



กรุงเทพประกันชีวิต



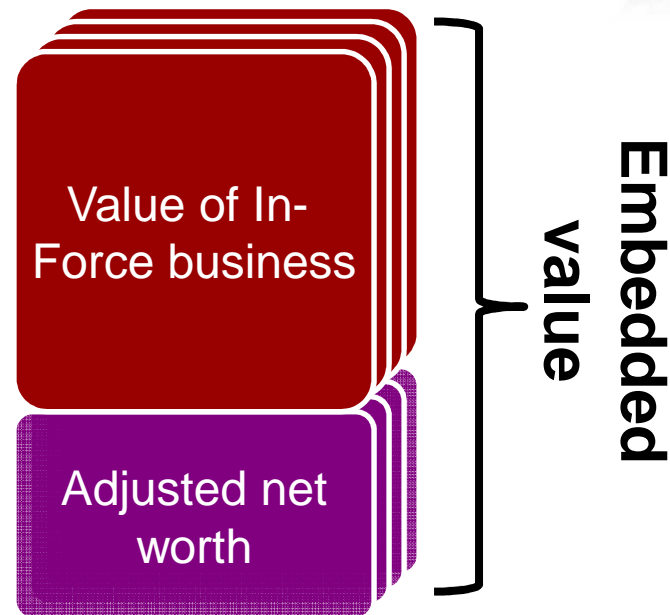
BLA's Embedded value 2011 (EV)



Components of an Embedded value

Discounted Value of
distributable earnings from
In-Force business

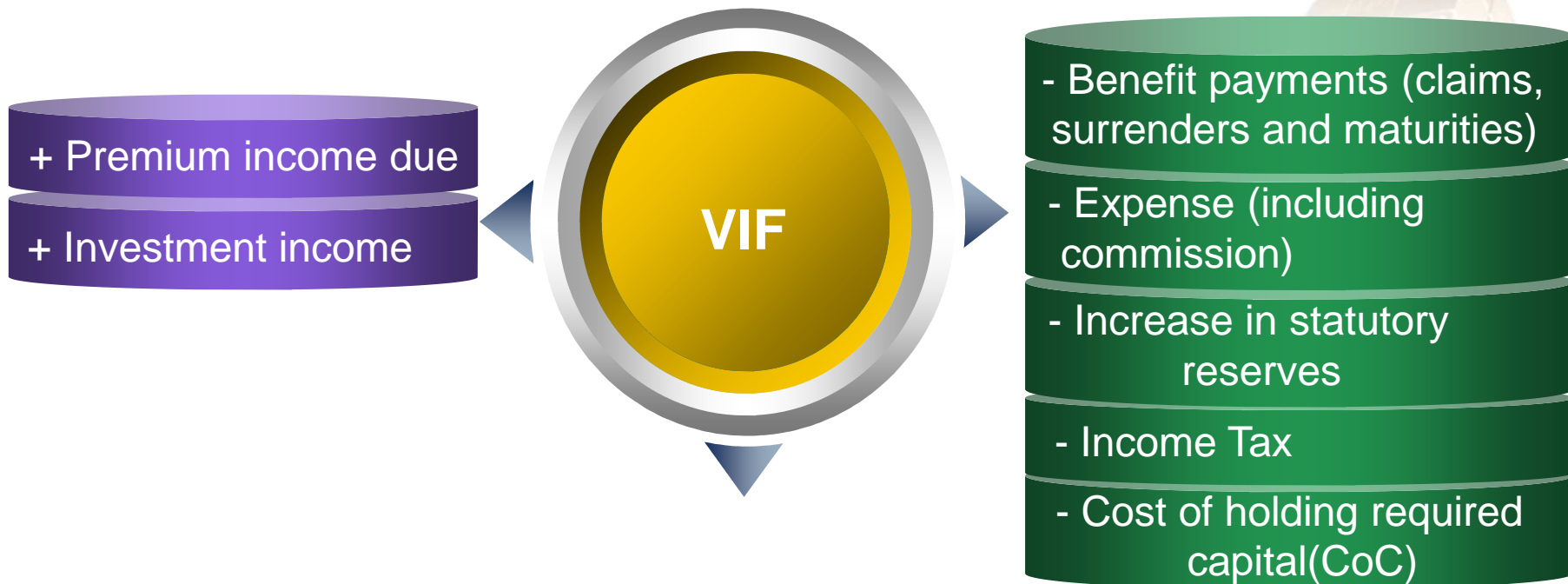
Excess of market value of
assets over statutory liabilities



Embedded value = Value of In-Force business + Adjusted Net Worth



VIF



Value of in-force covered business (VIF) is defined as the discounted value of projected future distributable earnings of the business in-force on the valuation date consists above part.



Thailand has recently moved to RBC framework



Previous NPV Basis

RBC Framework

Mix of
MV of asset
+
Prescribed
method of
valuing
assets (e.g.
book value,
carrying
value,
contractual
value etc.)

Fixed
solvency
capital

Implicit risk
margins

Prudent
value of
liabilities



Market value
of assets
based on
IFRS
framework

Risk based
capital

Explicit risk
margins

Best
estimate
liabilities

Fair value of
assets

95%
confidence
interval

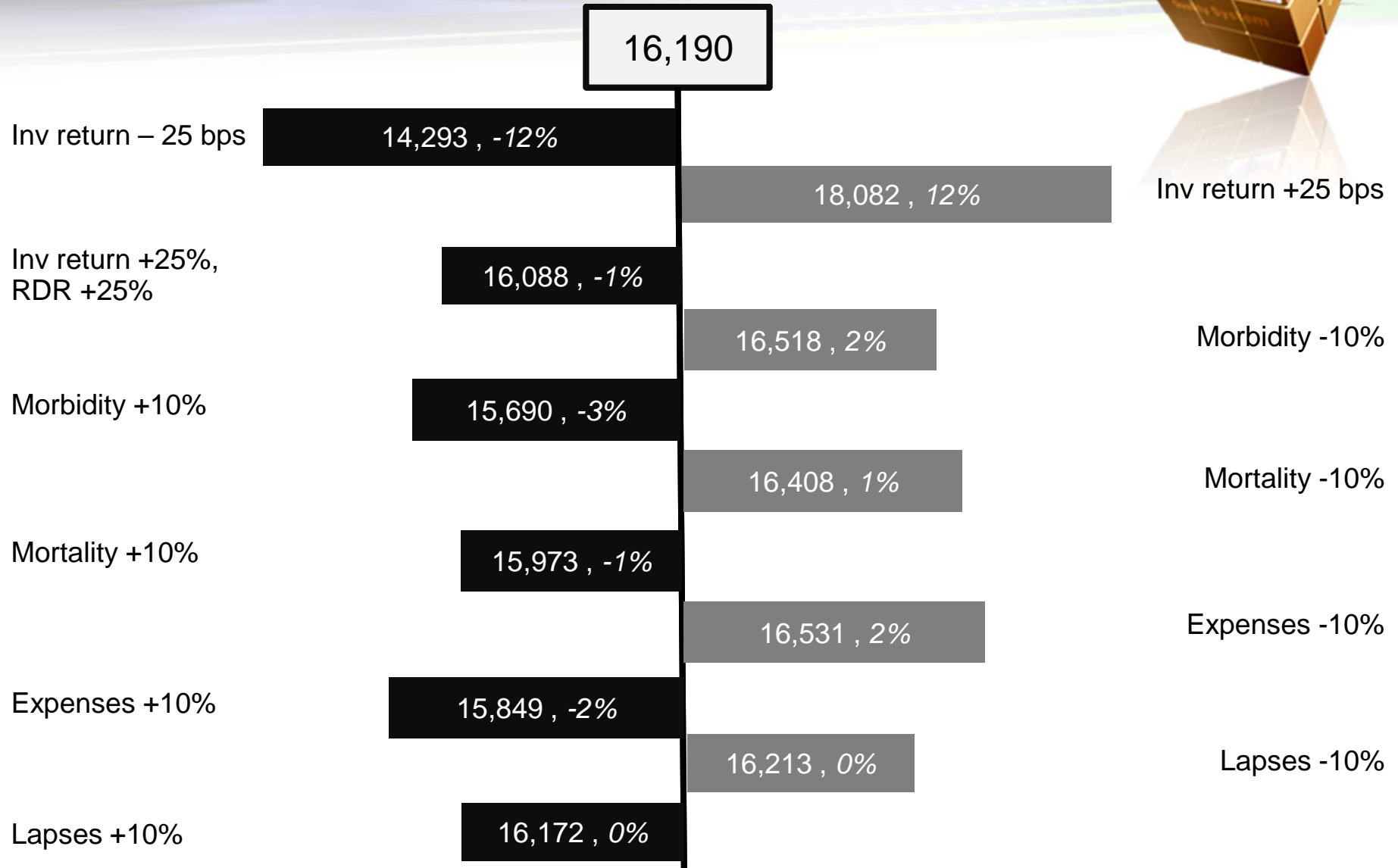
75%
confidence
interval

Gross
premium
valuation,
best estimate
assumptions



2011 EV has Increased by 16% (unit : MB)	
Present Value of	2011
Adjusted Net Worth	9,216
Present Value of future profits after tax	12,770
Release Cost of Capital	3,420
VIF after cost of capital	16,190
Embedded value of life insurance business	25,406
Value of one year's new business (VNB)	
VNB after cost of capital	1,605

Bangkok Life's VIF is highly sensitive to changes in economic assumptions



NOTES: Amounts in THB m.



Under the new capital regime 2010 EV would decrease by 16% (unit : MB)

Present Value of	2010 ^	2010*	% change
Adjusted Net Worth	11,574	6,872	-20%
Present Value of future profits after tax	9,563	9,563	0%
Release Cost of Capital	697	1,998	187%
VIF after cost of capital	10,260	11,561	13%
Embedded value of life insurance business	21,834	18,433	-16%
Value of one year's new business (VNB)			
VNB after cost of capital	2,122	1,484	-30%

Note : 2010 * figures re-stated under the new more onerous capital regime .

2010^ ANW and VIF are re-stated to deduct capital from ANW and add back to VIF to have a consistent comparison basis to the methodology in 2011.



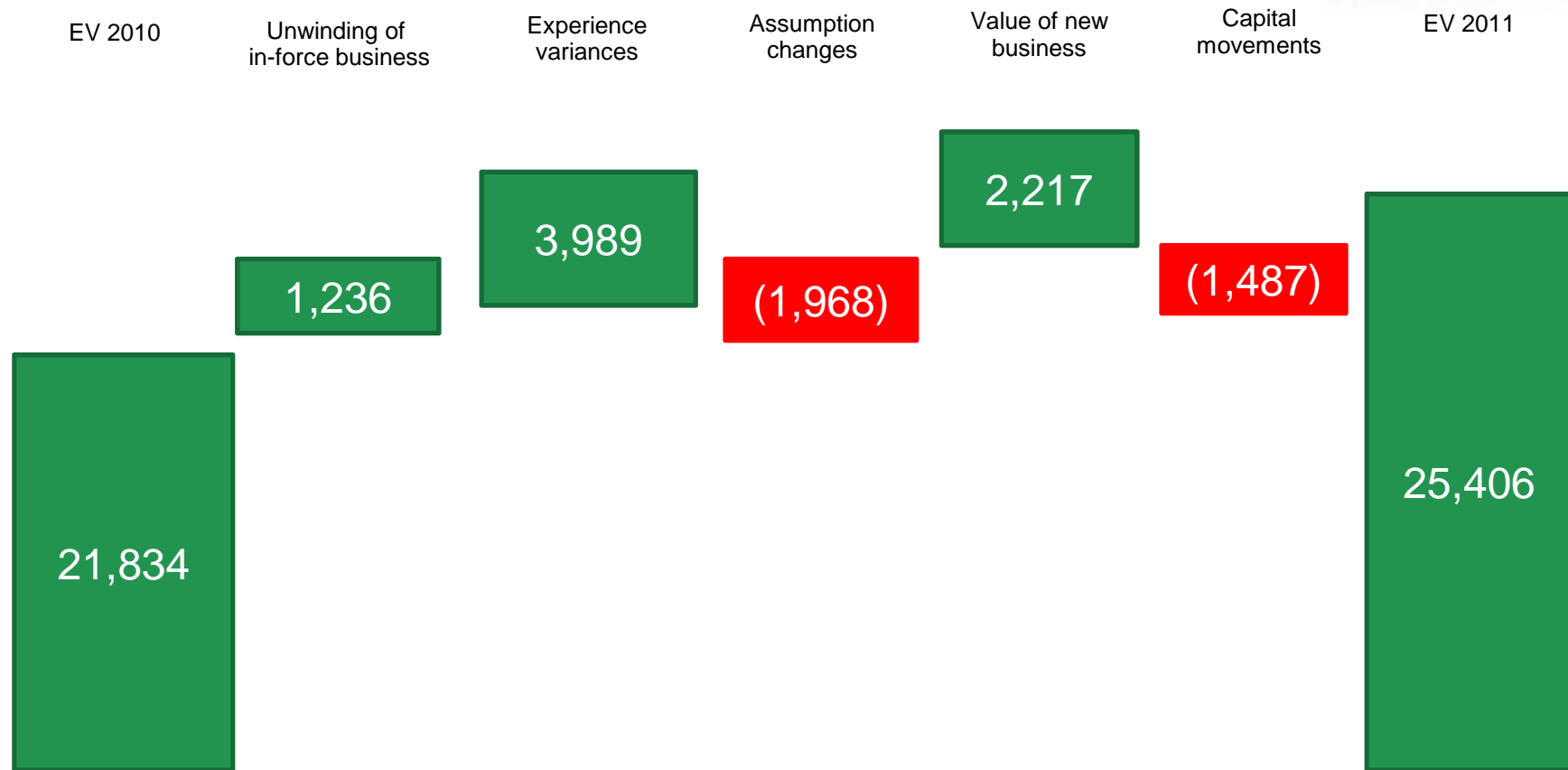
Compared to a re-stated 2010 EV (unit : MB) 2011 EV has increased by 38%

Present Value of	2011	2010*	% change
Adjusted Net Worth	9,216	6,872	34%
Present Value of future profits after tax	12,770	9,563	34%
Release Cost of Capital	3,420	1,998	71%
VIF after cost of capital	16,190	11,561	40%
Embedded value of life insurance business	25,406	18,433	38%
Value of one year's new business (VNB)			
VNB after cost of capital	1,605	1,484	8%

Note : 2010 * figures re-stated under the new more onerous capital regime



Changes to the capital regime have had a significant impact to EV in 2011



EV movement



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Summary of Embedded Value and Value of New Business Results (in millions of Baht)

Embedded Value as of 31 December 2011	Risk Discount Rate		
	9%	10%	11%
Adjusted Net Worth("ANW")	9,216	9,216	9,216
Value of In-force ("VIF")	17,247	16,190	15,232
Present Value of Future Profit ("PVFP")	15,759	15,272	14,812
Less Corporate Tax ("Tax")	-2,576	-2,502	-2,431
Plus Release of Capital ("CoC")	4,065	3,420	2,851
Embedded Value	26,463	25,406	24,448
EV per share	22.1	21.2	20.4
Value of one year 's new business	1,787	1,605	1,442

Embedded value (EV)



Key assumptions	
1.	Risk discount rate The discount rates are 9%, 10% and 11% have been assumed in each future year as the discount rate for the in-force life insurance business.
2.	Investment returns Future investment returns have been assumed to be 5% for investment fund.
3.	Taxation Income tax rate of 23% for year 2012, 20% for year 2013 -2014 and 30% for year 2015 onwards are assume.
4.	Mortality The experience mortality rates have been based on the Company's experience.
5.	Morbidity Morbidity assumptions have been based on the Company's own pricing table.
6.	Lapse Rate Policy discontinuance rates have been based on the Company's recent experience studies.
7.	Expenses Expenses assumptions have been based on the Company's most recent expenses investigation.



กรุงเทพมหานคร



Thank You !