

Prudential Life Assurance (Thailand) Public Company Limited

Condensed interim financial statements
for the three-month and nine-month periods ended
30 September 2021
and
Independent auditor's review report



KPMG Phoomchai Audit Ltd.
50th Floor, Empire Tower
1 South Sathorn Road, Yannawa
Sathorn, Bangkok 10120, Thailand
Tel +66 2677 2000
Fax +66 2677 2222
Website home.kpmg/th

บริษัท เคพีเอ็มซี ภูเก็ต สอบบัญชี จำกัด
ชั้น 50 เอ็มไพร์ ทาวเวอร์
1 ถนนสาทรใต้ แขวงยานนาวา
เขตสาทร กรุงเทพฯ 10120
โทร +66 2677 2000
แฟกซ์ +66 2677 2222
เว็บไซต์ home.kpmg/th

Independent auditor's report on review of interim financial information

To the Board of Directors of Prudential Life Assurance (Thailand) Public Company Limited

I have reviewed the accompanying statement of financial position of Prudential Life Assurance (Thailand) Public Company Limited as at 30 September 2021; the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2021, the statements of changes in equity and cash flows for the nine-month period ended 30 September 2021; and the condensed notes ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with the Thai Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

(Orawan, Chotiwiriyakul)
Certified Public Accountant
Registration No.10566

KPMG Phoomchai Audit Ltd.
Bangkok
10 November 2021

Prudential Life Assurance (Thailand) Public Company Limited**Statement of financial position**

Assets	<i>Note</i>	30 September 2021 (Unaudited)	31 December 2020
		<i>(in thousand Baht)</i>	
Cash and cash equivalents	3	5,075,575	2,445,865
Investment receivables		42,809	61,681
Premiums due and uncollected	4	809,189	758,410
Accrued investment income		885,287	550,324
Reinsurance receivables		96,989	121,133
Derivative assets	5, 15	142,238	265,648
Investments assets			
Investments in securities	6, 15, 17	112,264,923	116,102,141
Loans and accrued interest	7	3,180,430	3,033,516
Investment assets where policyholders bear the investment risk	15	11,842,176	10,125,506
Non-current assets held for sale		10,030	10,030
Premises and equipment		236,620	81,520
Right of use asset		267,362	16,194
Intangible assets	8	19,095,594	19,120,812
Deferred tax assets	9	3,400	-
Other assets	16	501,943	478,940
Total assets		154,454,565	153,171,720

The accompanying notes are an integral part of these interim financial statements.

Prudential Life Assurance (Thailand) Public Company Limited**Statement of financial position**

		30 September	31 December
Liabilities and shareholders' equity	<i>Note</i>	2021	2020
		(Unaudited)	
		<i>(in thousand Baht)</i>	
Liabilities			
Insurance contract liabilities	10	113,335,636	106,798,184
Investment contract liabilities	11	11,912,843	10,206,894
Investment payable		182,568	-
Due to reinsurers		292,813	299,095
Derivative liabilities	5, 15	519,129	-
Accrued commission		246,568	335,981
Accrued expenses	16	1,203,033	1,174,631
Employee benefit obligations		246,502	253,725
Lease liabilities		252,441	16,352
Deferred tax liabilities	9	-	1,695,060
Income tax payable		234,283	207,379
Other liabilities	16	647,955	1,300,688
Total liabilities		129,073,771	122,287,989
Shareholders' equity			
Share capital			
Authorised share capital			
<i>(2,211,152,652 ordinary shares, par value at Baht 9.14 per share)</i>		20,209,935	20,209,935
Issued and paid share capital			
<i>(2,211,152,652 ordinary shares, par value at Baht 9.14 per share)</i>		20,209,935	20,209,935
Retained earnings			
Appropriated			
Legal reserve		463,275	463,275
Unappropriated		2,972,528	2,409,523
Other components of shareholders' equity		1,735,056	7,800,998
Total shareholders' equity		25,380,794	30,883,731
Total liabilities and shareholders' equity		154,454,565	153,171,720

The accompanying notes are an integral part of these interim financial statements.

Prudential Life Assurance (Thailand) Public Company Limited
Statement of comprehensive income (Unaudited)

	Note	Three-month period ended	
		30 September	
		2021	2020
		<i>(in thousand Baht)</i>	
Revenues			
Gross premium written		5,601,771	5,052,050
Less premium ceded		(122,069)	(76,737)
Net premiums written		5,479,702	4,975,313
Add unearned premium reserve decreased from previous period		1,084	5,516
Net premium earned		5,480,786	4,980,829
Commission and brokerage income	16	57,621	30,868
Net investments income	16	930,192	841,695
Gain on investments		659,730	59,291
Loss on fair value changes		(203,631)	(11,115)
Other income		18,570	14,179
Total revenues		6,943,268	5,915,747
Expenses			
Long-term technical reserve increase from prior period		1,534,084	1,252,086
Benefits payments and insurance claims expenses		3,251,803	2,926,346
Less benefits payments and insurance claims expenses recovered from reinsurers		(53,598)	(18,540)
Net benefits payments and insurance claims expenses		3,198,205	2,907,806
Commissions and brokerage expenses		480,911	441,895
Other underwriting expenses	16	556,495	437,768
Operating expenses	16	820,586	613,901
Expected credit losses and impairment losses on investments (reversal)	13	18,714	(29,400)
Other loss		23,139	10,851
Total expenses		6,632,134	5,634,907
Profit before income tax		311,134	280,840
Income tax		43,490	74,810
Profit for the period		267,644	206,030
Other comprehensive income (loss)			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Loss on remeasurement of investments - fair value through other comprehensive income		(1,495,933)	(1,452,258)
Gain on remeasurement of derivatives for cash flow hedges	5	4,111	-
Income tax relating to items that will be reclassified subsequently to profit or loss		298,365	290,452
Other comprehensive income (loss) for the period, net of income tax		(1,193,457)	(1,161,806)
Total comprehensive income (loss) for the period		(925,813)	(955,776)
Basic earnings per share (in Baht)	14	0.12	0.09

The accompanying notes are an integral part of these interim financial statements.

Prudential Life Assurance (Thailand) Public Company Limited
Statement of comprehensive income (Unaudited)

		Nine-month period ended 30 September	
	Note	2021	2020
		<i>(in thousand Baht)</i>	
Revenues			
Gross premium written		16,570,925	15,735,584
Less premium ceded		<u>(242,083)</u>	<u>(142,405)</u>
Net premiums written		16,328,842	15,593,179
Add (less) unearned premium reserve decreased (increased) from previous period		<u>(87,792)</u>	<u>10,139</u>
Net premium earned		16,241,050	15,603,318
Commission and brokerage income	16	103,471	48,236
Net investments income	16	2,570,093	2,719,159
Gain on investments		1,128,742	220,112
Gain (loss) on fair value changes		(211,829)	54,602
Other income		46,229	34,559
Total revenues		<u>19,877,756</u>	<u>18,679,986</u>
Expenses			
Long-term technical reserve increase from prior period		6,218,442	5,408,539
Benefits payments and insurance claims expenses		7,561,251	7,474,734
Less benefits payments and insurance claims expenses recovered from reinsurers		<u>(92,416)</u>	<u>(65,159)</u>
Net benefits payments and insurance claims expenses		7,468,835	7,409,575
Commissions and brokerage expenses		1,586,172	1,546,818
Other underwriting expenses	16	1,613,371	1,635,244
Operating expenses	16	2,254,870	1,740,874
Expected credit losses and impairment losses on investments	13	6,841	933,011
Other loss		54,971	20,792
Total expenses		<u>19,203,502</u>	<u>18,694,853</u>
Profit (loss) before income tax		<u>674,254</u>	<u>(14,867)</u>
Income tax	12	111,249	15,204
Profit (loss) for the period		<u>563,005</u>	<u>(30,071)</u>
Other comprehensive income (loss)			
<i>Components of other comprehensive income that will be reclassified subsequently to profit or loss</i>			
Loss on remeasurement of investments - fair value through other comprehensive income		(7,653,391)	(5,030,265)
Gain on remeasurement of derivatives for cash flow hedges	5	70,963	-
Income tax relating to items that will be reclassified subsequently to profit or loss		<u>1,516,486</u>	<u>1,006,053</u>
Other comprehensive income (loss) for the period, net of income tax		<u>(6,065,942)</u>	<u>(4,024,212)</u>
Total comprehensive income (loss) for the period		<u>(5,502,937)</u>	<u>(4,054,283)</u>
Basic earnings (loss) per share (in Baht)	14	<u>0.25</u>	<u>(0.01)</u>

The accompanying notes are an integral part of these interim financial statements.

Prudential Life Assurance (Thailand) Public Company Limited

Statement of changes in equity (Unaudited)

	Issued and paid share capital	Retained earnings		Other components of shareholders' equity	Total shareholders' equity
		Legal reserve	Unappropriated	Gain (loss) on remeasurement of investments - fair value through other comprehensive income <i>(in thousand Baht)</i>	
Nine-month period ended 30 September 2020					
Balance at 31 December 2019 - as reported	20,209,935	454,974	3,156,585	9,027,828	32,849,322
Impact of change in accounting policies	-	-	(921,067)	922,363	1,296
Balance at 1 January 2020 - as restated	20,209,935	454,974	2,235,518	9,950,191	32,850,618
Comprehensive income (loss) for the period					
Loss for the period	-	-	(30,071)	-	(30,071)
Other comprehensive income (loss)					
Loss on remeasurement of investments - fair value through other comprehensive income, net of income tax	-	-	-	(4,024,212)	(4,024,212)
Total comprehensive income (loss) for the period	-	-	(30,071)	(4,024,212)	(4,054,283)
Balance at 30 September 2020	20,209,935	454,974	2,205,447	5,925,979	28,796,335

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Prudential Life Assurance (Thailand) Public Company Limited

Statement of changes in equity (Unaudited)

	Issued and paid share capital	Retained earnings		Other components of shareholders' equity		Total shareholders' equity
		Legal reserve	Unappropriated	Gain (loss) on remeasurement of investments - fair value through other comprehensive income <i>(in thousand Baht)</i>	Gain on remeasurement of derivatives for cash flow hedges	
Nine-month period ended 30 September 2021						
Balance at 1 January 2021	20,209,935	463,275	2,409,523	7,800,998	-	30,883,731
Comprehensive income (loss) for the period						
Profit for the period	-	-	563,005	-	-	563,005
Other comprehensive income (loss)						
Loss on remeasurement of investments - fair value through other comprehensive income, net of income tax	-	-	-	(6,122,712)	-	(6,122,712)
Gain on remeasurement of derivatives for cash flow hedges, net of income tax	-	-	-	-	56,770	56,770
Total comprehensive income (loss) for the period	-	-	563,005	(6,122,712)	56,770	(5,502,937)
Balance at 30 September 2021	20,209,935	463,275	2,972,528	1,678,286	56,770	25,380,794

The accompanying notes are an integral part of these interim financial statements.

Prudential Life Assurance (Thailand) Public Company Limited
Statement of cash flows (Unaudited)

	Note	Nine-month period ended	
		30 September	
		2021	2020
		<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>			
Premiums received		16,284,021	15,037,751
Cash paid to reinsurers		(85,218)	(43,914)
Interest received		2,026,958	2,176,471
Dividend received		299,364	391,538
Other income		47,451	51,639
Benefit payments and insurance claims expenses		(7,330,033)	(7,336,923)
Commissions and brokerages		(1,675,585)	(1,698,082)
Other underwriting expenses		(1,523,269)	(1,553,756)
Operating expenses		(2,446,865)	(1,543,673)
Income tax paid		(266,319)	(56,534)
Investments in securities		(2,284,821)	2,210,022
Loans		89,021	190,882
Investment assets where policyholders bear the investment risk		(59,937)	(67,415)
Net cash generated from operating activities		<u>3,074,768</u>	<u>7,758,006</u>
<i>Cash flows from investing activities</i>			
<i>Cash flow provided by</i>			
Proceeds from sale of premises and equipment		<u>2,016</u>	<u>-</u>
Cash flow provided by investing activities		<u>2,016</u>	<u>-</u>
<i>Cash flow used in</i>			
Acquisition of premises and equipment		(192,394)	(27,401)
Acquisition of intangible assets		(204,010)	(8,199,625)
Cash flow used in investing activities		<u>(396,404)</u>	<u>(8,227,026)</u>
Net cash used in investing activities		<u>(394,388)</u>	<u>(8,227,026)</u>
<i>Cash flow from financing activities</i>			
<i>Cash flows used in</i>			
Payment of lease liabilities		<u>(49,886)</u>	<u>(16,946)</u>
Net cash used in financing activities		<u>(49,886)</u>	<u>(16,946)</u>
Net increase (decrease) in cash and cash equivalents		2,630,494	(485,966)
Cash and cash equivalent at 31 December 2020/2019		<u>2,446,298</u>	<u>1,916,846</u>
Total cash and cash equivalent at 30 September		5,076,792	1,430,880
Less: loss allowance of expected credit losses		<u>(1,217)</u>	<u>(454)</u>
Cash and cash equivalent at 30 September - Net	3	<u>5,075,575</u>	<u>1,430,426</u>

The accompanying notes are an integral part of these interim financial statements.

Prudential Life Assurance (Thailand) Public Company Limited
Notes to the condensed interim financial statements
For the three-month and nine-month periods ended 30 September 2021 (Unaudited)

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Prudential Life Assurance (Thailand) Public Company Limited
Notes to the condensed interim financial statements
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These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language interim financial statements have been prepared from the Thai language interim financial statements. In the event of a conflict or a difference in interpretation between the two languages, the Thai language interim financial statements shall prevail.

These interim financial statements were approved and authorised for issue by the Board of Directors on 10 November 2021.

1 General information

Prudential Life Assurance (Thailand) Public Company Limited, (the “Company”), is incorporated in Thailand and has its registered office at Mitrtown Office Tower, 10th and 29th - 31st Floors, 944 Rama 4 Road, Wangmai, Pathumwan, Bangkok. The Company has 1 branch (*31 December 2020: 1 branch*).

The immediate and ultimate parent companies during the period were Staple Limited (51.21% shareholding) which was incorporated in Thailand, and Prudential plc which was incorporated in the United Kingdom, respectively.

The principal activity of the Company is to operate life assurance.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The condensed interim financial statements are presented in the same format as the annual financial statements and prepared its notes to the interim financial statements on a condensed basis (“interim financial statements”) in accordance with Thai Accounting Standard (TAS) No.34 *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (TFAC). In addition, the interim financial statements are prepared in accordance with the Notification of the Office of Insurance Commission regarding “Rules, Procedures, Conditions and Timing for the Preparation and Submission of the Financial Statements and Reporting of the Operations of Life Insurance Companies” B.E. 2562 (No. 2), dated 4 April 2019, which are effective for annual periods beginning on or after 1 January 2020.

The interim financial statements are prepared to provide an update on the annual financial statements. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company for the year ended 31 December 2020.

The Company has initially applied revised TFRS that are effective for annual periods beginning on or after 1 January 2021 and has not early adopted TFRS which are not yet effective. The application has no material impact on the financial statements.

(b) Use of judgements, estimates and accounting policies

In preparing these interim financial statements, judgements and estimates are made by management in applying the Company’s accounting policies. Actual results may differ from these estimates. The accounting policies, methods of computation and the key sources of estimation uncertainty were the same as those that described in the financial statements for the year ended 31 December 2020.

Prudential Life Assurance (Thailand) Public Company Limited
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3 Cash and cash equivalents

	30 September 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Cash on hand	203	56
Deposits at banks - call deposits	5,076,589	2,046,242
Deposits at banks - time deposits	-	400,000
Less allowance for expected credit losses	(1,217)	(433)
Total	<u>5,075,575</u>	<u>2,445,865</u>

4 Premiums due and uncollected

As at 30 September 2021 and 31 December 2020, the balances of premiums due and uncollected are classified by aging as follows:

	30 September 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Within due	721,177	757,418
Overdue		
less than 30 days	69,907	276
31 - 60 days	14,916	584
61 - 90 days	3,318	133
91 days - 1 year	255	155
over 1 year	2	40
Total	809,575	758,606
Less allowance for doubtful accounts	(386)	(196)
Net	<u>809,189</u>	<u>758,410</u>

The Company has established procedures for following up on the collection of premiums due and uncollected from agents and brokers to ensure it is made within the credit terms. Legal action is taken against agents and brokers on a case-by-case basis when premiums due and uncollected are overdue.

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5 Derivatives

As at 30 September 2021 and 31 December 2020, the derivative asset and liabilities were as follows:

Derivatives for which hedge accounting has not been elected

Type of contract	Objectives	No. of contracts	Notional value	30 September 2021		Three-month period ended 30 September 2021	Nine-month period ended 30 September 2021
				Assets	Liabilities		
Gain (loss) on remeasurement of derivatives at fair value (in thousand Baht)							
Foreign exchange forward	To protect against foreign exchange risk arising from investment activities	13	23,319,456	-	(463,384)	208,363	(672,407)
Cross currency swap	To protect against foreign exchange and interest rate risks arising from investment activities	1	349,272	13,727	-	(17,816)	(39,374)
Bond forward	To protect against interest rate risk arising from investment activities	1	191,052	1,803	-	(3,214)	(546)
Total		15	23,859,780	15,530	(463,384)	187,333	(712,327)

Derivatives for which hedge accounting has been elected

Type of contract	Objectives	No. of contracts	Notional value	Fair value		Gain on remeasurement of derivatives at fair value
				Assets	Liabilities	
(in thousand Baht)						
Bond forward	To hedge the price risk of the underlying bond	5	6,369,811	126,708	(55,745)	4,111
Total		5	6,369,811	126,708	(55,745)	4,111

Prudential Life Assurance (Thailand) Public Company Limited
Notes to the condensed interim financial statements
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Derivatives for which hedge accounting has not been elected

Type of contract	Objectives	No. of contracts	Notional value	31 December 2020		Gain (loss) on remeasurement of derivatives at fair value
				Fair value Assets <i>(in thousand Baht)</i>	Liabilities	
Foreign exchange forward	To protect against foreign exchange risk arising from investment activities	10	14,514,442	209,023	-	12,787
Cross currency swap	To protect against foreign exchange and interest rate risks arising from investment activities	1	349,272	53,101	-	(2,383)
Bond forward	To protect against interest rate risk arising from investment activities	1	191,052	2,349	-	4,907
Future	To protect against equity market risk arising from investment activities	1	99,512	1,175	-	1,175
Total		13	15,154,278	265,648	-	16,486

As at 30 September 2021, the Company has hedged the foreign exchange and interest rate risks arising from investment activities by entering into foreign exchange forward and cross currency swap contracts with the banks. The notional amount of these hedges is USD 712.7 million (31 December 2020: USD 486.5 million).

Prudential Life Assurance (Thailand) Public Company Limited
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6 Investments in securities

6.1 Investment in securities by measurement of accounting guidelines are as follows:

	30 September 2021		31 December 2020	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<i>(in thousand Baht)</i>				
<i>Investments measured at fair value through profit or loss</i>				
Unit trusts	3,716	4,304	3,541	3,855
Total	3,716	4,304	3,541	3,855
Add unrealised gains	588	-	314	-
Total investments measured at fair value through profit or loss	4,304	4,304	3,855	3,855
<i>Investments measured at fair value through other comprehensive income</i>				
Government and state enterprises securities	57,022,793	58,978,621	57,586,079	66,413,515
Corporate securities	36,048,797	36,337,481	36,430,451	37,172,531
Foreign securities	150,000	157,041	180,011	187,980
Equity securities	3,678,018	3,006,881	5,319,789	4,275,923
Unit trusts	14,143,881	13,780,595	8,201,298	8,048,337
Total	111,043,489	112,260,619	107,717,628	116,098,286
Add unrealised gains	1,217,130	-	8,380,658	-
Total investments measured at fair value through other comprehensive income	112,260,619	112,260,619	116,098,286	116,098,286
Allowance for expected credit losses - Debt		482,260		953,890
Allowance for impairment losses - Equity securities and unit trusts classified as equity		398,467		416,700

6.2 Fair value through other comprehensive income

	30 September 2021		31 December 2020	
	Fair value	Allowance for expected credit losses / Impairment losses	Fair value	Allowance for expected credit losses / Impairment losses
<i>(in thousand Baht)</i>				
Debt securities - no significant increase in credit risk / performing (stage 1)	107,282,644	24,008	109,792,879	17,862
Debt securities - default / non-performing (stage 3)	839,575	458,252	839,575	936,028
Equity securities and unit trusts classified as equity	4,138,400	398,467	5,465,832	416,700
Total	112,260,619	880,727	116,098,286	1,370,590

Prudential Life Assurance (Thailand) Public Company Limited
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In 2021, the Company has recalculated the modified contractual cash flows of debt securities - default / non-performing (stage 3) according to the approved rehabilitation plan date 15 June 2021, which resulted in a modification loss of Baht 496 million and recalculated the allowance for expected credit losses to reflect the expected recovery amount. Understanding the uncertainties regarding success of rehabilitation plan and lack of available market information, fair value is considered to be consistent with prior year.

7 Loans and accrued interest

As at 30 September 2021 and 31 December 2020, the detail of loans and accrued interest were as follows:

	30 September 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Policy loans	2,842,779	2,705,492
Accrued interest receivable	337,651	328,024
Loans and accrued interest, net	<u>3,180,430</u>	<u>3,033,516</u>

Policy loans represent loans granted to the policyholders at an amount not exceeding the cash value of the policy, an interest not exceeding the premium written calculation and plus 2% per annum.

8 Intangible assets

	Software licenses	Software under development	Bancassurance agreement	Total
	<i>(in thousand Baht)</i>			
Net book value at 1 January 2021	228,945	161,422	18,730,445	19,120,812
Additions during the period - cost	-	247,385	-	247,385
Net transfers in/(out)	163,162	(163,162)	-	-
Net disposal and write off	(148)	-	-	(148)
Amortisation charge for the period	(72,685)	-	(199,770)	(272,455)
Net book value at 30 September 2021	<u>319,274</u>	<u>245,645</u>	<u>18,530,675</u>	<u>19,095,594</u>

Prudential Life Assurance (Thailand) Public Company Limited
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9 Deferred tax

Deferred tax assets and liabilities as at 30 September 2021 and 31 December 2020 were as follows:

	30 September 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Deferred tax assets	444,787	351,790
Deferred tax liabilities	(441,387)	(2,046,850)
Net deferred tax assets (liabilities)	<u>3,400</u>	<u>(1,695,060)</u>

Movements in total deferred tax assets and liabilities for the nine-month period ended 30 September 2021 and 2020 were as follows:

	At 1 January 2021	<u>(Charged) / Credited to:</u>		At 30 September 2021
		Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	
<i>Deferred tax assets</i>				
Premises and equipment	23,417	(3,521)	-	19,896
Intangible assets	5,533	(2,744)	-	2,789
Provision for dismantling	1,000	65	-	1,065
Employee benefit obligations	26,310	2,471	-	28,781
Unpaid policy benefits	10,377	(480)	-	9,897
Premium reserve	10,823	23,264	-	34,087
Expected credit losses and impairment losses on investments	274,205	(97,262)	-	176,943
Modification loss	-	95,588	-	95,588
Unrealised (gain) loss on derivative instruments	-	89,571	(14,193)	75,378
Others	125	238	-	363
Total	<u>351,790</u>	<u>107,190</u>	<u>(14,193)</u>	<u>444,787</u>
<i>Deferred tax liabilities</i>				
(Gain) loss on remeasurement of investments - fair value through other comprehensive income	(1,950,248)	-	1,530,679	(419,569)
Unrealised (gain) loss on exchange rate adjustment from foreign currency investment	(22,763)	21,709	-	(1,054)
Gain on remeasurement of investments - fair value through profit or loss	(63)	(55)	-	(118)
Actuarial gain on defined benefit plan	(20,646)	-	-	(20,646)
Unrealised (gain) loss on derivative instruments	(53,130)	53,130	-	-
Total	<u>(2,046,850)</u>	<u>74,784</u>	<u>1,530,679</u>	<u>(441,387)</u>
Net	<u>(1,695,060)</u>	<u>181,974</u>	<u>1,516,486</u>	<u>3,400</u>

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	At 1 January 2020	Impact of changes in accounting policies	(Charged) / Credited to:		At 30 September 2020
			Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	
<i>Deferred tax assets</i>					
Premises and equipment	17,971	-	4,529	-	22,500
Intangible assets	9,205	-	(2,933)	-	6,272
Employee benefit obligations	27,328	-	181	-	27,509
Unpaid policy benefits	10,905	-	(75)	-	10,830
Premium reserve	5,087	-	14,337	-	19,424
Expected credit losses and impairment losses on investments	-	5,757	186,602	-	192,359
Unrealised loss on derivative instruments	-	-	66,006	-	66,006
Others	-	-	102	-	102
Total	70,496	5,757	268,749	-	345,002
<i>Deferred tax liabilities</i>					
(Gain) loss on remeasurement of investment - fair value through other comprehensive income	(2,256,956)	(230,590)	-	1,006,053	(1,481,493)
Unrealised (gain) loss on exchange rate adjustment from foreign currency investment	(201,961)	224,625	(40,576)	-	(17,912)
(Gain) loss on remeasurement of investment - fair value through profit or loss	(52)	-	48	-	(4)
Actuarial gain on defined benefit plan	(16,576)	-	-	-	(16,576)
Unrealised (gain) loss on derivative instruments	(49,832)	-	49,832	-	-
Total	(2,525,377)	(5,965)	9,304	1,006,053	(1,515,985)
Net	(2,454,881)	(208)	278,053	1,006,053	(1,170,983)

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10 Insurance contract liabilities

	30 September 2021			31 December 2020		
	Liabilities under insurance contracts	Reinsurers' share liabilities	Net	Liabilities under insurance contracts	Reinsurers' share liabilities	Net
			<i>(in thousand Baht)</i>			
Long-term technical reserves	111,651,684	-	111,651,684	105,433,242	-	105,433,242
Short-term technical reserves						
Loss reserves and outstanding claims						
- Case reserves	33,612	-	33,612	45,009	-	45,009
- Incurred but not reported	41,391	-	41,391	41,382	-	41,382
Total loss reserves and outstanding claims	75,003	-	75,003	86,391	-	86,391
Unearned premium reserves	351,198	-	351,198	263,406	-	263,406
Total short-term technical reserves	426,201	-	426,201	349,797	-	349,797
Unpaid policy benefits	387,394	-	387,394	327,987	-	327,987
Due to insured	870,357	-	870,357	687,158	-	687,158
Total	113,335,636	-	113,335,636	106,798,184	-	106,798,184

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10.1 Long-term technical reserves

	30 September 2021	31 December 2020
	<i>(in thousand Baht)</i>	
At 1 January	105,433,242	97,678,686
Reserves increase from new and inforce policies in the period / year	12,999,682	17,133,493
Reserves released for benefits payment, lapse and cancel policies in the period / year	<u>(6,781,240)</u>	<u>(9,378,937)</u>
At 30 September 2021 / 31 December 2020	<u>111,651,684</u>	<u>105,433,242</u>

10.2 Short-term technical reserves

10.2.1 Loss reserves and outstanding claims

	30 September 2021	31 December 2020
	<i>(in thousand Baht)</i>	
At 1 January	86,391	96,324
Insurance claim expense incurred during the period / year	251,342	379,317
Insurance claim expense paid during the period / year	<u>(262,730)</u>	<u>(389,250)</u>
At 30 September 2021 / 31 December 2020	<u>75,003</u>	<u>86,391</u>

10.2.2 Unearned premium reserves

	30 September 2021	31 December 2020
	<i>(in thousand Baht)</i>	
At 1 January	263,406	281,963
Premium written during the period / year	607,103	645,567
Earned premium in the period / year	<u>(519,311)</u>	<u>(664,124)</u>
At 30 September 2021 / 31 December 2020	<u>351,198</u>	<u>263,406</u>

10.3 Unpaid policy benefits

	30 September 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Death	61,401	63,514
Unpresented cheques for benefits and claims payment	314,348	253,968
Others	11,645	10,505
Total	<u>387,394</u>	<u>327,987</u>

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10.4 Due to insured

	30 September 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Policyholder deposits	860,255	681,927
Advance premium	3	3
Others	10,099	5,228
Total	<u>870,357</u>	<u>687,158</u>

11 Investment contract liabilities

The movement of investment contract liabilities are as follows:

	30 September 2021	31 December 2020
	<i>(in thousand Baht)</i>	
At 1 January	10,206,894	8,759,234
Deposit during the period / year	2,495,856	2,178,415
Withdrawal during the period / year	(1,253,610)	(1,221,612)
Valuation adjustment during the period / year	463,703	490,857
At 30 September 2021 / 31 December 2020	<u>11,912,843</u>	<u>10,206,894</u>

12 Income tax

Income tax is recognized based on management's best estimated of the weighted average annual income tax expected for the full financial year applied to the pre-tax of interim period. The Company's effective income tax rate in respect of continuing operations for the three-month and nine-month periods ended 30 September 2021 was 14% and 16%, respectively (*30 September 2020: 27% and (102)%, respectively*). This change in effective tax rate was caused mainly by the following factors:

- Non-deductible expenses
- Tax exemption income
- Additional tax-deductible expenses
- Prior year adjustment

13 Expected credit losses and impairment losses on investments

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Cash and cash equivalent	586	(847)	784	(2,461)
Investment in debt securities	18,248	(28,553)	24,290	935,472
Investment in equity securities and unit trusts classified as equity	(120)	-	(18,233)	-
Total	<u>18,714</u>	<u>(29,400)</u>	<u>6,841</u>	<u>933,011</u>

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14 Basic earnings (loss) per share

The calculations of basic earnings (loss) per share for the three-month and nine-month periods ended 30 September 2021 and 2020 were based on the profit (loss) for the periods attributable to ordinary shareholders of the Company and the ordinary shares outstanding during the periods as follows:

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2021	2020	2021	2020
	<i>(in thousand Baht / thousand shares)</i>			
Profit (loss) for the period attributable to ordinary shareholders of the Company (basic)	<u>267,644</u>	<u>206,030</u>	<u>563,005</u>	<u>(30,071)</u>
Number of ordinary shares outstanding	<u>2,211,153</u>	<u>2,211,153</u>	<u>2,211,153</u>	<u>2,211,153</u>
Basic earnings (loss) per share (in Baht)	<u>0.12</u>	<u>0.09</u>	<u>0.25</u>	<u>(0.01)</u>

15 Fair value of financial assets and liabilities

Carrying amounts and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amounts and Fair value			Total
	Level 1	Level 2	Level 3	
	<i>(in thousand Baht)</i>			
At 30 September 2021				
Financial assets				
Investment in securities				
Investments measured at fair value through profit or loss	4,304	-	-	4,304
Investments measured at fair value through other comprehensive income	<u>16,780,040</u>	<u>94,633,568</u>	<u>847,011</u>	<u>112,260,619</u>
Total investment in securities	<u>16,784,344</u>	<u>94,633,568</u>	<u>847,011</u>	<u>112,264,923</u>
Derivative assets	<u>-</u>	<u>142,238</u>	<u>-</u>	<u>142,238</u>
Investment assets where policyholders bear the investment risk	<u>11,842,176</u>	<u>-</u>	<u>-</u>	<u>11,842,176</u>
Financial liabilities				
Derivative liabilities	<u>-</u>	<u>519,129</u>	<u>-</u>	<u>519,129</u>

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	Carrying amounts and Fair value			Total
	Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>				
At 31 December 2020				
Financial assets				
Investment in securities				
Investments measured at fair value through profit or loss	3,855	-	-	3,855
Investments measured at fair value through other comprehensive income	12,316,746	102,934,451	847,089	116,098,286
Total investment in securities	12,320,601	102,934,451	847,089	116,102,141
Derivative assets	-	265,648	-	265,648
Investment assets where policyholders bear the investment risk	10,125,506	-	-	10,125,506

Fair value hierarchy

The table above analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable input.

The Company determines Level 2 fair values for debt securities using the clean price on last day of the period provided by the Thai Bond Market Association and foreign issued debt securities using quotes from brokers and dealers.

The Company determines level 2 fair values for unit trusts using the net asset value (NAV) on the last business day of the period provided by assets management companies.

The Company determines level 2 fair values for promissory notes using discounted cash flow technique, which uses contractual cash flows and a market-related discount rate.

Level 2 fair values for over-the-counter derivative financial instruments are based on counterparty quotes.

The Company determines level 3 fair value based on multiple of price per book value approach for equity securities which are not marketable.

The Company determines level 3 fair value for debt securities based on recovery rate estimated from rehabilitation plan.

The Company recognises transfers between levels of the fair value hierarchy as of the end of reporting period. There were no transfers between levels of the fair value hierarchy during the three-month and nine-month periods ended 30 September 2021 *(For the year ended 31 December 2020: debt security having fair value of Baht 839.6 million was transferred from level 2 to level 3).*

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16 Related parties

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with key management personnel and related parties were as follows:

Name of entities/Personnel	Country of Incorporation/ Nationality	Nature of relationships
Key management personnel	Thailand/ Foreigners	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the Company
Prudential plc	United Kingdom	Ultimate parent of Prudential group
Staple Limited	Thailand	Parent company, holds 51.21% of the Company's shares
Prudential Corporation Holdings Limited	United Kingdom	Major shareholder, holds 48.72% of the Company's shares
Prudential Holdings Limited	United Kingdom	Intermediate parent company
Prudential Corporation Asia Limited Affiliate of Prudential Group	Hong Kong Thailand/ Foreign	Intermediate parent company Related party of Prudential Group

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Investment management fee expenses	Contractually agreed price
Investment related expenses and operating expenses	Contractually agreed price
Other underwriting expenses	Contractually agreed price

Significant transactions for the three-month and nine-month periods ended 30 September 2021 and 2020 with key management personnel and related parties were as follows:

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2021	2020	2021	2020
Revenue				
Affiliate of Prudential Group				
Trailing fee	8,589	4,647	22,938	12,225

(in thousand Baht)

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Expenses

Affiliate of Prudential Group

Investment management fee expenses	44,697	36,648	128,785	108,035
Investment related expenses and operating expenses	55,913	67,942	184,575	167,189
Other underwriting expenses	113,301	69,319	300,293	194,651

Directors and key management personnel compensation

Short-term employee benefits	57,363	70,209	141,080	206,739
Post-employment benefit	1,938	2,714	6,187	7,865
Other long-term benefits (reversal)	(520)	5,607	9,544	20,103
Total	58,781	78,530	156,811	234,707

Significant balances as at 30 September 2021 and 31 December 2020 with related parties were as follows:

	30 September 2021	31 December 2020
	<i>(in thousand Baht)</i>	
<i>Other assets</i>		
Affiliate of Prudential Group	<u>2,927</u>	<u>3,622</u>
<i>Accrued investment management fee</i>		
Affiliate of Prudential Group	<u>27,909</u>	<u>21,734</u>
<i>Other liabilities</i>		
Affiliate of Prudential Group	<u>362,358</u>	<u>625,285</u>

Significant agreements with related parties

Investment Management Agreement

The Company has entered into an Investment Management Agreement with an affiliate of the Prudential Group. The affiliate agreed to act as the Company's investment manager. The Company is committed to pay a management fee at the rate in agreements. These agreements can be terminated upon 3 months written notice.

Service agreements

The Company entered into Service Agreements with Prudential Corporation Holdings Limited ("PCHL"), a major shareholder, which is Prudential Regional Head Office in Asia, for the provision of services and support for both IT and non-IT services to the Company, for a period of five years. In consideration of the provision of services provided by PCHL, the Company shall pay to PCHL a service fee as set out in the agreements. The agreements can be terminated upon one month written notice and can be extended upon not less than one month written notice prior to the expiry of the term of these agreements by either party.

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Cost reimbursement agreements

The Company entered into Cost Reimbursement Agreement with Prudential Corporation Holdings Limited ("PCHL"). PCHL agreed to pay on behalf of the Company in respect of Master Distribution Agreement with a bank for a period of fifteen years. The Company shall reimburse all costs and expenses to PCHL as agreed. The agreement can be terminated upon one month written notice by either party.

The Company entered into Cost Reimbursement Agreement with Prudential Corporation Holdings Limited ("PCHL"). PCHL agreed to pay on behalf of the Company in respect of Bancassurance Agreement with another bank for a period of fifteen years. The Company shall reimburse all costs and expenses to PCHL as agreed. The agreement can be terminated upon one month written notice by either party.

17 Securities and assets pledged with the Registrar

- 17.1 The Company's investment in debt securities have been pledged with the Registrar in accordance with Section 20 of the Life Assurance Act B.E. 2535, as amended by the Life Assurance Act (No. 2) B.E. 2551:

	30 September 2021		31 December 2020	
	Book value	Face value	Book value	Face value
	<i>(in thousand Baht)</i>			
Government bonds	<u>40,578</u>	<u>30,000</u>	<u>45,135</u>	<u>30,000</u>

- 17.2 The Company's investment in debt securities have been pledged as life assurance policy reserve with the Registrar in accordance with Section 24 of the Life Assurance Act B.E. 2535, as amended by the Life Assurance Act (No. 2) B.E. 2551:

	30 September 2021		31 December 2020	
	Book value	Face value	Book value	Face value
	<i>(in thousand Baht)</i>			
Government and state enterprise bonds	28,301,161	25,910,500	26,496,509	20,195,500
Promissory notes	<u>1,273,819</u>	<u>1,000,000</u>	<u>1,434,501</u>	<u>1,000,000</u>
Total	<u>29,574,980</u>	<u>26,910,500</u>	<u>27,931,010</u>	<u>21,195,500</u>

18 Commitments with non-related parties

	30 September	31 December
	2021	2020
	<i>(in thousand Baht)</i>	
(a) Capital commitments		
<i>Contracted but not provided for:</i>		
Building improvements	-	2,539
Software licenses	<u>86,201</u>	<u>8,979</u>
Total	<u>86,201</u>	<u>11,518</u>
	30 September	31 December
	2021	2020
	<i>(in thousand Baht)</i>	
(b) Non-cancellable operating service agreement		
Within 1 year	36,385	37,466
1 - 5 years	<u>54,577</u>	<u>69,157</u>
Total	<u>90,962</u>	<u>106,623</u>