



กรุงเทพประกันชีวิต
BANGKOK LIFE ASSURANCE

Analyst Meeting

“2Q2016 Results Update”

August 10, 2016

Analyst Meeting – *2Q2016 results*

Topics:

1. Results overview

K. Sanor, SEVP – Investment Division

K. Jaruan, SVP – Finance & Acct Division

K. Narin, VP – Marketing Division

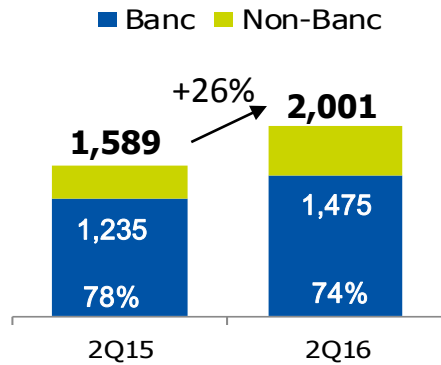
2. Messages from the President

K. Komkai, Acting President

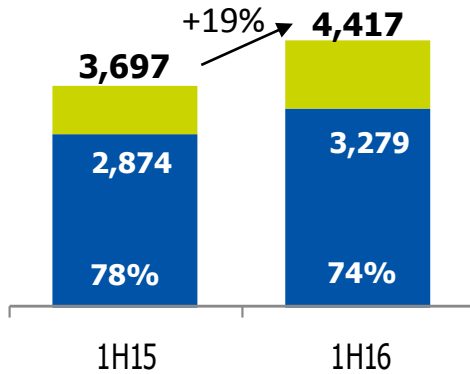
3. Q & A

New Business: + 26% in 2Q16 and + 19% in 1H16 with 74% contributed from Bancassurance

(Unit: Million Baht)



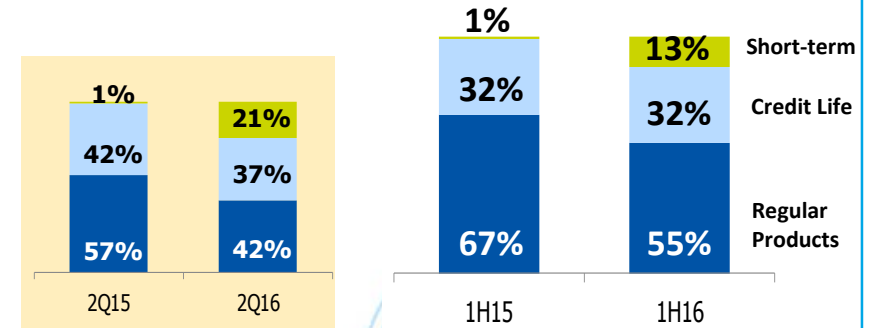
- **FYP Banc +19%**
Credit Life +5%
- **FYP Non-Banc +48%**
Agent +52%



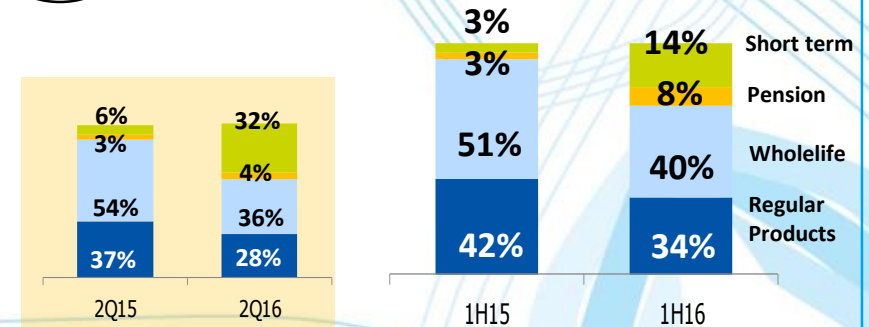
- **FYP Banc +14%**
Credit Life +12%
- **FYP Non-Banc +38%**
Agent +34%
Group Employee +59%

New Business Mix

Banc



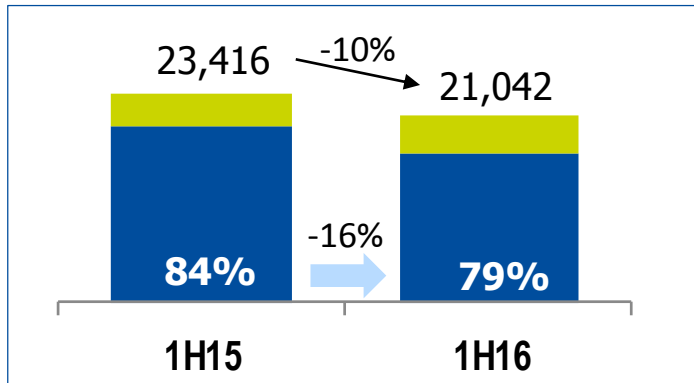
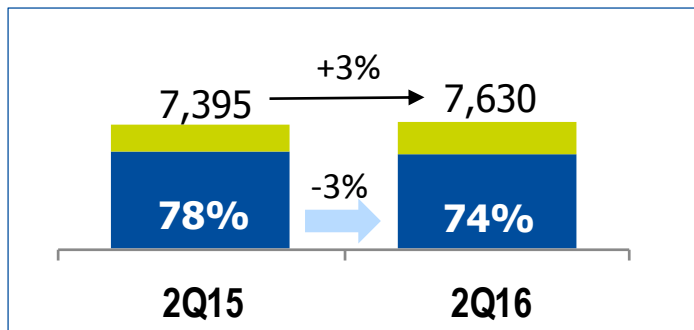
Agent



Total Premium growth slow due to negative RYP growth of -3% in 2Q16 and -16% in 1H16

Total Premium – *by premium type*

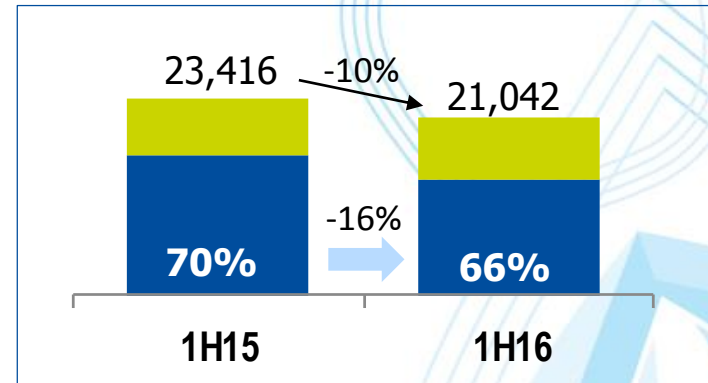
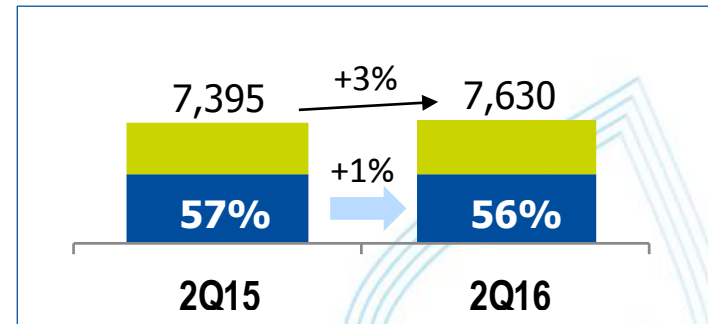
- RYP drops as products reach the end of payment term (10/3) esp. in 1Q16



■ RYP ■ FYP

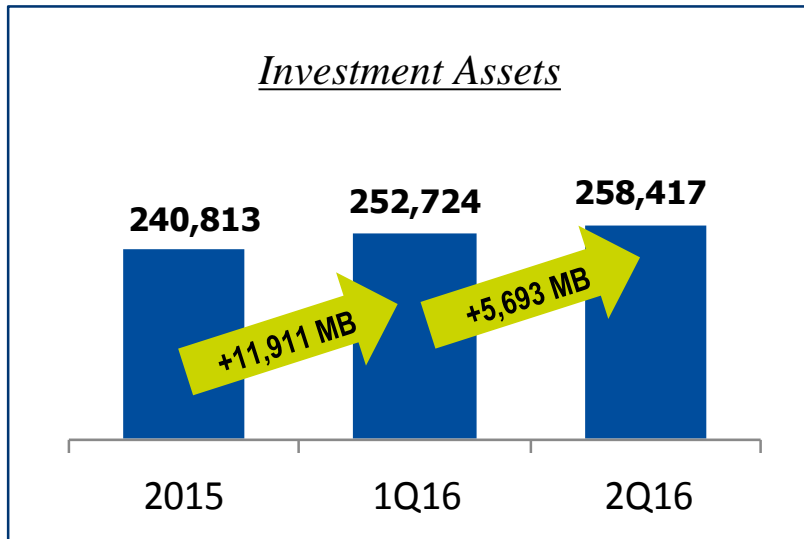
Total Premium – *by distribution channel*

- Banc TP +1% in 2Q16 and -16% in 1H16 while non-Banc +6% in 2Q16 and +4% in 1H16

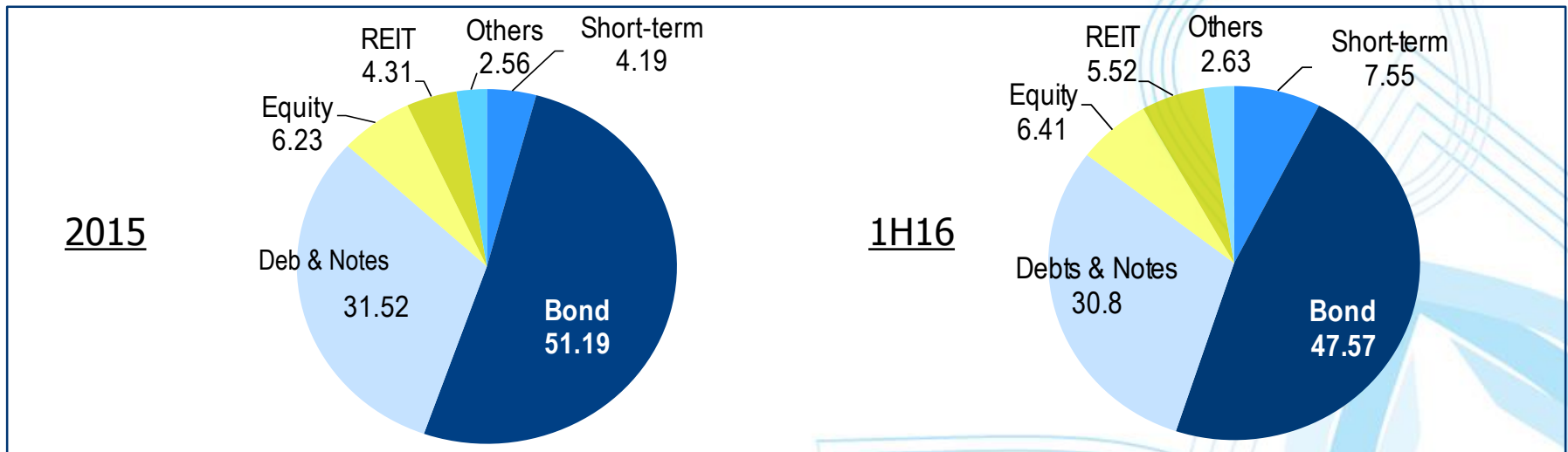


■ Banc ■ Non-Banc

Investment Assets + 17,604 MB from 2015



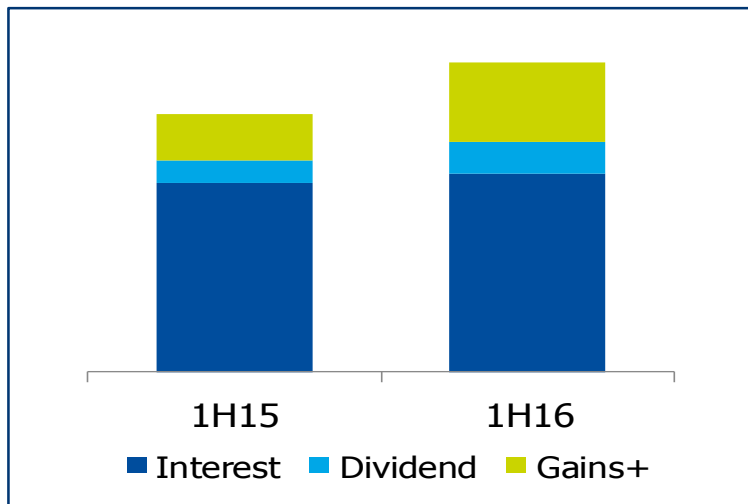
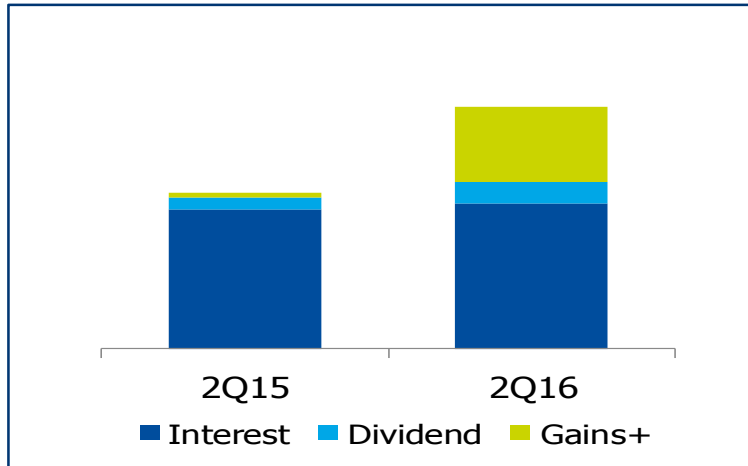
- Allocation to Gov Bond lower to 47.57% as yield come down to an abnormally low level . Short term papers increases significantly to 7.55%
- Stocks exposure flat at approx. 6.4% while REIT continues to grow with 5.52% allocation vs 4.31% at end of 2015
- About 10% foreign investments, mostly credit
- Asset Duration = 8.27 vs 9.76 of the Liabilities



Investment Income +18% YoY during 1H16 - ROI 5.89%

Investment Yield (excl. gain+) = 4.4%

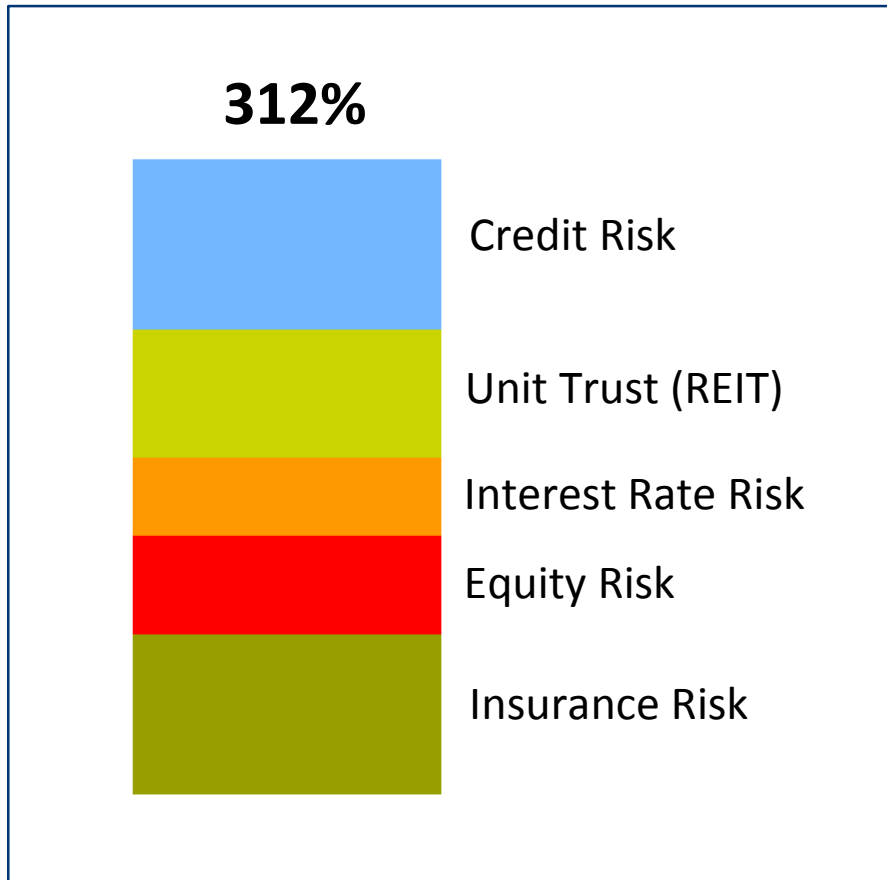
Sources of Investment Income



- Gains+ increased to 1,207 MB in 2Q16 from 113 MB in 2Q15 and to 1,762 MB in 1H16 vs 1,123 MB in 1H15
- Dividend income also rose to 350 MB in 2Q16 from 199 MB in 2Q15 and to 761 MB during 1H16 vs 545 MB during 1H15
- Accounting ROI = 5.89% during 1H16 while Investment Yield(excl. gains+) = 4.4%. Including AFS gains/losses from stocks and equity funds ROI come down slightly to 5.39%

CAR = 312% at the end of June 2016 against 140% regulatory hurdle level

Capital Adequacy Ratio (CAR)



- Well diversify across 5 risk types
- About 72% are among less volatile risk classes i.e. credit, REIT, and insurance
- CAR is trending downward as benefits from 8Q average yield applied to market value of liabilities fade out
- Future regulatory changes as well as potential changes in asset allocation to cope with lower rate environment remains concerns

Discount Rate for LAT Reserve

OLD

GPV Yield = 8Q average of TBMA zero coupon bond yield
(Spot if higher) (latest quarter 51% and equally weight for the others)

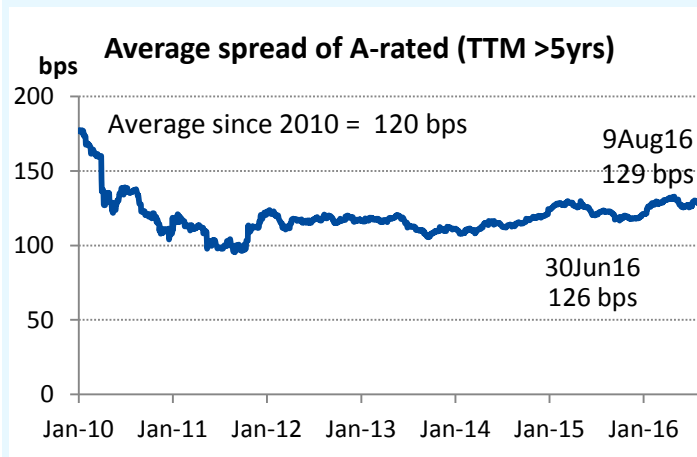
NEW

$$\left[\frac{(1 + \text{GPV Yield}_n)^n}{(1 + \text{GPV Yield}_{(n-1)})^{(n-1)}} \right] - 1$$

GPV Yield
(Spot if higher)



Converted to Forward Yield



- 40% of “A” rated debenture spread over risk free rate for year 1-10
- Year 11-14 linearly reduced towards 20 bps in year 15
- Fixed spread at 20 bps for year 15 onwards

Other key highlights

Benefit Payments

- 2Q16 + 30%
- 1H16 + 21%

- Policy mature +207% in 2Q16 and + 98% during 1H16
- Total amount approx. 1,800 MB in 1H16 and estimated FY 2016 at 2,800 MB
- Surrender rate stabilize +1.3% and +17% in 2Q16 and 1H16 respectively

FINANCIAL RESULTS

K. JARUWAN LIMKHUNTHAMMO

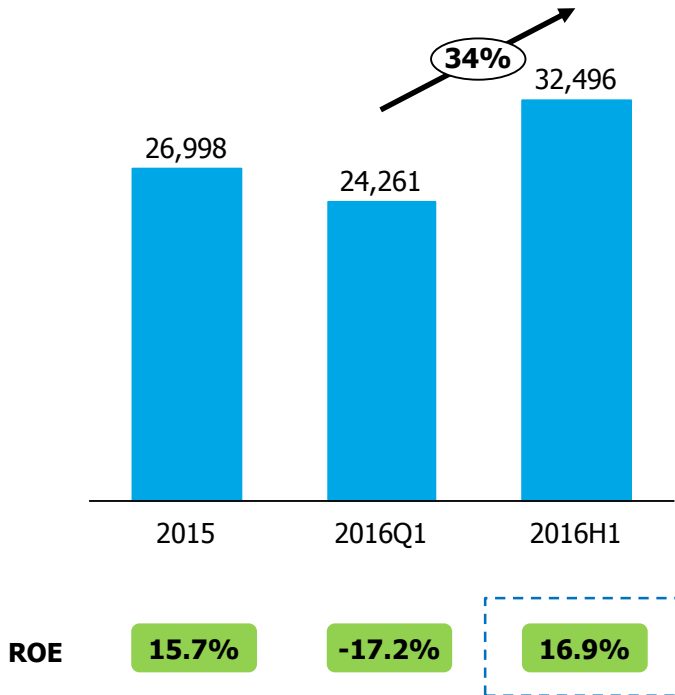
SVP – FINANCE & ACCOUNTING DIVISION



2016H1, positive ROE of 16.9% due to NPAT returned to positive 9,400 mn in Q2

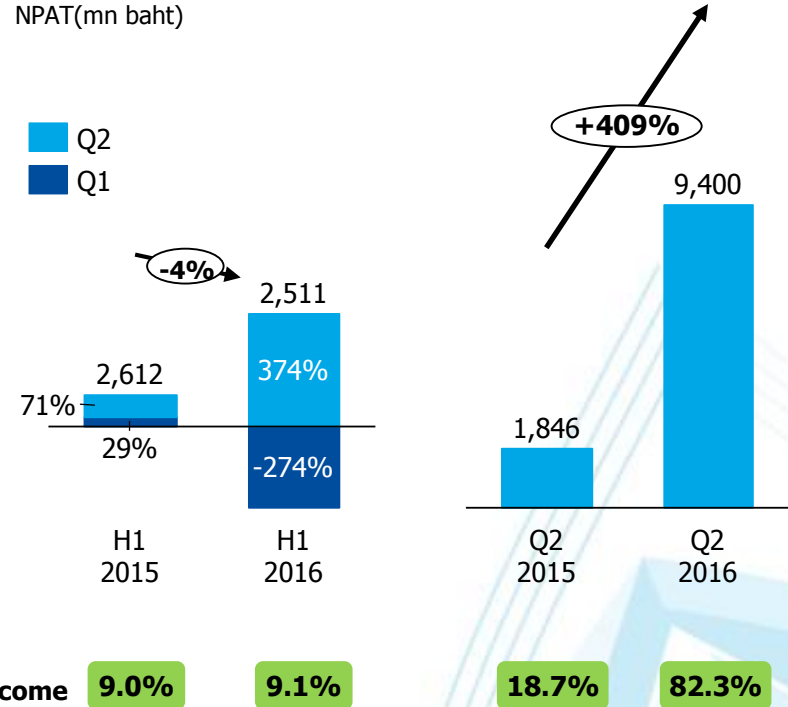
ROE

Equity(mn baht)



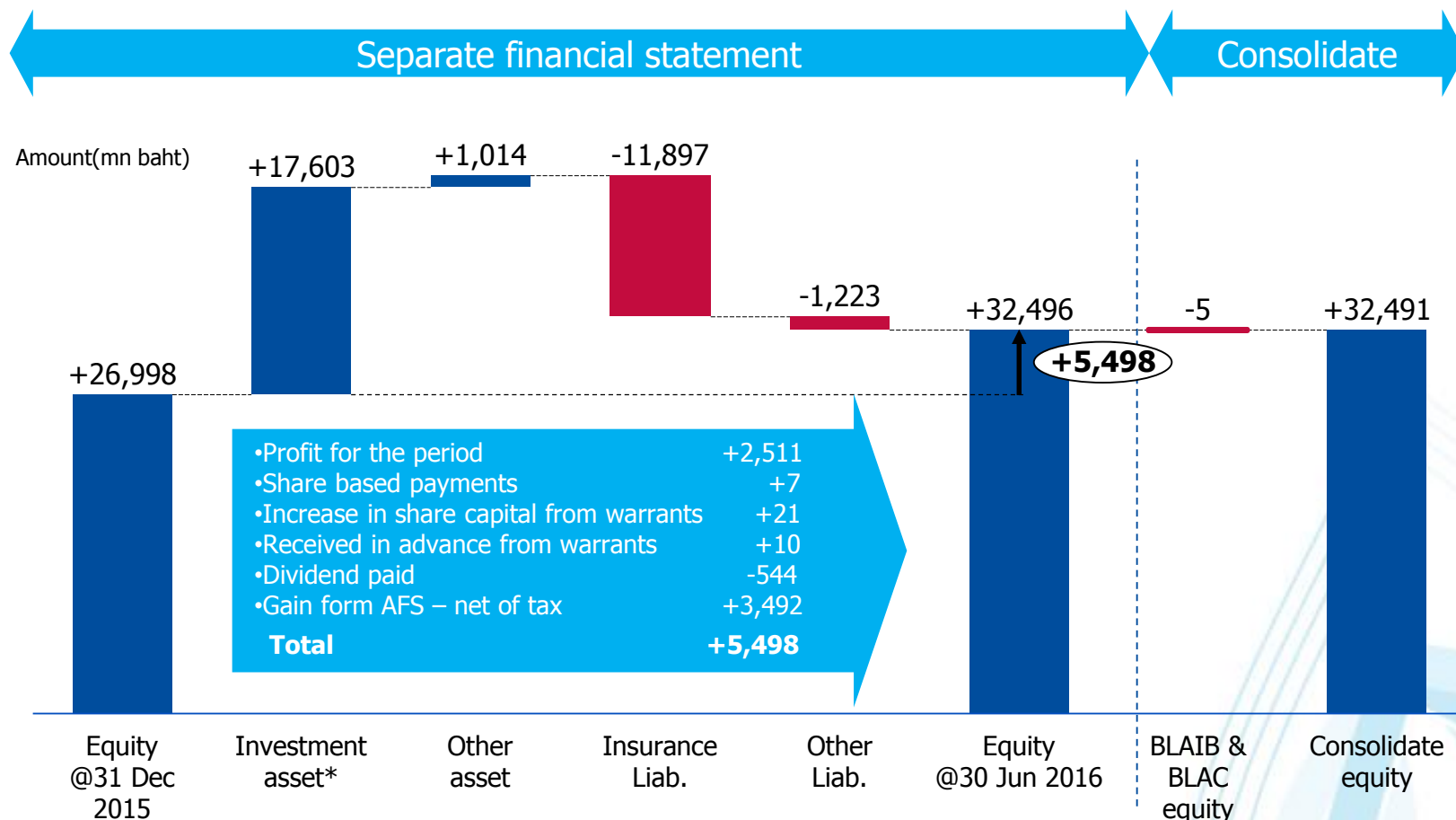
NPAT

NPAT(mn baht)



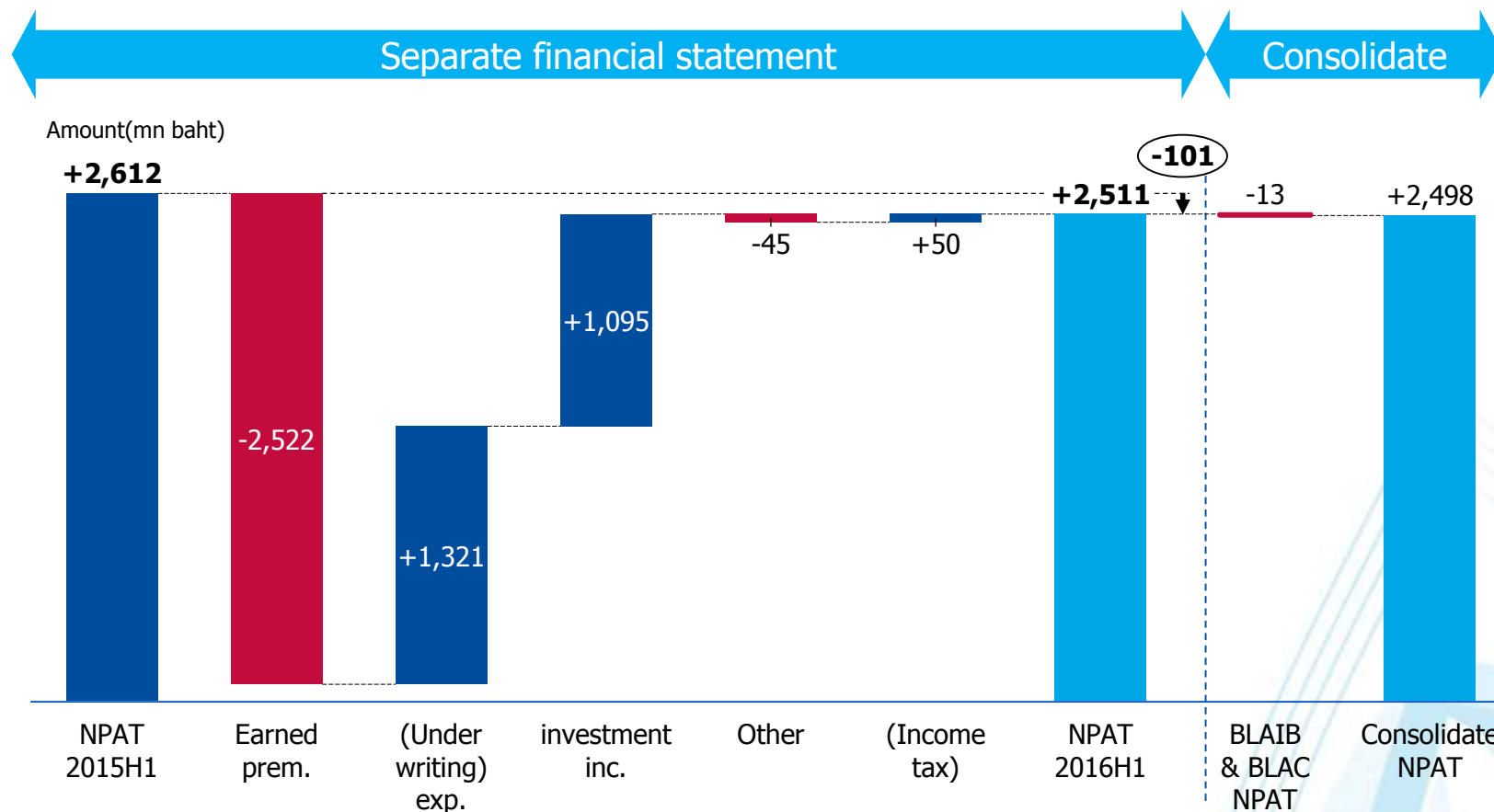
Note:-
Source: BLA financial statement

Equity Movement in the first half year 2016



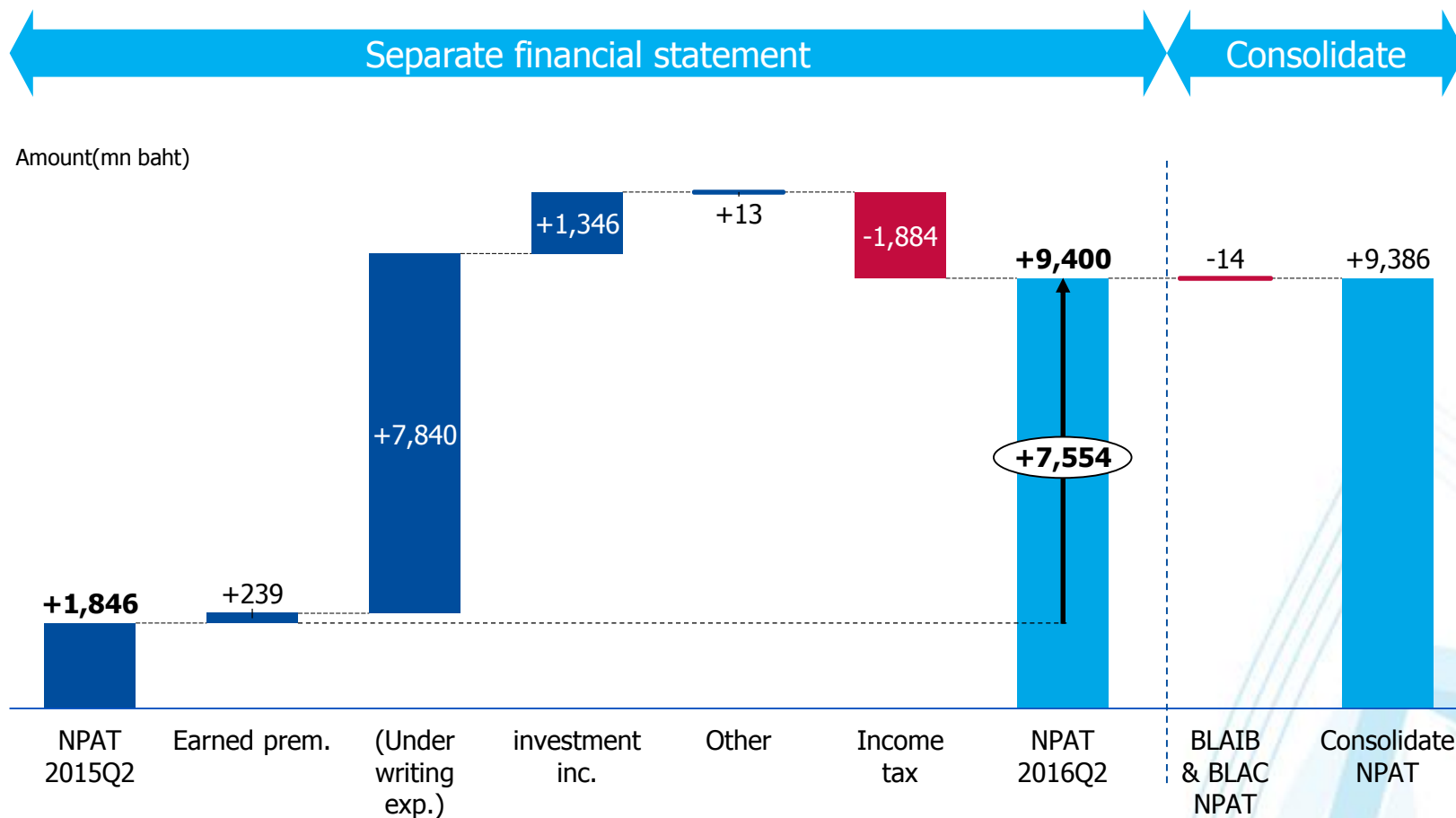
Note: *Including cash and cash equivalents
Source: BLA financial statement

NPAT Movement in the first half year 2016



Note:-
Source: BLA financial statement

NPAT Movement in second quarter 2016

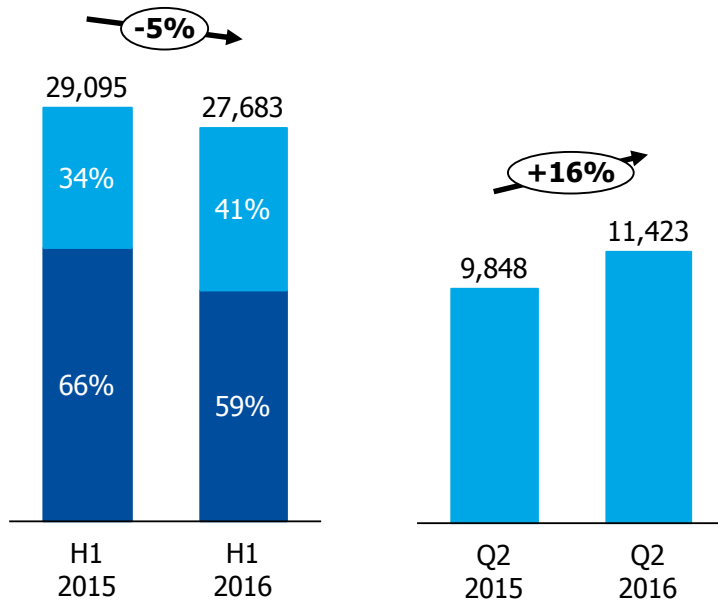


Note:-
Source: BLA financial statement

Income increased by 16% and expense sharply decreased in Q2

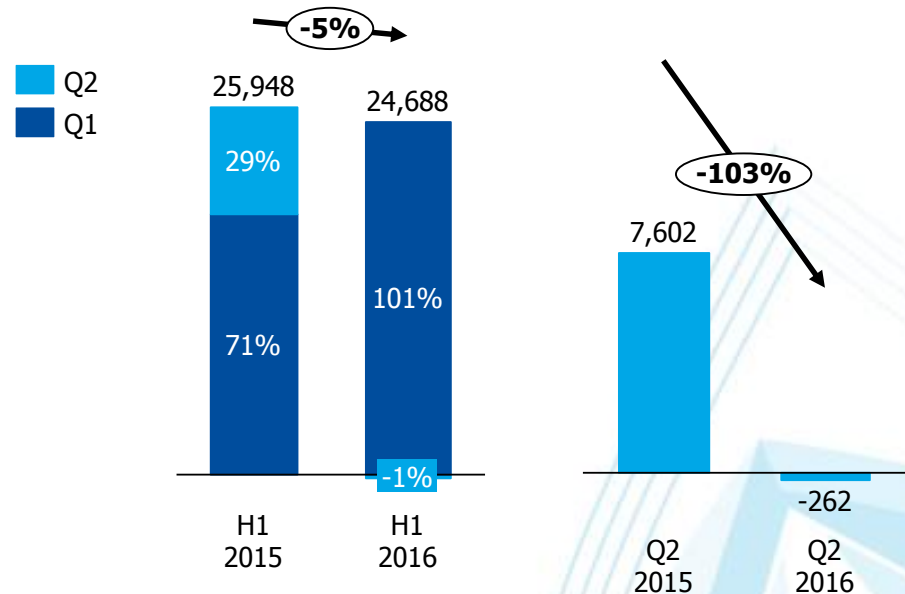
Total income

Income(mn baht)



Total expense

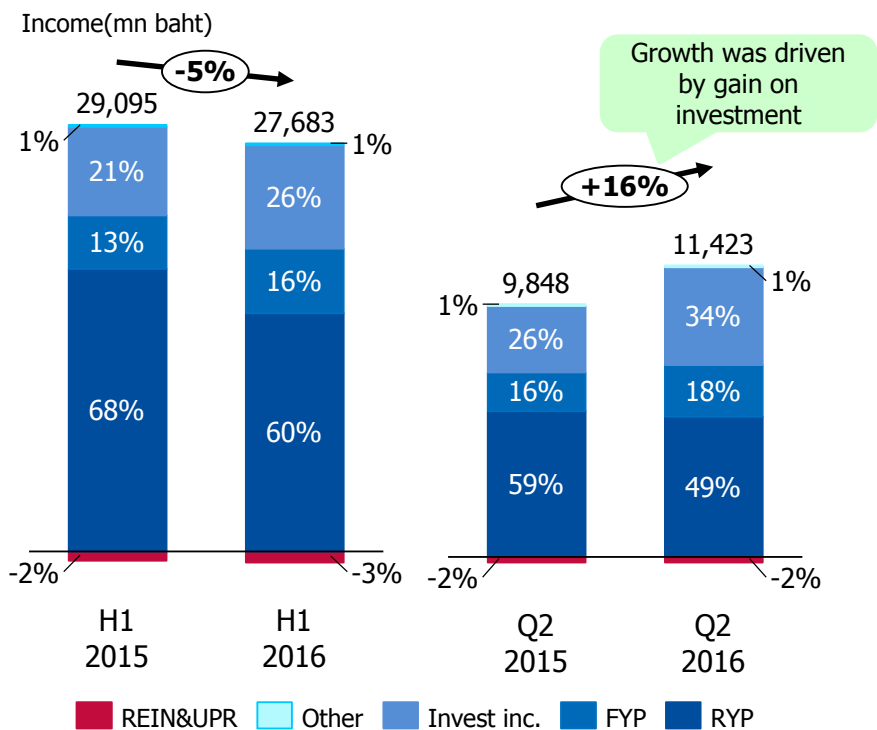
Expense(mn baht)



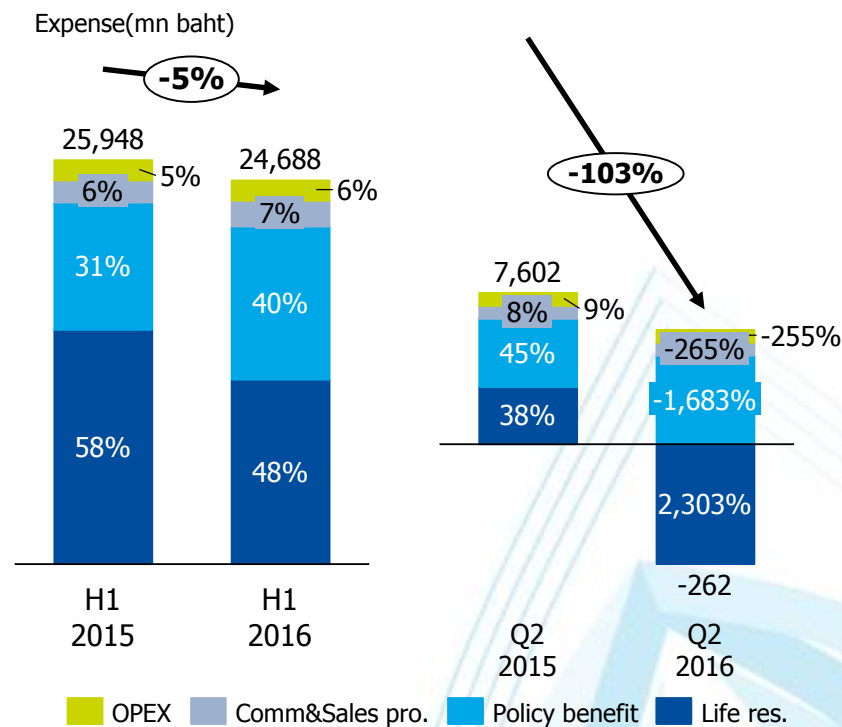
Note:-
Source: BLA financial statement

BLA had lower expense in Q2 because life policy reserve decreased

Total income



Total expense

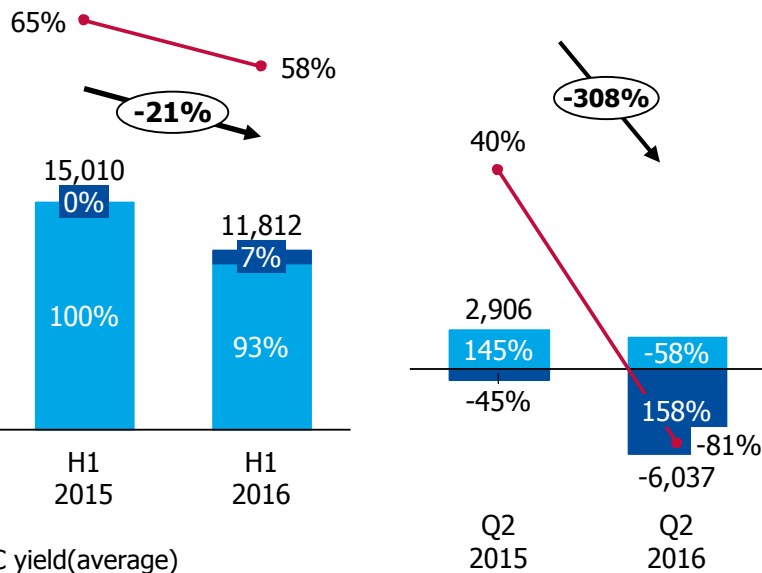


Note:-
Source: BLA financial statement

Life pol. reserve ratio in 2016H1 was 58%: LAT was released more than 9,500 mn in Q2

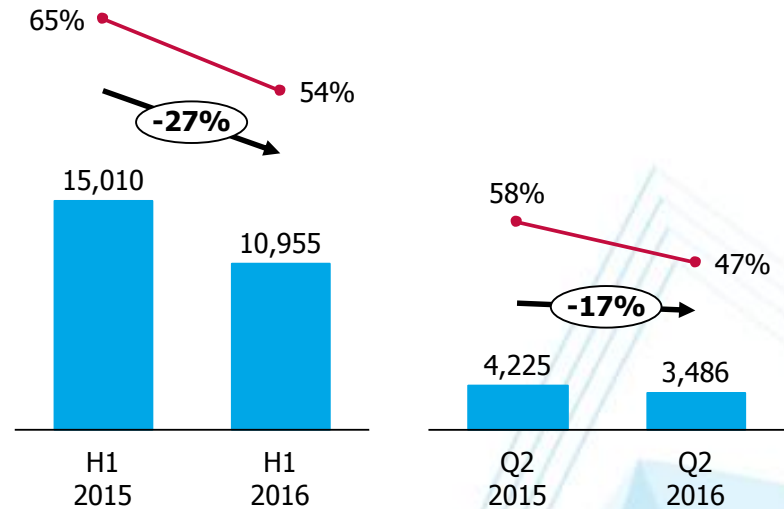
Life policy reserve

Reserve(mn baht)



Life policy reserve exclude LAT

Reserve exc. LAT(mn baht)



RBC yield(average)

4.03%

3.24%

■ LAT ■ Reserve ● %net prem.

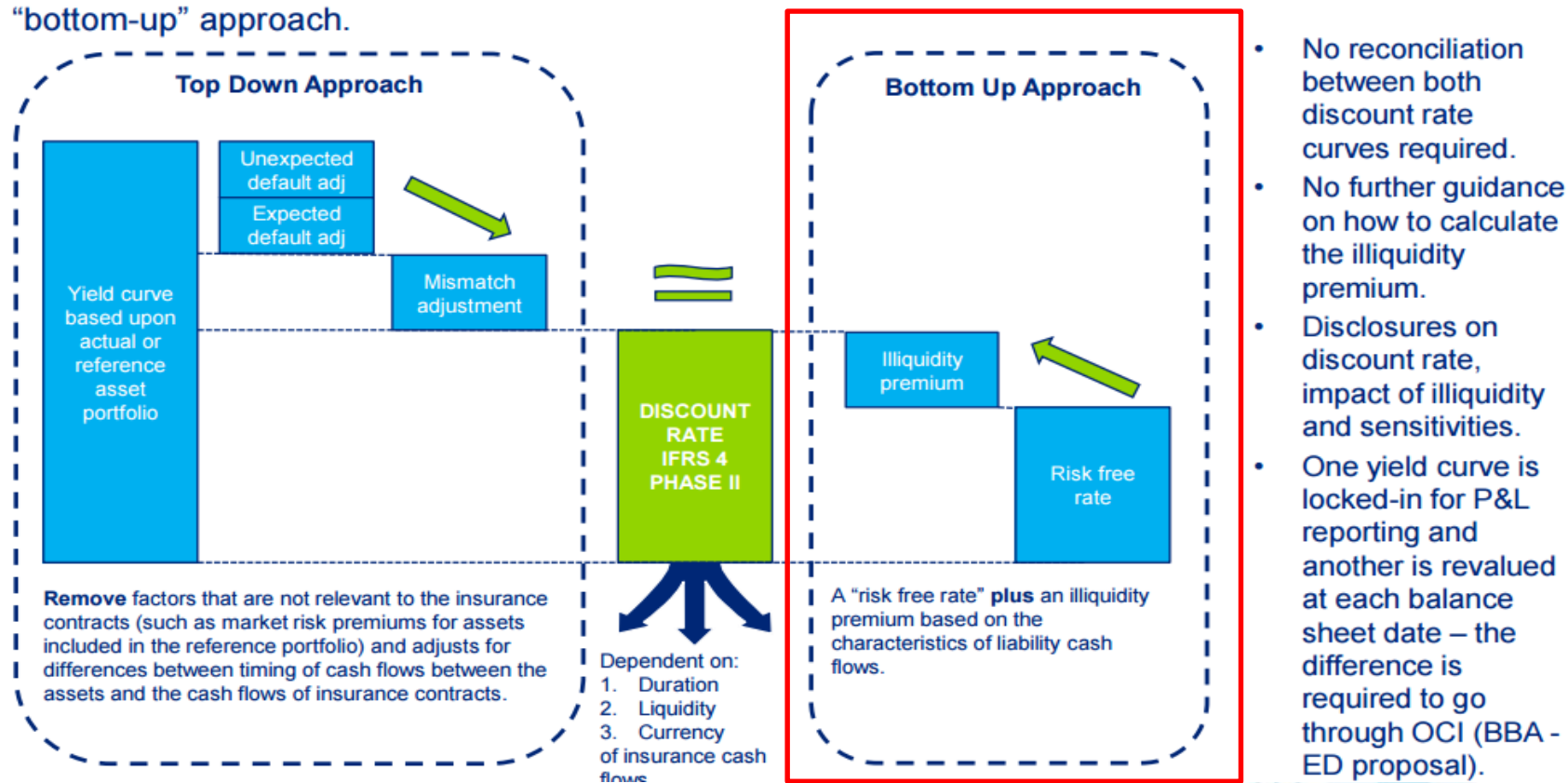
Note:-

Source: BLA financial statement/ zero coupon curve - <http://www.thaibma.or.th>

Discount rate

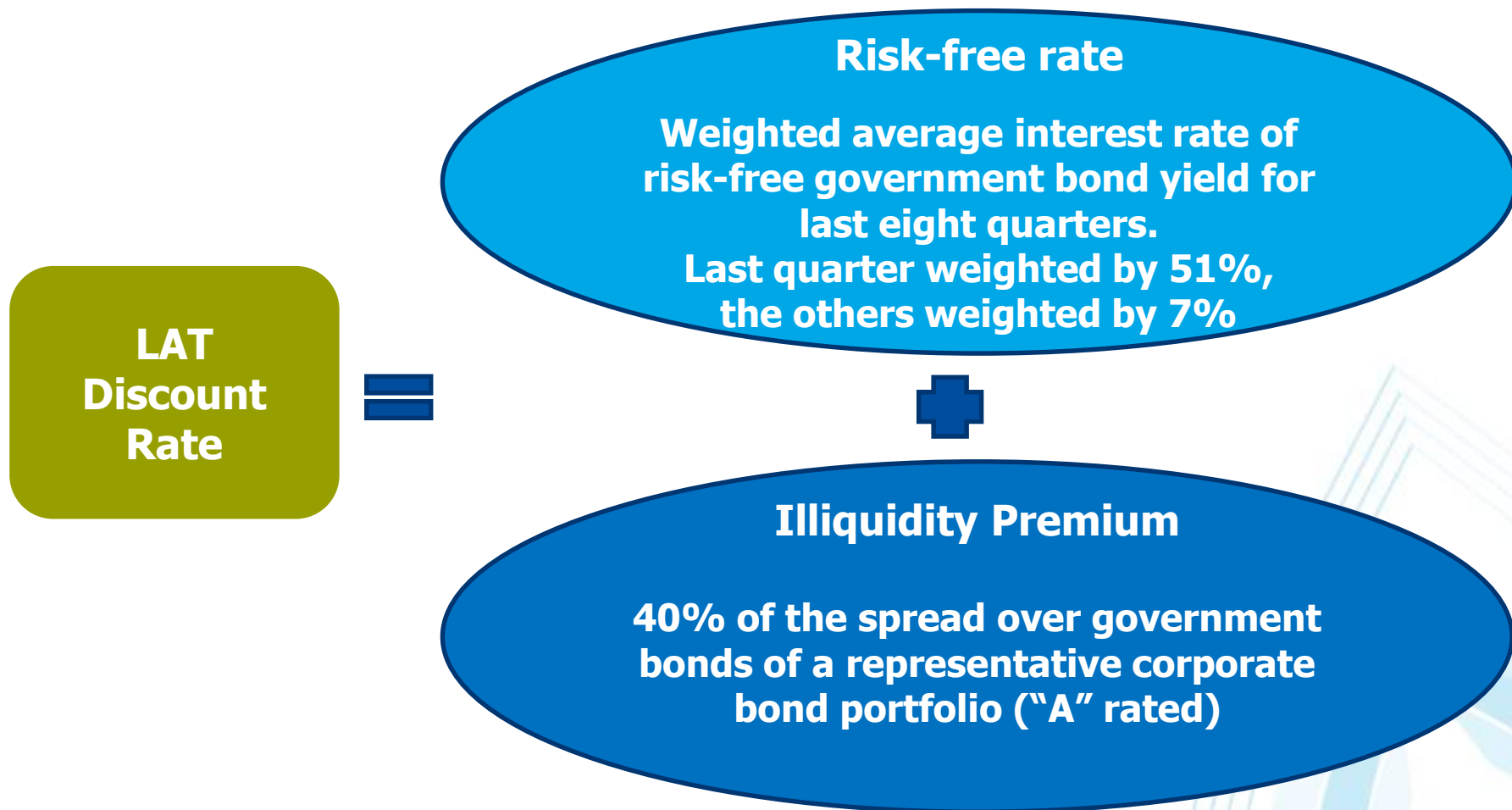
Building Block 2: Time Value of Money

Discount rate is market consistent interest rate generally used in measuring an instrument with cash flows whose characteristics reflect those of the insurance contract liability – timing, currency and liquidity. Option to determine the discount rate for insurance liabilities using either the “top-down” or “bottom-up” approach.



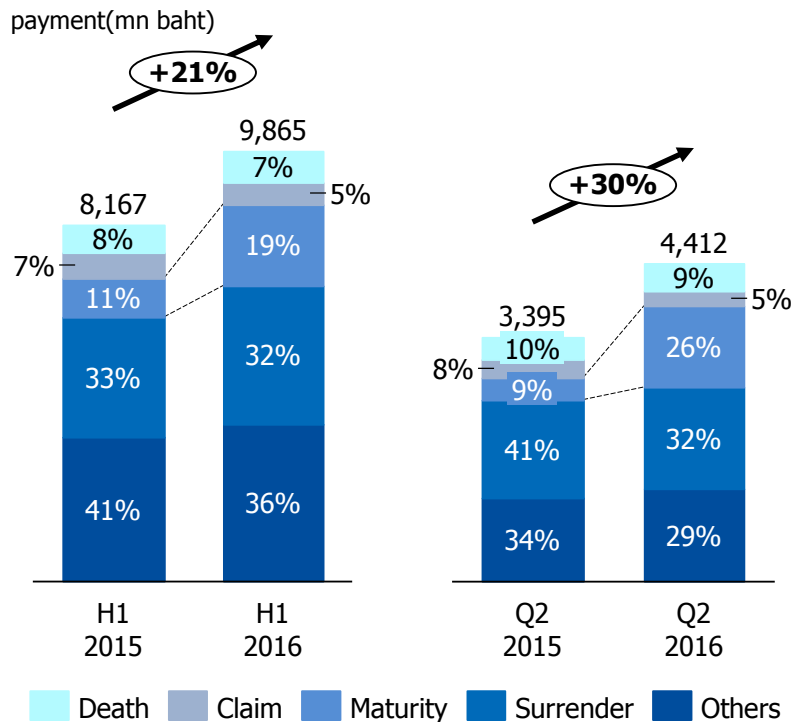
Source: Deloitte Belgium

LAT Discount rate

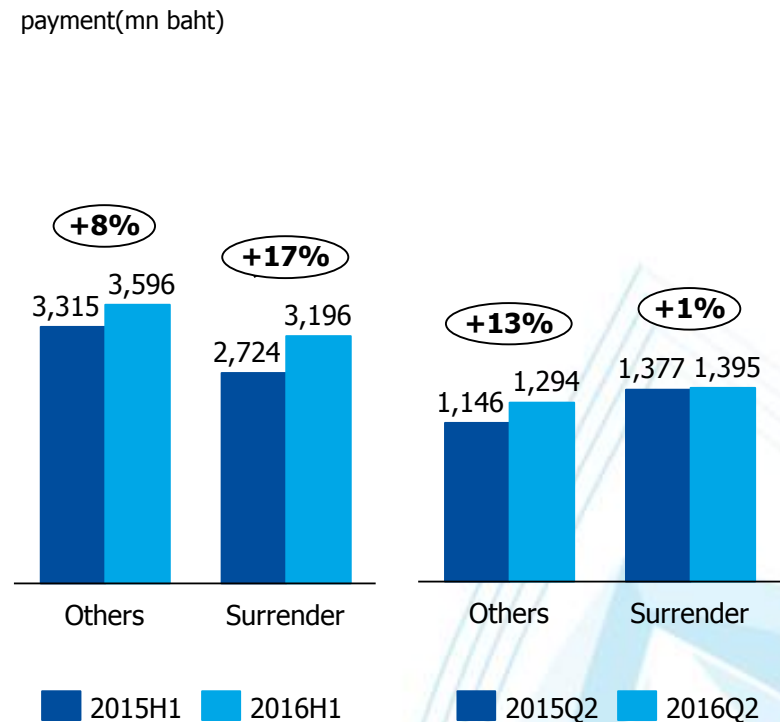


2016H1, Policy benefit payment increased by 21% mainly from maturity

Policy benefit payment



Major line item



Note: Others = Benefit payment + others
Source: BLA financial statement

MESSAGE FROM CEO

K. KOMKAI THUSARANON
ACTING PRESIDENT



Q & A



กรุงเทพประกันชีวิต
BANGKOK LIFE ASSURANCE

Market Ranking January - June 2016



Ordinary Premium 1H16: Rank 6th in FYP and TP with 5.47% and 7.90% market share accordingly

First Year Premium			
Company	MB	Share (%)	% YoY
MTL	16,186	29.13	(8.93)
TLI	7,524	13.54	6.23
AIA	6,522	11.74	(11.75)
KTAL	6,426	11.56	1.30
SCBLife	5,098	9.17	(29.10)
BLA	3,041	5.47	19.95
FWD	2,613	4.70	41.68
AZAY	2,255	4.06	2.41
PLT	1,784	3.21	(16.38)
OLIC	575	1.03	(12.65)
Industry	55,572	100.00	(3.88)

Total Premium			
Company	MB	Share (%)	% YoY
AIA	48,768	20.25	1.17
MTL	48,441	20.11	14.03
TLI	32,521	13.50	11.42
SCBLife	26,737	11.10	5.41
KTAL	26,427	10.97	9.52
BLA	19,038	7.90	(12.08)
AZAY	12,351	5.13	6.58
FWD	7,895	3.28	24.37
PLT	6,775	2.81	9.32
OLIC	2,863	1.19	(0.95)
Industry	240,869	100.00	6.70

Source: The Thai Life Assurance Association (Incl. Single Premium)

All Type Premium 1H16: Rank 6th in FYP&TP with 5.47% and 7.55% market share accordingly

First Year Premium			
Company	MB	Share (%)	% YoY
MTL	18,447	22.86	(9.43)
AIA	11,686	14.48	(7.65)
TLI	10,086	12.50	22.15
KTAL	8,241	10.21	(12.96)
SCBLife	7,494	9.29	(25.33)
BLA	4,417	5.47	19.47
PLT	3,822	4.74	(0.87)
FWD	3,545	4.39	47.59
AZAY	3,479	4.31	18.62
DLA	2,317	2.87	60.26
Industry	80,701	100.00	(1.91)

Total Premium			
Company	MB	Share (%)	% YoY
AIA	55,489	19.92	0.65
MTL	51,783	18.59	12.31
TLI	36,988	13.28	15.74
SCBLife	29,392	10.55	1.60
KTAL	28,725	10.31	3.57
BLA	21,042	7.55	(10.14)
AZAY	14,803	5.31	9.56
PLT	9,116	3.27	13.14
FWD	8,982	3.22	28.92
TSLI	6,237	2.24	(2.52)
Industry	278,598	100.00	6.00

Source: The Thai Life Assurance Association (Incl. Single Premium)

Rank 7th in Credit Life (SP) with 6.27% market share

1H16				
Company	MB	Share (%)	%YoY	%FYP
SCBLife	2,338	13.89	(16.88)	31.20
DLA	2,156	12.81	68.89	93.06
TLI	2,145	12.74	177.38	21.27
AIA	1,918	11.39	2.50	16.41
MTL	1,791	10.64	(21.03)	9.71
PLT	1,777	10.56	20.10	46.50
BLA	1,055	6.27	12.29	23.89
SEIC	897	5.33	8.86	42.59
KTAL	800	4.75	(65.16)	9.70
FWD	697	4.14	55.36	19.67
Industry	16,832	100.00	3.01	20.86

2015				
Company	MB	Share (%)	%YoY	%FYP
SCBLife	5,229	15.46	6.55	29.87
MTL	4,239	12.53	1.64	11.17
KTAL	3,793	11.21	(16.22)	20.59
AIA	3,717	10.99	(12.34)	14.20
DLA	3,428	10.13	33.46	90.00
PLT	3,367	9.95	7.93	40.93
BLA	1,906	5.63	(4.52)	13.99
SELIC	1,833	5.42	5.08	60.26
TLI	1,776	5.25	0.40	10.08
TCLife	1,473	4.35	26.52	54.36
Industry	33,830	100.00	5.50	19.73

Source: The Thai Life Assurance Association