

# **Prudential Life Assurance (Thailand) Public Company Limited**

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



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## 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 June 2021; the statements of comprehensive income for the three-month and six-month periods ended 30 June 2021, the statements of changes in equity and cash flows for the six-month period ended 30 June 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 C.*

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

KPMG Phoomchai Audit Ltd.  
Bangkok  
6 August 2021

# Prudential Life Assurance (Thailand) Public Company Limited

## Statement of financial position

Assets	Note	30 June	31 December
		2021	2020
		(Unaudited)	
		<i>(in thousand Baht)</i>	
Cash and cash equivalents	3	2,376,372	2,445,865
Investment receivables		55,705	61,681
Premiums due and uncollected	4	1,099,066	758,410
Accrued investment income		533,213	550,324
Reinsurance receivables		156,465	121,133
Derivative assets	5	103,412	265,648
Investments assets			
Investments in securities	6, 15, 17	114,872,575	116,102,141
Loans and accrued interest	7	3,134,507	3,033,516
Investment assets where policyholders bear the investment risk	15	11,585,677	10,125,506
Non-current assets held for sale		10,030	10,030
Premises and equipment		247,267	81,520
Right of use asset		276,325	16,194
Intangible assets	8	19,124,419	19,120,812
Other assets	16	<u>746,296</u>	<u>478,940</u>
<b>Total assets</b>		<b><u>154,321,329</u></b>	<b><u>153,171,720</u></b>

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

# Prudential Life Assurance (Thailand) Public Company Limited

## Statement of financial position

		30 June 2021 (Unaudited)	31 December 2020
<b>Liabilities and shareholders' equity</b>	<i>Note</i>		
		<i>(in thousand Baht)</i>	
<b>Liabilities</b>			
Insurance contract liabilities	10	111,825,548	106,798,184
Investment contract liabilities	11	11,670,838	10,206,894
Investment payable		26,011	-
Due to reinsurers		369,571	299,095
Derivative liabilities	5	671,747	-
Accrued commission		253,135	335,981
Accrued expenses	16	1,242,590	1,174,631
Employee benefit obligations		177,710	253,725
Lease liabilities		259,139	16,352
Deferred tax liabilities	9	381,300	1,695,060
Income tax payable		143,447	207,379
Other liabilities	16	993,686	1,300,688
<b>Total liabilities</b>		<b>128,014,722</b>	<b>122,287,989</b>
<b>Shareholders' equity</b>			
Share capital			
Authorised share capital <i>(2,211,152,652 ordinary shares, par value at Baht 9.14 per share)</i>		<b>20,209,935</b>	<b>20,209,935</b>
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		2,704,884	2,409,523
Other components of shareholders' equity		2,928,513	7,800,998
<b>Total shareholders' equity</b>		<b>26,306,607</b>	<b>30,883,731</b>
<b>Total liabilities and shareholders' equity</b>		<b>154,321,329</b>	<b>153,171,720</b>

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 June	
		2021	2020
		<i>(in thousand Baht)</i>	
<b>Revenues</b>			
Gross premium written		5,344,868	5,017,048
Less premium ceded		(60,468)	(13,204)
Net premiums written		5,284,400	5,003,844
Add unearned premium reserve decreased from previous period		13,785	15,502
Net premium earned		5,298,185	5,019,346
Commission and brokerage income (reversal)		25,760	(600)
Net investments income	16	830,777	879,220
Gain on investments	16	360,107	235,761
Gain on fair value changes		58,391	160,118
Other income		9,937	7,182
<b>Total revenues</b>		<b>6,583,157</b>	<b>6,301,027</b>
<b>Expenses</b>			
Long-term technical reserve increase from prior period		2,335,416	1,867,918
Benefits payments and insurance claims expenses		2,101,051	2,239,530
Less benefits payments and insurance claims expenses recovered from reinsurers		(25,355)	(34,417)
Net benefits payments and insurance claims expenses		2,075,696	2,205,113
Commissions and brokerage expenses		536,818	409,829
Other underwriting expenses	16	412,887	630,150
Operating expenses	16	763,973	606,002
Expected credit losses and impairment losses on investments (reversal)	13	(14,385)	954,777
Other loss (gain)		13,011	(19,785)
<b>Total expenses</b>		<b>6,123,416</b>	<b>6,654,004</b>
<b>Profit (loss) before income tax</b>		<b>459,741</b>	<b>(352,977)</b>
Income tax expense (revenue)		87,085	(69,358)
<b>Profit (loss) for the period</b>		<b>372,656</b>	<b>(283,619)</b>
<b>Other comprehensive income (loss)</b>			
<b>Items that will be reclassified subsequently to profit or loss</b>			
Gain on remeasurement of investments - fair value through other comprehensive income		1,325,654	2,274,813
Gain on remeasurement of derivatives for cash flow hedges	5	73,924	-
Income tax relating to items that will be reclassified subsequently to profit or loss		(279,916)	(454,963)
<b>Other comprehensive income (loss) for the period, net of income tax</b>		<b>1,119,662</b>	<b>1,819,850</b>
<b>Total comprehensive income (loss) for the period</b>		<b>1,492,318</b>	<b>1,536,231</b>
<b>Basic earnings (loss) per share (in Baht)</b>	14	<b>0.17</b>	<b>(0.13)</b>

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	Six-month period ended	
		30 June	
		2021	2020
		<i>(in thousand Baht)</i>	
<b>Revenues</b>			
Gross premium written		10,969,154	10,683,534
Less premium ceded		(120,014)	(65,668)
Net premiums written		10,849,140	10,617,866
Add (less) unearned premium reserve decreased (increased) from previous period		(88,876)	4,623
Net premium earned		10,760,264	10,622,489
Commission and brokerage income		45,850	17,368
Net investments income	16	1,639,901	1,877,464
Gain on investments	16	469,012	160,821
Gain (loss) on fair value changes		(8,198)	65,717
Other income		27,659	20,380
<b>Total revenues</b>		<b>12,934,488</b>	<b>12,764,239</b>
<b>Expenses</b>			
Long-term technical reserve increase from prior period		4,684,358	4,156,453
Benefits payments and insurance claims expenses		4,309,448	4,548,388
Less benefits payments and insurance claims expenses recovered from reinsurers		(38,818)	(46,619)
Net benefits payments and insurance claims expenses		4,270,630	4,501,769
Commissions and brokerage expenses		1,105,261	1,104,923
Other underwriting expenses	16	1,056,876	1,197,476
Operating expenses	16	1,434,284	1,126,973
Expected credit losses and impairment losses on investments (reversal)	13	(11,873)	962,411
Other loss		31,832	9,941
<b>Total expenses</b>		<b>12,571,368</b>	<b>13,059,946</b>
<b>Profit (loss) before income tax</b>		<b>363,120</b>	<b>(295,707)</b>
Income tax expense (revenue)	12	67,759	(59,606)
<b>Profit (loss) for the period</b>		<b>295,361</b>	<b>(236,101)</b>
<b>Other comprehensive income (loss)</b>			
<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		(6,157,458)	(3,578,007)
Gain on remeasurement of derivatives for cash flow hedges	5	66,852	-
Income tax relating to items that will be reclassified subsequently to profit or loss		1,218,121	715,601
<b>Other comprehensive income (loss) for the period, net of income tax</b>		<b>(4,872,485)</b>	<b>(2,862,406)</b>
<b>Total comprehensive income (loss) for the period</b>		<b>(4,577,124)</b>	<b>(3,098,507)</b>
<b>Basic earnings (loss) per share (in Baht)</b>	14	<b>0.13</b>	<b>(0.11)</b>

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)**

	Retained earnings		Other components of shareholders' equity		Total shareholders' equity
	Issued and paid share capital	Legal reserve	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	
<b>Six-month period ended 30 June 2021</b>					
Balance at 1 January 2021	20,209,935	463,275	7,800,998	-	30,883,731
<b>Comprehensive income (loss) for the period</b>					
Profit for the period	-	-	-	-	295,361
Other comprehensive income (loss)					
Loss on remeasurement of investments - fair value through other comprehensive income, net of income tax	-	-	(4,925,967)	-	(4,925,967)
Gain on remeasurement of derivatives for cash flow hedges, net of income tax	-	-	-	53,482	53,482
<b>Total comprehensive income (loss) for the period</b>					
Balance at 30 June 2021	20,209,935	463,275	2,875,031	53,482	26,306,607

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



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

		Six-month period ended	
		30 June	
	Note	2021	2020
		<i>(in thousand Baht)</i>	
<b><i>Cash flows from operating activities</i></b>			
Premiums received		10,502,006	10,036,481
Cash paid to reinsurers		(36,478)	(32,412)
Interest received		1,635,985	1,708,403
Dividend received		165,327	328,939
Other income		32,232	34,988
Benefit payments and insurance claims expenses		(4,055,318)	(4,470,380)
Commissions and brokerages		(1,188,107)	(1,314,539)
Other underwriting expenses		(863,606)	(1,114,821)
Operating expenses		(1,658,867)	(1,030,512)
Income tax paid		(227,329)	(37,315)
Investments in securities		(4,059,131)	4,436,001
Loans		25,461	38,326
Investment assets where policyholders bear the investment risk		(49,427)	(80,457)
<b>Net cash generated from operating activities</b>		<b>222,748</b>	<b>8,502,702</b>
<b><i>Cash flows from investing activities</i></b>			
<b><i>Cash flow provided by</i></b>			
Proceeds from sale of premises and equipment		1,848	-
<b>Cash flow provided by investing activities</b>		<b>1,848</b>	<b>-</b>
<b><i>Cash flow used in</i></b>			
Acquisition of premises and equipment		(138,333)	(17,297)
Acquisition of intangible assets		(118,081)	(8,182,962)
<b>Cash flow used in investing activities</b>		<b>(256,414)</b>	<b>(8,200,259)</b>
<b>Net cash used in investing activities</b>		<b>(254,566)</b>	<b>(8,200,259)</b>
<b><i>Cash flow from financing activities</i></b>			
<b><i>Cash flows used in</i></b>			
Payment of lease liabilities		(37,477)	(11,297)
<b>Net cash used in financing activities</b>		<b>(37,477)</b>	<b>(11,297)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(69,295)</b>	<b>291,146</b>
Cash and cash equivalent at 31 December 2020/2019		2,446,298	1,916,846
<b>Total cash and cash equivalent at 30 June</b>		<b>2,377,003</b>	<b>2,207,992</b>
Less: loss allowance of expected credit losses		(631)	(1,301)
<b>Cash and cash equivalent at 30 June - Net</b>	3	<b>2,376,372</b>	<b>2,206,691</b>

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 six-month periods ended 30 June 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 6 August 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, 10<sup>th</sup> and 29<sup>th</sup> - 31<sup>st</sup> 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.

**(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**  
**Notes to the condensed interim financial statements**  
**For the three-month and six-month periods ended 30 June 2021 (Unaudited)**

**3 Cash and cash equivalents**

	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Cash on hand	56	56
Deposits at banks - call deposits	2,376,947	2,046,242
Deposits at banks - time deposits	-	400,000
Less allowance for expected credit losses	(631)	(433)
<b>Total</b>	<b><u>2,376,372</u></b>	<b><u>2,445,865</u></b>

**4 Premiums due and uncollected**

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

	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Within due	1,098,086	757,418
Overdue		
less than 30 days	878	276
31 - 60 days	149	584
61 - 90 days	2	133
91 days - 1 year	179	155
over 1 year	7	40
Total	<u>1,099,301</u>	<u>758,606</u>
Less allowance for doubtful accounts	(235)	(196)
<b>Net</b>	<b><u>1,099,066</u></b>	<b><u>758,410</u></b>

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.

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

**5 Derivatives**

As at 30 June 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 June 2021		Three-month period ended 30 June 2021	Six-month period ended 30 June 2021
				Fair value Assets	Fair value Liabilities (in thousand Baht)		
Foreign exchange forward	To protect against foreign exchange risk arising from investment activities	11	17,708,069	-	(671,747)	(254,445)	(880,770)
Cross currency swap	To protect against foreign exchange and interest rate risks arising from investment activities	1	349,272	31,543	-	(7,062)	(21,558)
Bond forward	To protect against interest rate risk arising from investment activities	1	191,052	5,017	-	3,818	2,668
<b>Total</b>		<b>13</b>	<b>18,248,393</b>	<b>36,560</b>	<b>(671,747)</b>	<b>(257,689)</b>	<b>(899,660)</b>

Derivatives for which hedge accounting has been elected

Type of contract	Objectives	No. of contracts	Notional value	30 June 2021		Three-month period ended 30 June 2021	Six-month period ended 30 June 2021
				Fair value Assets	Fair value Liabilities (in thousand Baht)		
Bond forward	To hedge the price risk of the underlying bond	3	2,004,702	66,852	-	73,924	66,852
<b>Total</b>		<b>3</b>	<b>2,004,702</b>	<b>66,852</b>	<b>-</b>	<b>73,924</b>	<b>66,852</b>

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

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
				Assets (in thousand Baht)	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
<b>Total</b>		<b>13</b>	<b>15,154,278</b>	<b>265,648</b>	<b>-</b>	<b>16,486</b>

As at 30 June 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 583.3 million (31 December 2020: USD 486.5 million).

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

**6 Investments in securities**

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

	30 June 2021		31 December 2020	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<i>(in thousand Baht)</i>				
<b><i>Investments measured at fair value through profit or loss</i></b>				
Unit trusts	3,528	4,130	3,541	3,855
Total	3,528	4,130	3,541	3,855
Add unrealised gains	602	-	314	-
<b>Total investments measured at fair value through profit or loss</b>	<b>4,130</b>	<b>4,130</b>	<b>3,855</b>	<b>3,855</b>
<b><i>Investments measured at fair value through other comprehensive income</i></b>				
Government and state enterprises securities	62,280,698	65,182,191	57,586,079	66,413,515
Corporate securities	34,136,385	35,000,107	36,430,451	37,172,531
Foreign securities	150,000	156,652	180,011	187,980
Equity securities	3,678,018	2,946,805	5,319,789	4,275,923
Unit trusts	11,894,117	11,582,690	8,201,298	8,048,337
Total	<b>112,139,218</b>	<b>114,868,445</b>	<b>107,717,628</b>	<b>116,098,286</b>
Add unrealised gains	2,729,227	-	8,380,658	-
<b>Total investments measured at fair value through other comprehensive income</b>	<b>114,868,445</b>	<b>114,868,445</b>	<b>116,098,286</b>	<b>116,098,286</b>
Allowance for expected credit losses - Debt		<b>465,976</b>		<b>953,890</b>
Allowance for impairment losses - Equity securities and unit trusts classified as equity		<b>398,587</b>		<b>416,700</b>

**6.2 Fair value through other comprehensive income**

	30 June 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)	109,845,885	23,902	109,792,879	17,862
Debt securities - default / non-performing (stage 3)	839,575	442,074	839,575	936,028
Equity securities and unit trusts classified as equity	4,182,985	398,587	5,465,832	416,700
<b>Total</b>	<b>114,868,445</b>	<b>864,563</b>	<b>116,098,286</b>	<b>1,370,590</b>

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

At 30 June 2021, the Company has recalculated the modified contractual cash flows of debt securities - default / non-performing (stage 3) according to the approved rehabilitation plan which resulted in a modification loss of Baht 494 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 June 2021 and 31 December 2020, the detail of loans and accrued interest were as follows:

	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Policy loans	2,806,555	2,705,492
Accrued interest receivable	327,952	328,024
<b>Loans and accrued interest, net</b>	<b><u>3,134,507</u></b>	<b><u>3,033,516</u></b>

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 <i>(in thousand Baht)</i>	Bancassurance agreement	Total
<b>Net book value at 1 January 2021</b>	<b>228,945</b>	<b>161,422</b>	<b>18,730,445</b>	<b>19,120,812</b>
Additions during the period - cost	-	155,910	-	155,910
Net transfers in/(out)	53,547	(53,547)	-	-
Net disposal and write off	(148)	-	-	(148)
Amortisation charge for the period	(39,615)	-	(112,540)	(152,155)
<b>Net book value at 30 June 2021</b>	<b><u>242,729</u></b>	<b><u>263,785</u></b>	<b><u>18,617,905</u></b>	<b><u>19,124,419</u></b>



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**9 Deferred tax**

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

	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Deferred tax assets	389,604	351,790
Deferred tax liabilities	(770,904)	(2,046,850)
<b>Net deferred tax liabilities</b>	<b>(381,300)</b>	<b>(1,695,060)</b>

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

	At 1 January 2021	(Charged) / Credited to:		At 30 June 2021
		Profit or loss	Other comprehensive income	
		<i>(in thousand Baht)</i>		
<b><i>Deferred tax assets</i></b>				
Premises and equipment	23,417	1,278	-	24,695
Intangible assets	5,533	(1,436)	-	4,097
Provision for dismantling	1,000	32	-	1,032
Employee benefit obligations	26,310	(222)	-	26,088
Unpaid policy benefits	10,377	(1,361)	-	9,016
Premium reserve	10,823	26,977	-	37,800
Expected credit losses and impairment losses on investments	274,205	(101,166)	-	173,039
Unrealised (gain) loss on derivative instruments	-	127,037	(13,370)	113,667
Others	125	45	-	170
<b>Total</b>	<b>351,790</b>	<b>51,184</b>	<b>(13,370)</b>	<b>389,604</b>
<b><i>Deferred tax liabilities</i></b>				
(Gain) loss on remeasurement of investments - fair value through other comprehensive income	(1,950,248)	-	1,231,492	(718,756)
Unrealised gain on exchange rate adjustment from foreign currency investment	(22,763)	(8,618)	-	(31,381)
Gain on remeasurement of investments - fair value through profit or loss	(63)	(58)	-	(121)
Actuarial gain on defined benefit plan	(20,646)	-	-	(20,646)
Unrealised (gain) loss on derivative instruments	(53,130)	53,130	-	-
<b>Total</b>	<b>(2,046,850)</b>	<b>44,454</b>	<b>1,231,492</b>	<b>(770,904)</b>
<b>Net</b>	<b>(1,695,060)</b>	<b>95,638</b>	<b>1,218,122</b>	<b>(381,300)</b>

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	At 1 January 2020	Impact of changes in accounting policies	(Charged) / Credited to:		At 30 June 2020
			Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	
<b><i>Deferred tax assets</i></b>					
Premises and equipment	17,971	-	1,463	-	19,434
Intangible assets	9,205	-	(1,821)	-	7,384
Employee benefit obligations	27,328	-	677	-	28,005
Unpaid policy benefits	10,905	-	2,555	-	13,460
Premium reserve	5,087	-	22,773	-	27,860
Expected credit losses and impairment losses on investments	-	5,757	192,482	-	198,239
Loss on remeasurement of investment - fair value through profit or loss	-	-	3	-	3
Others	-	-	73	-	73
<b>Total</b>	<b>70,496</b>	<b>5,757</b>	<b>218,205</b>	<b>-</b>	<b>294,458</b>
<b><i>Deferred tax liabilities</i></b>					
(Gain) loss on remeasurement of investment - fair value through other comprehensive income	(2,256,956)	(230,590)	-	715,601	(1,771,945)
Unrealised (gain) loss on exchange rate adjustment from foreign currency investment	(201,961)	224,625	(43,553)	-	(20,889)
(Gain) loss on remeasurement of investment - fair value through profit or loss	(52)	-	52	-	-
Actuarial gain on defined benefit plan	(16,576)	-	-	-	(16,576)
Unrealised (gain) loss on derivative instruments	(49,832)	-	33,253	-	(16,579)
<b>Total</b>	<b>(2,525,377)</b>	<b>(5,965)</b>	<b>(10,248)</b>	<b>715,601</b>	<b>(1,825,989)</b>
<b>Net</b>	<b>(2,454,881)</b>	<b>(208)</b>	<b>207,957</b>	<b>715,601</b>	<b>(1,531,531)</b>

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**10 Insurance contract liabilities**

	30 June 2021		31 December 2020	
	Liabilities under insurance contracts	Reinsurers' share liabilities	Liabilities under insurance contracts	Reinsurers' share liabilities
	Net (in thousand Baht)		Net	
Long-term technical reserves	110,117,600	-	105,433,242	-
Short-term technical reserves				
Loss reserves and outstanding claims				
- Case reserves	40,944	-	45,009	-
- Incurred but not reported	37,099	-	41,382	-
Total loss reserves and outstanding claims	78,043	-	86,391	-
Unearned premium reserves	352,282	-	263,406	-
Total short-term technical reserves	430,325	-	349,797	-
Unpaid policy benefits	480,221	-	327,987	-
Due to insured	797,402	-	687,158	-
<b>Total</b>	<b>111,825,548</b>	<b>-</b>	<b>106,798,184</b>	<b>-</b>
			110,117,600	105,433,242

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**10.1 Long-term technical reserves**

	30 June 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	8,553,324	17,133,493
Reserves released for benefits payment, lapse and cancel policies in the period / year	<u>(3,868,966)</u>	<u>(9,378,937)</u>
<b>At 30 June 2021 / 31 December 2020</b>	<b><u>110,117,600</u></b>	<b><u>105,433,242</u></b>

**10.2 Short-term technical reserves**

**10.2.1 Loss reserves and outstanding claims**

	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>	
At 1 January	86,391	96,324
Insurance claim expense incurred during the period / year	150,527	379,317
Insurance claim expense paid during the period / year	<u>(158,875)</u>	<u>(389,250)</u>
<b>At 30 June 2021 / 31 December 2020</b>	<b><u>78,043</u></b>	<b><u>86,391</u></b>

**10.2.2 Unearned premium reserves**

	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>	
At 1 January	263,406	281,963
Premium written during the period / year	454,191	645,567
Earned premium in the period / year	<u>(365,315)</u>	<u>(664,124)</u>
<b>At 30 June 2021 / 31 December 2020</b>	<b><u>352,282</u></b>	<b><u>263,406</u></b>

**10.3 Unpaid policy benefits**

	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Death	161,769	63,514
Unpresented cheques for benefits and claims payment	299,708	253,968
Others	<u>18,744</u>	<u>10,505</u>
<b>Total</b>	<b><u>480,221</u></b>	<b><u>327,987</u></b>

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**10.4 Due to insured**

	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Policyholder deposits	787,711	681,927
Advance premium	3	3
Others	9,688	5,228
<b>Total</b>	<b><u>797,402</u></b>	<b><u>687,158</u></b>

**11 Investment contract liabilities**

The movement of investment contract liabilities are as follows:

	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>	
At 1 January	10,206,894	8,759,234
Deposit during the period / year	1,699,344	2,178,415
Withdrawal during the period / year	(856,552)	(1,221,612)
Valuation adjustment during the period / year	621,152	490,857
<b>At 30 June 2021 / 31 December 2020</b>	<b><u>11,670,838</u></b>	<b><u>10,206,894</u></b>

**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 six-month periods ended 30 June 2021 was 19% (30 June 2020: 20%). This change in effective tax rate was caused mainly by the following factors:

- Non-deductible expenses
- Additional tax-deductible expenses
- Prior year adjustment

**13 Expected credit losses and impairment losses on investments**

	Three-month period ended 30 June		Six-month period ended 30 June	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Cash and cash equivalent	273	(584)	198	(1,614)
Investment in debt securities	5,404	955,361	6,042	964,025
Investment in equity securities and unit trusts classified as equity	(20,062)	-	(18,113)	-
<b>Total</b>	<b><u>(14,385)</u></b>	<b><u>954,777</u></b>	<b><u>(11,873)</u></b>	<b><u>962,411</u></b>

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**14 Basic earnings (loss) per share**

The calculations of basic earnings (loss) per share for the three-month and six-month periods ended 30 June 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 June		Six-month period ended 30 June	
	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>372,656</u>	<u>(283,619)</u>	<u>295,361</u>	<u>(236,101)</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>
<b>Basic earnings (loss) per share (in Baht)</b>	<b><u>0.17</u></b>	<b><u>(0.13)</u></b>	<b><u>0.13</u></b>	<b><u>(0.11)</u></b>

**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.

	<b>Carrying amounts and Fair value</b>			
	Level 1	Level 2	Level 3	Total
	<i>(in thousand Baht)</i>			
<b>At 30 June 2021</b>				
<b>Financial assets</b>				
<b>Investment in securities</b>				
Investments measured at fair value through profit or loss	4,130	-	-	4,130
Investments measured at fair value through other comprehensive income	<u>14,522,059</u>	<u>99,499,375</u>	<u>847,011</u>	<u>114,868,445</u>
<b>Total investment in securities</b>	<b><u>14,526,189</u></b>	<b><u>99,499,375</u></b>	<b><u>847,011</u></b>	<b><u>114,872,575</u></b>
<b>Derivative assets</b>	<u>-</u>	<u>103,412</u>	<u>-</u>	<u>103,412</u>
<b>Investment assets where policyholders bear the investment risk</b>	<b><u>11,585,677</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>11,585,677</u></b>
<b>Financial liabilities</b>				
<b>Derivative liabilities</b>	<u>-</u>	<u>671,747</u>	<u>-</u>	<u>671,747</u>

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	Carrying amounts and Fair value			Total
	Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>				
<b>At 31 December 2020</b>				
<b>Financial assets</b>				
<b>Investment in securities</b>				
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
<b>Total investment in securities</b>	<b>12,320,601</b>	<b>102,934,451</b>	<b>847,089</b>	<b>116,102,141</b>
<b>Derivative assets</b>	<b>-</b>	<b>265,648</b>	<b>-</b>	<b>265,648</b>
<b>Investment assets where policyholders bear the investment risk</b>	<b>10,125,506</b>	<b>-</b>	<b>-</b>	<b>10,125,506</b>

**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 for 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 six-month periods ended 30 June 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:

<b>Name of entities/Personnel</b>	<b>Country of Incorporation/ Nationality</b>	<b>Nature of relationships</b>
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:

<b>Transactions</b>	<b>Pricing policies</b>
Investment management fee expenses	Contractually agreed price
Operating expenses	Contractually agreed price

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

	Three-month period ended		Six-month period ended	
	30 June 2021	2020	30 June 2021	2020
<b>Revenue</b>				
<b>Affiliate of Prudential Group</b>				
Trailing fee	7,666	3,767	14,349	7,578

*(in thousand Baht)*



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	Three-month period ended 30 June		Six-month period ended 30 June	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b>Expenses</b>				
<b>Affiliate of Prudential Group</b>				
Investment management fee expenses	41,187	34,606	84,088	71,387
Investment related expenses and operating expenses	68,085	50,195	128,662	99,247
Other underwriting expenses	43,323	88,078	186,992	125,332
<b>Directors and key management personnel compensation</b>				
Short-term employee benefits	29,437	64,497	83,717	136,530
Post-employment benefit	2,102	2,663	4,249	5,151
Other long-term benefits	3,942	5,378	10,064	14,496
<b>Total</b>	<b>35,481</b>	<b>72,538</b>	<b>98,030</b>	<b>156,177</b>

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

	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>	
<b>Other assets</b>		
Affiliate of Prudential Group	<b>4,025</b>	<b>3,622</b>
<b>Accrued investment management fee</b>		
Affiliate of Prudential Group	<b>26,049</b>	<b>21,734</b>
<b>Other liabilities</b>		
Affiliate of Prudential Group	<b>525,852</b>	<b>625,285</b>

**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 June 2021		31 December 2020	
	Book value	Face value	Book value	Face value
		<i>(in thousand Baht)</i>		
Government bonds	<u>40,403</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 June 2021		31 December 2020	
	Book value	Face value	Book value	Face value
		<i>(in thousand Baht)</i>		
Government and state enterprise bonds	25,812,004	22,195,500	26,496,509	20,195,500
Promissory notes	<u>1,263,817</u>	<u>1,000,000</u>	<u>1,434,501</u>	<u>1,000,000</u>
<b>Total</b>	<b><u>27,075,821</u></b>	<b><u>23,195,500</u></b>	<b><u>27,931,010</u></b>	<b><u>21,195,500</u></b>

**18 Commitments with non-related parties**

	30 June	31 December
	2021	2020
	<i>(in thousand Baht)</i>	
<b>(a) Capital commitments</b>		
<i>Contracted but not provided for:</i>		
Building improvements	-	2,539
Software licenses	<u>39,222</u>	<u>8,979</u>
<b>Total</b>	<b><u>39,222</u></b>	<b><u>11,518</u></b>
	30 June	31 December
	2021	2020
	<i>(in thousand Baht)</i>	
<b>(b) Non-cancellable operating service agreement</b>		
Within 1 year	39,988	37,466
1 - 5 years	<u>63,673</u>	<u>69,157</u>
<b>Total</b>	<b><u>103,661</u></b>	<b><u>106,623</u></b>