

Prudential Life Assurance (Thailand) Public Company Limited

Condensed interim financial statements
for the three-month period ended
31 March 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 31 March 2022; the statements of comprehensive income, changes in equity and cash flows for the three-month period ended 31 March 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
12 May 2022

Prudential Life Assurance (Thailand) Public Company Limited

Statement of financial position

Assets	Note	31 March	31 December
		2022	2021
		(Unaudited)	
		(in thousand Baht)	
Cash and cash equivalents	3	2,371,336	2,142,189
Investment receivables		120,902	46,455
Premiums due and uncollected	4	701,932	563,406
Accrued investment income		944,668	564,723
Reinsurance receivables		136,578	123,446
Derivative assets	5	33,360	96,775
Investments assets			
Investments in securities	6, 17	110,580,955	116,701,748
Loans and accrued interest	7	3,478,480	3,352,495
Investment assets where policyholders bear the investment risk		12,477,094	12,683,422
Non-current assets held for sale		9,980	9,980
Premises and equipment		223,940	232,484
Right-of-use asset		256,729	265,176
Intangible assets	8	19,024,905	19,063,676
Deferred tax assets	9	1,619,912	217,309
Other assets	16	1,900,656	1,153,677
Total assets		153,881,427	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

		31 March 2022	31 December 2021
Liabilities and shareholders' equity	<i>Note</i>	(Unaudited)	
		<i>(in thousand Baht)</i>	
Liabilities			
Insurance contract liabilities	10	118,003,062	116,531,392
Investment contract liabilities	11	12,509,149	12,752,405
Investment payable		250,000	-
Due to reinsurers		284,324	251,781
Derivative liabilities	5	1,246,057	741,330
Accrued commission		310,655	366,263
Accrued expenses	16	1,514,709	1,373,116
Employee benefit obligations		173,775	301,716
Lease liabilities		244,720	251,527
Income tax payable		143,072	92,341
Other liabilities	16	576,446	591,617
Total liabilities		135,255,969	133,253,488
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		466,939	466,939
Unappropriated		2,512,397	2,490,513
Other components of shareholders' equity	6	(4,563,813)	796,086
Total shareholders' equity		18,625,458	23,963,473
Total liabilities and shareholders' equity		153,881,427	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)

		Three-month period ended	
		31 March	
	Note	2022	2021
		<i>(in thousand Baht)</i>	
Revenues			
Gross premium written		5,902,336	5,624,286
Less premium ceded		(56,720)	(59,546)
Net premiums written		5,845,616	5,564,740
Less unearned premium reserve increased from previous period		(194,726)	(102,661)
Net premium earned		5,650,890	5,462,079
Commission and brokerage income		25,132	20,090
Net investments income	16	878,173	809,124
(Loss) gain on investments		(31,307)	108,905
Gain (loss) on fair value changes		205,850	(66,589)
Other income		12,441	17,722
Total revenues		6,741,179	6,351,331
Expenses			
Long-term technical reserve increase from prior period		1,199,766	2,348,942
Benefits payments and insurance claims expenses		3,649,180	2,208,397
Less benefits payments and insurance claims expenses recovered from reinsurers		(19,543)	(13,463)
Net benefits payments and insurance claims expenses		3,629,637	2,194,934
Commissions and brokerage expenses		592,176	568,443
Other underwriting expenses	16	548,128	643,989
Operating expenses	16	720,842	670,311
Expected credit losses and impairment losses on investments	13	28,721	2,512
(Gain) loss on exchange rate		(5,016)	18,821
Total expenses		6,714,254	6,447,952
Profit (loss) before income tax		26,925	(96,621)
Income tax expense (revenue)	12	5,041	(19,326)
Profit (loss) for the period		21,884	(77,295)
Other comprehensive income (loss)			
Items that will be reclassified subsequently to profit or loss			
Loss on remeasurement of investments - fair value through other comprehensive income		(6,260,288)	(7,483,112)
Loss on remeasurement of derivatives for cash flow hedges		(451,924)	(7,072)
Income tax relating to items that will be reclassified subsequently to profit or loss		1,352,313	1,498,037
Other comprehensive income (loss) for the period, net of income tax		(5,359,899)	(5,992,147)
Total comprehensive income (loss) for the period		(5,338,015)	(6,069,442)
Basic earnings (loss) per share (in Baht)	14	0.01	(0.03)

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>		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	2,409,523	7,800,998	-	30,883,731
Comprehensive income (loss) for the period						
Loss for the period	-	-	(77,295)	-	-	(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	-	-	(77,295)	(5,986,489)	(5,658)	(6,069,442)
Balance at 31 March 2021	20,209,935	463,275	2,332,228	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 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>		Loss on remeasurement of derivatives for cash flow hedges
Three-month period ended 31 March 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						
Profit for the period	-	-	21,884	-	-	21,884
Other comprehensive income (loss)						
Loss on remeasurement of investments - fair value through other comprehensive income, net of income tax	-	-	-	(5,008,230)	-	(5,008,230)
Loss on remeasurement of derivatives for cash flow hedges, net of income tax	-	-	-	-	(351,669)	(351,669)
Total comprehensive income (loss) for the period	-	-	21,884	(5,008,230)	(351,669)	(5,338,015)
Balance at 31 March 2022	20,209,935	466,939	2,512,397	(4,044,937)	(518,876)	18,625,458

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	
<i>Note</i>	2022	2021
	<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>		
Premiums received	5,700,740	5,373,528
Cash paid to reinsurers	(13,439)	(63,497)
Interest received	430,763	415,500
Dividend received	96,645	37,190
Other income	38,362	15,239
Benefit payments and insurance claims expenses	(3,572,002)	(2,100,262)
Commissions and brokerages	(647,784)	(616,954)
Other underwriting expenses	(525,315)	(496,877)
Operating expenses	(691,738)	(778,502)
Income tax paid	(4,600)	(5,423)
Investments in securities	(399,133)	(2,401,844)
Loans	(62,776)	25,057
Investment assets where policyholders bear the investment risk	(55,756)	(64,845)
Net cash generated from (used in) operating activities	<u>293,967</u>	<u>(661,690)</u>
<i>Cash flow from investing activities</i>		
<i>Cash flow used in</i>		
Acquisition of premises and equipment	(719)	(48,318)
Acquisition of intangible assets	(55,037)	(36,958)
Net cash flow used in investing activities	<u>(55,756)</u>	<u>(85,276)</u>
<i>Cash flow from financing activities</i>		
<i>Cash flows used in</i>		
Payment of lease liabilities	(9,016)	(5,492)
Net cash used in financing activities	<u>(9,016)</u>	<u>(5,492)</u>
Net increase (decrease) in cash and cash equivalents	229,195	(752,458)
Cash and cash equivalent at 31 December 2021/2020	<u>2,142,711</u>	<u>2,446,298</u>
Total cash and cash equivalent at 31 March	2,371,906	1,693,840
<i>Less</i> allowance of expected credit losses	(570)	(358)
Cash and cash equivalent at 31 March - Net	3 <u>2,371,336</u>	<u>1,693,482</u>

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

Prudential Life Assurance (Thailand) Public Company Limited
Notes to the condensed interim financial statements
For the three-month period ended 31 March 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 12 May 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 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 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
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3 Cash and cash equivalents

	31 March 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Cash on hand	55	55
Deposits at banks - call deposits	2,371,851	2,142,656
Less allowance for expected credit losses	<u>(570)</u>	<u>(522)</u>
Total	<u>2,371,336</u>	<u>2,142,189</u>

4 Premiums due and uncollected

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

	31 March 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Within due	606,266	506,914
Overdue		
Not over than 30 days	95,359	51,189
31 - 60 days	216	3,260
61 - 90 days	119	1,406
91 days - 1 year	148	949
Over 1 year	<u>-</u>	<u>2</u>
Total	702,108	563,720
Less allowance for doubtful accounts	<u>(176)</u>	<u>(314)</u>
Net	<u>701,932</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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5 Derivatives

As at 31 March 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	31 March 2022		Loss on remeasurement of derivatives at fair value (in thousand Baht)
				Fair value Assets	Fair value Liabilities	
Foreign exchange forward	To protect against foreign exchange risk arising from investment activities	12	27,309,752	29,632	(535,771)	(61,562)
Bond forward	To protect against interest rate risk arising from investment activities	1	191,052	3,728	-	(5,303)
Total		13	27,500,804	33,360	(535,771)	(66,865)

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 (in thousand Baht)
				Assets	Liabilities	
Bond forward	To hedge the price risk of the underlying bond	6	6,221,452	-	(710,286)	(501,277)
Total		6	6,221,452	-	(710,286)	(501,277)

Prudential Life Assurance (Thailand) Public Company Limited
Notes to the condensed interim financial statements
For the three-month period ended 31 March 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 (in thousand Baht)
				Assets	Liabilities	
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 (in thousand Baht)
				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 31 March 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 835.9 million (31 December 2021: USD 923.9 million).

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

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

	31 March 2022		31 December 2021	
	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	3,747	4,271	3,736	4,394
Total	3,747	4,271	3,736	4,394
Add unrealised gains	524	-	658	-
Total investments measured at fair value through profit or loss	4,271	4,271	4,394	4,394
<i>Investments measured at fair value through other comprehensive income</i>				
Government and state enterprises securities	55,339,176	52,848,279	56,755,502	57,787,335
Corporate securities	35,881,970	34,774,424	34,350,414	34,627,805
Foreign securities	6,368,391	5,870,917	5,477,924	5,488,746
Equity securities	3,678,019	3,461,013	3,678,019	3,178,007
Unit trusts	15,239,677	13,622,051	16,077,083	15,615,461
Total	116,507,233	110,576,684	116,338,942	116,697,354
Add unrealised gains (losses)	(5,930,549)	-	358,412	-
Total investments measured at fair value through other comprehensive income	110,576,684	110,576,684	116,697,354	116,697,354
Allowance for expected credit losses - Debt		488,207		474,026
Allowance for impairment losses - Equity securities and unit trusts classified as equity		386,171		371,679

6.2 Fair value through other comprehensive income

	31 March 2022		31 December 2021	
	Fair value	Allowance for expected credit losses / impairment	Fair value	Allowance for expected credit losses / impairment
<i>(in thousand Baht)</i>				
Debt securities - no significant increase in credit risk / performing (stage 1)	105,163,086	23,927	111,527,343	25,721
Debt securities - default / non-performing (stage 3)	865,135	464,280	865,135	448,305
Equity securities and unit trusts classified as equity	4,548,463	386,171	4,304,876	371,679
Total	110,576,684	874,378	116,697,354	845,705

Prudential Life Assurance (Thailand) Public Company Limited
Notes to the condensed interim financial statements
For the three-month period ended 31 March 2022 (Unaudited)

7 Loans and accrued interest

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

	31 March 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Other loans - no significant increase in credit risk (stage 1)	51	57
Less allowance for doubtful accounts	-	-
Total	51	57
Policy loans	3,130,005	3,007,778
Accrued interest receivable	348,424	344,660
Loans and accrued interest, net	3,478,480	3,352,495

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.

Other loans were personal guarantee loans to staff with interest rate of 4.32% per annum (31 December 2021: 4.32%).

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	-	56,088	-	56,088
Net transfers in/(out)	158,341	(158,341)	-	-
Amortisation charge for the period	(35,086)	-	(59,773)	(94,859)
Net book value at 31 March 2022	490,430	144,072	18,390,403	19,024,905

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

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

	31 March 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Deferred tax assets	1,680,874	487,607
Deferred tax liabilities	<u>(60,962)</u>	<u>(270,298)</u>
Net deferred tax assets	<u>1,619,912</u>	<u>217,309</u>

Movements in total deferred tax assets and liabilities for the three-month period ended 31 March 2022 and 2021 were as follows:

	At 1 January 2022	<u>(Charged) / Credited to:</u>		At 31 March 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	(420)	-	1,643
Provision for dismantling	1,097	34	-	1,131
Employee benefit obligations	27,105	(195)	-	26,910
Unpaid policy benefits	10,019	(429)	-	9,590
Premium reserve	5,458	56,333	-	61,791
Expected credit losses and impairment losses on investments	170,237	6,224	-	176,461
Modification loss	92,465	(3,195)	-	89,270
Loss on remeasurement of investments - fair value through other comprehensive income	-	-	1,011,236	1,011,236
Realised gain from bond forward	-	9,870	-	9,870
Unrealised loss on derivative instruments	128,911	13,373	100,255	242,539
Others	30,356	181	-	30,537
Total	<u>487,607</u>	<u>81,776</u>	<u>1,111,491</u>	<u>1,680,874</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)	(31,513)	-	(37,366)
(Gain) loss on remeasurement of investments - fair value through profit or loss	(132)	27	-	(105)
Actuarial gain on defined benefit plan	(23,491)	-	-	(23,491)
Total	<u>(270,298)</u>	<u>(31,486)</u>	<u>240,822</u>	<u>(60,962)</u>
Net	<u>217,309</u>	<u>50,290</u>	<u>1,352,313</u>	<u>1,619,912</u>

Prudential Life Assurance (Thailand) Public Company Limited
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	<u>(Charged) / Credited to:</u>			
	At 1 January 2021	Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	At 31 March 2021
<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>

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10 Insurance contract liabilities

	31 March 2022			31 December 2021		
	Liabilities under insurance contracts	Reinsurers' share liabilities	Net	Liabilities under insurance contracts	Reinsurers' share liabilities	Net
Long-term technical reserves	116,035,366	-	116,035,366	114,835,600	-	114,835,600
Short-term technical reserves						
Loss reserves and outstanding claims						
- Case reserves	60,518	-	60,518	58,191	-	58,191
- Incurred but not reported	39,625	-	39,625	41,882	-	41,882
Total loss reserves and outstanding claims	100,143	-	100,143	100,073	-	100,073
Unearned premium reserves	480,161	-	480,161	285,435	-	285,435
Total short-term technical reserves	580,304	-	580,304	385,508	-	385,508
Unpaid policy benefits	411,176	-	411,176	392,598	-	392,598
Due to insured	976,216	-	976,216	917,686	-	917,686
Total	118,003,062	-	118,003,062	116,531,392	-	116,531,392

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10.1 Long-term technical reserves

	31 March 2022	31 December 2021
	<i>(in thousand Baht)</i>	
At 1 January	114,835,600	105,433,242
Reserves increase from new and inforce policies in the period / year	4,505,389	18,594,083
Reserves released for benefits payment, lapse and cancel policies in the period / year	<u>(3,305,623)</u>	<u>(9,191,725)</u>
At 31 March 2022 / 31 December 2021	<u>116,035,366</u>	<u>114,835,600</u>

10.2 Short-term technical reserves

10.2.1 Loss reserves and outstanding claims

	31 March 2022	31 December 2021
	<i>(in thousand Baht)</i>	
At 1 January	100,073	86,391
Insurance claim expense incurred during the period / year	145,652	373,624
Insurance claim expense paid during the period / year	<u>(145,582)</u>	<u>(359,942)</u>
At 31 March 2022 / 31 December 2021	<u>100,143</u>	<u>100,073</u>

10.2.2 Unearned premium reserves

	31 March 2022	31 December 2021
	<i>(in thousand Baht)</i>	
At 1 January	285,435	263,406
Premium written during the period / year	445,676	744,497
Earned premium in the period / year	<u>(250,950)</u>	<u>(722,468)</u>
At 31 March 2022 / 31 December 2021	<u>480,161</u>	<u>285,435</u>

10.3 Unpaid policy benefits

	31 March 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Death	63,519	53,341
Unpresented cheques for benefits and claims payment	333,389	328,002
Others	<u>14,268</u>	<u>11,255</u>
Total	<u>411,176</u>	<u>392,598</u>

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10.4 Due to insured

	31 March 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Policyholder deposits	968,295	909,825
Advance premium	3	3
Others	7,918	7,858
Total	<u>976,216</u>	<u>917,686</u>

11 Investment contract liabilities

The movement of investment contract liabilities are as follows:

	31 March 2022	31 December 2021
	<i>(in thousand Baht)</i>	
At 1 January	12,752,405	10,206,894
Deposit during the period / year	908,190	3,338,979
Withdrawal during the period / year	(205,325)	(1,505,739)
Valuation adjustment during the period / year	(946,121)	712,271
At 31 March 2022 / 31 December 2021	<u>12,509,149</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 period ended 31 March 2022 was 19% (31 March 2021: 20%). 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

	2022	2021
	<i>(in thousand Baht)</i>	
Cash and cash equivalent	48	(75)
Investment in debt securities	14,181	638
Investment in equity securities and unit trusts classified as equity	14,492	1,949
Total	<u>28,721</u>	<u>2,512</u>

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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 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:

<i>Three-month period ended 31 March</i>	2022	2021
	<i>(in thousand Baht / thousand shares)</i>	
Profit (loss) for the period attributable to ordinary shareholders of the Company (basic)	<u>21,884</u>	<u>(77,295)</u>
Number of ordinary shares outstanding	<u>2,211,153</u>	<u>2,211,153</u>
Basic earnings (loss) per share (in Baht)	<u>0.01</u>	<u>(0.03)</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 2022</i>				
<i>Financial assets</i>				
Investment in securities				
Investments measured at fair value through profit or loss	4,271	-	-	4,271
Investments measured at fair value through other comprehensive income	<u>17,075,628</u>	<u>92,628,485</u>	<u>872,571</u>	<u>110,576,684</u>
Total investment in securities	<u>17,079,899</u>	<u>92,628,485</u>	<u>872,571</u>	<u>110,580,955</u>
Derivative assets	<u>-</u>	<u>33,360</u>	<u>-</u>	<u>33,360</u>
Investment assets where policyholders bear the investment risk	<u>12,477,094</u>	<u>-</u>	<u>-</u>	<u>12,477,094</u>
<i>Financial liabilities</i>				
Derivative liabilities	<u>-</u>	<u>1,246,057</u>	<u>-</u>	<u>1,246,057</u>

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	Carrying amounts and Fair value			Total
	Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>				
At 31 December 2021				
Financial assets				
Investment in securities				
Investments measured at fair value through profit or loss	4,394	-	-	4,394
Investments 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.

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

The Company recognises transfers between levels of the fair value hierarchy as of the end of reporting period. There were no transfers between levels of the fair value hierarchy during the three-month period ended 31 March 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 period ended 31 March 2022 and 2021 with key management personnel and related parties were as follows:

<i>Three-month period ended 31 March</i>	2022	2021
	<i>(in thousand Baht)</i>	
Revenue		
Affiliate of Prudential Group		
Trailing fee	8,774	6,683
Expenses		
Affiliate of Prudential Group		
Investment management fee expenses	47,411	42,901
Investment related expenses and operating expenses	50,294	60,577
Other underwriting expenses	105,867	143,669
Directors and key management personnel compensation		
Short-term employee benefits	46,910	54,280
Post-employment benefit	1,799	2,147
Other long-term benefits	6,302	6,122
Total	<u>55,011</u>	<u>62,549</u>

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

	31 March 2022	31 December 2021
	<i>(in thousand Baht)</i>	
Other assets		
Affiliate of Prudential Group	<u>3,915</u>	<u>4,508</u>
Accrued investment management fee		
Affiliate of Prudential Group	<u>44,661</u>	<u>41,926</u>
Other liabilities		
Affiliate of Prudential Group	<u>236,288</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.

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 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 for a period 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:

	31 March 2022		31 December 2021	
	Book value	Face value	Book value	Face value
	<i>(in thousand Baht)</i>			
Government bonds	<u>37,936</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:

	31 March 2022		31 December 2021	
	Book value	Face value	Book value	Face value
	<i>(in thousand Baht)</i>			
Government and state enterprise bonds	28,023,753	26,810,500	27,820,747	25,910,500
Promissory notes	<u>1,184,251</u>	<u>1,000,000</u>	<u>1,221,528</u>	<u>1,000,000</u>
Total	<u>29,208,004</u>	<u>27,810,500</u>	<u>29,042,275</u>	<u>26,910,500</u>

18 Commitments with non-related parties

	31 March	31 December
	2022	2021
	<i>(in thousand Baht)</i>	
(a) Capital commitments		
<i>Contracted but not provided for:</i>		
Software licenses	<u>125,858</u>	<u>42,208</u>
Total	<u>125,858</u>	<u>42,208</u>
(b) Non-cancellable operating service agreement		
Within 1 year	36,385	36,385
1 - 5 years	<u>36,385</u>	<u>45,481</u>
Total	<u>72,770</u>	<u>81,866</u>