



**BANGKOK
LIFE**

กรุงเทพประกันชีวิต

“Management Discussion and Analysis for 3rd quarter 2023”



Executive Summary

Consolidated Baht, million

OPERATING RESULTS	Quarter 3/23	Quarter 3/22	Change YoY%	Quarter 2/23	Change QoQ%	9M23	9M22	Change YoY%
Revenues								
Net premiums written ⁽¹⁾	10,386	10,252	1.3	7,051	47.3	25,480	25,952	-1.8
First Year Premium	1,790	2,086	-14.2	1,324	35.2	5,311	4,751	11.8
Bancassurance	1,324	1,588	-16.6	893	48.3	3,659	3,122	17.2
Agent Channel	350	394	-11.2	357	-2.0	1,059	1,182	-10.4
Other Channel	116	104	11.3	74	56.4	593	447	32.8
Renewal Premium	8,632	8,351	3.4	5,736	50.5	20,966	22,239	-5.7
Total Investment Income ⁽²⁾	2,731	3,267	-16.4	2,933	-6.9	8,625	9,978	-13.6
Fee and commission income	93	87	6.2	87	6.2	319	338	-5.7
Gain & Loss on revaluation and other income	2	119	-98.7	95	(98)	62	346	-82.2
Total Revenues	13,211	13,726	-3.7	10,166	30.0	34,486	36,613	-5.8
Expenses								
Underwriting expenses	12,046	12,199	-1.3	8,735	37.9	30,586	32,051	-4.6
Operating expenses	430	427	0.6	428	0.3	1,252	1,169	7.1
Expected Credit Loss	14	5	na	74	na	90	(56)	na
Total Expenses	12,489	12,631	-1.1	9,238	35.2	31,928	33,164	-3.7
Earning before tax	723	1,095	-34.0	929	-22.2	2,557	3,450	-25.9
Net profit	645	942	-31.6	789	-18.3	2,190	2,932	-25.3
Earnings per share (EPS)	0.38	0.55	-30.9	0.46	-17.8	1.28	1.72	-25.5
Return on investment (ROI)	3.55%	4.00%	-0.5%	3.72%	-0.2%	3.65%	4.07%	-0.4%
Capital Adequacy Ratio (CAR)	378%	363%	15%	375%	3.0%	378%	363%	15%

⁽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 2023, Bangkok Life Assurance PCL reported a net profit of 645 million Baht, a decrease of 32% from the third quarter of 2022, representing an earnings per share of 0.38 Baht. In the nine-month period of 2023, the net profit was 2,190 million Baht, a decrease of 25% YoY, representing an earnings per share of 1.28 Baht. The reasons were due to a decrease in investment income and renewal premiums.
- In the third quarter of 2023, the company recorded a total revenue of 13,211 million Baht, a decrease of 4% YoY. As a result, the first-year premium (FYP) decreased by 14% YoY, and the company's total investment income decreased by 16% YoY.
- In the nine-month period of 2023, total revenue was 34,486 million Baht, a decrease of 6% YoY. As a result, the FYP increased by 12% YoY. However, the RYP and the company's total investment income decreased by 6% YoY and 14% YoY, respectively, compared to the same period last year. The decrease in renewal premiums is as expected.
- The FYP by distribution channel in the nine-month period of 2023 was as follows: bancassurance, agent, and other channels accounted for 69%, 20%, and 11%, respectively.
- The total investment income in the third quarter of 2023 was 2,731 million Baht, a decrease of 16% from the same period last year. The reason was due to a decrease in realized gain. The return on investment (ROI) in 3Q23 was 3.55% and ROI of the nine-month period of 2023 was 3.65%
- Total expense in the third quarter of 2023 amounted to 12,489 million Baht, a decrease of 1% from the same period last year. Total expenses in the nine-month period of 2023 amounted to 31,928 million Baht, a decrease of 4%. The key reason was a decline in underwriting expenses.
- The Capital Adequacy Ratio (CAR) in the third quarter of 2023 was at 378%, an increase from 375% at the second quarter of 2023.

Performance Overview

Total Premium

In the third quarter of 2023, the company’s total premium amounted to 10,422 million Baht. Which is relatively constant to the same period last year.

In the nine months of 2023, the company’s total premium amounted to 26,277 million Baht, a decrease of 3% YoY.

Contribution of the total premium by distribution channel were bancassurance 59%, agent 34% and other channels 7%.

First Year Premium

In the third quarter of 2023, the company’s FYP was 1,790 million Baht, a decrease of 14% from the same period last year. The results were mainly from the Bancassurance channel, which FYP decreased by 17% YoY. The agency channel saw FYP decrease by 11%, while other channels’ FYP increased by 11%.

In the nine months of 2023, the company’s FYP was 5,311 million Baht, an increase of 12% YoY as a result of an increase in FYP from bancassurance channels by 17% and other channels increased by 33%, while agent channels decreased by 10%. The contribution by distribution channel was 69%, 20%, and 11%, respectively, for bancassurance, agent, and other channels.

Renewal Year Premium

In the third quarter of 2023, the company had a renewal year premium of 8,632 million Baht, an increase of 3% from the same period last year. In the nine months of 2023, the company’s RYP was 20,966 million Bath, a decrease of 6% YoY as expected.

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

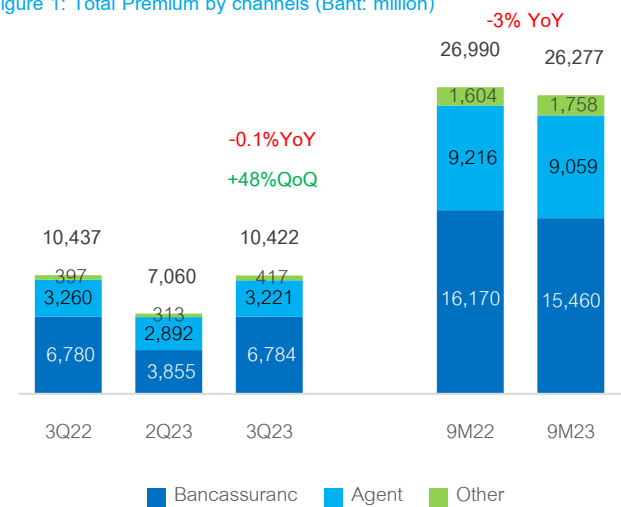


Figure 2: First Year Premium by channels (Baht: million)

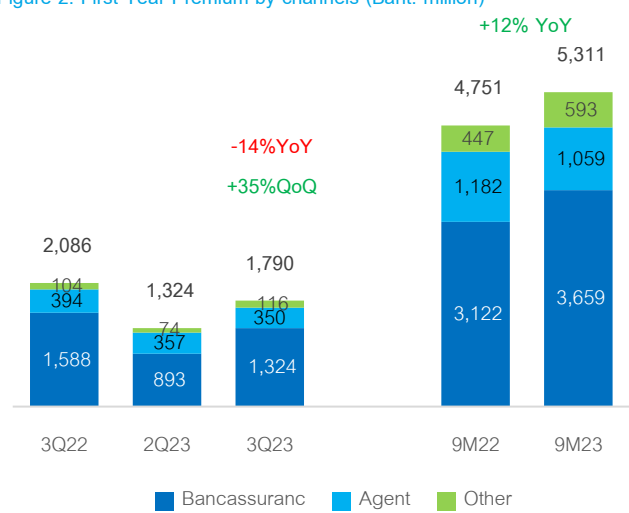
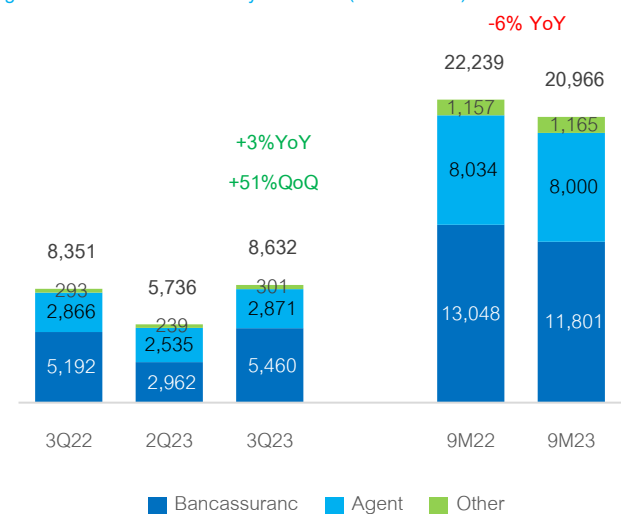


Figure 3: Renewal Premium by channels (Baht: million)



Investment Asset and Investment Return

In the third quarter of 2023, the Company's total investment asset was 315,267 million Baht, a decrease of 1% from the second quarter of 2023 due to policy maturity. The Company's investment proportion in fixed income was 84%, equity at 9% and REIT at 3%.

In the third quarter of 2023, the Company's investment income ⁽³⁾ was 2,809 million Baht, a decrease of 16% from the same period last year due to the interest, which decreased by 4% from a decrease in the investment assets and the realized loss according to market conditions.

In the nine-month of 2023, the Company's investment income was 8,867 million Baht, a decrease of 13% YoY. Excluding realized gain, interest and dividend income decreased 3% YoY.

In the third quarter of 2023, the return on investment (ROI) equals 3.55%, decreasing from 3.99% in the previous year, and from 3.72% in the previous quarter. Investment yield (including interest and dividend income) was at 3.89%, decreasing 8 bps YoY and increasing 1 bps QoQ.

In the nine-month of 2023, the return on investment (ROI) and Investment yield equaled 3.65% and 3.81% respectively.

Table 1: Investment Assets as of 30 September 2023

Investment assets	2Q23	3Q23	change
Short-term investment	1.1%	2.1%	1.0%
Bond	50.2%	49.8%	-0.4%
Debenture & Note	32.5%	31.8%	-0.7%
Total Fixed income	83.8%	83.7%	-0.1%
Equity	8.9%	9.3%	0.4%
REIT	3.7%	3.3%	-0.4%
Policy Loans	3.0%	3.1%	0.1%
Secured Loans	0.6%	0.6%	0.0%
Total Investment assets (MB)	318,835	315,267	-1.1%

Figure 4: Investment Income (Baht Million)

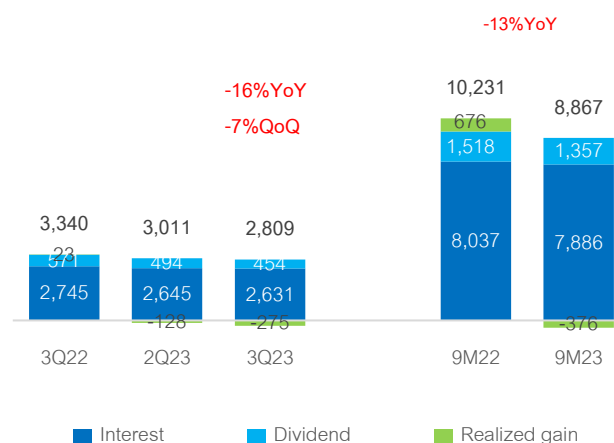
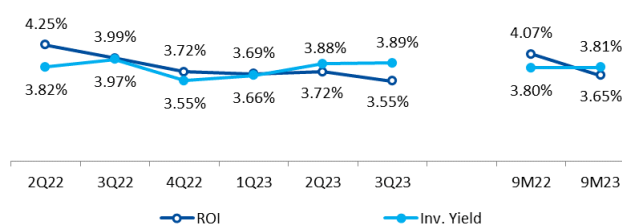


Figure 5: Return on Investment



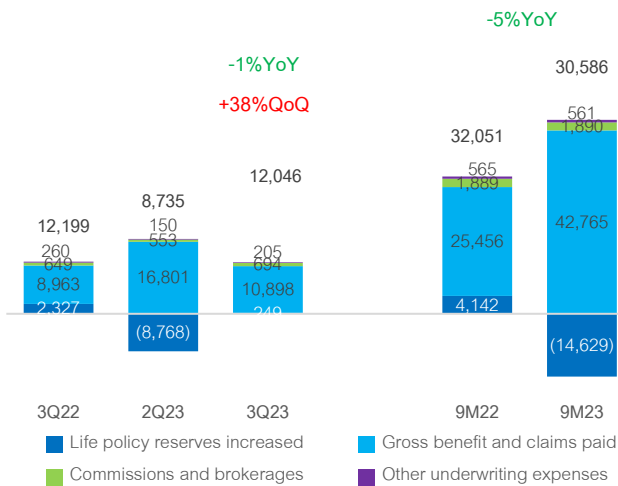
(3) Interest income + Dividend + Profit (Loss) from Investment

Underwriting Expenses

In the third quarter of 2023, the company's underwriting expenses totaled 12,046 million Baht, a decrease of 1% YoY.

In the nine months of 2023, the underwriting expenses were 30,586 million Baht, a decline of 5% YoY. The reason came from a decrease in life policy reserves.

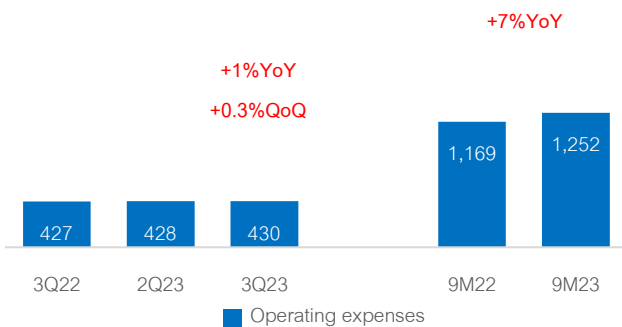
Figure 6: Underwriting Expenses (Baht, million)



Operating Expenses

In the third quarter of 2023, the Company had an operating expense of 430 million Baht, an increase of 1% from the same period last year. In the nine-month of 2023, operating expense increased by 7% YoY. The reasons were due to employee expenses and technology system development expenses. The company continues to focus on expense management.

Figure 7: Operating Expense (Baht, million)

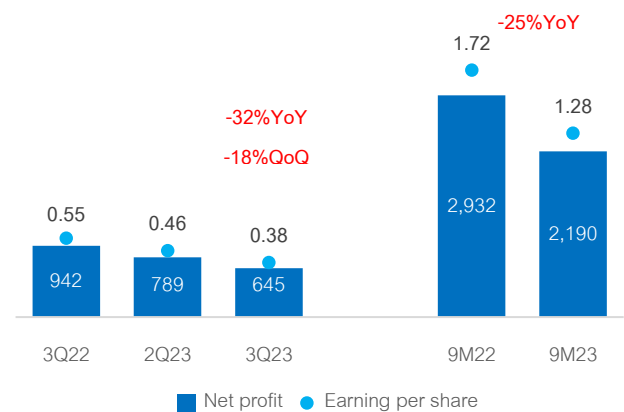


Net Profit

In the third quarter of 2023, the Company had a net profit of 645 million Baht, a decrease of 32% from the same period last year and a decrease of 18% from the previous quarter, representing an earnings per share of Baht 0.38.

In the nine-month of 2023, the company reported a net profit amounting to 2,190 million Baht, a decrease of 25% YoY, representing an earnings per share of Baht 1.28 per share.

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



Capital Adequacy and Risk-Based Capital (RBC)

In the third quarter of 2023, the Company's Capital Adequacy Ratio (“CAR”) was 378%, an increase from 375% at the second quarter of 2023 and similar to the fourth quarter of 2022 at 377%.

Summary of Financial Position as of 30 September 2023

Consolidated Baht, million

	30-Sep-23	%	31-Dec-22	%	Change	%
Assets						
Cash and cash equivalents	6,533	2%	12,681	4%	(6,148)	-48.5%
Premiums due and uncollected	2,604	0.8%	1,567	0.5%	1,036	66.1%
Accrued investment incomes	2,470	0.8%	1,556	0.5%	914	58.7%
Investments ⁽⁴⁾	308,741	95%	320,488	94%	(11,747)	-3.7%
Premises and equipment	2,143	0.7%	2,189	0.6%	(46)	-2.1%
Other assets	3,992	1.2%	4,130	1%	(138)	-3.3%
Total Assets	326,483	100%	342,611	100%	(16,128)	-4.7%
Liabilities and equity						
Life policy reserves	274,266	84%	288,895	84%	(14,629)	-5.1%
Other insurance contract liabilities	5,451	2%	5,861	2%	(410)	-7.0%
Other liabilities	3,547	1%	3,071	0.9%	476	15.5%
Total liabilities	283,264	87%	297,828	87%	(14,563)	-4.9%
Retained earnings	5,069	2%	5,069	1%	-	0.0%
Unrealized gain on investment	37,477	11%	36,241	11%	1,236	3.4%
Non-controlling interests of the subsidiaries	673	0%	3,474	1%	(2,801)	-80.6%
Total equity	43,219	13%	44,783	13%	(1,565)	-3.5%
Total liabilities and equity	326,483	100%	342,611	100%	(16,128)	-4.7%
Book value/Share	25.31		26.23			

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

Assets

Total assets as of 30 September 2023 decreased from 31 December 2022 by 5% or 16,128 million Baht. The main reason was the payment of benefits under the policy contract. The majority of the company's assets was investment asset and cash equivalents, which accounted for 97% of total assets and accounted for 115% of life policy reserves.

Liabilities and Equity

Total liabilities as of 30 September 2023 decreased 5% from 31 December 2022. The decrease mostly came from the decrease in life policy reserves.

The total equity as of 30 September 2023 was 43,219 million Baht, a decrease of 1,565 million Baht or 4% from 31 December 2022. The decrease came from net profit of 2,190 million Baht, dividend paid 954 million Baht and unrealized gain from financial instruments of 2,801 million Baht. Book value per share (BV/share) was at 25.31 Baht per share.

Financial Ratios

Financial ratio	Quarter		Year	
	3Q23	3Q22	9M23	9M22
NI / Total income	4.9%	6.9%	6.4%	8.0%
NI / Net premium	6.3%	9.2%	8.6%	11.2%
Life policy reserve / Net premium	2.4%	22.8%	-57.2%	15.8%
Underwriting expenses / Net premium	117.5%	119.3%	119.5%	121.9%
Operating expenses / Net premium	4.2%	4.2%	4.9%	4.4%
Investment assets / Total asset	96.6%	96.7%	96.6%	96.7%
Investment assets / Life policy reserve	115.0%	114.1%	115.0%	114.1%
Return on investment (ROI)	3.5%	4.0%	3.7%	4.1%
NI / Average equity	5.9%	8.9%	6.6%	8.7%
NI / Average assets	0.8%	1.1%	0.9%	1.1%
CAR ratio	378%	363%	378%	363%

Industry Overview

In the nine-month of 2023, life insurance industry reported a new business premium amounting to 131,999 million Baht, an increase of 6% YoY. FYP excluding single premium increased by 8% YoY mainly from endowment products and whole life products.

Meanwhile, Renewal year premium and total premium compared to the same period last year increased by 3% and 4%, respectively.

For new business premiums by distribution channels in the nine-month of 2023, Agent channel increased by 12% YoY, which accounted for 35% of total FYP.

Bancassurance channel FYP decreased by 1% YoY, which accounted for 51% of total FYP.

Other channel FYP increased by 21% compared to the same period last year, accounted for 14% of total FYP.

Figure 9: Life Insurance Industry Premiums

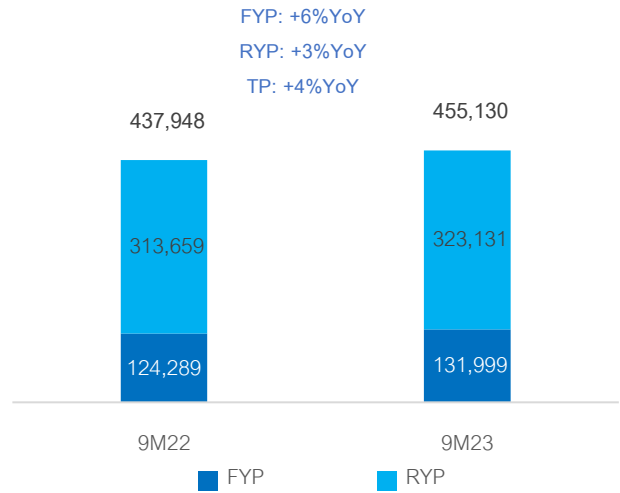


Figure 10: Industry New Business Premiums by products

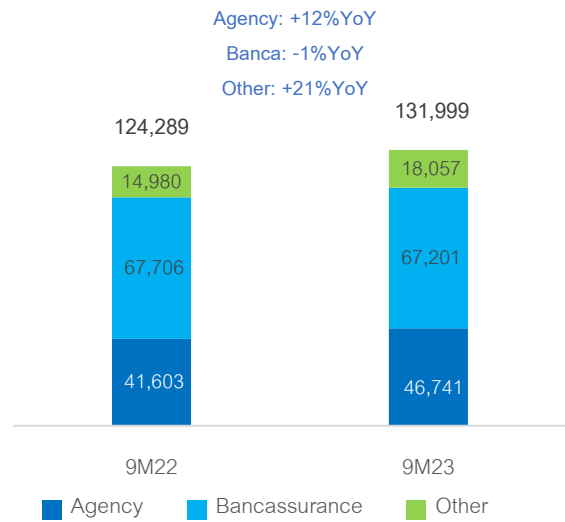


Figure 11: Industry New Business Premium by Channels

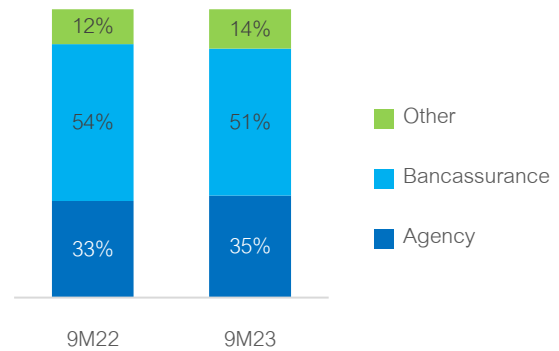


Table 2: Life Insurance Premiums market share (%)

As of 30 September 2023

(Baht: million)

Ranking by FYP	Company	First year premium	Market share by first year premium (%)
1	AIA	22,616	17.1%
2	FWD	21,829	16.5%
3	MTL	17,768	13.5%
4	TLI	17,342	13.1%
5	PLT	8,904	6.7%
6	KTAL	8,731	6.6%
7	AZAY	5,401	4.1%
8	BLA	5,347	4.1%
9	DLA	5,147	3.9%
10	GT	4,331	3.3%

Ranking by TP	Company	Total premium	Market share by total premium (%)
1	AIA	108,543	23.8%
2	FWD	69,625	15.3%
3	TLI	63,624	14.0%
4	MTL	52,468	11.5%
5	KTAL	31,654	7.0%
6	BLA	26,343	5.8%
7	AZAY	25,632	5.6%
8	PLT	24,356	5.4%
9	OLIC	10,881	2.4%
10	TMLTH	8,305	1.8%

Source: The Thai Life Assurance Association