



กรุงเทพประกันชีวิต

2020 Results Presentation

Investors and Analyst update

25 Feb 2021

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2020 performance summary

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Key Highlights

2.1 Premiums and Business & Operation

2.2 Investments

2.3 P&L and Key accounting change

2.4 EV & VNB

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Synopsis of performance in 4Q20

- **4Q20 profit:** Net profit -75% YoY mainly due lower investment income and ECL/impairment.
- **Overview of the performance:** FYP -22%. By distribution channel:
 - **Bancassurance:** FYP -45% YoY as the focus shifted to planning for 2021
 - **Agent:** FYP +6% YoY from recapturing and PAR product campaign
- **Investment:** ROI declined from 4.05% in the previous year and 3.54% in the previous quarter to 3.45%. Investment yield declined from 3.88% in the previous year and 3.83% in the previous quarter to 3.53%.
- **CAR ratio:** is up from 263% in the previous quarter to 274%.
- **VNB:** +227% to 1,151

Synopsis of performance in 2020

- **2020 profit:** Net profit -63% YoY mainly due to extra PAD reserve (one-time item). Other contributing factors include lower RYP and investment income.
- **FYP +6% vs. industry -11%. Exclude SP BLA +29%, industry -7%**
 - **Bancassurance: FYP +13% vs. industry -9%** due to tactical product and gain 1st campaign
 - **Agent: FYP -11% vs. industry -16%** negatively affected by Covid-19 and high base from discontinued products. Product mix continues to be strong and ridership attachment continues to increase
 - **Others:** positive growth in all alternative channels
- **Investment:** ROI declined from 4.43% in the 2019 to 4.14% in 2020 from lower dividend income, interest income and realized gain. Investment yield dropped from 4.10% to 3.83%.
- **CAR ratio:** changed from 314% in 2019 to 274%

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Outlook by CEO

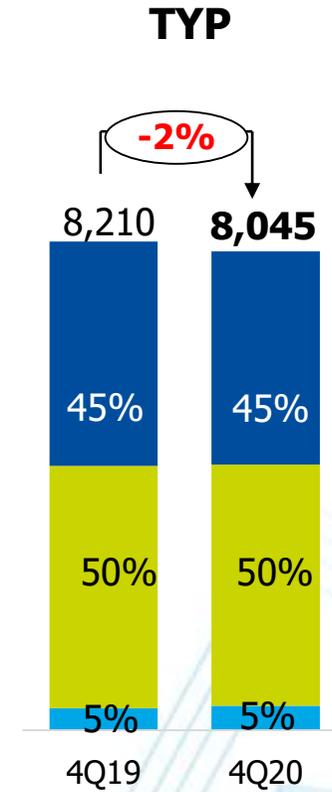
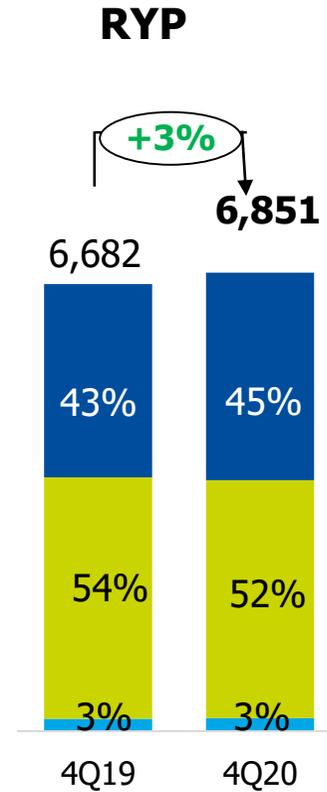
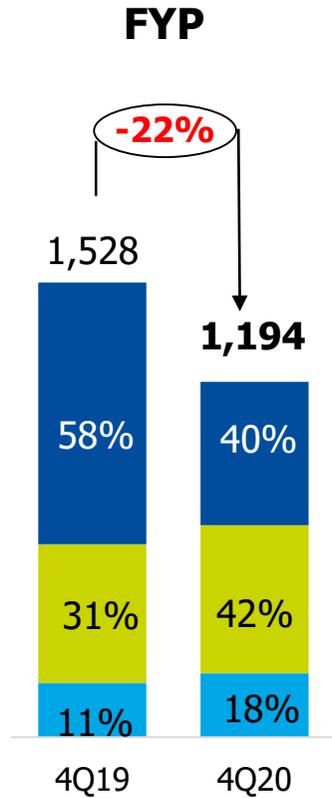
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Q&A

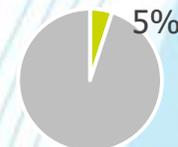
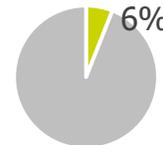
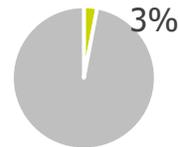
4Q20: FYP -22% (mainly from banc), RYP +3%, TYP -2%

Unit : Million Baht

- Bancassurance
- Agent Channel
- Others



Market Shares

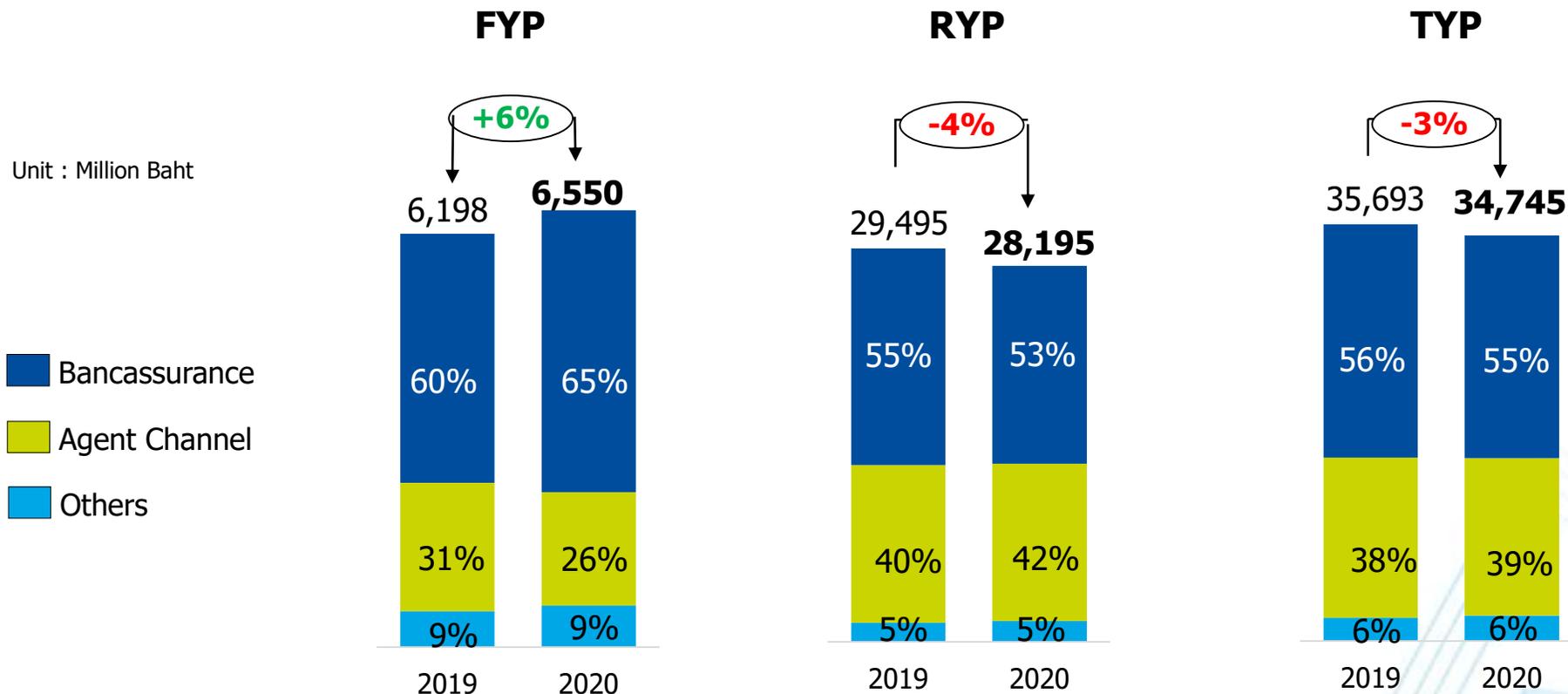


Industry Growth

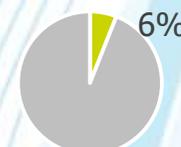
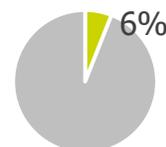
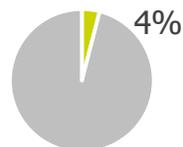


2020: FYP +6% (driven by banc) vs. industry -11%

RYP -4% from fully-paid as expected



Market Shares



Industry Growth

-11%

+2%

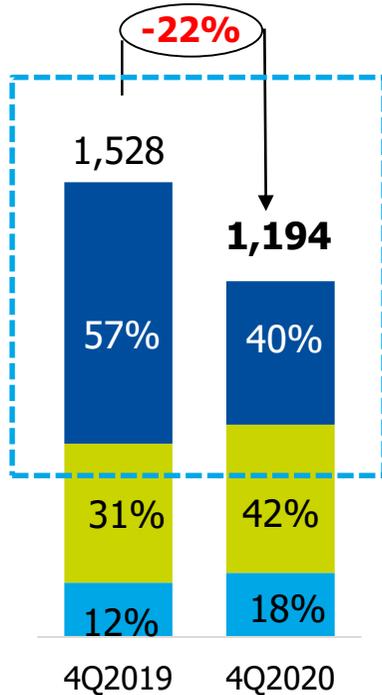
-2%

Banca: 4Q20 FYP -45%

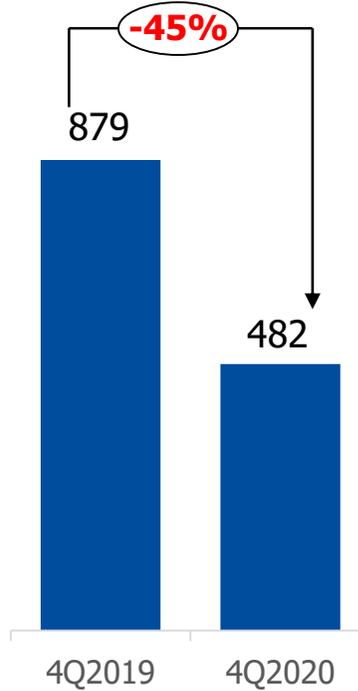
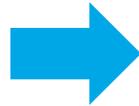
New Par Product is 43% of total FYP

New Business Premium

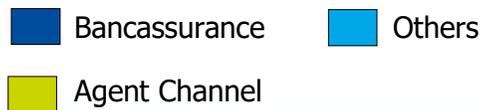
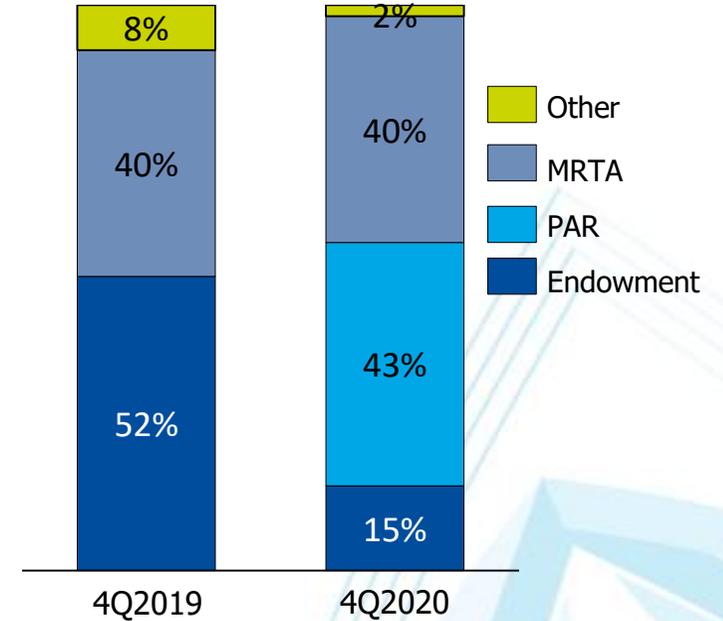
Unit : Million Baht



New Business Premium Bancassurance



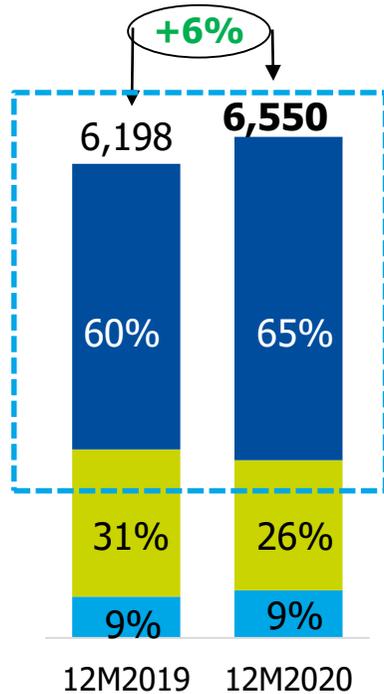
Product Mix Bancassurance



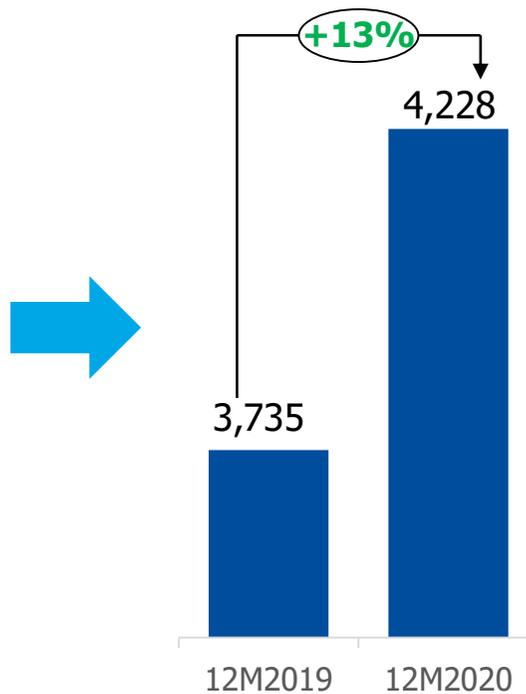
Banca: 2020 FYP +13% mainly from Gain 1st 550 tailored to recapture existing Banc customers

New Business Premium

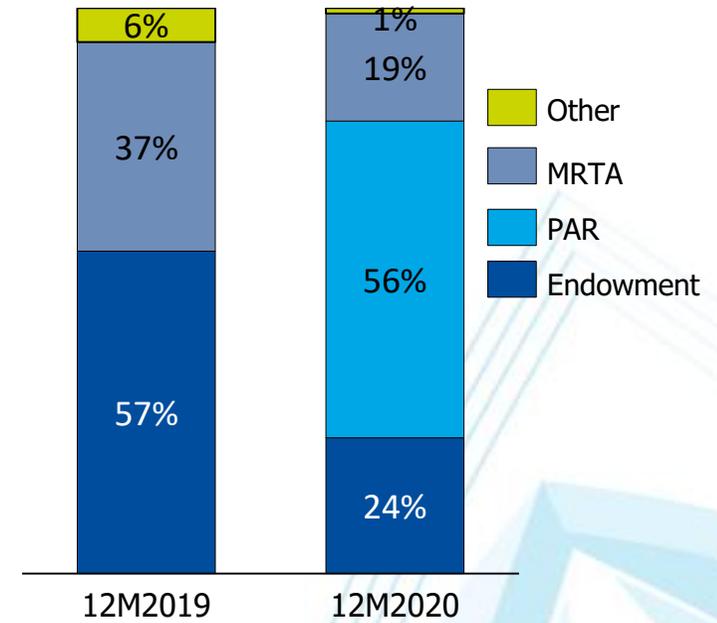
Unit : Million Baht



New Business Premium Bancassurance

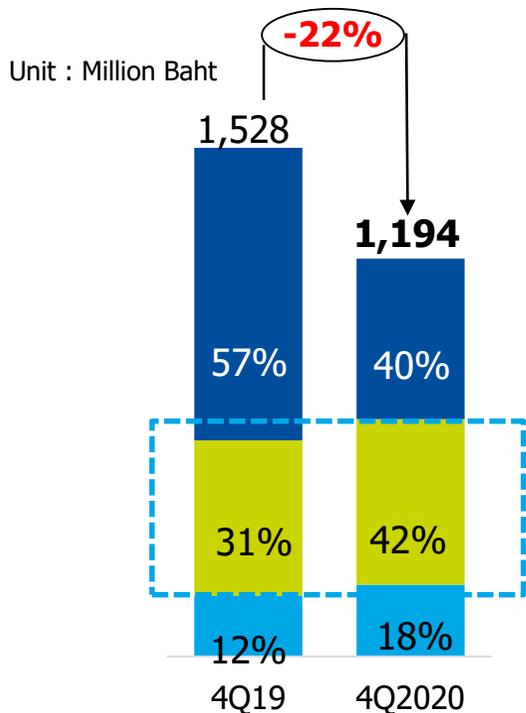


Product Mix Bancassurance

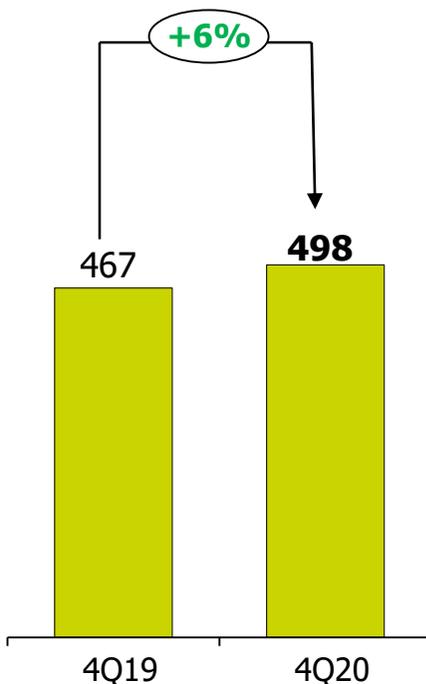


Agent: 4Q20 FYP +6% mainly from recapture and PAR product campaign

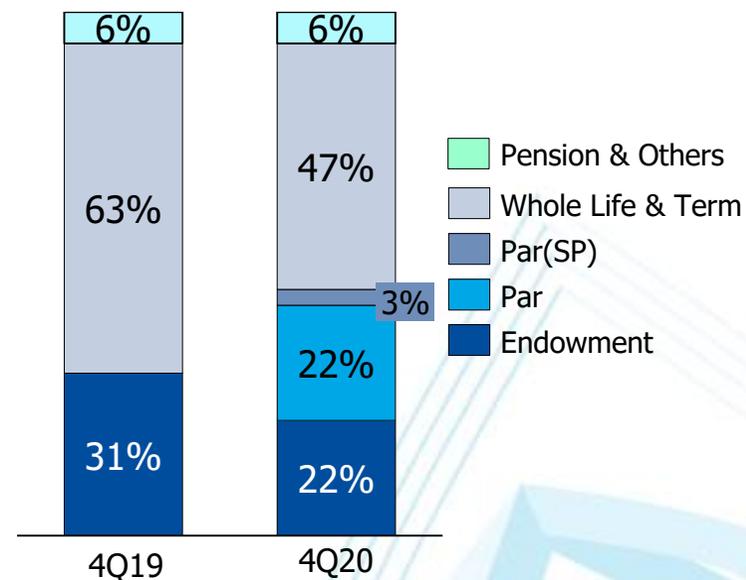
New Business Premium



New Business Premium Agent Channel



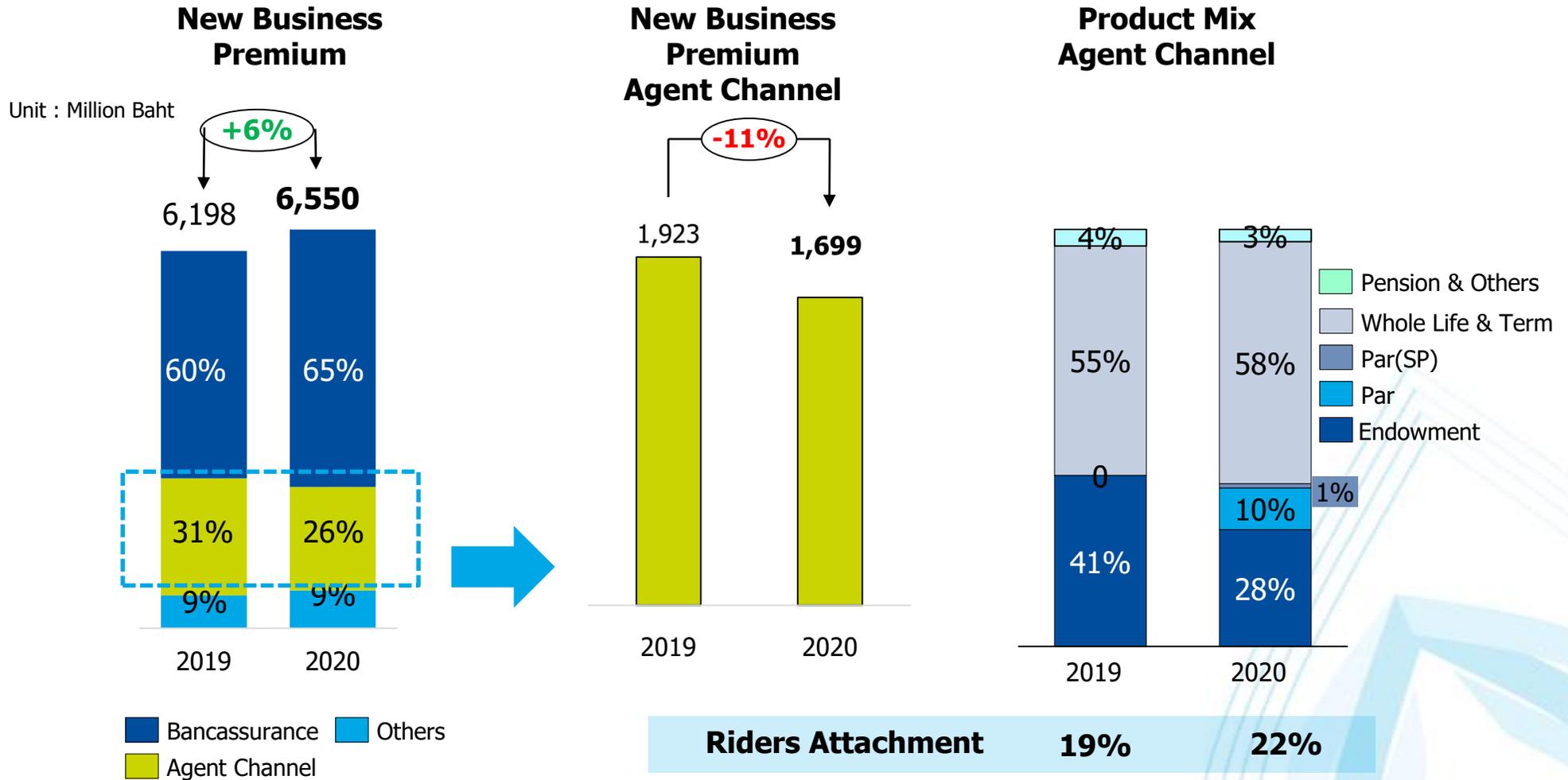
Product Mix Agent Channel



■ Bancassurance ■ Others
■ Agent Channel

Agent: 2020 FYP -11% due to lock-down period

Better product mix & increasing riders attachment ratio



Other: All alternative channels showed positive growth

2020 FYP from **Group channel** is flat vs. industry negative growth impacted by Covid-19



2020 FYP from **Direct Marketing** growth +16% YoY



2020 FYP from **Online** growth +65% YoY

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.

2020 FYP from **Partnership** below expectation



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2020 investment asset +2%. Fixed income c. was up

Fixed income tilted towards safer bond. Equity allocation up in 4Q20 as market rallied

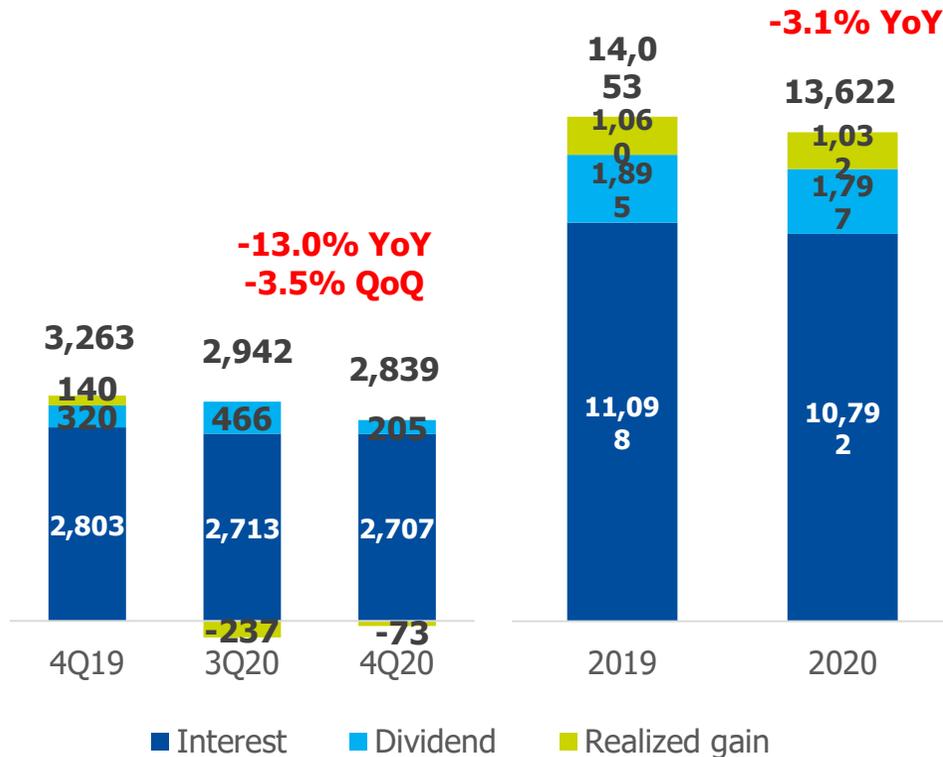
Asset Class	4Q19	4Q20	Remark
Short-term Investment	4.0%	3.5%	Cash reduced from 6.4% in 2Q20 and 4.8% in 3Q20 as benefits payment were made in 4Q20 (in line with planned)
Bond	44.0%	49.0%	For fixed income, increased focus on government bond while lowering contribution from corporate debentures to reduce risk (cont. from the previous quarter)
Debenture & Notes	32.9%	31.0%	
Total Fixed Income	80.9%	83.5%	
Equity	9.0%	8.5%	EQ increased from 7.4% last quarter to close around 4Q19 as SET/global EQ markets saw a strong rally in 4Q20
REIT	6.9%	4.9%	REIT declined slightly from 5.3% last quarter as REIT price did not recover with SET in 4Q20
Loan	3.2%	3.1%	
- Policy loan	2.6%	2.5%	
- Secured loan	0.6%	0.6%	
Total Investment Assets (MB)	323,787	329,279	An increase in investment assets from 4Q19 is driven by new money.

Foreign currencies account for 7.9% of investment assets as of Dec 2020 (Fixed income 4.9%, Equity 2.0%, REIT 1.0%)

FY 2020 investment income -3.1% YoY

Investment yield decline from lower fixed income yield & dividend income.

Investment income (unit: MB)



INVESTMENT INCOME

- **4Q20 -13.0% YoY and -3.5% QoQ**
 - The YoY drop was from a combination of lower realized gain, dividend income and interest income.
 - The QoQ drop mainly from dividend seasonality. Interest income was flat QoQ while realized gain improved.
- **2020-3.1% YoY**
 - This came from a slight decline in interest, dividend income and realized gain
 - As a result, ROI came down from 4.43% to 4.14%

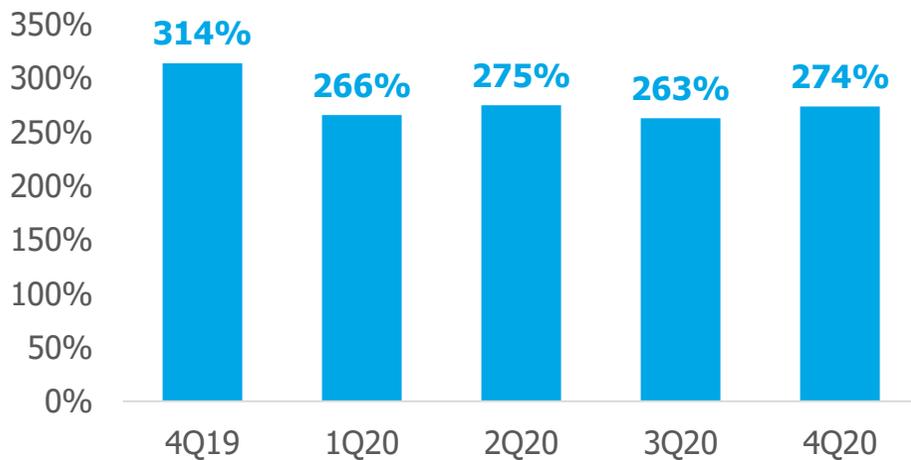
INVESTMENT YIELD (exc. Realised gain/loss)

- 4Q20: -30 bps QoQ to 3.53%
- 2020: -27 bps YoY from 4.10% to 3.83% from lower fixed income yield and lower dividend income



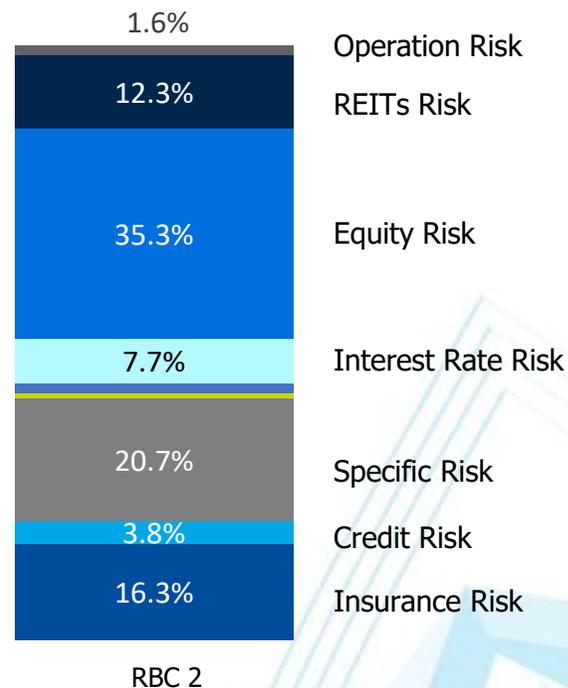
CAR increased from 263% in the previous quarter to 274%

CAR (RBC)



Total Capital Required (TCR)

Risk charged by type to TCR



LI Company	CAR (RBC2)
TLI	372%
MTL	309%
AZAY	368%
AIA	307%
SCBL	271%
KTAL	261%

Note: Data as of 3Q20 (RBC2)

Source: Life Insurance Company website

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Statement of financial positions

	31 Dec 20		31 Dec 19		Inc / Dec	
	MB	%	MB	%	MB	%
Assets						
Cash and cash equivalents	8,072	2%	13,442	4%	(5,370)	-40%
Investment assets	322,141	95%	311,375	93%	10,766	3%
Other assets	9,565	3%	8,863	3%	702	8%
Total assets	339,778	100%	333,680	100%	6,098	2%
Liabilities and owners' equity	339,778	100%	333,680	100%	6,098	2%
Liabilities						
Insurance contract liabilities	291,329	86%	286,642	86%	4,687	2%
Other liabilities	2,351	1%	2,778	1%	(426)	-15%
Total liabilities	293,680	86%	289,420	87%	4,260	1%
Owners' equity						
Share capital	1,708	1%	1,708	1%	-	0%
Premium on share capital	3,361	1%	3,361	1%	-	0%
Retained earnings	31,729	9%	31,626	9%	103	0%
Other component of equity	9,301	3%	7,531	2%	1,770	24%
Non-controlling interests of the subsidiaries	0	0%	35	0%	(35)	-99%
Total owners' equity	46,098	14%	44,260	13%	1,838	4%

ASSETS +6,098 MB

The increase in asset in 2020 was led by an increase in investment asset

Liabilities +4,260 MB

Liability increase is mainly driven by one-time PAD rate increase from 4% to 5%

Owners' equity -1,838 MB

- RE +103 MB** mainly from
 - +1,608 MB**: 2020 profit
 - + 44 MB**: actuarial gain (net of tax) of employee benefits
 - 998 MB**: adopting new FI
 - 547 MB**: dividend payment
- Other component of equity +1,770 MB** mainly +1,761 MB from adopting new FI accounting guideline

2020 Financial Summary

Unit: Bt m.

	4Q20			4Q19			YoY			Common size		
	4Q20	4Q19	YoY	2020	2019	YoY	4Q20	4Q19	2020	2019		
FYP	1,194	1,528	-22%	6,550	6,198	6%	15%	19%	20%	18%		
RYP	6,851	6,683	3%	28,195	29,494	-4%	88%	84%	84%	86%		
Rein & UPR	(280)	(242)	16%	(1,348)	(1,385)	-3%	-4%	-3%	-4%	-4%		
Total net premium (TNP)	7,766	7,968	-3%	33,396	34,308	-3%	100%	100%	100%	100%		
Investment income	2,535	3,216	-21%	13,381	14,051	-5%	33%	40%	40%	41%		
Other income	106	100	6%	560	543	3%	1%	1%	2%	2%		
Total income	10,407	11,284	-8%	47,337	48,902	-3%	134%	142%	142%	143%		
Life policy reserve	(5,711)	2,752	n.m.	4,919	3,580	37%	-74%	35%	15%	10%		
Benefit payments	14,647	6,496	125%	35,461	34,764	2%	189%	82%	106%	101%		
Commission & Brokerage	638	659	-3%	2,765	3,004	-8%	8%	8%	8%	9%		
Other underwriting expense	132	179	-26%	558	610	-9%	2%	2%	2%	2%		
Total underwriting expense	9,706	10,087	-4%	43,703	41,958	4%	125%	127%	131%	122%		
Operating expense	379	408	-7%	1,534	1,636	-6%	5%	5%	5%	5%		
Expected credit loss	128	-		339	-		2%	0%	1%	0%		
Total expense	10,213	10,494	-3%	45,576	43,594	5%	132%	132%	136%	127%		
Earning before tax	194	789	-75%	1,762	5,306	-67%	2%	10%	5%	15%		
Income tax	(30)	(135)	-78%	(153)	(918)	-83%	0%	-2%	0%	-3%		
Loss for the period from discon	(0)	(2)	-96%	(0)	(4)	-93%	0%	0%	0%	0%		
Net income	164	653	-75%	1,608	4,384	-63%	2%	8%	5%	13%		
EPS	0.09	0.38		0.94	2.57							

4Q20

Net income -75% from

- Lower investment income
- ECL/Impairment increase by 128 MB.

2020

Net income -63% from

- PAD 4% to 5% effect one-time 2,668 MB.
- ECL/impairment at 339 MB.
- Lower of ROI

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EV valuation methodology & assumptions are the same

With the key change being ROI downward revision from 3.5% to 3.0%

Methodology

- BLA has adopted a traditional discounted cash flow methodology to determine the components of Embedded Value (EV)
- It is a common methodology used by life insurance companies in Asia at the current time

Component of EV

ANW
(Adjusted Net Worth)

Excess market value of assets over statutory liabilities



VIF
(Value of In-force Business)

Discounted value of distributable earnings from In-Force business

Assumptions

Economic Assumption

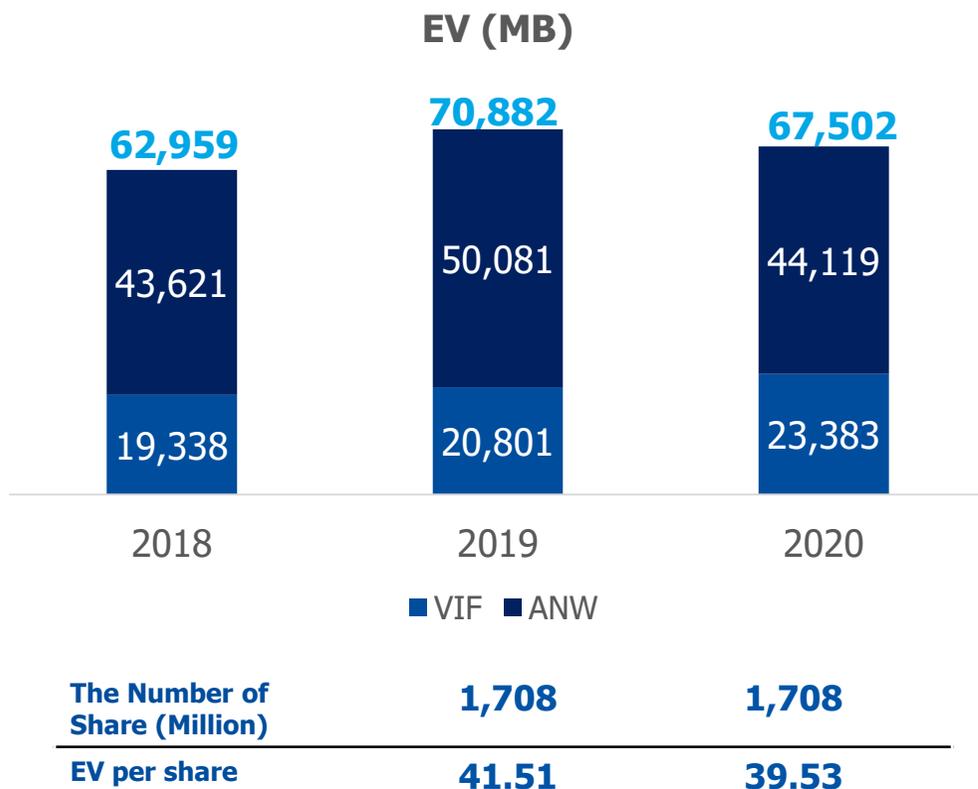
- Risk Discount Rate 8.3% (2019: 8.3%)
- Investment Return 3.0% (2019: 3.5%)
- Capital Adequacy Ratio 140% (2019 : 140%)
- Tax Rate 20% (2019 : 20%)
- Tax on Investment Return 19% (2019 : 19%)

Non-Economic Assumption

- Lapse, mortality, morbidity and expense assumption are prudent best estimate of BLA's future experience based on recent experience studies and business environment in Thailand.

EV decreased by 5% in 2020

VIF +12% while ANW -12%



➤ **EV decreased by 5% or 3,379 MB in 2020**

- VIF increased by 12%
- However, this was more than offset by a 12% decline in ANW

➤ **VIF +Bt2.6 bn (+12% YoY)**

- Increase led by
 - A decrease in yield curve
 - VNB contribution and VIF release
- This more than offset the decline from a decrease in ROI

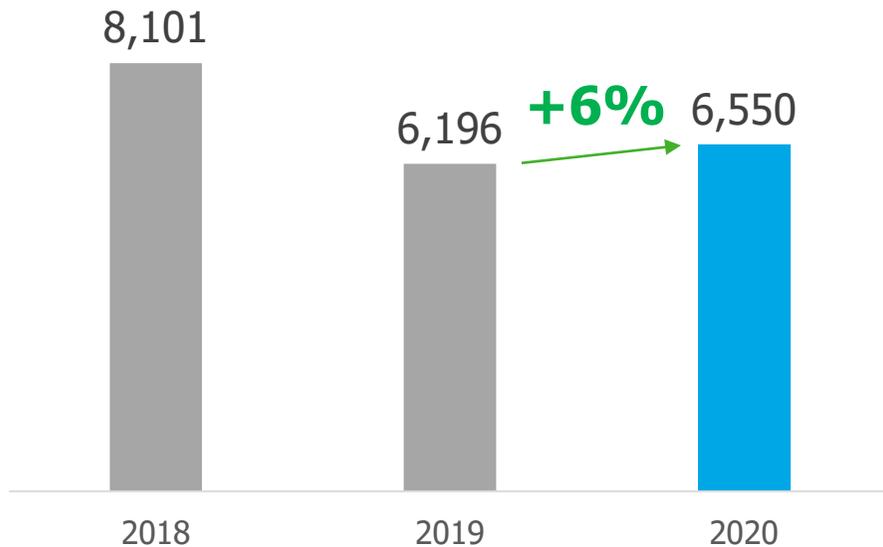
➤ **ANW –Bt6.0 bn (-12% YoY)**

- The majority of the decline came from MVL which increased more than the increase in MVA
- The decline in equity price also contributed to the decline
- This was partially offset by gain from methodology change on calculating liability tax

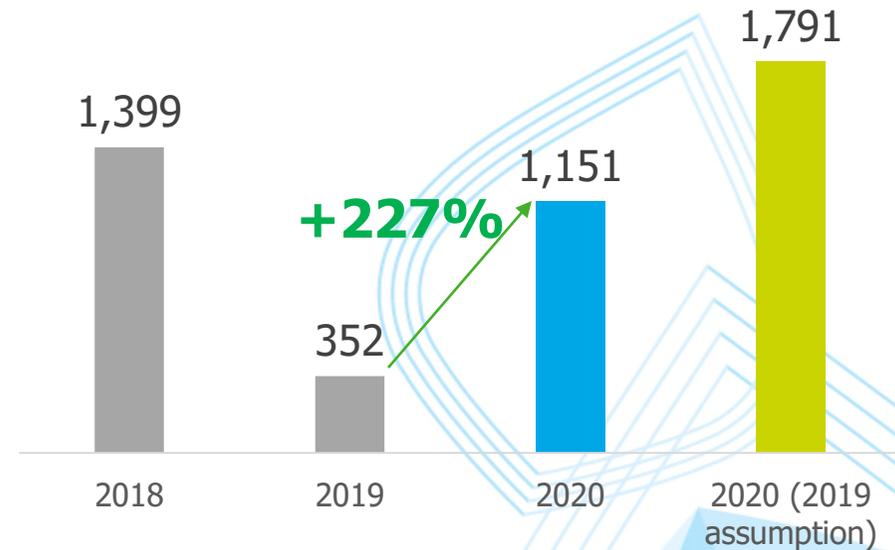
2018* : EV calculated by old method

FYP +6% YoY, VNB +227% YoY driven by improvement in VNB margin

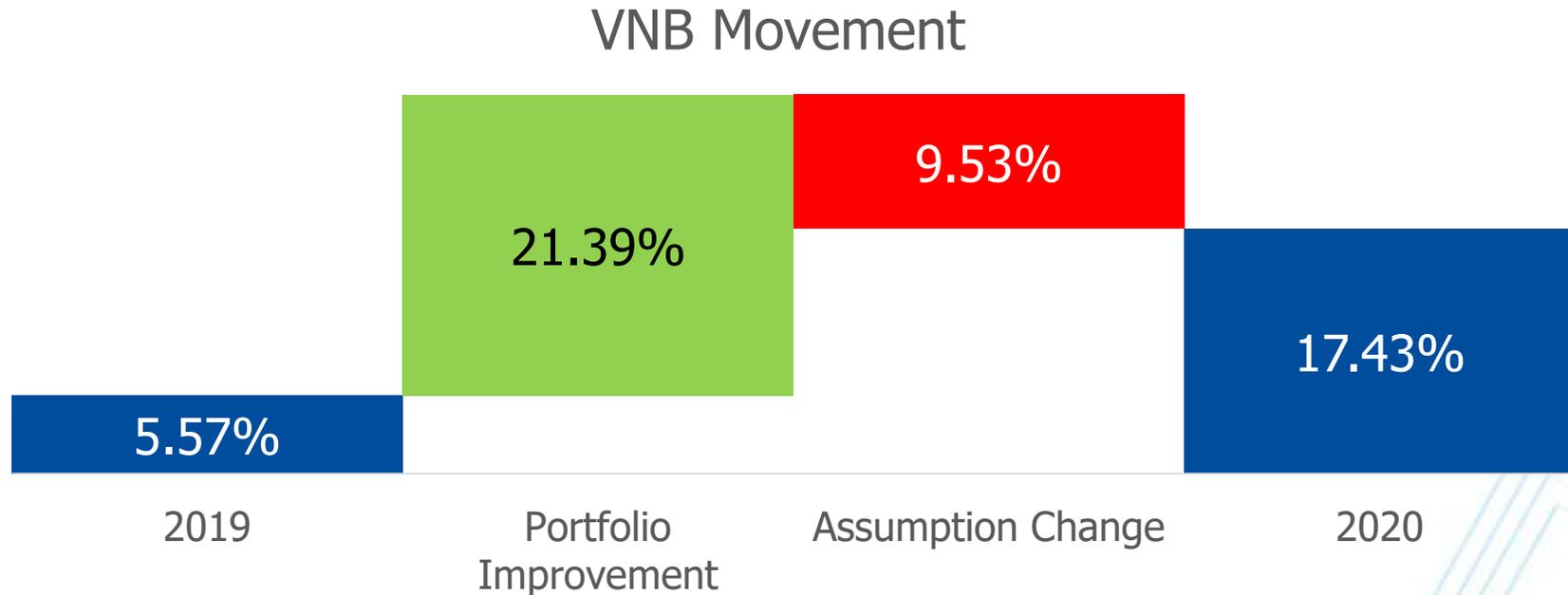
FYP (Bt m.)
+6% YoY



VNB (Bt m.)
+227% YoY



VNB margin saw significant improvement from 5.6% in 2019 to 17.4% in 2020



- VNB Margin increased significantly due to portfolio improvement
 - Product re-pricing
 - Introduction of PAR products
 - Better product mix
- The improvement more than offset assumption changes that lower VNB margin

OUTLOOK BY CEO



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Carry forward and strengthen our achievements

What we did well in 2020

FYP growth outpaced industry performance

Launched PAR products & better claim ratio

Implemented health care services

Started re-branding project

Became 1st insurer using NDID & more usage of electronic document

What we are going to do in 2021

Double digit FYP growth

Efficient cost control to deliver best products pricing

Offer customer-centric products and services

Become customer's top-of-mind

Leading company in digital transformation

Awards assuring our strengths





กรุงเทพมหานคร
ชีวิตที่มีความสุขมากกว่า