

2Q21 Analyst presentation

13 August 2021

Agenda

- 1 2Q21 and 1H21 performance summary
- 2 Key Highlights
 - 2.1 Premiums and Business & Operation
 - 2.2 Investments
 - 2.3 P&L and Key accounting change
- 3 Outlook
- 4 Q&A

Synopsis of performance in 2Q21

- **2Q21 profit:** Net profit +19% YoY from increase in total premium, investment income and lower ECL
- **Total premium +17% YoY, from FYP +80% and RYP +5%**
- **FYP: BLA +80% vs. industry +15%. Excluding SP, BLA +94% vs. industry -3%.**
 - **Bancassurance:** FYP+131% YoY from new product launch and product revamp
 - **Agent:** FYP+21% YoY from product revamp, effective sales promotion to drive rider which increased 88% YoY from 19% to 29% attachment ratio
 - **Other:** FYP showed strong growth except Direct marketing impacted by Covid-19.
- **Investment:** ROI declined from 4.03%, but up from 3.92% in 1Q21 to 3.96% in 2Q21.
 - **Interest income** saw a slight decline both YoY and QoQ
 - **Dividend income** is down YoY, but up QoQ due to seasonality
 - **Realised gain** is up both YoY and QoQ
- **CAR ratio:** increased from 284% in the previous quarter to 295%

Synopsis of performance in 1H21

- **1H21 profit:** Net profit +102% YoY due to increase in PAD reserve from 4% to 5% in 1Q20.
- **FYP: BLA +39% vs. industry +10%. Excluding SP, BLA +46 vs. industry -8%.**
 - **Bancassurance:** FYP +70% YoY due to the right product offering
 - **Agent:** FYP +7% YoY higher number of policies sold although lower ticket size. Product mix continues to be strong and rider attachment continues to increase.
 - **Other:** FYP from alternative channel had double digit growth in almost all channels
- **Investment:** ROI declined from 4.79% in 1H20 to 3.94% mainly due to lower realized gain.
- **CAR ratio:** increased from 275% in 1H20 and 274% in 2020 to 295%

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1 2Q21 and 1H21 performance summary

2 **Key Highlights**

2.1 Premiums and Business & Operation

2.2 Investments

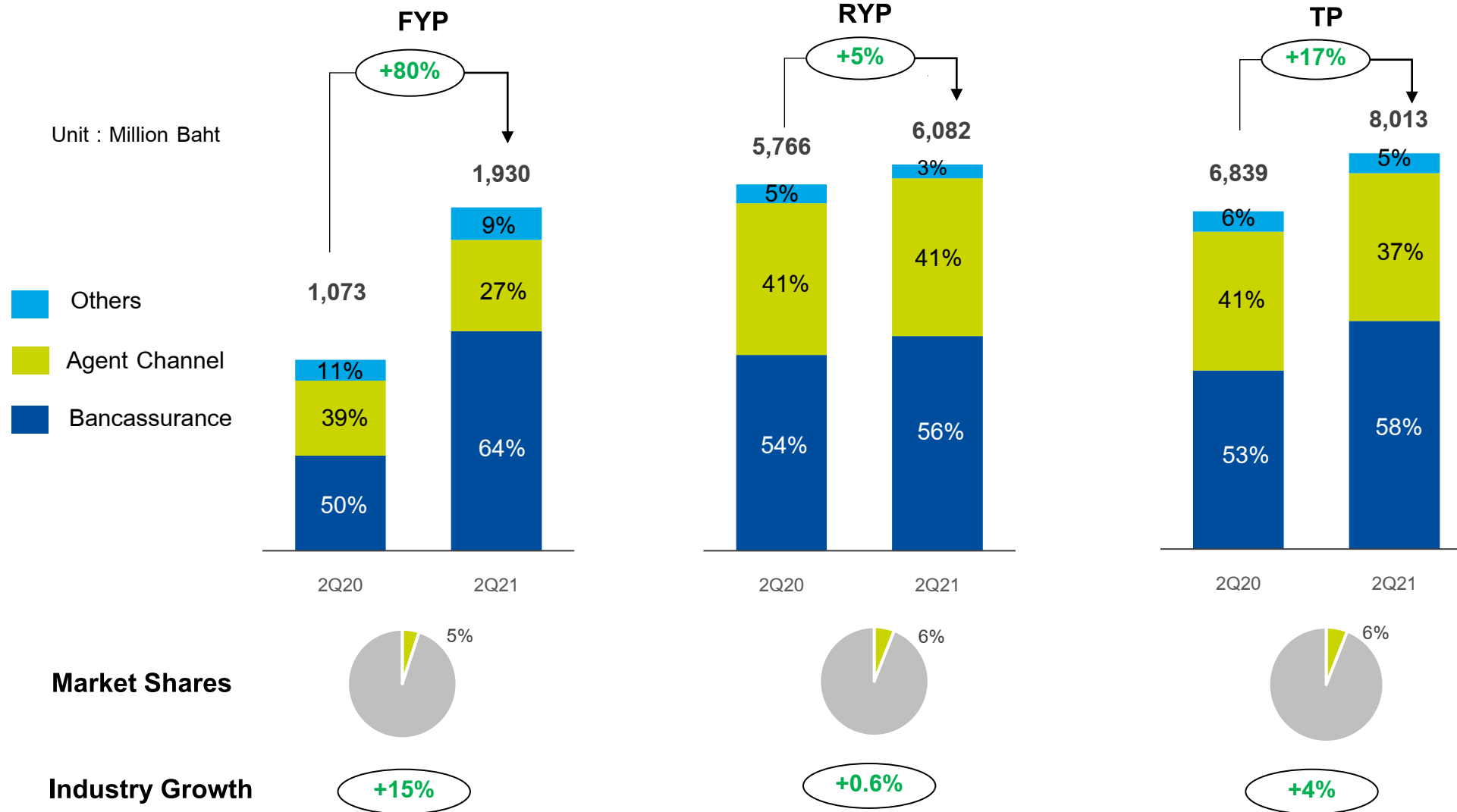
2.3 P&L and Key accounting change

3 Outlook

4 Q&A

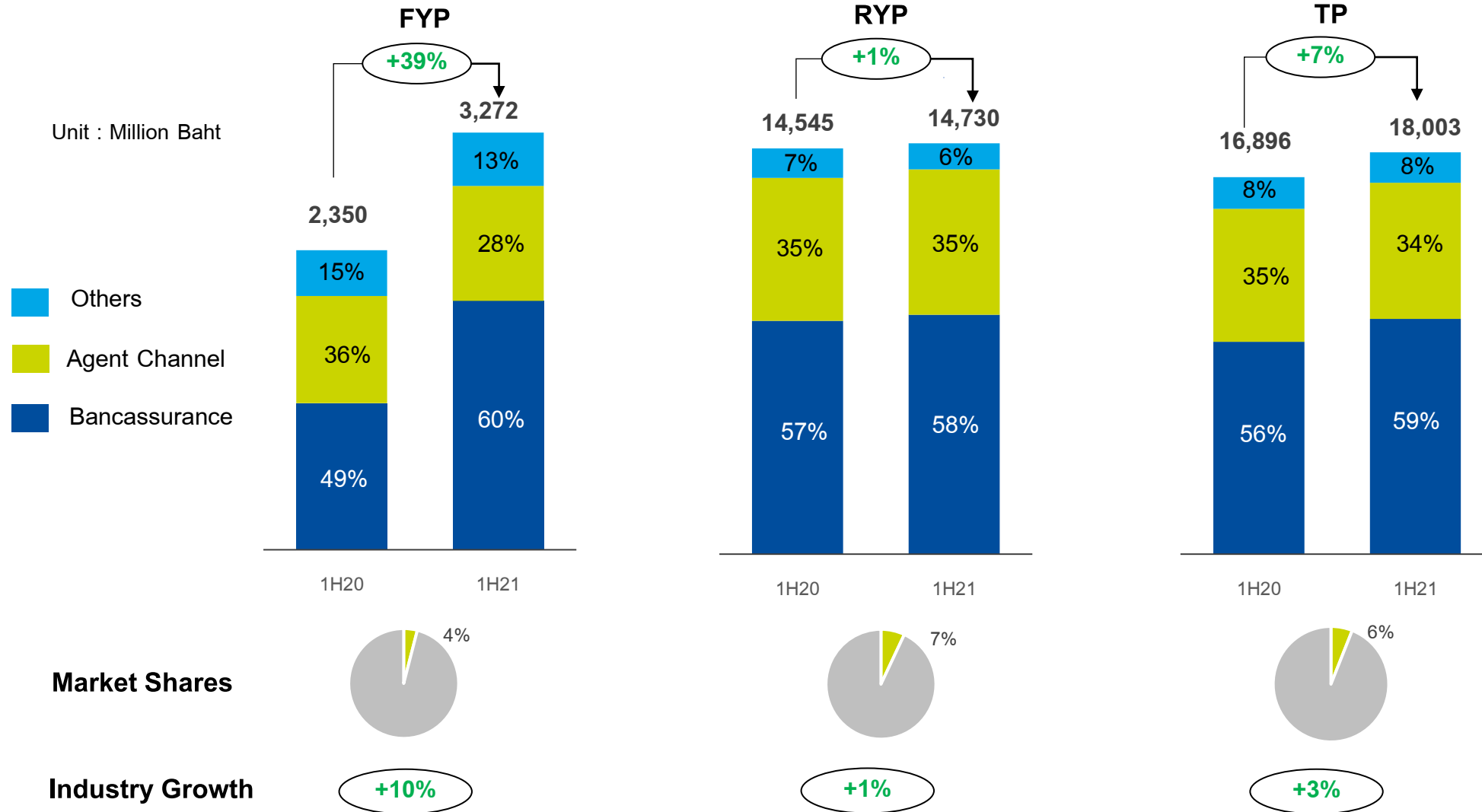
2Q21: FYP +80% driven by solid growth across channels, especially Banca

RYP remains unaffected by Covid-19, increasing 5% YoY, resulting in TP +17% YoY



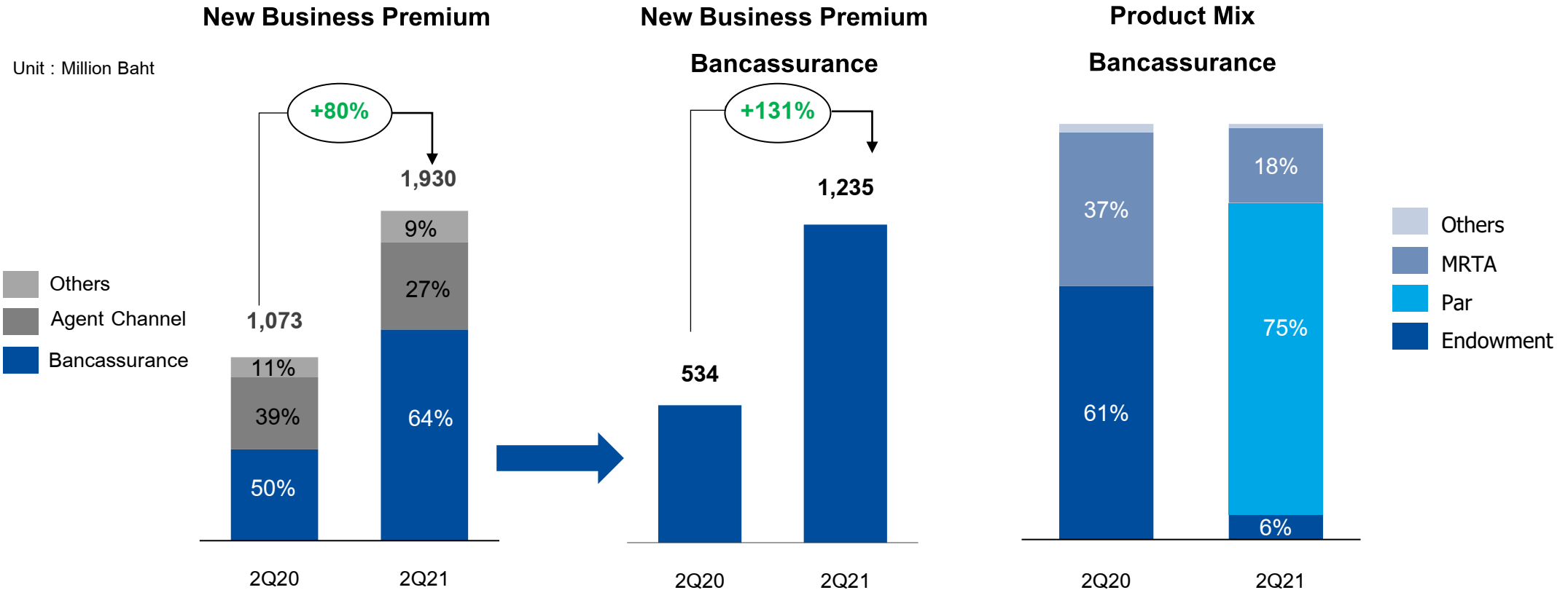
1H21: FYP +39% driven by strong growth across all channels

RYP increased 1%, slightly better than expected. TP +7%



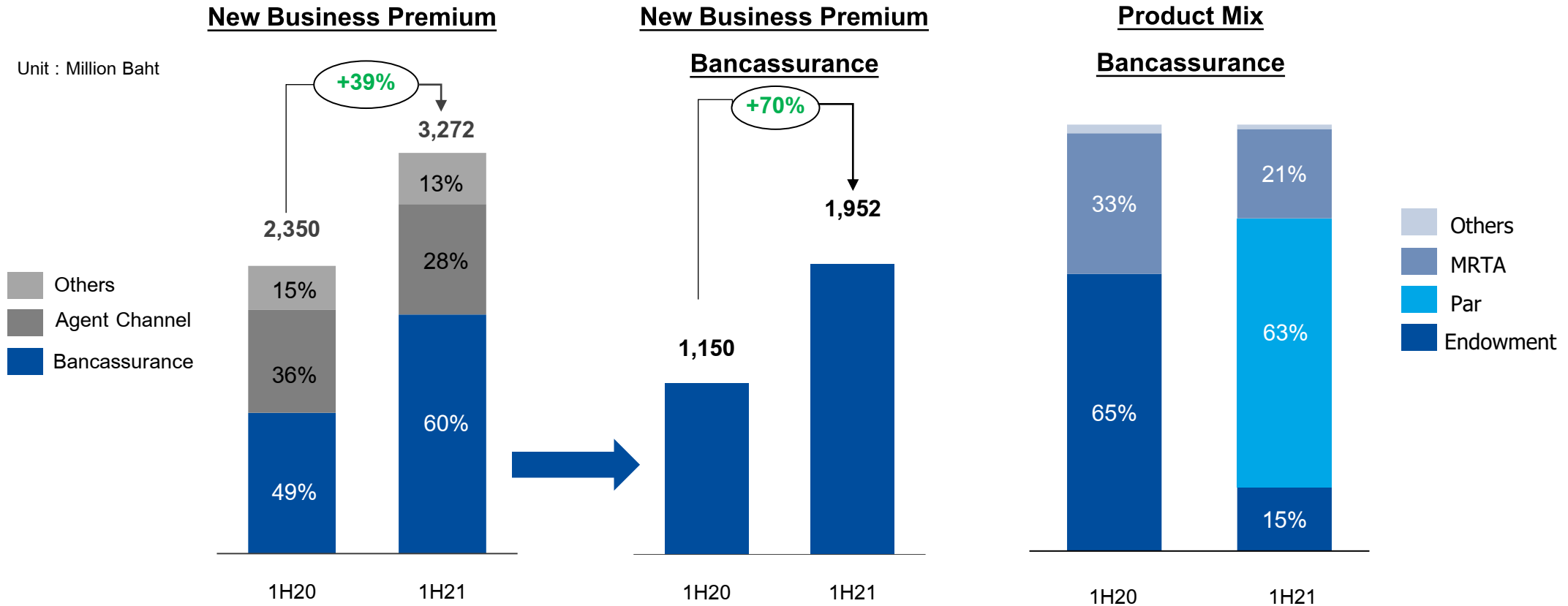
Banc: 2Q21 FYP +131% YoY from new product launch in 2Q21

New Par Product is now 75% of total FYP



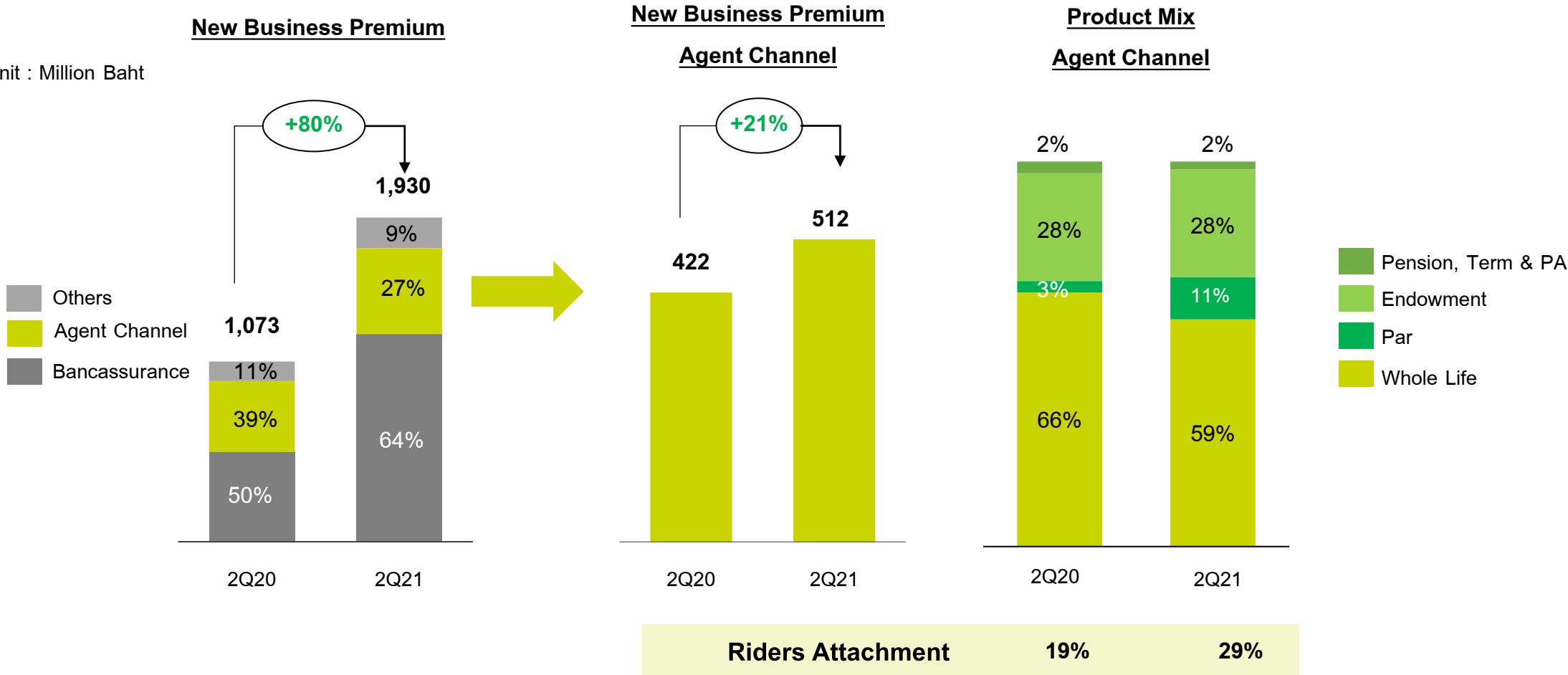
Banc: 1H21 FYP +70% YoY due to right products offering

New Par Product is 63% of total FYP

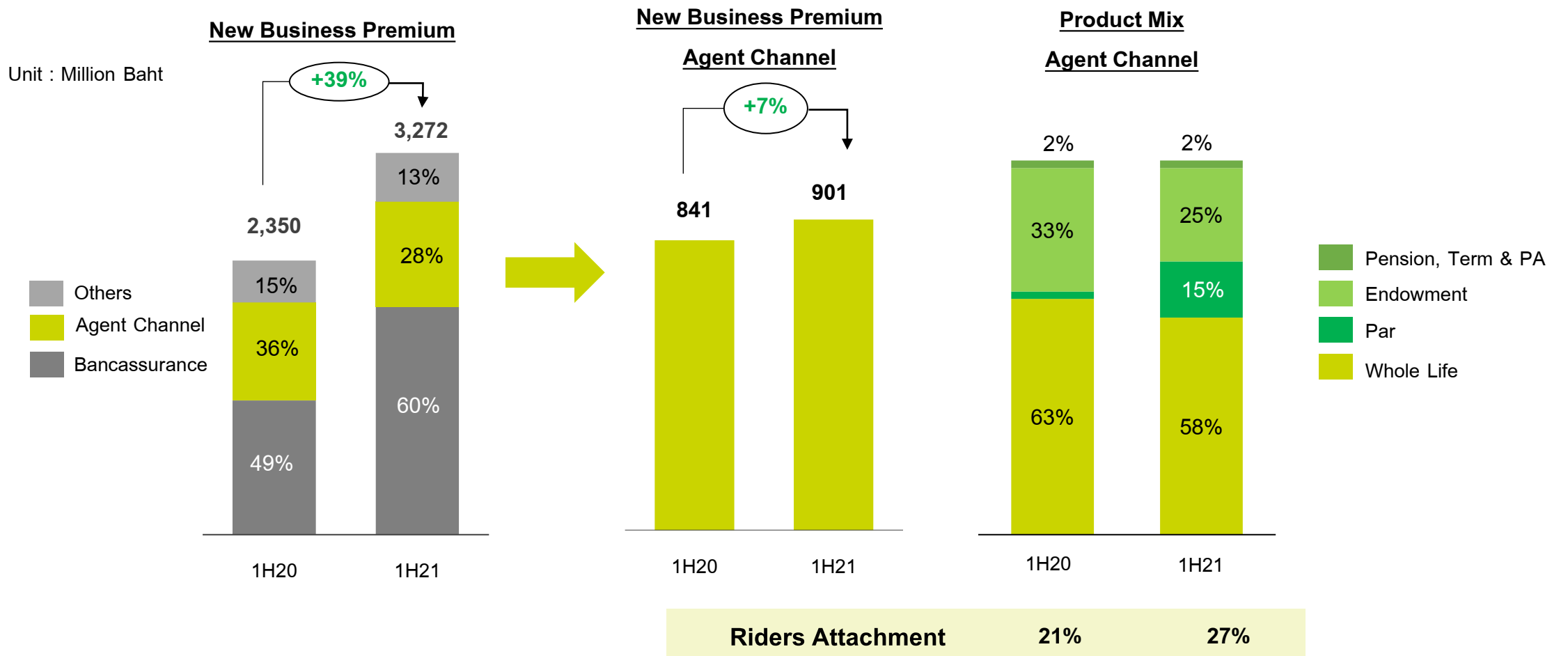


Agent: 2Q21: +21%YoY, Rider attachment increased from 19% to 29%

Unit : Million Baht



Agent: 1H21: +7%YoY, Par product is 15% of product mix



1H21: Strong growth in all channels except DM

Double digit growth for **Group** FYP



FYP **Online** nearly doubled

due to 10/1 product launched in 2Q21



FYP from **Direct Marketing** is relatively flat.

New lead partners will start to generate sales in 2H21



Doubled FYP from **Partnership** due to sales with new partners



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2Q21 investment asset +1.9% QoQ driven by new money

Debenture allocation increased, equity allocation was trimmed from valuation reason.

Asset Class	1Q21	2Q21	Remark
Short-term Investment	4.3%	3.8%	Cash decreased from higher fixed income investment
Bond	48.6%	48.5%	Allocation to bond flat QoQ while allocation to debenture increase 1%.
Debenture & Notes	30.0%	31.0%	Allocation to debenture increased 1% in line with investment plan helped by stronger supply in 2Q21.
Total Fixed Income	82.9%	83.3%	
Equity	9.2%	8.6%	Lower EQ allocation due to outlook. Increase foreign proportion
REIT	4.9%	5.0%	
Loan	3.0%	3.1%	
- Policy loan	2.5%	2.5%	
- Secured loan	0.5%	0.6%	
Total Investment Assets (MB)	333,341	339,712	An increase in investment assets from 1Q21 is driven by new money

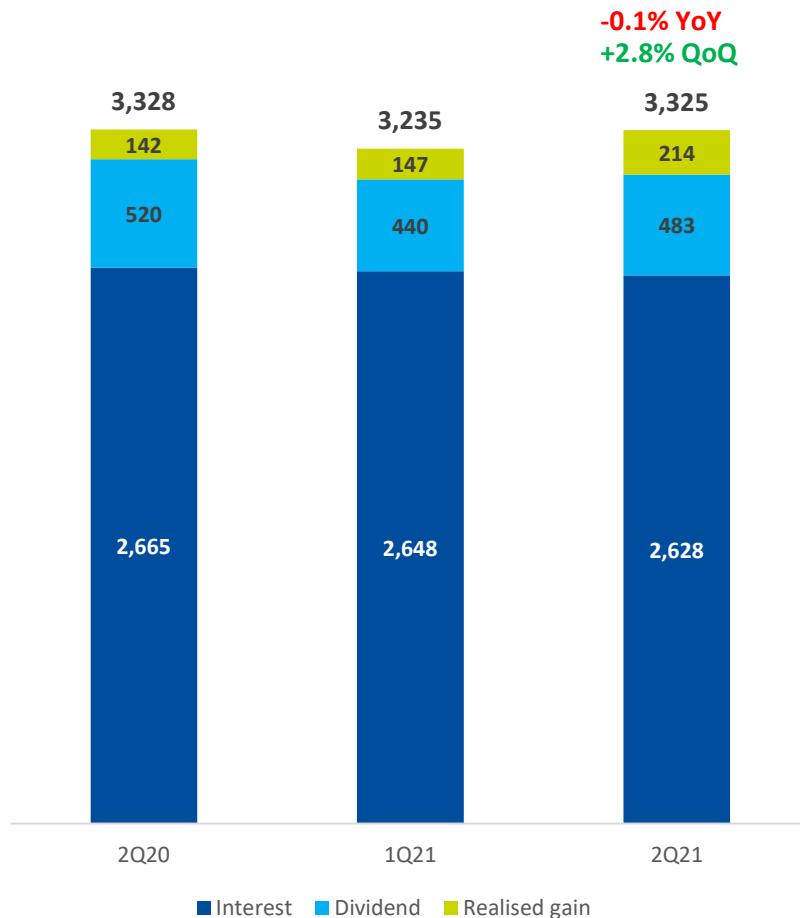
Foreign currencies investment account for 8.2% (+0.2% QoQ) of investment assets as of Jun 2021

(Fixed income 4.7% (-0.1%), Equity 2.4% (+0.2%), REIT 1.1% (+0.1%))

2Q21 investment income -0.1% YoY, higher realized gain offset lower investment yield

Investment yield decline from lower fixed income yield & dividend income

Investment income (unit: mb)

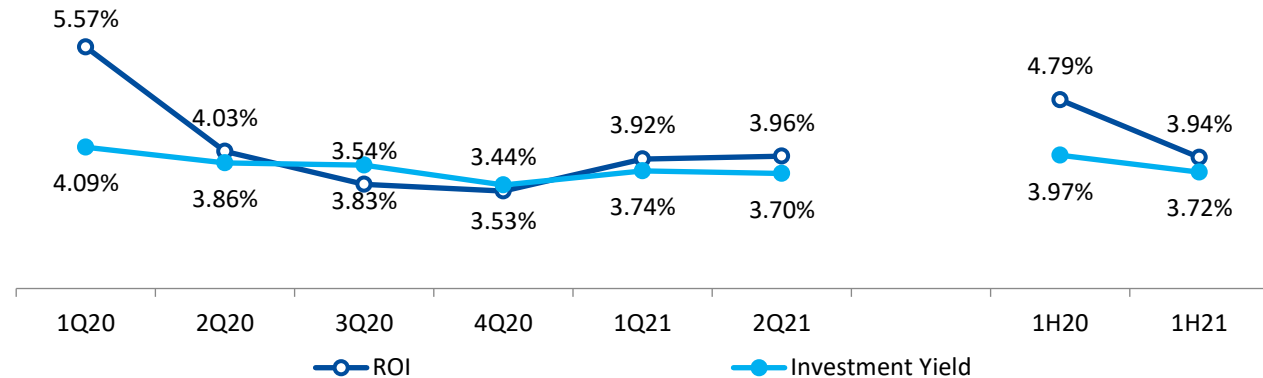


INVESTMENT INCOME: 2Q21 -0.1% YoY and +2.8% QoQ

- The YoY slight decline is from lower dividend and interest income which is mostly offset by higher realised gain.
- The QoQ increase is from dividend seasonality and higher realised gain, while there is a slight decline in interest income from lower carried yield.

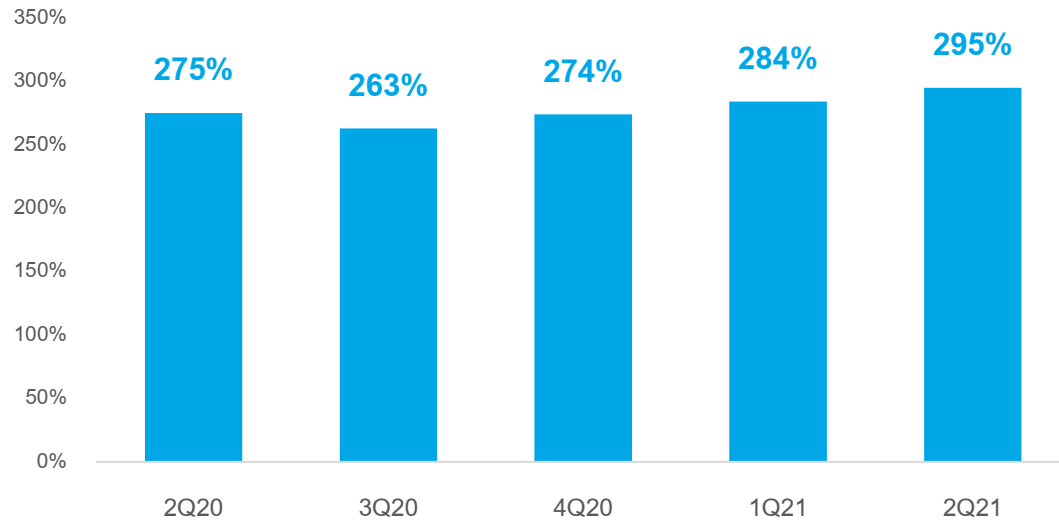
INVESTMENT YIELD (exc. Realised gain/loss): 2Q21:-4 bps QoQ, -16 bps YoY to 3.70%

- The QoQ decrease is from an increase in investment asset.
- The YoY drop is from a combination of (1) lower carrying yield from fixed income portfolio (2) lower dividend income as DPS paid is from 2020 performance which was affected by COVID-19.



CAR increased from 284% in previous quarter to 295%

The reasons are 1) company profit 2) decrease of equity allocation and 3) benefit from yield movement



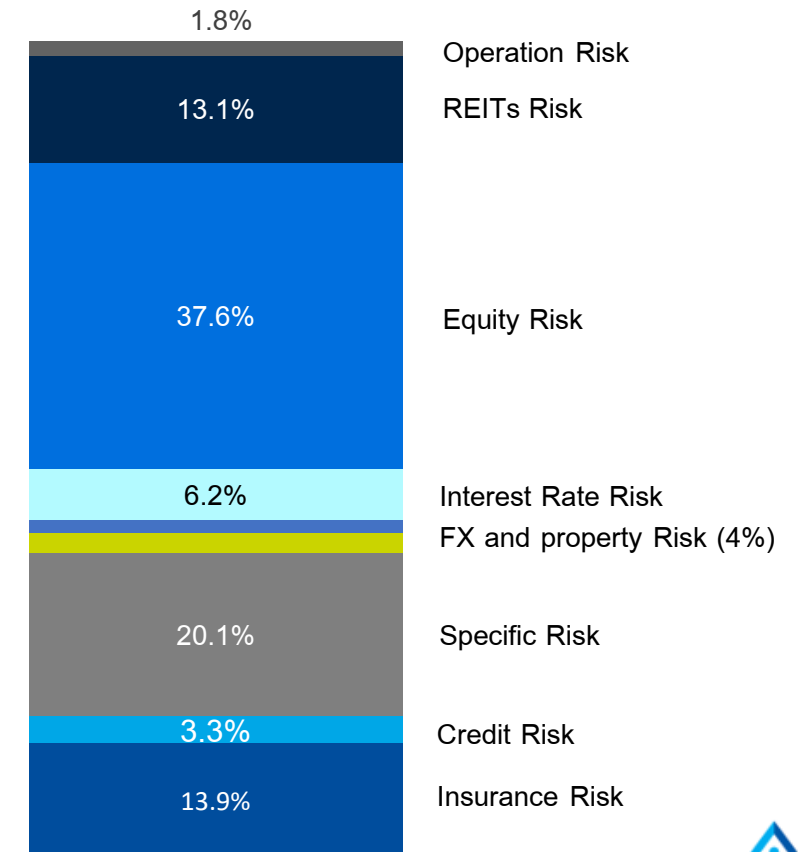
LI Company	CAR (RBC2)
TLI	336%
MTL	319%
AZAY	328%
AIA	385%
FWD	335%
KTAL	244%

Note: Data as of 1Q21 (RBC2)

Source: Life Insurance Company website

Total Capital Required (TCR)

Risk charged by type to TCR



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Statement of financial positions

	30 Jun 21		31 Dec 20		Inc / Dec	
	MB	%	MB	%	MB	%
Assets						
Cash and cash equivalents	10,752	3%	8,072	2%	2,679	33%
Investment assets	328,968	94%	322,141	95%	6,828	2%
Other assets	8,807	3%	9,565	3%	(758)	-8%
Total assets	348,527	100%	339,778	100%	8,749	3%
Liabilities and owners' equity						
Liabilities						
Insurance contract liabilities	297,486	85%	291,329	86%	6,158	2%
Other liabilities	3,263	1%	2,351	1%	911	39%
Total liabilities	300,749	86%	293,680	86%	7,069	2%
Owners' equity	47,779	14%	46,098	14%	1,680	4%
Total liabilities and owners' equity	348,527	100%	339,778	100%	8,749	3%
Owners' equity						
Share capital	1,708	0%	1,708	1%	-	0%
Premium on share capital	3,361	1%	3,361	1%	-	0%
Retained earnings	33,078	9%	31,729	9%	1,349	4%
Other component of equity	9,632	3%	9,301	3%	331	4%
Non-controlling interests of the subsidiaries	0.24	0%	0.23	0%	0.02	8%
Total owners' equity	47,779	14%	46,098	14%	1,680	4%

ASSETS increase 8,749 MB

Total assets increase in 2021 due to increasing of investment asset.

Liabilities increase 7,069 MB

Ins liabilities increase by 6,158 MB from increasing insurance obligations from premium received.

Owners' equity decrease 1,680 MB

1. RE + 1,349 MB from profit in Q2/2021.
2. Other component of equity + 331 MB from FV gain from AFS/CF hedge.

2Q21 Financial Summary

Million Baht	2Q21	2Q20	%YoY	6M21	6M20	%YoY	2Q21	2Q20	6M21	6M20
First year premium	1,930	1,073	80%	3,272	2,350	39%	25%	16%	19%	15%
Renewal premium	6,082	5,766	5%	14,731	14,546	1%	78%	86%	87%	92%
REIN&UPR	(242)	(161)	-50%	(1,079)	(1,008)	-7%	-3%	-2%	-6%	-6%
Total Net Premium (TNP)	7,770	6,677	16%	16,923	15,887	7%	100%	100%	100%	100%
Investment income	3,297	3,037	9%	6,556	8,002	-18%	42%	45%	39%	50%
Other income	102	2	4467%	417	216	93%	1%	0%	2%	1%
Total Income	11,170	9,716	15%	23,896	24,106	-1%	144%	146%	141%	152%
Life policy reserve	2,787	2,335	19%	6,316	8,541	-26%	36%	35%	37%	54%
Benefit payments	6,268	5,468	15%	13,130	12,202	8%	81%	82%	78%	77%
Commission and Brokerage	657	548	20%	1,325	1,266	5%	8%	8%	8%	8%
Other underwriting expense	152	95	60%	279	213	31%	2%	1%	2%	1%
Total Underwriting Expense	9,864	8,446	17%	21,050	22,221	-5%	127%	126%	124%	140%
Operating Expense	391	387	1%	754	750	1%	5%	6%	4%	5%
Expected credit loss	45	190	-77%	43	220	-81%	1%	3%		
Total Expense	10,299	9,023	14%	21,846	23,191	-6%	133%	135%	129%	146%
Earning before tax	871	694	26%	2,049	914	124%	11%	10%	12%	6%
Income Tax	(119)	(63)	-89%	(308)	(53)	-482%	-2%	-1%	-2%	0%
Loss for the periods from discontinued	-	0.21	-100%	-	(0.3)	100%	0%	0%	0%	0%
Net income	751	631	19%	1,741	861	102%	10%	9%	10%	5%
EPS	0.44	0.37		1.02	0.50					

Common Size

2Q21

TNP +17% mainly from FYP +80%

Investment income +9%

Underwriting exp +17% in line with premium growth

Net profit +19% from higher TP and investment income while ECL -77%

6M21

TNP +7% mainly from FYP +39%

Investment income -18% from lower realized gain in 1Q21 YoY

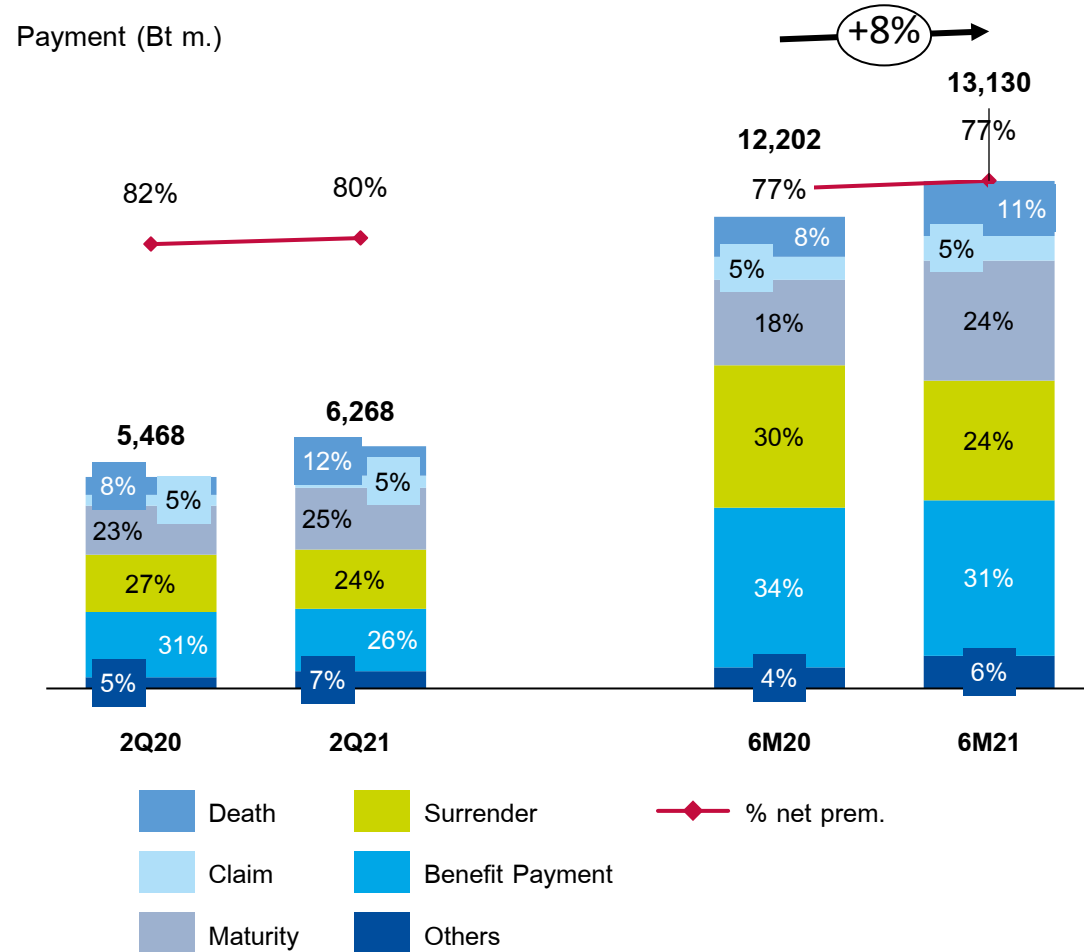
Underwriting exp -5% from one-time effect of PAD policy in 1Q20

OPEX cont. to be our focus

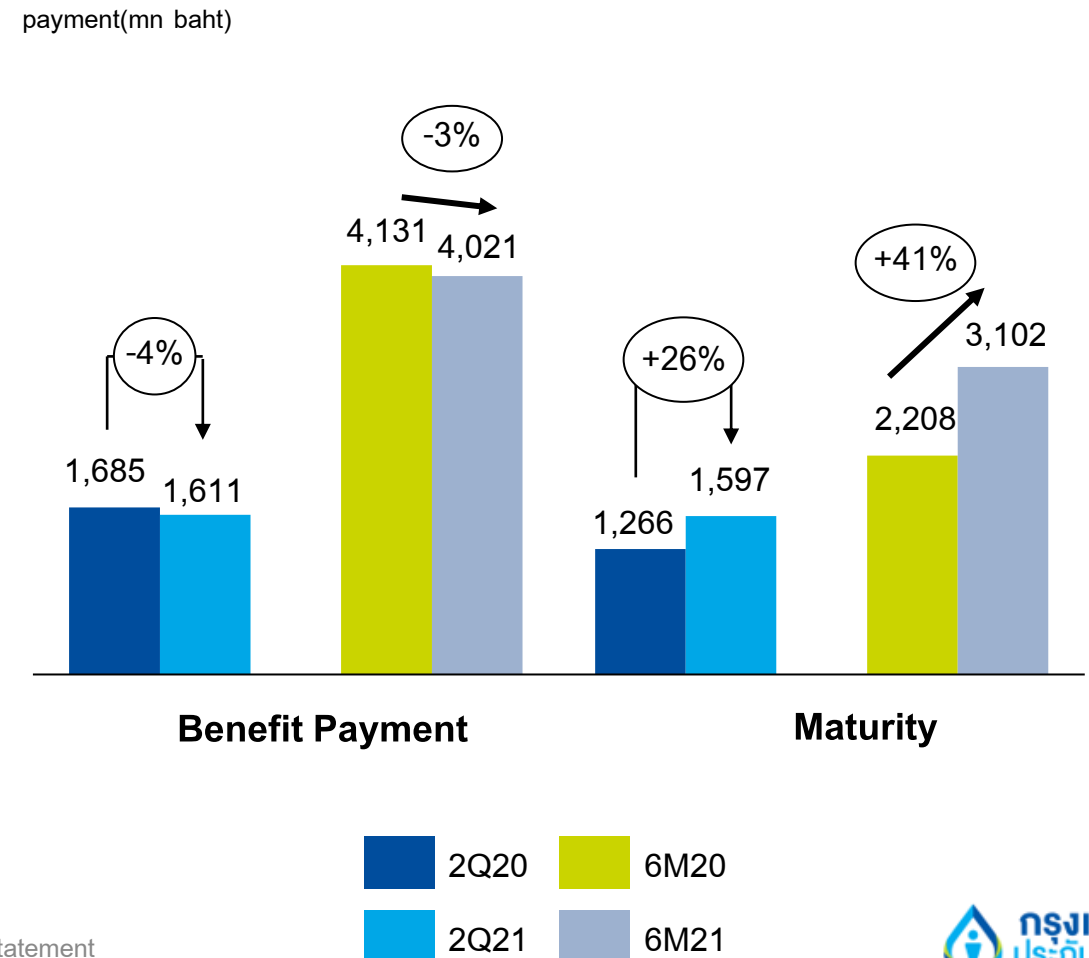
Net profit +102% mainly from PAD and higher TP

Policy benefit payment

Policy benefit payment



Major line item



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3. OUTLOOK BY CEO



กรุงเทพประกันชีวิต

ชีวิตที่มีความสุขมากกว่า

Please scan here to take survey



Thank you



Thank you analysts

See you at our next meeting & stay safe!