

4Q18 Results Presentation

Investor and Analyst update

Feb 27, 2019

Agenda

- 1 **Marketing Performance**
- 2 **Investment Results**
- 3 **Financial Summary**
- 4 **EV & VNB**
- 5 **CEO's Message**
- 6 **Q&A**

MARKETING PERFORMANCE

K. NARIN EKWONGVIRIYA

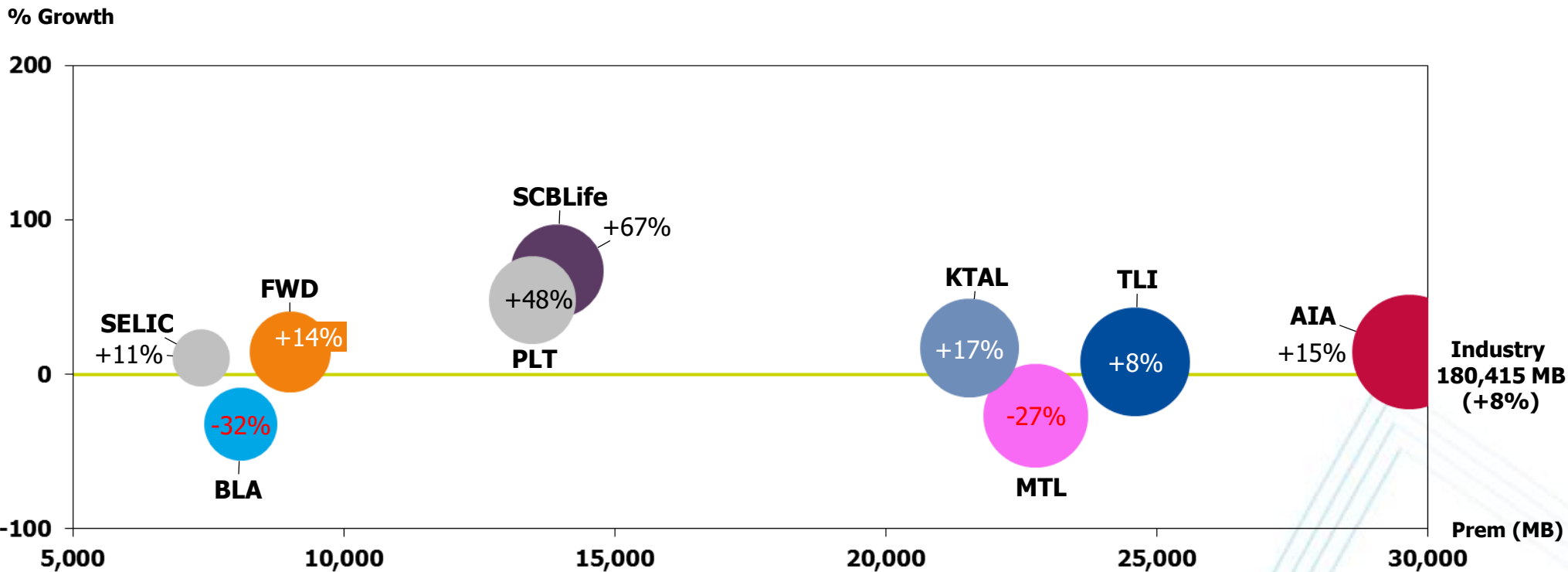
SVP – ORDINARY BUSINESS

DEVELOPMENT DEPARTMENT



Life Insurance in Jan-Dec 2018

Total industry FYP all types grew 8%. Growth was driven by Unit Link and S-T endowment products. BLA grew -32% due to reduction in short term endowment of Bancassurance.



Source : www.tlaa.org

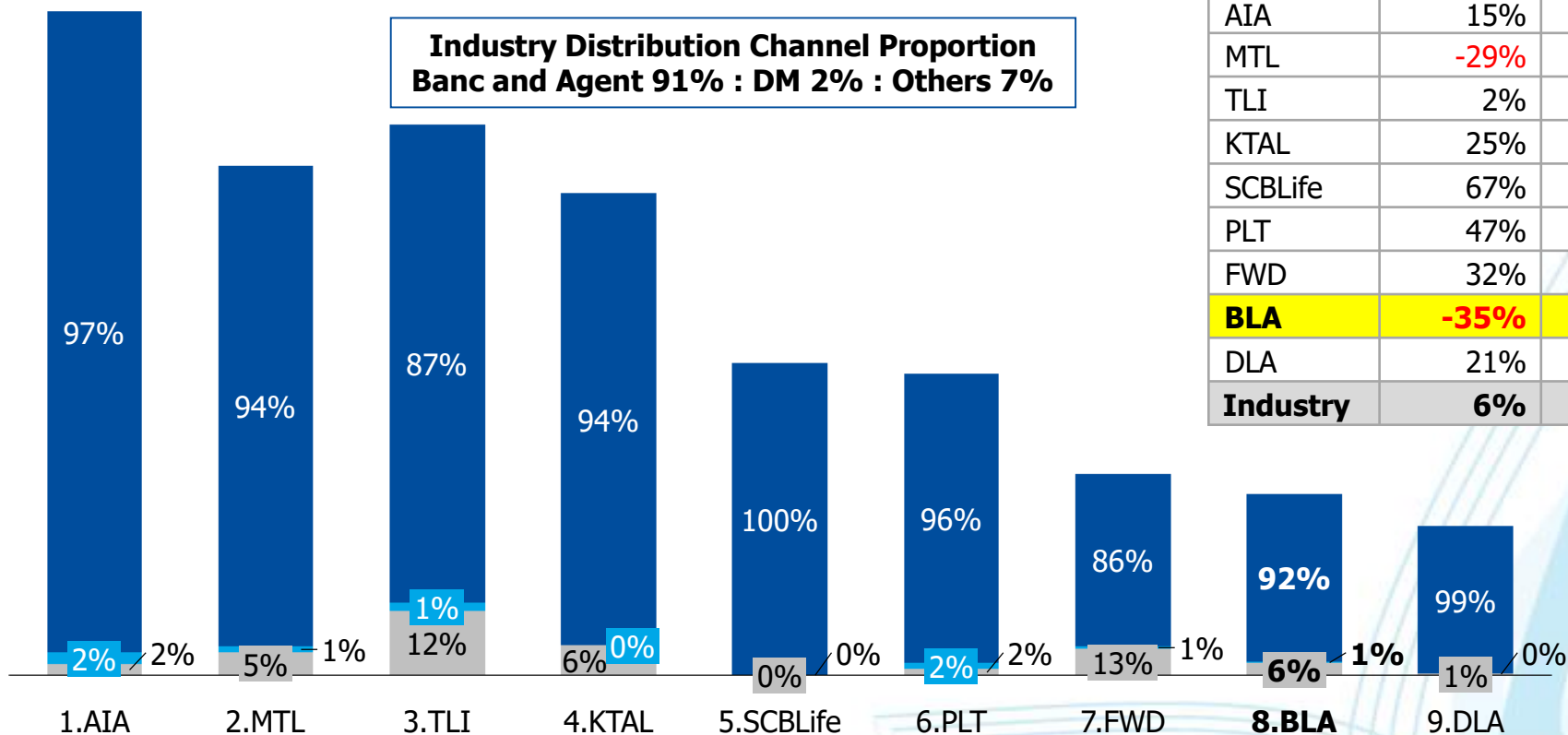
Jan-Dec 2018	AIA	TLI	MTL	KTAL	SCBLife	PLT	FWD	BLA	SELIC	Others
FYP&SP All Types	29,665.04	24,606.15	22,772.93	21,543.84	13,937.60	13,483.81	9,013.44	8,101.15	7,377.33	29,913.70
Market Share (%)	16.44%	13.64%	12.62%	11.94%	7.73%	7.47%	5.00%	4.49%	4.09%	16.58%

Top 9 Companies Performance : By Channel

Almost top 9 companies grew from Unit Link of both major channels.

Distribution Channel Proportion and % Growth of FYP & SP As of Dec 2018

■ Banc and Agent ■ DM ■ Other



% Growth

company	Banc and Agent	DM	Other
AIA	15%	-10%	7%
MTL	-29%	-19%	104%
TLI	2%	6%	94%
KTAL	25%	Na	-43%
SCBLife	67%	Na	-13%
PLT	47%	13%	631%
FWD	32%	-41%	-36%
BLA	-35%	36%	19%
DLA	21%	Na	482%
Industry	6%	-3%	37%

Marketing Strategies on Q4/2018

Agent channel:

- Launched BLA Smart Pension 99, new retirement plan that can be chosen to receive a pension either monthly or annually.

Online channel :

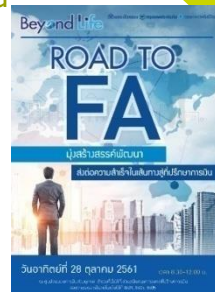
- Launched BLA Smart Saving 105, new endowment for tax deduction and savings.

Agent Channel :

- Road to FA activities drove new FA growth to 16% and total FA growth to 9%.
- Opened new branches in Chiang Rai, Pichit and Udon Thani provinces to increase customer services centers and build brand awareness.

Online Channel :

- Campaign to promote online channel and products.



- FA Club on tout to improve knowledge and strengthen FA.



- "Beyond Life Club" Seminar focused on financial plan and Tax saving.
- Launched line official Bangkok Life Assurance to increase customer services , PR and online products via BLA Happy Life application and Line on mobile.
- Money Expo on Nov 9-11 at Chiang Mai, Set in the city on Nov 15-18, Money Expo Year End on Nov 29-Dec and Thailand Smart Money on Dec 14-16, 2018 at BKK.
- Happy activities for customers via Happy Life Club.



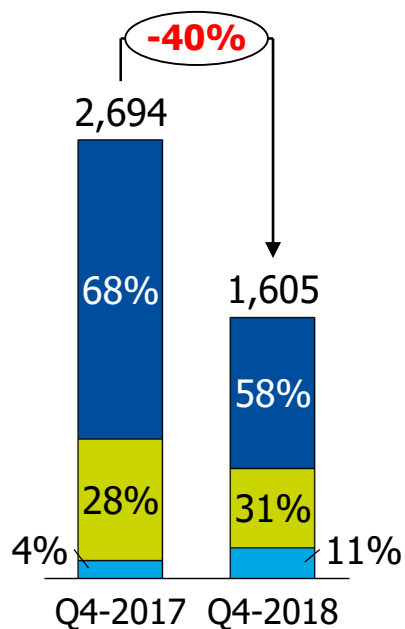
New Business and Total Premium Q4-2018

Total Premium was reduced 25% by reduction of short term endowment products FYP of two major channels and decreased in Gain 1st products RYP of Bancassurance channel.

■ Bancassurance ■ Agent Channel ■ Others

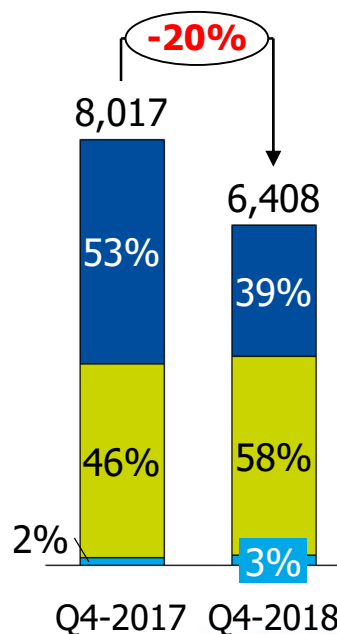
New Business Premium

Unit : Million Baht



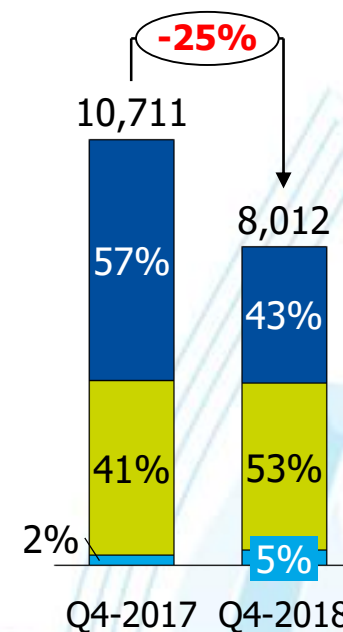
Renewal Premium

Unit : Million Baht



Total Premium

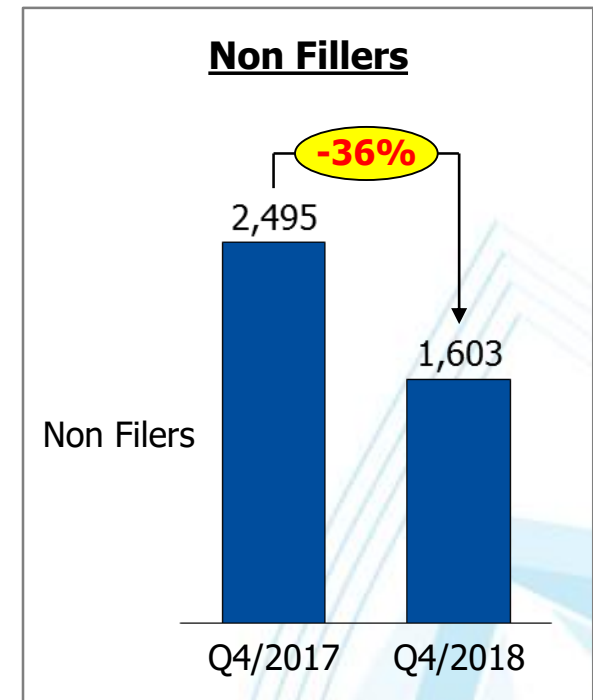
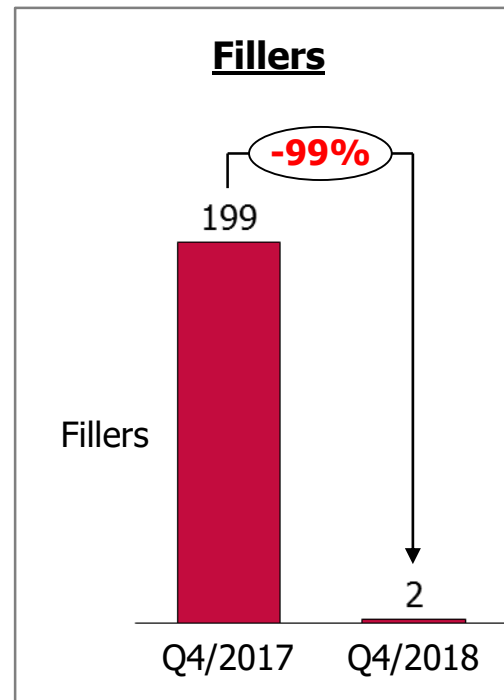
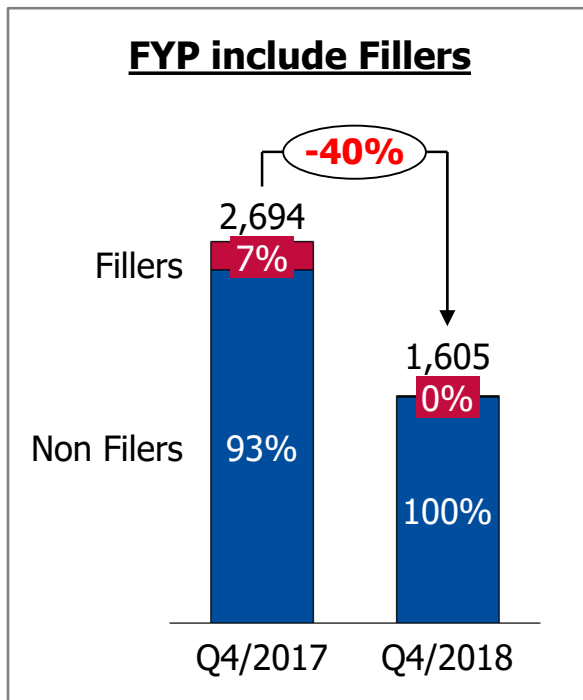
Unit : Million Baht



FYP Q4 2018 : All Channels

Almost filler products production of two major channels were reduced. Negative growth of non filler products mainly due to decrease of Bancassurance production.

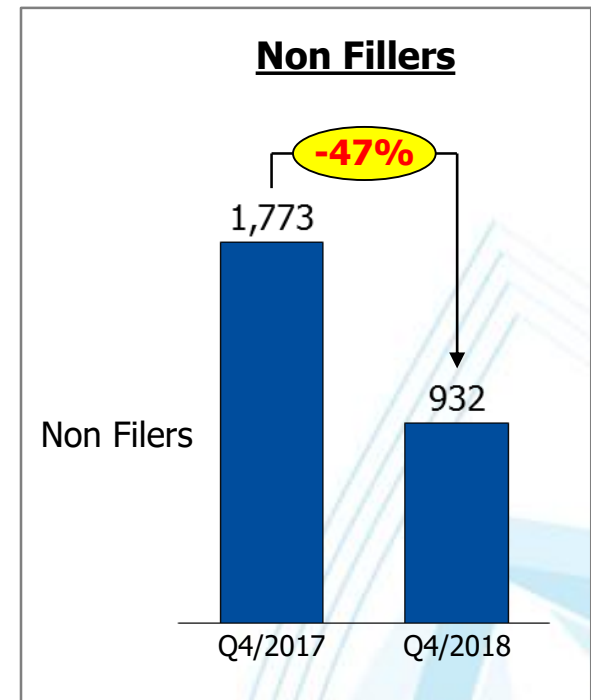
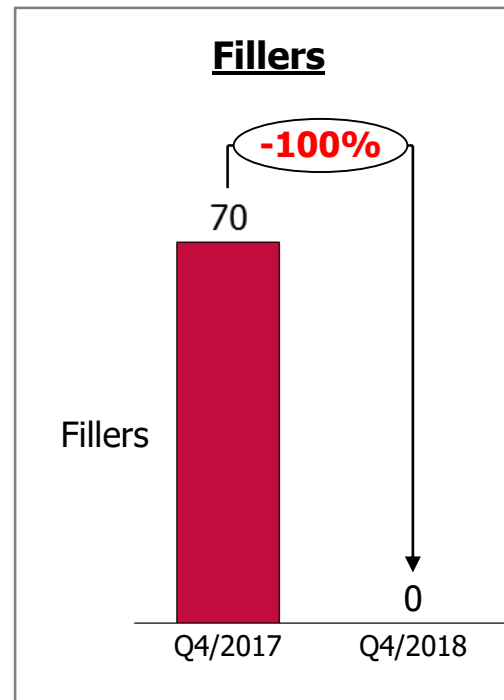
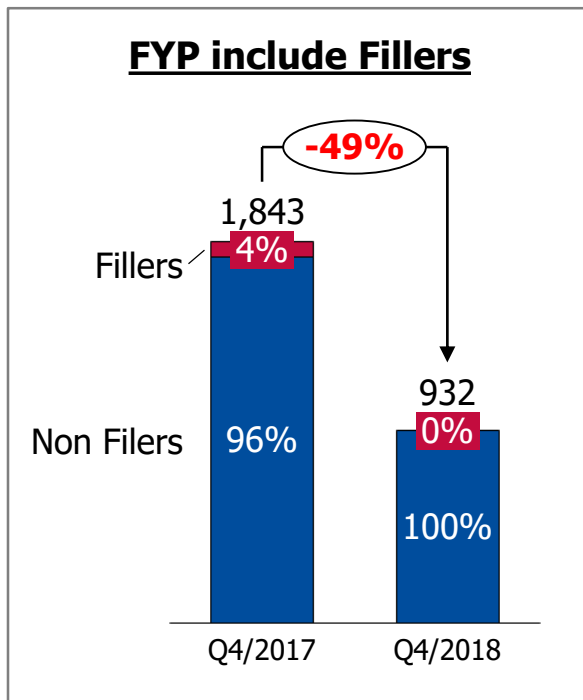
Unit : Million Baht



FYP Q4 2018 : Bancassurance Channel

Overall FYP decreased 49%, due to no production of filler products and reduction of long term endowment products according to BBL's policy.

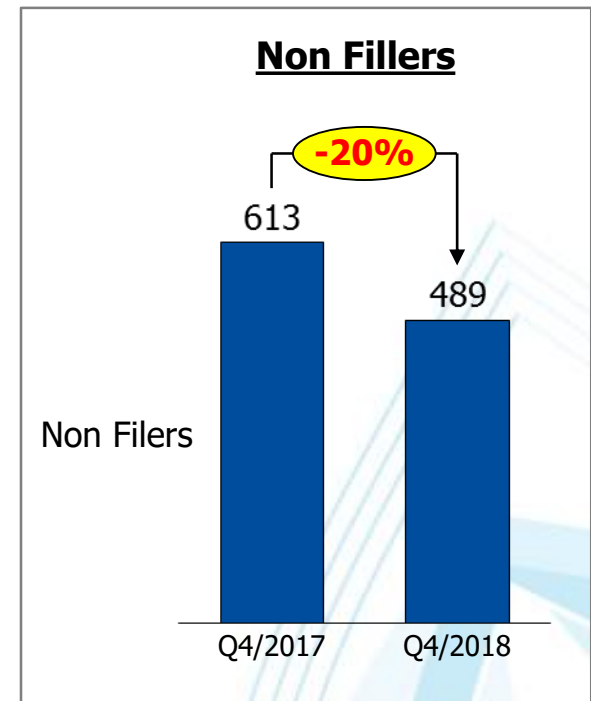
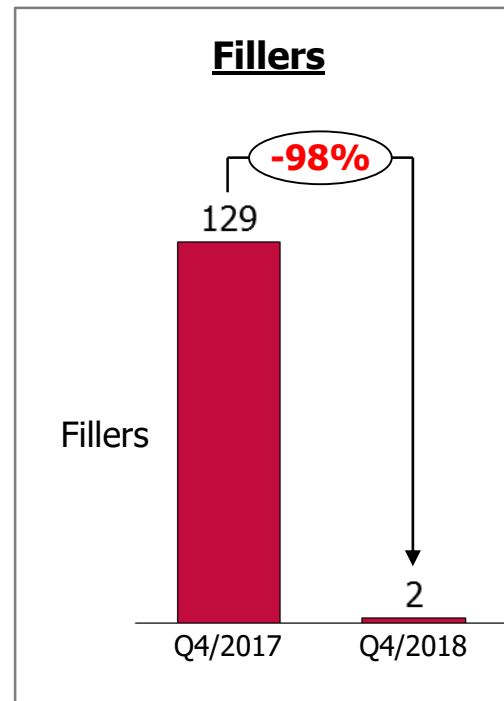
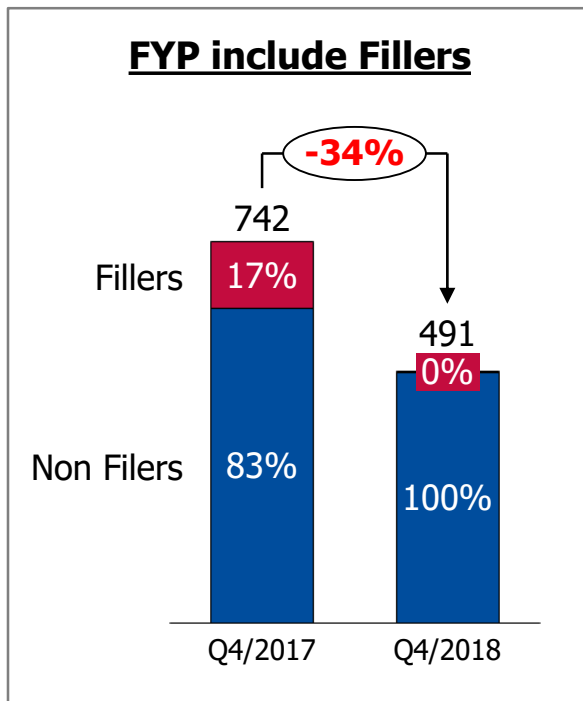
Unit : Million Baht



FYP Q4 2018 : Agent Channel

Overall FYP decreased 34%, due to reduction of filler products and unit pension. Since November 1st, unit pension will be sold for the same customers who previously purchased this product.

Unit : Million Baht



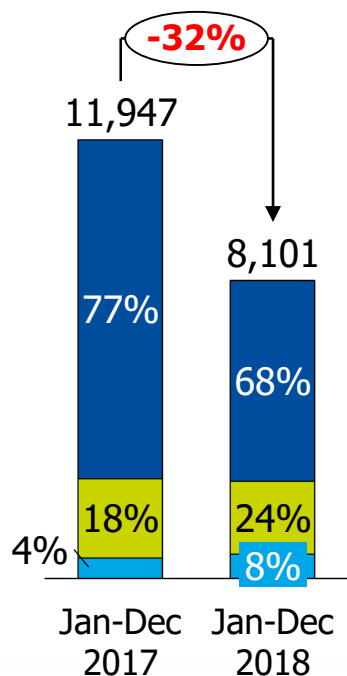
New Business and Total Premium Jan-Dec 2018

Total premium was reduced 7% by reduction of first year premium in short term endowment products of two major channels and long term endowment products of Bancassurance.

■ Bancassurance ■ Agent Channel ■ Others

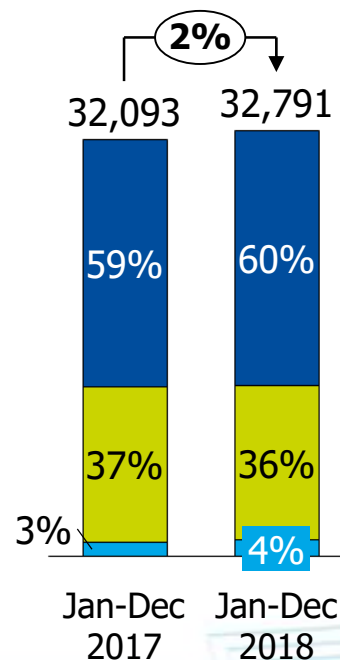
New Business Premium

Unit : Million Baht



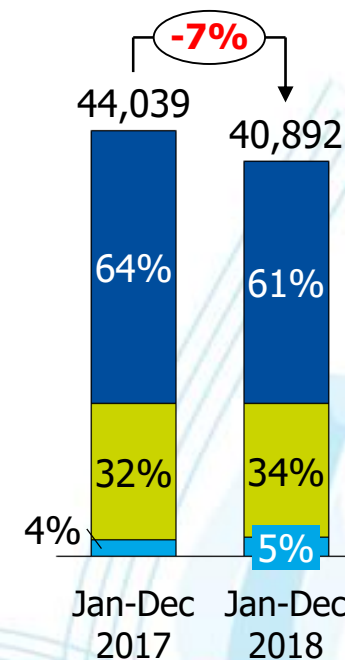
Renewal Premium

Unit : Million Baht



Total Premium

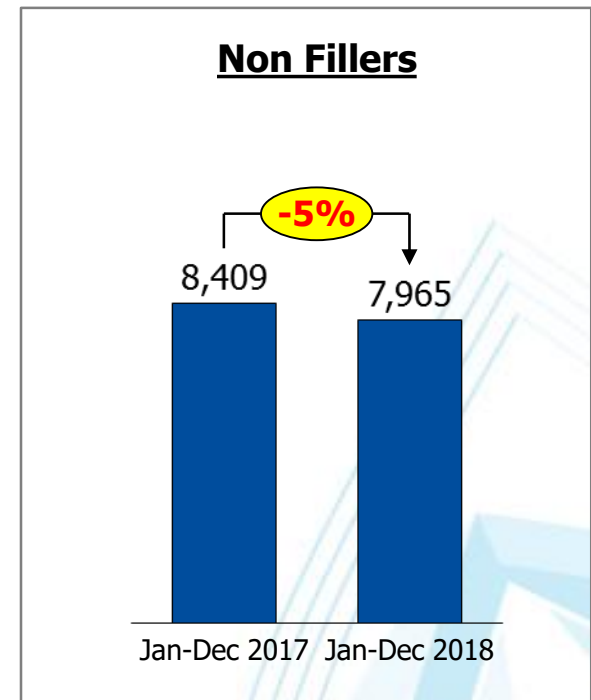
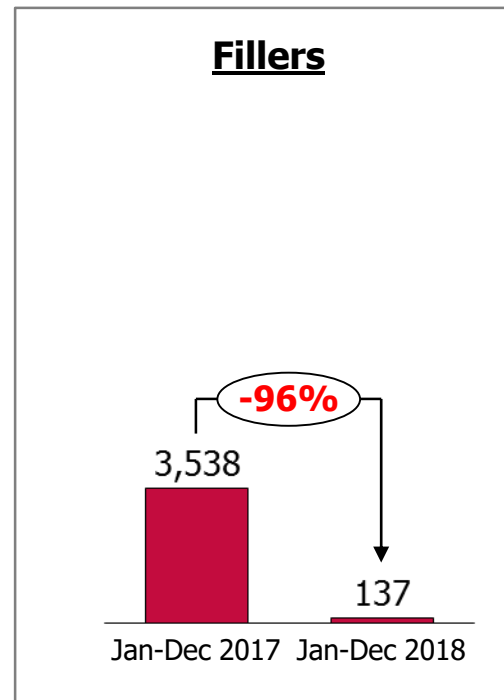
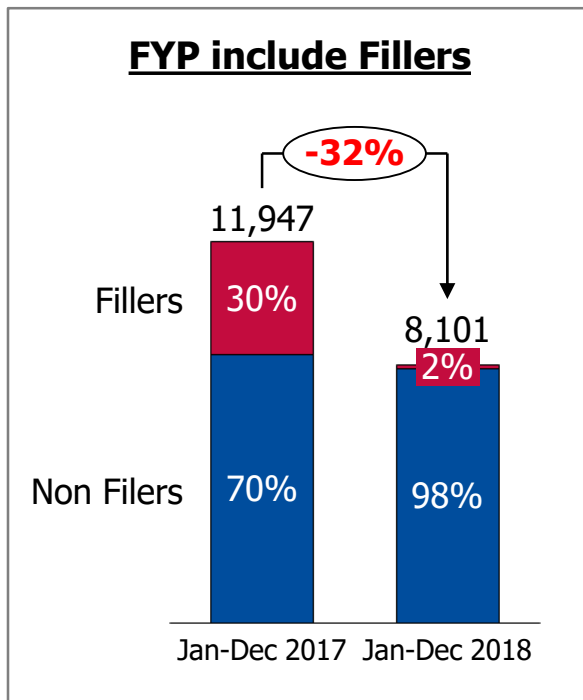
Unit : Million Baht



FYP January-December 2018 : All Channels

Almost filler products production of two major channels were reduced. Negative growth of non filler products mainly due to decrease of Bancassurance production.

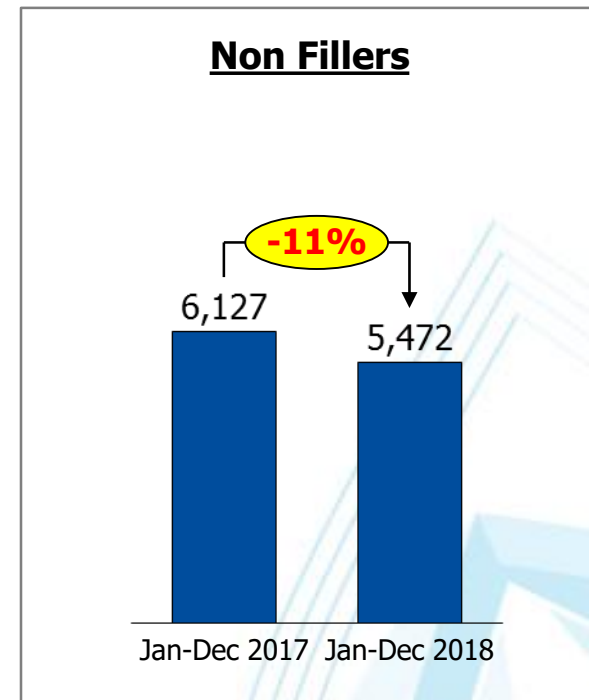
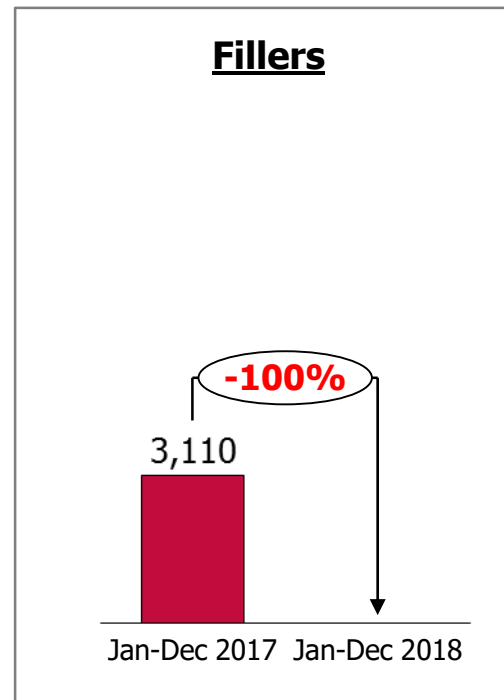
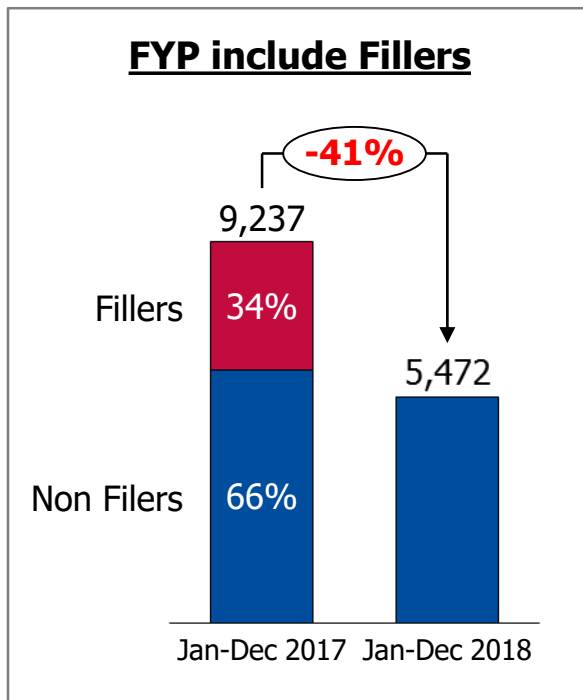
Unit : Million Baht



FYP January-December 2018 : Bancassurance Channel

Overall FYP decreased 41%, due to no production of filler products, continued focus on protection products and reduction of long term endowment products according to BBL's policy.

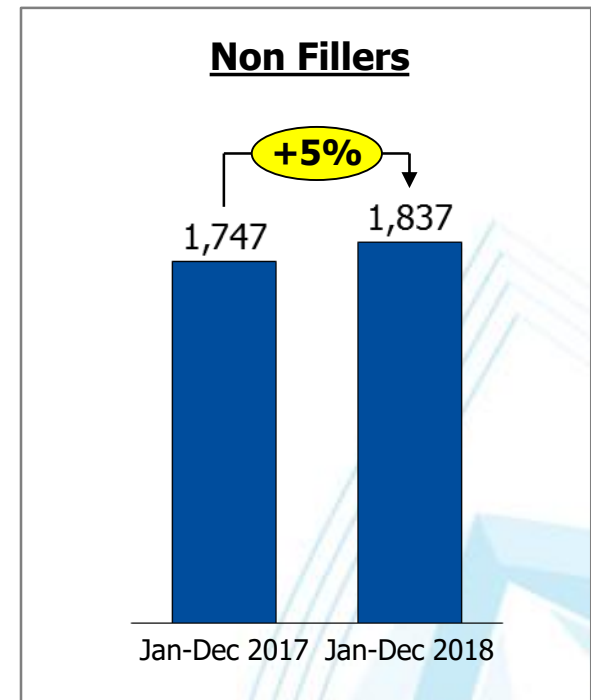
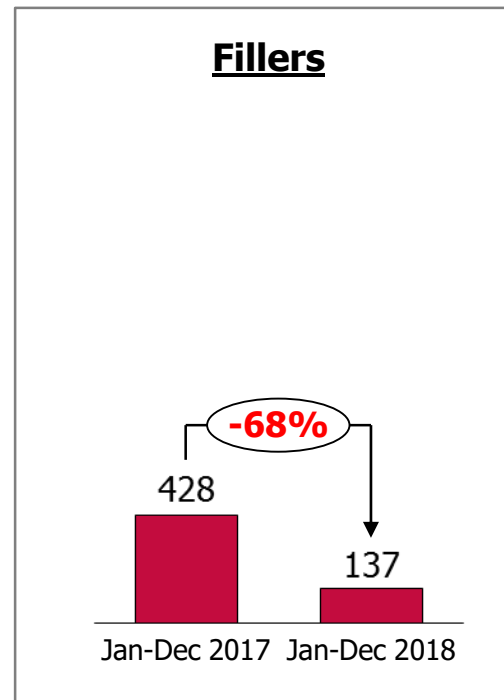
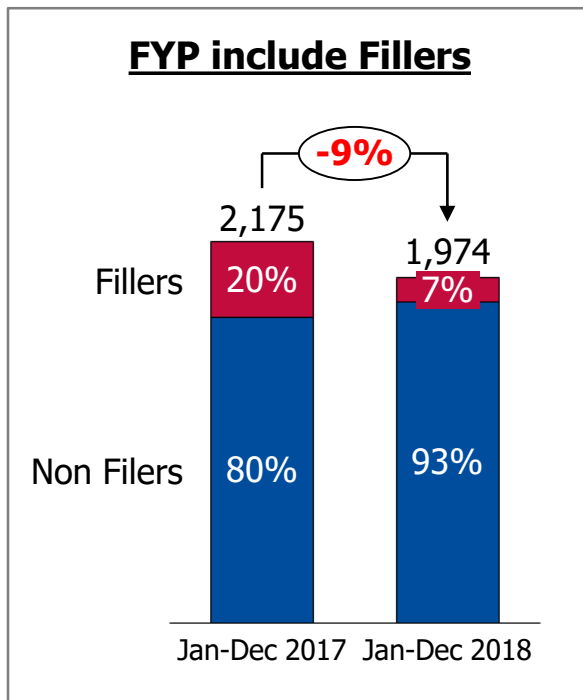
Unit : Million Baht



FYP January-December 2018 : Agent Channel

Overall FYP decreased 9%, due to reduction of filler products. Non filler products are growing at 5% from the growth of whole life products.

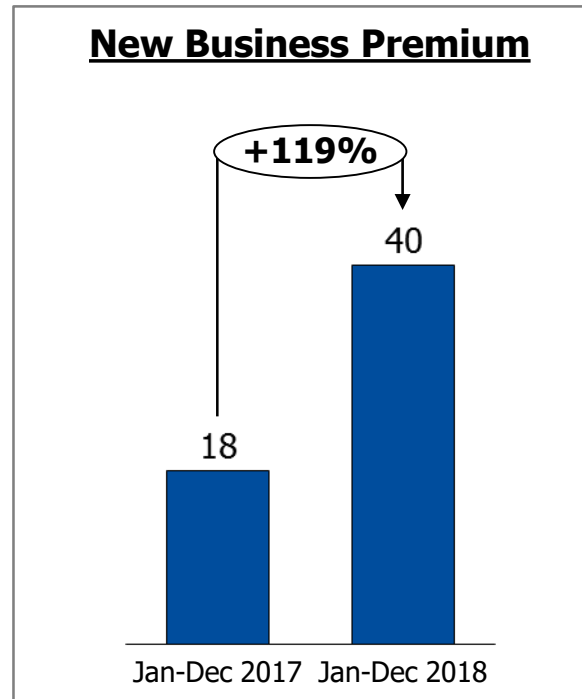
Unit : Million Baht



FYP January-December 2018 : Online Channel

FYP increased 119%, due to growth of endowment products.

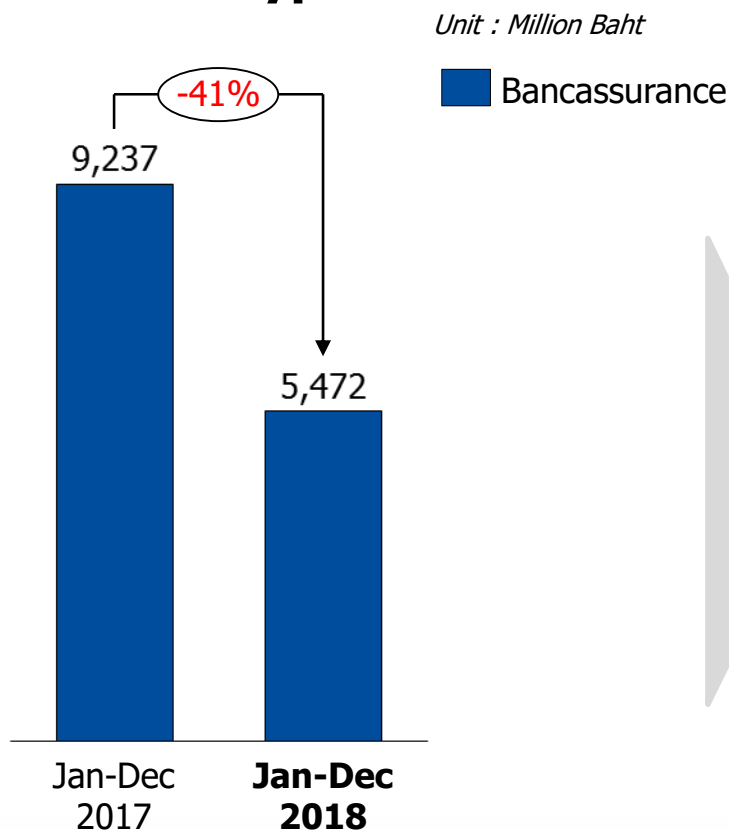
Unit : Million Baht



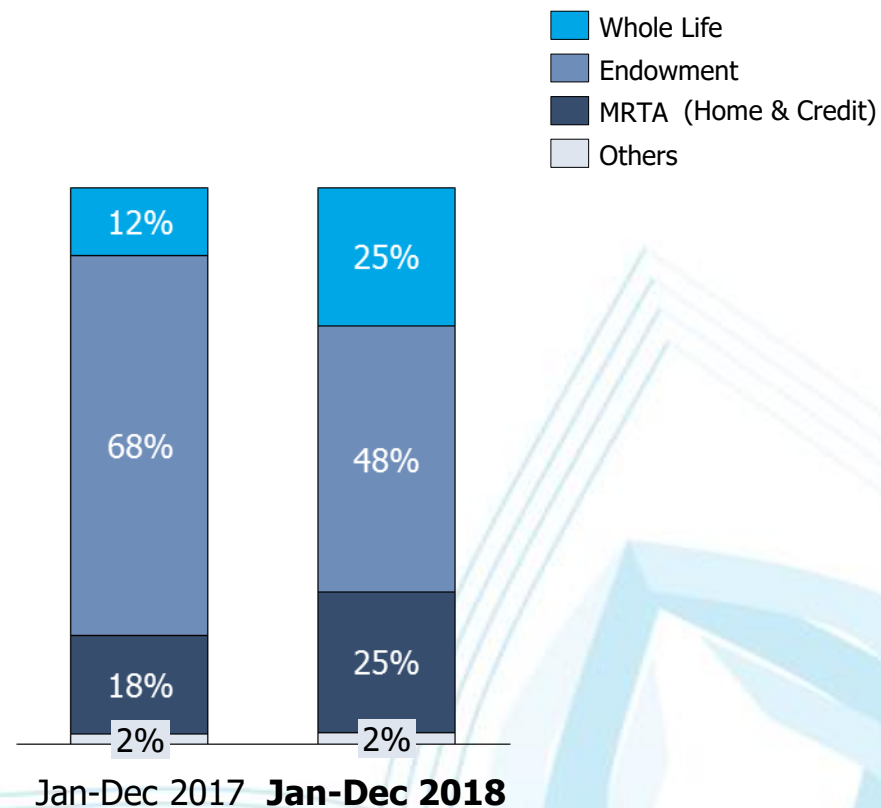
Product Mixed : Bancassurance Channel

The proportion of profitable products, whole life and MRTA have increased in the past year. Whole life products was also growing well with 21% growth.

New Business Premium All Types

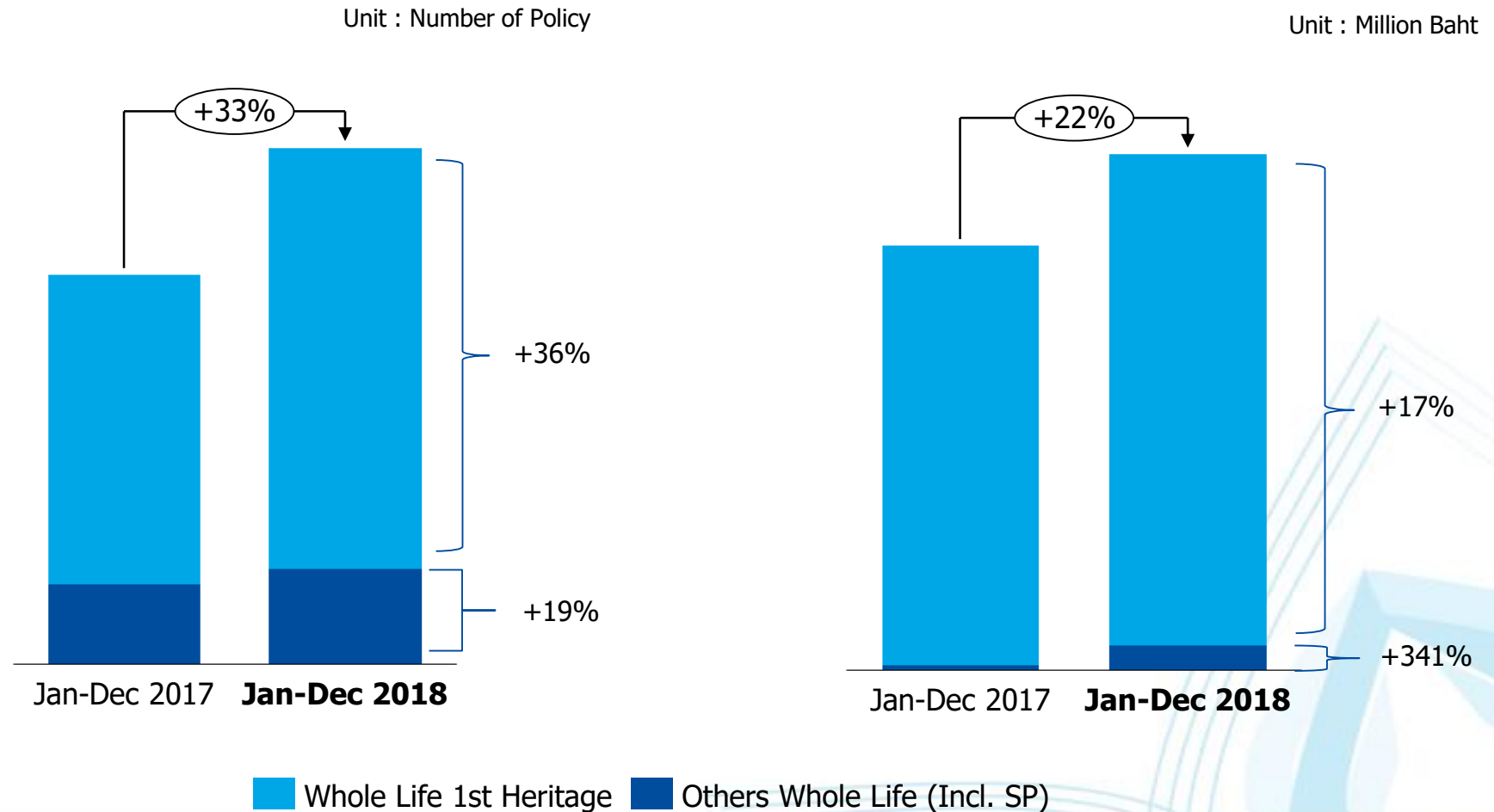


Proportion (%)



Whole Life Products of Bancassurance : Key Performance

Number of policies increased 33% and 22% growth in FYP from previous year.
Whole Life 1st Heritage has been the main product of the protection group.

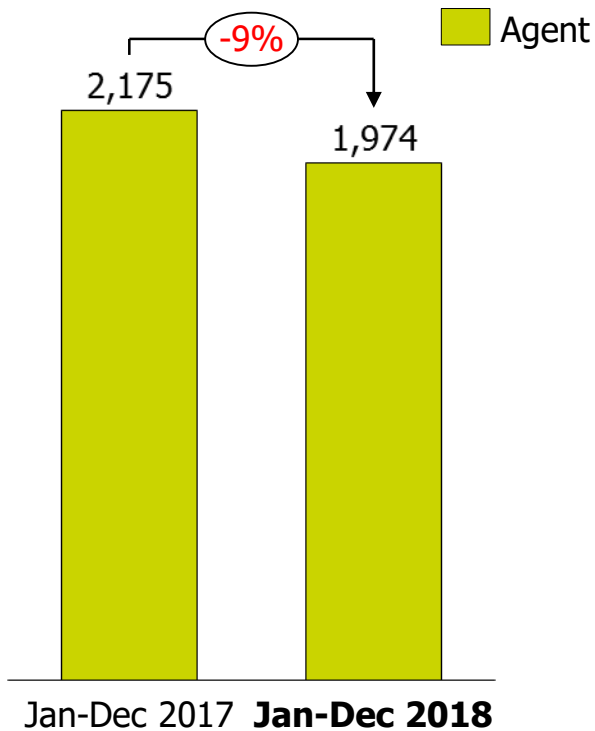


Product Mixed : Agent Channel

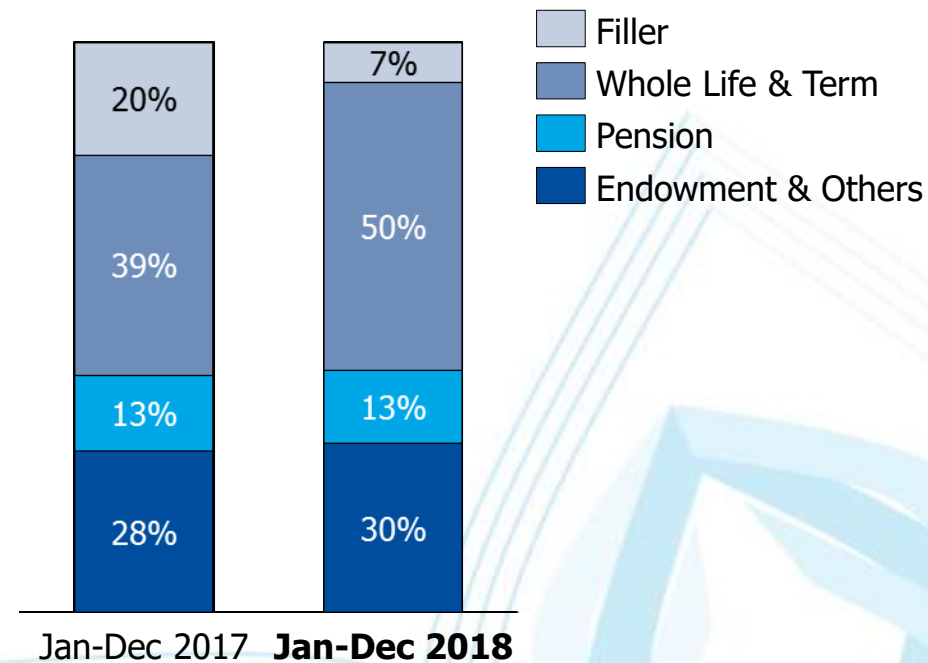
The proportion of profitable products, whole life & term have increased in the past year. Whole life products was also growing well with 21% growth.

New Business Premium All Types

Unit : Million Baht



Proportion (%)



New/Major Products Performance : Agent Channel

	Whole Life	Pension	Product For Seniors	Health Rider
%prop.	45%	13%	4%	8% (or 67% of riders FYP)

Remark:

- Whole Life Excl. Product for Senior
- Product for Senior are including BLA Senior Sukjai (For Seniors), BLA Super Senior
- Health Rider are including Health rider 2011, BLA Health Plus, BLA Raksukapap, BLA Super Care and BLA Easy care (rider for BLA Aunjai Rokrai product)



2016

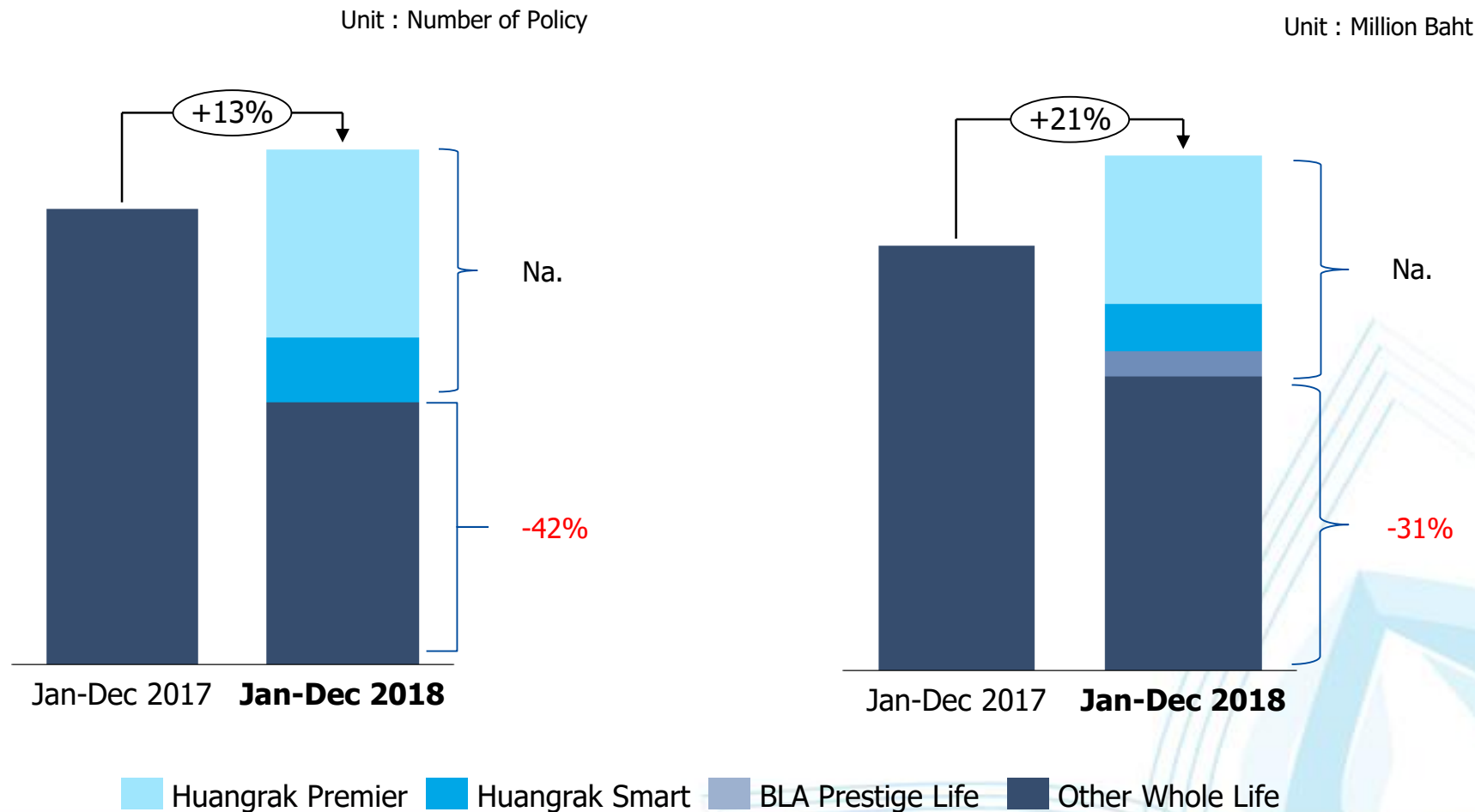
2017

2018



Whole Life Products of Agent Channel : Key Performance

Number of policies increased 13% and FYP increased 21% from previous year. Huangrak 90/20 has been the major product of whole life group.

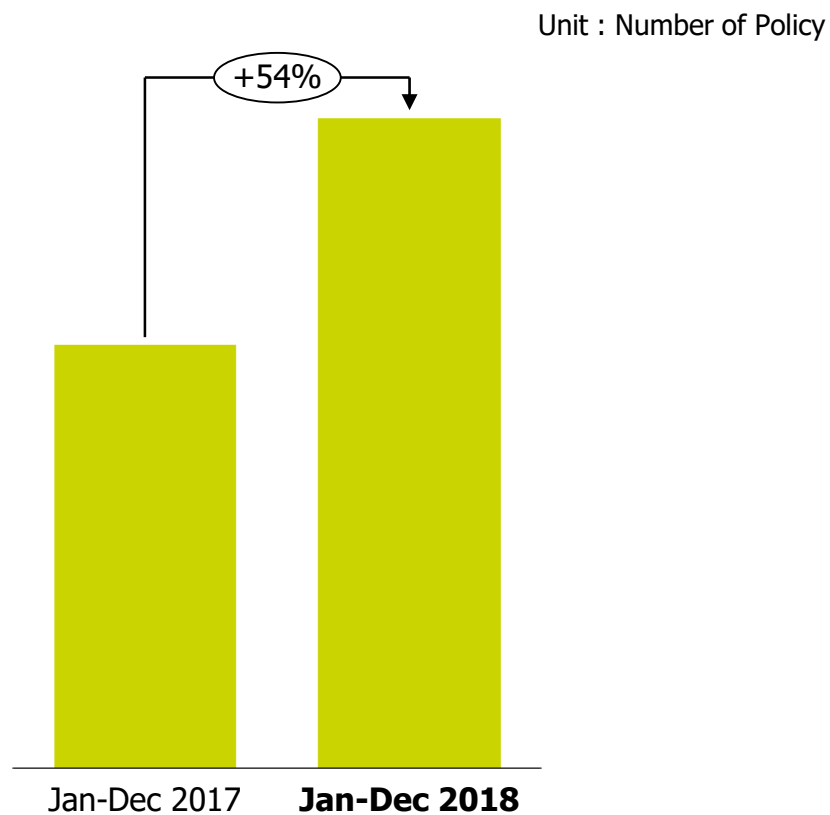


Health Riders Production

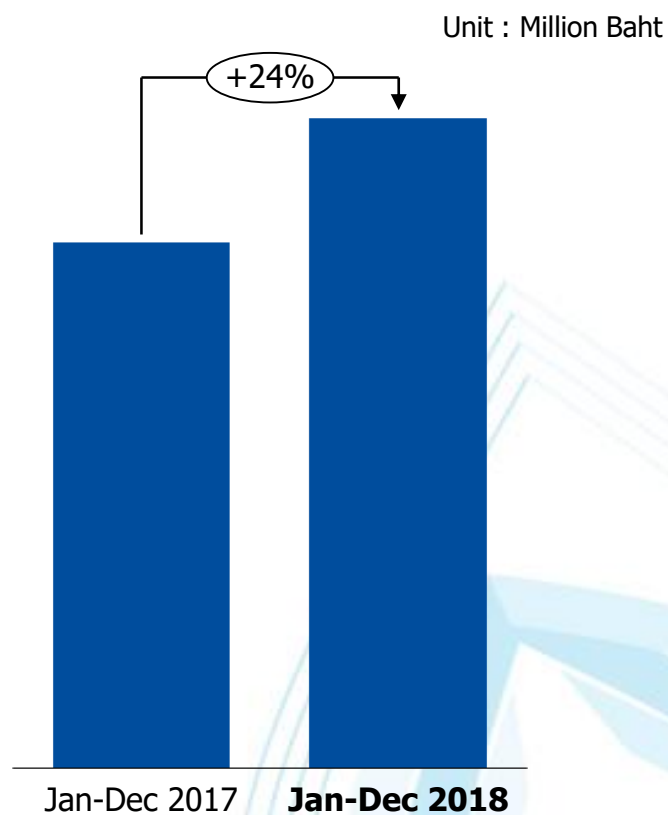
Number of health rider policies increased 54% and FYP increased 24%.

All health riders increased in FYP especially BLA Super Care had high growth rate to 38%.

Number of Policies Increased 54%



FYP Increased 24%



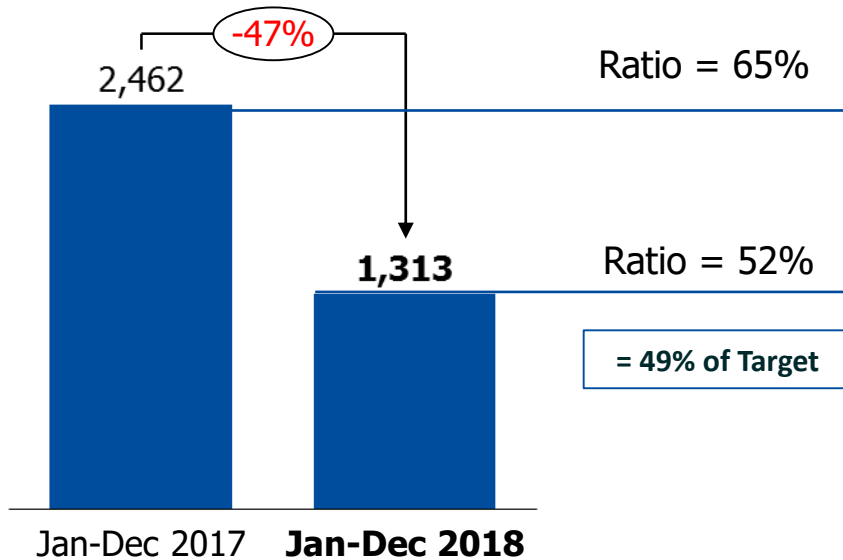
Remark: Health Rider are including Health rider 2011, BLA Health Plus, BLA Raksukapap, BLA Super Care and BLA Easy care (rider for BLA Aunjai Rokrai product)

Agent Development : Number of New Agent

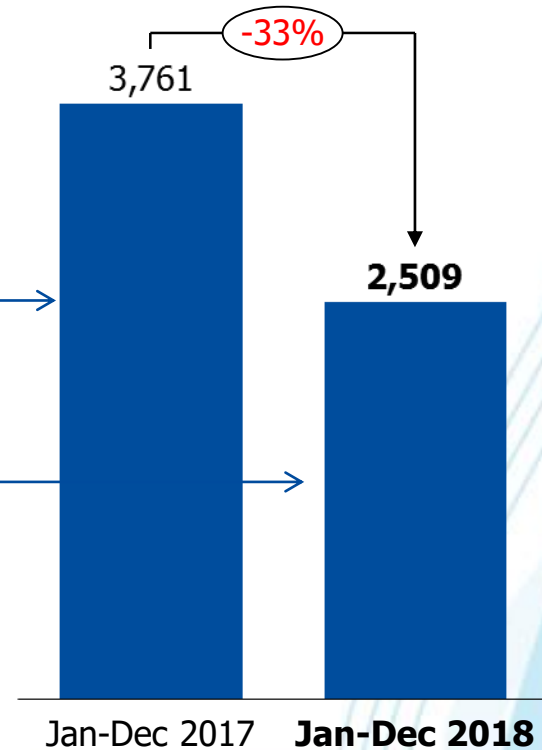
New licensed agent decreased 33%, same direction as agent examination growth of industry.

New agent target 2,700 persons in 2018

New Agent with LI policy



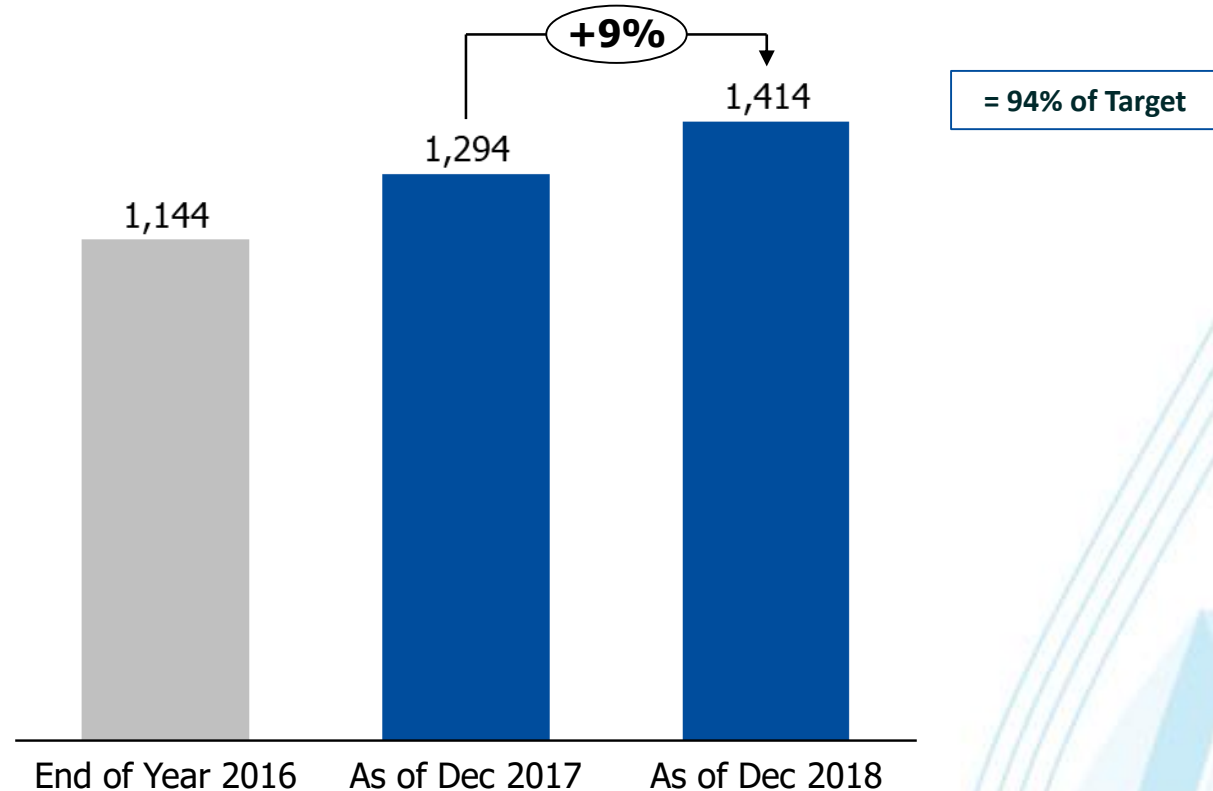
New Licensed Agent



Agent Development : Number of Professional Financial Advisor

FA increased to 9% or achieved to 94% of target.

Financial Advisor target 1,500 persons in 2018



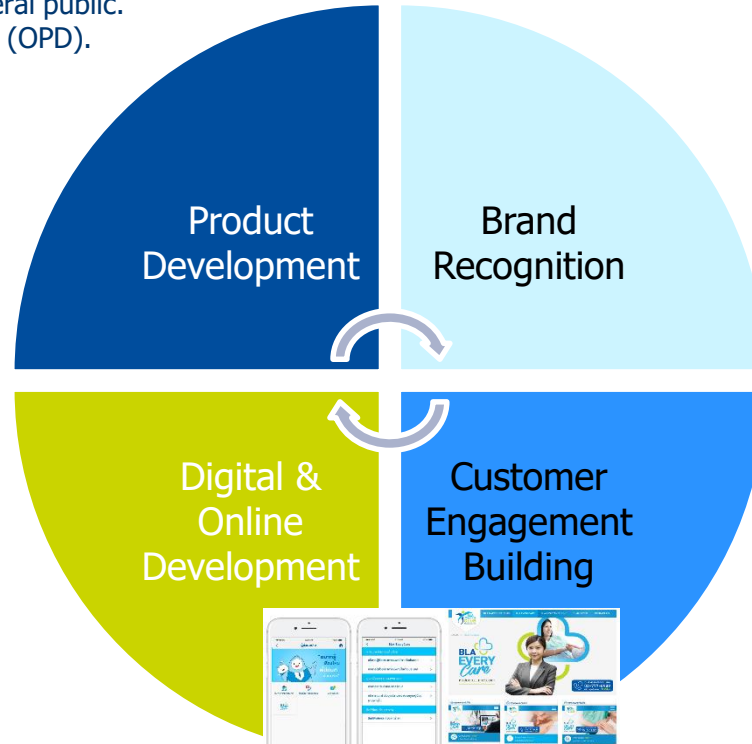
Marketing Strategies on Q1/2019

Agent channel:

- “BLA Prestige Health rider” covering global medical treatment up to 100 mb for high-end customer.
- “Personal Accident insurance” for the general public.
- Extension of outpatient medical protection (OPD).



- Encourage personal financial planning through Money Expo activity at Hat Yai and Bangkok.
- Product Campaign for new products.
- Branches Opening at Khon Khen and Nong Bua Lumpoo provinces.
- CSR & PR : Press Trip at Phra That Doi Tung.



- Open new feature on BLA Happy Life application to extend service coverage and convenient for BLA customers.
 1. BLA EveryCare for the insured who has purchased or renewed an health riders.
 2. Adding a phone number of BLA Assistance Line 02-777-8989
 3. Electronic card for "BLA Prestige Health" customers to use in the hospital.
- Update BLA's website to become a responsive web design.
- Communicate with consumers continuously through social Website, Facebook, LINE Official Account, BLA Happy Life Application
- New MRTA product for online channel.

- Beyond Life Club seminar focused on financial plan for customers.
- Continue BLA Assistant Line, telephone information services for policy holders.
- Continue extra privilege "Annual health check up 2019" for high-end customers.
- Happy activities and Happy special privileges for customers via Happy Life Club.



INVESTMENT

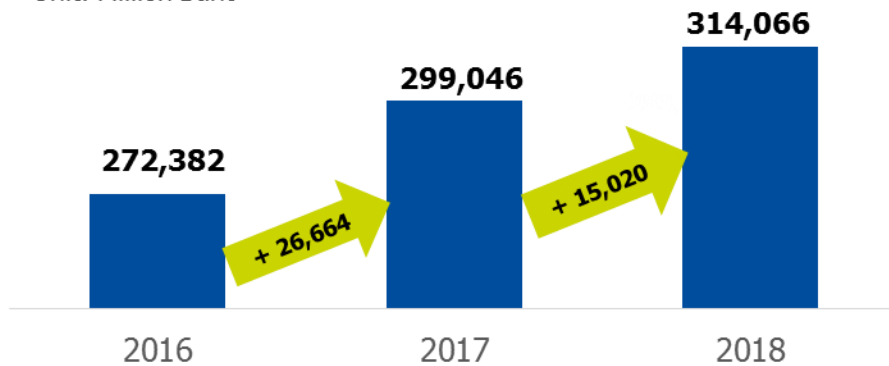
K. SANOR THAMPIPATTANAKUL
SEVP AND CHIEF FINANCIAL OFFICER



Investment Assets increased to 314,066 MB

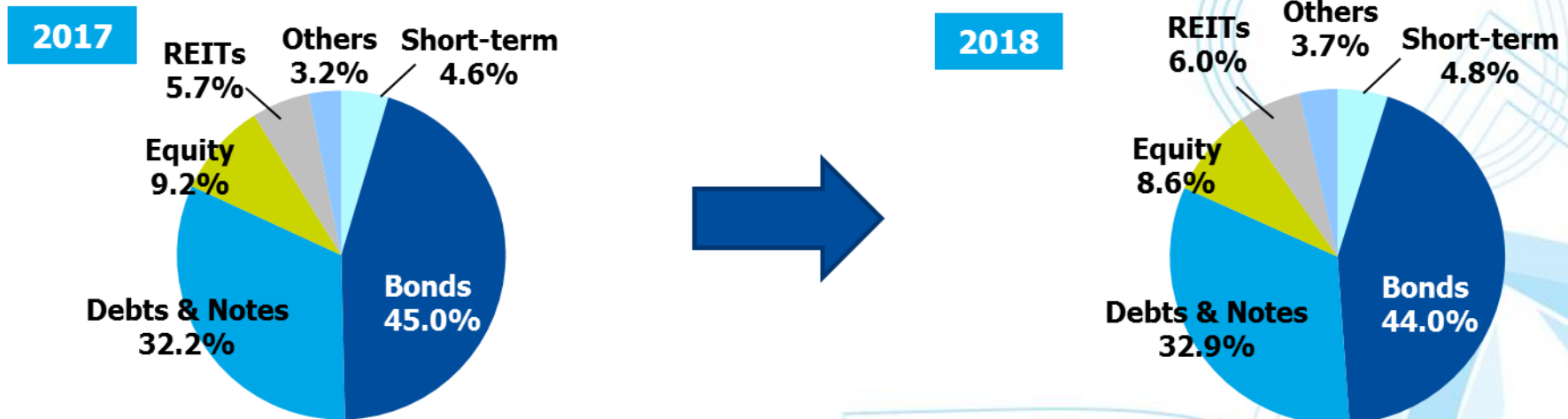
Investment Assets

Unit: Million Baht



- Investment assets increased 1,033 MB from 3Q18 (+0.3%QoQ), which was new cash around 4.7 bn
- In 2018, Investment assets increased 15,020 MB (+5.0% YoY), which was new cash around 18.6 bn
- Overall asset allocation remains similar to end of 2017 with slightly increased in short term fund reserved for benefit paid

Asset Allocation



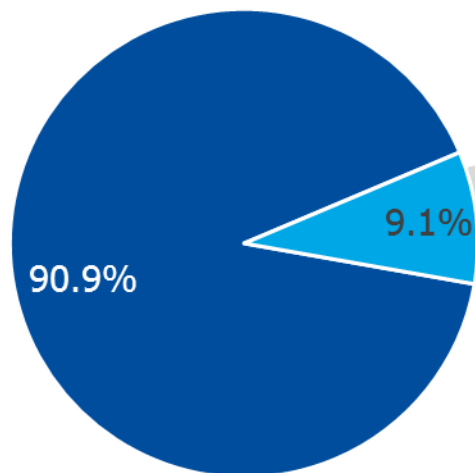
ALM almost evenly match but larger liabilities base implies about 1.6 years longer duration

Duration of Fixed Income
Duration of Liabilities

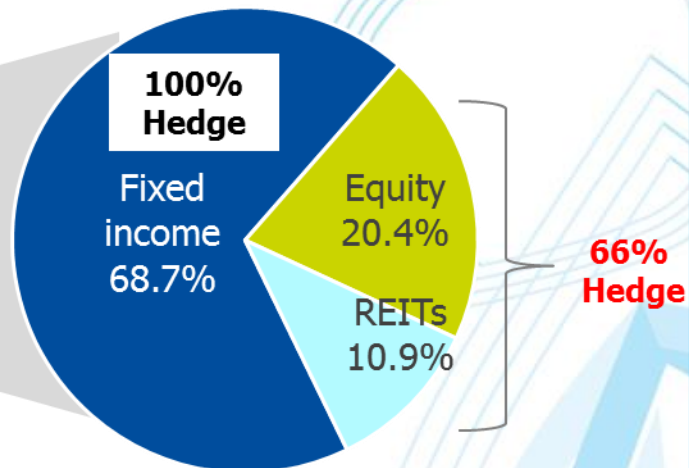
8.24 years

9.11 years

Investment asset by currency



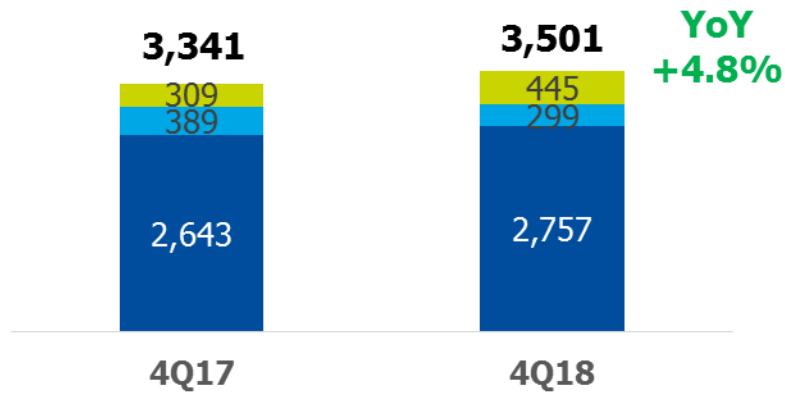
Foreign Investment



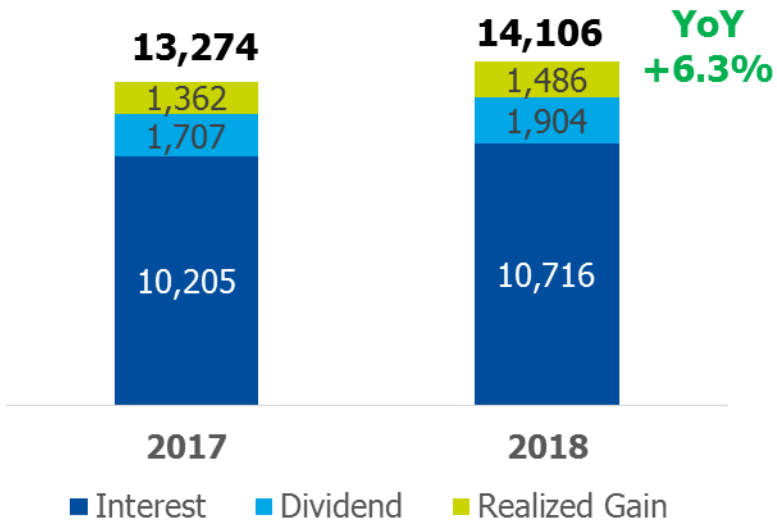
Investment income slightly increased with ROI

4.60%

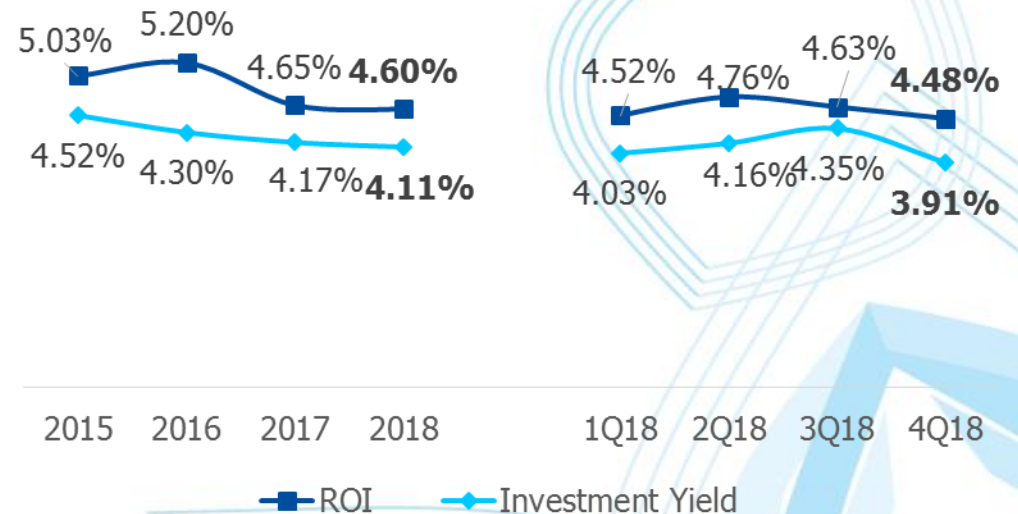
Sources of Investment Income (MB)



- Accounting ROI was 4.60%, decreased 5 bps from prior year due to interest income grow slower than asset base. This is because holding more cash
- Investment yield slightly decreased to 4.11% because of lower interest rate on newly debt investment



ROI & Investment Yield



FINANCIAL SUMMARY

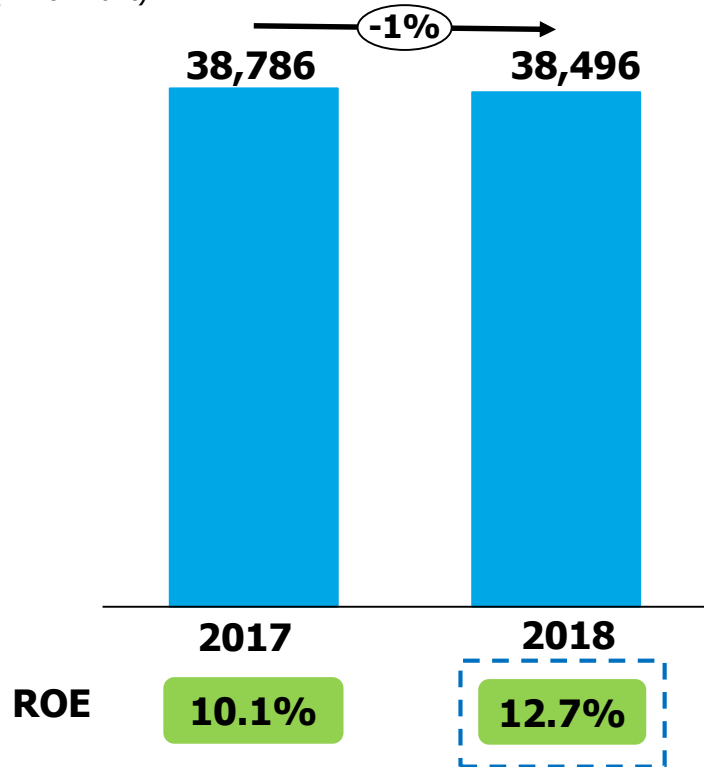
K. JARUWAN LIMKHUNTHAMMO
EVP - FINANCE & ACCOUNTING DIVISION



Higher ROE in 2018 at 12.7% due to higher NPAT 4,926 MB

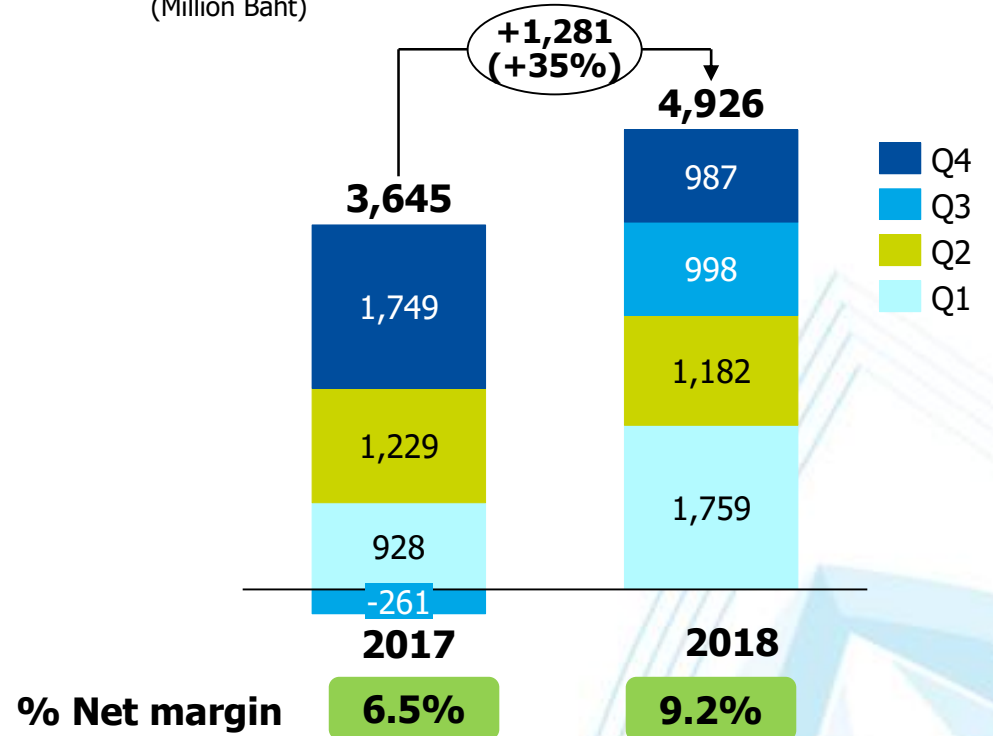
Equity & ROE

(Million Baht)



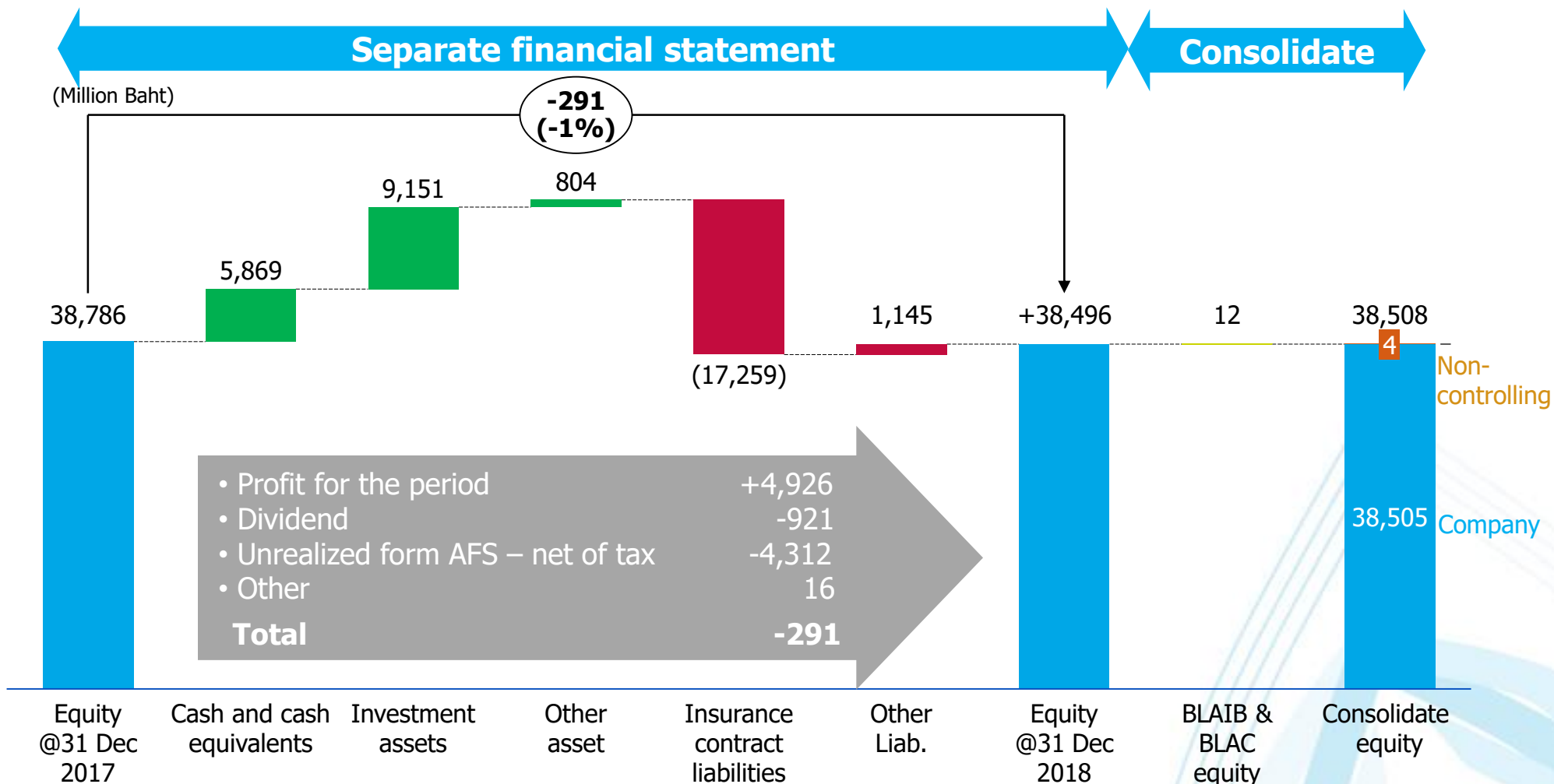
NPAT

(Million Baht)



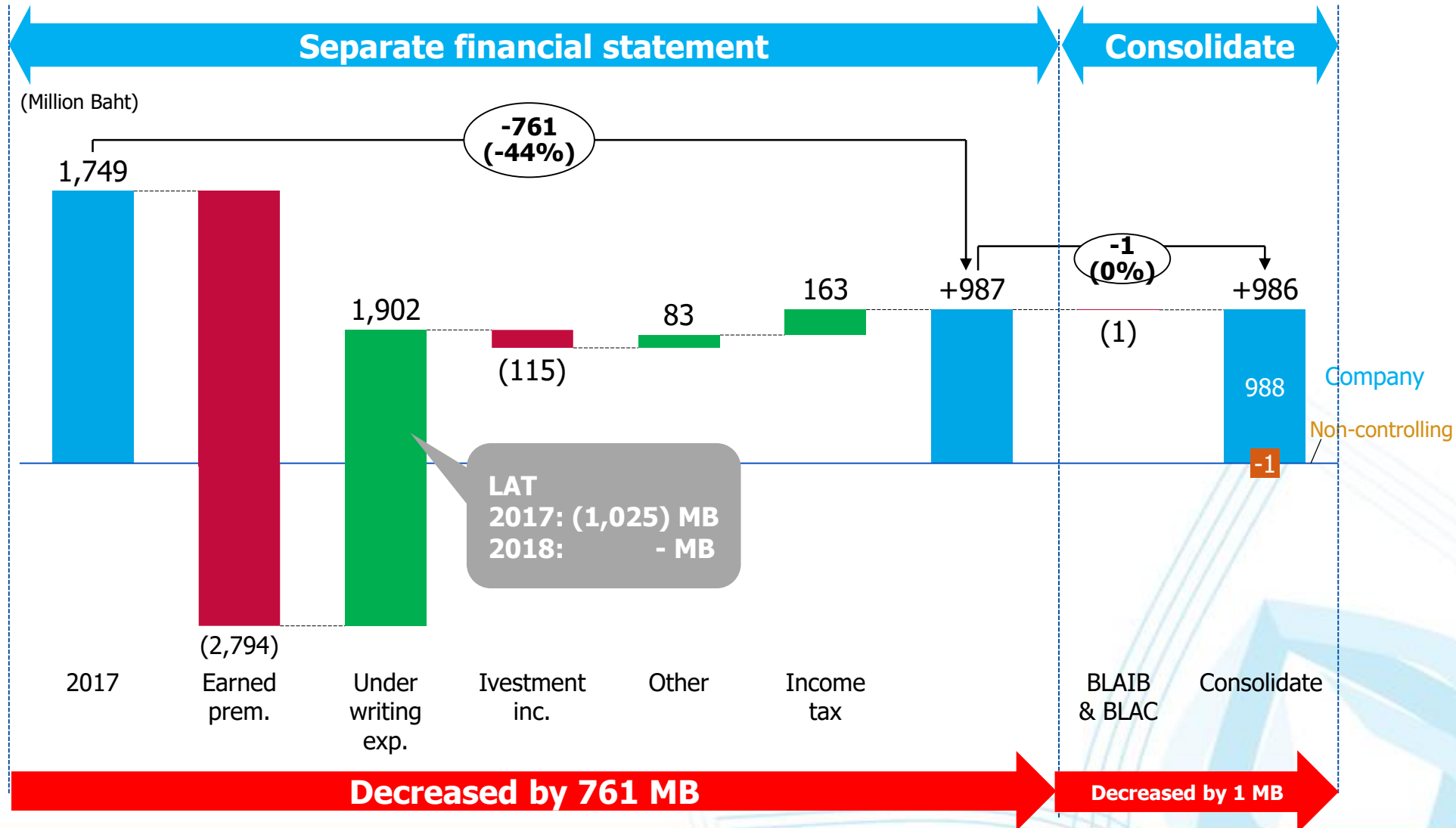
Note:-
Source: BLA financial statement

Equity movement from 31 December 2017 To 31 December 2018

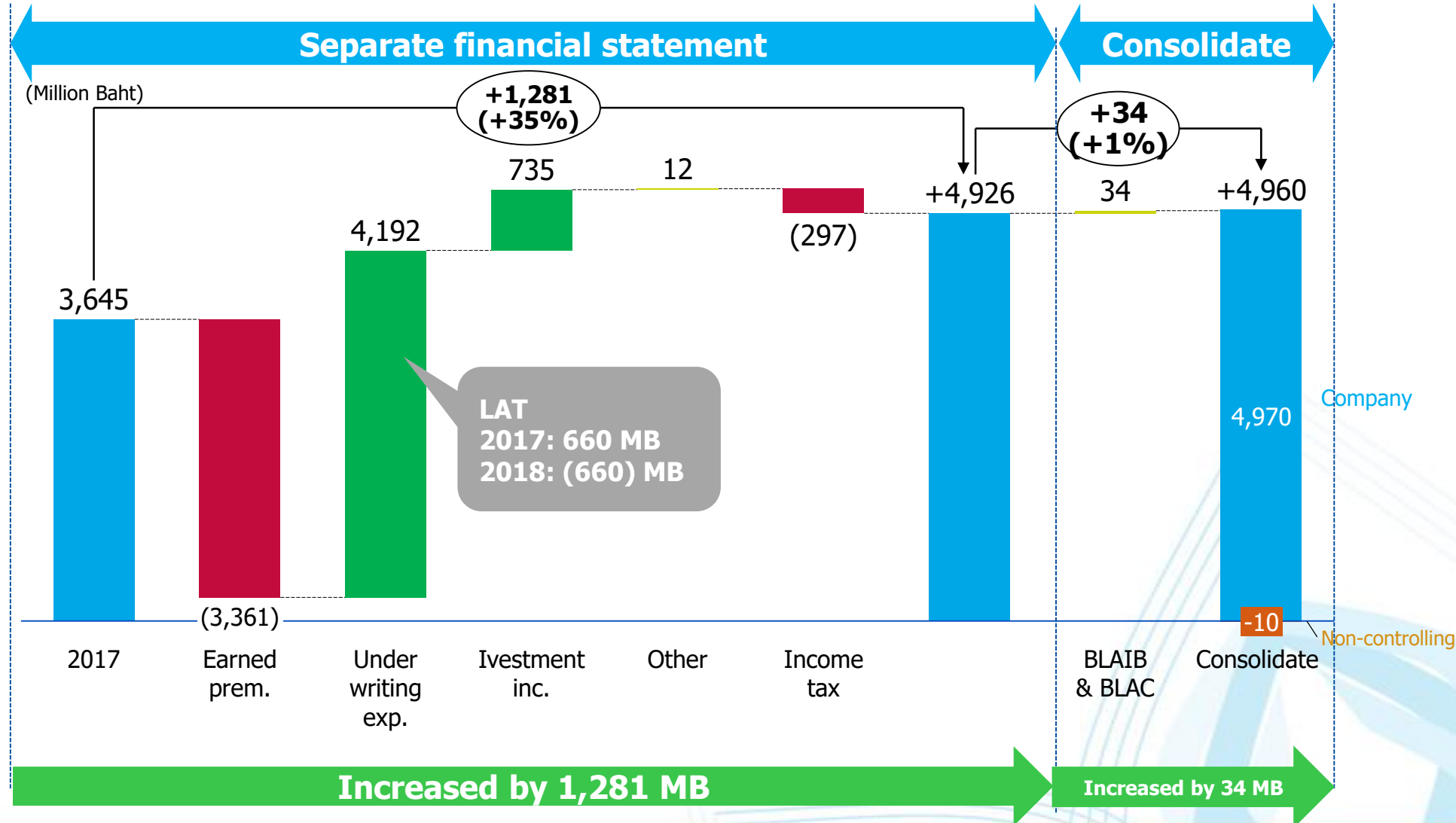


Note:-
Source: BLA financial statement

Profit for the 4Q18



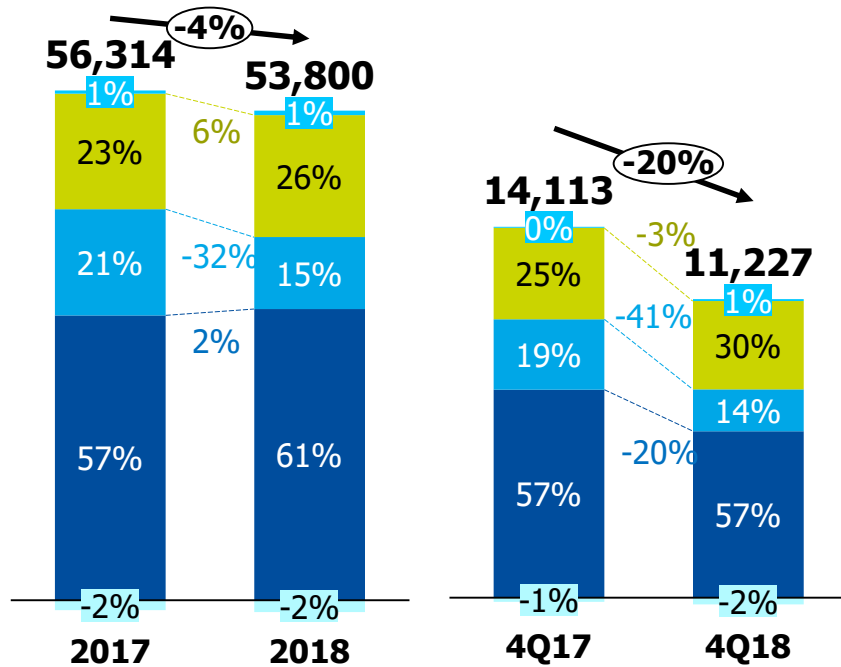
NPAT Movement for the year ended 31 December 2018



4Q18 Underwriting exp. decreased by 16% FY18 reduced by 8% due mainly from lower reserve

Total income

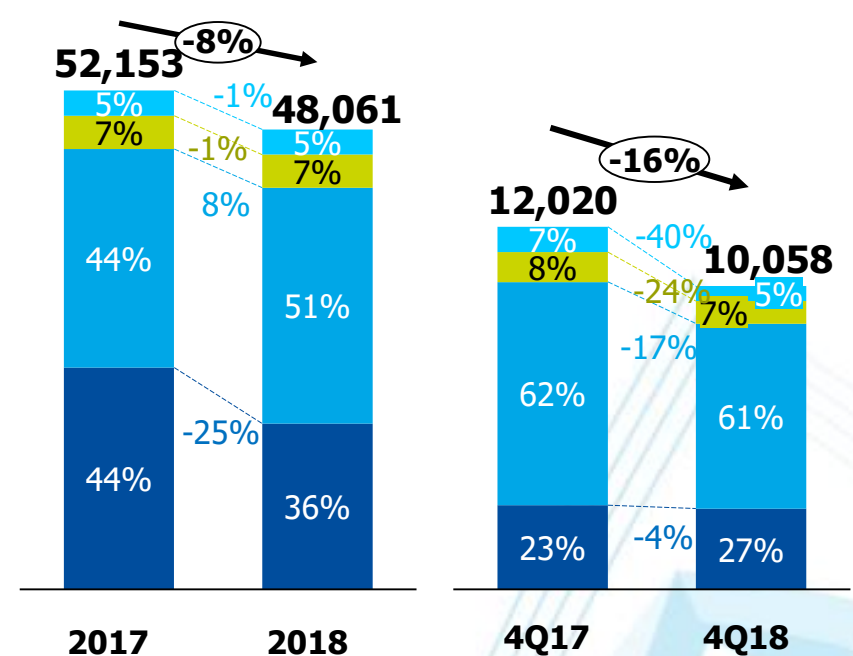
(Million Baht)



REIN&UPR Other Invest inc. FYP RYP

Total expense

(Million Baht)

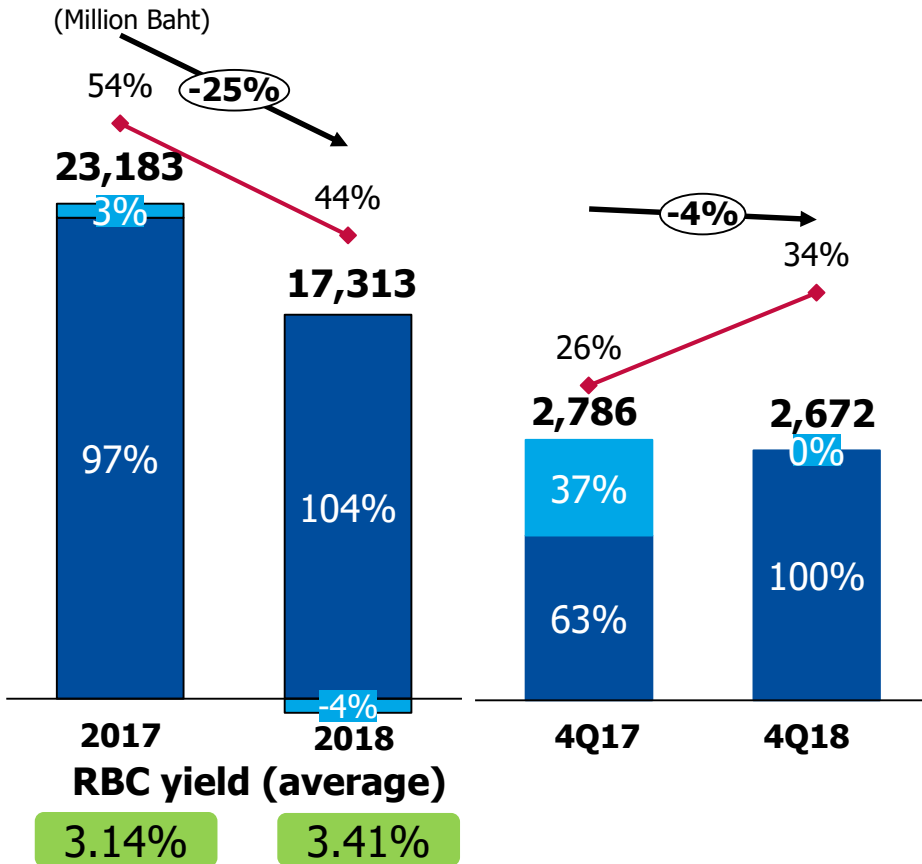


OPEX Commiss. Policy benefit Life res.

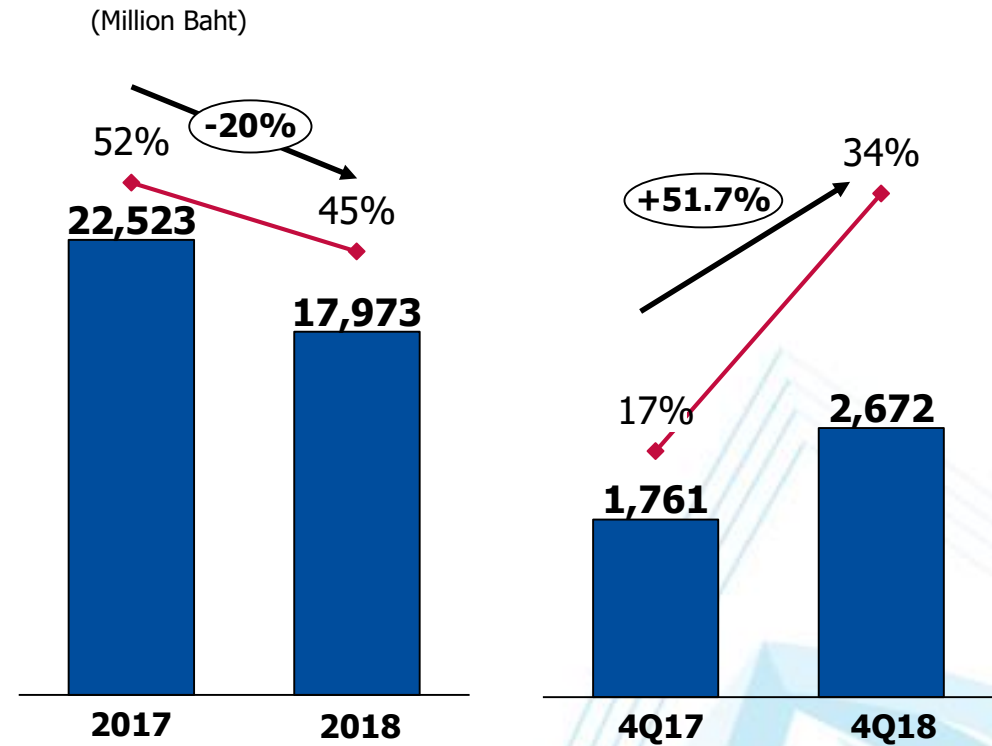
Note:-
Source: BLA financial statement

Life pol. reserve ratio in 4Q18 was 4% decreased from 4Q17

Life policy reserve



Life policy reserve exclude LAT



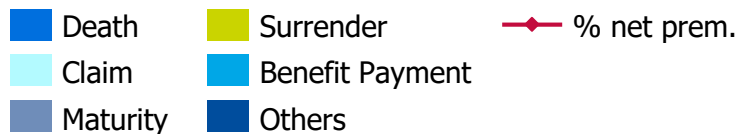
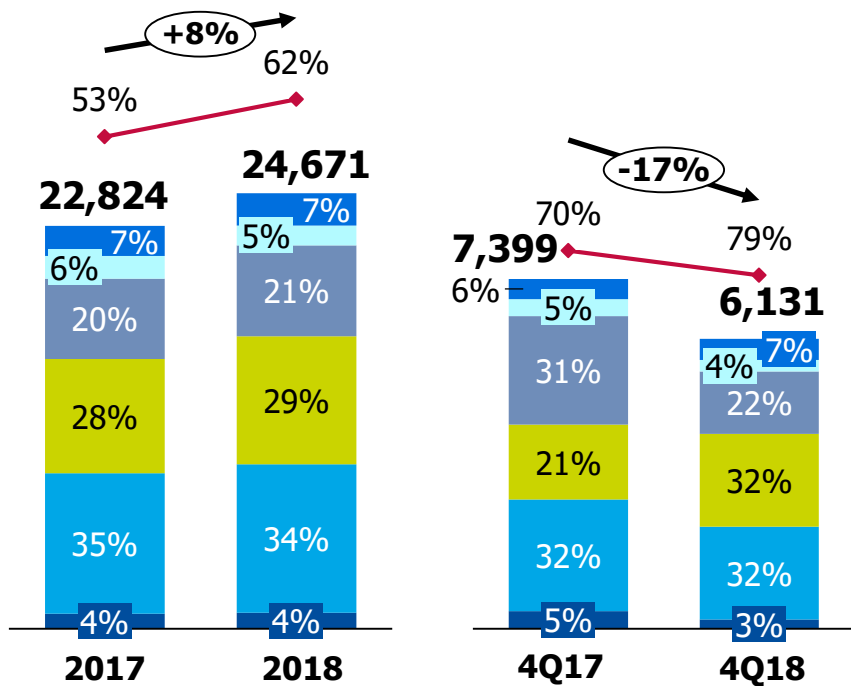
■ LAT ■ Reserve —♦— %net prem.

Note:-
 Source: BLA financial statement

4Q18 Policy benefit payment decreased by 17% mainly from maturity

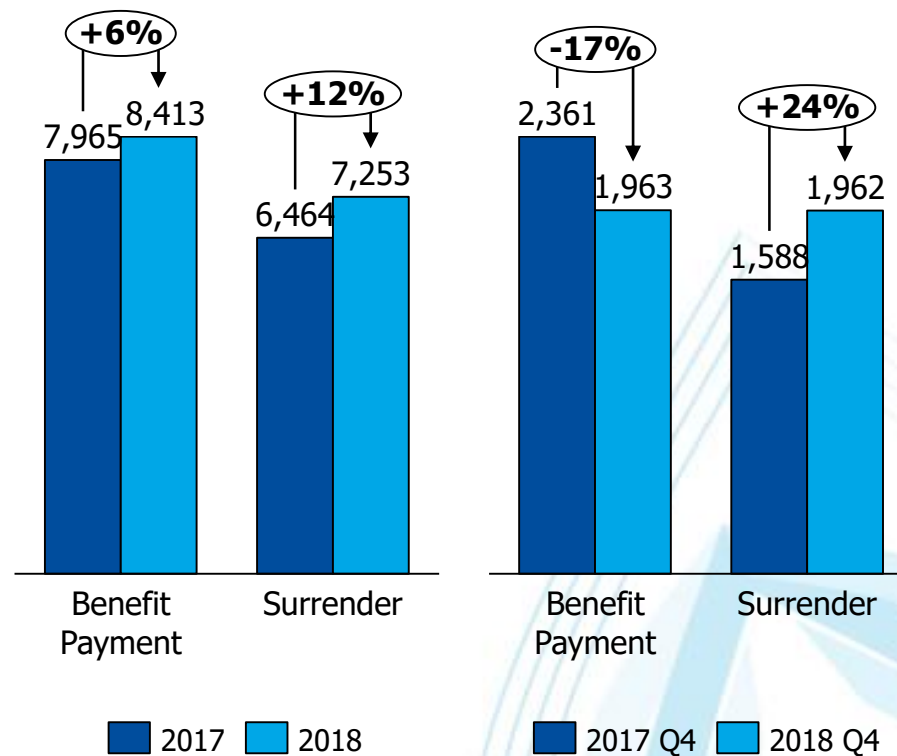
Policy benefit payment

Payment (Million baht)



Major line item

Payment (Million baht)



Source: BLA financial statement

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

ANW
(Adjusted Net Worth)

Excess of market value of assets over statutory liabilities



VIF
(Value of In-force Business)

Discounted value of distributable earnings from In-Force business

Assumptions

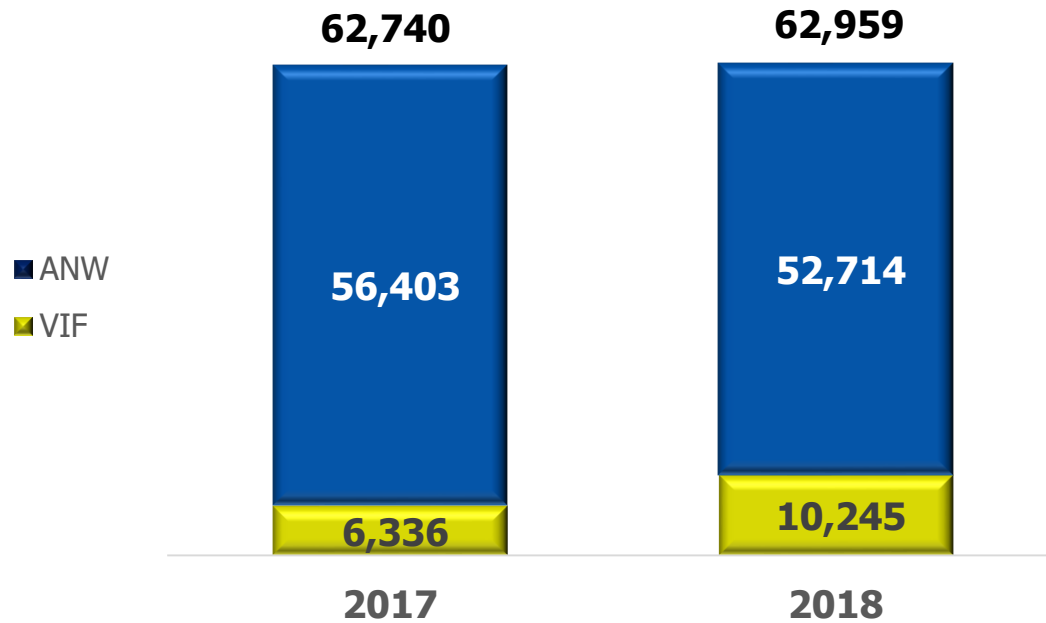
Economic Assumption

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



Number of Share (mn)	1,708	1,708
EV per share	36.73	36.86

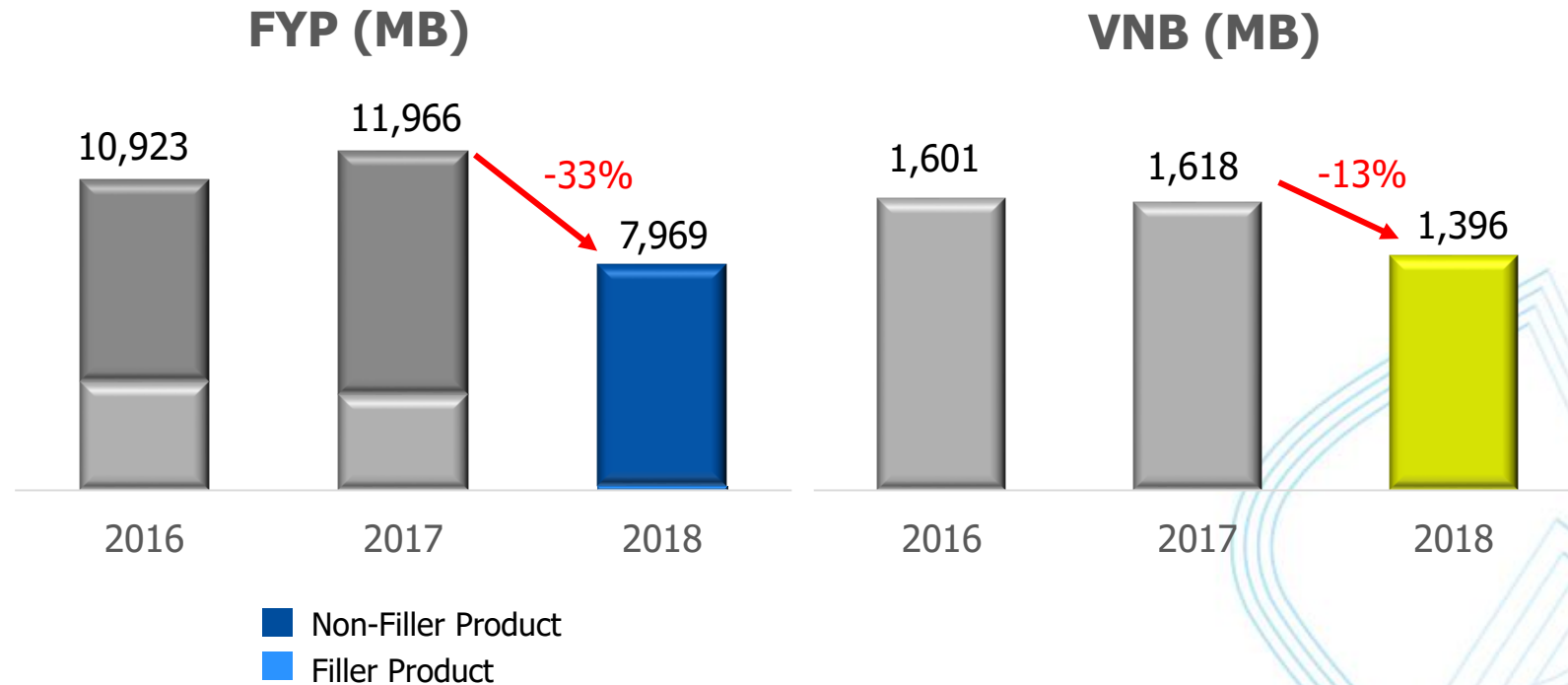
➤ **EV 2018 increases 219 MB from 2017 (+0.3%)**

- **ANW decreases** due to mark to market of assets. Equity value decreases due to the fluctuation in the capital market. Bond value decreases from a sharp increase of yield curve since 2017.

- **VIF increases** from release of usual profit, change in non-economic assumptions and release of required capital from increase in yield curve since 2017. Therefore,

- **EV per share** increases by 0.13 Baht from 2017.

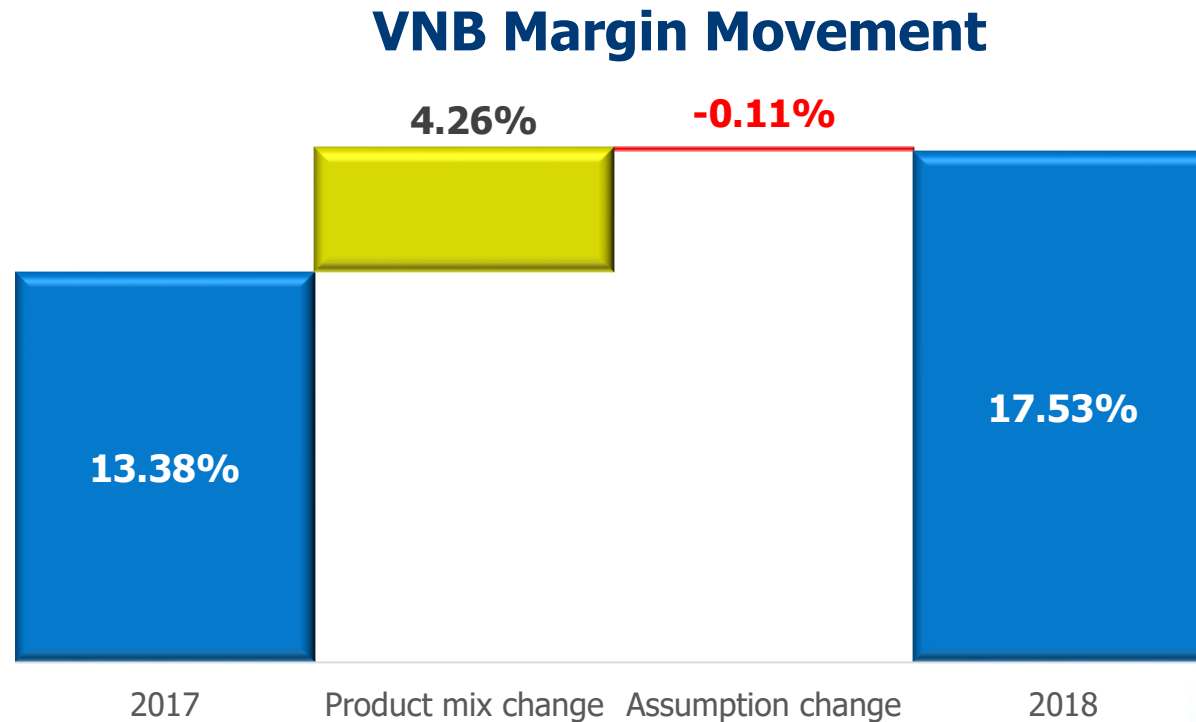
VNB decreased moderately from 2017



Although FYP decreases from the previous year by 33%, the VNB dropped only 13% because:

1. Better product mix; since 2018 BLA focuses on protection products which have higher profit margin.
2. This leads to less reserve and less capital required.

Increase in VNB margin is resulted mainly from improved in product mix



- VNB margin improves 4.15% as product mix is improved i.e. selling more protection products

Q & A



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