves form policy maturity.

Operating Expenses

In the Third quarter of 2022, the Company had an operating expense of 427 million Baht, an increase of 1% from the same period last year. In the nine-month of 2022, operating expense decreased by 1%. The company continues to focus on expense management.

Net Profit

In the Third quarter of 2022, the Company had a net profit of 942 million Baht a decrease of 20% from the same period last year and the decrease of 21% from the previous quarter, representing an earnings per share of Baht 0.55.

In the nine-month of 2022, the company reported a net profit amounting to 2,932 million Baht an increase of 0.4% YoY, representing an earnings per share of Baht 1.72 per share.

Capital Adequacy and Risk-Based Capital (RBC)

In the Third quarter of 2022, the Company’s Capital Adequacy Ratio (“CAR”) was at 363%, which satble to 364% in the second quarter of 2022.

Figure 6: Underwriting Expenses (Baht, million)

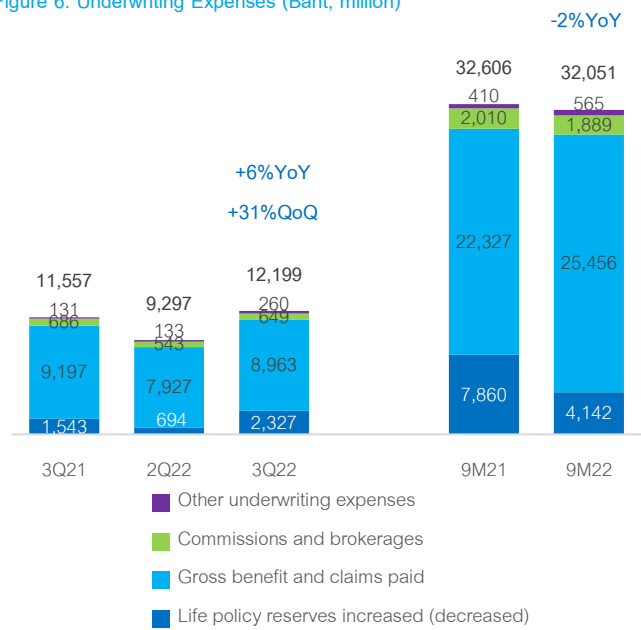


Figure 7: Operating Expense (Baht, million)

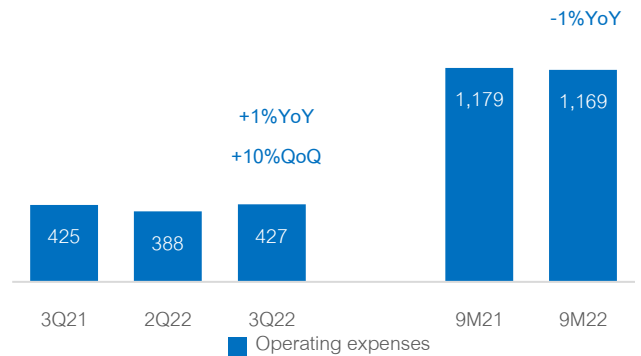
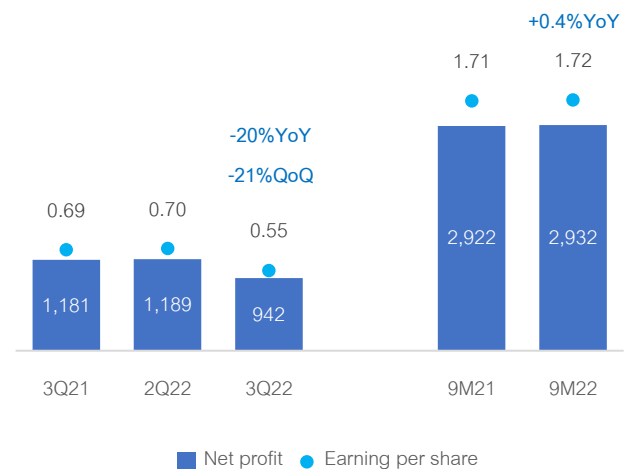


Figure 8: Net Profit (Baht, million) and earning per share (Baht)



Summary of Financial Position as of 30 Sep 2022

(Unit: Million Baht)

| | 30-Sep-22 | % | 31-Dec-21 | % | Change | % |
|---|----------------|-------------|----------------|-------------|----------------|---------------|
| Assets | | | | | | |
| Cash and cash equivalents | 10,209 | 3% | 7,637 | 2% | 2,572 | 33.7% |
| Premiums due and uncollected | 2,548 | 0.7% | 1,648 | 0.5% | 900 | 54.6% |
| Accrued investment incomes | 2,607 | 0.8% | 1,599 | 0.5% | 1,007 | 63.0% |
| Investments ⁽⁴⁾ | 322,883 | 94% | 331,083 | 95% | (8,200) | -2.5% |
| Premises and equipment | 2,203 | 0.6% | 2,283 | 0.7% | (80) | -3.5% |
| Other assets | 4,067 | 1.2% | 2,893 | 1% | 1,174 | 40.6% |
| Total Assets | 344,517 | 100% | 347,143 | 100% | (2,626) | -0.8% |
| Liabilities and equity | | | | | | |
| Life policy reserves | 291,913 | 85% | 287,772 | 83% | 4,142 | 1.4% |
| Other insurance contract liabilities | 6,527 | 2% | 7,708 | 2% | (1,181) | -15.3% |
| Other liabilities | 4,564 | 1% | 3,697 | 1.1% | 868 | 23.5% |
| Total liabilities | 303,005 | 88% | 299,177 | 86% | 3,828 | 1.3% |
| Retained earnings | 5,069 | 1% | 5,069 | 1% | - | 0.0% |
| Unrealized gain on investment | 35,957 | 10% | 34,522 | 10% | 1,435 | 4.2% |
| Non-controlling interests of the subsidiaries | 486 | 0% | 8,375 | 2% | (7,889) | -94.2% |
| Total equity | 41,512 | 12% | 47,966 | 14% | (6,454) | -13.5% |
| Total liabilities and equity | 344,517 | 100% | 347,143 | 100% | (2,626) | -0.8% |
| Book value/Share | 24.31 | | 28.09 | | | |

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

Total assets as of 30 Sep 2022 decreased from 31 December 2021 by 1% or 2,626 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 94% of total assets and accounted for 111% of life policy reserves.

Liabilities and Equity

Total liabilities as of 30 Sep 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 Sep 2022 was 41,512 million Baht, a decrease of 6,454 million Baht or 14% from 31 December 2021. The decrease came from net profit of 2,932 million Baht, dividend paid 1,497 million Baht and unrealized gain from financial instruments of 7,889 million Baht. Book value per share (BV/share) was at 24.31 Baht per share.

Financial Ratios

| Financial ratio | Quarter | | 9 Months | |
|---|---------|--------|----------|--------|
| | 3Q22 | 3Q21 | 9M22 | 9M21 |
| NI / Total income | 6.9% | 8.8% | 8.0% | 7.8% |
| NI / Net premium | 9.2% | 12.5% | 11.2% | 11.0% |
| Life policy reserve / Net premium | 22.8% | 16.3% | 15.8% | 29.5% |
| Underwriting expenses / Net premium | 119.3% | 122.0% | 121.9% | 122.4% |
| Operating expenses / Net premium | 4.2% | 4.5% | 4.4% | 4.4% |
| Investment assets / Total asset | 96.7% | 97.0% | 96.7% | 97.0% |
| Investment assets / Life policy reserve | 111.6% | 113.8% | 111.6% | 113.8% |
| Return on investment (ROI) | 4.0% | 4.2% | 4.1% | 4.0% |
| NI / Average equity | 8.9% | 9.9% | 8.7% | 8.3% |
| NI / Average assets | 1.1% | 1.4% | 1.1% | 1.1% |
| CAR ratio | 363% | 299% | 363% | 299% |

Sustainable development

BLA has committed in creating business values through a balanced Environmental, Social and Governance (ESG) approach and contributing to the achievement of United Nations Sustainable Development Goals (SDGs). The activities in this report cover developments from 1 January to 30 September 2022.

E: Economy

The company is determined to offer products and services for comprehensive financial and health planning. In the first quarter of year 2022, the company launched new health product "Value Health", economical health product which is affordable for all group of people and also "Value health Kids", health product for children. Currently, the company has products that encompass the needs of every group of people.

E: Environment

Bangkok Life is aware of the problems that climate change brings and has thus discussed and established guidelines to operate our business responsibly. In 2022, the company has started preparing the report of Carbon Footprint of Organization (CFO) and expect to receive CFO certificate by the end of this year.

In the third quarter of this year, the company launched internally awareness raising campaign through "Luncheon with CEO" campaign to emphasize on climate change and greenhouse effect issues and to encourage employees to utilize resources, including electricity, water, paper, office supplies, responsibly and sustainably. All these activities are supporting the reduction of green-house gases and also support the initiatives of Carbon Footprint of Organization (CFO), Carbon Neutrality and Net Zero Carbon respectively.

S: Social

Bangkok Life focuses on improving the skills of our employees as well as to meet their needs in career advancement and all aspect of core competency, especially in digital innovation, in order to keep up with the technological advancements, disruptions as well as future challenges.

To sustainably improve the knowledge and skills of our employees, BLA started to provide external online learning platform for employees in this year apart from BLA Smart Learning platform, which is a self-developed internal online learning system that launched last year. Our employees can learn at anywhere and anytime and can elect the contents based on their interests.

BLA targets to increase the digital innovation skills for employees by encouraging 20% of employees to study at least 15 hours of digital courses by this year.

Apart from this, BLA is focusing on promoting financial planning knowledge through various BLA's communication channels, in order to enhance and increase awareness of financial planning knowledge for people.

G: Governance

BLA has continued to strengthen our corporate governance operation by reviewing corporate governance code and policy. To ensure the effectiveness and appropriateness of the policy for the organization, BLA regularly compares and reviews the principles of corporate governance with international standard. BLA also conducts continuous training of employees' duties in order to enhance awareness of good corporate governance and to ensure that all employees are strictly adhere to and comply with the Company's policies and code of conduct.

Industry Overview

In the nine-month of 2022, life insurance industry reported a new business premium amounting to Baht 124,289 million Baht, an increase of 1% YoY, which resulted from a 13% increase of FYP excluded single premium. The main reason was that the insurers adjusted their product mix, launching short-term saving products offering high return in respond to an increasing interest rate environment. However, single premium showed a 13% decrease YoY. The main reason was from a significant decline of Unit-linked single premium products sold.

Meanwhile, Renewal year premium and total premium compared to the same period last year decreased by 1% and 0.3%, respectively.

For new business premiums by distribution channels in the nine-month of 2022, Agent channel increased by 12% YoY, which accounted for 33% of total FYP. This proportion increased from 30% in the same period last year.

Bancassurance channel FYP decreased by 4% YoY, which accounted for 54% of total FYP. This proportion decreased from 57% in the same period last year. Other channel FYP decreased by 2% compared to the same period last year, accounted for 12% of total FYP.

Figure 9: Life Insurance Industry Premiums

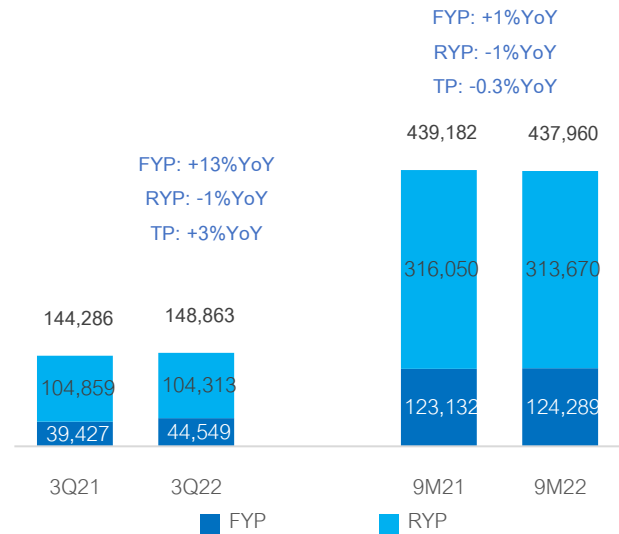


Figure 10: Industry New Business Premiums by products

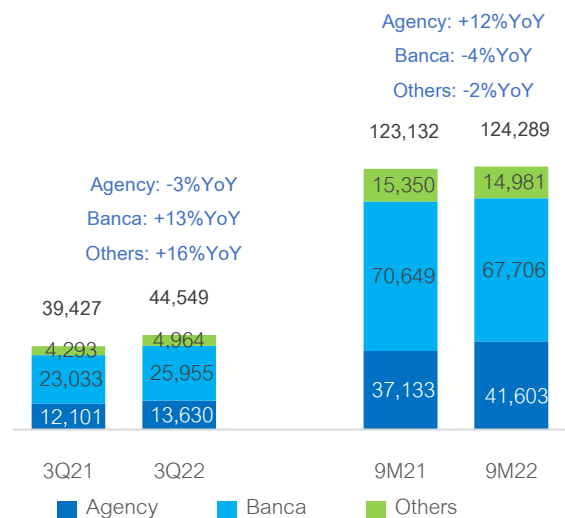


Figure 11: Industry New Business Premium by Channels

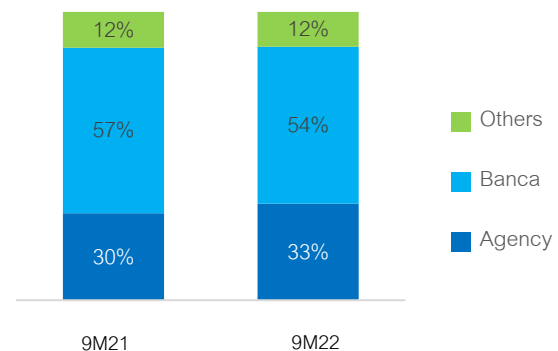


Table 2: Life Insurance Premiums market share (%)

(Unit: Million Baht)

| Company | First year premium | Renewal premium | Total permium | Market share by first year premium (%) | Market share by total premium (%) |
|----------|--------------------|-----------------|---------------|--|-----------------------------------|
| 1 AIA | 22,132 | 83,481 | 105,613 | 17.8% | 24.1% |
| 2 FWD | 18,605 | 45,371 | 63,976 | 15.0% | 14.6% |
| 3 TLI | 14,222 | 47,691 | 61,913 | 11.4% | 14.1% |
| 4 MTL | 19,792 | 31,053 | 50,845 | 15.9% | 11.6% |
| 5 KTAL | 8,814 | 23,835 | 32,649 | 7.1% | 7.5% |
| 6 BLA | 4,807 | 22,239 | 27,047 | 3.9% | 6.2% |
| 7 AZAY | 5,049 | 19,117 | 24,166 | 4.1% | 5.5% |
| 8 PLT | 8,786 | 13,286 | 22,073 | 7.1% | 5.0% |
| 9 GT | 4,947 | 3,242 | 8,189 | 4.0% | 1.9% |
| 10 SELIC | 4,391 | 2,250 | 6,641 | 3.5% | 1.5% |

Ranking based on Total premium

Source: The Thai Life Assurance Association