

2019 Results Presentation

Investors and Analyst update

February 28, 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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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 2019

- **2019 profit:** net -12% YoY, core -1% YoY (exc. LAT reversal in 2018)
- **Good momentum across distribution channels:**
 - **Agent:** FYP -4% YoY, but +double digit if exclude single payment products. Rider attachment up from 12% to 17%.
 - **Bancassurance:** New partnership.
 - **Other:** good growth in online and direct marketing. New partnership start to kick in
- **Investment** Achieved ROI of 4.4% Despite challenging environment
- **CAR:** ratio improved to 314%
- **EV/VNB:** EV bt41.5 per share +13% YoY. VNB affected from downward revision in assumptions and FYP

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Outlook by CEO

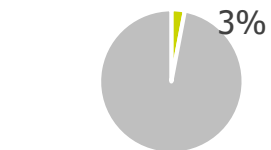
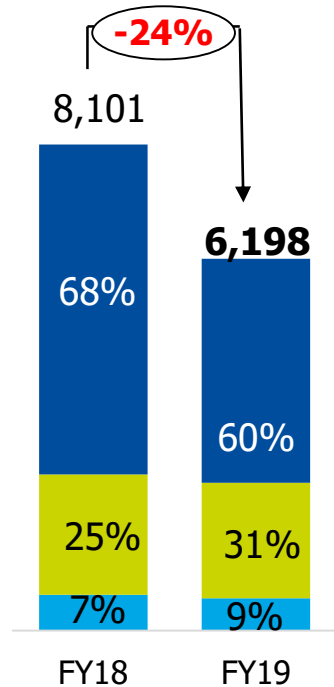
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Q&A

FY19: FYP -24%

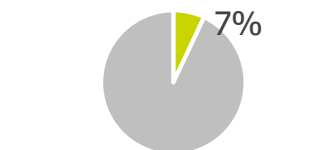
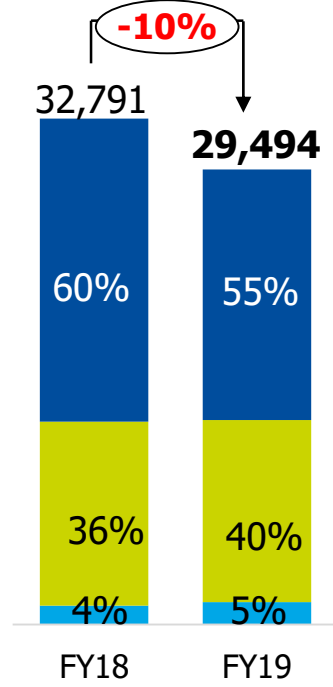
FYP from agency channel increases from 25% to 31% in channel mix

New Business Premium



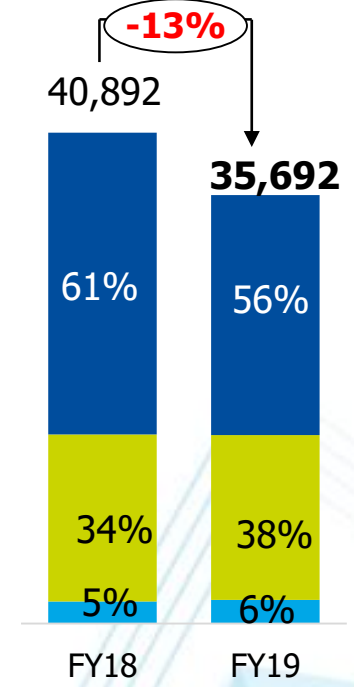
Industry Growth: -1%

Renewal Premium



Industry Growth: -3%

Total Premium



Industry Growth: -3%

Unit : Million Baht

- Bancassurance
- Agent Channel
- Others

Market Shares

Industry Growth

Banca: FY19 FYP -32%

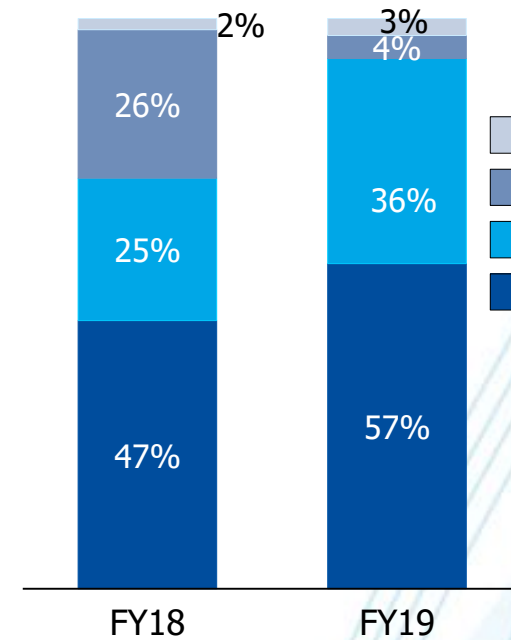
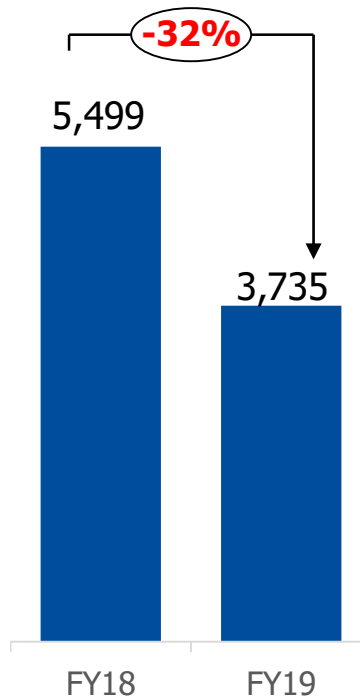
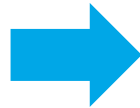
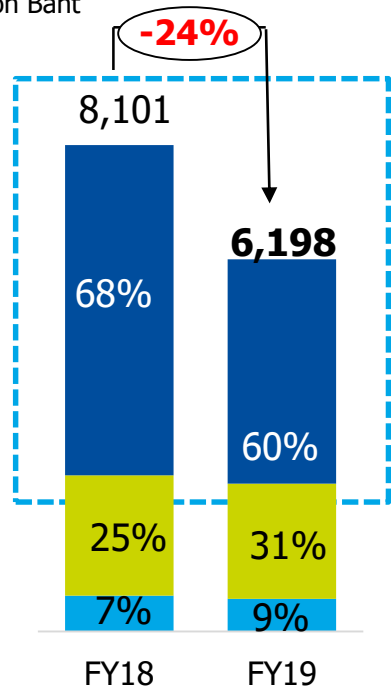
4Q19 is lower than expected, but still growing from 2Q19 and 3Q19

New Business Premium

New Business Premium Bancassurance

Product Mix Bancassurance

Unit : Million Baht



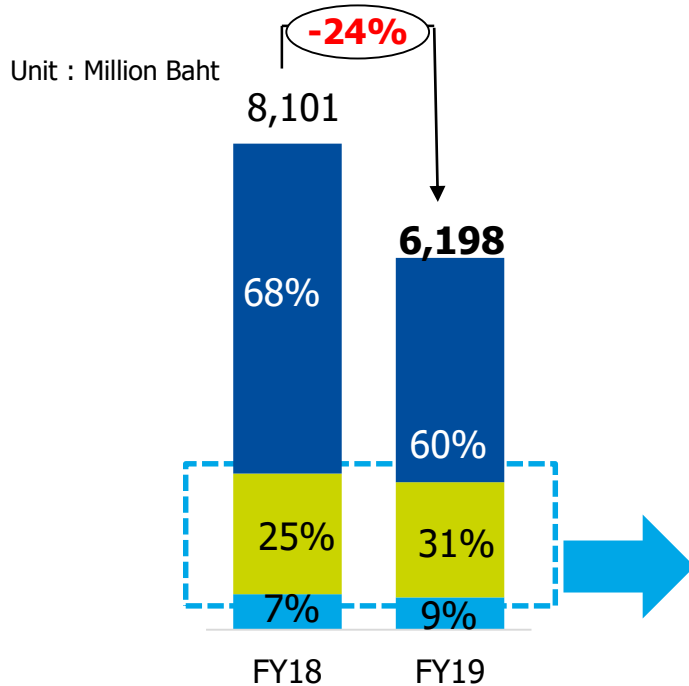
- Others
- Whole Life & Term
- MRTA
- Endowment

- Bancassurance
- Others
- Agent Channel

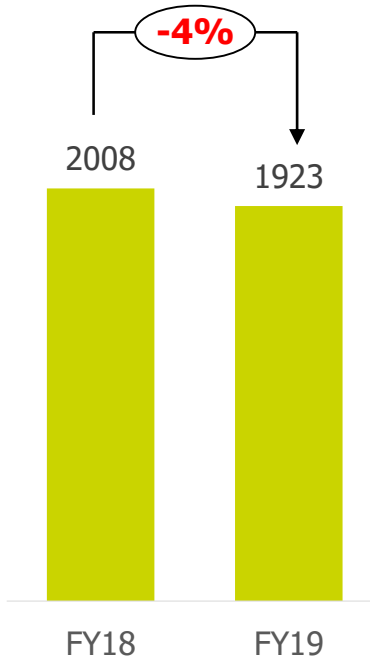
Agent: FY19 FYP -4% (exclude filler +2%)

Some highlights are: Product mix is better, Rider attachment up from 13% to 17%

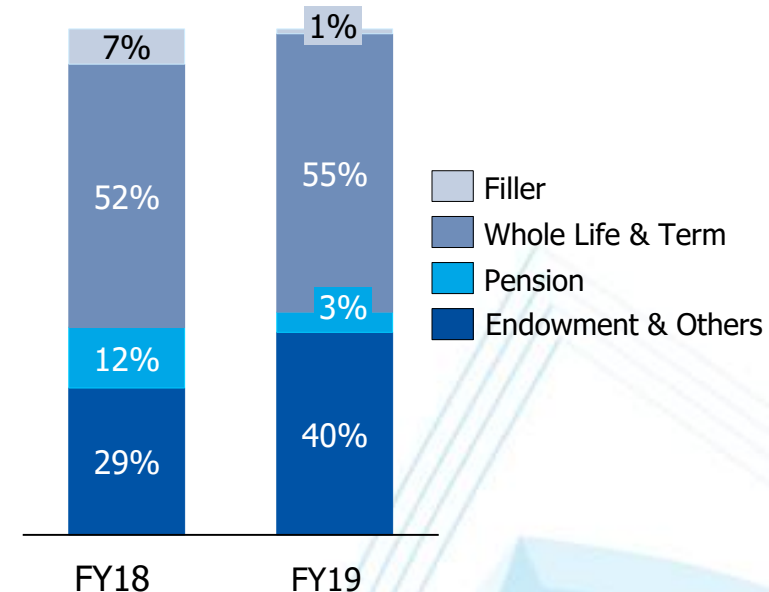
New Business Premium



New Business Premium Agent Channel



Product Mix Agent Channel



■ Bancassurance ■ Others
■ Agent Channel

Riders Attachment

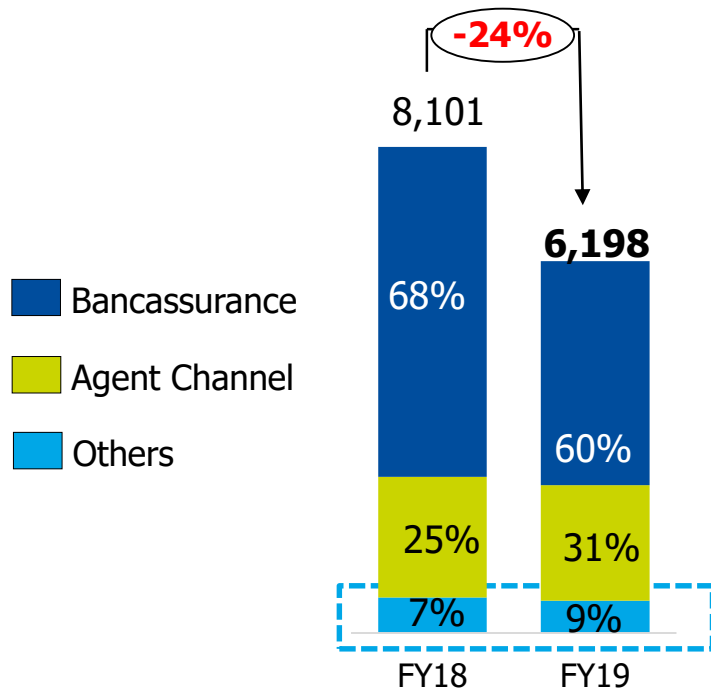
13%

17%

Other Channels: FY19 FYP is flat comparing to FY18

New Business Premium

Unit : Million Baht



- Other channels consist of Group, Direct Marketing, Online and Partnership
- Potential growth from all channels in FY20
- FYP from partnership are mostly in monthly mode

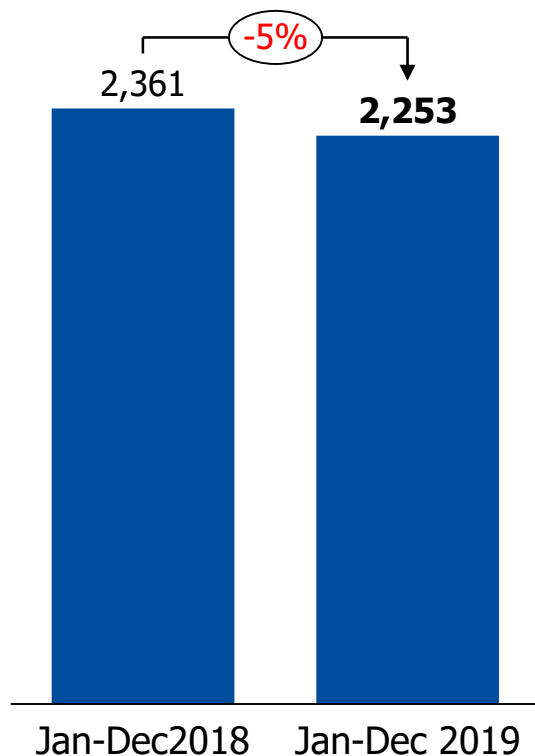
AGENT CHANNEL



Agent Development

New licensed agent has decreased 5% from previous year. In the same direction as business.

New Licensed Agent



Outstanding Agent & FA

Number of Agent & FA	Person
Total Outstanding Agent	17,164
Total Financial Advisor (FA)	1,404

Core Strategies and Plans

- 12 agency teams request to open agency offices.
- Number of AO target in 2020 is 23 offices.

1. Agency Office Expansion

Encourage agency office opening

To drive sales volume and generate VNB.

2. SMART Agent Program

Full time guarantee program for new agents

To drive new agents and improve agent capability.

- Opened 6 batches at HO (1st and 3rd batch), Pitsanulok, Chiang Mai, Phetchaboon and Chonburi.
- 99 SA in 2019 with 1,307 policies, 474.88 Mb, FYP 24.52 Mb and FYC 6.21 Mb
- Target of SA in 2020 is 22 batches with 288 SA.

- Year End 2019 campaign all areas on December 25, 2019.
- Year Plan 2020 of all groups on December 2-3, 2019.

3. Agency group restructuring & Broker distribution

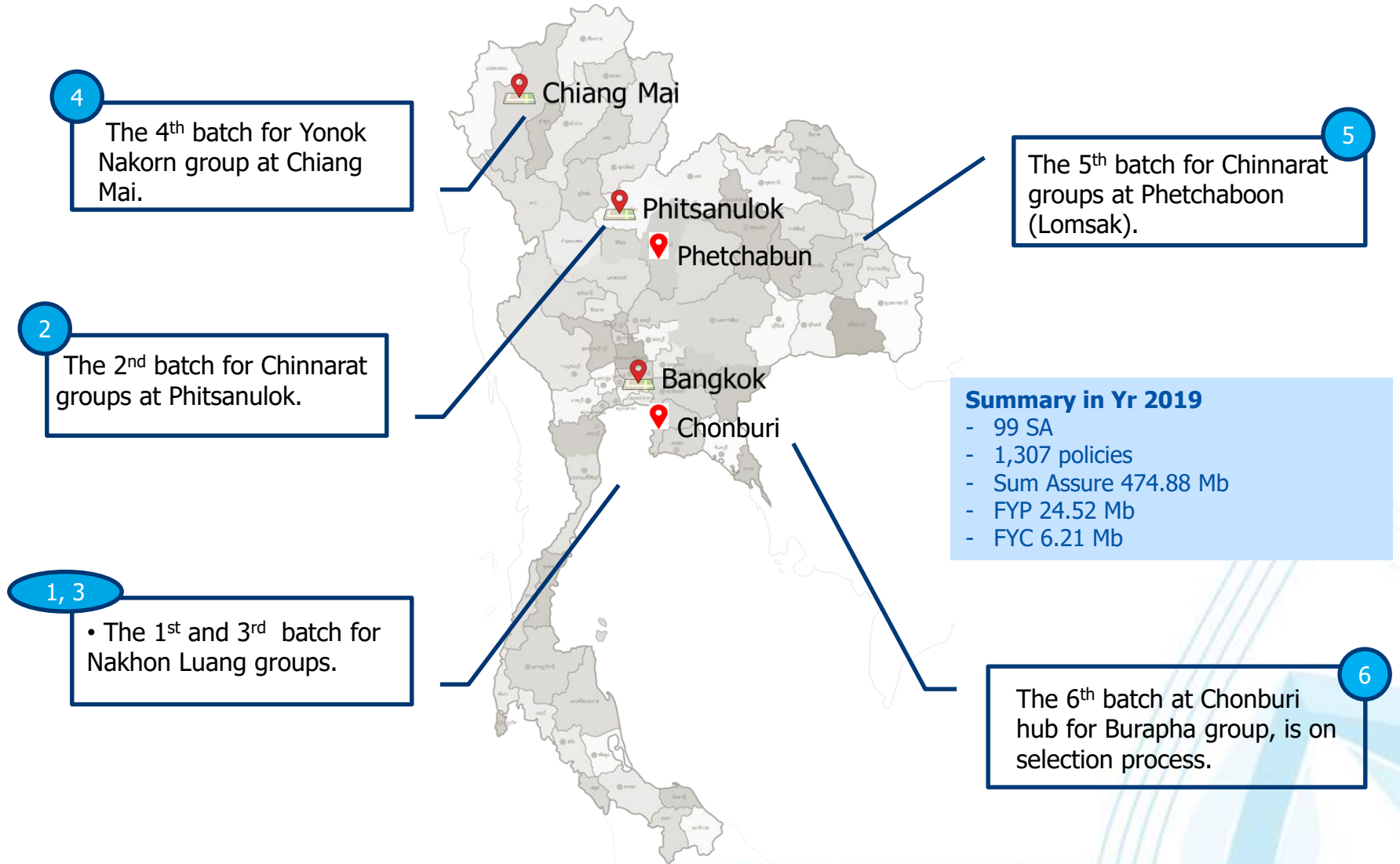
Push strategy to drive sales by appropriate agency groups.

4. New Products

To serve needs of all customer segments

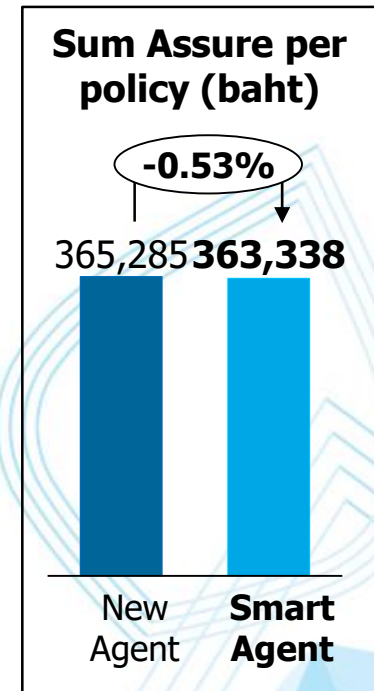
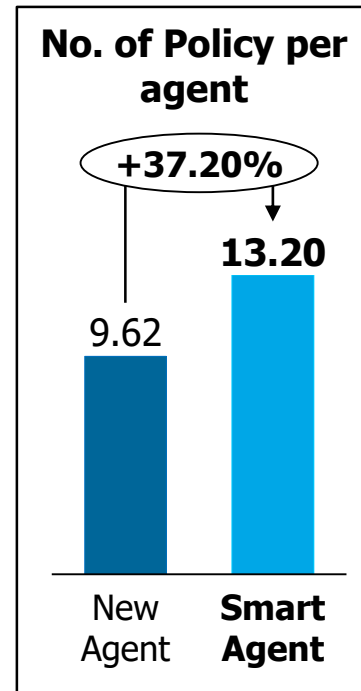
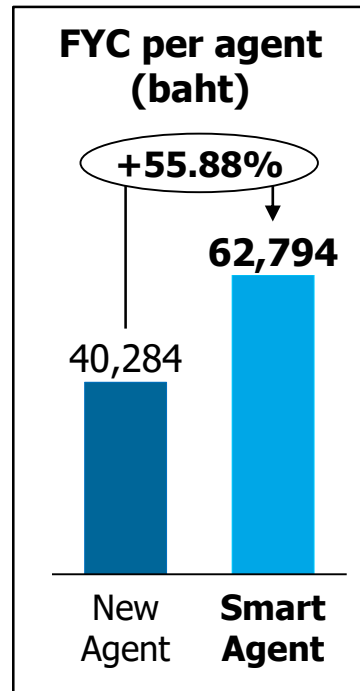
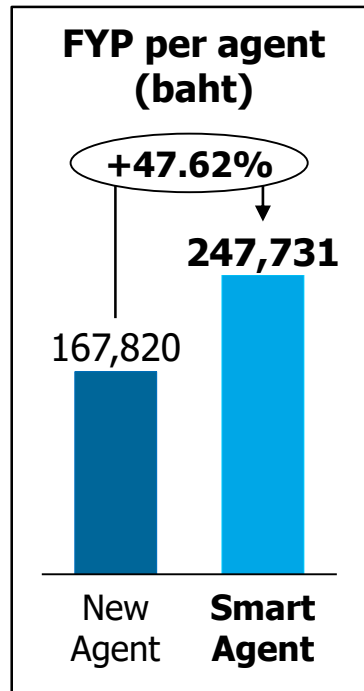
- BLA retirement 99, for retirement and tax planning with options to receive the pension on an annual or monthly basis.
- BLA Happy Saving 126 and BLA Happy Saving 208, guarantee medium to long term endowment plan for all segments.

Smart Agent Program : Progression



Performance of SA compare with New Agent

January – December 2019



Agency Group Restructuring : Progression

Year End 2019 campaign and Year Plan 2020 to drive sales volume.

Year End 2019 Campaign



Year Plan 2020



Grand Opening New Products : October 9, 2019

ขอเชิญฝ่ายชายทุกท่าน

ร่วมงานเปิดตัวสินค้า

แบบประกันใหม่



"บีแอลเอ บ้านอายุ 99"



"บีแอลเอ แสปปี เซฟวิ้ง 126"

"บีแอลเอ แสปปี เซฟวิ้ง 208"

เจาะลึกรายละเอียด แบบประกัน **"บีแอลเอ บ้านอายุ 99"**

แบบประกัน **"บีแอลเอ แสปปี เซฟวิ้ง 126"**

แบบประกัน **"บีแอลเอ แสปปี เซฟวิ้ง 208"**

โดย ฝ่ายฝึกอบรมตัวแทนและที่ปรึกษาทางการเงิน



วันพุธที่ 9 ตุลาคม 2562

เวลา 9.30-11.30 น.

ณ ห้องประชุมใหญ่ ชั้น 7 สำนักงานใหญ่ RCA



บีแอลเอ บ้านอายุ 99

เลือกรับเงินบ้านอายุแบบรายปี / รายเดือน สูงสุด 40 งวด นานถึงอายุ 99 ปี

ชำระเบี้ย 5, 10, ถึงอายุ 60 ปี

คุ้มครองถึงอายุ 99 ปี



บีแอลเอ แสปปีเซฟวิ้ง 126

จ่ายเบี้ยสั้นเพียง 6 ปี คุ้มครองยาว 12 ปี รับเงินคืนเพิ่มขึ้นตลอดสัญญา 663%

ชำระเบี้ย 6 ปี

คุ้มครอง 12 ปี



บีแอลเอ แสปปีเซฟวิ้ง 208

วางแผนการออมแบบสปปี ด้วยความคุ้มครองชีวิตที่เพิ่มสูงขึ้น และเงินคืนที่คุ้มค่า รวมตลอดสัญญา 1,035%

ชำระเบี้ย 8 ปี

คุ้มครอง 20 ปี



2020 FYP Target and Core Strategy

FYP 2,512 MB
+35%

Technology Support

1. BLA Station
2. Fund Connex
3. Smart App/Smart GO

Increase VoNB and Low risk products

- Increase W/L with Riders production
- Encourage Par - Product
- Launch Health & CI products to serve market needs.

Expand Full Time and Active Agents

- Expand SA 22 batches nationwide
- Increase full time new agents and quality agents by training courses, club and activities.
- Encourage to open agency office.
- Launch Smart FA project.
- Enforce MOC for unit managers every 6 months, starting January, 2020

Worksite Marketing (กบข.)

- Project launch at worksites on February 3, 2020
- Measuring production after 3 months of service.

Recapture

- For the customers whose policies have matured in 2020,
- 15,000 policies with 4,000 million baht
- Offer GIO/SIO product.

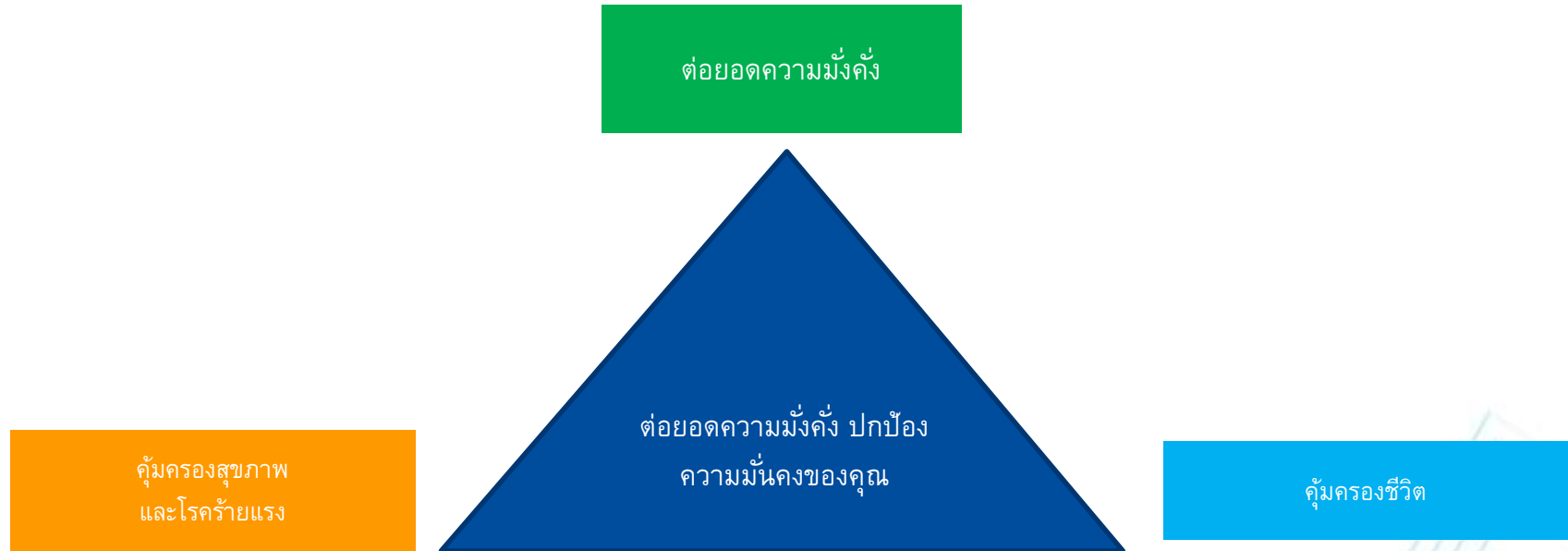
BANCASSURANCE CHANNEL



Update in Q4/2019

- Prepare for product replacement for BBL
- Prepare for new product launch for TISCO

Start the year 2020



2 product replacement

- Gain1st 810
- Gain1st Protection

จุดเด่นของ Gain 1st 810

การันตีผลตอบแทน มีเงินคืนทุกปี ไม่ต้องตรวจสอบสุขภาพ



จ่ายเบี้ยประกัน 7 ปี ได้รับผลตอบแทนยาว 15 ปี



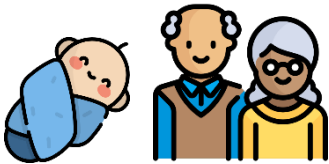
ผลตอบแทนแน่นอน IRR สูงสุด 2%*



มีเงินคืนทุกปี 4% - 5% ของจำนวนเงินเอาประกันภัย**



สมัครง่าย ไม่ต้องตรวจ หรือ ตอบคำถามสุขภาพ



รับประกันตั้งแต่แรกเกิด ถึงอายุ 75 ปี

*หมายเหตุ: *สำหรับอายุ 0 - 50 ปี จำนวนเงินเอาประกันภัยตั้งแต่ 3 ล้านบาทขึ้นไป*

***สิ้นปีกรมธรรม์ปีที่ 1-7 เงินคืนปีละ 4% ของจำนวนเงินเอาประกันภัย*

สิ้นปีกรมธรรม์ปีที่ 8-15 เงินคืนปีละ 5% ของจำนวนเงินเอาประกันภัย

จุดเด่นของ Gain 1st Protection

หลักประกันให้คนข้างหลังก็อยากมี สิทธิประโยชน์ทางภาษีก็อยากได้



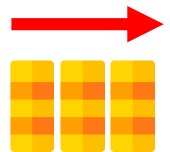
จ่ายเบี้ยประกันเพียง 10 ปี ค้ำครองยาว 15 ปี



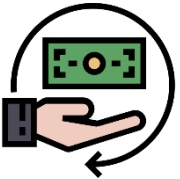
ค้ำครองชีวิตสูงถึง 10 เท่าของเบี้ยประกันปีแรก
กรณีเสียชีวิตทั่วไป



เพิ่มความคุ้มครองชีวิตเป็น 2 เท่าของจำนวนเงินเอาประกัน
กรณีเสียชีวิตเนื่องจากอุบัติเหตุ



เบี้ยประกันคงที่ตลอดอายุสัญญา



มีชีวิตอยู่จนครบสัญญา รับเบี้ยรวมสะสมคืนพร้อมผลตอบแทน

Activities with BBL



Activities with TISCO



Start the year 2020

Smart Health Wealthy Plan at TISCO Head office

Opening as a Strategic Partner and launch new product TISCO CI Extra Care



กลุ่มโรคร้ายแรง	ผลประโยชน์ (% ของจำนวนเงินเอาประกันภัย)			รวมผลประโยชน์สูงสุด
	เงินต้น	ระงับโรค	ทุพพลภาพ	
กลุ่มที่ 1 กลุ่มโรคมะเร็งขั้นสูง				
กลุ่มที่ 2 กลุ่มโรคมะเร็งขั้นสูง				
กลุ่มที่ 3 กลุ่มโรคมะเร็งขั้นสูง				
กลุ่มที่ 4 กลุ่มภาวะหัวใจล้มเหลว				
กลุ่มที่ 5 กลุ่มโรคร้ายแรงอื่นๆ				
กลุ่มที่ 6 กลุ่มโรคร้ายแรงในเด็ก อายุไม่เกิน 15 ปี		25%	100%	100%
กลุ่มที่ 7 กลุ่มโรคร้ายแรงในผู้สูงอายุ อายุตั้งแต่ 51 ปีขึ้นไป		25%	100%	50%
กลุ่มที่ 8 กลุ่มโรคร้ายแรงในกรณีโรคร้ายแรง		25%	100%	50%



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Investment asset allocation saw minor changes

Asset Class	2018	2019	Remark
Short-term Investment	4.2%	4.1%	
Bond	44.0%	42.9%	Increase portion of debenture to increase investment yield
Debenture & Notes	33.7%	34.4%	
Total Fixed Income	81.9%	81.3%	
Equity	8.5%	8.8%	Allocation increase mainly from price movement
REIT	5.9%	6.7%	Allocation increase mainly from price movement
Loan	3.7%	3.2%	
- Policy loan	2.5%	2.6%	
- Secured loan	1.2%	0.6%	Average allocation in 2019 is about the same as 2018 but the figure shown half of prior year because of customer repayment just before year-end
Total Investment Assets (MB)	314,066	323,787	

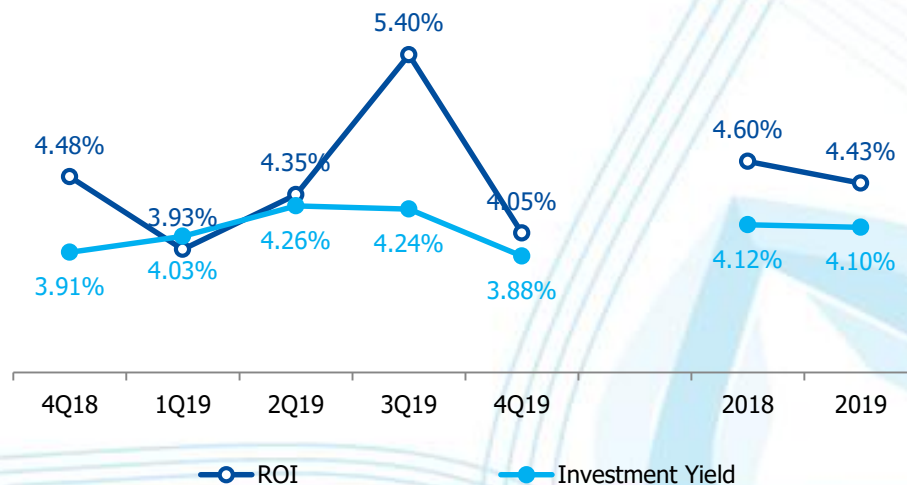
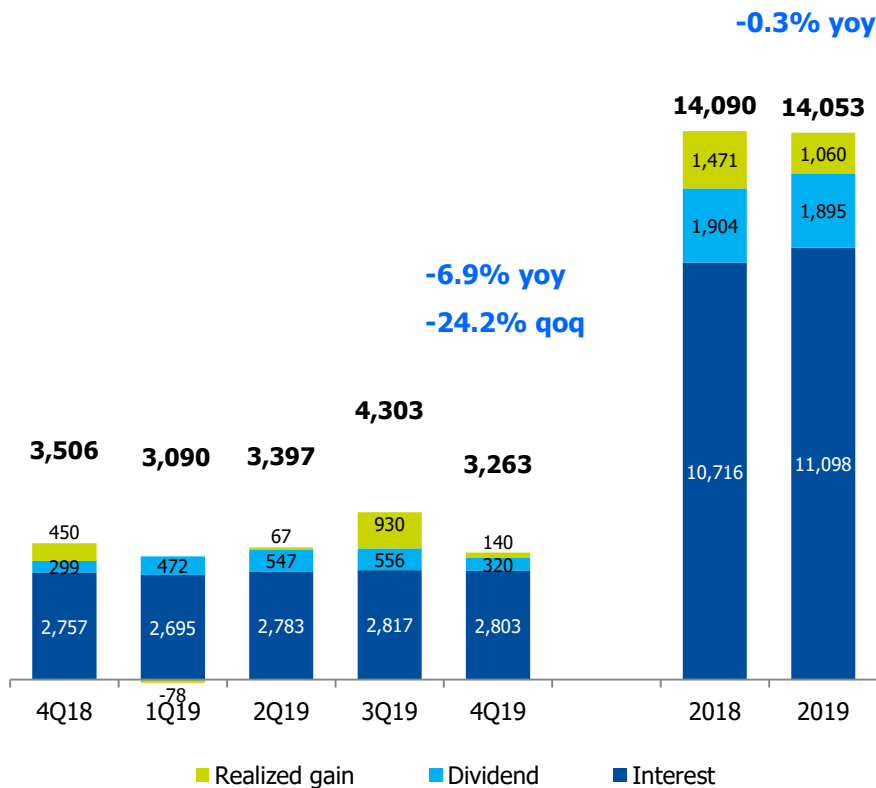
Foreign currencies account for 8.7% of investment assets as of December 2019 (Fixed income 5.2%, Equity 2.1%, REIT 1.4%)

Investment income -0.3% YoY

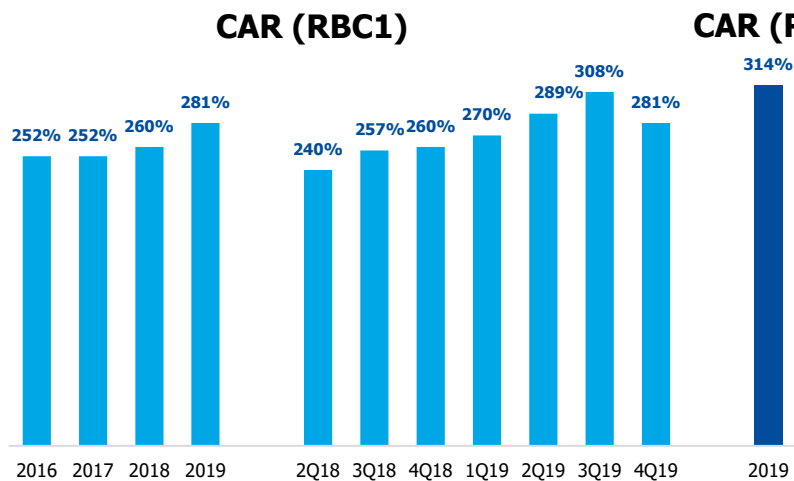
Investment yield slightly decrease while accounting ROI lower from less realized gain

Sources of Investment Income (MB)

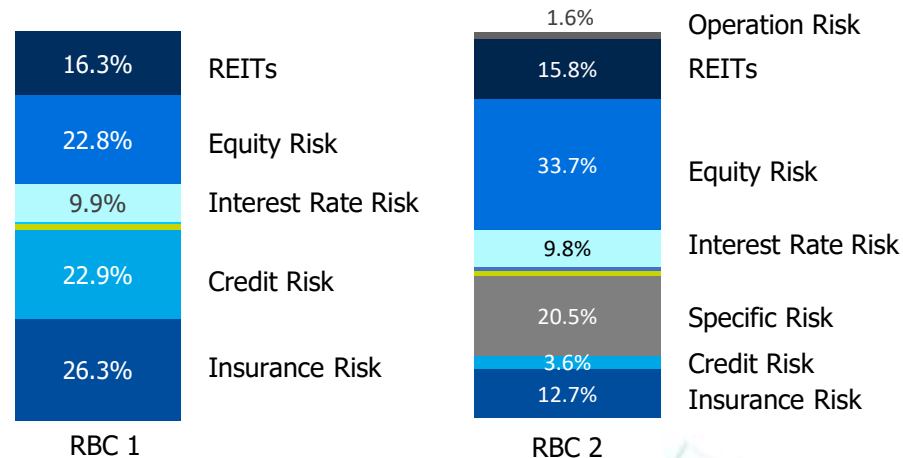
- Investment income in 4Q19 -6.9% yoy and -24.2% qoq due to timing of realized gain
- Investment yield for 2019 came to 4.10% vs 4.12% for 2018
- 2019 accounting ROI came to 4.43%, decline from 4.60% in 2018 due to lower realized gain.
- AFS unrealized gain increased by Bt 3.1 bn in 2019



CAR RBC1 decreases from 3Q19 to 281% while RBC2 increases to 314%



Total Capital Required (TCR)



LI Company	CAR (RBC1)
SCBL	434%
AIA	483%
MTL	402%
TLI	409%
AZAY	340%
FWD	281%
KTAL	252%

Note: Data as of 3Q19 (RBC1)

Source: Life Insurance Company website

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

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Statement of financial positions

	31 Dec 19		31 Dec 18		Inc / Dec	
	MB	%	MB	%	MB	%
Assets						
Cash and cash equivalents	13,442	4%	9,826	3%	3,616	37%
Investment assets	310,363	93%	304,221	94%	6,141	2%
Other assets	9,875	3%	10,531	3%	(656)	-6%
Total assets	333,680	100%	324,578	100%	9,102	3%
Liabilities and owners' equity						
Liabilities						
Insurance contract liabilities	286,642	86%	283,281	87%	3,361	1%
Other liabilities	2,778	1%	2,789	1%	(11)	0%
Total liabilities	289,420	87%	286,070	88%	3,350	1%
Owners' equity	44,260	13%	38,508	12%	5,752	15%
Total liabilities and owners' equity	333,680	100%	324,578	100%	9,102	3%
Owners' equity						
Share capital	1,708	1%	1,708	1%	-	0%
Premium on share capital	3,361	1%	3,361	1%	-	0%
Share-based payments & Warrant	-	0%	-	0%	-	0%
Retained earnings	31,626	9%	28,479	9%	3,147	11%
Revaluation AFS & Exchange	7,531	2%	4,957	2%	2,574	52%
Non-controlling interests of the subsidiaries	35	0%	4	0%	32	891%
Total owners' equity	44,260	13%	38,508	12%	5,752	15%

ASSETS

Total assets slightly increase in 2019 due to increasing of benefit payment during the year.

Liabilities

Ins liabilities increase from payment of maturity benefit.

Owners' equity

Increase from profit and fair value of AFS investment.

2019 Financial Summary

Million Baht	4Q/19	% TNP	4Q/18	% TNP	%YoY	2019	% TNP	2018	% TNP	%YoY
First year premium	1,528	19%	1,605	21%	-5%	6,198	18%	8,101	20%	-23%
Renewal premium	6,683	84%	6,408	83%	4%	29,494	86%	32,791	83%	-10%
REIN&UPR	(242)	-3%	(253)	-3%	-4%	(1,385)	-4%	(1,338)	-3%	3%
Total Net Premium (TNP)	7,968	100%	7,759	100%	3%	34,308	100%	39,554	100%	-13%
Investment income	3,216	40%	3,397	44%	-5%	14,051	41%	13,803	35%	2%
Other income	100	1%	77	1%	30%	543	2%	513	1%	6%
Total Income	11,284	142%	11,232	145%	0%	48,902	143%	53,870	136%	-9%
Life policy reserve	2,752	35%	2,672	34%	3%	3,580	10%	17,313	44%	-79%
Benefit payments	6,496	82%	6,131	79%	6%	34,764	101%	24,671	62%	41%
Commission and Brokerage	659	8%	755	10%	-13%	3,004	9%	3,465	9%	-13%
Other underwriting expense	179	2%	110	1%	63%	610	2%	857	2%	-29%
Total Underwriting Expense	10,087	127%	9,669	125%	4%	41,960	122%	46,307	117%	-9%
Operating Expense	408	5%	394	5%	4%	1,636	5%	1,771	4%	-8%
Total Expense	10,494	132%	10,062	130%	4%	43,596	127%	48,077	122%	-9%
Earning before tax	789	10%	1,170	15%	-33%	5,306	15%	5,793	15%	-8%
Income Tax	(135)	-2%	(181)	-2%	-26%	(918)	-3%	(813)	-2%	13%
Loss for the periods from discontinued	(1.5)	0%	(3)	0%	-49%	(4)	0%	(20)	0%	-82%
Net income	653	8%	986	13%	-34%	4,384	13%	4,960	13%	-12%
EPS	0.38		0.58			2.57		2.91		
LAT reserve	-	0%	-	0%	0%	-	0%	(660)	-2%	-100%
Tax	-	0%	-	0%	0%	-	0%	106	0%	-100%
NI excl. LAT reserve	653	8%	986	13%	-34%	4,384	13%	4,407	11%	-1%

Q4'19

First year premium decrease from prior year about 5% and investment income decrease 5%.

2019

Benefit payments increase 41% from the policies which matured in Q1/19

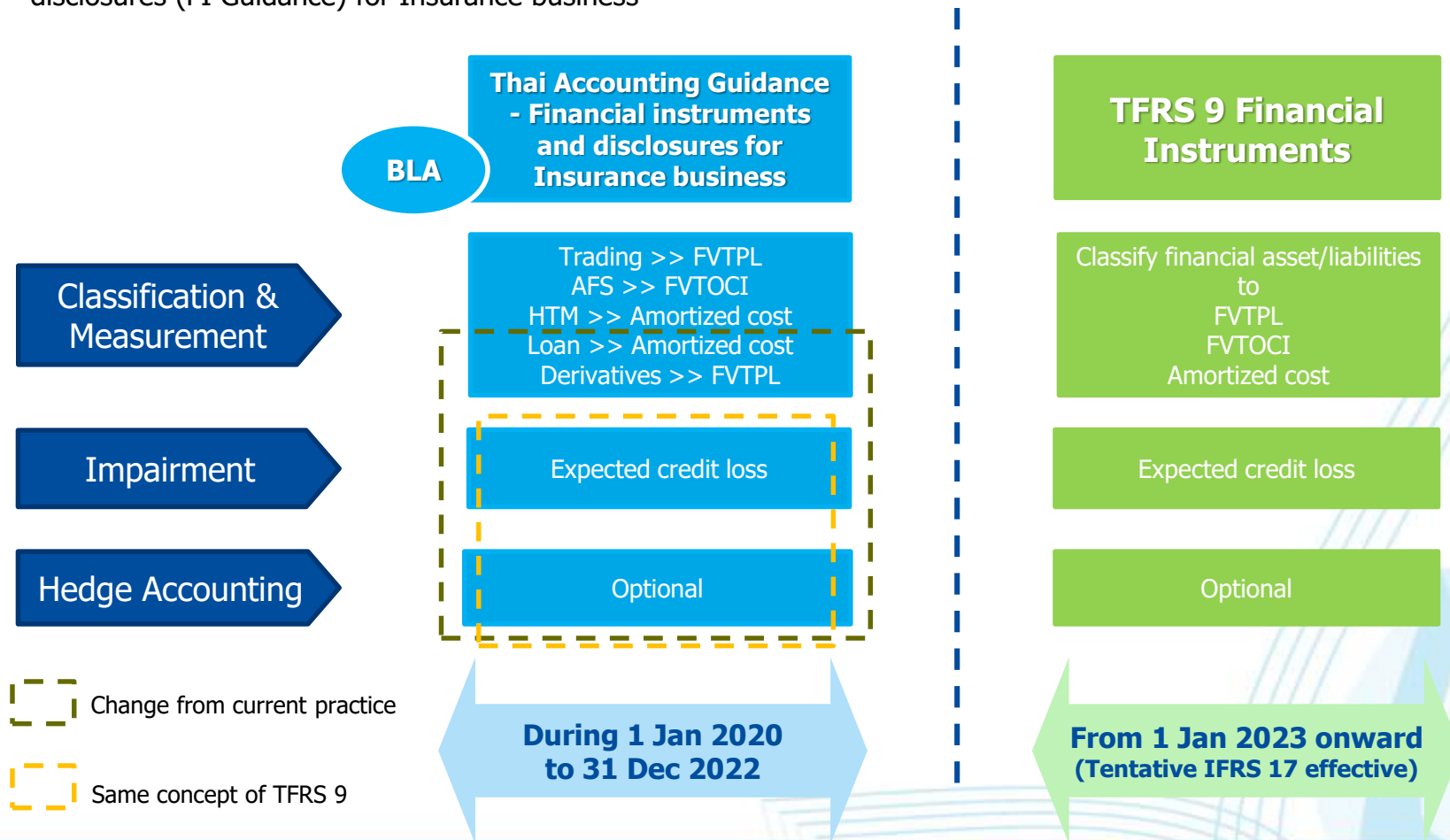
2019

2019 Net income decrease 12% and Net income exclude LAT decrease 1%

IFRS 9 Financial Instruments

Financial Reporting Standards Effective Jan 2020

- Under TFRS 4, BLA allow to defer the adoption TFRS 9 when TFRS 17 effective.
- From 2020 until TFRS 17 effective, BLA select to adopt Thai Accounting Guidance - Financial instruments and disclosures (FI Guidance) for Insurance business



Impact from adopting Thai Accounting Guidance – Financial instruments and disclosures for Insurance Business

Classification & Measurement	Until 31 Dec 2019	From 1 Jan 2020
Unit Trust	Classified as Equity FX to OCI	Classified as Equity Or Debt securities per TAS32 FX on equity to OCI FX on debt to PL
Loans	Cost	Amortized cost
General investments	Cost	Classified as AFS >> FVOCI
Derivatives Forward & SWAP contract	Mark A/R and A/P using BOT rate FX >> PL	Forward contract <u>cannot</u> <u>apply</u> hedge accounting FVTPL
Hedge Accounting		SWAP <u>apply</u> hedge accounting FV from price >> OCI FV from FX >> PL
Impairment	Impairment when there is an indication of impairment	Expected Credit Loss

No change in classification & measurement for bond, debenture and equity investment required under Thai Accounting Guidance - Financial instruments and disclosures for Insurance business.

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EV & VNB

ACTUARIAL DEPARTMENT

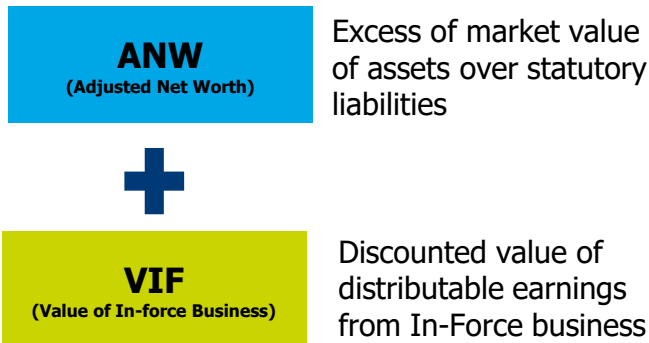


EV Valuation Methodology & Assumptions

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



Assumptions

Economic Assumption

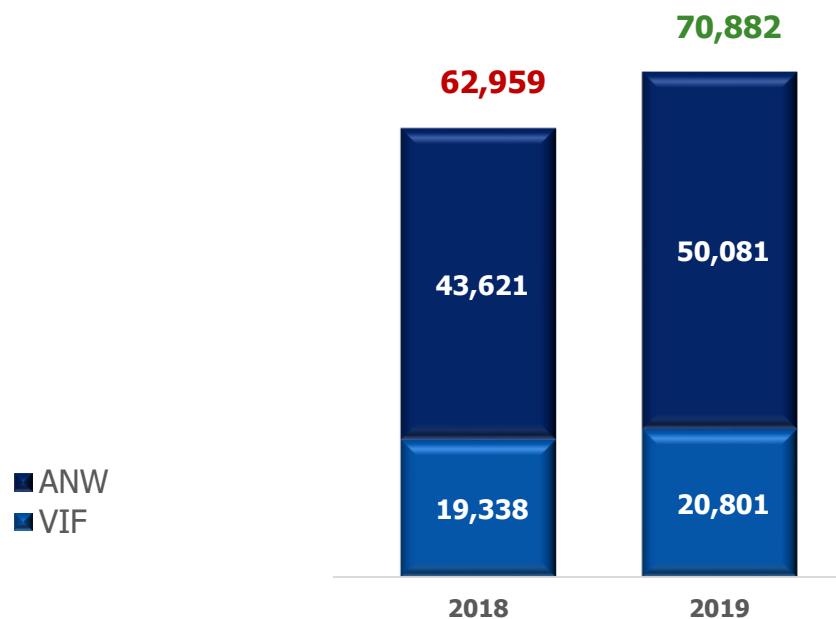
- Risk Discount Rate 8.3% (2018: 9%)
- Investment Return 3.50% (2018: 4.25%)
- Capital Adequacy Ratio 140% (2017 : 140%)
- Tax Rate 20% from 2019 onwards (2018 : 20%)
- Tax on Investment Return 19% (2018 : 19%)

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 in 2019 increases slightly from 2018

EV (MB)



➤ **EV 2019 with GPV75 increases 7,923 MB from 2018 (+12.6%)**

- ANW increases as to MVA increases more than MVL when yield drops.

- VIF almost stable since lower yield reduces investment income but at the same time increases GPV75 and each effect offsets.

- As a result, EV per share increased by 4.65 Baht from 2018.

Number of Share (Million)

1,708

1,708

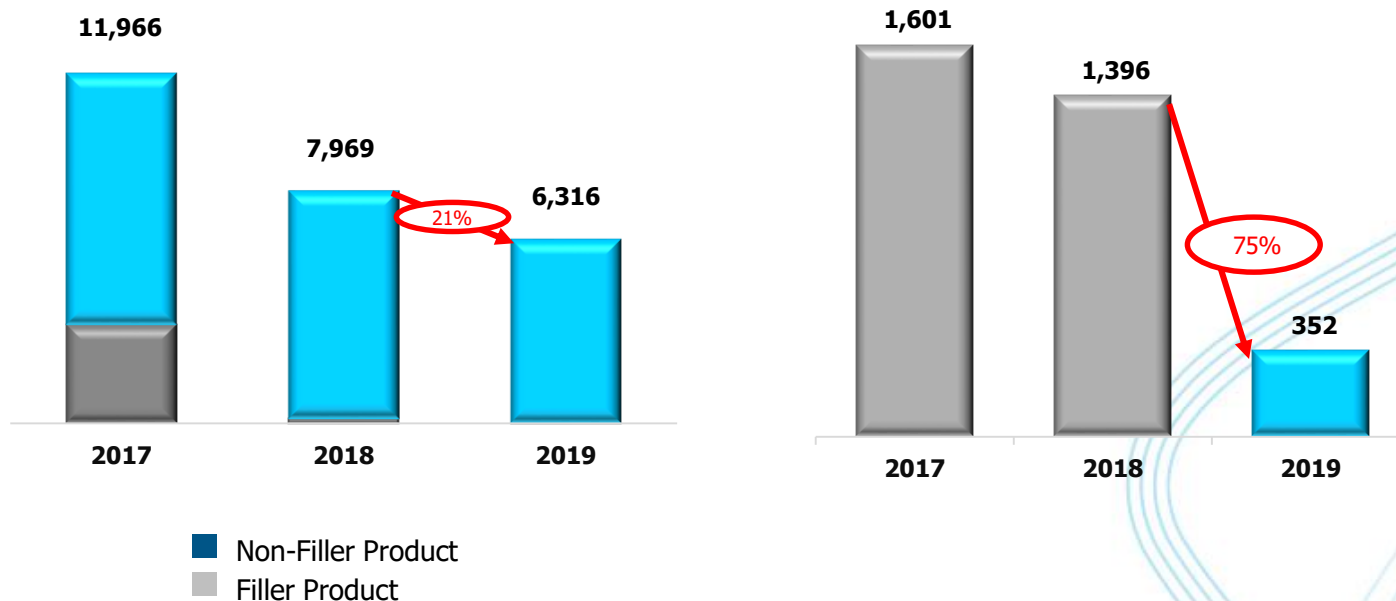
EV per share

36.86

41.51

VNB decreases sharply from 2018

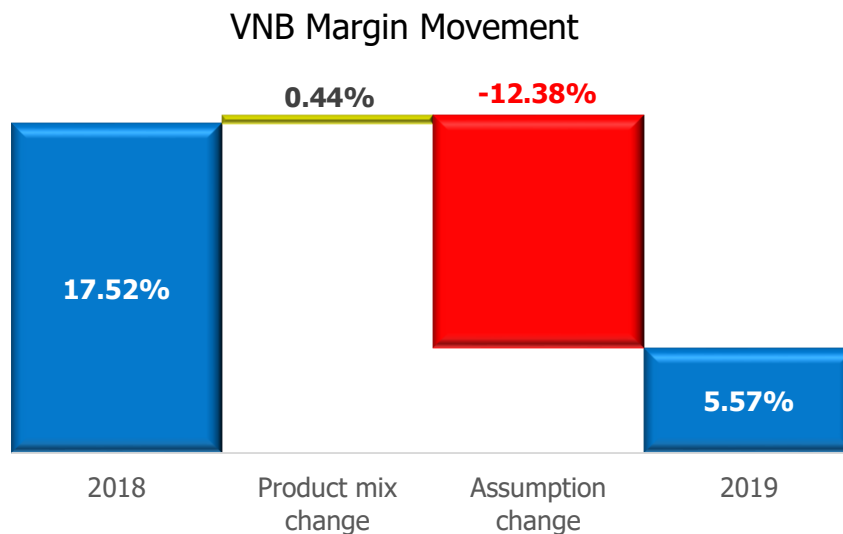
FYP (MB)



The VNB dropped by 75% from previous year because:

1. Decline in sales volume
2. Lower market environment, thus lower ROI

Decrease in VNB margin is resulted mainly from investment return assumption



VNB margin drops 11.95% from 2018 due to assumption changes especially the return on investment assumption

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กรุงเทพประกันชีวิต

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