



กรุงเทพประกันชีวิต

2Q20 Results Presentation

Investors and Analyst update

14 Aug 2020

Disclaimer

The information contained in our presentation is intended solely for your personal reference only. In addition, such information contains projections and forward-looking statements that reflect our current views with respect to future events and financial performance.

These views are based on assumptions subject to various risks and uncertainties. No assurance is given that future events will occur, that projections will be achieved, or that the assumptions are correct. Actual results may differ materially from those projected.



Tax Planning



Protection



Savings



Pension



Accident



Total Permanent Disability



Health & Critical Illness

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Synopsis of performance in 2Q20

- **2Q20 profit:** Net profit -38% YoY mainly due to
 - FX
 - Impairment
- **Overview of the performance FYP -9% by distribution channels:**
 - **Agent:** FYP +13% YoY from effective sales tool. Product mix continues to be strong and ridership attachment on an upward trend.
 - **Bancassurance:** FYP -28% YoY due to Covid-19. See significant improvement in 3Q20.
 - **Other:** FYP +double digit driven by Group and Direct marketing.
- **Investment:** ROI declined from 5.57% in the previous quarter and 4.35% in the previous year to 4.02% due to timing of realized gain and lower fixed income yield.
- **CAR ratio:** increased from 266% in the previous quarter to 275%

Synopsis of performance in 1H20

- **1H20 profit:** Net profit -63% YoY mainly due to
 - Increase in PAD from 4% to 5%
 - Impairment
- **Overview of the performance FYP -14% and by distribution channels:**
 - **Agent:** FYP +10% YoY from focus on 'quality' over 'quantity' of agent and good technology support during Covid-19 time. Rider attachment improved further from 19% to 21%.
 - **Bancassurance:** FYP -35% YoY due to 5 products being discontinued as well as being adversely affected by Covid-19.
 - **Other:** FYP +double digit driven by Group and Direct marketing.
- **Investment:** ROI increased from 4.13% in 1H19 to 4.97% to 1H20
- **CAR:** ratio declined from 314% in 4Q19 to 275%

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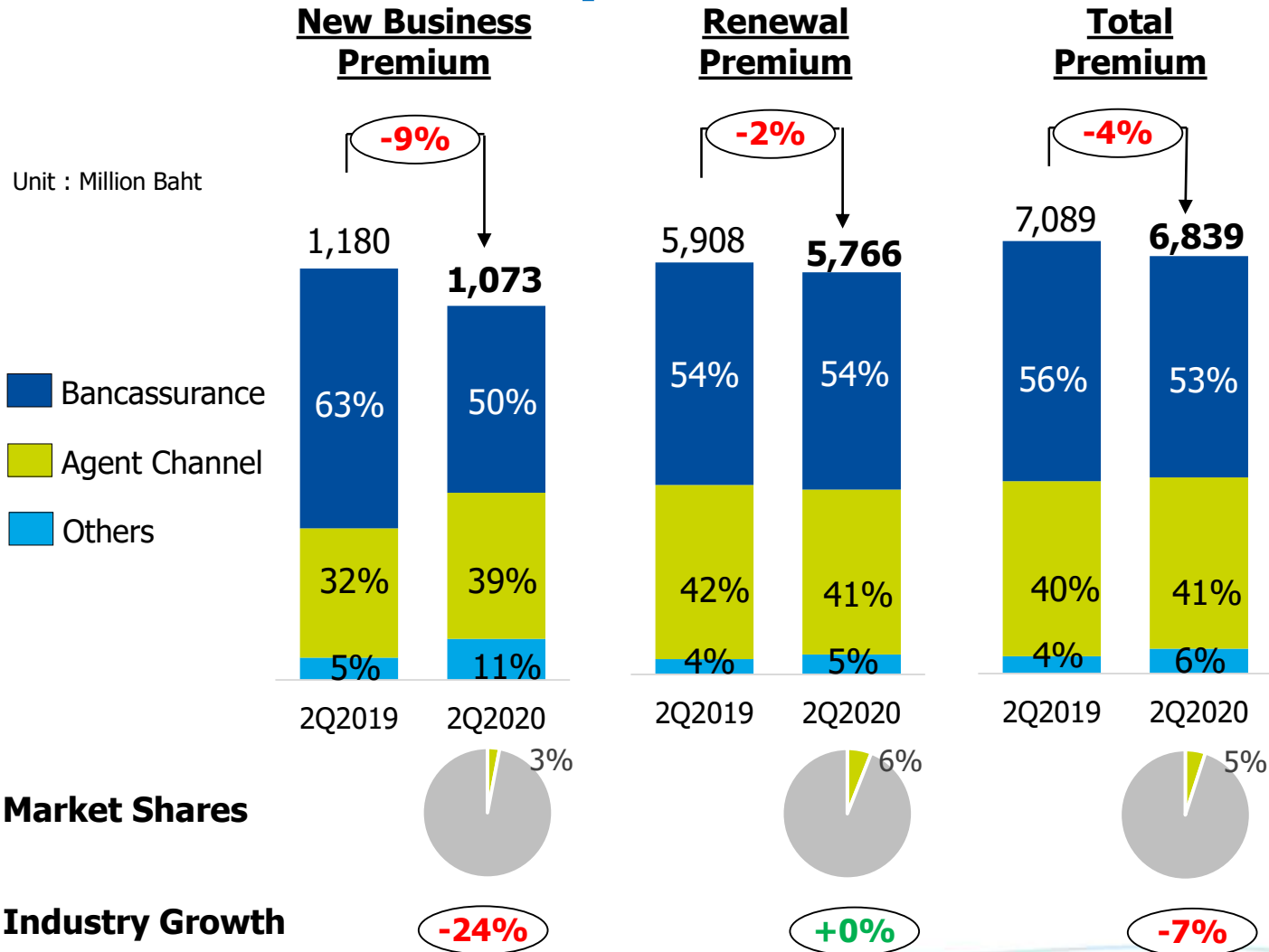
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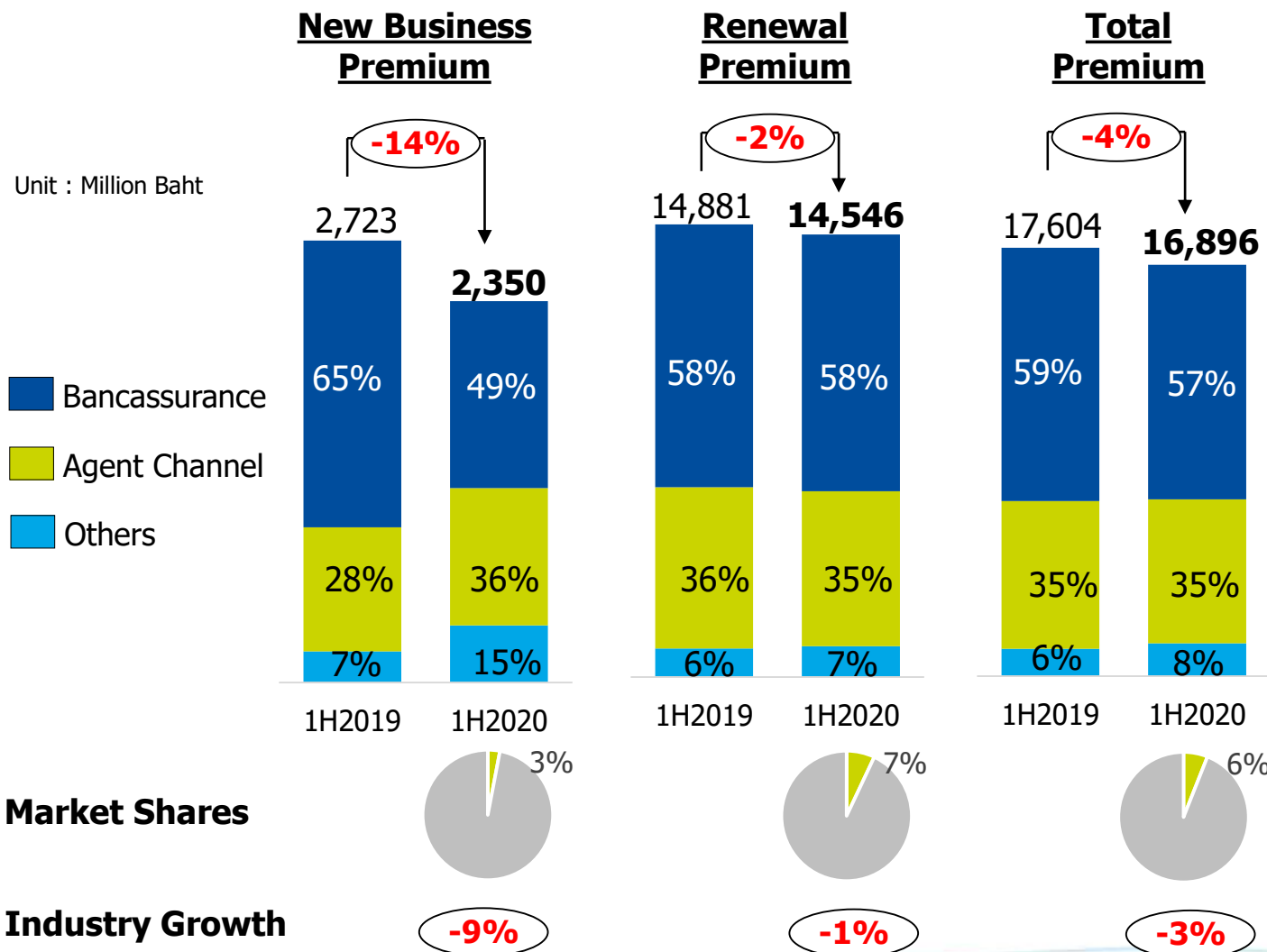
2Q20: FYP **-9%**, better than **-24%** for industry RYP **-2%** as expected



Financial Highlight

ROI	4.02%
Inv. Yield	3.86%
NPAT	631 MB
EPS	Bt 0.37

1H20: FYP -14% from Banca, while Agency and Other are +ve. RYP -2% as expected



Financial Highlight

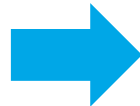
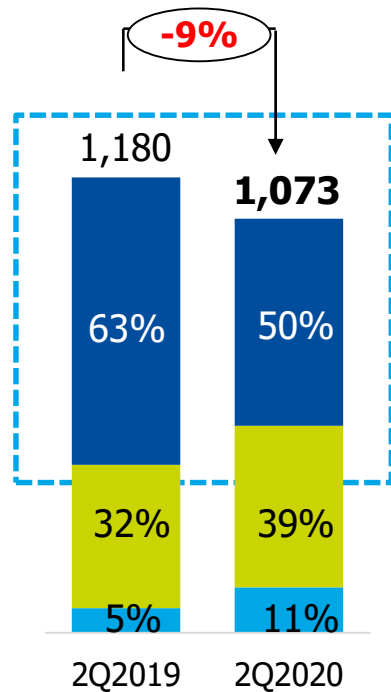
ROI	4.79%
Inv. Yield	3.97%
NPAT	861 MB
EPS	Bt 0.50
EQUITY	44,779 MB
EQUITY per Share	Bt 26.22
CAR	275%

2Q20 FYP from Bancassurance -28% due to Covid

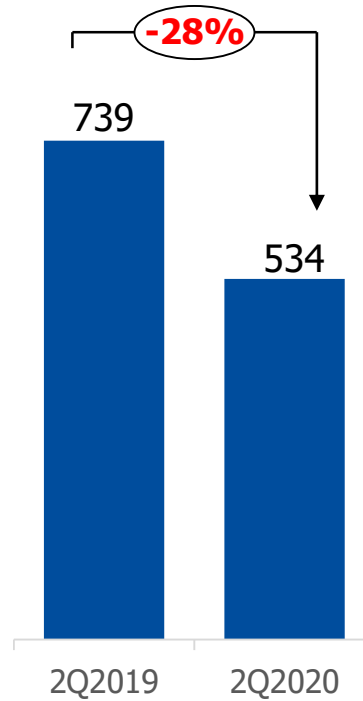
Less customers at branch and less new loan affecting sales of protection product

New Business Premium

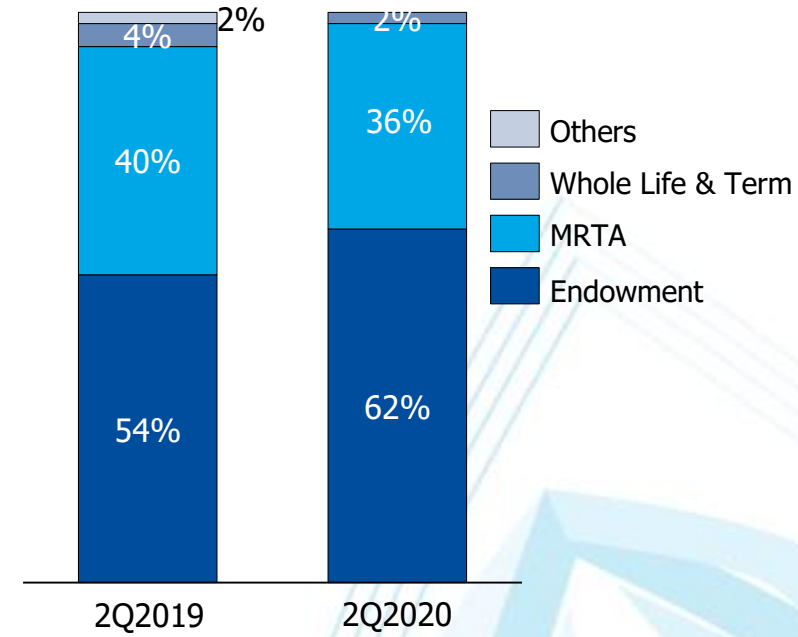
Unit : Million Baht



New Business Premium Bancassurance



Product Mix Bancassurance

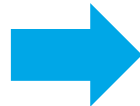
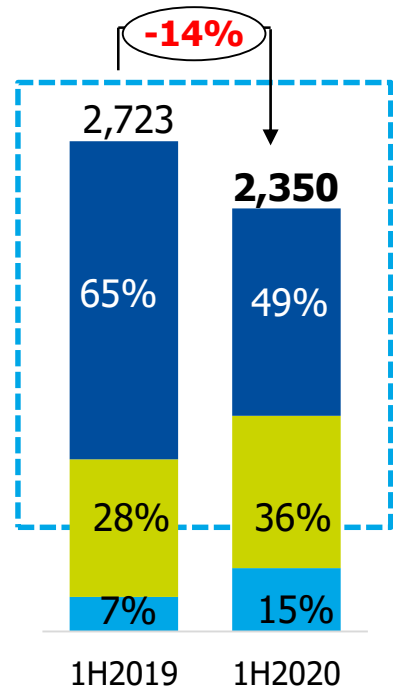


- Bancassurance
- Others
- Agent Channel

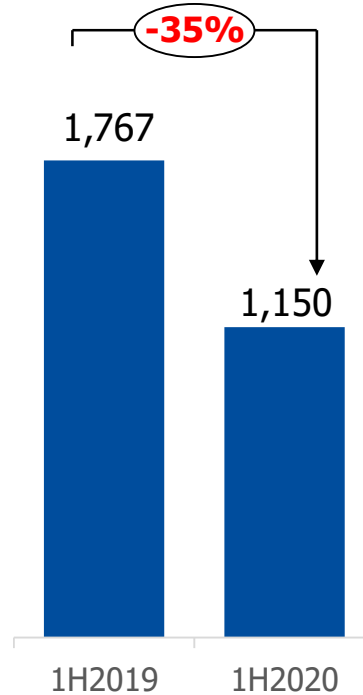
1H20 FYP from Bancassurance -35% due to Covid impact

New Business Premium

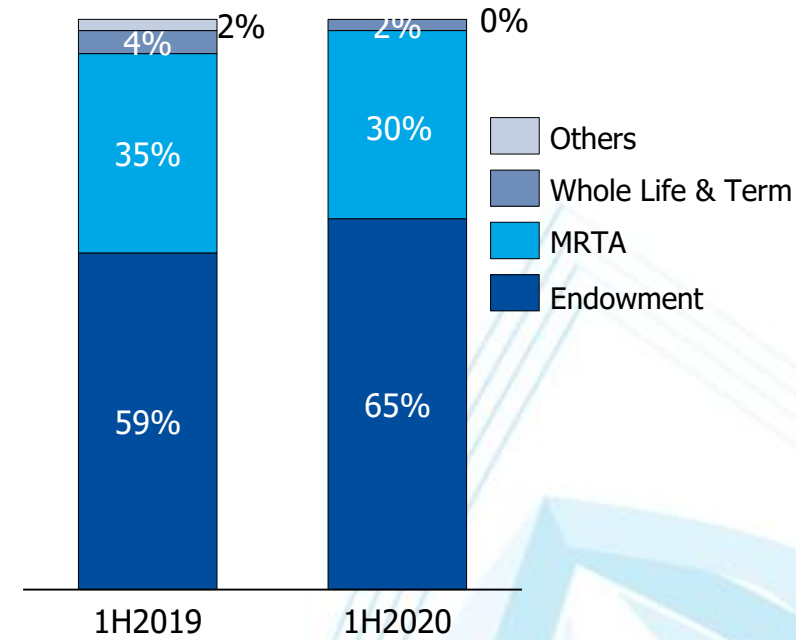
Unit : Million Baht



New Business Premium Bancassurance



Product Mix Bancassurance



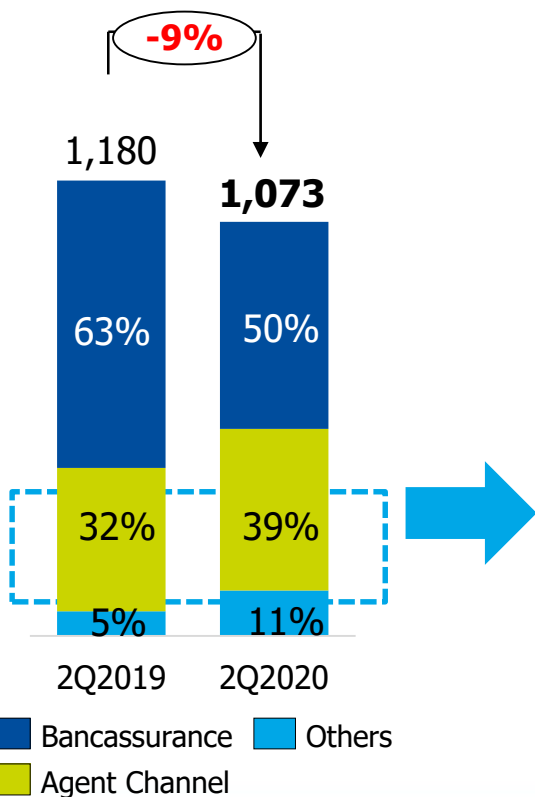
■ Bancassurance ■ Others
■ Agent Channel

Agency 2Q20 FYP +13% due to effective sales tools

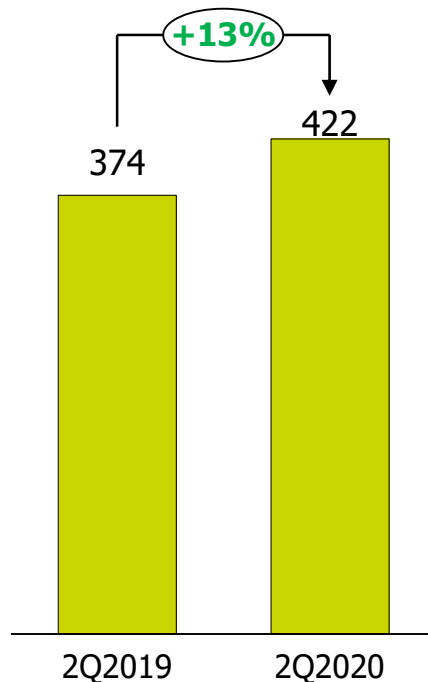
Good product mix with no filler

New Business Premium

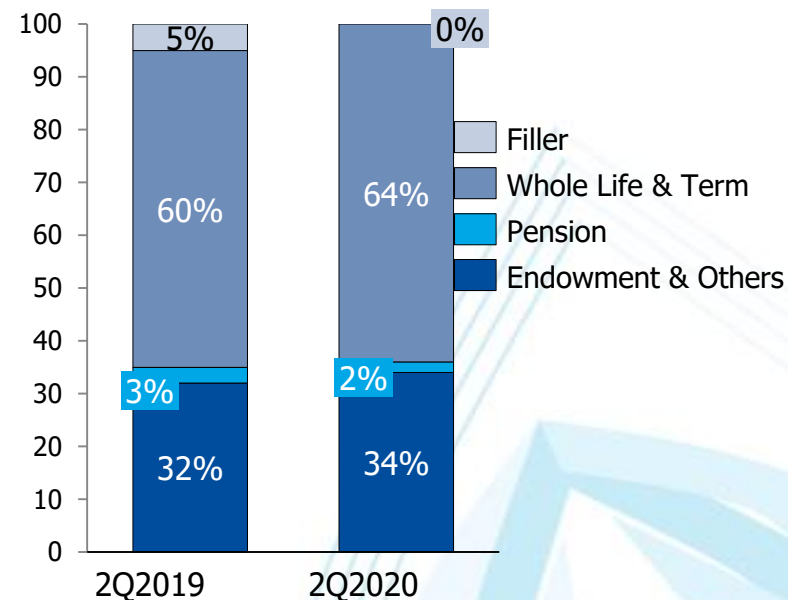
Unit : Million Baht



New Business Premium Agent Channel

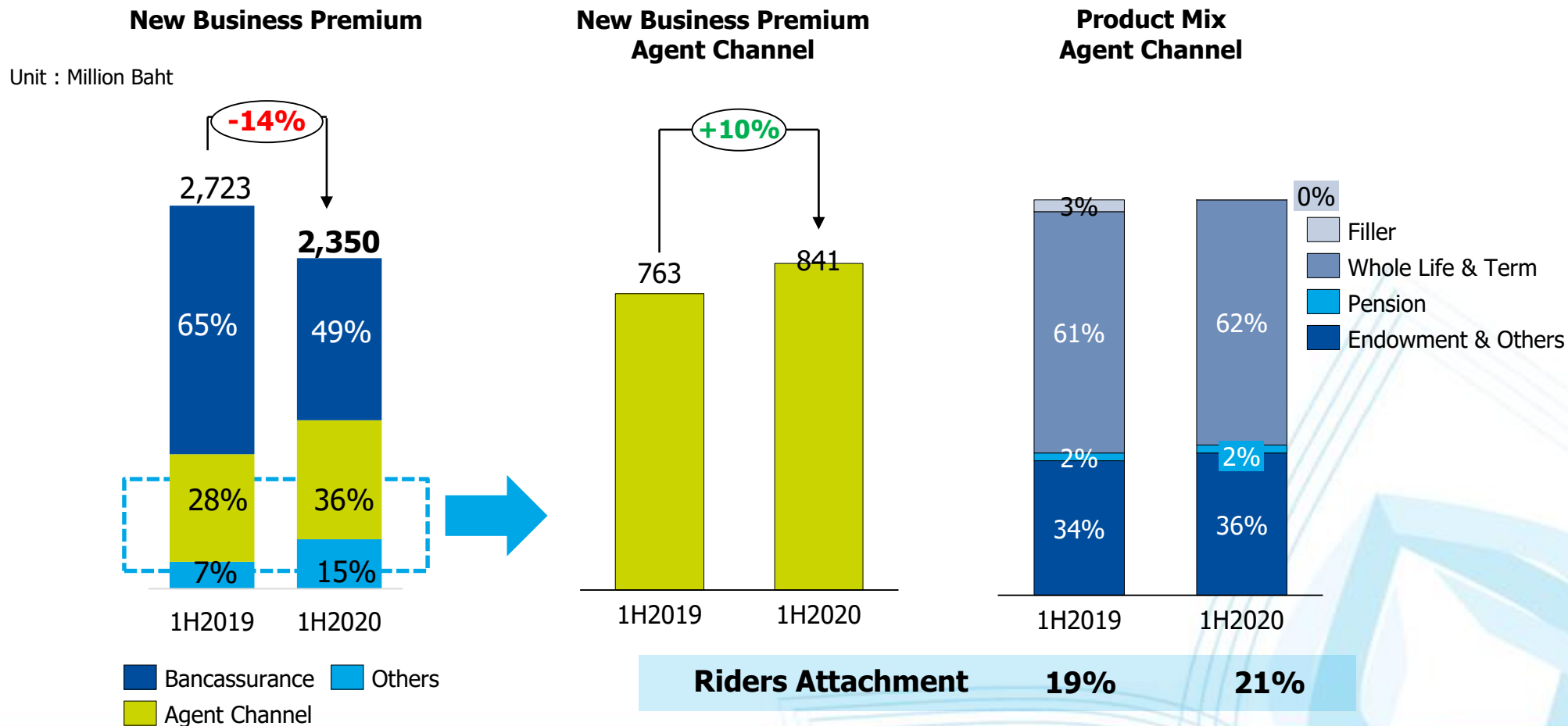


Product Mix Agent Channel



Agency 1H20 FYP +10% from focus on 'quality' agents and effective sales tools

Good product mix & increasing riders attachment ratio



Other: 1H20 FYP saw a strong double digit growth driven by group and direct marketing

1H20 FYP from **Group channel** growth >50% 1H20 FYP from **Direct Marketing** growth >20% YoY



1H20 FYP from **Online** slightly decreases

วางแผนลดหย่อนภาษีด้วยประกันออนไลน์
สมัครง่าย ๆ ด้วยตัวเอง ตลอด 24 ชม.

สะดวกสบาย ชำระเบี้ยพร้อมรับ กรมธรรม์ทาง ออนไลน์ได้ทันที	รวดเร็ว รับความคุ้มครอง และออกกรมธรรม์ ภายใน 1-2 วันทำการ	มั่นใจ ปลอดภัย ทุกธุรกรรม ด้วยมาตรฐาน ISO 27001	สบายใจกับบริการ หลังการขายด้วย บริการ Call Center 24 ชม.

1H20 FYP from **Partnership** was below expectation due to slower ramp up and Covid-19



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Investment asset allocation saw a tilt towards safe asset while contribution from risky assets declined

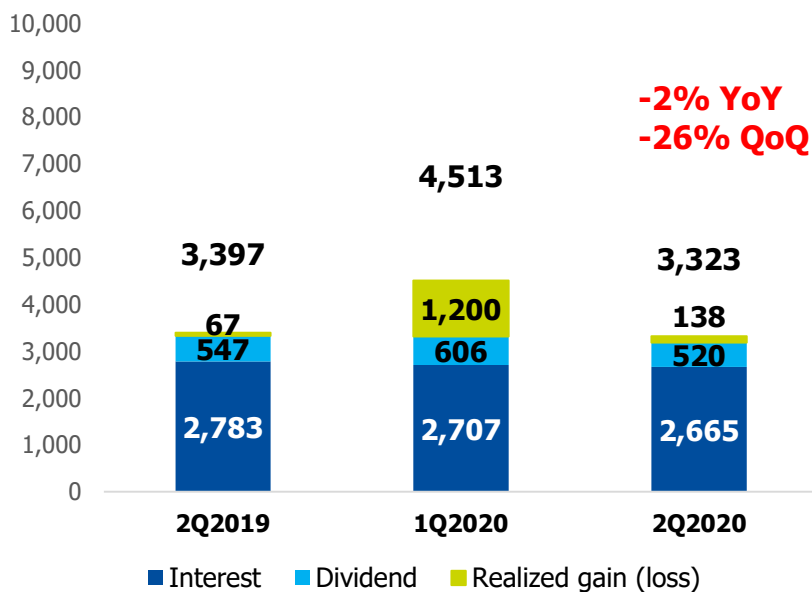
Asset Class	4Q19	2Q20	Remark
Short-term Investment	4.1%	6.4%	Increase temporarily to match benefits payment in 2H20
Bond	42.9%	44.8%	For fixed income, increased focus on government bond while lowering contribution from corporate debentures.
Debenture & Notes	34.4%	31.8%	
Total Fixed Income	81.4%	83.0%	
Equity	8.8%	7.7%	Proportion of EQ & REIT declined from price movement, but see recovery from 7.0% & 5.3% in the previous quarter
REIT	6.7%	5.6%	
Loan	3.2%	3.7%	
- Policy loan	2.6%	2.7%	
- Secured loan	0.6%	1.0%	
Total Investment Assets (MB)	323,787	333,334	An increase in investment assets from 4Q19 is driven by new money.

Foreign currencies account for 7.9% of investment assets as of June 2020 (Fixed income 5.3%, Equity 1.6%, REIT 1.0%)

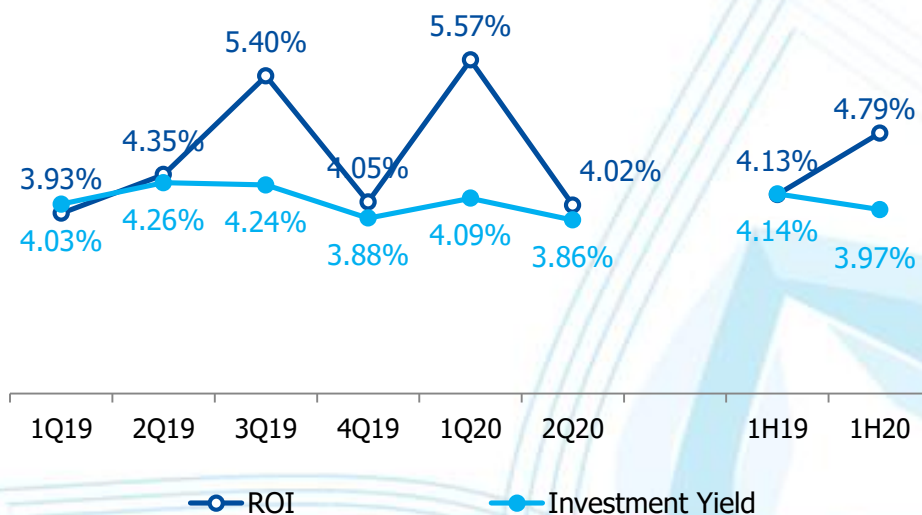
1H20 investment income -2% YoY, in line with est.

Investment yield decline from lower fixed income yield & tilt to safer assets.

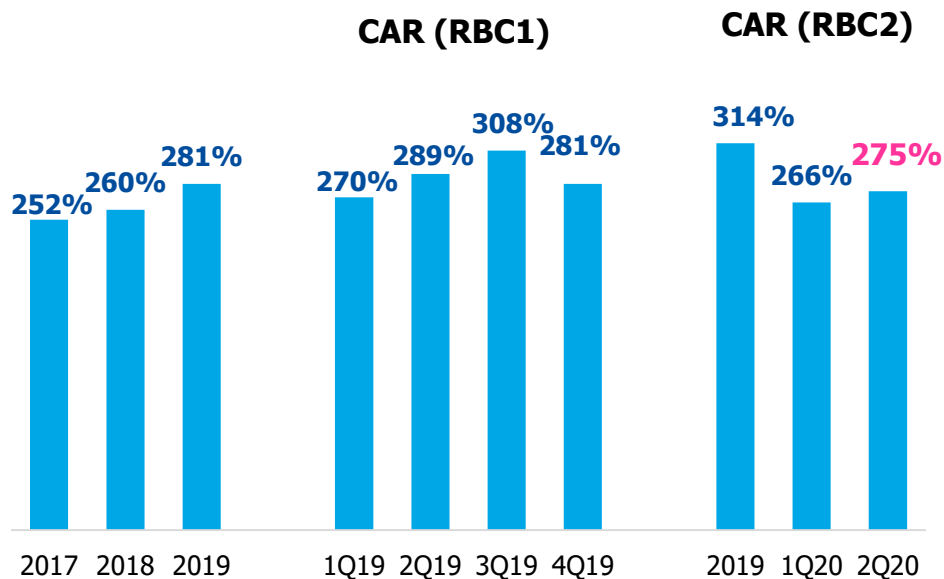
Investment Income



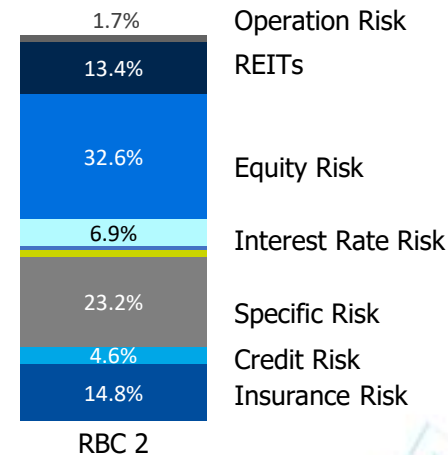
- **Investment income** in 2Q20 -2% YoY, -26% QoQ. YoY fluctuation is mainly due to the timing or realized gain which is the key explanation for ROI decline from 5.57% to 4.02%
- Excluding realized gain, **investment yield** declined from 4.09% in 1Q20 to 3.86% in 2Q20 due to lower fixed income yield and extra dividend received in 1Q20.



CAR increased from 266% in the previous quarter to 275%



Total Capital Required (TCR)



RBC 2

- Operation risk is added to RBC 2
- Asset side
 - Increase risk charge for Equity
 - Better risk charge for Thai REIT but slightly increase for foreign REIT
 - Credit risk charge is separated into Specific risk and Credit risk (overall charge close to RBC 1)
- Liability side
 - Lower Insurance risk charge and better than RBC 1
 - considered low interest rate

Note: Data as of 1Q20 (RBC2)

Source: Life Insurance Company website

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Statement of financial positions

	30 Jun 20		31 Dec 19		Inc / Dec	
	MB	%	MB	%	MB	%
Assets						
Cash and cash equivalents	14,129	4%	13,442	4%	687	5%
Investment assets	319,214	93%	311,375	93%	7,839	3%
Other assets	9,619	3%	8,863	3%	756	9%
Total assets	342,963	100%	333,680	100%	9,283	3%
Liabilities and owners' equity						
Liabilities						
Insurance contract liabilities	295,446	86%	286,642	86%	8,804	3%
Other liabilities	2,737	1%	2,778	1%	(41)	-1%
Total liabilities	298,183	87%	289,420	87%	8,764	3%
Owners' equity	44,779	13%	44,260	13%	519	1%
Total liabilities and owners' equity	342,963	100%	333,680	100%	9,283	3%
Owners' equity						
Share capital	1,708	0%	1,708	1%	-	0%
Premium on share capital	3,361	1%	3,361	1%	-	0%
Share-based payments & Warrant	-	0%	-	0%	-	0%
Retained earnings	31,489	9%	31,626	9%	(137)	0%
Other component of equity	8,185	2%	7,531	2%	654	9%
Non-controlling interests of the subsidiaries	37	0%	35	0%	2	5%
Total owners' equity	44,779	13%	44,260	13%	519	1%

ASSETS increase 9,283 MB

Total assets increase in 2020 due to increasing of investment asset and decreasing of benefit payment.

Liabilities increase 8,764 MB

Ins liabilities extra increase from increasing PAD rate from 4% to 5% which reflect one-time.

Owners' equity increase 519 MB

1. RE decreased 137 MB mainly from adopting new FI at 997 MB and profit in first half at 862 MB.
2. Other component of equity increase 654 MB from;
 - Adopting new FI accounting guidelines increase at 1,729 MB.
 - FV loss from AFS/CF hedge at 1,109 MB.

2Q-2020 Financial Summary

Million Baht	2Q/20	% TNP	2Q/19	% TNP	%YoY	6M/20	% TNP	6M/19	% TNP	%YoY
First year premium	1,073	16%	1,180	17%	-9%	2,350	15%	2,723	16%	-14%
Renewal premium	5,766	86%	5,908	85%	-2%	14,546	92%	14,881	89%	-2%
REIN&UPR	(161)	-2%	(99)	-1%	-63%	(1,008)	-6%	(802)	-5%	-26%
Total Net Premium (TNP)	6,677	100%	6,990	100%	-4%	15,887	100%	16,801	100%	-5%
Investment income	2,983	45%	3,439	49%	-13%	8,002	50%	6,562	39%	22%
Other income	56	1%	165	2%	-66%	216	1%	335	2%	-35%
Total Income	9,716	146%	10,594	152%	-8%	24,106	152%	23,698	141%	2%
Life policy reserve	2,335	35%	2,601	37%	-10%	8,541	54%	(3,913)	-23%	318%
Benefit payments	5,468	82%	5,641	81%	-3%	12,202	77%	22,311	133%	-45%
Commission and Brokerage	548	8%	681	10%	-20%	1,266	8%	1,538	9%	-18%
Other underwriting expense	95	1%	80	1%	19%	213	1%	289	2%	-26%
Total Underwriting Expense	8,446	126%	9,003	129%	-6%	22,221	140%	20,226	120%	10%
Operating Expense	387	6%	428	6%	-10%	750	5%	798	5%	-6%
Expected credit loss	190	3%	-	0%	0%	220	1%	-	0%	0%
Total Expense	9,023	135%	9,431	135%	-4%	23,191	146%	21,025	125%	10%
Earning before tax	694	10%	1,163	17%	-40%	914	6%	2,673	16%	-66%
Income Tax	(63)	-1%	(147)	-2%	57%	(53)	0%	(370)	-2%	86%
Loss for the periods from discontinued	0.2	0%	(0.2)	0%	193%	(0.3)	0%	(2)	0%	87%
Net income	631	9%	1,016	15%	-38%	861	5%	2,301	14%	-63%
EPS	0.37		0.59			0.50		1.35		

Q2'20

Net income decrease 38%. FYP decrease 9% and investment income decrease 13%. ECL were set-up at 190 MB in this period.

6M'20

Net income decrease 63%. FYP decrease 14% and investment income increase 22%. UW expense increase 10% from increasing of life policy reserve and one-time effect from increasing PAD from 4% to 5% at 2,668 MB.

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OUTLOOK BY CEO



Focusing on 5 key aspects for sustainable growth

For sustainable growth
that benefits every stakeholder

What we need to do...

1 Channel	2 Product	3 Branding	4 Customer	5 Digital
<ul style="list-style-type: none">• Balance channel mix• Maintain good relationship with existing partners• Increase new partners• Improve quality of sellers	<ul style="list-style-type: none">• Wealth & Health theme• Preparing for Unit-linked• Increase rider-attachment• Protection products	<ul style="list-style-type: none">• Increase brand awareness• Presenter representing young and approachable perception	<ul style="list-style-type: none">• Continuously improve customer satisfaction• Customer-centric and flexible services	<ul style="list-style-type: none">• Digital tools throughout customer journey• Improve efficiency of internal process• Paperless document

Awards assuring our strength...

Product Innovation Awards 2020

'สุดยอดองค์กรนวัตกรรมดีเด่น'



Asia Corporate Excellence & Sustainability Awards (ACES) 2020





กรุงเทพมหานคร
ชีวิตที่มีความสุขมากกว่า