

Prudential Life Assurance (Thailand) Public  
Company Limited  
Review report and interim financial information  
31 March 2023



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## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of Prudential Life Assurance (Thailand) Public Company Limited

I have reviewed the accompanying statement of financial position of Prudential Life Assurance (Thailand) Public Company Limited as at 31 March 2023, the related statements of comprehensive income, changes in owners' equity and cash flows for the three-month period then ended, as well as the condensed notes to the interim financial statements (collectively called "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of review**

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

### **Conclusion**

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

### **Emphasis of Matter**

I draw attention to Note 1.4 to the interim financial statements, which describes the effect of changes in accounting policies relating to the deferred acquisition costs for insurance and investment contracts and the valuation of long-term insurance policy reserves for Zillmer/FPT adjustment under the Net Level Premium Valuation method on the comparative interim financial information. In the fourth quarter of 2022, the Company's has changed such accounting policies in its preparation and presentation of its financial statements for the year 2022. Hence, the comparative interim financial information for the three-month period ended 31 March 2022, which was reviewed by other auditor as mentioned in the "Other Matter" paragraph, has not yet reflected the effect of such changes in accounting policies. The Company therefore restated the statements of comprehensive income, change in owner's equity, and cash flow for the three-month period ended 31 March 2022, presented as comparative information, to reflect the effect of adjustments from such changes in accounting policies. My conclusion is not modified in respect of this matter.

### **Other Matter**

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

The statements of comprehensive income, changes in owners' equity and cash flows for the three-month period ended 31 March 2022, of Prudential Life Assurance (Thailand) Public Company Limited (before restatement), presented as comparative information, were also reviewed by the aforementioned auditor who concluded, in her report dated 12 May 2022, that nothing had come to her attention that caused her to believe that the interim financial information was not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.



Rachada Yongsawadvanich  
Certified Public Accountant (Thailand) No. 4951

EY Office Limited  
Bangkok: 11 May 2023

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

**Statements of financial position**

**As at 31 March 2023 and 31 December 2022**

		(Unit: Thousand Baht)	
	Note	31 March 2023	31 December 2022
		(Unaudited but reviewed)	(Audited)
<b>Assets</b>			
Cash and cash equivalents	2	2,056,421	3,127,061
Premium receivables	3	770,382	636,295
Accrued investment income		979,597	611,571
Reinsurance receivables		199,925	142,715
Derivatives assets	4	621,819	706,445
Investment assets			
Investments in securities	5	115,611,728	111,662,308
Loans and interest receivables	6	4,089,269	3,963,864
Investment assets of the insured	7.1	13,013,421	12,633,097
Assets held for sale		8,967	8,967
Premises and equipment		199,381	207,831
Right-of-use assets		216,748	224,733
Intangible assets		18,845,849	18,928,524
Other assets			
Deferred acquisition costs	8	22,275,431	21,749,910
Collateral receivables under derivative agreement		305,550	455,500
Account receivables on sales of securities		48,652	256,564
Restricted assets		546,235	390,000
Others		282,363	256,143
<b>Total assets</b>		<b>180,071,738</b>	<b>175,961,528</b>

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

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

**Statements of financial position (Continued)**

**As at 31 March 2023 and 31 December 2022**

(Unit: Thousand Baht)

	Note	31 March 2023 (Unaudited but reviewed)	31 December 2022 (Audited)
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Insurance contract liabilities	9	128,828,310	128,637,442
Investment contract liabilities	7.2	13,048,492	12,684,978
Reinsurance payables		454,549	354,036
Derivatives liabilities	4	376,460	564,971
Lease liabilities		216,894	223,941
Employee benefit obligations		293,331	520,259
Deferred tax liabilities	10.1	2,202,525	1,364,724
Other liabilities			
Accrued commission		302,087	389,281
Accrued expenses		1,397,332	1,764,258
Collateral payables under derivative agreements		546,235	390,000
Account payables on purchases of securities		-	299,691
Others		846,238	559,951
<b>Total liabilities</b>		<b>148,512,453</b>	<b>147,753,532</b>
<b>Owners' equity</b>			
Share capital			
Registered, issued and paid-up			
2,211,152,652 ordinary shares of Baht 9.14 each		20,209,935	20,209,935
Retained earnings			
Appropriated - Statutory reserves		1,147,002	1,147,002
Unappropriated		15,103,863	15,393,758
Other components of owners' equity		(4,901,515)	(8,542,699)
<b>Total owners' equity</b>		<b>31,559,285</b>	<b>28,207,996</b>
<b>Total liabilities and owners' equity</b>		<b>180,071,738</b>	<b>175,961,528</b>

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

Directors

(Unaudited but reviewed)

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

**Statements of comprehensive income**

**For the three-month periods ended 31 March 2023 and 2022**

	(Unit: Thousand Baht)	
Note	2023	2022
		(Restated)
<b>Profit or loss:</b>		
<b>Revenues</b>		
Gross premium written	6,950,244	5,902,336
Less: Premium ceded to reinsurers	(100,505)	(56,720)
Net premium written	6,849,739	5,845,616
Less: Unearned premium reserves increased		
from prior period	(274,212)	(191,894)
Net premium earned	6,575,527	5,653,722
Commission and brokerage income	37,334	25,132
Net investment revenues	930,914	878,173
Losses on investments	(6,953)	(31,307)
Fair value gains (losses)	(411,624)	205,850
Other income	23,315	12,441
<b>Total revenues</b>	<b>7,148,513</b>	<b>6,744,011</b>
<b>Expenses</b>		
Long-term insurance policy reserves increased (decreased)		
from prior period	(182,085)	1,211,491
Benefit payments under life policies and gross claims	5,947,365	3,649,180
Less: Benefit payments under life policies and		
claims refundable from reinsurance	(43,106)	(19,543)
Commission and brokerage expenses	577,640	557,025
Other underwriting expenses	430,464	366,479
Operating expenses	752,810	522,498
Finance costs	1,330	2,197
Expected credit losses	27,037	28,721
<b>Total expenses</b>	<b>7,511,455</b>	<b>6,318,048</b>
<b>Profit (loss) before income taxes</b>	<b>(362,942)</b>	<b>425,963</b>
Income tax benefits (expenses)	10.2 73,047	(86,627)
<b>Net profit (loss)</b>	<b>(289,895)</b>	<b>339,336</b>

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

(Unaudited but reviewed)

**Prudential Life Assurance (Thailand) Public Company Limited**  
**Statements of comprehensive income (Continued)**  
**For the three-month periods ended 31 March 2023 and 2022**

	(Unit: Thousand Baht)	
Note	2023	2022
		(Restated)
<b>Other comprehensive income (loss):</b>		
Items to be recognised in profit or loss in subsequent periods:		
Gains (losses) on valuation of available-for-sale investments measured at fair value through other comprehensive income	3,905,853	(6,260,288)
Gains (losses) on measurement of financial derivatives held for cashflow hedge	646,179	(451,924)
Total items to be recognised in profit or loss in subsequent periods	4,552,032	(6,712,212)
Add (less): Income taxes	(910,848)	1,352,313
Items to be recognised in profit or loss in subsequent periods - net of income taxes	3,641,184	(5,359,899)
<b>Other comprehensive income (loss) for the periods</b>	<b>3,641,184</b>	<b>(5,359,899)</b>
<b>Total comprehensive income (loss) for the periods</b>	<b>3,351,289</b>	<b>(5,020,563)</b>
<b>Basic earnings per share:</b>	11	
Earnings (loss) per share (Baht)	(0.13)	0.15

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

(Unaudited but reviewed)

## Prudential Life Assurance (Thailand) Public Company Limited

## Statements of changes in owners' equity

For the three-month periods ended 31 March 2023 and 2022

(Unit: Thousand Baht)

	Note	Issued and paid-up share capital	Retained earnings		Other components of owner's equity			Total
			Appropriated - Statutory reserves	Unappropriated	Revaluation surplus (deficit) on available-for-sale investments measured at fair value through other comprehensive income - net of income taxes	Gains (losses) on measurement of financial derivatives held for cashflow hedge - net of income taxes	Total other components of owner's equity	
<b>Balance as at 1 January 2022</b>								
- as previously reported		20,209,935	466,939	2,490,513	963,293	(167,207)	796,086	23,963,473
Cumulative effects of the changes in accounting policies	1.4	-	655,651	12,457,383	-	-	-	13,113,034
<b>Balance as at 1 January 2022 - restated</b>		20,209,935	1,122,590	14,947,896	963,293	(167,207)	796,086	37,076,507
Net profit - restated		-	-	339,336	-	-	-	339,336
Other comprehensive loss for the period		-	-	-	(5,008,230)	(351,669)	(5,359,899)	(5,359,899)
<b>Balance as at 31 March 2022 - restated</b>		20,209,935	1,122,590	15,287,232	(4,044,937)	(518,876)	(4,563,813)	32,055,944
<b>Balance as at 1 January 2023</b>		20,209,935	1,147,002	15,393,758	(8,300,696)	(242,003)	(8,542,699)	28,207,996
Net loss		-	-	(289,895)	-	-	-	(289,895)
Other comprehensive income for the period		-	-	-	3,124,682	516,502	3,641,184	3,641,184
<b>Balance as at 31 March 2023</b>		20,209,935	1,147,002	15,103,863	(5,176,014)	274,499	(4,901,515)	31,559,285

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



(Unaudited but reviewed)

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

**Statements of cash flows**

**For the three-month periods ended 31 March 2023 and 2022**

(Unit: Thousand Baht)

	2023	2022
<b>Cash flows from operating activities</b>		
Premium written from direct insurance	6,752,454	5,700,740
Cash paid for reinsurance	-	(13,439)
Interest income	583,902	387,231
Dividend income	24,807	140,177
Other income	47,297	38,362
Benefit payments under life policies and gross claims		
from direct insurance	(5,848,624)	(3,572,002)
Commission and brokerage expenses on direct insurance	(718,423)	(647,784)
Other underwriting expenses	(904,508)	(525,315)
Operating expenses	(1,088,597)	(691,738)
Income tax expenses	(4,872)	(4,600)
Cash received on financial assets	8,225,572	7,135,525
Cash paid for financial assets	(8,083,890)	(7,653,190)
<b>Net cash provided by (used in) operating activities</b>	<b>(1,014,882)</b>	<b>293,967</b>
<b>Cash flows from investing activities</b>		
Disposals of premises and equipment	19	-
Purchases of premises and equipment	(1,018)	(719)
Purchases of intangible assets	(46,343)	(55,037)
<b>Net cash used in investing activities</b>	<b>(47,342)</b>	<b>(55,756)</b>
<b>Cash flows from financial activities</b>		
Repayments of lease liabilities	(8,770)	(9,016)
<b>Net cash used in financing activities</b>	<b>(8,770)</b>	<b>(9,016)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,070,994)</b>	<b>229,195</b>
Cash and cash equivalents at beginning of the periods	3,127,061	2,142,189
Add (less): (Increase) decrease in allowance for expected credit losses	354	(48)
<b>Cash and cash equivalents at end of the periods</b>	<b>2,056,421</b>	<b>2,371,336</b>

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

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

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**For the three-month periods ended 31 March 2023 and 2022**

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**Prudential Life Assurance (Thailand) Public Company Limited**  
**Notes to interim financial statements**  
**For the three-month periods ended 31 March 2023 and 2022**

**1. General information**

**1.1 Corporate information**

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

**1.2 Basis of preparation of interim financial information**

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

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

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

### 1.3 Significant accounting policies

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

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

### 1.4 Changes in accounting policies

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

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

(Unit: thousand Baht)

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

<sup>(1)</sup> Adjustments of the effects from changes in accounting policies

(Unaudited but reviewed)

The effects of the changes in accounting policies to line items in the statement of comprehensive income for the three-month period ended 31 March 2022 were summarised as follows:

(Unit: thousand Baht)

	For the three-month period ended 31 March 2022			
	As previously reported	Adjustment <sup>(1)</sup>	Reclassification <sup>(2)</sup>	Restated
<b>Statement of comprehensive income</b>				
Unearned premium reserves				
increased from prior period	194,726	(2,832)	-	191,894
Long-term insurance policy reserves increased from prior period	1,199,766	11,725	-	1,211,491
Commission and brokerage expenses	592,176	(35,151)	-	557,025
Other underwriting expenses	548,128	(181,649)	-	366,479
Operating expenses	720,842	(191,131)	(7,213)	522,498
Finance costs	-	-	2,197	2,197
Gains on exchange rate	(5,016)	-	5,016	-
Income tax expenses	5,041	81,586	-	86,627
Net profit	21,884	317,452	-	339,336
Earnings per share (Baht)	0.01	0.14	-	0.15

<sup>(1)</sup> Adjustments of the effects from changes in accounting policies

<sup>(2)</sup> Reclassification to conform to the current period's classification

## 2. Cash and cash equivalents

(Unit: Thousand Baht)

	31 March 2023	31 December 2022
Cash on hand	55	55
Deposits at banks with no fixed maturity date	2,056,366	3,127,360
Total	2,056,421	3,127,415
Less: Allowance for expected credit losses	-	(354)
Cash and cash equivalents - net	2,056,421	3,127,061

**3. Premium receivables**

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

	(Unit: Thousand Baht)	
	31 March 2023	31 December 2022
Not yet due	535,875	574,488
Not over 30 days	204,258	58,862
Over 31 days to 60 days	28,689	2,165
Over 61 days to 90 days	1,426	358
Overdue longer than 90 days - 1 Year	1,311	1,879
Overdue longer than 1 Year	76	17
Total	771,635	637,769
Less: Allowance for doubtful accounts	(1,253)	(1,474)
Premium receivables - net	770,382	636,295

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

#### 4. Derivative assets/liabilities

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

(Unit: Thousand Baht)

31 March 2023						
Types of contracts	Objective	Number of contracts	Notional amounts	Fair value of contracts		Gains (losses) on changes in fair value of derivatives <sup>(1)</sup>
				Derivatives assets	Derivatives liabilities	
<b>Derivatives not applied hedge accounting:</b>						
Foreign exchange forward	To protect against foreign exchange risk arising from investment activities	7	27,418,982	93,319	258,461	(614,123)
Cross currency swap	To protect against foreign exchange and interest rate risk arising from investment activities	1	37,800	3,169	-	211
Interest rate swap	To protect against interest rate risk arising from investment activities	2	75,600	1,059	532	(148)
Index option	To hedge against risk of volatility of underlying assets	6	1,259,135	100,799	-	(1,494)
Bond forward	To protect against interest rate risk arising from investment activities	1	191,052	6,828	-	4,511
		<u>17</u>	<u>28,982,569</u>	<u>205,174</u>	<u>258,993</u>	<u>(611,043)</u>
<b>Derivatives applied hedge accounting:</b>						
Bond forward	To hedge the price risk of the underlying bond	20	11,324,271	416,645	117,467	648,388
		20	11,324,271	416,645	117,467	648,388
<b>Total</b>		<u>37</u>	<u>40,306,840</u>	<u>621,819</u>	<u>376,460</u>	<u>37,345</u>

<sup>(1)</sup> Presented gains (losses) for the three-month period ended 31 March 2023

## (Unaudited but reviewed)

(Unit: Thousand Baht)

31 December 2022

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

<sup>(1)</sup> Presented gains (losses) for the year ended 31 December 2022



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

	31 March 2023		31 December 2022	
	Cost	Fair value	Cost	Fair value
(Unit: Thousand Baht)				
<b>Investments measured at fair value</b>				
<b>through profit or loss</b>				
Equity securities:				
Unit trusts	3,886	4,106	3,741	3,946
Total	3,886	4,106	3,741	3,946
Add: Unrealised gains	220		205	
Total investments measured at fair value through profit or loss	4,106		3,946	
<b>Investments measured at fair value through other comprehensive income</b>				
Debt securities:				
Government and state enterprises bonds	60,471,588	59,874,429	59,470,640	55,839,363
Corporate bonds	26,125,491	25,056,827	35,442,381	32,628,193
Foreign bonds	16,932,838	14,646,356	8,347,189	7,150,507
Unit trusts	14,032,429	11,611,219	14,227,967	11,495,158
Equity securities:				
Common stocks	4,026,568	3,537,457	4,026,286	3,615,635
Unit trusts	1,531,830	881,334	1,535,485	929,506
Total	123,120,744	115,607,622	123,049,948	111,658,362
Less: Unrealised loss on valuation	(6,470,016)		(10,375,869)	
Allowance for expected credit losses	(482,345)		(537,696)	
Allowance for impairment	(560,761)		(478,021)	
Investments measured at fair value through other comprehensive income - net	115,607,622		111,658,362	
Investments in securities - net	115,611,728	115,611,728	111,662,308	111,662,308

**5.2 Classified by stage of credit risk**

(Unit: Thousand Baht)

	31 March 2023		31 December 2022	
	Fair value	Allowance for expected credit losses	Fair value	Allowance for expected credit losses
<b>Investments measured at fair value through other comprehensive income</b>				
Stage 1 - Debt securities without a significant increase of credit risk	110,246,661	(29,960)	106,248,086	(25,035)
Stage 3 - Debt securities with a significant increase of credit risk	942,170	(452,385)	865,135	(512,661)
<b>Total</b>	<b>111,188,831</b>	<b>(482,345)</b>	<b>107,113,221</b>	<b>(537,696)</b>

**5.3 Investments subject to restrictions**

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

(Unit: Thousand Baht)

	31 March 2023		31 December 2022	
	Amortised cost	Fair value	Amortised cost	Fair value
<b>Placed as securities</b>				
Government bonds	34,057	38,402	34,090	35,801
<b>Placed as insurance reserves</b>				
Government and state enterprises bonds	31,460,138	30,697,322	31,484,764	28,947,780
Promissory notes	1,000,000	1,182,477	1,000,000	1,071,567
<b>Total</b>	<b>32,460,138</b>	<b>31,879,799</b>	<b>32,484,764</b>	<b>30,019,347</b>

## 6. Loans and interest receivables

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

	(Unit: Thousand Baht)	
	31 March 2023	32 December 2022
Policy loans	3,695,348	3,581,599
Accrued interest receivable	393,786	382,101
Total	<u>4,089,134</u>	<u>3,963,700</u>
Other loans		
Stage 1 - Loans without a significant increase of credit risk	135	164
Total	<u>135</u>	<u>164</u>
Total loans and interest receivables	<u><u>4,089,269</u></u>	<u><u>3,963,864</u></u>

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

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

## 7. Investment assets of the insured/Investment contract liabilities

### 7.1 Investment assets of the insured

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

	(Unit: Thousand Baht)			
	31 March 2023		31 December 2022	
	Cost	Fair value	Cost	Fair value
<b>Investment units measured at fair value through profit or loss</b>				
Fixed income funds	1,643,272	1,632,682	1,734,329	1,716,310
Equity funds	10,388,728	9,411,118	10,059,665	8,968,906
Mixed funds	1,938,419	1,889,495	1,948,960	1,869,062
Other funds	72,230	80,126	76,045	78,819
Total	<u>14,042,649</u>	<u>13,013,421</u>	<u>13,818,999</u>	<u>12,633,097</u>
Less: Unrealised losses	<u>(1,029,228)</u>		<u>(1,185,902)</u>	
Investment assets of the insured - net	<u><u>13,013,421</u></u>		<u><u>12,633,097</u></u>	

**7.2 Investment contract liabilities**

	(Unit: Thousand Baht)	
	For the three-month period ended 31 March 2023	For the year ended 31 December 2022
Beginning balances	12,684,978	12,752,405
Deposit during the periods	694,863	3,130,630
Withdrawal during the periods	(447,001)	(811,204)
Valuation adjustment during the periods	115,652	(2,386,853)
Ending balances	<u>13,048,492</u>	<u>12,684,978</u>

**8. Deferred acquisition costs**

	(Unit: Thousand Baht)	
	For the three-month period ended 31 March 2023	For the year ended 31 December 2022
Beginning balances	21,749,910	18,973,009
Increased during the periods	1,593,973	6,846,671
Amortisation during the periods	(1,068,452)	(4,069,770)
Ending balances	<u>22,275,431</u>	<u>21,749,910</u>

**9. Insurance contract liabilities**

	(Unit: Thousand Baht)		
	31 March 2023		
	Insurance contract liabilities	Reinsurers' shared liabilities	Net
Long-term insurance policy reserves	126,296,796	-	126,296,796
Loss reserves			
Claims incurred and reported	129,131	-	129,131
Claims incurred but not yet reported	42,350	-	42,350
Premium reserves			
Unearned premium reserves	681,561	-	681,561
Unpaid policy benefits	482,342	-	482,342
Other insurance liabilities	1,196,130	-	1,196,130
Total insurance contract liabilities	<u>128,828,310</u>	<u>-</u>	<u>128,828,310</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

31 December 2022

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

### 9.1 Long-term insurance policy reserves

(Unit: Thousand Baht)

	For the three-month period ended 31 March 2023	For the year ended 31 December 2022
Beginning balances	126,478,881	116,900,832
Insurance policy reserves increased for new businesses and inforce policies	6,263,710	22,496,175
Insurance policy reserves released from death, benefit paid, lapse and surrender	<u>(6,445,795)</u>	<u>(12,918,126)</u>
Ending balances	<u>126,296,796</u>	<u>126,478,881</u>

(Unaudited but reviewed)

## 9.2 Short-term insurance policy reserves

### (a) Loss reserves

	(Unit: Thousand Baht)	
	For the three-month period ended 31 March 2023	For the year ended 31 December 2022
Beginning balances	131,923	100,073
Claims incurred in the current periods	211,664	691,680
Claims paid during the periods	(172,106)	(659,830)
Ending balances	<u>171,481</u>	<u>131,923</u>

### (b) Unearned premium reserves

	(Unit: Thousand Baht)	
	For the three-month period ended 31 March 2023	For the year ended 31 December 2022
Beginning balances	407,349	285,576
Premium written during the periods	434,761	1,204,798
Premium earned during the periods	(160,549)	(1,083,025)
Ending balances	<u>681,561</u>	<u>407,349</u>

## 9.3 Unpaid policy benefits

	(Unit: Thousand Baht)	
	31 March 2023	31 December 2022
Death benefits	117,225	119,416
Surrender	3	11
Unpresented cheques for benefits and claims payment	358,884	352,449
Others	6,230	1,638
Total unpaid policy benefits	<u>482,342</u>	<u>473,514</u>

(Unaudited but reviewed)

**9.4 Other insurance liabilities**

	(Unit: Thousand Baht)	
	31 March 2023	31 December 2022
Deposits of the insured	1,163,327	1,123,018
Advance premium	3	3
Others	32,800	22,754
Total other insurance liabilities	<u>1,196,130</u>	<u>1,145,775</u>

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

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

	(Unit: Thousand Baht)			
	Changes in deferred taxes for the three-month periods			
	31 March	31 December	ended 31 March	
	2023	2022	2023	2022
				(Restated)
<b>Deferred tax assets</b>				
Unpaid policy benefits	12,406	12,387	19	(429)
Premium reserves	79,508	-	79,508	56,333
Allowance for expected credit losses and impairment losses on investments	211,709	206,271	5,438	6,224
Modification losses	76,242	79,594	(3,352)	(3,195)
Unrealised losses on available-for-sale investments	1,294,003	2,075,174	(781,171)	1,011,236
Gains on bond forward contracts	7,031	7,473	(442)	9,870
Unrealised loss on derivatives	-	-	-	113,628
Employee benefit obligations	44,108	38,106	6,002	(195)
Unutilised tax losses	601,498	636,444	(34,946)	-
Others	15,413	14,793	620	(205)
Total	<u>2,341,918</u>	<u>3,070,242</u>		

(Unaudited but reviewed)

(Unit: Thousand Baht)

Changes in deferred taxes  
for the three-month periods

	31 March	31 December	ended 31 March	
	2023	2022	2023	2022
				(Restated)
<b>Deferred tax liabilities</b>				
Deferred Acquisition cost	(4,455,086)	(4,349,982)	(105,104)	(81,587)
Unrealised gains on available-for-sale investments	-	-	-	240,822
Fair value gains on trading investment	(44)	(42)	(2)	27
Unrealised gains on derivative	(28,613)	(21,144)	(7,469)	-
Unrealised gains on exchange rate adjustment from foreign currency investment	(41,697)	(44,795)	3,098	(31,513)
Actuarial gain on defined benefit plan	(19,003)	(19,003)	-	-
Total	<u>(4,544,443)</u>	<u>(4,434,966)</u>		
Deferred tax liabilities - net	<u>(2,202,525)</u>	<u>(1,364,724)</u>		
<b>Total changes</b>			<u>(837,801)</u>	<u>1,321,016</u>
<b>Changes in deferred taxes recognised in:</b>				
- Profit or loss			73,047	(31,297)
- Other comprehensive income			<u>(910,848)</u>	<u>1,352,313</u>
<b>Total changes</b>			<u>(837,801)</u>	<u>1,321,016</u>



**10.2 Income tax expenses**

Income tax expenses for the three-month periods ended 31 March 2023 and 2022 were made up as follows:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2023	2022
		(Restated)
<b>Current income taxes:</b>		
Corporate income tax for the periods	-	(55,330)
<b>Deferred income taxes:</b>		
Relating to origination and reversal of temporary differences	73,047	(31,297)
<b>Income tax benefits (expenses) recognised in profit or loss</b>	<u>73,047</u>	<u>(86,627)</u>

Reconciliations between income tax benefits (expenses) and the product of accounting profit multiplied by the applicable tax rate for the three-month periods ended 31 March 2023 and 2022 were as follows:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2023	2022
		(Restated)
Accounting profit (loss) before income taxes	<u>(362,942)</u>	<u>425,963</u>
Applicable tax rate	20%	20%
Amount of income taxes at the applicable tax rate	72,588	(85,193)
Net tax effect on tax-exempted revenues or non-tax deductible expenses	<u>459</u>	<u>(1,434)</u>
<b>Income tax benefits (expenses) recognised in profit or loss</b>	<u>73,047</u>	<u>(86,627)</u>

**11. Basic earnings per share**

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

**12. Related party transactions****12.1 Type of relationship**

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

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

## 12.2 Significant business transactions with related parties

During the three-month periods ended 31 March 2023 and 2022, the Company had significant business transactions with its related parties. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those parties and there was no significant change in the pricing policy of the business transactions with related parties, were as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 31 March		Pricing policies
	2023	2022 (Restated)	
<b>Affiliate of Prudential Group</b>			
<b>Revenue</b>			
Trailing fee <sup>(1)</sup>	8,613	8,774	Contractually agreed price
<b>Expenses</b>			
Investment management fee expenses and			
Investment related expenses <sup>(2)</sup>	48,103	47,411	Contractually agreed price
Operating expenses	101,437	61,691 <sup>(3)</sup>	Contractually agreed price
Other underwriting expenses	82,354	51,907 <sup>(3)</sup>	Contractually agreed price

<sup>(1)</sup> It is shown as a part of "Commission and brokerage income" in the statement of comprehensive income.

<sup>(2)</sup> It is shown as a part of "Net investment revenues" in the statement of comprehensive income.

<sup>(3)</sup> There were restated since the amount Baht 42.6 million was recognised as deferred acquisition cost.

## 12.3 Outstanding balances with related parties

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

(Unit: Thousand Baht)

	31 March 2023	31 December 2022
<b>Affiliate of Prudential Group</b>		
<b>Assets</b>		
Other assets	22,489	18,119
<b>Liabilities</b>		
Accrued investment management fee <sup>(1)</sup>	30,841	28,089
Other payables <sup>(1)</sup>	240,120	101,795

<sup>(1)</sup> It is shown as a part of "Other liabilities" in the statement of financial position.

## 12.4 Directors' and key management's remunerations

For the three-month periods ended 31 March 2023 and 2022, the Company had employee benefit expenses incurred in relation to its directors and key management as below.

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2023	2022
		(Restated) <sup>(1)</sup>
Short-term employee benefits	25,724	19,608
Post-employment benefits	930	752
Other long-term benefits	14,490	2,634
<b>Total</b>	<b>41,144</b>	<b>22,994</b>

<sup>(1)</sup> There were restated since the amount of Baht 32.0 million was recognised as deferred acquisition cost.

## 12.5 Significant agreements

### Investment Management Agreements

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

### Service agreements

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

### Cost reimbursement agreements

The Company entered into Cost Reimbursement Agreement with Prudential Corporation Holdings Limited ("PCHL"). PCHL agreed to pay on behalf of the Company in respect of Master Distribution Agreement with a bank which have initial term of fifteen years plus extended terms. The Company shall reimburse all costs and expenses to PCHL as agreed. The agreement can be terminated upon one month written notice by either party.

The Company entered into Cost Reimbursement Agreement with Prudential Corporation Holdings Limited (“PCHL”). PCHL agreed to pay on behalf of the Company in respect of Bancassurance Agreement with another bank which have initial term of fifteen years plus extended terms. The Company shall reimburse all costs and expenses to PCHL as agreed. The agreement can be terminated upon one month written notice by either party.

#### Master Cost Contribution Agreement

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

### 13. Commitments and contingent liabilities

#### 13.1 Capital commitments

As at 31 March 2023 and 31 December 2022 The Company has capital commitments related to software licenses 157.1 million baht and 171.6 million baht, respectively.

#### 13.2 Service commitments

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

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

#### 13.3 Other commitments

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

Payable within	(Unit: Thousand Baht)	
	31 March 2023	31 December 2022
1 year	118,500	118,500
1 - 5 years	207,375	237,000
	<u>325,875</u>	<u>355,500</u>

### 13.4 Litigations

As at 31 March 2023 and 31 December 2022, the Company has been sued for claims of benefits under life insurance contracts and on other lawsuits totalling Baht 19.7 million and Baht 17.4 million, respectively. The cases have not yet been finalised. However, the Company recognised provision for possible losses that may arise from such litigations in the financial statements amounting to Baht 19.7 million and Baht 17.4 million, respectively.

## 14. Financial instruments

### 14.1 Fair value and hierarchy of financial instruments

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

	(Unit: Thousand Baht)			
	31 March 2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Derivatives assets	-	621,819	-	621,819
Investments measured at fair value through profit or loss	4,106	-	-	4,106
Investments measured at fair value through Comprehensive income	4,410,721	110,246,661	950,240	115,607,622
Investment asset of the insured	13,013,421	-	-	13,013,421
<b>Financial liabilities measured at fair value</b>				
Derivatives liabilities	-	376,460	-	376,460

(Unaudited but reviewed)

(Unit: Thousand Baht)

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

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

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

#### 15. Event after the reporting period

On 17 April 2023, the Company was approved by the Office of Insurance Commission to pay dividends to the Company's shareholders at the amount of not exceeding a total of Baht 192.4 million.

On 25 April 2023, the Annual General Meeting of the Company's shareholders resolved to approve payments of dividends from the net profit for the year ended 31 December 2022 to shareholders at Baht 0.087 per share or a total of Baht 192.4 million. Dividends will be paid in May 2023.

#### 16. Approval of interim financial information

This interim financial information was authorised for issue by the Company's Board of Directors on 11 May 2023.