

Prudential Life Assurance (Thailand) Public Company Limited

Condensed interim financial statements
for the three-month period ended
31 March 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 31 March 2021; the statements of comprehensive income, changes in equity and cash flows for the three-month period ended 31 March 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, Chotiwiwiyakul)
Certified Public Accountant
Registration No.10566

KPMG Phoomchai Audit Ltd.
Bangkok
11 May 2021

Prudential Life Assurance (Thailand) Public Company Limited

Statement of financial position

Assets	Note	31 March	31 December
		2021	2020
		(Unaudited)	
		(in thousand Baht)	
Cash and cash equivalents	3	1,693,482	2,445,865
Investment receivables		69,130	61,681
Premiums due and uncollected	4	987,495	758,410
Accrued investment income		994,829	550,324
Reinsurance receivables		125,941	121,133
Derivative assets	5	41,675	265,648
Investments assets			
Investments in securities	6, 15, 17	111,770,685	116,102,140
Loans and accrued interest	7	3,030,152	3,033,516
Investment assets where policyholders bear the investment risk	15	10,845,626	10,125,506
Non-current assets held for sale		10,030	10,030
Premises and equipment		118,828	81,520
Right of use asset		9,405	16,194
Intangible assets	8	19,086,752	19,120,812
Other assets	16	619,281	478,941
Total assets		149,403,311	153,171,720

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

Prudential Life Assurance (Thailand) Public Company Limited

Statement of financial position

		31 March 2021 (Unaudited)	31 December 2020
Liabilities and shareholders' equity	<i>Note</i>		
		<i>(in thousand Baht)</i>	
Liabilities			
Insurance contract liabilities	10	109,357,922	106,798,184
Investment contract liabilities	11	10,895,797	10,206,894
Investment payable		440,943	-
Due to reinsurers		283,713	299,095
Derivative liabilities	5	426,245	-
Accrued commission		287,470	335,981
Accrued expenses	16	1,247,247	1,174,631
Employee benefit obligations		169,524	253,725
Lease liabilities		9,520	16,352
Deferred tax liabilities	9	17,914	1,695,060
Income tax payable		361,738	207,379
Other liabilities	16	1,090,989	1,300,688
Total liabilities		124,589,022	122,287,989
Shareholders' equity			
Share capital			
Authorised share capital <i>(2,211,152,652 ordinary shares, par value at Baht 9.14 per share)</i>		20,209,935	20,209,935
Issued and paid share capital <i>(2,211,152,652 ordinary shares, par value at Baht 9.14 per share)</i>		20,209,935	20,209,935
Retained earnings			
Appropriated			
Legal reserve		463,275	463,275
Unappropriated		2,332,228	2,409,523
Other components of shareholders' equity	6	1,808,851	7,800,998
Total shareholders' equity		24,814,289	30,883,731
Total liabilities and shareholders' equity		149,403,311	153,171,720

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

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

	Note	Three-month period ended	
		31 March	
		2021	2020
		<i>(in thousand Baht)</i>	
Revenues			
Gross premium written		5,624,286	5,666,486
Less premium ceded		<u>(59,546)</u>	<u>(52,464)</u>
Net premiums written		5,564,740	5,614,022
Less unearned premium reserve increased from previous period		<u>(102,661)</u>	<u>(10,879)</u>
Net premium earned		5,462,079	5,603,143
Commission and brokerage income		20,090	17,968
Net investments income	16	809,124	998,244
Gain (loss) on investments	16	108,905	(74,940)
Loss on fair value changes		(66,589)	(94,401)
Other income		<u>17,722</u>	<u>13,198</u>
Total revenues		<u>6,351,331</u>	<u>6,463,212</u>
Expenses			
Long-term technical reserve increase from prior period		2,348,942	2,288,535
Benefits payments and insurance claims expenses		2,208,397	2,308,858
Less benefits payments and insurance claims expenses recovered from reinsurers		<u>(13,463)</u>	<u>(12,202)</u>
Net benefits payments and insurance claims expenses		2,194,934	2,296,656
Commissions and brokerage expenses		568,443	695,094
Other underwriting expenses	16	643,989	567,326
Operating expenses	16	670,311	520,971
Expected credit losses and impairment losses on investments	13	2,512	7,634
Other loss		<u>18,821</u>	<u>29,726</u>
Total expenses		<u>6,447,952</u>	<u>6,405,942</u>
Profit (loss) before income tax		<u>(96,621)</u>	<u>57,270</u>
Income tax expense (revenue)	12	<u>(19,326)</u>	<u>9,752</u>
Profit (loss) for the period		<u>(77,295)</u>	<u>47,518</u>
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		(7,483,112)	(5,852,820)
Loss on remeasurement of derivatives for cash flow hedges	5	<u>(7,072)</u>	-
Income tax relating to items that will be reclassified subsequently to profit or loss		<u>1,498,037</u>	<u>1,170,564</u>
Other comprehensive income (loss) for the period, net of income tax		<u>(5,992,147)</u>	<u>(4,682,256)</u>
Total comprehensive income (loss) for the period		<u>(6,069,442)</u>	<u>(4,634,738)</u>
Basic earnings (loss) per share (in Baht)	14	<u>(0.03)</u>	<u>0.02</u>

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

Prudential Life Assurance (Thailand) Public Company Limited

Statement of changes in equity (Unaudited)

	Retained earnings		Other components of shareholders' equity		Total 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>	
Three-month period ended 31 March 2020					
Balance at 31 December 2019 - as reported	20,209,935	454,974	3,156,585	9,027,828	32,849,322
Impact of change in accounting policies	-	-	(921,067)	922,363	1,296
Balance at 1 January 2020 - as restated	20,209,935	454,974	2,235,518	9,950,191	32,850,618
Comprehensive income (loss) for the period					
Profit for the period	-	-	47,518	-	47,518
Other comprehensive income (loss)					
Loss on remeasurement of investments - fair value through other comprehensive income, net of income tax	-	-	-	(4,682,256)	(4,682,256)
Total comprehensive income (loss) for the period	-	-	47,518	(4,682,256)	(4,634,738)
Balance at 31 March 2020	20,209,935	454,974	2,283,036	5,267,935	28,215,880

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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>	Loss on remeasurement of derivatives for cash flow hedges	
Three-month period ended 31 March 2021					
Balance at 1 January 2021	20,209,935	463,275	7,800,998	-	30,883,731
Comprehensive income (loss) for the period					
Loss for the period	-	-	-	-	(77,295)
Other comprehensive income (loss)					
Loss on remeasurement of investments - fair value through other comprehensive income, net of income tax	-	-	(5,986,489)	-	(5,986,489)
Loss on remeasurement of derivatives for cash flow hedges, net of income tax	-	-	-	(5,658)	(5,658)
Total comprehensive income (loss) for the period					
Balance at 31 March 2021	20,209,935	463,275	1,814,509	(5,658)	24,814,289

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

Prudential Life Assurance (Thailand) Public Company Limited

Statement of cash flows (Unaudited)

	Three-month period ended	
	31 March	
Note	2021	2020
	<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>		
Premiums received	5,373,528	5,353,872
Cash paid to reinsurers	(63,497)	(2,229)
Interest received	99,842	559,000
Dividend received	37,190	121,220
Other income (expense)	15,239	(3,731)
Benefit payments and insurance claims expenses	(2,100,262)	(2,203,754)
Commissions and brokerages	(616,954)	(790,555)
Other underwriting expenses	(496,877)	(668,858)
Operating expenses	(778,502)	(564,432)
Income tax paid	(5,423)	(8,810)
Investments in securities	(2,086,186)	5,791,700
Loans	25,057	2,517
Investment assets where policyholders bear the investment risk	(64,845)	(83,545)
Net cash (used in) generated from operating activities	(661,690)	7,502,395
<i>Cash flow from investing activities</i>		
<i>Cash flow used in</i>		
Premises and equipment	(48,318)	(6,854)
Intangible assets	(36,958)	(2,224)
Net cash flow used in investing activities	(85,276)	(9,078)
<i>Cash flow from financing activities</i>		
<i>Cash flows used in</i>		
Payment of lease liabilities	(5,492)	(5,649)
Net cash used in financing activities	(5,492)	(5,649)
Net (decrease) increase in cash and cash equivalents	(752,458)	7,487,668
Cash and cash equivalent at 31 December 2020/2019	2,446,298	1,916,846
Total cash and cash equivalent at 31 March	1,693,840	9,404,514
<i>Less</i> loss allowance of expected credit losses	(358)	(1,885)
Cash and cash equivalent at 31 March - Net	1,693,482	9,402,629

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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 period ended 31 March 2021 (Unaudited)

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Prudential Life Assurance (Thailand) Public Company Limited
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2021 (Unaudited)

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 May 2021.

1 General information

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

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

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

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

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

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

(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 period ended 31 March 2021 (Unaudited)

3 Cash and cash equivalents

	31 March 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Cash on hand	55	56
Deposits at banks - call deposits	1,693,785	2,046,242
Deposits at banks - time deposits	-	400,000
Less allowance for expected credit losses	<u>(358)</u>	<u>(433)</u>
Total	<u>1,693,482</u>	<u>2,445,865</u>

4 Premiums due and uncollected

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

	31 March 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Within due	986,032	757,405
Overdue		
less than 30 days	893	259
31 - 60 days	425	221
61 - 90 days	220	471
91 days - 1 year	94	178
over 1 year	<u>7</u>	<u>72</u>
Total	987,671	758,606
Less allowance for doubtful accounts	<u>(176)</u>	<u>(196)</u>
Net	<u>987,495</u>	<u>758,410</u>

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

Prudential Life Assurance (Thailand) Public Company Limited
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2021 (Unaudited)

5 Derivatives

As at 31 March 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	31 March 2021		Loss on remeasurement of derivatives at fair value
				Assets (in thousand Baht)	Fair value Liabilities (in thousand Baht)	
Foreign exchange forward	To protect against foreign exchange risk arising from investment activities	9	14,282,333	-	(417,302)	(626,325)
Cross currency swap	To protect against foreign exchange and interest rate risks arising from investment activities	1	349,272	38,605	-	(14,496)
Bond forward	To protect against interest rate risk arising from investment activities	1	191,052	1,199	-	(1,150)
Total		11	14,822,657	39,804	(417,302)	(641,971)

Derivatives for which hedge accounting has been elected

Type of contract	Objectives	No. of contracts	Notional value	31 March 2021		Loss on remeasurement of derivatives at fair value
				Assets (in thousand Baht)	Fair value Liabilities (in thousand Baht)	
Bond forward	To hedge the price risk of the underlying bond	3	2,004,702	1,871	(8,943)	(7,072)
Total		3	2,004,702	1,871	(8,943)	(7,072)

Prudential Life Assurance (Thailand) Public Company Limited
Notes to the condensed interim financial statements
For the three-month period ended 31 March 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
Total		13	15,154,278	265,648	-	16,486

As at 31 March 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 478.8 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 ended 31 March 2021 (Unaudited)

6 Investments in securities

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

	31 March 2021		31 December 2020	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<i>(in thousand Baht)</i>				
<i>Investments measured at fair value through profit or loss</i>				
Unit trusts	3,524	4,032	3,541	3,855
Total	3,524	4,032	3,541	3,855
Add unrealised gains	508	-	314	-
Total investments measured at fair value through profit or loss	4,032	4,032	3,855	3,855
<i>Investments measured at fair value through other comprehensive income</i>				
Government and state enterprises securities	63,154,788	65,320,617	57,586,079	66,413,515
Corporate securities	34,770,741	34,531,800	36,430,451	37,172,531
Foreign securities	150,000	156,606	180,011	187,980
Equity securities	4,332,196	3,687,693	5,319,789	4,275,923
Unit trusts	8,463,969	8,069,937	8,201,298	8,048,337
Total	110,871,694	111,766,653	107,717,628	116,098,286
Add unrealised gains	894,959	-	8,380,658	-
Total investments measured at fair value through other comprehensive income	111,766,653	111,766,653	116,098,286	116,098,286
Allowance for expected credit losses - Debt		954,528		953,890
Allowance for impairment losses - Equity securities and unit trusts classified as equity		418,649		416,700

6.2 Fair value through other comprehensive income

	31 March 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)	106,032,967	18,404	109,792,879	17,862
Debt securities - default / non-performing (stage 3)	839,575	936,124	839,575	936,028
Equity securities and unit trusts classified as equity	4,894,111	418,649	5,465,832	416,700
Total	111,766,653	1,373,177	116,098,286	1,370,590

Prudential Life Assurance (Thailand) Public Company Limited
Notes to the condensed interim financial statements
For the three-month ended 31 March 2021 (Unaudited)

7 Loans and accrued interest

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

	31 March 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Policy loans	2,712,797	2,705,492
Accrued interest receivable	317,355	328,024
Loans and accrued interest, net	<u>3,030,152</u>	<u>3,033,516</u>

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

8 Intangible assets

	Software licenses	Software under development <i>(in thousand Baht)</i>	Bancassurance agreement	Total
Net book value at 1 January 2021	228,945	161,422	18,730,445	19,120,812
Additions during the period - cost	-	51,542	-	51,542
Net transfers in/(out)	45,877	(45,877)	-	-
Net disposal and write off	(148)	-	-	(148)
Amortisation charge for the period	(19,073)	-	(66,381)	(85,454)
Net book value at 31 March 2021	<u>255,601</u>	<u>167,087</u>	<u>18,664,064</u>	<u>19,086,752</u>

Prudential Life Assurance (Thailand) Public Company Limited
Notes to the condensed interim financial statements
For the three-month ended 31 March 2021 (Unaudited)

9 Deferred tax

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

	31 March 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Deferred tax assets	470,516	351,790
Deferred tax liabilities	<u>(488,430)</u>	<u>(2,046,850)</u>
Net deferred tax liabilities	<u>(17,914)</u>	<u>(1,695,060)</u>

Movements in total deferred tax assets and liabilities for the three-month period ended 31 March 2021 and 2020 were as follows:

	At 1 January 2021	(Charged) / Credited to:		At 31 March 2021
		Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	
<i>Deferred tax assets</i>				
Premises and equipment	23,417	516	-	23,933
Intangible assets	5,533	(890)	-	4,643
Provision for dismantling	1,000	-	-	1,000
Employee benefit obligations	26,310	528	-	26,838
Unpaid policy benefits	10,377	176	-	10,553
Premium reserve	10,823	40,985	-	51,808
Expected credit losses and impairment losses on investments	274,205	502	-	274,707
Unrealised loss on derivative instruments	-	75,499	1,414	76,913
Others	125	(4)	-	121
Total	<u>351,790</u>	<u>117,312</u>	<u>1,414</u>	<u>470,516</u>
<i>Deferred tax liabilities</i>				
(Gain) loss on remeasurement of investments - fair value through other comprehensive income	(1,950,248)	-	1,496,623	(453,625)
Unrealised (gain) loss on exchange rate adjustment from foreign currency investment	(22,763)	8,706	-	(14,057)
Gain on remeasurement of investments - fair value through profit or loss	(63)	(39)	-	(102)
Actuarial gain on defined benefit plan	(20,646)	-	-	(20,646)
Unrealised (gain) loss on derivative instruments	(53,130)	53,130	-	-
Total	<u>(2,046,850)</u>	<u>61,797</u>	<u>1,496,623</u>	<u>(488,430)</u>
Net	<u>(1,695,060)</u>	<u>179,109</u>	<u>1,498,037</u>	<u>(17,914)</u>

Prudential Life Assurance (Thailand) Public Company Limited
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For the three-month ended 31 March 2021 (Unaudited)

	At 1 January 2020	Impact of changes in accounting policies	(Charged) / Credited to:		At 31 March 2020
			Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	
Deferred tax assets					
Premises and equipment	17,971	-	541	-	18,512
Intangible assets	9,205	-	(918)	-	8,287
Employee benefit obligations	27,328	-	402	-	27,730
Unpaid policy benefits	10,905	-	794	-	11,699
Premium reserve	5,087	-	34,690	-	39,777
Expected credit losses and impairment losses on investments	-	5,757	1,527	-	7,284
Loss on remeasurement of investments - fair value through profit or loss	-	-	63	-	63
Unrealised loss on derivative instruments	-	-	352,087	-	352,087
Others	-	-	39	-	39
Total	70,496	5,757	389,225	-	465,478
Deferred tax liabilities					
(Gain) loss on remeasurement of investments - fair value through other comprehensive income	(2,256,956)	(230,590)	-	1,170,564	(1,316,982)
Unrealised (gain) loss on exchange rate adjustment from foreign currency investment	(201,961)	224,625	(70,237)	-	(47,573)
(Gain) loss on remeasurement of investments - 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)	-	49,832	-	-
Total	(2,525,377)	(5,965)	(20,353)	1,170,564	(1,381,131)
Net	(2,454,881)	(208)	368,872	1,170,564	(915,653)

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10 Insurance contract liabilities

	31 March 2021		31 December 2020	
	Liabilities under insurance contracts	Reinsurers' share liabilities	Liabilities under insurance contracts	Reinsurers' share liabilities
Long-term technical reserves	107,782,184	-	105,433,242	-
				105,433,242
Short-term technical reserves				
Loss reserves and outstanding claims				
- Case reserves	36,606	-	45,009	-
- Incurred but not reported	43,653	-	41,382	-
Total loss reserves and outstanding claims	80,259	-	86,391	-
Unearned premium reserves	366,067	-	263,406	-
Total short-term technical reserves	446,326	-	349,797	-
Unpaid policy benefits	391,531	-	327,987	-
Due to insured	737,881	-	687,158	-
Total	109,357,922	-	106,798,184	106,798,184

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10.1 Long-term technical reserves

	31 March 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	4,326,331	17,133,493
Reserves released for benefits payment, lapse and cancel policies in the period / year	<u>(1,977,389)</u>	<u>(9,378,937)</u>
At 31 March 2021 / 31 December 2020	<u>107,782,184</u>	<u>105,433,242</u>

10.2 Short-term technical reserves

10.2.1 Loss reserves and outstanding claims

	31 March 2021	31 December 2020
	<i>(in thousand Baht)</i>	
At 1 January	86,391	96,324
Insurance claim expense incurred during the period / year	73,392	379,317
Insurance claim expense paid during the period / year	<u>(79,524)</u>	<u>(389,250)</u>
At 31 March 2021 / 31 December 2020	<u>80,259</u>	<u>86,391</u>

10.2.2 Unearned premium reserves

	31 March 2021	31 December 2020
	<i>(in thousand Baht)</i>	
At 1 January	263,406	281,963
Premium written during the period / year	293,943	645,567
Earned premium in the period / year	<u>(191,282)</u>	<u>(664,124)</u>
At 31 March 2021 / 31 December 2020	<u>366,067</u>	<u>263,406</u>

10.3 Unpaid policy benefits

	31 March 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Death	90,692	63,514
Unpresented cheques for benefits and claims payment	279,922	253,968
Others	<u>20,917</u>	<u>10,505</u>
Total	<u>391,531</u>	<u>327,987</u>

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10.4 Due to insured

	31 March 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Policyholder deposits	730,938	681,927
Advance premium	3	3
Others	6,940	5,228
Total	737,881	687,158

11 Investment contract liabilities

The movement of investment contract liabilities are as follows;

	31 March 2021	31 December 2020
	<i>(in thousand Baht)</i>	
At 1 January	10,206,894	8,759,234
Deposit during the period / year	988,689	2,178,415
Withdrawal during the period / year	(451,993)	(1,221,612)
Valuation adjustment during the period / year	152,207	490,857
At 31 March 2021 / 31 December 2020	10,895,797	10,206,894

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 period ended 31 March 2021 was 20% (31 March 2020: 17%). This change in effective tax rate was caused mainly by the following factors:

- Non-deductible expenses
- Additional tax-deductible expenses

13 Expected credit losses and impairment losses on investments

	Three-month period ended 31 March	
	2021	2020
	<i>(in thousand Baht)</i>	
Cash and cash equivalent	(75)	(1,030)
Investment in debt securities	638	8,664
Investment in equity securities and unit trusts classified as equity	1,949	-
Total	2,512	7,634

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14 Basic earnings (loss) per share

The calculations of basic earnings (loss) per share for the three-month period ended 31 March 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:

<i>Three-month period ended 31 March</i>	2021	2020
	<i>(in thousand Baht / thousand shares)</i>	
Profit (loss) for the period attributable to ordinary shareholders of the Company (basic)	<u>(77,295)</u>	<u>47,518</u>
Number of ordinary shares outstanding	<u>2,211,153</u>	<u>2,211,153</u>
Basic earnings (loss) per share (in Baht)	<u>(0.03)</u>	<u>0.02</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>			
<i>At 31 March 2021</i>				
<i>Financial assets</i>				
Investment in securities				
Investments measured at fair value through profit or loss	4,032	-	-	4,032
Investments measured at fair value through other comprehensive income	<u>11,750,116</u>	<u>99,169,448</u>	<u>847,089</u>	<u>111,766,653</u>
Total investment in securities	<u>11,754,148</u>	<u>99,169,448</u>	<u>847,089</u>	<u>111,770,685</u>
Derivative assets	<u>-</u>	<u>41,675</u>	<u>-</u>	<u>41,675</u>
Investment assets where policyholders bear the investment risk	<u>10,845,626</u>	<u>-</u>	<u>-</u>	<u>10,845,626</u>
<i>Financial liabilities</i>				
Derivative liabilities	<u>-</u>	<u>426,245</u>	<u>-</u>	<u>426,245</u>

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

Fair value hierarchy

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

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

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

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

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

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

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

The Company determines level 3 fair value for debt securities based on recovery rate estimated and announced on ThaiBMA.

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 period ended 31 March 2021 (For the year ended 31 December 2020: debt security having fair value of Baht 839.6 million was transferred from level 2 to level 3).

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16 Related parties

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

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

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

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

Transactions	Pricing policies
Investment management fee expenses	Contractually agreed price
Operating expenses	Contractually agreed price

Significant transactions for the three-month period ended 31 March 2021 and 2020 with key management personnel and related parties were as follows:

Three-month period ended 31 March	2021	2020
	<i>(in thousand Baht)</i>	
Revenue		
Affiliate of Prudential Group		
Trailing fee	6,683	3,811

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<i>Three-month period ended 31 March</i>	2021	2020
	<i>(in thousand Baht)</i>	
Expenses		
Affiliate of Prudential Group		
Investment management fee expenses	42,901	36,781
Investment related expenses and operating expenses	60,577	49,052
Other underwriting expenses	143,669	37,254
Directors and key management personnel compensation		
Short-term employee benefits	54,280	72,033
Post-employment benefit	2,147	2,488
Other long-term benefits	6,122	9,118
Total	62,549	83,639

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

	31 March 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Other assets		
Affiliate of Prudential Group	<u>3,671</u>	<u>3,622</u>
Accrued investment management fee		
Affiliate of Prudential Group	<u>27,023</u>	<u>21,734</u>
Other liabilities		
Affiliate of Prudential Group	<u>577,550</u>	<u>625,285</u>

Significant agreements with related parties

Investment Management Agreement

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

Service agreements

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

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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:

	31 March 2021		31 December 2020	
	Book value	Face value	Book value	Face value
		<i>(in thousand Baht)</i>		
Government bonds	<u>39,260</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:

	31 March 2021		31 December 2020	
	Book value	Face value	Book value	Face value
		<i>(in thousand Baht)</i>		
Government and state enterprise bonds	25,314,353	22,195,500	26,496,509	20,195,500
Promissory notes	<u>1,225,334</u>	<u>1,000,000</u>	<u>1,434,501</u>	<u>1,000,000</u>
Total	<u>26,539,687</u>	<u>23,195,500</u>	<u>27,931,010</u>	<u>21,195,500</u>

18 Commitments with non-related parties

	31 March	31 December
	2021	2020
	<i>(in thousand Baht)</i>	
(a) Capital commitments		
<i>Contracted but not provided for:</i>		
Building improvements	87,835	2,539
Software licenses	<u>21,750</u>	<u>8,979</u>
Total	<u>109,585</u>	<u>11,518</u>
	31 March	31 December
	2021	2020
	<i>(in thousand Baht)</i>	
(b) Non-cancellable operating service agreement		
Within 1 year	45,393	37,466
1 - 5 years	<u>72,769</u>	<u>69,157</u>
Total	<u>118,162</u>	<u>106,623</u>