

Prudential Life Assurance (Thailand) Public Company Limited

Condensed interim financial statements
for the three-month and six-month periods ended
30 June 2022
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 2022; the statements of comprehensive income for the three-month and six-month periods ended 30 June 2022, the statements of changes in equity and cash flows for the six-month period ended 30 June 2022; and the condensed notes ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

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

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

KPMG Phoomchai Audit Ltd.
Bangkok
11 August 2022

Prudential Life Assurance (Thailand) Public Company Limited

Statement of financial position

Assets	Note	30 June 2022	31 December 2021
		<i>(in thousand Baht)</i>	
Cash and cash equivalents	3	2,856,342	2,142,189
Investment receivables		23,957	46,455
Premiums due and uncollected	4	927,147	563,406
Accrued investment income		591,803	564,723
Reinsurance receivables		146,456	123,446
Derivative assets	5	32,440	96,775
Investments assets			
Investments in securities	6, 17, 18	105,648,919	116,701,748
Loans and accrued interest	7	3,644,788	3,352,495
Investment assets where policyholders bear the investment risk	15	11,770,816	12,683,422
Non-current assets held for sale		9,980	9,980
Premises and equipment		221,261	232,484
Right-of-use asset		248,493	265,176
Intangible assets	8	18,984,542	19,063,676
Deferred tax assets	9	3,260,548	217,309
Other assets	16	2,846,157	1,153,677
Total assets		151,213,649	157,216,961

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	31 December
	Note	2022	2021
		<i>(in thousand Baht)</i>	
Liabilities and shareholders' equity			
<i>Liabilities</i>			
Insurance contract liabilities	10	120,423,918	116,531,392
Investment contract liabilities	11	11,815,374	12,752,405
Investment payable		289,448	-
Due to reinsurers		297,565	251,781
Derivative liabilities	5	2,486,009	741,330
Accrued commission		328,875	366,263
Accrued expenses	16	1,648,981	1,373,116
Employee benefit obligations		239,188	301,716
Lease liabilities		237,854	251,527
Income tax payable		121,263	92,341
Other liabilities	16	899,847	591,617
Total liabilities		138,788,322	133,253,488
<i>Shareholders' equity</i>			
Share capital			
Authorised share capital			
<i>(2,211,152,652 ordinary shares, par value at Baht 9.14 per share)</i>		20,209,935	20,209,935
Issued and paid share capital			
<i>(2,211,152,652 ordinary shares, par value at Baht 9.14 per share)</i>		20,209,935	20,209,935
Retained earnings			
Appropriated			
Legal reserve		466,939	466,939
Unappropriated		2,193,092	2,490,513
Other components of shareholders' equity		(10,444,639)	796,086
Total shareholders' equity		12,425,327	23,963,473
Total liabilities and shareholders' equity		151,213,649	157,216,961

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	
		2022	2021
		<i>(in thousand Baht)</i>	
Revenues			
Gross premium written		6,277,416	5,344,868
Less premium ceded		<u>(57,331)</u>	<u>(60,468)</u>
Net premiums written		6,220,085	5,284,400
Add unearned premium reserve decreased from previous period		<u>6,605</u>	<u>13,785</u>
Net premium earned		6,226,690	5,298,185
Commission and brokerage income		24,428	25,760
Net investments income	16	898,673	830,777
(Loss) gain on investments		(61,763)	360,107
Gain on fair value changes		279,436	58,391
Other income		<u>18,280</u>	<u>9,937</u>
Total revenues		<u>7,385,744</u>	<u>6,583,157</u>
Expenses			
Long-term technical reserve increase from prior period		2,322,361	2,335,416
Benefits payments and insurance claims expenses		3,080,549	2,101,051
Less benefits payments and insurance claims expenses recovered from reinsurers		<u>(26,736)</u>	<u>(25,355)</u>
Net benefits payments and insurance claims expenses		3,053,813	2,075,696
Commissions and brokerage expenses		672,094	536,818
Other underwriting expenses	16	776,734	412,887
Operating expenses	16	910,307	763,973
Expected credit losses and impairment losses on investments (reversal)	13	56,123	(14,385)
Loss on exchange rate		<u>10,595</u>	<u>13,011</u>
Total expenses		<u>7,802,027</u>	<u>6,123,416</u>
Profit (loss) before income tax		<u>(416,283)</u>	<u>459,741</u>
Income tax expense (revenue)	12	<u>(96,978)</u>	<u>87,085</u>
Profit (loss) for the period		<u>(319,305)</u>	<u>372,656</u>
Other comprehensive income (loss)			
<i>Items that will be reclassified subsequently to profit or loss</i>			
(Loss) gain on remeasurement of investments - fair value through other comprehensive income		(7,075,054)	1,325,654
(Loss) gain on remeasurement of derivatives for cash flow hedges		(275,384)	73,924
Income tax relating to items that will be reclassified subsequently to profit or loss		<u>1,469,612</u>	<u>(279,916)</u>
Other comprehensive income (loss) for the period, net of income tax		<u>(5,880,826)</u>	<u>1,119,662</u>
Total comprehensive income (loss) for the period		<u>(6,200,131)</u>	<u>1,492,318</u>
Basic earnings (loss) per share (in Baht)	14	<u>(0.14)</u>	<u>0.17</u>

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	
		2022	2021
		30 June	
		<i>(in thousand Baht)</i>	
Revenues			
Gross premium written		12,179,752	10,969,154
Less premium ceded		(114,051)	(120,014)
Net premiums written		12,065,701	10,849,140
Less unearned premium reserve increased from previous period		(188,121)	(88,876)
Net premium earned		11,877,580	10,760,264
Commission and brokerage income		49,560	45,850
Net investments income	16	1,776,846	1,639,901
(Loss) gain on investments		(93,070)	469,012
Gain (loss) on fair value changes		485,286	(8,198)
Other income		30,721	27,659
Total revenues		14,126,923	12,934,488
Expenses			
Long-term technical reserve increase from prior period		3,522,127	4,684,358
Benefits payments and insurance claims expenses		6,729,729	4,309,448
Less benefits payments and insurance claims expenses recovered from reinsurers		(46,279)	(38,818)
Net benefits payments and insurance claims expenses		6,683,450	4,270,630
Commissions and brokerage expenses		1,264,270	1,105,261
Other underwriting expenses	16	1,324,862	1,056,876
Operating expenses	16	1,631,149	1,434,284
Expected credit losses and impairment losses on investments (reversal)	13	84,844	(11,873)
Loss on exchange rate		5,579	31,832
Total expenses		14,516,281	12,571,368
Profit (loss) before income tax		(389,358)	363,120
Income tax expense (revenue)	12	(91,937)	67,759
Profit (loss) for the period		(297,421)	295,361
Other comprehensive income (loss)			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Loss on remeasurement of investments - fair value through other comprehensive income		(13,335,342)	(6,157,458)
(Loss) gain on remeasurement of derivatives for cash flow hedges		(727,308)	66,852
Income tax relating to items that will be reclassified subsequently to profit or loss		2,821,925	1,218,121
Other comprehensive income (loss) for the period, net of income tax		(11,240,725)	(4,872,485)
Total comprehensive income (loss) for the period		(11,538,146)	(4,577,124)
Basic earnings (loss) per share (in Baht)	14	(0.13)	0.13

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

Prudential Life Assurance (Thailand) Public Company Limited
Statement of changes in equity (Unaudited)

	Issued and paid share capital	Retained earnings		Other components of shareholders' equity		Total shareholders' equity
		Legal reserve	Unappropriated	Gain (loss) on remeasurement of investments - fair value through other comprehensive income <i>(in thousand Baht)</i>	Gain on remeasurement of derivatives for cash flow hedges	
Six-month period ended 30 June 2021						
Balance at 1 January 2021	20,209,935	463,275	2,409,523	7,800,998	-	30,883,731
Comprehensive income (loss) for the period						
Profit for the period	-	-	295,361	-	-	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
Total comprehensive income (loss) for the period	-	-	295,361	(4,925,967)	53,482	(4,577,124)
Balance at 30 June 2021	20,209,935	463,275	2,704,884	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 changes in equity (Unaudited)

	Retained earnings		Other components of shareholders' equity			
	Issued and paid share capital	Legal reserve	Unappropriated	Gain (loss) on remeasurement of investments - fair value through other comprehensive income <i>(in thousand Baht)</i>	Loss on remeasurement of derivatives for cash flow hedges	Total shareholders' equity
Six-month period ended 30 June 2022						
Balance at 1 January 2022	20,209,935	466,939	2,490,513	963,293	(167,207)	23,963,473
Comprehensive income (loss) for the period						
Loss for the period	-	-	(297,421)	-	-	(297,421)
Other comprehensive income (loss)						
Loss on remeasurement of investments - fair value through other comprehensive income, net of income tax	-	-	-	(10,668,274)	-	(10,668,274)
Loss on remeasurement of derivatives for cash flow hedges, net of income tax	-	-	-	-	(572,451)	(572,451)
Total comprehensive income (loss) for the period	-	-	(297,421)	(10,668,274)	(572,451)	(11,538,146)
Balance at 30 June 2022	20,209,935	466,939	2,193,092	(9,704,981)	(739,658)	12,425,327

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

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

	Note	Six-month period ended	
		30 June	
		2022	2021
		<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>			
Premiums received		11,690,349	10,502,006
Cash paid to reinsurers		(36,438)	(36,478)
Interest received		1,566,020	1,635,985
Dividend received		295,098	165,327
Other income		66,814	32,232
Benefit payments and insurance claims expenses		(6,547,451)	(4,055,318)
Commissions and brokerages		(1,301,658)	(1,188,107)
Other underwriting expenses		(1,203,287)	(863,606)
Operating expenses		(1,253,979)	(1,658,867)
Income tax paid		(100,454)	(227,329)
Investments in securities		(2,387,418)	(4,059,131)
Loans		(166,536)	25,461
Investment assets where policyholders bear the investment risk		(47,282)	(49,427)
Net cash generated from operating activities		573,778	222,748
<i>Cash flows from investing activities</i>			
<i>Cash flow provided by</i>			
Proceeds from sale of premises and equipment		-	1,848
Cash flow provided by investing activities		-	1,848
<i>Cash flow used in</i>			
Acquisition of premises and equipment		(7,539)	(138,333)
Acquisition of intangible assets		(124,824)	(118,081)
Cash flow used in investing activities		(132,363)	(256,414)
Net cash used in investing activities		(132,363)	(254,566)
<i>Cash flow from financing activities</i>			
<i>Cash flow provided by</i>			
Borrowing from repurchase agreement		290,643	-
Cash flow provided by financing activities		290,643	-
<i>Cash flows used in</i>			
Payment of lease liabilities		(18,020)	(37,477)
Cash flow used in financing activities		(18,020)	(37,477)
Net cash provided by (used in) financing activities		272,623	(37,477)
Net increase (decrease) in cash and cash equivalents		714,038	(69,295)
Cash and cash equivalent at 31 December 2021/2020		2,142,711	2,446,298
Total cash and cash equivalent at 30 June		2,856,749	2,377,003
<i>Less</i> allowance of expected credit losses		(407)	(631)
Cash and cash equivalent, net at 30 June	3	2,856,342	2,376,372

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 2022 (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 11 August 2022.

1 General information

Prudential Life Assurance (Thailand) Public Company Limited, (the “Company”), is incorporated in Thailand and has its registered office at Mitrtown Office Tower, 10th and 29th - 31st Floors, 944 Rama 4 Road, Wangmai, Pathumwan, Bangkok. The Company has 1 branch (*31 December 2021: 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.

The interim financial statements focus on new activities, events and circumstances to avoid repetition of information previously reported in financial statement. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company for the year ended 31 December 2021.

(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 2021.

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 2022 (Unaudited)

3 Cash and cash equivalents

	30 June 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Cash on hand	55	55
Deposits at banks - call deposits	2,856,694	2,142,656
Less allowance for expected credit losses	(407)	(522)
Total	<u>2,856,342</u>	<u>2,142,189</u>

4 Premiums due and uncollected

As at 30 June 2022 and 31 December 2021, the balances of premiums due and uncollected are classified by aging as follows:

	30 June 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Within due	869,263	506,914
Overdue		
Not over than 30 days	57,720	51,189
31 - 60 days	116	3,260
61 - 90 days	67	1,406
91 days - 1 year	200	949
Over 1 year	-	2
Total	<u>927,366</u>	<u>563,720</u>
Less allowance for doubtful accounts	(219)	(314)
Net	<u>927,147</u>	<u>563,406</u>

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

Prudential Life Assurance (Thailand) Public Company Limited
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For the three-month and six-month periods ended 30 June 2022 (Unaudited)

5 Derivatives

As at 30 June 2022 and 31 December 2021, 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 2022		Three-month period ended 30 June 2022	Six-month period ended 30 June 2022
				Fair value Assets	Fair value Liabilities	Loss on remeasurement of derivatives at fair value	
Foreign exchange forward	To protect against foreign exchange risk arising from investment activities	13	26,201,193	32,440	(1,500,590)	(962,011)	(1,023,573)
Bond forward	To protect against interest rate risk arising from investment activities	1	191,052	-	(2,124)	(5,852)	(11,155)
Total		14	26,392,245	32,440	(1,502,714)	(967,863)	(1,034,728)

Derivatives for which hedge accounting has been elected

Type of contract	Objectives	No. of contracts	Notional value	30 June 2022		Three-month period ended 30 June 2022	Six-month period ended 30 June 2022
				Fair value Assets	Fair value Liabilities	Loss on remeasurement of derivatives at fair value	
Bond forward	To hedge the price risk of the underlying bond	7	6,796,906	-	(983,295)	(273,009)	(774,286)
Total		7	6,796,906	-	(983,295)	(273,009)	(774,286)

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 2022 (Unaudited)

Derivatives for which hedge accounting has not been elected

Type of contract	Objectives	No. of contracts	Notional value	31 December 2021		Gain (loss) on remeasurement of derivatives at fair value
				Assets	Liabilities <i>(in thousand Baht)</i>	
Foreign exchange forward	To protect against foreign exchange risk arising from investment activities	20	29,873,187	36,883	(481,460)	(653,600)
Bond forward	To protect against interest rate risk arising from investment activities	1	191,052	9,031	-	6,682
Total		21	30,064,239	45,914	(481,460)	(646,918)

Derivatives for which hedge accounting has been elected

Type of contract	Objectives	No. of contracts	Notional value	Fair value		Loss on remeasurement of derivatives at fair value <i>(in thousand Baht)</i>
				Assets	Liabilities	
Bond forward	To hedge the price risk of the underlying bond	9	8,226,154	50,861	(259,870)	(209,009)
Total		9	8,226,154	50,861	(259,870)	(209,009)

As at 30 June 2022, 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 785.3 million (31 December 2021: USD 923.9 million).

Prudential Life Assurance (Thailand) Public Company Limited
Notes to the condensed interim financial statements
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6 Investments in securities

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

	30 June 2022		31 December 2021	
	Cost/ Amortised cost	Fair value <i>(in thousand Baht)</i>	Cost/ Amortised cost	Fair value
<i>Investments measured at fair value through profit or loss</i>				
Unit trusts	3,759	3,948	3,736	4,394
Total	3,759	3,948	3,736	4,394
Add unrealised gains	189	-	658	-
Total investments measured at fair value through profit or loss	3,948	3,948	4,394	4,394
<i>Investments measured at fair value through other comprehensive income</i>				
Government and state enterprises securities	54,693,475	48,242,158	56,755,502	57,787,335
Corporate securities	36,944,558	34,389,185	34,350,414	34,627,805
Foreign securities	7,296,027	6,396,874	5,477,924	5,488,746
Equity securities	3,683,323	3,353,146	3,678,019	3,178,007
Unit trusts	16,089,477	13,263,608	16,077,083	15,615,461
Total	118,706,860	105,644,971	116,338,942	116,697,354
Add unrealised gains (losses)	(13,061,889)	-	358,412	-
Total investments measured at fair value through other comprehensive income	105,644,971	105,644,971	116,697,354	116,697,354
Allowance for expected credit losses - Debt		498,715		474,026
Allowance for impairment losses - Equity securities and unit trusts classified as equity		431,949		371,679

6.2 Fair value through other comprehensive income

	30 June 2022		31 December 2021	
	Fair value	Allowance for expected credit losses / impairment <i>(in thousand Baht)</i>	Fair value	Allowance for expected credit losses / impairment
Debt securities - no significant increase in credit risk / performing (stage 1)	100,449,913	18,618	111,527,343	25,721
Debt securities - default / non-performing (stage 3)	865,135	480,097	865,135	448,305
Equity securities and unit trusts classified as equity	4,329,923	431,949	4,304,876	371,679
Total	105,644,971	930,664	116,697,354	845,705

Prudential Life Assurance (Thailand) Public Company Limited
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As at 30 June 2022, the Company had sold government bond with repurchase agreement (Repo) to the bank as collateral for borrowing with a term of less than 1 year. Certain government bond has face value of Baht 300 million and book value of Baht 331 million (31 December 2021: Nil) as disclosed in note 18.

7 Loans and accrued interest

As at 30 June 2022 and 31 December 2021, the detail of loans and accrued interest were as follows:

	30 June 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Other loans - no significant increase in credit risk (stage 1)	-	57
Less allowance for doubtful accounts	-	-
Total	-	57
Policy loans	3,286,576	3,007,778
Accrued interest receivable	358,212	344,660
Loans and accrued interest, net	<u>3,644,788</u>	<u>3,352,495</u>

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

As at 30 June 2022, there was no other loans (31 December 2021: other loans had interest rate 4.32% per annum).

8 Intangible assets

	Software licenses	Software under development	Bancassurance agreement	Total
	<i>(in thousand Baht)</i>			
Net book value at 1 January 2022	367,175	246,325	18,450,176	19,063,676
Additions during the period - cost	-	129,512	-	129,512
Net transfers in/(out)	187,032	(187,032)	-	-
Amortisation charge for the period	(71,644)	-	(137,002)	(208,646)
Net book value at 30 June 2022	<u>482,563</u>	<u>188,805</u>	<u>18,313,174</u>	<u>18,984,542</u>

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9 Deferred tax

Deferred tax assets and liabilities as at 30 June 2022 and 31 December 2021 were as follows:

	30 June 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Deferred tax assets	3,336,454	487,607
Deferred tax liabilities	(75,906)	(270,298)
Net deferred tax assets	<u>3,260,548</u>	<u>217,309</u>

Movements in total deferred tax assets and liabilities for the six-month period ended 30 June 2022 and 2021 were as follows:

	At 1 January 2022	<u>(Charged) / Credited to:</u>		At 30 June 2022
		Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	
<i>Deferred tax assets</i>				
Premises and equipment	19,896	-	-	19,896
Intangible assets	2,063	(845)	-	1,218
Provision for dismantling	1,097	67	-	1,164
Employee benefit obligations	27,105	2,346	-	29,451
Unpaid policy benefits	10,019	1,159	-	11,178
Premium reserve	5,458	36,520	-	41,978
Expected credit losses and impairment losses on investments	170,237	17,954	-	188,191
Modification loss	92,465	(6,358)	-	86,107
Loss on remeasurement of investments - fair value through other comprehensive income	-	-	2,426,246	2,426,246
Realised gain from bond forward	-	9,395	-	9,395
Unrealised loss on derivative instruments	128,911	206,946	154,857	490,714
Others	30,356	560	-	30,916
Total	<u>487,607</u>	<u>267,744</u>	<u>2,581,103</u>	<u>3,336,454</u>
<i>Deferred tax liabilities</i>				
(Gain) loss on remeasurement of investments - fair value through other comprehensive income	(240,822)	-	240,822	-
Unrealised gain on exchange rate adjustment from foreign currency investment	(5,853)	(46,524)	-	(52,377)
(Gain) loss on remeasurement of investments - fair value through profit or loss	(132)	94	-	(38)
Actuarial gain on defined benefit plan	(23,491)	-	-	(23,491)
Total	<u>(270,298)</u>	<u>(46,430)</u>	<u>240,822</u>	<u>(75,906)</u>
Net	<u>217,309</u>	<u>221,314</u>	<u>2,821,925</u>	<u>3,260,548</u>

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	<u>(Charged) / Credited to:</u>			At 30 June 2021
	At 1 January 2021	Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	
<i>Deferred tax assets</i>				
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
Total	351,790	51,184	(13,370)	389,604
<i>Deferred tax liabilities</i>				
(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	-	-
Total	(2,046,850)	44,454	1,231,492	(770,904)
Net	(1,695,060)	95,638	1,218,122	(381,300)

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10 Insurance contract liabilities

	30 June 2022			31 December 2021		
	Liabilities under insurance contracts	Reinsurers' share liabilities	Net <i>(in thousand Baht)</i>	Liabilities under insurance contracts	Reinsurers' share liabilities	Net
Long-term technical reserves	118,357,727	-	118,357,727	114,835,600	-	114,835,600
Short-term technical reserves						
Loss reserves and outstanding claims						
- Case reserves	81,396	-	81,396	58,191	-	58,191
- Incurred but not reported	46,271	-	46,271	41,882	-	41,882
Total loss reserves and outstanding claims	127,667	-	127,667	100,073	-	100,073
Unearned premium reserves	473,556	-	473,556	285,435	-	285,435
Total short-term technical reserves	601,223	-	601,223	385,508	-	385,508
Unpaid policy benefits	445,947	-	445,947	392,598	-	392,598
Due to insured	1,019,021	-	1,019,021	917,686	-	917,686
Total	120,423,918	-	120,423,918	116,531,392	-	116,531,392

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10.1 Long-term technical reserves

	30 June 2022	31 December 2021
	<i>(in thousand Baht)</i>	
At 1 January	114,835,600	105,433,242
Reserve increase from new and inforce policies during the period/ year	9,462,564	18,594,083
Reserves released for benefits payment, lapse and policies cancelled during the period/ year	<u>(5,940,437)</u>	<u>(9,191,725)</u>
At 30 June 2022/ 31 December 2021	<u>118,357,727</u>	<u>114,835,600</u>

10.2 Short-term technical reserves

10.2.1 Loss reserves and outstanding claims

	30 June 2022	31 December 2021
	<i>(in thousand Baht)</i>	
At 1 January	100,073	86,391
Insurance claim expense incurred during the period / year	307,038	373,624
Insurance claim expense paid during the period / year	<u>(279,444)</u>	<u>(359,942)</u>
At 30 June 2022 / 31 December 2021	<u>127,667</u>	<u>100,073</u>

10.2.2 Unearned premium reserves

	30 June 2022	31 December 2021
	<i>(in thousand Baht)</i>	
At 1 January	285,435	263,406
Premium written during the period / year	399,416	744,497
Earned premium in the period / year	<u>(211,295)</u>	<u>(722,468)</u>
At 30 June 2022 / 31 December 2021	<u>473,556</u>	<u>285,435</u>

10.3 Unpaid policy benefits

	30 June 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Death	95,175	53,341
Unpresented cheques for benefits and claims payment	333,201	328,002
Others	<u>17,571</u>	<u>11,255</u>
Total	<u>445,947</u>	<u>392,598</u>

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10.4 Due to insured

	30 June 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Policyholder deposits	1,010,829	909,825
Advance premium	3	3
Others	8,189	7,858
Total	<u>1,019,021</u>	<u>917,686</u>

11 Investment contract liabilities

The movement of investment contract liabilities are as follows:

	30 June 2022	31 December 2021
	<i>(in thousand Baht)</i>	
At 1 January	12,752,405	10,206,894
Deposit during the period / year	1,658,753	3,338,979
Withdrawal during the period / year	(376,399)	(1,505,739)
Valuation adjustment during the period / year	(2,219,385)	712,271
At 30 June 2022 / 31 December 2021	<u>11,815,374</u>	<u>12,752,405</u>

12 Income tax

Income tax is recognized based on management's best estimated of the weighted average annual income tax expected for the full financial year applied to the pre-tax of interim period. The Company's effective income tax rate in respect of continuing operations for the three-month and six-month periods ended 30 June 2022 was 23.3% and 23.6%, respectively (30 June 2021: 18.9% and 18.7%, respectively). 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	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Cash and cash equivalent	(163)	273	(115)	198
Investment in debt securities	10,508	5,404	24,689	6,042
Investment in equity securities and unit trusts classified as equity	45,778	(20,062)	60,270	(18,113)
Total	<u>56,123</u>	<u>(14,385)</u>	<u>84,844</u>	<u>(11,873)</u>

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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 2022 and 2021 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	
	2022	2021	2022	2021
	<i>(in thousand Baht / thousand shares)</i>			
Profit (loss) for the period attributable to ordinary shareholders of the Company (basic)	<u>(319,305)</u>	<u>372,656</u>	<u>(297,421)</u>	<u>295,361</u>
Number of ordinary shares outstanding	<u>2,211,153</u>	<u>2,211,153</u>	<u>2,211,153</u>	<u>2,211,153</u>
Basic earnings (loss) per share (in Baht)	<u>(0.14)</u>	<u>0.17</u>	<u>(0.13)</u>	<u>0.13</u>

15 Fair value of financial assets and liabilities

Carrying amounts and fair value

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

	Carrying amounts and Fair value			
	Level 1	Level 2	Level 3	Total
	<i>(in thousand Baht)</i>			
At 30 June 2022				
Financial assets				
Investment in securities				
Investments measured at fair value through profit or loss	3,948	-	-	3,948
Investments measured at fair value through other comprehensive income	<u>16,608,966</u>	<u>88,163,082</u>	<u>872,923</u>	<u>105,644,971</u>
Total investment in securities	<u>16,612,914</u>	<u>88,163,082</u>	<u>872,923</u>	<u>105,648,919</u>
Derivative assets	<u>-</u>	<u>32,440</u>	<u>-</u>	<u>32,440</u>
Investment assets where policyholders bear the investment risk	<u>11,770,816</u>	<u>-</u>	<u>-</u>	<u>11,770,816</u>
Financial liabilities				
Derivative liabilities	<u>-</u>	<u>2,486,009</u>	<u>-</u>	<u>2,486,009</u>

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	Carrying amounts and Fair value			Total
	Level 1	Level 2 (in thousand Baht)	Level 3	
31 December 2021				
Financial assets				
Investment in securities				
Investment measured at fair value through profit or loss	4,394	-	-	4,394
Investment measured at fair value through other comprehensive income	18,786,032	97,038,751	872,571	116,697,354
Total investment in securities	18,790,426	97,038,751	872,571	116,701,748
Derivative assets	-	96,775	-	96,775
Investment assets where policyholders bear the investment risk	12,683,422	-	-	12,683,422
Financial liabilities				
Derivative liabilities	-	741,330	-	741,330

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 following methods and assumptions were used by the Company in estimating fair value of financial assets and financial liabilities as disclosed herein.

The carrying value of these financial instruments, cash and cash equivalents, accrued investment income, premiums due and uncollected, loans, due to reinsurers, unpaid policy benefit loss reserves and outstanding claim and other payables approximates the fair value.

The Company determines Level 2 fair values for debt securities using clean price on the 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 simple over-the-counter derivative financial instruments are based on counterparty quotes.

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

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

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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 2022 (*For the year ended 31 December 2021: there were no transfers between levels of the fair value hierarchy*).

16 Related parties

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

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

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

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

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

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Significant transactions for the three-month and six-month periods ended 30 June 2022 and 2021 with key management personnel and related parties were as follows:

	Three-month period ended 30 June		Six-month period ended 30 June	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Revenue				
Affiliate of Prudential Group				
Trailing fee	8,513	7,666	17,287	14,349
Expenses				
Affiliate of Prudential Group				
Investment management fee expenses	45,532	41,187	92,943	84,088
Investment related expenses and operating expenses	52,647	68,085	102,941	128,662
Other underwriting expenses	125,428	43,323	231,295	186,992
Directors and key management personnel compensation				
Short-term employee benefits	70,995	29,437	117,905	83,717
Post-employment benefit	1,803	2,102	3,602	4,249
Other long-term benefits	5,957	3,942	12,259	10,064
Total	78,755	35,481	133,766	98,030

Significant balances as at 30 June 2022 and 31 December 2021 with related parties were as follows:

	30 June 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Other assets		
Affiliate of Prudential Group	<u>20,506</u>	<u>4,508</u>
Accrued investment management fee		
Affiliate of Prudential Group	<u>28,477</u>	<u>41,926</u>
Other liabilities		
Affiliate of Prudential Group	<u>267,574</u>	<u>230,811</u>

Significant agreements with related parties

Investment Management Agreement

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

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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.

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 2022		31 December 2021	
	Book value	Face value	Book value	Face value
		<i>(in thousand Baht)</i>		
Government bonds	<u>32,903</u>	<u>30,000</u>	<u>38,953</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 2022		31 December 2021	
	Book value	Face value	Book value	Face value
		<i>(in thousand Baht)</i>		
Government and state enterprise bonds	24,496,904	26,810,500	27,820,747	25,910,500
Promissory notes	<u>1,003,715</u>	<u>1,000,000</u>	<u>1,221,528</u>	<u>1,000,000</u>
Total	<u>25,500,619</u>	<u>27,810,500</u>	<u>29,042,275</u>	<u>26,910,500</u>

