

Prudential Life Assurance (Thailand) Public Company Limited
Review report and interim financial information
For the three-month and nine-month periods ended
30 September 2023

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders 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 2023, the related statements of comprehensive income for the three-month and nine-month periods then ended, the related statements of changes in owners' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the interim financial statements (collectively called "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 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.

Emphasis of Matter

I draw attention to Note 1.4 to the interim financial statements, which describes the effect of changes in accounting policies relating to the deferred acquisition costs for insurance and investment contracts and the valuation of long-term insurance policy reserves for Zillmer/FPT adjustment under the Net Level Premium Valuation method on the comparative interim financial information. In the fourth quarter of 2022, the Company's has changed such accounting policies in its preparation and presentation of its financial statements for the year 2022. Hence, the comparative interim financial information for the three-month and nine-month periods ended 30 September 2022, which were reviewed by other auditor as mentioned in the "Other Matter" paragraph, have not yet reflected the effect of such changes in accounting policies. The Company therefore restated the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2022, the statements of changes in owner's equity and cash flows for the nine-month period ended 30 September 2022, presented as comparative information, to reflect the effect of adjustments from such changes in accounting policies. My conclusion is not modified in respect of this matter.

Other Matter

The statement of financial position as at 31 December 2022 of Prudential Life Assurance (Thailand) Public Company Limited, presented as comparative information, was audited by other auditor, who expressed an unqualified opinion in her report dated 16 March 2023.

The statements of comprehensive income for the three-month and nine-month period ended 30 September 2022, the statements of changes in owners' equity and cash flows for the nine-month period ended 30 September 2022, of Prudential Life Assurance (Thailand) Public Company Limited (before restatement), presented as comparative information, were also reviewed by the aforementioned auditor who concluded, in her report dated 10 November 2022, that nothing had come to her attention that caused her to believe that the interim financial information was not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.



Rachada Yongsawadvanich
Certified Public Accountant (Thailand) No. 4951

EY Office Limited
Bangkok: 9 November 2023

Prudential Life Assurance (Thailand) Public Company Limited

Statements of financial position

As at 30 September 2023 and 31 December 2022

(Unit: Thousand Baht)

	Note	30 September 2023 (Unaudited but reviewed)	31 December 2022 (Audited)
Assets			
Cash and cash equivalents	2	1,474,519	3,127,061
Premium receivables	3	1,067,658	636,295
Accrued investment income		986,014	611,571
Reinsurance receivables		285,967	142,715
Derivatives assets	4	411,844	706,445
Investment assets			
Investments in securities	5	113,093,260	111,662,308
Loans and interest receivables	6	4,304,389	3,963,864
Investment assets of the insured	7.1	12,954,102	12,633,097
Assets held for sale		8,967	8,967
Premises and equipment		185,972	207,831
Right-of-use assets		200,800	224,733
Intangible assets		18,642,460	18,928,524
Other assets			
Deferred acquisition costs	8	23,320,124	21,749,910
Collateral receivables under derivative agreement		2,057,950	455,500
Account receivables on sales of securities		254,748	256,564
Restricted assets		240,285	390,000
Others		281,292	256,143
Total assets		179,770,351	175,961,528

The accompanying notes are an integral part of the financial statements.

Prudential Life Assurance (Thailand) Public Company Limited

Statements of financial position (Continued)

As at 30 September 2023 and 31 December 2022

(Unit: Thousand Baht)

	Note	30 September 2023 (Unaudited but reviewed)	31 December 2022 (Audited)
Liabilities and equity			
Liabilities			
Insurance contract liabilities	9	134,736,532	128,637,442
Investment contract liabilities	7.2	12,999,471	12,684,978
Reinsurance payables		568,450	354,036
Derivatives liabilities	4	1,585,106	564,971
Lease liabilities		202,637	223,941
Employee benefit obligations		388,524	520,259
Deferred tax liabilities	10.1	800,379	1,364,724
Other liabilities			
Accrued commission		294,804	389,281
Accrued expenses		1,644,588	1,764,258
Borrowing from repurchase agreement		296,000	-
Collateral payables under derivative agreements		240,285	390,000
Account payables on purchases of securities		-	299,691
Other payables		366,423	210,745
Others		289,052	349,206
Total liabilities		154,412,251	147,753,532
Owners' equity			
Share capital			
Registered, issued and paid-up			
2,211,152,652 ordinary shares of Baht 9.14 each		20,209,935	20,209,935
Retained earnings			
Appropriated - Statutory reserves		1,147,002	1,147,002
Unappropriated		15,237,748	15,393,758
Other components of owners' equity		(11,236,585)	(8,542,699)
Total owners' equity		25,358,100	28,207,996
Total liabilities and owners' equity		179,770,351	175,961,528

The accompanying notes are an integral part of the financial statements.

Directors

(Unaudited but reviewed)

Prudential Life Assurance (Thailand) Public Company Limited

Statements of comprehensive income

For the three-month periods ended 30 September 2023 and 2022

	(Unit: Thousand Baht)	
Note	2023	2022
		(Restated)
Profit or loss:		
Revenues		
Gross premium written	8,498,825	7,524,407
Less: Premium ceded to reinsurers	(104,913)	(63,358)
Net premium written	8,393,912	7,461,049
Add: Unearned premium reserves decreased from prior period	66,898	18,665
Net premium earned	8,460,810	7,479,714
Commission and brokerage income	36,844	24,753
Net investment revenues	941,324	980,977
Gains on investments	5,718	825
Fair value gains	146,074	51,666
Other income	18,632	13,859
Total revenues	9,609,402	8,551,794
Expenses		
Long-term insurance policy reserves increased from prior period	2,889,326	3,873,662
Benefit payments under life policies and gross claims	4,218,384	2,899,749
Less: Benefit payments under life policies and claims refundable from reinsurance	(45,798)	(23,237)
Commission and brokerage expenses	615,645	584,837
Other underwriting expenses	470,991	507,231
Operating expenses	783,852	740,481
Finance costs	1,343	1,427
Expected credit losses	51,428	42,669
Total expenses	8,985,171	8,626,819
Profit (loss) before income taxes	624,231	(75,025)
Income tax expenses	10.2 (117,896)	(27,978)
Net profit (loss)	506,335	(103,003)

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Prudential Life Assurance (Thailand) Public Company Limited
Statements of comprehensive income (Continued)
For the three-month periods ended 30 September 2023 and 2022

	(Unit: Thousand Baht)	
Note	2023	2022
		(Restated)
Other comprehensive income (loss):		
Items to be recognised in profit or loss in subsequent periods:		
Losses on valuation of available-for-sale investments		
measured at fair value through other comprehensive income	(5,312,097)	(3,013,785)
Losses on measurement of financial derivatives held for		
cashflow hedge	(657,198)	(73,911)
Deferred hedging costs	(16,091)	-
Total items to be recognised in profit or loss in subsequent periods	(5,985,386)	(3,087,696)
Add: Income taxes	1,197,078	617,060
Items to be recognised in profit or loss in subsequent periods		
- net of income taxes	(4,788,308)	(2,470,636)
Other comprehensive loss for the periods	(4,788,308)	(2,470,636)
Total comprehensive loss for the periods	(4,281,973)	(2,573,639)
Basic earnings per share:		
11		
Earnings (loss) per share (Baht)	0.23	(0.05)

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Prudential Life Assurance (Thailand) Public Company Limited

Statements of comprehensive income

For the nine-month periods ended 30 September 2023 and 2022

	(Unit: Thousand Baht)	
Note	2023	2022
		(Restated)
Profit or loss:		
Revenues		
Gross premium written	22,544,069	19,704,159
Less: Premium ceded to reinsurers	(295,196)	(177,409)
Net premium written	22,248,873	19,526,750
Less: Unearned premium reserves increased from prior period	(133,101)	(169,315)
Net premium earned	22,115,772	19,357,435
Commission and brokerage income	106,666	74,313
Net investment revenues	2,843,990	2,757,823
Gains (losses) on investments	48,976	(92,245)
Fair value gains (losses)	(477,886)	536,952
Other income	55,376	44,580
Total revenues	24,692,894	22,678,858
Expenses		
Long-term insurance policy reserves increased from prior period	5,637,095	7,410,594
Benefit payments under life policies and gross claims	13,414,848	9,629,478
Less: Benefit payments under life policies and claims refundable from reinsurance	(152,226)	(69,516)
Commission and brokerage expenses	1,790,324	1,708,065
Other underwriting expenses	1,355,931	1,276,665
Operating expenses	2,305,649	1,937,236
Finance costs	4,103	4,356
Expected credit losses	156,415	127,513
Total expenses	24,512,139	22,024,391
Profit before income taxes	180,755	654,467
Income tax expenses	10.2 (144,395)	(162,743)
Net profit	36,360	491,724

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Prudential Life Assurance (Thailand) Public Company Limited
Statements of comprehensive income (Continued)
For the nine-month periods ended 30 September 2023 and 2022

		(Unit: Thousand Baht)	
	Note	2023	2022
			(Restated)
Other comprehensive income (loss):			
Items to be recognised in profit or loss in subsequent periods:			
Losses on valuation of available-for-sale investments			
measured at fair value through other comprehensive income		(3,031,139)	(16,349,127)
Losses on measurement of financial derivatives held for			
cashflow hedge		(310,787)	(801,219)
Deferred hedging costs		(16,091)	-
Total items to be recognised in profit or loss in subsequent periods		(3,358,017)	(17,150,346)
Add: Income taxes		664,131	3,438,985
Items to be recognised in profit or loss in subsequent periods			
- net of income taxes		(2,693,886)	(13,711,361)
Other comprehensive loss for the periods		(2,693,886)	(13,711,361)
Total comprehensive loss for the periods		(2,657,526)	(13,219,637)
Basic earnings per share:			
Earnings per share (Baht)	11	0.02	0.22

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Prudential Life Assurance (Thailand) Public Company Limited**Statements of changes in owners' equity****For the nine-month periods ended 30 September 2023 and 2022**

(Unit: Thousand Baht)

	Note	Issued and paid-up share capital	Retained earnings		Other components of owners' equity			Total other components of owners' equity	Total
			Appropriated - Statutory reserves	Unappropriated	Revaluation surplus (deficit) on available-for-sale investments measured at fair value through other comprehensive income - net of income taxes	Loss on measurement of financial derivatives held for cashflow hedge - net of income taxes	Deferred hedging costs - net of income taxes		
Balance as at 1 January 2022									
- as previously reported		20,209,935	466,939	2,490,513	963,293	(167,207)	-	796,086	23,963,473
Cumulative effects of the changes in accounting policies	1.4	-	655,651	12,457,383	-	-	-	-	13,113,034
Balance as at 1 January 2022 - restated		20,209,935	1,122,590	14,947,896	963,293	(167,207)	-	796,086	37,076,507
Net profit - restated		-	-	491,724	-	-	-	-	491,724
Other comprehensive loss for the period		-	-	-	(13,079,302)	(632,059)	-	(13,711,361)	(13,711,361)
Balance as at 30 September 2022 - restated		20,209,935	1,122,590	15,439,620	(12,116,009)	(799,266)	-	(12,915,275)	23,856,870
Balance as at 1 January 2023		20,209,935	1,147,002	15,393,758	(8,300,696)	(242,003)	-	(8,542,699)	28,207,996
Net Profit		-	-	36,360	-	-	-	-	36,360
Other comprehensive loss for the period		-	-	-	(2,424,911)	(256,102)	(12,873)	(2,693,886)	(2,693,886)
Dividends paid	12	-	-	(192,370)	-	-	-	-	(192,370)
Balance as at 30 September 2023		20,209,935	1,147,002	15,237,748	(10,725,607)	(498,105)	(12,873)	(11,236,585)	25,358,100

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Prudential Life Assurance (Thailand) Public Company Limited

Statements of cash flows

For the nine-month periods ended 30 September 2023 and 2022

	(Unit: Thousand Baht)	
	2023	2022
Cash flows from operating activities		
Premium written from direct insurance	21,924,805	19,068,823
Cash paid for reinsurance	(37,795)	(47,085)
Interest income	2,107,994	1,913,362
Dividend income	537,215	569,954
Other income	107,227	94,619
Benefit payments under life policies and gross claims		
from direct insurance	(13,085,954)	(9,366,560)
Commission and brokerage expenses on direct insurance	(2,053,311)	(2,006,440)
Other underwriting expenses	(2,106,285)	(1,950,011)
Operating expenses	(2,534,843)	(2,152,112)
Income tax expenses	(33,664)	(95,251)
Cash received on financial assets	20,801,614	18,124,983
Cash paid for financial assets	(27,230,198)	(24,399,686)
Net cash used in operating activities	(1,603,195)	(245,404)
Cash flows from investing activities		
Disposals of equipment	39	116
Purchases of equipment	(7,193)	(11,665)
Purchases of intangible assets	(119,897)	(186,784)
Net cash used in investing activities	(127,051)	(198,333)
Cash flows from financial activities		
Borrowing from repurchase agreement	296,000	-
Repayments of lease liabilities	(26,280)	(27,024)
Dividends paid to shareholders	(192,370)	-
Net cash provided by (used in) financing activities	77,350	(27,024)
Net decrease in cash and cash equivalents	(1,652,896)	(470,761)
Cash and cash equivalents at beginning of the periods	3,127,061	2,142,189
Add: Decrease in allowance for expected credit losses	354	257
Cash and cash equivalents at end of the periods	1,474,519	1,671,685

The accompanying notes are an integral part of the financial statements.

Prudential Life Assurance (Thailand) Public Company Limited

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Prudential Life Assurance (Thailand) Public Company Limited

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 2023 and 2022

1. General information

1.1 Corporate information

Prudential Life Assurance (Thailand) Public Company Limited (the “Company”) was established as a public company under Thai laws and domiciled in Thailand. The parent company and ultimate parent company are Staple Company Limited, which was incorporated in Thailand, and Prudential plc, which was incorporated in England and Wales. As at 30 September 2023 and 31 December 2022, such parent company held 51.21% of the issued and paid-up ordinary shares of the Company. The Company is principally engaged in the provision of life insurance services and there is 1 branch. Its registered address is at No. 944, 10th and 29th - 31st Floors of Mitrtown Office Tower, Rama 4 Road, Wangmai Sub-district, Pathumwan District, Bangkok.

1.2 Basis of preparation of interim financial information

This interim financial information is prepared in accordance with Thai Accounting Standard 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial information. However, the Company presented each line item in the statements of financial position, comprehensive income, changes in owners’ equity and cash flows in the same format as that used in preparation of its annual financial statements, and in accordance with the format of financial statements specified in the Notification of the Office of Insurance Commission (“OIC”) regarding criteria, procedures, terms and conditions for preparation and submission of financial statements of life insurance companies B.E. 2566 dated 8 February 2023.

This interim financial information is intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. This interim financial information should therefore be read in conjunction with the latest annual financial statements.

The interim financial information in Thai language is the official interim statutory financial information of the Company. The interim financial information in English language has been translated from such interim financial information in Thai language.

1.3 Significant accounting policies

This interim financial information is prepared using the same significant accounting policies and methods of computation as those were used for preparation of the financial statements for the year ended 31 December 2022.

The revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2023, do not have any significant impact on the Company's financial statements.

1.4 Changes in accounting policies

Since 1 January 2022, the Company has changed accounting policy relating to the deferred acquisition costs for insurance and investment contracts where the costs of acquiring new insurance contracts, including commissions and distribution costs, underwriting and other policy issue expenses, which vary with and are related to the production of new business, are deferred as assets and are subsequently amortised on a straight line basis considering the profit emergence period of the underlying group of contracts. In the past, acquisition costs were either recognised as expense when incurred or implicitly deferred within long-term insurance policy reserves. The Company has also changed the accounting policy relating to the valuation of long-term insurance policy reserves for Zillmer/FPT adjustment under the Net Level Premium Valuation method. The Company's management considered that such changes provide information that is more relevant and no less reliable to the decision-making needs of financial statement users.

The effects of the changes in accounting policies to the beginning balances as at 1 January 2022 of line items in the statement of changes in owners' equity were summarised as follows:

(Unit: thousand Baht)

	1 January 2022		
	As previously reported	Adjustments ⁽¹⁾	Restated
Statement of Changes in Owners' equity			
Retained earnings - unappropriated	2,490,513	12,457,383	14,947,896
Statutory reserves	466,939	655,651	1,122,590

⁽¹⁾ Adjustments of the effects from changes in accounting policies

(Unaudited but reviewed)

The effects of the changes in accounting policies to line items in the statement of comprehensive income for the three-month and nine-month periods ended 30 September 2022 were summarised as follows:

(Unit: thousand Baht)

	For the three-month period ended 30 September 2022			
	As previously reported	Adjustment ⁽¹⁾	Reclassification ⁽²⁾	Restated
Statement of comprehensive income				
Unearned premium reserves decreased from prior period	(18,665)	-	-	(18,665)
Long-term insurance policy reserves increased from prior period	3,723,824	149,838	-	3,873,662
Commission and brokerage expenses	698,767	(113,930)	-	584,837
Other underwriting expenses	914,832	(407,601)	-	507,231
Operating expenses	956,311	(220,979)	5,149	740,481
Finance costs	-	-	1,427	1,427
Losses on exchange rate	6,576	-	(6,576)	-
Income tax (benefits) expenses	(120,526)	148,504	-	27,978
Net profit (loss)	(547,171)	444,168	-	(103,003)
Earnings (loss) per share (Baht)	(0.25)	0.20	-	(0.05)

⁽¹⁾ Adjustments of the effects from changes in accounting policies

⁽²⁾ Reclassification to conform to the current period's classification

(Unaudited but reviewed)

(Unit: thousand Baht)

For the nine-month period ended 30 September 2022

	As previously	Adjustment ⁽¹⁾	Reclassification ⁽²⁾	Restated
	reported			
Statement of comprehensive income				
Unearned premium reserves increased (decreased) from prior period	169,456	(141)	-	169,315
Long-term insurance policy reserves increased from prior period	7,245,951	164,643	-	7,410,594
Commission and brokerage expenses	1,963,037	(254,972)	-	1,708,065
Other underwriting expenses	2,239,694	(963,029)	-	1,276,665
Operating expenses	2,587,460	(658,023)	7,799	1,937,236
Finance costs	-	-	4,356	4,356
Losses on exchange rate	12,155	-	(12,155)	-
Income tax (benefits) expenses	(212,463)	375,206	-	162,743
Net profit (loss)	(844,592)	1,336,316	-	491,724
Earnings (loss) per share (Baht)	(0.38)	0.60	-	0.22

⁽¹⁾ Adjustments of the effects from changes in accounting policies⁽²⁾ Reclassification to conform to the current period's classification**2. Cash and cash equivalents**

(Unit: Thousand Baht)

	30 September 2023	31 December 2022
Cash on hand	-	55
Deposits at banks with no fixed maturity date	1,474,519	3,127,360
Total	1,474,519	3,127,415
Less: Allowance for expected credit losses	-	(354)
Cash and cash equivalents - net	1,474,519	3,127,061

3. Premium receivables

As at 30 September 2023 and 31 December 2022, the outstanding balances of premium receivables, classified by overdue periods, counted from due dates, were as follows:

	(Unit: Thousand Baht)	
	30 September 2023	31 December 2022
Not yet due	921,545	574,488
Not over 30 days	102,928	58,862
Over 31 days to 60 days	22,883	2,165
Over 61 days to 90 days	19,713	358
Overdue longer than 90 days - 1 Year	5,359	1,879
Overdue longer than 1 Year	98	17
Total	1,072,526	637,769
Less: Allowance for doubtful accounts	(4,868)	(1,474)
Premium receivables - net	1,067,658	636,295

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.

4. Derivative assets/liabilities

As at 30 September 2023 and 31 December 2022, the Company had financial derivatives presented at fair value with different purposes as follows:

(Unit: Thousand Baht)

30 September 2023						
Types of contracts	Objective	Number of contracts	Notional amounts	Fair value of contracts		Gains (losses) on changes in fair value of derivatives ⁽¹⁾
				Derivatives assets	Derivatives liabilities	
Derivatives not applied hedge accounting:						
Foreign exchange forward	To protect against foreign exchange risk arising from investment activities	5	12,455,239	128	67,508	(516,361)
Cross currency swap	To protect against foreign exchange and interest rate risk arising from investment activities	1	37,800	589	-	(2,369)
Interest rate swap	To protect against interest rate risk arising from investment activities	2	75,600	996	13	308
Index option	To hedge against risk of volatility of underlying assets	12	4,056,248	289,763	-	(61,152)
Bond forward	To protect against interest rate risk arising from investment activities	1	191,052	-	3,506	(5,823)
		<u>21</u>	<u>16,815,939</u>	<u>291,476</u>	<u>71,027</u>	<u>(585,397)</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

30 September 2023

Types of contracts	Objective	Number of contracts	Notional amounts	Fair value of contracts		Gains (losses) on changes in fair value of derivatives ⁽¹⁾
				Derivatives assets	Derivatives liabilities	
Derivatives applied hedge accounting:						
Bond forward	To hedge the price risk of the underlying bond	23	12,545,707	120,368	986,533	(516,955)
Cross currency swap	To protect against foreign exchange and interest rate risk arising from investment activities	59	14,967,772	-	527,546	(527,546)
		82	27,513,479	120,368	1,514,079	(1,044,501)
Total		103	44,329,418	411,844	1,585,106	(1,629,898)

⁽¹⁾ Presented gains (losses) for the nine-month period ended 30 September 2023.

(Unaudited but reviewed)

(Unit: Thousand Baht)

31 December 2022

Types of contracts	Objective	Number of contracts	Notional amounts	Fair value of contracts		Gains (losses) on changes in fair value of derivatives ⁽¹⁾
				Derivatives assets	Derivatives liabilities	
Derivatives not applied hedge accounting:						
Foreign exchange forward	To protect against foreign exchange risk arising from investment activities	6	28,000,150	448,981	-	893,558
Cross currency and interest rate swap	To protect against foreign exchange and interest rate risk arising from investment activities	1	37,800	2,958	-	2,958
Interest rate swap	To protect against interest rate risk arising from investment activities	2	75,600	965	290	675
Index option	To hedge against risk of volatility of underlying assets	3	463,059	35,753	-	(2,138)
Bond forward	To protect against interest rate risk arising from investment activities	1	191,052	2,317	-	(6,714)
		13	28,767,661	490,974	290	888,339
Derivatives applied hedge accounting:						
Bond forward	To hedge the price risk of the underlying bond	15	9,394,659	215,471	564,681	(140,201)
		15	9,394,659	215,471	564,681	(140,201)
Total		28	38,162,320	706,445	564,971	748,138

⁽¹⁾ Presented gains (losses) for the year ended 31 December 2022.

5. Investments in securities**5.1 Classified by investment type**

	30 September 2023		31 December 2022	
	Cost	Fair value	Cost	Fair value
(Unit: Thousand Baht)				
Investments measured at fair value through profit or loss				
Equity securities:				
Unit trusts	3,743	3,848	3,741	3,946
Total	3,743	3,848	3,741	3,946
Add: Unrealised gains	105		205	
Total investments measured at fair value through profit or loss	3,848		3,946	
Investments measured at fair value through other comprehensive income				
Debt securities:				
Government and state enterprises bonds	66,396,682	61,158,687	59,470,640	55,839,363
Corporate bonds	32,287,730	28,704,695	35,442,381	32,628,193
Foreign bonds	8,149,339	6,826,773	8,347,189	7,150,507
Unit trusts	15,032,760	11,949,231	14,227,967	11,495,158
Equity securities:				
Common stocks	4,278,969	3,737,649	4,026,286	3,615,635
Unit trusts	1,523,424	712,377	1,535,485	929,506
Total	127,668,904	113,089,412	123,049,948	111,658,362
Less: Unrealised loss on valuation	(13,407,008)		(10,375,869)	
Allowance for expected credit losses	(513,351)		(537,696)	
Allowance for impairment	(659,133)		(478,021)	
Investments measured at fair value through other comprehensive income - net	113,089,412		111,658,362	
Investments in securities - net	113,093,260	113,093,260	111,662,308	111,662,308

5.2 Classified by stage of credit risk

(Unit: Thousand Baht)

	30 September 2023		31 December 2022	
	Fair value	Allowance for expected credit losses	Fair value	Allowance for expected credit losses
Investments measured at fair value through other comprehensive income				
Stage 1 - Debt securities without a significant increase of credit risk	107,697,216	(27,395)	106,248,086	(25,035)
Stage 3 - Debt securities with a significant increase of credit risk	942,170	(485,956)	865,135	(512,661)
Total	108,639,386	(513,351)	107,113,221	(537,696)

5.3 Investments subject to restrictions

As at 30 September 2023 and 31 December 2022, the Company placed certain assets as securities and insurance reserves with the Registrar in accordance with the Life Insurance Act as below.

(Unit: Thousand Baht)

	30 September 2023		31 December 2022	
	Amortised cost	Fair value	Amortised cost	Fair value
Placed as securities				
Government bonds	33,990	34,301	34,090	35,801
Placed as insurance reserves				
Government and state enterprises bonds	31,360,803	28,521,362	31,484,764	28,947,780
Promissory notes	1,000,000	1,066,137	1,000,000	1,071,567
Total	32,360,803	29,587,499	32,484,764	30,019,347

6. Loans and interest receivables

As at 30 September 2023 and 31 December 2022, the balances of loans and interest receivables, classified by stage of credit risk, were as follows:

	(Unit: Thousand Baht)	
	30 September 2023	31 December 2022
Policy loans	3,889,167	3,581,599
Accrued interest receivable	415,144	382,101
Total	4,304,311	3,963,700
Other loans		
Stage 1 - Loans without a significant increase of credit risk	78	164
Total	78	164
Total loans and interest receivables	4,304,389	3,963,864

Policy loans represent loans granted to the policyholders at an amount not exceeding the cash value of the policy, with an annual interest rate not exceeding the rate used in determination of premium written and plus 2%.

Other loans are personal guarantee loans granted to the Company's staff. As at 30 September 2023 and 31 December 2022, an interest rate charged on such loans is 4.62% per annum.

7. Investment assets of the insured/Investment contract liabilities**7.1 Investment assets of the insured**

As at 30 September 2023 and 31 December 2022, the balances of investment assets of the insured, classified by types of funds, were as follows:

	(Unit: Thousand Baht)			
	30 September 2023		31 December 2022	
	Cost	Fair value	Cost	Fair value
Investment units measured at fair value through profit or loss				
Fixed income funds	1,668,457	1,654,038	1,734,329	1,716,310
Equity funds	10,546,198	9,451,747	10,059,665	8,968,906
Mixed funds	1,878,580	1,767,673	1,948,960	1,869,062
Other funds	79,186	80,644	76,045	78,819
Total	14,172,421	12,954,102	13,818,999	12,633,097
Less: Unrealised losses	(1,218,319)		(1,185,902)	
Investment assets of the insured - net	12,954,102		12,633,097	

(Unaudited but reviewed)

7.2 Investment contract liabilities

	(Unit: Thousand Baht)	
	For the nine-month period ended 30 September 2023	For the year ended 31 December 2022
Beginning balances	12,684,978	12,752,405
Deposit during the periods	1,811,691	3,130,630
Withdrawal during the periods	(1,357,975)	(811,204)
Valuation adjustment during the periods	(139,223)	(2,386,853)
Ending balances	<u>12,999,471</u>	<u>12,684,978</u>

8. Deferred acquisition costs

	(Unit: Thousand Baht)	
	For the nine-month period ended 30 September 2023	For the year ended 31 December 2022
Beginning balances	21,749,910	18,973,009
Increased during the periods	4,912,165	6,846,671
Amortisation during the periods	(3,341,951)	(4,069,770)
Ending balances	<u>23,320,124</u>	<u>21,749,910</u>

9. Insurance contract liabilities

	(Unit: Thousand Baht)		
	30 September 2023		
	Insurance contract liabilities	Reinsurers' shared liabilities	Net
Long-term insurance policy reserves	132,115,976	-	132,115,976
Loss reserves			
Claims incurred and reported	176,435	-	176,435
Claims incurred but not yet reported	47,580	-	47,580
Premium reserves			
Unearned premium reserves	540,450	-	540,450
Unpaid policy benefits	533,749	-	533,749
Other insurance liabilities	1,322,342	-	1,322,342
Total insurance contract liabilities	<u>134,736,532</u>	<u>-</u>	<u>134,736,532</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	31 December 2022		
	Insurance	Reinsurers'	
	contract liabilities	shared liabilities	Net
Long-term insurance policy reserves	126,478,881	-	126,478,881
Loss reserves			
Claims incurred and reported	87,404	-	87,404
Claims incurred but not yet reported	44,519	-	44,519
Premium reserves			
Unearned premium reserves	407,349	-	407,349
Unpaid policy benefits	473,514	-	473,514
Other insurance liabilities	1,145,775	-	1,145,775
Total insurance contract liabilities	<u>128,637,442</u>	<u>-</u>	<u>128,637,442</u>

9.1 Long-term insurance policy reserves

	(Unit: Thousand Baht)	
	For the nine-month period ended 30 September 2023	For the year ended 31 December 2022
Beginning balances	126,478,881	116,900,832
Insurance policy reserves increased for new businesses and inforce policies	18,484,176	22,496,175
Insurance policy reserves released from death, benefit paid, lapse and surrender	<u>(12,847,081)</u>	<u>(12,918,126)</u>
Ending balances	<u>132,115,976</u>	<u>126,478,881</u>

(Unaudited but reviewed)

9.2 Short-term insurance policy reserves

(a) Loss reserves

	(Unit: Thousand Baht)	
	For the nine-month period ended 30 September 2023	For the year ended 31 December 2022
Beginning balances	131,923	100,073
Claims incurred in the current periods	771,477	691,680
Claims paid during the periods	(679,385)	(659,830)
Ending balances	<u>224,015</u>	<u>131,923</u>

(b) Unearned premium reserves

	(Unit: Thousand Baht)	
	For the nine-month period ended 30 September 2023	For the year ended 31 December 2022
Beginning balances	407,349	285,576
Premium written during the periods	1,283,421	1,204,798
Premium earned during the periods	(1,150,320)	(1,083,025)
Ending balances	<u>540,450</u>	<u>407,349</u>

9.3 Unpaid policy benefits

	(Unit: Thousand Baht)	
	30 September 2023	31 December 2022
Death benefits	146,091	119,416
Surrender	6	11
Unpresented cheques for benefits and claims payment	374,497	352,449
Others	13,155	1,638
Total unpaid policy benefits	<u>533,749</u>	<u>473,514</u>

(Unaudited but reviewed)

9.4 Other insurance liabilities

	(Unit: Thousand Baht)	
	30 September 2023	31 December 2022
Deposits of the insured	1,271,711	1,123,018
Advance premium	3	3
Others	50,628	22,754
Total other insurance liabilities	<u>1,322,342</u>	<u>1,145,775</u>

10. Deferred tax liabilities and income tax expenses**10.1 Deferred tax liabilities**

As at 30 September 2023 and 31 December 2022, deferred tax assets and liabilities consisted of tax effects arose from the following temporary difference items:

	(Unit: Thousand Baht)			
	30	31	Changes in deferred taxes for the nine-month periods	
	September	December	ended 30 September	
	2023	2022	2023	2022
				(Restated)
Deferred tax assets				
Unpaid policy benefits	40,057	12,387	27,670	253
Premium reserves	-	-	-	8,373
Allowance for expected credit losses and impairment losses on investments	238,642	206,271	32,371	27,018
Modification losses	69,528	79,594	(10,066)	(9,595)
Unrealised losses on available-for-sale investments	2,681,403	2,075,175	606,228	3,029,003
Losses on bond forward contracts	-	7,473	(7,473)	-
Unrealised losses on derivatives	176,504	-	176,504	400,991
Employee benefit obligations	47,099	38,106	8,993	11,366
Unutilised tax losses	675,251	636,444	38,807	-
Others	15,791	14,792	999	(50,592)
Total	<u>3,944,275</u>	<u>3,070,242</u>		

(Unaudited but reviewed)

	(Unit: Thousand Baht)			
	Changes in deferred taxes			
	for the nine-month periods			
	30	31	ended 30 September	
	September	December	2023	2022
	2023	2022		
				(Restated)
Deferred tax liabilities				
Deferred Acquisition cost	(4,664,025)	(4,349,982)	(314,043)	(375,206)
Unrealised gains on available-for-sale investments	-	-	-	240,822
Fair value gains on trading investment	(21)	(42)	21	119
Gains on bond forward contracts	(22,294)	-	(22,294)	8,916
Unrealised gains on derivatives	-	(21,144)	21,144	-
Unrealised gains on translation adjustments of foreign currency denominated investments	(39,311)	(44,795)	5,484	(12,316)
Actuarial gains on defined benefit plan	(19,003)	(19,003)	-	-
Total	<u>(4,744,654)</u>	<u>(4,434,966)</u>		
Deferred tax liabilities - net	<u>(800,379)</u>	<u>(1,364,724)</u>		
Total changes			<u>564,345</u>	<u>3,279,152</u>
Changes in deferred taxes recognised in:				
- Profit or loss			(99,786)	(159,833)
- Other comprehensive income			664,131	3,438,985
Total changes			<u>564,345</u>	<u>3,279,152</u>

10.2 Income tax expenses

Income tax expenses for the three-month and nine-month periods ended 30 September 2023 and 2022 were made up as follows:

	(Unit: Thousand Baht)			
	For the three-month		For the nine-month	
	periods ended 30 September		periods ended 30 September	
	2023	2022	2023	2022
	(Restated)		(Restated)	
Current income taxes:				
Corporate income tax for the periods	-	126,466	-	(17,156)
Adjustment in respect of current income taxes of prior period	-	-	(44,609)	14,246
Total	-	126,466	(44,609)	(2,910)
Deferred income taxes:				
Adjustment of deferred taxes of prior period	-	(21,189)	(70,599)	(21,189)
Relating to origination and reversal of temporary differences	(117,896)	(133,255)	(29,187)	(138,644)
Total	(117,896)	(154,444)	(99,786)	(159,833)
Income tax expenses recognised in profit or loss	(117,896)	(27,978)	(144,395)	(162,743)

Reconciliations between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the three-month and nine-month periods ended 30 September 2023 and 2022 were as follows:

	(Unit: Thousand Baht)			
	For the three-month		For the nine-month	
	periods ended 30 September		periods ended 30 September	
	2023	2022	2023	2022
	(Restated)		(Restated)	
Accounting profit (loss) before income taxes	624,231	(75,025)	180,755	654,467
Applicable tax rate	20%	20%	20%	20%
Amount of income taxes at the applicable tax rate	(124,846)	15,005	(36,151)	(130,893)
Adjustment in respect of current income taxes of prior period	-	-	(44,609)	14,246
Adjustment of deferred taxes of prior period	-	(21,189)	(70,599)	(21,189)
Net tax effect on tax-exempted revenues or non-tax deductible expenses	6,950	(21,794)	6,964	(24,907)
Income tax expenses recognised in profit or loss	(117,896)	(27,978)	(144,395)	(162,743)

11. Basic earnings per share

Basic earnings per share is calculated by dividing net profit (loss) for the periods (excluded other comprehensive income or loss) by the weighted average number of ordinary shares in issue during the periods.

12. Dividends paid

Dividends declared during the nine-month period ended 30 September 2023 were as follow:

	Approved by	Total dividend	Dividend per share
		(Thousand Baht)	(Baht)
Annual dividend for 2022	Annual General Meeting No.45 of the Shareholders held on 25 April 2023	192,370	0.087
Total dividends paid during 2023		<u>192,370</u>	<u>0.087</u>

13. Related party transactions**13.1 Type of relationship**

The relationship between the Company and its related parties, who have significant business transactions with the Company, are summarised below.

Name of entities/Personnel	Country of Incorporation/Nationality	Nature of relationships
Prudential plc	United Kingdom	Ultimate parent company
Prudential Holding Limited	United Kingdom	Intermediate parent company
Prudential Corporation Asia Limited	Hong Kong	Intermediate parent company
Staple Limited	Thailand	Parent company
Prudential Corporation Holding Limited	United Kingdom	Major shareholder who holds 48.72% of the Company's shares
Affiliate of Prudential Group	Thailand and various countries	Related parties
Key management personnel	Thailand and other nationality	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

13.2 Significant business transactions with related parties

During the three-month and nine-month periods ended 30 September 2023 and 2022, the Company had significant business transactions with its related parties. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those parties and there was no significant change in the pricing policy of the business transactions with related parties, were as follows:

					(Unit: Thousand Baht)
	For the three-month periods ended		For the nine-month periods ended		Pricing policies
	30 September		30 September		
	2023	2022	2023	2022	
	(Restated)		(Restated)		
Affiliate of Prudential Group					
Revenue					
Trailing fee ⁽¹⁾	9,520	8,442	27,135	25,729	Contractually agreed price
Expenses					
Investment management fee expenses and Investment related expenses ⁽²⁾	49,895	46,491 ⁽³⁾	145,196	139,729 ⁽³⁾	Contractually agreed price
Operating expenses	121,691	107,700 ⁽³⁾	430,439	235,353 ⁽³⁾	Contractually agreed price
Other underwriting expenses	73,880	82,618 ⁽³⁾	235,694	196,024 ⁽³⁾	Contractually agreed price

⁽¹⁾ They were shown as a part of "Commission and brokerage income" in the statements of comprehensive income.

⁽²⁾ They were shown as a part of "Net investment revenues" in the statements of comprehensive income.

⁽³⁾ They were restated since the total amounts of Baht 36.6 million and Baht 129.4 million for the three-month and nine-month periods ended 30 September 2022, respectively, were recognised as deferred acquisition costs.

13.3 Outstanding balances with related parties

As at 30 September 2023 and 31 December 2022, significant outstanding balances between the Company and its related parties were as follows:

	(Unit: Thousand Baht)	
	30 September 2023	31 December 2022
Outstanding items with affiliates of Prudential Group		
Assets		
Other assets	13,715	18,119
Liabilities		
Accrued investment management fee ⁽¹⁾	32,878	28,089
Other payables	295,196	101,795

⁽¹⁾ They were shown as a part of "Other liabilities" in the statements of financial position.

13.4 Directors' and key management's remunerations

For the three-month and nine-month periods ended 30 September 2023 and 2022, the Company had employee benefit expenses incurred in relation to its directors and key management as below.

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2023	2022	2023	2022
		(Restated) ⁽¹⁾		(Restated) ⁽¹⁾
Short-term employee benefits	10,260	23,387	42,004	72,710
Post-employment benefits	1,310	761	3,723	2,266
Other long-term benefits	14,591	15,162	33,234	24,532
Total	26,161	39,310	78,961	99,508

⁽¹⁾ They were restated since the total amounts of Baht 64.9 million and Baht 138.5 million for the three-month and nine-month periods ended 30 September 2022, respectively, were recognised as deferred acquisition costs.

13.5 Significant agreements

Investment Management Agreements

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.

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 which have initial term of fifteen years plus extended terms. 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 which have initial term of fifteen years plus extended terms. 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.

Master Cost Contribution Agreement

The Company entered into Master Cost Contribution Agreement with an affiliated of the Prudential Group, which is incorporated in Singapore, for sharing application platform-related development costs and expenses, for a period of five years. The Company shall pay a charge as set out in the agreement. The agreement can be terminated upon one month written notice by either party.

14. Commitments and contingent liabilities**14.1 Capital commitments**

As at 30 September 2023 and 31 December 2022 The Company has capital commitments related to software licenses Baht 41.2 million and Baht 171.6 million, respectively.

14.2 Service commitments

As at 30 September 2023 and 31 December 2022, the Company had future minimum payments under non-cancellable service contracts as follows:

Payable within	(Unit: Thousand Baht)	
	30 September 2023	31 December 2022
1 year	18,192	36,385
1 - 5 years	-	9,096

14.3 Other commitments

As at 30 September 2023 and 31 December 2022, the Company had future minimum under distribution channel agreement as follows:

Payable within	(Unit: Thousand Baht)	
	30 September 2023	31 December 2022
1 year	118,500	118,500
1 - 5 years	148,125	237,000
	<u>266,625</u>	<u>355,500</u>

14.4 Litigations

As at 30 September 2023 and 31 December 2022, the Company has been sued for claims of benefits under life insurance contracts and on other lawsuits totalling Baht 20.2 million and Baht 17.4 million, respectively. The cases have not yet been finalised. However, the Company recognised provision for possible losses that may arise from such litigations in the financial statements amounting to Baht 20.2 million and Baht 17.4 million, respectively.

15. Financial instruments

15.1 Fair value and hierarchy of financial instruments

As at 30 September 2023 and 31 December 2022, the Company had financial assets and liabilities that were measured at fair value and assets and liabilities for which fair values were disclosed by hierarchy of fair value as follows:

	(Unit: Thousand Baht)			
	30 September 2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivatives assets	-	411,844	-	411,844
Investments measured at fair value through profit or loss	3,848	-	-	3,848
Investments measured at fair value through other comprehensive income	16,390,202	95,747,985	951,225	113,089,412
Investment asset of the insured	12,954,102	-	-	12,954,102
Financial liabilities measured at fair value				
Derivatives liabilities	-	1,585,106	-	1,585,106

(Unaudited but reviewed)

(Unit: Thousand Baht)

	31 December 2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivatives assets	-	706,445	-	706,445
Investments measured at fair value through profit or loss	3,946	-	-	3,946
Investments measured at fair value through other comprehensive income	16,032,511	94,752,928	872,923	111,658,362
Investment asset of the insured	12,633,097	-	-	12,633,097
Financial liabilities measured at fair value				
Derivatives liabilities	-	564,971	-	564,971

In addition, the Company had financial assets and liabilities that are not measured at fair value. However, the fair values of such financial assets and liabilities are not materially different from the carrying values shown in the statements of financial position.

During the periods, the Company did not change the valuation techniques and assumptions used in valuation of its financial instruments and there were no transfers within the fair value hierarchy.

16. Approval of interim financial information

This interim financial information was authorised for issue by the Company's Board of Directors on 9 November 2023.