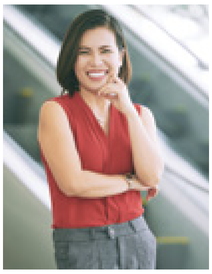
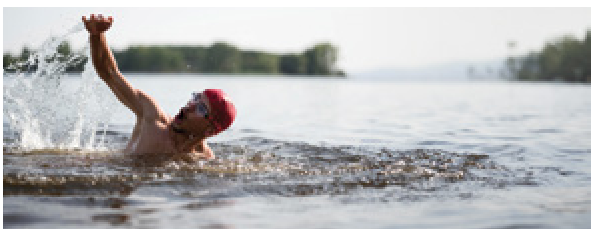
PRU LIFE U.K.

Listening. Understanding. Delivering.

2023 Annual Report

We Protect Futures





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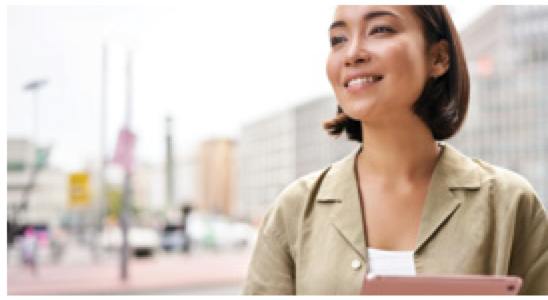
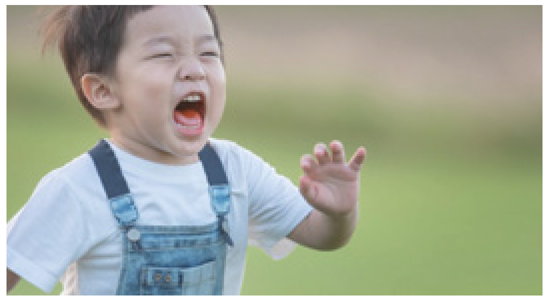




Pru Life UK's Domestic Footprint

The Company has a comprehensive network of branches covering major cities across the Philippines.

101

BRANCHES

118

GENERAL AGENCIES

as of December 31, 2023

Message from the Chairperson

The year 2023 was pivotal in Pru Life UK's history as our parent company, Prudential plc, celebrated its 175th anniversary globally and 100 years in Asia.

We remained a strong leader in the Philippine insurance industry. Since Pru Life UK's establishment in 1996, it has continued to emerge as one of the country's leading life insurance companies. Based on the Insurance Commission's FY 2023 report, our company ranked number 1 in New Business Annual Premium Equivalent, achieving PHP 10.54 billion, and in Total Renewal Premium Income from Variable Life Insurance Products amounting to PHP 45.7 billion.

We have also been conferred four Golden Arrow Awards by the Institute of Corporate Directors for raising the bar for integrity, transparency, and responsible business practices for its stakeholders. Our latest annual corporate governance score of 119 is our highest to date.

Financial market and macroeconomy

The world economic growth was at 3.2% in 2023, a bit slower from 3.5% a year ago. Emerging markets and developing economies grew faster at 4.3% compared with advanced economies which had a slower rate at 1.6%. Global financial markets bounced back to positive territory. The performance of the equity markets was supported by tamed inflation, expectations of interest rate cuts by US Federal Reserve (the Fed), and rally of technology/Artificial Intelligence (AI) stocks. These factors overshadowed investor's woes on embattled large banking institutions, Silicon Valley Bank and Credit Suisse. The fixed income markets, on the other hand, were generally driven by "higher-for-longer" rates and ended stronger as the Fed turned dovish at the latter part of the year.

On the local front, the country's economy grew 5.5% in 2023 with all major industries posting growth. National inflation peaked at a 14-year high but bucked a downtrend throughout the year and averaged 6.0%. The Bangko Sentral ng Pilipinas continued to be hawkish during the year with three rate hikes equal to a 100 basis points increase in interest rates. It raised overnight lending and borrowing rates to 7.0% and 6.5%, respectively.

The local fixed-income was mainly driven by monetary policy actions influenced by fluctuating inflation rates. Meanwhile, the Philippine Stock Exchange Index or PSEi had a volatile run and ended lower in 2023.

Health & Financial Protection for more Filipino families

Pru Life UK continues to bring our health and wealth protection products closer to more Filipino families through 42,000 digitally empowered agents, 101 branches and 118 general agencies across the country with 1.7 million lives assured.

PRUHouse, our dynamic and agile workplace available to our agency force, is opening its second home in Makati empowering financial advisors to reach out and cater to more customers and their needs.

Financial security and inclusion for more Filipinos

We continue to advocate financial awareness, literacy, and inclusion among Filipinos.

Our list of life insurance products continues to expand with the launch of PRULove Wealth, uniquely offering 4% annual cash payout, 100% cash back, and up to 125% insurance coverage.*

PRULove Wealth can help our customers who want a convenient one-time pay life insurance product to reap an uninterrupted flow of cash and a secured legacy without worrying about market volatility.

The Cha-Ching curriculum, created by Prudence Foundation, the community investment arm of Prudential plc in Asia and Africa, in collaboration with JA Philippines, has empowered 1M students and equipped young minds with essential money management skills and laying the foundation for a sustainable financial future.

Financial education and inclusion programs for our customers, agency force, and the public remain at the heart of Pru Life UK's mission.

It continued to evolve in offering a variety of online and live events centered on financial and insurance education across customer segments, agents, and the public. In 2023, it launched campaigns under the banner names - PRUPremier, PRUsapang OFW, PRUgreso sa Negosyo, and PRUConversations to reach out to the high net worth, overseas Filipino workers, business owners, and broader mass market segments, respectively.

Sustainable initiatives making health and wealth protection accessible

Our partnership with The Economist Impact put the lens on a study about Filipinos' use of mobile devices to manage their health and finances, strengthening Pru Life UK's advocacy in providing simple and accessible financial and health solutions through our digitalization efforts.

We also launched the PRUBabies campaign seeking to protect 175,000 newborns against the cost of getting select infectious diseases.

With PRUBabies, parents received cash assistance for diagnosis and death due to any of the four common types of infectious diseases: Dengue, Typhoid, Measles, and Malaria.

On behalf of the Board, I extend my appreciation to the executive and senior management leaders, employees, agency force, and key stakeholders for a strong 2023.

To all our customers, your loyalty and trust will continue to be a motivating force in fulfilling our purpose to be the most trusted partner for every life, and protector for every future.

Angelica Lavares
Chairperson

Message from the CEO

Pru Life UK, the country's No. 1 life insurance company, strengthens its commitment to being the most trusted partner for every life and protector for every future as it continues to lead the Philippine insurance industry.

Leading and winning the right way, the PruWay.
We ranked 1st in New Business Annual Premium Equivalent (NBAPE), achieving PHP 10.54 billion, an 11.0% increase vs the previous year, and in Total Renewal Premium Income from Variable Life Insurance Products amounting to PHP 45.7 billion, according to the Insurance Commission's FY 2023 report.

More than numbers, we also attribute our industry success to good corporate governance, guiding our business to lead with transparency and integrity. We have been bestowed Golden Arrows awards since 2018 by the Institute of Corporate Directors, reflecting our responsible business practices in the Philippines.

Winning the International Life Insurer of the Year-Philippines for the third consecutive time in the 2023 Insurance Asia Awards and Philippines' Best Customer Service 2023 by Philippine Daily Inquirer and Statista are solid proofs that our customers have a strong partner in Pru Life UK.

Our over 42,000 digitally empowered agents and 1.7 million lives assured reflect our market leadership and unwavering dedication to protecting many Filipino families and their futures through over 50 affordable & accessible life insurance products & packages.

Our dedicated and hard-working employees and our agency force are at the core of our people programs, and our recognition as Philippines' Best Employers for 2022 & 2023 by Philippine Daily Inquirer and Statista is a testimony that People have always been our most important assets.

Our sustainable impact on the lives of many Filipino families remains steadfast with the five recognitions from the 2024 Asia-Pacific Stevie awards and four citations from the 2023 International Business awards for our community and health & wellness initiatives.

Fulfilling the evolving needs of Filipino families
We sealed strategic partnerships with the ATRAM Group and our Enterprise Business Partners as part of our growth strategy to fulfil the ever-changing needs of our growing customer base. We will co-develop and launch more innovative and customer-centric investment solutions to further strengthen our investment performance for our customers.

As part of marking our parent company, Prudential plc's 175th anniversary and 100 years in Asia in 2023, we provided free PRUMedCare - Select Infectious Diseases coverage seeking to protect 175,000 newborns against the cost of getting select infectious diseases through the PRUBabies program.

We also brought together more than 5,000 cyclists and families with PRURide Philippines, the biggest cycling event in the country last year, promoting health and sustainability.

As our way of giving back to the community, Pru Life UK donated 175 bikes through JCI Zugbuana on World Bicycle Day in Cebu. We also sent a loyal customer with her family and six qualified financial advisors to the iconic Holborn Bars in London, rediscovering our British roots and rich heritage on Prudential's 175th year.

Providing accessible and affordable health and financial solutions
Tailored to meet the diverse needs of Filipinos at every stage of life, we launched PRULove for Life, an affordable protection plan for families with children as young as newborns and individuals up to the age of 60 for as low as PHP 87 per day, with lifetime coverage up to age 100 and flexible payment terms of 5, 10, 15, or 20 years to pay.

With PRULove Wealth, another of Pru Life UK's latest offerings, we provide Filipinos with life insurance coverage while allowing them to earn guaranteed returns at rates comparable to those from a high-yielding time deposit. It offers a 4% annual cash payout, 100% cash back, and up to 125% insurance coverage.

Cementing our long-term commitment to the community
Together with Prudence Foundation, the community investment arm of Prudential plc in Asia and Africa, and the Asia Society for Social Improvement and Sustainable Transformation (ASSIST), we launched Project Padayon, aiming to uplift the lives of Bantayan Island, Cebu residents, through community-based financial literacy training and development programs.

The award-winning global financial education program Cha-Ching, created by Prudence Foundation in partnership with JA Philippines, has reached 1 million students in the country, offering a comprehensive financial literacy initiative to children aged 7 to 12 in the Philippines.

We furthered our climate and health advocacy through our community-based literacy program on climate change, health risks and financial management, reaching over 500 beneficiaries from vulnerable and financially underserved communities.

Making PRULifers and our customers part of something bigger
We thank all PRULifer employees, our over 42,000 agency force, business partners, and most importantly, our valued customers for your steadfast support.

Pru Life UK will continue to be a formidable force that will make a significant impact on the market, industry, and country for this generation and the generations to come.

We are here for Every Life, For Every Future.

Sanjay Chakrabarty
President and Chief Executive Officer

Purpose, Mission, Vision, and Corporate Objectives

At Pru Life UK, we have a mission to be the most trusted partner and protector for today's generations and the generations to come, by providing simple and accessible financial and health solutions.

Our **PURPOSE** is to be the partner for every life and protector for every future.

For every life, we are partners.

- We look up for the health of our customers as if it were our own.
- We grow our collective wisdom to better the health and financial understanding of everyone.
- We provide peace of mind so our customers can build the life they want.

For every future, we are protectors.

- We add value to our communities for a more sustainable and inclusive future.
- We speak a common language on the issues that really matter.
- We truly care for the generations of today and those we are yet to meet.

The Company's **VISION** is an accelerated customer acquisition via a multichannel distribution network. To support this, the Company aims to:

- be the leading life insurance company
- have dominant market presence
- be an employer of choice

The PruWay

Our **VALUES.** guide how we show up every day, how we behave, how we make decisions and how we relate to each other. They form the cornerstone of our culture.

In Pru Life UK, we are guided by **The PruWay.**

Our Customer is our Compass

We immerse ourselves in understanding our customers. We commit to our customers' needs and address their pain points with speed and empathy.

We pursue our Entrepreneurial Spirit

We push boundaries and explore new possibilities. We are resilient, bouncing back from our failures and moving forward with new insight and energy.

We Succeed Together

We win by collaborating as one team. We actively break down silos and work across all levels of the organization.

We Respect and Care for one another

We are empathetic and treat each other the way we would like to be treated. We respect differences and create an environment that is safe where everyone can be themselves.

We Deliver to our Commitments

We make responsible decisions and are accountable for our actions to all stakeholders. We are responsive and execute with excellence and integrity.

When we live our Values, we build an environment where there is trust and transparency, where we can grow and thrive, and in turn, we can deliver the best outcome for our People, our Customers, Shareholders and Communities.

The Company set the following **strategic priorities** for 2023.

- Strengthen Distribution effectiveness through continuously professionalizing and digitally empowering our agency force and growing our Enterprise Business vis SME market penetration.
- Enhance Customer Segmentation and Experience by deepening penetration in High Net Worth segment and delivering exceptional customer experience through digitalization of services and operational excellence.
- Deliver sustainable and profitable Growth by driving health and protection growth and contribution, diversifying product mix and leveraging on Group digital platforms.
- Continue with Strategic Expansion and Capability Building through building new or enhance existing digital and health partnerships and maintaining market leadership.
- Become the Employer of Choice by adopting and deploying Investors in People framework, promoting learning pathways to grow talents in the Company and enabling employees to succeed in the Company through review and implementation of employee and well-being programs.
- Maximize business social impact by building on the Company's climate health risk agenda, raising employee, agency, government, and other external engagements in Sustainability and providing Sustainability support to Small and Medium Enterprises (SMEs) and Overseas Filipino Workers (OFWs) unserved and underserved markets through advocacies and initiatives.

Management Discussion and Analysis

The company delivered an excellent financial and operational performance in 2023, despite major headwinds, as we regained the industry pole position in terms of NBAPE. Our NBAPE reached PHP 10.54 billion or 11% growth from prior year, at par with overall industry growth, despite some headwinds. Our 5-year CAGR is 5%, and this growth reflects our relentless focus on the execution of our strategies and continued profitability of our business.

Our strategic priorities for the year were focused on customer growth, strengthening product propositions, enhancing customer service experience, and distribution effectiveness. These are important drivers enabling the company to achieve sustainable growth, continue with strategic expansion, and invest on capability building.

Customer growth and segmentation. To help accelerate our customer acquisition, we have adopted a differentiated approach for each customer segment. Our product propositions were tweaked to address the specific needs of each of our market segments, putting our customers at the center of what we do. These customer segments include high-net worth, business owners, Overseas Filipino Workers (OFWs), and mass market.

Our high-net-worth customers are given exclusive offerings, events, and servicing by our PRUPremier financial advisors, which were formed to provide top-level service and advice to our high-net-worth customers supported by a dedicated team of account managers. Our product propositions were tweaked to address the specific needs of each of our market segments, putting customers at the center of what we do.

Our business owners are offered affordable and value-added needs-based financial solutions through our financial advisors, Enterprise Business Sales Managers for acquisition and retention, on-ground activities, and electronic-direct mailers and SMS. Our OFWs are tapped through the exclusive Agents PRUTectors Club, manpower agencies and OFW organizations, high OFW foot traffic areas such as airports, and electronic-direct mailers and SMS.

While our mass market customers are reached through our online platforms - PRUShoppe web, electronic-direct mailers and SMS, and social media.

Our strategic partnerships showed a remarkable growth in new customer acquisition that brought our total lives assured to 1.8 million or a 24% increase from the previous year. This presents tremendous opportunities to expand our value proposition to these customers through up-sell and resell in the near term.

Customer service experience. We live up to our company value, our Customer is our Compass, by continuously enhancing our customer journey and processes due to technology or learnings from customer feedback. We assess, review, and address any pain points to ensure we deliver exceptional and seamless customer service. We stay close to our customers as we continuously measure net promoter score (NPS). We analyse, fine-tune, and prioritize the right service dimension that requires technological support and investment. Moreover, we continue to upskill our people to ensure we deliver top-quality customer service every time.
Enhancements have been applied to our various touchpoints to directly benefit our customers. These include the expansion of our payment options and availability of more after sales transactions through PRUAccess, ensuring customer convenience.

Our policy forms were made available electronically. New features were implemented in our customer portal, such as electronic submissions, auto processing of withdrawal transactions, and shortened claims process, among others. By listening to our customers, we were able to improve our net promoter score in the various aspects of purchasing, servicing, and claims.

Distribution effectiveness. Agency remains to be our largest distribution channel. We continue to invest on the growth and professionalism of our 42,000-strong agency force through continuous training and development and equip them with the requisite skill sets to address our customers' constantly evolving needs and preferences.

An integrated digital platform for our agency force called PRUForce was developed that includes (a) PRUExpert containing dynamic training materials and live stream contents, (b) PRULeads allowing leads profiling and real-time tracking, and (c) PRUOne for instant product illustration, policy submission and online approval. These are some of the technology-powered solutions that will help our agents become future-ready.

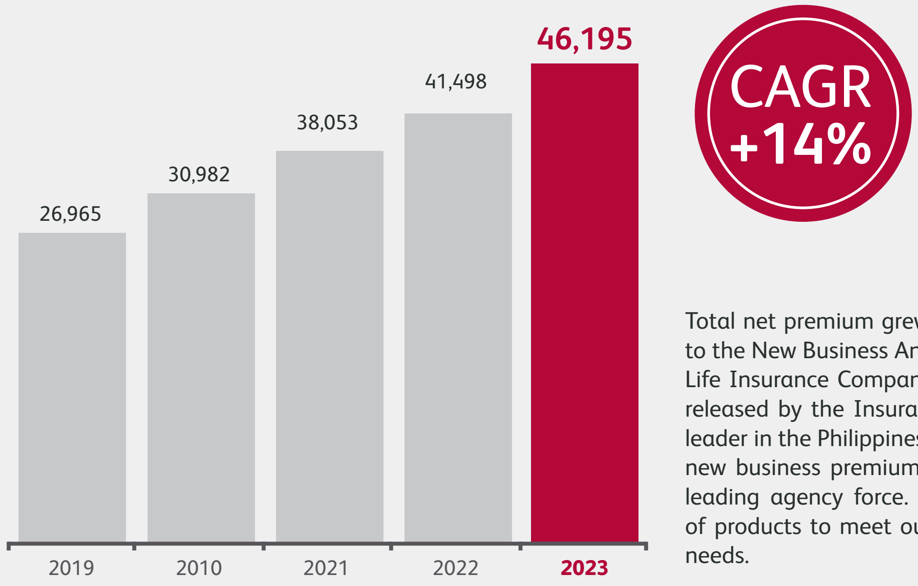
Sustainable growth. The availability of suitable products that cater to the needs of our customers is of paramount importance in sustaining growth. In December 2022, we introduced the PRULink Cash Flow Fund Plus (PHP Hedged Share Class) that provides a target annual income of 6%, available for all our single pay plans. In August 2023, we launched a US Dollar version of the PRULink Cash Flow Fund Plus with a target annual payout of 5% per year. Shortly thereafter, we introduced PRULove for Life, a limited pay whole life product that offers guaranteed life insurance coverage with additional earnings potential from cash dividends. We also made available our products in our partners' platform like GCash and CIMB.

Strategic expansion. As part of the growth strategy to address the evolving needs of our customers, we sealed a strategic partnership with ATRAM Group as fund manager for our onshore funds. This enables us to co-develop and launch more innovative and customer-centric investment solutions to further strengthen the fund performance for new and existing customers.

Capability building. To ensure the well-being of our employees, various professional development courses are available to enhance job performance and build future-ready capabilities. We are supportive of employees who take on job positions in other business units in the region to aid in their growth and development. Short-term projects also provide inter-departmental opportunities to participate and expand their knowledge of the insurance business. For better collaboration and meaningful engagement, we recently transformed from flexible to hybrid work arrangement with a combination of in-person and remote schedule for our employees. The new set-up would help foster cultural cohesion and strengthen our new company values, The PruWay.

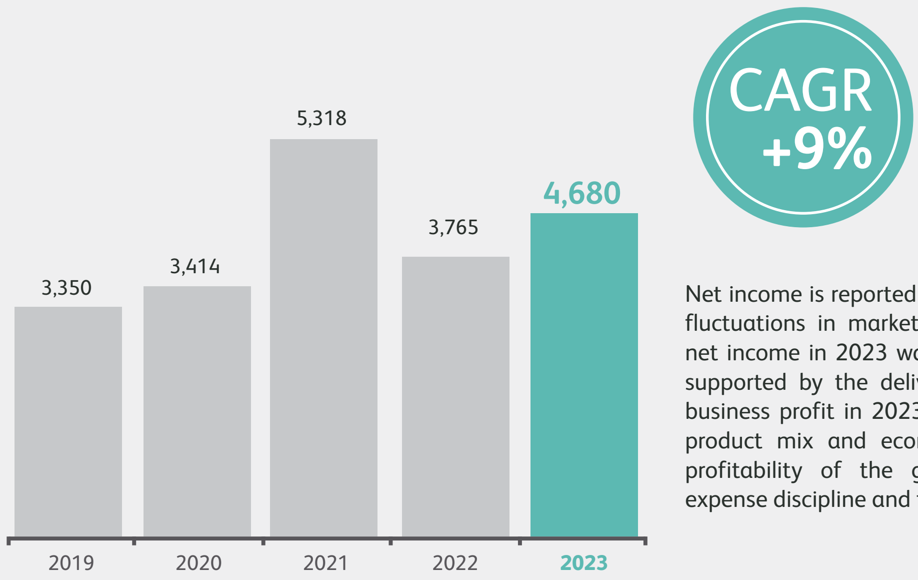
As part of our sustainability initiative to further drive-up financial inclusion and in celebration of Prudential plc, our parent company's 175th anniversary, we launched the PRUBabies campaign seeking to protect 175K newborn babies (aged 7 days to 11 months old) against the cost of getting select-infectious diseases namely dengue, typhoid, measles and malaria. This campaign aimed to make life insurance more accessible to Filipino families, especially the unserved and underserved communities.

Total Net Premium Income in PhP'm



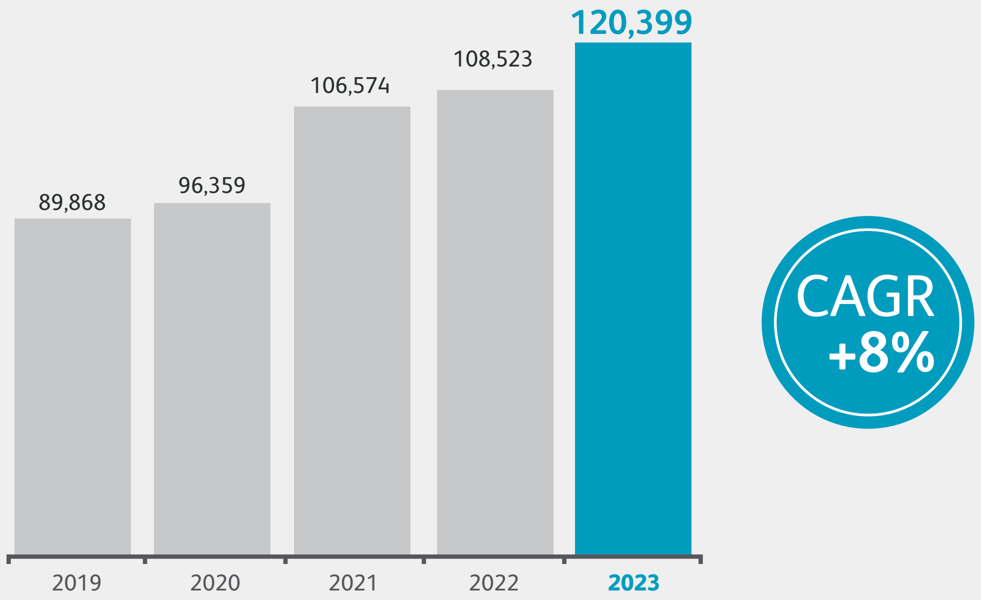
Total net premium grew in the year 2023 by 9%. According to the New Business Annual Premium Equivalent (NBAPE) of Life Insurance Companies report as of December 31, 2023 released by the Insurance Commission, we are the market leader in the Philippines with 17% market share by weighted new business premium, reflecting the core strength of our leading agency force. We continue to offer a wide range of products to meet our customers' savings and protection needs.

Net Income excluding effects of short-term fluctuations in market conditions in in PhP'm



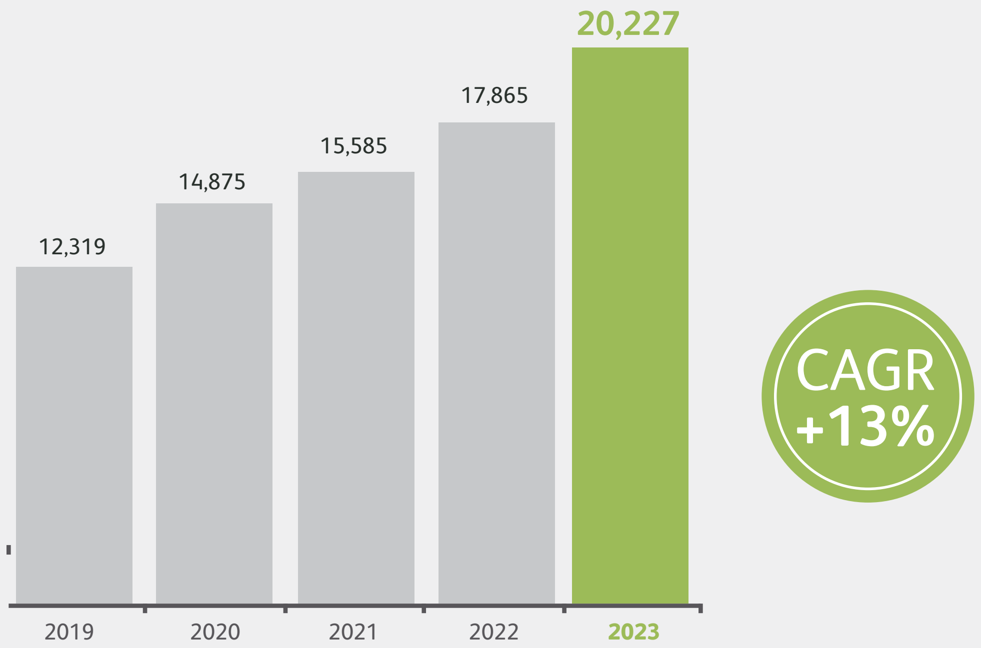
Net income is reported inclusive of the effects of short-term fluctuations in market conditions. Excluding such effects, net income in 2023 was PhP 4.7 billion, up by 24%. This is supported by the delivery of double-digit growth in new business profit in 2023 reflecting a favorable impact from product mix and economic tailwinds, as well as strong profitability of the growing in-force portfolio, prudent expense discipline and favorable claims experience.

Linked Funds in PhP'm



Our linked funds continued to increase with PhP 8.9 billion worth of net new inflows as well as positive movements in fund income. This is largely supported by our strategic priorities focusing on innovative and customer-centric investment solutions.

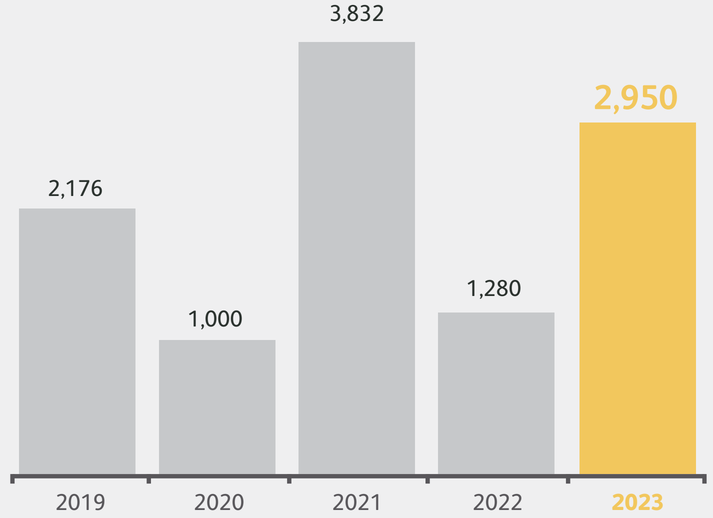
Equity in PhP'm



We continue to grow our equity position in 2023 for a five-year CAGR of 13%. Our balance sheet benefited from robust and resilient capital management and strong financial and operating performance in 2023.

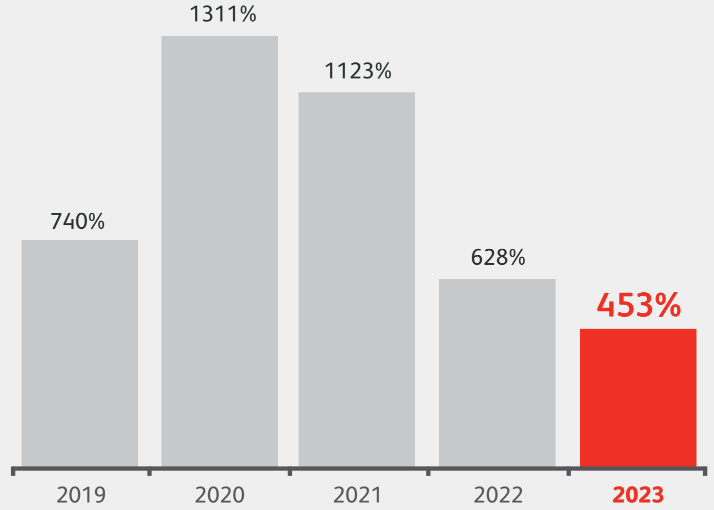
Management's discussion and analysis

Gross Cash Remittance in PhP'm



Our dividend policy remains primarily linked to net operating free surplus generation. Reflecting our strong profitability and our consistent ability to convert our profits into cash, the Company repatriated a total of PhP 2.95 billion to its principal shareholder Prudential Corporation Holdings Limited (PCHL) in 2023.

RBC Ratio



Under current Insurance Commission (IC) regulations, insurance companies must comply with prescribed minimum capital requirements and Risk-Based Capital (RBC) ratios to mitigate the risk of insolvency and default. RBC ratio measures sufficiency of capital against all risks associated with the business, while meeting our cash remittance targets.

Our yearly RBC ratios have remained comfortably above the minimum regulatory threshold of 125% indicating the Company's strong solvency position and the ability to cushion against financial and operational risks.

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Financial statements

Financial Statements

PRU LIFE INSURANCE CORPORATION OF U.K.

SEPARATE FINANCIAL STATEMENTS
December 31, 2023 and 2022

With Independent Auditors' Report

INDEPENDENT AUDITOR'S REPORT

The Stockholders and Board of Directors
Pru Life Insurance Corporation of U.K.
9/F Uptown Place, Tower 1
1 East 11th Drive, Uptown Bonifacio
Taguig City 1634

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pru Life Insurance Corporation of U.K. (a wholly-owned subsidiary of Prudential Corporation Holdings Limited) (the Company), which comprise the statement of financial position as at December 31, 2023, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended December 31, 2023, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the year ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Company as at and for the year ended December 31, 2022 were audited by another auditor who expressed an unqualified opinion on April 25, 2023. We were not engaged to audit, review, or apply any procedures to the 2022 financial statements of the Company, and accordingly, we do not express an opinion or any other form of assurance on the December 31, 2022 financial statements taken as a whole.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs

will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue (BIR)

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 33 to the basic financial statements is presented for purposes of filing with BIR and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Juan Carlo B. Maminta
Partner

CPA Certificate No. 115260
Tax Identification No. 210-320-399
BOA/PRC Reg. No. 0001, April 16, 2024,
valid until August 23, 2026
BIR Accreditation No. 08-001998-132-2023,
September 12, 2023, valid until September 11, 2026
PTR No. 10079968, January 6, 2024, Makati City

April 16, 2024

PRU LIFE INSURANCE CORPORATION OF U.K.
(A Wholly-Owned Subsidiary of Prudential Corporation Holdings Limited)

SEPARATE STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	December 31	
	2023	2022
ASSETS		
Cash and cash equivalents (Note 7)	**P3,168,423**	P5,930,837
Interest receivable *(Notes 7, 8, 10)*	**134,883**	126,855
Premiums due from policyholders	**10,822**	8,716
Coverage debt receivables - net *(Note 12)*	**1,200,455**	1,065,080
Investments *(Note 8)*	**12,806,297**	9,666,746
Policy loans receivables - net *(Note 10)*	**296,098**	315,202
Reinsurance assets *(Note 13)*	**297,304**	134,179
Asset held-for-sale *(Note 9)*	**194,984**	–
Investment in a subsidiary *(Note 9)*	**–**	239,189
Property and equipment - net *(Note 14)*	**415,753**	450,064
Right-of-use assets - net *(Note 29)*	**285,042**	423,557
Retirement assets - net *(Note 25)*	**71,553**	43,919
Deferred acquisition costs *(Note 15)*	**16,713,291**	14,558,939
Other assets - net *(Note 16)*	**3,874,849**	2,002,298
Total General Assets	**39,469,754**	34,965,581
Assets Held to Cover Linked Liabilities	**120,398,874**	108,522,565
	P159,868,628	P143,488,146
LIABILITIES AND EQUITY		
General Liabilities		
Accounts payable, accrued expenses and other liabilities *(Note 20)*	**P10,602,284**	P8,542,427
Claims payable *(Note 18)*	**1,249,140**	1,320,050
Reinsurance payable *(Note 19)*	**164,159**	226,036
Lease liabilities *(Notes 29)*	**357,474**	511,023
Legal policy reserves *(Note 17)*	**4,238,081**	4,268,957
Deferred tax liabilities - net *(Note 27)*	**2,631,678**	2,232,501
Total General Liabilities	**19,242,816**	17,100,994
Technical Provisions for Linked Liabilities	**120,398,874**	108,522,565
Total Liabilities	**139,641,690**	125,623,559
Equity		
Capital stock *(Notes 30)*	**500,000**	500,000
Additional paid-in capital *(Notes 30)*	**462,000**	462,000
Total paid-up capital	**962,000**	962,000
Contributed surplus	**50,386**	50,386
Revaluation reserve on available-for-sale financial assets *(Notes 8)*	**19,921**	14,321
Remeasurement reserve on retirement liability	**50,302**	42,344
Remeasurement on life insurance reserve	**(156,872)**	(113,465)
Retained earnings *(Notes 30)*	**19,301,201**	16,909,001
Total Equity	**20,226,938**	17,864,587
Total General Liabilities and Equity	**P159,868,628**	P143,488,146

See accompanying Notes to the Separate Financial Statements.

PRU LIFE INSURANCE CORPORATION OF U.K.
(A Wholly-Owned Subsidiary of Prudential Corporation Holdings Limited)

STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in thousands)

	Years Ended December 31	
	2023	2022
NET PREMIUMS		
Premiums *(Note 21)*	**P46,261,210**	P41,861,165
Premiums ceded to reinsurers *(Note 21)*	**(66,570)**	(363,005)
	46,194,640	41,498,160
OTHER REVENUE		
Policy administration fees *(Note 22)*	**2,430,057**	2,217,483
Investment income (loss) *(Note 23)*	**1,329,586**	(712,481)
Others - net *(Notes 10 and 16)*	**180,104**	10,655
	3,939,747	1,515,657
BENEFITS AND CLAIMS		
Costs on premiums of variable insurance *(Note 11)*	**17,480,055**	17,981,410
Gross benefits and claims *(Note 24)*	**11,168,995**	8,648,331
Reinsurer's share of gross benefits and claims *(Note 24)*	**(36,117)**	(109,627)
Net benefits and claims incurred	**28,612,933**	26,520,114
Dividends to policyholders	**94,478**	130,687
Gross change in legal policy reserves *(Note 17)*	**(88,752)**	(394,608)
Net insurance benefits and claims	**28,618,659**	26,256,193
UNDERWRITING AND OTHER OPERATING EXPENSES		
Commissions, bonuses and other agents' expenses	**8,055,384**	7,241,391
Salaries, allowances and employees' benefits *(Note 24)*	**1,944,779**	1,847,752
Utilities	**1,553,298**	1,327,210
Trainings, seminars and contests	**957,806**	973,922
Insurance taxes, licenses and fees	**548,761**	568,353
Taxes and licenses *(Note 25)*	**424,128**	277,098
Depreciation and amortization *(Notes 14, 16 and 29)*	**406,179**	451,903
Professional fees	**356,994**	252,946
Investment management expenses	**328,386**	357,627
Advertising and marketing	**217,705**	275,705
Rent *(Note 29)*	**172,074**	101,166
Communications	**133,558**	158,991
Other expenses *(Note 26)*	**1,392,765**	1,318,752
Net changes of deferred acquisition costs *(Note 15)*	**(2,154,352)**	(2,102,972)
	14,337,465	13,049,844

Forward

	Years Ended December 31	
	2023	2022
INCOME BEFORE INCOME TAX EXPENSE	**P7,178,263**	P3,707,780
INCOME TAX EXPENSE *(Note 27)*	**1,836,063**	1,254,799
NET INCOME	**P5,342,200**	P2,452,981
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that may be reclassified to profit or loss		
Net gain on fair value changes of available-for-sale financial assets *(Note 8)*	**P5,600**	P8,650
Items that will not be reclassified to profit or loss		
Remeasurement gain (loss) on life insurance reserve *(Note 17)*	**(57,876)**	948,239
Income tax effect	**14,469**	(237,060)
	(43,407)	711,179
Remeasurement gain on retirement liability *(Note 25)*	**10,612**	61,958
Income tax effect	**(2,654)**	(15,490)
	7,958	46,468
Net movement of other comprehensive income	**(29,849)**	766,297
TOTAL COMPREHENSIVE INCOME	**P5,312,351**	P3,219,278

See accompanying Notes to the Financial Statements.

PRU LIFE INSURANCE CORPORATION OF U.K.
(A Wholly-Owned Subsidiary of Prudential Corporation Holdings Limited)

SEPARATE STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)

YEARS ENDED DECEMBER 31

	Capital Stock (Note 30)	Additional Paid-in Capital (Note 30)	Contributed Surplus	Revaluation reserve on available-for-sale financial assets (Note 8)	Remeasurement reserve on retirement liability	Remeasurement on Life Insurance Reserve	Retained Earnings Appropriated (Note 17)	Retained Earnings Unappropriated (Note 30)	Total Retained Earnings	Total Equity
Balance at January 1, 2023	**P500,000**	**P462,000**	**P50,386**	**P14,321**	**P42,344**	**(P113,465)**	**P53,012**	**P16,855,989**	**P16,909,001**	**P17,864,587**
Total comprehensive income										
Net income	-	-	-	-	-	-	-	5,342,200	5,342,200	5,342,200
Other comprehensive income :										
Items that may be reclassified to profit or loss *(Note 8)*	-	-	-	5,600	-	-	-	-	-	5,600
Items that will not be reclassified to profit or loss	-	-	-	-	7,958	(43,407)	-	-	-	(35,449)
Total comprehensive income	-	-	-	5,600	7,958	(43,407)	-	5,342,200	5,342,200	5,312,351
Dividends *(Note 30)*	-	-	-	-	-	-	-	(2,950,000)	(2,950,000)	(2,950,000)
Appropriation of reserves	-	-	-	-	-	-	9,332	(9,332)	-	-
Balance at December 31, 2023	**P500,000**	**P462,000**	**P50,386**	**P19,921**	**P50,302**	**(P156,872)**	**P62,344**	**P19,238,857**	**P19,301,201**	**P20,226,938**
Balance at January 1, 2022	P500,000	P462,000	P50,386	P5,671	(P4,124)	(P824,644)	P60,911	P15,335,109	P15,396,020	P15,585,309
Total Comprehensive Income										
Net income	-	-	-	-	-	-	-	2,452,981	2,452,981	2,452,981
Other comprehensive income (loss):										
Items that may be reclassified to profit or loss *(Note 8)*	-	-	-	8,650	-	-	-	-	-	8,650
Items that will not be reclassified to profit or loss	-	-	-	-	46,468	711,179	-	-	-	757,647
Total comprehensive income	-	-	-	8,650	46,468	711,179	-	2,452,981	2,452,981	3,219,278
Dividends *(Note 30)*	-	-	-	-	-	-	-	(940,000)	(940,000)	(940,000)
Appropriation of reserves	-	-	-	-	-	-	(7,899)	7,899	-	-
Balance at December 31, 2022	P500,000	P462,000	P50,386	P14,321	P42,344	(P113,465)	P53,012	P16,855,989	P16,909,001	P17,864,587

See Notes to the Separate Financial Statements.

PRU LIFE INSURANCE CORPORATION OF U.K.
(A Wholly-Owned Subsidiary of Prudential Corporation Holdings Limited)

STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax expense	P7,178,263	P3,707,780
Adjustments for:		
Net changes of deferred acquisition costs - net *(Note 15)*	(2,154,352)	(2,102,972)
Unrealized loss (gain) on valuation of investments in FVPL *(Notes 8 and 23)*	(662,301)	1,312,173
Interest income *(Note 22)*	(647,376)	(575,883)
Depreciation *(Notes 14, 16 and 29)*	406,179	451,903
Provision for credit and impairment losses *(Notes 9, 10, 12 and 16)*	167,219	752,098
Gross change in legal policy reserves	(88,752)	(394,608)
Interest expense related to policies	39,195	41,375
Interest expense related to lease liabilities *(Note 29)*	30,600	44,454
Loss (gain) on disposal of investments *(Notes 8)*	(23,101)	18,153
Unrealized foreign exchange loss (gain) *(Note 8)*	3,192	(41,962)
Gain on disposal of property and equipment *(Note 14)*	(1,270)	(355)
Reversal of provision for impairment losses *(Notes 10 and 16)*	(418)	(1,657)
	4,247,078	3,210,499
Changes in:		
Premiums due from policyholders	(2,106)	2,115
Coverage debt receivables	(256,284)	(228,507)
Reinsurance assets	(163,125)	(80,740)
Policy loans receivables	19,104	54,405
Other assets	(1,487,790)	(109,224)
Accounts payable, accrued expenses and other liabilities	1,985,395	1,497,675
Claims payable	(70,910)	277,176
Reinsurance payable	(61,877)	101,248
	4,209,485	4,724,647
Interest paid	(38,404)	(42,222)
Contributions to retirement fund *(Note 25)*	(127,144)	(109,379)
Income tax paid	(1,213,643)	(1,115,460)
Net cash provided by operating activities	2,830,294	3,457,586
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	639,347	581,268
Proceeds from disposal of investments *(Note 8)*	4,507,021	5,187,340
Proceeds from disposal of property and equipment *(Note 14)*	7,937	3,973
Acquisitions of property and equipment *(Note 14)*	(125,263)	(192,026)
Acquisitions of software costs *(Note 16)*	(488,860)	(306,218)
Acquisitions of investments *(Note 8)*	(6,958,762)	(3,793,488)
Net cash provided by (used in) investing activities	(2,418,580)	1,480,849
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid *(Note 30)*	(2,950,000)	(1,280,000)
Payment of lease liabilities *(Note 29)*	(224,128)	(301,933)
Cash used in financing activities	(3,174,128)	(1,581,933)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,762,414)	3,356,502
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,930,837	2,574,335
CASH AND CASH EQUIVALENTS AT END OF YEAR *(Note 7)*	P3,168,423	P5,930,837

See accompanying Notes to the Financial Statements.

PRU LIFE INSURANCE CORPORATION OF U.K.
(A Wholly-Owned Subsidiary of Prudential Corporation Holdings Limited)

NOTES TO THE FINANCIAL STATEMENTS

(Amounts in Thousands, except as indicated)

1. Reporting Entity

Pru Life Insurance Corporation of U.K. (a wholly-owned subsidiary of Prudential Corporation Holdings Limited) (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on January 17, 1996, primarily to engage in the business of life insurance. The Company started commercial operations in September 1996. On September 11, 2002, the Insurance Commission (IC) approved the Company's license to sell variable unit-linked insurance, a life insurance product which is linked to investment funds.

The Company is a wholly-owned subsidiary of Prudential Corporation Holdings Limited (Prudential). The Company's ultimate parent company is Prudential plc, an internationally-diversified organization providing life insurance and fund management services worldwide. Prudential plc was incorporated in United Kingdom and has primary listing in the London Stock Exchange and secondary listings in Hong Kong, New York and Singapore stock exchanges.

The Company has a Certificate of Authority No. 2023/62-R issued by the IC to transact in life insurance business until December 31, 2024.

The Company's registered address is at the 9/F9th Floor Uptown Place Tower 1, 1 East 11th Drive, Uptown Bonifacio, Taguig City 1634, Metro Manila, Philippines.

2. Basis of Preparation

Statement of Compliance

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). PFRSs which are issued by the Philippine Financial Reporting Standards Council (FRSC), consist of PFRSs, Philippine Accounting Standards (PAS), and Philippine Interpretations.

The Company elected not to prepare consolidated financial statements since Prudential plc, the ultimate parent company, prepares consolidated financial statements that comply with PFRSs.

The financial statements were authorized for issue by the Board of Directors (BOD) on April 16, 2024.

Details of the Company's material accounting policy information are included in Note 3.

Basis of measurement

The separate financial statements have been prepared on the historical cost basis, except for the following items which are measured on an alternative basis on each reporting date.

Items	Measurement bases
Financial instruments at fair value through profit or loss (FVPL)	Fair value
Available-for-sale (AFS) financial assets	Fair value
Investments in Agents' Savings Fund (ASF)	Fair value
Investments in treasury notes, shares of stocks, and other funds under "Assets held to cover linked liabilities"	Fair value
Legal policy reserves	Gross Premium Valuation (GPV) and Unearned Premiums for traditional contracts; Unearned Cost of Insurance Charges for unit-linked contracts
Retirement liability	Present value of the defined benefit obligation (DBO) less the fair value of the plan assets (FVPA)
Lease liabilities	Present value of the lease payments not yet paid discounted using the Company's incremental borrowing rate

Functional and Presentation Currency

The separate financial statements of the Company are presented in Philippine peso, which is the Company's functional currency. All financial information has been rounded off to the nearest thousands (P'000s), unless otherwise indicated.

Financial statements

3. Material Accounting Policy Information

The accounting policies set out below have been applied consistently to all years presented in these separate financial statements, except for the changes in accounting policies as discussed below.

Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new accounting pronouncements starting January 1, 2023. Adoption of these pronouncements did not have any significant impact on the Company's financial position or performance unless otherwise indicated.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

Insurance Contracts

Product Classification

Insurance contracts are those contracts under which the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholder. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risks.

Investment contracts are those contracts that transfer significant financial risk but can also transfer insignificant insurance risk. Financial risk is the risk of a possible future change in one (1) or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, a credit rating or credit index or other variable, provided in the case of a nonfinancial variable that the variable is not specific to a party to the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as insurance contracts after inception if the insurance risk becomes significant.

Insurance and investment contracts are further classified as being with and without Discretionary Participation Feature (DPF). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- likely to be a significant portion of the total contractual benefits;
- the amount or timing of which is contractually at the discretion of the issuer; and
- contractually based on the following:
  - performance of a specified pool of contracts or a specified type of contract;
  - realized or an unrealized investment returns on a specified pool of assets held by the issuer; or
  - the profit or loss of the Company, fund or other entity that issues the contract.

The additional benefits include policy dividends that are declared annually, the amounts of which are computed using actuarial methods and assumptions, and are included under "Dividends to policyholders" account in profit or loss with the corresponding liability recognized under dividends payable to policyholders account which is included in "Accounts payable, accrued expenses and other liabilities" account in the separate statement of financial position.

Conventional long-term insurance contracts

These contracts insure events associated with human life (for example, death or survival) over a long duration. Premiums are recognized as revenue when they become payable by the policyholder. Benefits are recognized as an expense when they are incurred or when the policies reach maturity.

A liability for contractual benefits that is expected to be incurred in the future is recognized under "Legal policy reserves" for policies that are in-force as of each reporting date. Using GPV, the liability is determined as the sum of the present value of future benefits and expenses less the present value of future gross premiums arising from the policy discounted at appropriate risk-free discount rate. For this purpose, the expected future cash flows were determined using the best estimate assumptions with appropriate margin for adverse deviation from the expected experience. The liability is based on assumptions as to mortality, morbidity, lapse or persistency, non-guarantee benefits, and expenses. The present value of liabilities is determined using the discount rate approved by the IC with appropriate margin for adverse deviation.

Unit-linked insurance contracts

A unit-linked insurance contract is an insurance contract linking payments to units of an internal investment fund set up by the Company with the consideration received from the policyholders. The investment funds supporting the linked policies are maintained in segregated accounts in conformity with Philippine laws and regulations. The liability for such contracts is adjusted for all changes in the fair value of the underlying assets, while the non-unit reserves for unit-linked insurance contracts are calculated as the unearned cost of insurance charges.

Revenue from unit-linked insurance contracts consists of premiums received and policy administration fees.

Management assessed that the insurance contracts have no derivative components. As allowed by PFRS 4, *Insurance Contracts*, the Company chose not to unbundle the investment portion of its unit-linked products.

Legal Policy Reserves

Legal policy reserves are determined by the Company's actuary in accordance with the requirements of the amended Insurance Code of the Philippines (Insurance Code) and represent the amounts which are required to discharge the obligations of the insurance contracts and to pay expenses related to the administration of those contracts. These reserves are determined using generally accepted actuarial practices and have been approved by the IC at the product approval stage.

Any movement in legal policy reserves of traditional life insurance policies arising from current period assumptions or changes in assumptions other than discount rate during the year are recognized under "Gross change in legal policy reserves" in profit or loss. While net movement arising from changes in discount rate during the year are recognized directly in other comprehensive income as "Remeasurement on life insurance reserve".

The liability is based on actuarial assumptions such as mortality and morbidity, maintenance expenses, and lapse and/or persistency rates that are established at the time the contract is issued and updated at each valuation date, as needed. MfAD is also included in the assumptions. For policies with contract horizons of a year or less than a year (such as yearly renewable riders and most group policies), reserves are computed by calculating the unearned portion of the written premiums for the year.

Liability Adequacy Tests

At each reporting date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of reinsurance assets. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses are used. Any deficiency is immediately recognized under "Gross change in legal policy reserves" in profit or loss.

Reinsurance

The Company cedes insurance risk in the normal course of business. Reinsurance assets represent balances due from reinsurance companies. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contract.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises during the reporting period. Impairment occurs when objective evidence exists that the Company may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Company will receive from the reinsurer can be measured reliably. The impairment loss is charged to profit or loss.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

Premiums and claims are presented on gross basis for ceded reinsurance.

Reinsurance assets or liabilities are derecognized when the contractual right is extinguished, has expired, or when the contract is transferred to another party.

Receivables and Payables Related to Insurance Contracts

Receivables and payables are recognized when due. These include amounts due to and from policyholders and amounts due to agents and brokers. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable and recognizes the impairment loss in profit or loss.

Financial Instruments

Date of recognition

The Company recognizes a financial asset or a financial liability in the Company statements of financial position when the Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial Recognition

Financial instruments are recognized initially at fair value. Except for financial instruments at FVPL, the initial measurement of financial assets includes transaction costs. The Company classifies its financial assets in the following categories: financial assets at FVPL, AFS financial assets and loans and receivables. The Company classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

For measurement and disclosure purposes, the Company determines the fair value of an asset or liability at initial measurement or at each reporting date.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and ask prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstance and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and maximizing the use of unobservable inputs.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which observable current market prices exist, option pricing models, and other relevant valuation models. Any difference noted between the fair value and the transaction price is recognized in profit or loss, unless it qualifies for recognition as some type of asset or liability.

The Company's Investment Committee determines the policies and procedures for fair value measurement.

At each reporting date, the investment committee analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Investment Committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Investment Committee, in conjunction with the Company's external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

All assets and liabilities for when the fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

'Day 1' difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the 'Day 1' difference amount.

Financial instruments at FVPL
This category consists of financial assets or financial liabilities that are held-for-trading or designated by management as at FVPL on initial recognition.

Financial assets or financial liabilities are classified as held-for-trading if they are entered into for the purpose of short-term profit taking.

Financial assets or financial liabilities classified in this category are designated by management as at FVPL on initial recognition when any of the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, or
- the financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

The investments (debt and equity securities) of the unit-linked fund set up by the Company underlying the unit-linked insurance contracts (included under Assets held to cover unit-linked liabilities) are designated as at FVPL since these are managed and their performance are evaluated on a fair value basis, in accordance with the investment strategy. Also, the Company designates the assets of the life insurance business that are managed under the Company's Risk Management Statement on a fair value basis, and are reported to the Board on this basis. These assets have been valued on a fair value basis with movements taken through the profit or loss.

Financial assets at FVPL are recorded in the Company statements of financial position at fair value, with changes in the fair value recorded in profit or loss, included in 'Investment income' account.

As at December 31, 2023 and 2022, the Company does not have any financial asset designated by management as financial instruments at FVPL.

The Company's technical provisions for linked liabilities classified as financial liabilities at FVPL amounted to P120.40 billion and P108.52 billion as at December 31, 2023 and 2022, respectively (see Note 11).

AFS financial assets
AFS financial assets are those which are designated as such or do not qualify to be classified as financial assets at FVPL, or loans and receivables. They are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. These include government securities, equity investments, and other debt instruments.

After initial measurement, AFS financial assets are subsequently measured at fair value. The effective yield component of AFS debt securities, as well as the impact of restatement on foreign currency-denominated AFS debt securities, is reported in profit or loss.

Interest earned on holding AFS financial assets is reported as interest income using the effective interest rate. Dividends earned on holding AFS financial assets are recognized in profit or loss when the right to receive payment has been established. Interests and dividends are recognized under 'Investment income' account in profit or loss. The unrealized gains and losses arising from the fair valuation of AFS financial assets are reported in equity as 'Revaluation reserves on available-for-sale financial assets'. The losses arising from impairment of such financial assets are recognized as 'Provision for credit and impairment losses' under 'Operating and administrative expenses' in profit or loss. When a security is disposed of, the cumulative gain or loss previously recognized as other comprehensive income is reported as 'Gain or loss on sale of available-for-sale financial assets' under 'Investment income' in profit or loss.

When the fair value of AFS financial assets cannot be measured reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value of unquoted equity instruments, these investments are carried at cost, less any allowance for credit and impairment losses.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets held-for-trading, nor designated as AFS or at FVPL. This accounting policy relates to the Company statements of financial position captions: (a) 'Interest receivables', (b) 'Premiums due from policyholders' , (c) 'Coverage debt receivables, (d) 'Policy loans receivables and (e) 'Other receivables' under Assets (including those under 'Assets held to cover unit-linked liabilities').

After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for credit and impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included under 'Investment income' in profit or loss. The losses arising from impairment of such loans and receivables are recognized as 'Provision for credit and impairment losses' under 'Operating and administrative expenses' in profit or loss.

Other financial liabilities
Issued financial liabilities or their components, which are not designated as financial liabilities at FVPL are classified as other financial liabilities, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. This includes investment contracts which mainly transfer financial risk and has no or insignificant insurance risk.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Interest expense are charged to profit or loss as incurred.

Any effects of restatement of foreign currency-denominated liabilities are recognized in profit or loss.

This accounting policy relates to the Company statements of financial position captions: (a) 'Claims payable', (b) 'Reinsurance payable' and (c) 'Accounts payable, accrued expenses and other liabilities'(other than liabilities covered by other accounting standards, such as pension liability and income tax payable). This accounting policy relates also to the payables included under the 'Assets held to cover unit-linked liabilities' account.

Classification of Financial Instruments Between Debt and Equity
A financial instrument is classified as debt if it has a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Financial instruments are classified as liability or equity in accordance with the substance of the contractual agreement. Interests, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income.

Distributions to holders of financial instrument classified as equity are charged directly to liabilities and equity, net of any related income tax benefits.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Company statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of Financial Assets

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower, or a group of borrowers, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If there is objective evidence that an impairment loss on financial assets carried at amortized cost (i.e., receivables) has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate (EIR). The carrying amount of the asset is reduced through the use of an allowance account. The loss is recognized in the Company statements of comprehensive income as 'Provision for credit and impairment losses' under 'Operating and administrative expenses'. The asset, together with the associated allowance accounts, is written off when there is no realistic prospect of future recovery.

If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtor's ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statements of comprehensive income to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

The Company performs a regular review of the age and status of its insurance receivables, designed to identify receivables with objective evidence of impairment and provide the appropriate allowance for credit and impairment losses. The review is accomplished using a combination of specific and collective assessment approaches, with the impairment loss being determined for each risk grouping identified by the Company (see Note 5).

AFS financial assets carried at fair value

For equity investments classified as AFS financial assets, impairment indicators would include a significant or prolonged decline in the fair value of an investment below its cost or where other objective evidence of impairment exists. Where there is evidence of impairment, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss) is removed from equity and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss. Increases in fair value after impairment are recognized directly in other comprehensive income.

In the case of debt instruments classified as AFS, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount future cash flows for the purpose of measuring impairment loss and is recorded as part of 'Investment income' account in profit or loss.

If, in a subsequent period, the fair value of a debt instrument increased and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

Derecognition of Financial Assets and Liabilities

Financial asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company has transferred its right to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a 'pass-through' arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of the consideration that the Company could be required to repay.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Investment in Subsidiary

A subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiary are included in the consolidated financial statements from the date on which the control commences except if the following conditions are met:

- it is a wholly-owned subsidiary or is a partially-owned subsidiary of another entity and all its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the parent not presenting consolidated financial statements;
- its debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
- it did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market; and
- its ultimate or any intermediate parent produces financial statements that are available for public use and comply with PFRS 10, Consolidated Financial Statements, in which subsidiaries are consolidated or are measured at FVPL in accordance with PFRS 10.

The Company met the aforementioned criteria, thus, did not present consolidated financial statements.

Investment in Subsidiary Classified as Asset Held for Sale

Measurement and presentation of disposal group

The Company classifies disposal group as held for sale if their carrying amounts will be recovered principally through a sale transaction. Such disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding the finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Assets and liabilities of disposal group classified as held for sale are presented separately in the statements of financial position.

Cessation of investment in subsidiary

The Company ceases to classify the investment in subsidiary as held for sale when a decision to change the plan to sell the disposal group has occurred.

The Company measures an investment in subsidiary that ceases to be classified as held for sale at the lower between; carrying amount before disposal group was classified as held for sale, adjusted for any depreciation or amortization that would have been recognized had the disposal group not been classified as held for sale; or recoverable amount at the date of the subsequent decision not to sell.

The Company includes any required adjustment to the carrying amount of a disposal group that ceases to be classified as held for sale in the statement of income in the period in which the criteria for held for sale, are no longer met.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Property and Equipment

Property and equipment are measured at cost less accumulated depreciation and impairment losses, if any.

Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use. Subsequent costs that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Company. The cost of day-to-day servicing of an asset is recognized as an expense when incurred.

Items of property and equipment are depreciated on a straight-line basis over the estimated useful lives of each component. Leasehold improvements are amortized over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Estimated useful lives are as follows:

	Number of years
Computer equipment	3 - 5
Furniture, fixtures, and equipment	5
Transportation equipment	5
Condominium unit	25
Leasehold improvements	3 - 5 or term of lease, whichever is shorter

The residual value, useful lives, and depreciation methods for items of property and equipment are reviewed, and adjusted if appropriate, at each reporting date.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and the related accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

Office improvement in progress relates to the progress billings of unfinished projects. Such projects include renovations, various installations and system upgrades. When a certain project is finished, the account is credited and capitalized to the appropriate asset account.

No depreciation is recognized for office improvement in progress account because it is not yet available for use by the Company.

Fully depreciated assets are retained in the accounts until they are no longer in use, at which time, the cost and the related accumulated depreciation and amortization are written off.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period when the asset is derecognized.

Software Development Costs

Costs directly associated with the development of identifiable computer software that is not an integral part of the hardware that generate expected future benefits to the Company are recognized as intangible asset. All other costs of developing and maintaining computer software are recognized as expense when incurred. Software development costs are recognized under 'Other assets' (see Note 16).

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Software development costs are amortized from the date they are available for use, not to exceed five (5) years.

Impairment of Non-Financial Assets

At each reporting date, the Company assesses whether there is any indication that non-financial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Company makes a formal estimate of recoverable amount.

Recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed for the cash generating unit to which the asset belongs.

Where the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount, the asset (or cash generating unit) is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash generating unit).

An impairment loss is charged to operations in the year in which it arises, unless the asset is carried at revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset.

For non-financial assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior periods. Such reversal is recognized in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase in other comprehensive income. After such reversal, the depreciation and amortization expense are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Deferred Acquisition Costs

Direct and indirect costs incurred to sell, underwrite and initiate new unit-linked insurance contracts, net of the initial charges portion of the premiums are deferred to the extent that these costs are recoverable out of profit margins of future premiums from these new insurance contracts.

Subsequent to initial recognition, deferred acquisition costs are amortized on a straight-line basis over the period over which significant amount of profit margins from future premiums are expected to be recoverable. Changes in the pattern of future economic benefits for the deferred acquisition costs are accounted for by changing the amortization period and are treated as change in accounting estimate.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognized in profit or loss. Deferred acquisition costs are also considered in the liability adequacy test for each reporting period. Deferred acquisition costs are derecognized when the related contracts are either pre-terminated or have matured before the end of amortization period.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - the Company has the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measure using the index rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes is assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in "Right-of-use assets" and the corresponding liability in "Lease liabilities" in the separate statement of financial position (see Note 29).

Short-term Leases and Leases of Low-value Assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office and parking space that have a lease term of 12 months or less and leases of low-value assets. The Company classifies leases as low value assets in when the value of the lease is less than or equal to P250,000. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Equity

Capital stock

Capital stock is composed of common shares, determined using the nominal value of shares that have been issued. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of any tax effects.

Additional paid-in capital (APIC)
APIC pertains to the amount that the Company received in excess of the par value of capital stock.

Contributed surplus
Contributed surplus represents additional contribution of shareholders as provided under the Insurance Code.

Revaluation reserve on available-for-sale financial assets
Revaluation reserve on available-for-sale financial assets pertains to the cumulative amount of gains and losses due to the revaluation of AFS financial assets.

Remeasurement reserve on retirement liability
This pertains to the cumulative amount of remeasurement of the retirement liability arising from actuarial gains and losses due to experience and demographic assumptions as well as gains and losses in the plan assets.

Remeasurement on life insurance reserve
This represents the increase or decrease of the reserves brought by changes in discount rates.

Retained earnings
Retained earnings are classified as unappropriated and appropriated. Unappropriated retained earnings represent profit attributable to the equity holders of the Company and reduced by dividends. It may also include effect of changes in accounting policy as may be required by the transitional provision of the standard.

Appropriated retained earnings pertain to the aggregate amount of negative reserves on a per policy basis as a result of GPV prescribed by the IC.

Revenue Recognition
The Company's revenue streams arising from insurance contracts falls under PFRS 4 while interest income falls under PFRS 9 and other income under PFRS 15 *Revenue from Contracts with Customers*. The following specific criteria must also be met before revenue is recognized:

Premiums
Premiums arising from insurance contracts are recognized as income on the effective date of the insurance policies for the first-year premiums. For the succeeding premiums, gross earned recurring premiums on life insurance contracts are recognized as revenue when these become due from the policyholders.

The investment component received from the unit-linked insurance contracts is shown as part of premiums.

Premiums ceded to reinsurers on traditional and variable contracts are recognized as an expense when the policy becomes effective. This is presented net of experience refund received from reinsurers.

Policy administration fees
Policy administration fees are recognized as revenue in profit or loss when these become due from the policyholder. Receivable portion of policy administration fees forms part of receivable from unit linked fund under "Other assets - net" account in the separate statement of financial position.

Investment gain or loss
Investment gain or loss consists of fair value changes of financial assets at FVPL, interest income from all interest-bearing investments and gain or loss on disposal of investments. Investment income is presented net of final tax.

Upfront fees
This is the consideration received by the Company from ATRAM as part of the agreement for the five-year sole and exclusive fund managers of its Linked Fund Assets. The upfront fees is recognized over time (5 years) on a straight-line basis as the Company has continued performance obligations until the end of the agreement.

Interest income for all interest-bearing financial instruments, including financial assets measured at FVPL, is recognized in profit or loss using the effective interest method.

Determining whether the Company is acting as principal or an agent.
The Company assesses its revenue arrangements against the following criteria to determine whether it is acting as a principal or an agent:

- whether the Company has primary responsibility for providing the services; and
- whether the Company has discretion in establishing prices.

If the Company has determined it is acting as a principal, the Company recognizes revenue on gross basis with the amount remitted to the other party being accounted as part of cost and expenses. If the Company has determined it is acting as an agent, only the net amount retained is recognized as revenue.

The Company has determined that it is acting as principal in its revenue arrangements.

Benefits, Claims and Expenses Recognition
Cost on premiums of variable insurance
Cost on premiums of variable insurance represents the investment component of the unit-linked insurance contracts portion, net of withdrawals. Cost on premiums of variable insurance are recognized consequently as premiums are earned which is on the effective date of the insurance policy for first year premiums and when premiums become due for succeeding premiums.

Benefits and claims
Claims consist of benefits and claims paid to policyholders, which include, among others, excess gross benefit claims for unit-linked insurance contract, and movement of incurred but not reported (IBNR) claims and movement of legal policy reserves. Death claims, surrenders and withdrawals are recorded on the basis of notifications received. Maturities are recorded when due. Provision for IBNR is made for the cost of claims incurred as of each reporting date but not reported until after the reporting date based on the Company's experience and historical data. Differences between the provision for outstanding claims at the reporting date and subsequent revisions and settlements are included in profit or loss of subsequent years. Reinsurer's share of gross benefits and claims are accounted for in the same period as the underlying claim.

Operating expenses
Expenses are recognized when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. Expenses are recognized when incurred (except those classified as acquisition costs – refer to the accounting policy on 'Deferred acquisition costs').

Employee Benefits
Retirement Benefits
The Company maintains a defined contribution (DC) plan with minimum defined benefit (DB) guarantee that covers all regular full-time employees. Under its retirement plan, the Company pays fixed contributions based on the employees' monthly salaries, however, the retirement plan also provides for its qualified employees a DB minimum guarantee which is equivalent to a certain percentage of the final monthly salary payable to an employee for each year of credited service based on the provisions of the Company's retirement plan.

Accordingly, the Company accounts for its retirement obligation under the higher of the DB obligation relating to the minimum guarantee and the obligation arising from the DC Plan.

For the DB minimum guarantee plan, the liability is determined based on the present value of the excess of the projected DB obligation over the projected DC obligation at the end of the reporting period. The DB obligation is calculated annually by a qualified independent actuary using the projected unit credit method. The Company determines the net interest expense or income on the net DB liability or asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the DB plan are recognized in profit or loss.

Remeasurements of the net DB liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains or losses on the settlement of a DB plan when the settlement occurs.

Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Taxes
Current tax and deferred income tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under PAS 37.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at each reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, and the carry forward tax benefits of the net operating loss carryover (NOLCO) and excess of the minimum corporate income tax (MCIT) over the regular corporate income tax. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates that have been enacted or substantively enacted at each reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the reporting date.

Foreign Currency Transactions
Transactions in foreign currencies are initially recorded using the exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rates prevailing at reporting date.

Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the year. For income tax reporting purposes, foreign exchange gains or losses are treated as taxable income or deductible expenses, in the period such are realized.

Provisions
A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Contingencies
Contingent liabilities are not recognized in the separate financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the separate financial statements but are disclosed in the notes to separate financial statements when an inflow of economic benefits is probable.

In cases where disclosure of some or all of the information relating to the provisions, contingent assets and contingent liabilities can be expected to prejudice the position of the Company, the Company discusses only the general information regarding the nature of the provision, contingent assets or contingent liabilities, as allowed by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets.*

Related Parties
Related party relationships exist when one party has the ability to control or influence the other party, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely legal form.

Events After the Reporting Date
Post year-end events that provide additional information about the Company's financial position at the reporting date (adjusting events) are reflected in the separate financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the separate financial statements when material.

New Standards and Amendments to Standards Not Yet Adopted
A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2023. However, the Company has not applied the following new or amended standards in preparing these separate financial statements. The Company is currently assessing the potential impact of these on its separate financial statements.

The Company will adopt the new standards and amendments to standards in the respective effective dates:

To be Adopted January 1, 2024

- *Classification of Liabilities as Current or Noncurrent – 2020 amendments and Non-Current Liabilities with Covenants – 2023 amendments* (Amendments to PAS 1, Presentation of Financial Statements). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:

    - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;

    - clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;

    - provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and

    - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2023 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2023 amendments must apply both amendments at the same time.

To be Adopted January 1, 2025

- *PFRS 17, Insurance Contracts. PFRS 17*

    PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts.* This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

    The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

    The core of PFRS 17 is the general model, which is based on the following building blocks for each group of insurance contracts: (a) fulfilment cash flows and (b) a contractual service margin or CSM (i.e., unearned profit). This is supplemented by:

    - A specific adaptation for contracts with direct participation features (the variable fee approach)
    - A simplified approach (the premium allocation approach) mainly for short-duration contracts

    On December 15, 2021, the Financial and Sustainability Reporting Standards Council (FSRSC) amended the mandatory effective date of PFRS 17 in the Philippines from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

    PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with full retrospective application from the transition date is required. The transition date is the beginning of the annual reporting period immediately preceding the date of initial application. If it is impracticable to apply PFRS 17 retrospectively for a group of insurance contracts, the Company must apply either the modified retrospective approach or the fair value approach. Early application is permitted.

    i. *Identifying Contracts in the Scope of PFRS 17*

    PFRS 17 sets out the requirements to determine what contracts are in scope of the standard. The definition of an insurance contract and insurance risk as included in the Appendix of PFRS 17 are unchanged from PFRS 4 but some additional exemptions and new guidance around what constitutes significant insurance risk have been added to the application guidance of PFRS 17 such as the discounting requirement and level on which the assessment takes place. This may have an impact in the way the Company has historically performed the quantitative assessment under PFRS 4 and potentially the risk that contracts classified as insurance contracts under PFRS 4 will not meet the qualifying scoping criteria under PFRS 17.

    The definition of insurance contracts, reinsurance contracts and insurance risk under PFRS 17 are similar. However, in the application guidance of PFRS 17, there are two key changes:

    - PFRS 17 has added the requirement that the significant insurance risk assessment shall be performed on a discounted cash flow basis; and
    - The optionality under PFRS 4 to perform the assessment on a book of contracts if this book consists of "homogeneous book of small contracts", has been removed. Under PFRS 17, contracts shall be assessed contract-by-contract.

    In addition, there is also a new requirement that contracts with DPF are only in scope of PFRS 17 if the issuing entity also issues insurance contracts.

    Insurance contracts and investment contracts with DPF, as explained in the paragraph above, are under the scope of PFRS 17. However, there may be contracts that the Company issues or components of these contracts that would be in the scope of another standard as they fail the significant insurance risk test or need to be accounted for separately which are:

    - Distinct Investment components of insurance contracts (PFRS 9)
    - Distinct Embedded derivatives (PFRS 9)
    - Distinct goods and services components (PFRS 15)
    - Investment contracts without DPF

    Where a contract or a component of that contract is out of scope of PFRS 17, an entity should assess whether PFRS 15 or PFRS 9 applies. Broadly speaking PFRS 9 would apply to contracts or components which meet the definition of a financial instrument, which in would be the case in most situations. If distinct goods and services are bifurcated, then likely PFRS 15 applies.

    ii. *Level of Aggregation*

    PFRS 17 requires that the Company identifies portfolios of insurance contracts which comprise of contracts that are "subject to similar risks" and are "managed together". Further, it required to divide portfolios into annual cohorts, measurement model type and a minimum number of Groups of insurance contracts to differentiate contracts which are "onerous at initial recognition" from those having "no significant possibility of becoming onerous subsequently" and "other" contracts, if any.

    Once the Company has established a Group of insurance contracts, that Group becomes the unit of account to which the entity applies the requirements of PFRS 17. The calculation of the expected profitability (i.e., the contractual service margin, or "CSM") of contracts at inception, as well as their subsequent measurement, are performed at this Group of contracts level.

    To determine this CSM Group level, an entity needs to address the following key considerations:

    - What constitutes a contract in scope of PFRS 17?
    - What contracts should be categorized under the same "portfolio" because they are "subject to similar risks" and are "managed together"?
    - Which contracts are onerous at inception and hence need to be Grouped separately?
    - How should the entity Group the remaining profitable contracts within a cohort of up to one year which have "no significant possibility of becoming onerous subsequently"? These contracts can be measured together in one or more Groups of contracts and entities need to consider appropriate criteria to allocate contracts to these Groups.
    - Are there any other contracts that are profitable, but with a significant possibility of becoming onerous subsequently, and therefore need to be measured separately in one or more Groups?

iii. Contract Boundaries

PFRS 17 requires assessment of the contract boundary at an individual contract level. The standard explicitly refer to the "boundary of each contract" and assessment of the boundary of individual contracts. Therefore, in theory within a single Group there could be contracts with different boundaries. However, the reassessment of risks referred to in the standard is at the portfolio level and therefore for this part of the contract boundary assessment it is necessary to consider all risks within the portfolio (rather than only in the contract).

The standard describes when cash flows are within the boundary of an insurance contract, that is, if they arise from substantive rights and obligations that exist during the reporting period in which:

- the entity can compel the policyholder to pay the premiums; or
- the entity has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:
- the entity has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- both of the following criteria are satisfied:

  a) the entity has the practical ability to reassess the risks of the portfolio of insurance contracts that contains the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
  b) the pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

Reinsurance Contracts
PFRS 17 notes that the same guidance on contract boundaries applies to both reinsurance contracts held and insurance contracts issued. Therefore, the same guidance for contract boundary of underlying contracts applies to reinsurance contracts held, subject to the following exceptions:

- the contract boundary of a reinsurance contract held may include future (unrecognized) underlying insurance contracts issued; and
- the portfolio-level contract boundary assessment does not apply to reinsurance contracts held.

For the latter point, contract boundaries are assessed from the cedant's perspective on a contract-by-contract basis, since the cedant cannot assess whether the reinsurer can reassess risk on a portfolio level.

The following discuss when the cedant's substantive obligation to pay premiums and substantive right to receive reinsurance services end. The obligation to pay premiums ends when the cedant has the unilateral right to terminate the reinsurance contract held on pre-determined terms. Terms are pre-determined if the cedant can exercise the right without having to negotiate further with the reinsurer. Meanwhile, the right to receive reinsurance services ends when the reinsurer has the practical ability to terminate or reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks.

iv. Measurement - Overview

PFRS 17 has a specific approach (called the "Variable Fee Approach", or "VFA") for accounting for insurance contracts with "direct participation features". This approach enables insurers to adjust the CSM for changes in estimates of financial assumptions.

An insurance contract with direct participation features is defined in the standard as an insurance contract that is a substantially investment-related service contract for which, at inception:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

The standard specifies that each individual contract needs to be assessed against the above criteria, with the quantitative criteria assessed on a present value probability-weighted average basis. The standard also clarifies that one assessment should be sufficient for an entity to determine whether the criteria are met for each contract in a set of homogenous contracts issued in the same market conditions and priced on the same basis.

Reinsurance contacts issued or held are explicitly excluded from the VFA, regardless of the classification of the underlying contract.

Premium allocation approach (PAA)
The PAA may be used to measure both underlying contracts and reinsurance contracts held. In general, the same requirements apply to both, with some small amendments for reinsurance contracts held.

The PAA is applied at the Group of insurance contracts level. If the coverage period for a Group of contracts is one year or less, those contracts are automatically eligible to use the PAA simplification with no further assessment required. For Groups of contracts that do not meet the coverage period definition, eligibility for PAA adoption is possible if:

- the entity reasonably expects the liability for remaining coverage (LRC) calculated using the PAA to not differ materially from its measurement under either the general model or VFA (whichever is applicable); and
- the entity does not expect significant variability in the LRC fulfilment cash flows. This assessment is only required on inception of the Group of contracts.

The PAA simplification does not apply to the Liability for Incurred Claims (LIC) including IBNR relating to past service at the end of each reporting period. However, different requirements (versus those under the general model or VFA are used to determine the LIC discount rate.

v. Measurement - Life Contracts

Insurance contracts and investment contracts with DPF

The PFRS 17 liability for a Group of insurance contracts consists of four key components, namely: estimates of future cash flows; an adjustment to reflect the time value of money and financial risks; the Risk Adjustment for non-financial risk; and the Contractual Service Margin.

The estimates of future cash flows that have been adjusted for the time value of money and financial risk (PFRS 17 BEL) is calculated on a best-estimate and (broadly) market consistent basis. In general, the requirements to calculate the BEL under PFRS 17 will be aligned to the current ECap methodology. We note that the PFRS 17 BEL can be calculated using either a direct (i.e., PV outgo - PV income) or indirect approach (i.e., underlying item less the variable fee), we consider these to be equally technically correct.

PFRS17 outlines that for insurance contracts that qualify for VFA, that for insurance contracts with direct participation features, the entity's obligation to the policyholder is effectively the difference between the value of the underlying item and the variable fee (termed the indirect approach).

We view that the direct and indirect approach will produce an equivalent result and so this equivalence between the direct and indirect approach can be extended to all business that contains an underlying item. In cases where the indirect approach is applied, note that this does not preclude the need for obtaining expected cash flows for disclosure and revenue presentation purposes.

An entity is required to include a risk adjustment for non-financial risk as part of the fulfilment cash flows. The standard defines the risk adjustment as an explicit adjustment to "the estimate of the present value of the future cash flows to reflect the compensation that the entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk".

The CSM as defined in PFRS 17 is a component of the asset or liability for the Group of insurance contracts that represents the unearned profit the entity will recognize as it provides insurance contract services in the future.

The CSM measured on initial recognition for a Group of contracts is the amount that results in no income or expenses arising from:

- initial recognition of an amount for the fulfilment cash flows;
- any cash flows arising from the contract in the Group at that date; and
- the derecognition at the date of initial recognition of insurance acquisition cash flows and any asset or liability previously recognized for cash flows related to this Group before the recognition.

The CSM determined on initial recognition is adjusted by changes in the fulfilment cash flows during the year. The standard sets out the various adjustments that need to be made to calculate the CSM on subsequent measurement. It should be noted that only changes in the LRC adjust the CSM, and any changes in the liability for incurred claims do not.

Reinsurance contracts
The guidance for underlying contracts issued is applicable to reinsurance contracts held. In addition, the standard requires the estimates of the present value of future cash flows for a Group of accounting reinsurance contracts held to include the effect of any risk of non-performance by the issuer of the reinsurance contract (i.e., the reinsurer), including the effects of collateral and losses from disputes.

CSM is calculated at the unit of account level for reinsurance contracts held. A Group of accounting reinsurance contracts held is in a net cost position if, at initial recognition, expected cash outflows exceed expected cash inflows plus risk adjustment. Or they may be presented in a net gain position, where expected inflows plus the risk adjustment exceed outflows. Note that there is no concept of "onerous contracts" as defined for underlying Groups, so the CSM for a Group of accounting reinsurance contracts held may be negative.

PFRS 17 indicates that a portion of reinsurance CSM may be recognized to offset losses on onerous, underlying Groups of contracts when they are initially recognized or subsequently added to a Group of accounting reinsurance contracts held. This is provided that:

- the reinsurance contract held is entered into before or at the same time as the onerous underlying insurance contracts are recognized; and
- the adjustment to the CSM of a Group of accounting reinsurance contracts held and the resulting income is calculated by multiplying:

  a) the loss recognized on the underlying insurance contracts; and
  b) the percentage of claims on the underlying insurance contracts the entity expects to recover from the Group of accounting reinsurance contracts held.

An entity shall establish (or adjust) a loss-recovery component of the asset for remaining coverage for a Group of accounting reinsurance contracts held depicting the recovery of losses recognized. Where only a portion of underlying contracts in an onerous Group are reinsured, the entity shall apply a systematic and rational method of allocation to determine what portion of these losses is eligible for a loss-recovery.

The loss-recovery component determines the amounts that are presented in profit or loss as reversals of recoveries of losses from reinsurance contracts held and are consequently excluded from the allocation of premiums paid to the reinsurer.

After the Company has established a loss-recovery component, the Company shall adjust the loss-recovery component to reflect changes in the loss component of an onerous Group of underlying insurance contracts. The carrying amount of the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous Group of underlying insurance contracts that the Company expects to recover from the Group of accounting reinsurance contracts held.

Insurance acquisition cash flows
The standard describes insurance acquisition cash flows as expenses incurred to sell, underwrite and start new insurance contracts. As per the Company principles, the following are considered to be acquisition expenses:

- initial commissions;
- sales bonus and upfront payment to agents linked to sales performance;
- distribution fees;
- underwriting costs, marketing and advertising expenses that are directly attributable;
- other overhead expenses for departments and staff involved directly in acquisition tasks; and
- renewal commissions paid to agents who only provide acquisition services and no other administration and maintenance services.

Most pre-recognition cash outflows are expected to be insurance acquisition expenses. However, if the pre-recognition cash outflows do not meet the definition of insurance acquisition cash flows (expected to be rare), they should not follow the four-step approach described below. Instead, they should be fully derecognized when the related Group of contracts is recognized.

Pre-recognition acquisition cash flows can be divided into payments for the following categories:

- incurred for multiple future Groups of contracts (e.g., product development cost which are spreads over the current Group and future Groups); and
- incurred for current renewal period and future anticipated renewal contracts (e.g., commissions paid for short contract boundary products with anticipated renewals).

The first category covers all possible products (e.g., product development expenses for unit linked, universal life, with-profit, YRT medical, etc.) and the second category is only commissions paid for products with renewal features which are short term bounded (e.g., bounded medical YRT business). The split between the two categories is important because it drives:

- the impairment methodology for the related pre-recognition acquisition cash flows; and
- the method to allocate the pre-recognition acquisition cash flows to current and future Groups.

vi. Measurement - Significant Judgements and Estimates

Estimates of future cash flows
PFRS 17 defines fulfilment cash flows as “an explicit, unbiased and probability-weighted estimate (i.e., expected value) of the present value of the future cash outflows minus the present value of the future cash inflows that will arise as the entity fulfils insurance contracts, including a risk adjustment for non-financial risk.”

The principles for determining the estimates of future cash flows under PFRS 17 are to:

- incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows;
- reflect the perspective of the entity, provided that the estimates of any relevant market variables are consistent with observable market prices for those variables;
- be current -the estimates shall reflect conditions existing at the measurement date, including assumptions at that date about the future; and
- be explicit -the entity shall estimate the adjustment for non-financial risk separately from the other estimates. The entity also shall estimate the cash flows separately from the adjustment for the time value of money and financial risk, unless the most appropriate measurement technique combines these estimates.

The objective of estimating future cash flows is to determine the expected value, or probability-weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. Reasonable and supportable information available at the reporting date without undue cost or effort includes information about past events and current conditions, and forecasts of future conditions. Information available from an entity’s own information systems is considered to be available without undue cost or effort.

The starting point for an estimate of the cash flows is a range of scenarios that reflects the full range of possible outcomes. Each scenario specifies the amount and timing of the cash flows for a particular outcome, and the estimated probability of that outcome. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. Consequently, the objective is not to develop a most likely outcome, or a more-likely-than-not outcome, for future cash flows.

Discount rates
The discount rate used for PFRS 17 valuation should reflect the liquidity characteristics of the insurance contracts. However, the rules do not provide firm guidance on how to estimate the liquidity premium, beyond defining two overall approaches: ‘top-down’, which involves directly estimating the discount rate from a reference portfolio of financial instruments with appropriate liability characteristics; and, ‘bottom-up’, setting the discount rate as the sum of a risk-free curve estimated using liquid financial instruments and a separate ‘liquidity premium’ that adjusts for the difference in liquidity between the liquid financial instruments and the underlying insurance liabilities. The rules go on to clarify that while the discount rate should reflect appropriate liquidity premiums, it should not include any premiums for market risk or credit risk.

The bottom-up approach is conceptually the methodology that is purest. However, as set out in the PFRS 17 guidance, no practical methodology is proposed, and any implementation would require significant expert judgement in the setting of the liquidity premium. As such, the top-down approach is proposed to be used as a practical methodology to derive a liquidity premium that reflects the liability characteristics albeit that this is conceptually then applied on a bottom-up basis.

Risk adjustments for non-financial risk
The risk adjustment is defined as “the compensation that the entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk”.

The standard requires that the risk adjustment conveys information to users of financial statements about the amount charged by the entity for the uncertainty arising from non-financial risk about the amount and timing of cash flows” but paragraph BC211(c) of the basis for conclusions notes that the Financial Accounting Standards Board (FASB) decided that a separate risk adjustment should “faithfully represent circumstances in which the entity has charged insufficient premiums for bearing the risk that the claims might ultimately exceed expected premiums”. This implies that the risk adjustment need not reflect the way the entity actually prices risk, as certain non-financial risks may not be priced for but are still required to be included within the risk adjustment.

The May 2018 Transition Resource Group noted that the entity does not typically charge the policyholder an explicit separate amount for bearing non-financial risk. Rather, this is implicit within the overall actual amount charged by the entity which would include other factors as well. Therefore, the TRG concluded that the risk adjustment for non-financial risk represents the compensation that the entity would require if it was to charge the policyholder an explicit separate amount for bearing non-financial risk.

As the Company has no single policy that quantitatively defines the compensation required for risk, so it is necessary to consider a range of sources. Given the requirement for a statistical measurement of the risk adjustment, the compensation required for risk needs to be defined in terms of a confidence level. It is proposed to use a Value at Risk approach (VaR) because it is simpler, better aligned to disclosure requirements, and is expected to be less volatile compared to a Cost of Capital Approach (CoC). TailVaR measures have limited use within the Group and using them as the basis for the risk adjustment methodology would clearly not be consistent with how the Group considers compensation for uncertainty.

A general principle in PFRS is that revenue can only be recorded in the profit or loss statement to the extent that the promised goods or services are transferred to the customers in that period. PFRS 17 requires the use of the ‘coverage units’ approach to identify the ‘insurance contract services’ provided in any period and based on that release the CSM as revenue.

The total coverage units of a Group of contracts is a function of a) the ‘quantity of benefits’ a policyholder receives (e.g., an insurer’s obligation to pay a sum assured when an insured event takes place) and b) the ‘expected coverage period’ over which the benefits are received. The period and quantity of benefits depend on what services are provided: insurance services only or both insurance and investment return/related services. At the ending of each reporting period the CSM is released to the profit or loss based on the coverage units for the reporting period compared to the coverage units over the total remaining coverage periods.

The quantity of benefits for insurance service is the maximum amount that the policyholder can claim. However, if the contract is assessed to provide investment-return services or investment related services, the return of the account value (or surrender value where there is no account value) to the policyholder should be excluded from the insurance quantity of benefits as that amount represent the level of investment service. For contracts which have investment related or investment-return services, the proxy for investment services is Account Value (or Surender Value where there is no account value).

The following table summarizes the most common types of benefits and what the maximum benefit could be, without considering duration of coverage period:

Type of Benefits within Group of contracts	Example of quantity of benefits
Death Benefits	
• Lump sum payment only (e.g., term)	• Sum Assured
• Higher of lump sum and account/surrender value	• Death benefit less account/surrender value (sum at risk)
• Lump sum plus account/ surrender value	• Sum Assured
• Higher of accumulated premium and account/ surrender value	• Death benefit less account/surrender value (sum at risk)

vii. Presentation and Disclosure

PFRS 17 introduces a comprehensive set of new presentation and disclosure requirements, which include guidance on:

- what to present on the face of the primary statements (e.g., balance sheet and profit or loss statement);
- what to include in the notes to explain the recognized amounts in more detail (e.g., detailed reconciliations, CSM run off analysis);
- what additional notes are required to explain key judgments, assumptions used and risk exposures (e.g., sensitivity analysis); and
- specific requirements on how to calculate and present amounts in certain financial statement line items (e.g., determination and subsequent presentation of movements in loss components, split between past and current, treatment of foreign currency translation in the movements).

An entity shall present in profit or loss insurance revenue arising from the Groups of insurance contracts issued. Insurance revenue shall depict the provision of coverage and other services arising from the Group of insurance contracts at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. Paragraphs B120-B127 specify how an entity measures insurance revenue.

An entity shall present in profit or loss insurance service expenses arising from a Group of insurance contracts issued, comprising incurred claims (excluding repayments of investment components), other incurred insurance service expenses and other amounts as described in paragraph 103(b).

Insurance revenue and insurance service expenses presented in profit or loss shall exclude any investment components. An entity shall not present premium information in profit or loss if that information is inconsistent with paragraph 83.

PFRS 17 recognizes that insurance contracts may provide investment-related (or investment-return) services as well as insurance services. The PFRS 17 income statement includes expected claims (as part of insurance revenue) and actual claims incurred (as part of insurance service expenses). In order to present profit arising from insurance and investment-related (or investment-return) services separately, the standard requires that at the point a claim is incurred, the investment component is identified and subtracted from the insurance revenue and from the amount paid out in order to present pure insurance revenue and expenses in the income statement. Any variance in the amount of investment component payable in the period adjusts the CSM.

PFRS 17 requires all expenses to be assessed as "directly attributable" or not. Only directly attributable expenses are included in the estimates of future cash flows and are capitalized on day one in the CSM. Classification of expenses as attributable will ensure that insurance service revenue and insurance service expenses are better matched over time. The net impact on the profit or loss statement of classifying expenses as non-attributable versus attributable, will be the difference between recognizing the expenses when incurred and the sum of:

- the implicit release of directly attributable expenses as part of the CSM release (following the profit pattern based on the determination of coverage units);
- the difference between the expected expenses (release from the BEL of expected 'directly attributable' expenses) and the actual incurred 'directly attributable' expenses; and
- Classifying expenses as attributable would likely lead to a smoother profit or loss statement with differences in the profit emergence pattern unlikely to be material.

viii. Transition

The standard requires PFRS 17 to be applied retrospectively the "fully retrospective approach" (FRA) unless impracticable. If a FRA is impracticable there is a free option to choose either a modified retrospective approach or a fair value approach. If reasonable and supportable information necessary to apply the modified retrospective approach is not available, the fair value approach must be applied. A combination of approaches can be used for different Groups of contracts - for example different approaches could be used for different portfolios or for different annual cohorts of business.

An FRA will only be used where there is data available and that data can be used to support a reasonable estimate of the CSM without undue cost and effort, based on the facts and circumstances at the point of recognition (i.e., without using hindsight). The main judgement required to apply FRA concerns the use of estimation in deriving the CSM.

For some portfolios of in-force business, the original data required to perform full model runs to estimate fulfilment cash flows (and therefore the CSM) at historic dates may not be available at the required level of granularity or in a usable format after making every reasonable effort. However, it may be possible to derive reasonable estimates of these cash flows using pre-existing data that is based on the facts and circumstances at those historic dates

For example, the Company expects that for some areas of the business, the estimated future cash flows (and hence CSM) at initial recognition can be calculated by making adjustments to new business contribution figures originally prepared for embedded value purposes. Where these adjustments are based on reasonable assumptions, then this method should be considered to be acceptable under the FRA.

If the calculation approach or underlying assumptions do not result in a reasonable estimate of the retrospectively calculated CSM, or require hindsight (i.e., are not purely based on the circumstances that existed at the time), then either the modified retrospective or fair value approaches will be applied.

When calculating the CSM under a FRA the historic risk adjustment will need to be calculated based on the facts and circumstances that existed at the point of recognition or subsequent adjustment of the CSM as required under the standard.

Insurance contracts, reinsurance contracts and investment contracts with DPF

As part of the Company's transition plan to PFRS 17, the following approaches were applied to life insurance contracts.

Year of issue	Transition approach to Life contracts
2010 onwards	• All Groups: Fully retrospective approach
1996-2009	• All Groups: Fair value approach

Impracticability is defined as the inability to apply the standard after making "every reasonable effort" to apply the PFRS 17 standard retrospectively. If FRA is impracticable for a particular Group of contracts, there is a free choice between Modified Retrospective Approach (MRA) and Fair Value Approach (FVA). Further definition on impracticability can be referred to PAS 8.

For a particular prior period, it is impracticable to apply a change in an accounting policy retrospectively or to make a retrospective restatement to correct an error if:

- the effects of the retrospective application or retrospective restatement are not determinable.
- the retrospective application or retrospective restatement requires assumptions about what management's intent would have been in that period; or
- the retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that:

  i. provides evidence of circumstances that existed on the date(s) as at which those amounts are to be recognized, measured, or disclosed; and
  ii. would have been available when the financial statements for that prior period were authorized for issue from other information.

PAS 8 defined the conditions for impracticability, as interpreted by the Company:

a) data in prior periods that is required to perform FRA is not available at any level of granularity; or
b) hindsight information is required to determine prior period balances; or
c) no reasonable estimates are available to recreate significant historical missing data.

Under FRA, the requirement is to identify, recognize and measure each Group of insurance contracts as if PFRS 17 had always applied. This involves calculating the CSM on inception of the Group of contracts and rolling it forward to the transition date in line with PFRS 17 requirements - i.e., adjusting the CSM in each year to reflect historic impacts as required by the standard (e.g., the impact of experience adjustments and changes in assumptions in each year).

Calculating a CSM in line with this approach requires historical data, including:

- initial premium, benefits and charging structure, along with best estimate assumptions (demographic and economic, including discount rate) on day 1, to calculate the initial CSM
- the impact of experience adjustments and assumption changes for each year from inception of the Group of contracts to the transition date, in order to calculate the CSM at the transition date
- this data is required at a level of granularity consistent with the relevant unit of account and able to be utilized by valuation models.

Modified retrospective approach
If the FRA is shown to be impracticable, the MRA is intended to allow the CSM to be calculated in a way that reduces the onerousness of data requirements, making greater use of data available at the transition date. The standard requires that entities "maximize the use of information that would have been used to apply a FRA but need only use information available without undue cost or effort".

For the general model, the MRA allows a number of specific modifications to the FRA, where information for the FRA is not available. In order to meet the requirement of maximizing the use of available information, this involves using as few modifications as possible. In general, these modifications allow certain areas to be set using data as at the transition date, rather than going back to inception of the Group of contracts.

Reinsurance of onerous underlying contracts
As part of subsequent revisions to the standard, an amendment was made to proposed modification in the modified retrospective approach for reinsurance contracts held when underlying insurance contracts are onerous. The amendment specified that if an entity does not have reasonable and supportable information to identify whether the reinsurance contract held was acquired before or at the same time that the insurance contracts were issued, the entity would assume that the reinsurance contract held was acquired after the insurance contracts were issued. Therefore, the reinsurance contract held would not have a loss-recovery component at the transition date.

Fair value approach
Under the fair value approach, the CSM at the transition date is the difference between the fair value of the Group of contracts at that date (determined in accordance with PFRS 13) and the fulfilment cash flows (BEL + RA) measured at that date. This method applies to Groups under the general model or VFA.

Fair value on transition follows the Grouping requirements set out in the standard, which can be summarized as:

- portfolios can be determined either as at inception or at the date of transition (free choice)
- profitability buckets can be determined either as at inception or at the date of transition (free choice)
- annual cohorts are not required unless reasonable and supportable information exists to include this divide

These requirements allow the assessment of portfolios to be based on how the business is currently managed rather than how it was previously managed, and the assessment of "similar risks" to be based in the current status of contracts.

No guidance is provided in the standard as to how the assessment of whether a contract is onerous would be done using "reasonable and supportable information available at the transition date." In the absence of specific guidance, it is interpreted that the assessment should be conducted by comparing the fair value and the fulfilment cash flows, in the same way as the CSM is set when using the fair value approach for transition.

Similarly, no guidance is provided in the standard on how to assess which of the two profitable buckets contracts in a portfolio should be part of. In the absence of reasonable and supportable information (e.g., determination of a transaction price at a level below the portfolio) it is expected that a single profitability bucket will be used, however, this will need to be justified on a case-by-case basis.

Insurance acquisition cash flows
Insurance acquisition cash flows are cash flows arising from the costs of selling, underwriting and starting a Group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the Group belongs. Such cash flows include cash flows that are not directly attributable to individual contracts or Groups of insurance contracts within the portfolio. Under the FRA, the asset for insurance acquisition cashflows are required to be calculated at transition in order to calculate the CSM. However, as with all other aspects of transition calculation, companies are allowed to apply MRA or FVA if it is impracticable to measure this retrospectively.

The FRA requires retrospective calculation of fulfilment cash flows. It is assumed that where data is not available or usable to calculate the initial CSM or subsequent adjustments from full model runs of the fulfilment cash flows, then reasonable estimates of these cash flows based on pre-existing data will be permissible. This is consistent with the measurement of liabilities under current accounting, in line with PAS 8.

It is to be noted that the transition approach for the asset for insurance acquisition cashflows can be distinct to the approach taken for other elements of transition. It is permitted to independently assess whether a FRA is possible for calculating the asset for insurance acquisition cashflows. The Group will apply the full retrospective approach to all other assets for insurance acquisition cash flows on transition to PFRS 17.

Modified retrospective approach
If applying a modified retrospective approach with respect to asset for insurance acquisition cashflows:

- entities are required to identify the amount of insurance acquisition cashflows that were paid before the transition date and use a systematic and rational approach to allocate it between Groups of insurance contracts recognized at transition and Groups that are recognized after the transition date.
- the portion of the insurance acquisition cashflows that are allocated to Groups of insurance contracts recognized at transition date is deducted from the CSM relating to these contracts
- the remaining portion of the insurance acquisition cashflows is recognized as an asset for the Groups of contracts that are recognized after transition date.

However, if reasonable and supportable information is not available to make the modifications described above, then both the adjustments to the CSM and the asset recognized for insurance acquisition cashflows could be zero.

Fair value approach
If a fair value approach is being applied with respect to the asset for insurance acquisition cashflows, entities are required to recognize the asset for insurance acquisition cashflows that would be incurred at the transition date if the entity had not already paid those insurance acquisition cash flows to obtain the rights to:

- recover acquisition cashflows from contracts that have been issued but not yet recognized at Transition
- obtain future contracts recognized after transition without re-incurring acquisition costs.

The volume of business affected is expected to be immaterial as the fair value approach will generally only be used for older cohorts which will have no asset for insurance acquisition cash flows remaining at the transition date.

The Company will apply PFRS 17 for the first time on January 1, 2025. This standard will bring significant changes to the accounting for insurance and reinsurance contracts and financial instruments and are expected to have a material impact on the Company's financial statements in the period of initial application.

Impact Assessment
The Company does not intend to early adopt PFRS 17. The Company continues its assessment of the implications of this standard and expects that it will have a significant impact on the Company's financial statements as the requirements of the new standard are complex and requires application of significant judgments and estimates. Specifically, the establishment of CSM (or the unearned profits) on in-force insurance contracts will result in adjustments in insurance contract liabilities and corresponding movements in equity upon transition. Subsequently, the Company expects changes in the timing and recognition of the profits via amortization of the CSM into income as services are provided. The Company is continuously assessing the potential impact of all other changes including accounting policy choices available under PFRS 17 on how insurance contract liabilities are measured and the impact on presentation and disclosure of the financial results in the financial statements.

The adoption of PFRS 17 requires significant changes to the Company's accounting and reporting processes. To ensure readiness, the Company has invested on financial and actuarial technology platforms that will enhance data capture, improve actuarial models and assumptions, among others and subsequently, produce management information for financial planning and enhance business and strategic analyses.

The Company has established a transition program for PFRS 17 and has dedicated significant resources to execute and oversee the plan to manage operational, regulatory, and business and strategic risks associated with the implementation of this standard.

A reliable estimate of the impact to the Company's financial statements arising from the initial application of PFRS 17 is not yet available as there are certain items in the requirements of the standard that the Company is finalizing to be able to provide a more reliable information on the transition date.

- PFRS 9, *Financial Instruments.*
  PFRS 9 replaces PAS 39, *Financial Instruments: Recognition and Measurement* and is effective for annual periods beginning on or after January 1, 2018. The Company has met the relevant criteria and has applied the temporary exemption from PFRS 9 for annual periods before January 1, 2025. Consequently, the Company will apply PFRS 9 for the first time on January 1, 2025 concurrent with PFRS 17.

i. Financial Assets - Classification

The classification of financial assets under PFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. PFRS 9 includes three principal measurement categories for financial assets - measured at amortized cost, fair value through other comprehensive income (FVOCI) and FVPL - and eliminates the previous PAS 39 categories of HTM investments, loans and receivables, and AFS financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at FVPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as measured at FVPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVPL. In addition, on initial recognition the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as measured at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Nevertheless, on initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income (OCI). The election is made on an instrument-by-instrument basis.

Under PFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of PFRS 9 are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Impact assessment
PFRS 9 will affect the classification and measurement of financial assets held at January 1, 2025 as follows.

Most underlying items of participating contracts and certain other financial investments are designated as at FVPL under PAS 39. They will also be measured at FVPL under PFRS 9. Derivative assets, which are generally classified as held-for-trading and measured at FVPL under PAS 39, will also be measured at FVPL under PFRS 9. Debt investments that are classified as AFS under PAS 39 may, under PFRS 9, be measured at amortized cost, FVOCI or FVPL, depending on the particular circumstances. The majority of equity investments that are classified as AFS under PAS 39 will be measured at FVPL under PFRS 9. However, some of these equity investments are held for long-term strategic purposes and will be designated as at FVOCI on January 1, 2025; consequently, all fair value gains and losses will be reported in OCI, no impairment losses will be recognized in profit or loss, and no gains or losses will be reclassified to profit or loss on disposal of these investments. HTM investments and loans and receivables measured at amortized cost under PAS 39 will generally also be measured at amortized cost under PFRS 9.

Since majority of the Company's financial assets are measured at fair value both before and after transition to PFRS 9, the new classification requirements are not expected to have an impact on the Company's total equity as at January 1, 2025.

ii. Financial Assets - Impairment

PFRS 9 replaces the 'incurred loss' model in PAS 39 with a forward-looking 'expected credit loss' model. This will require considerable judgement about how changes in economic factors affect Expected Credit Loss (ECL), which will be determined on a probability-weighted basis.

The new impairment model will apply to the Company's financial assets measured at amortized cost and debt investments at FVOCI.

PFRS 9 requires a loss allowance to be recognized at an amount equal to either 12-month ECL or lifetime ECL. Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument; 12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Company will measure loss allowances at an amount equal to lifetime ECL, except in the following cases, for which the amount recognized will be 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date, which the Company considers to be the case when the security's credit risk rating is equivalent to the globally understood definition of 'investment grade'; and
- other financial instruments (other than lease receivables) for which credit risk has not increased significantly since initial recognition.

When determining whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company will consider reasonable and supportable information that is relevant and available without undue cost or effort. This will include both qualitative and quantitative information and analysis based on the Company's experience, expert credit assessment and forward-looking information. As a backstop, the Company will consider that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due.

Measurement of ECL
ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

The key inputs into the measurement of ECL are the term structures of the Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD). ECL for financial assets for which credit risk has not significantly increased are calculated by multiplying the 12-month PD by the respective LGD and EAD. Lifetime ECL are calculated by multiplying the lifetime PD by the respective LGD and EAD.

To determine lifetime and 12-month PDs, the Company will use the PD tables supplied by the rating agency based on the default history of obligors in the same industry and geographic region with the same credit rating. The Company will adopt the same approach for unrated investments by mapping its internal risk grades to the equivalent external credit ratings. The PDs will be recalibrated based on current bond yields and Credit default swap (CDS) prices and adjusted to reflect forward-looking information. Changes in the rating for a counterparty or exposure will lead to a change in the estimate of the associated PD.

LGD is the magnitude of the likely loss if there is a default. The Company will adopt the Group computed LGD.

EAD represents the expected exposure in the event of a default. The Company will derive the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortization, and prepayments. The EAD of a financial asset is its gross carrying amount at the time of default.

Subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Company will measure ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Company considers a longer period.

Where modelling of a parameter is carried out on a collective basis, the financial instruments will be grouped on the basis of shared risk characteristics, which include:

- instrument type;
- credit risk grade;
- collateral type;
- date of initial recognition;
- remaining term to maturity;
- industry; and
- geographic location of the borrower.

The groupings will be subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

When ECL are measured using parameters based on collective modelling, a significant input into the measurement of ECL is the external benchmark information that the Company will use to derive the default rates of its portfolios. This includes the PDs and LGDs provided in the rating agency's default and recovery studies, respectively.

Impact assessment
The Company estimates that application of the PFRS 9 impairment requirements at January 1, 2025 will not result to a material ECL as majority of the Company's investment securities are measured at FVPL both before and after transition to PFRS 9. For financial assets measured at amortized cost, the Company does not expect material credit losses on these financial assets.

iii. Financial Liabilities

PFRS 9 largely retains the requirements in PAS 39 for the classification and measurement of financial liabilities. However, under PAS 39 all fair value changes of financial liabilities designated as at FVPL are recognized in profit or loss, whereas under PFRS 9 these fair value changes will generally be presented as follows.

- the amount of the change in the fair value that is attributable to changes in the credit risk of the liability will be presented in OCI.
- the remaining amount of the change in the fair value will be presented in profit or loss.

The Company expects an immaterial impact from adopting the requirements above. The Company has designated investment contract liabilities as at FVPL because these liabilities as well as the related assets are managed and their performance is evaluated on a fair value basis. All investment contract liabilities have a unit-linking feature whereby the amount due to contract holders is contractually determined on the basis of specified assets. The effect of the unit-linking feature on the fair value of the liability is asset-specific performance risk and not credit risk, and the liabilities are fully collateralized.

The Company does not expect that any residual credit risk will have a significant impact on the fair value of the liabilities.

iv. Transition

The Company will not restate comparative period December 31, 2023 based on following considerations:

- PFRS 17 requires a restatement of at least one comparative period (i.e., 2023). The current working assumption is to go with the minimum required and not restate any further prior periods.
- There is no mandatory requirement to restate comparatives for PFRS 9. While a restatement is permitted, PFRS 9 stipulated that an entity can only restate if, and only if, it can do so without the use of hindsight.
- Even when an entity chooses to restate comparative information, the restatement is based on the results of the assessments (business model, designation, fair value etc.) as at the date of initial application.

Basis the above as per PFRS 9 requirements, the Company shall recognize any difference between previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application in the opening retained earnings.

4. Significant Accounting Judgments and Estimates

In preparing the separate financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Judgments

(a) Product classification

The Company has determined that the traditional insurance policies and the unit-linked insurance policies have significant insurance risks and therefore meet the definition of insurance contracts and should be accounted for as such.

The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect. As a general guideline, the Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

(b) Determining the lease term of contracts with renewal and termination Options - the Company as Lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or terminate.

The Company included the renewal period as part of the lease term after securing a certification from Mega World Corporation that the Company has an option to renew for another term of five (5) years on its current long-term lease contract (see Note 27).

(c) Classification of investment in subsidiary as asset held for sale

In determining the classification of investment in subsidiary as held for sale, the Company assesses whether the held for sale criteria were met. In making this judgment, the Company considers the following:

- availability of the investment in subsidiary for immediate sale in its present condition subject only to terms that are usual and customary for sales; and
- the sale must be highly probable

For the sale to be highly probable, management must be committed to the sale, and an active program to locate a buyer and complete the plan must have been initiated. Further, the investment in subsidiary must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn.

To facilitate Prudential's decision to exit the Trust business in the Philippines thru sale of the business of the Corporation, and to transfer the Company's onshore funds to a new fund manager, the management of the Company is committed to its plan to sell and has taken sufficient steps necessary for sell, assign, transfer or dispose of all the rights, title and interests in and to all the shares held by the Company in the capital stock of PAMTC as of December 31, 2023. The Board approved the sale of investment in subsidiary on June 22, 2023. Hence, management has determined that the investment in subsidiary met the criteria as held for sale as of December 31, 2023.

In addition, PFRS 5 provides that the Company should cease to classify the investment in subsidiary as held for sale when a decision to change the plan to sell the investment in subsidiary has commenced and the criteria to be classified as held for sale would no longer be met. In making this judgement, the Company considers if the sale is still highly probable and if the management remains to be committed on its plan to sell the investment in subsidiary regardless, if the period to complete the sale is beyond one year. (see Note 9).

(d) Contingencies

The Company is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with legal counsels handling the defense in these matters and is based upon an analysis of potential results. The Company currently does not believe these proceedings will have a material adverse effect on the Company's financial position. It is possible, however, that the results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

(e) Uncertainties over income tax payments

The Company applies significant judgement in identifying uncertainties over income tax treatments.

Since the Company operates in a highly regulated environment, it assessed whether the Interpretation had an impact on its financial statements.

The Company applies significant judgment whether it is probable that a particular uncertain income tax treatment will be acceptable to the taxation authority. The Company considers the following:

- Past experience related to similar tax treatments
- Legal advice or case law related to other entities
- Practice guidelines published by the taxation authority that are applicable to the case

The Company reassesses the judgement if the facts and circumstances on which the judgement was based change or as a result of new information that affects the judgement.

(f) Recognition of coverage debt receivables

The Company enters into insurance contracts with its policyholders. As part of its variable-unit linked insurance policies, the Company has the right to enforce insurance charges at the start of the inception of the policy as the Company is subject to insurance risk at inception based on the approved pricing policy. As such, the Company recognized the revenue for the cost of insurance charges on the period it is due and demandable provided that the policyholder continues to pay its premiums and the policies are in-force. However, the collection of the cost of insurance will be made when there is available units to the policyholder.

Estimates

(a) Leases - estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs such as market interest rates when available and is required to make certain entity-specific estimates.

The Company's lease liabilities amounted to P357.47 million and P511.02 million as of December 31, 2023 and 2022, respectively (see Note 29).

(b) Liabilities arising from claims made under insurance contracts

There are several sources of uncertainty that need to be considered in the estimation of the liability that the Company will ultimately pay for such claims. Although the ultimate liability arising from life insurance contracts is largely determined by the face amount of each individual policy, the Company also issues accident and health policies and riders where the claim amounts may vary.

Claims estimation by the Company considers many factors such as industry average mortality or morbidity experience, with adjustments to reflect Company's historical experience. These liabilities form part of the Company's IBNR which amounted to P277.44 million and P159.30 million as at December 31, 2022 and 2021, respectively (see Note 17).

(c) Legal policy reserves

At inception of the contract, the Company determines assumptions in relation to mortality, morbidity, persistency, investment returns and administration expenses. Assumptions are also set in relation to inflation rates, tax, dividend scale and sales commissions plus other incentives. A margin for risk and uncertainty is added to these assumptions. In every reporting period, the Company ensures that the assumptions used are best estimates, taking into account current experience at each reporting date to determine whether liabilities are adequate in the light of the latest current estimates and taking into consideration the provision of PFRS 4.

The liability adequacy test was performed using current best estimates on interest, mortality, lapsation and expenses. The net present value of future net liabilities or best estimate liabilities (BEL) as at December 31, 2023 and 2022 are computed under the requirements of PFRS 4. Total BEL as at December 31, 2023 and 2022 are negative and amounted to (P75.02) billion and (P67.49) billion, respectively. Accordingly, the recorded legal policy reserves which is calculated in accordance with the requirements of the Insurance Code amounting to P4.24 billion and P4.27 billion as at December 31, 2023 and 2022, respectively (see Note 16), is adequate using best estimate assumptions.

(d) Estimating impairment of financial assets

Equity instruments under Available-For-Sale financial assets The Company considers that investments are impaired when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is significant or prolonged decline requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in share/market price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

As at December 31, 2023 and 2022, the Company has not recognized any impairment loss on its investments (see Note 8).

Receivables
The Company reviews its receivables to assess impairment at least on an annual basis, or as the need arises due to significant movements on certain accounts. Receivables from policyholders and reinsurance that are individually significant are assessed to determine whether objective evidence of impairment exists on an individual basis, while those that are not individually significant are assessed for objective evidence of impairment either on an individual or on collective basis. In determining whether an impairment loss should be recorded in the profit or loss, the Company makes judgment as to whether there are any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of receivables before the decrease can be identified with an individual receivable in that portfolio.

As at December 31, 2023 and 2022, the Company has recognized allowance for credit losses on policy loans receivables - net, coverage debt receivables and other assets as disclosed Notes 10, 12 and 15, respectively.

As at December 31, 2023 and 2022, the carrying value of the Company's policy loans receivables, coverage debt receivables and advances to employees and agents amounted to P1.67 billion and P1.56 billion, respectively. Provisions for credit losses amounted to P123.01 million and P130.39 million in 2023 and 2022, respectively (see Notes 10, 12 and 15).

(e) Impairment of non-financial assets

The Company assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amounts of assets may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Company recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is computed using the value in use approach. Recoverable amounts are estimated for individual assets or, if not possible, for the cash-generating unit to which the asset belongs.

The non-financial assets of the Company are composed of its deferred acquisition costs, asset held for sale / investment in a subsidiary, property and equipment, intangible assets and right-of-use assets. The carrying value of the non-financial assets as of December 31, 2023 and 2022 are as follows:

	Notes	2023	2022
Deferred acquisition costs	15	**P16,713,291**	P14,558,039
Asset held-for sale	9	**194,984**	-
Investment in a subsidiary	9	**–**	239,189
Property and equipment - net	14	**415,753**	450,064
Software development costs - net	16	**862,459**	448,377
Right-of-use assets - net	29	**285,042**	423,557

In 2023 and 2022, the Company did not recognize any impairment losses on its deferred acquisition costs, property and equipment, intangible assets and right-of-use assets. The Company's recognized allowance for impairment losses on asset held-for sale/investment in subsidiary amounted to nil and P334.26 million as of December 31, 2023 and 2022, respectively.

(f) Amortization period of deferred acquisition costs

The amortization period of deferred acquisition costs depends on the period over which the acquisition costs will be recovered through the future profits of the insurance contracts. Deferred acquisition costs of unit linked single premium are amortized over 10 years while unit linked regular premium are amortized over 15 years. The recoverability of the deferred acquisition costs is reviewed annually to ensure that the period of amortization is consistent with the profit pattern of the products and that the deferred acquisition costs are recoverable against the present value of future profits over the entire amortization period.

As at December 31, 2023 and 2022, the carrying amount of deferred acquisition costs amounted to P16.71 billion and P14.56 billion, respectively (see Note 15).

(g) Estimating retirement and other employee benefits

The determination of DB obligation relating to minimum guarantee and other employee benefits is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rates, mortality rates and future salary increase rate. Due to the long-term nature of these benefits, such estimates are subject to significant uncertainty.

The assumed discount rates were determined using the market yields of Philippine government bonds with terms consistent with the expected employee benefit payout as at the statement of financial position date.

As at December 31, 2023 and 2022, the Company's net retirement liability amounted to P71.55 million and P43.92 million, respectively (see Note 24).

(h) Recoverability of deferred tax assets

The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Any deferred tax asset will be remeasured if it might result to derecognition where the expected tax law to be enacted has a possible risk on the realization.

As at December 31, 2023 and 2022, the Company recognized deferred tax assets amounting to P1.54 billion and P1.43 billion, respectively. As at December 31, 2023 and 2022, the Company assessed that future taxable profit will be available to realize any recognized deferred tax assets. Thus, there were no unrecognized deferred tax assets in 2023 and 2022 (see Note 27).

5. Capital, Insurance and Financial Risk Management Objectives and Policies

The Company's activities expose it to a variety of risks such as capital, financial and insurance risks. The overall objective of risk management is to focus on the unpredictability of financial markets and insurance contingencies to minimize potential adverse effects on the financial position of the Company.

The Company has established a risk management functions with clear cut responsibilities and with the mandate to develop company-wide policies on market, credit, liquidity, insurance and operational risk management. It also supports the effective implementation of risk management policies at the individual business unit and process levels.

The risk management policies define the Company's identification of risk and its interpretation, limit structure ensuring the appropriate quality and diversification of assets, alignment of underwriting and reinsurance strategies to the corporate goals and specify reporting requirements.

Regulatory Framework

Regulators are interested in protecting the rights of the policyholders and maintain close monitoring to ensure that the Company is satisfactorily managing its affairs for their benefit. At the same time, regulators are also interested in ensuring that the Company maintains appropriate liquidity and solvency positions to meet maturing liabilities arising from claims and acceptable level of risks.

The operations of the Company are subject to regulatory requirements of the IC. The IC does not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions, fixed capitalization requirements, and risk-based capital (RBC) requirements to minimize the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

Capital Management

The Company's capital includes capital stock, APIC, contributed surplus and retained earnings.

The Company maintains a certain level of capital to ensure sufficient solvency margins and to adequately protect the policyholders. The level of capital maintained is always higher than the minimum capital requirement set by the IC and the amount computed under the RBC model.

The Company manages capital through a process that determines future projected capital requirements through the development of long-term financial plans and projections that consider the impact on surplus of new businesses, profitability of in-force business and other major corporate initiatives that will affect capitalization requirements.

There were no changes made to the Company's capital base, objectives, policies and processes from previous year.

Fixed capitalization requirements
On August 15, 2013, the President of the Philippines approved Republic Act No. 10607 to be known as the "New Insurance Code" which provides the new capitalization requirements for all existing insurance companies based on net worth on a staggered basis starting June 30, 2013 up to December 31, 2022.

On January 13, 2015, the IC issued Circular Letter No. 2015-02-A clarifying the minimum capitalization and net worth requirements of new and existing insurance companies in the Philippines. All domestic life and non-life insurance companies duly licensed by the IC must have a net worth of at least P250.00 million by December 31, 2013.

The minimum net worth of the said companies shall remain unimpaired at all times and shall increase to the amounts as follows:

Net worth	Compliance Date
P550,000,000	December 31, 2016
900,000,000	December 31, 2019
1,300,000,000	December 31, 2022

RBC Requirements

a. Life Insurance

In 2006, the IC issued Memorandum Circular (IMC) No. 6-2006 adopting a risk-based capital framework to establish the required amounts of capital to be maintained by the life insurance companies in relation to their investment and insurance risks. The investments and insurance risks of the company are classified under four major categories as asset default risk, insurance pricing risk, interest rate risk and general business risk.

The RBC ratio shall be calculated as net worth divided by the RBC requirement. Net worth shall include the company's paid-up capital, contributed and contingency surplus and unassigned surplus. Revaluation and fluctuation reserve accounts shall form part of net worth only to the extent authorized by the IC.

In 2016, the IC issued Circular Letter No. 2016-68, Amended Risk-Based Capital (RBC2) Framework, pursuant to Section 437 of the Amended Insurance Code. The RBC ratio shall be calculated as Total Available Capital (TAC) divided by the RBC requirement.

TAC is the aggregate of Tier 1 and Tier 2 capital minus deductions, subject to applicable limits and determinations. Tier 1 Capital represents capital that is fully available to cover losses of the insurer at all times on a going-concern and winding up basis (e.g. Capital Stock, Statutory Deposit, Capital Stock Subscribed, Contributed Surplus, etc.). Tier 2 Capital does not have the same high quality characteristics of Tier 1 capital, but can provide an additional buffer to the insurer [e.g. Reserve for Appraisal Increment – Property and Equipment, Remeasurement Gains (Losses) on Retirement Pension Asset (Obligation)]. Tier 2 Capital shall not exceed 50% of Tier 1 Capital.

Every life insurance company is annually required to maintain a minimum RBC ratio of 100% and not fail the trend test. The trend test has failed, in the event that:

a. The RBC ratio is less than 125% but is not below 100%
b. The RBC ratio has decreased over the past year
c. The difference between RBC ratio and the decrease in the RBC ratio over the past year is less than 100%

Failure to meet the RBC ratio shall subject the insurance company to the corresponding regulatory intervention which has been defined at various levels.

The following table shows how the RBC ratio was determined by the Company based on its calculations:

The following table shows the indicative RBC ratio of the Company as at December 31, 2023 and the RBC ratio as at December 31, 2022, using the RBC2 Framework:

	2023	2022
TAC	**P8,422,308**	P8,146,097
RBC requirement	**1,859,856**	1,296,129
RBC ratio	**453%**	628%

The figures above for 2023 are internally computed by the Company and the final amount of the RBC ratio can be determined only after the accounts of the Company have been reviewed by IC specifically as to determination of admitted and non-admitted assets as defined under the Insurance Code while the figures above for 2022 are based on final amount reviewed by IC. As at December 31, 2023 and 2022, the Company has complied with the minimum RBC ratio of 100%.

The estimated non-admitted assets as defined in the Insurance Code are included in the separate statement of financial position. The amounts of assets below for 2023 and 2022 are subject to final determination by the IC:

	2023	2022
Deferred acquisition costs *(Note 15)*	**P16,713,291**	P14,558,939
Property and equipment - net	**372,277**	405,599
Other assets	**3,110,556**	2,448,771
	P20,196,124	P17,413,309

New regulatory framework
Pursuant to the powers vested in the Insurance Commissioner by Sections 189, 200, 437 and 438 of Republic Act (RA) No. 10607, otherwise known as the Insurance Code, as amended, the following regulatory requirements and actions for the new regulatory framework are hereby adopted and promulgated:

Circular Letter No. 2016-65, Financial Reporting Framework under Section 189 of the Amended Insurance Code (Republic Act No. 10607), prescribes the new financial reporting framework (FRF) that will be used for the statutory quarterly and annual reporting. This also includes rules and regulations concerning Titles III and IV of Chapter III of the Amended Insurance Code and all other accounts not discussed in the Amended Insurance Code but are used in accounting of insurance and reinsurance companies. This Circular was further amended by CL No. 2018-54 to clarify the provisions of Section 6.1 ("Miscellaneous Provisions").

Circular Letter No. 2016-66, Valuation Standards for Life Insurance Policy Reserves, provides a change in the basis of valuation of the life insurance policy reserves from Net Premium Valuation (NPV) to Gross Premium Valuation (GPV) which now considers other assumptions such as morbidity, lapse and/or persistency, expenses, non-guaranteed benefits and margin for adverse deviation. This CL was further amended by *CL 2018-75, Discount Rates for Life Insurance Policy Reserves* as of December 31, 2018, which prescribes the use of PHP BVAL Reference rates from Bloomberg for Philippine Peso policies.

Circular Letter No. 2016-68, Amended Risk-Based Capital (RBC2) Framework, prescribes that all insurance companies must satisfy the minimum statutory RBC ratio of 100% and not fail the Trend Test as stated under Section 3 of this Circular. The RBC ratio of an insurance company shall be equal to the Total Available Capital (TAC) divided by the RBC requirement.

Implementation requirements and transition accounting
Circular Letter No. 2016-69, Implementation Requirements for Financial Reporting, Valuation Standards for Insurance Policy Reserves and Amended Risk-based Capital (RBC2) Framework. The new regulatory requirements under Circular Letters 2016-65, 2016-66, and 2016-68 shall take effect beginning January 1, 2017.

This circular was further amended by CL No. 2018-19 allowing companies to set the Margin for Adverse Deviation (MfAD) as follows:

Period Covered	Percentage (%) of company specific
2017	0%
2018	50%
2019 onwards	100%

Circular Letter No. 2017-15, Regulatory Requirements and Actions for the New Regulatory Framework. The cumulative prior year impact of the changes arising from the adoption of the New Financial Reporting Framework, including the revaluation of the reserves for Claims and Premiums Liabilities computed based on the new valuation standards for non-life insurance policy reserves as provided under CL No. 2016-67, shall be recognized in "Retained Earnings – Transition Adjustments" account except for items listed in Section 2.1. All changes in valuation shall be measured net of any tax effect.

Circular Letter No. 2017-30, Regulatory Requirements and Actions for the New Regulatory Framework (Life Insurance Business)
The cumulative prior year impact of the changes arising from the adoption of the New Financial Reporting Framework, including the change in the valuation basis from Net Premium Valuation (NPV) to Gross Premium Valuation (GPV) as well as any change in assumptions under GPV computed based on the new valuation standards for life insurance policy reserves as provided under CL No. 2016-66, shall be recognized in Retained Earnings – Transition Adjustments account except for items listed in Section 2.1. All changes in valuation shall be measured net of any tax effect.

Circular Letter 2018-18, Valuation Standards for Non-Life Insurance Policy Reserves, prescribes the new valuation methodology for the non-life insurance companies. This CL supersedes CL No. 2016-67 and amends CL No. 2015-06 "New Reserves Computation for the Compulsory Insurance Coverage for Migrant Workers." CL No. 2018-18 was further supplemented by CL No. 2018-76, Discount Rates for Non-Life Insurance Policy Reserves as of 31 December 2018, prescribing the use of Peso spot and forward rates derived from the PHP BVAL Reference rates from Bloomberg and the Dollar spot and forward rates derived from the International Yield Curve from Bloomberg for Peso-denominated and US Dollar-denominated policies, respectively.

Circular Letter No. 2020-58, Regulatory Relief on the admittance of Premiums Receivable due to COVID-19 pandemic. The basis for admitting Premium Receivable account (direct agents, general agents and insurance brokers) for all non-life insurance and professional reinsurance companies shall be adjusted from ninety (90) days to one hundred eighty (180) days from the date of issuance of the policies. This rule shall be applied to annual and quarterly financial reports for the year 2020 unless extended or changed as deemed necessary by this Commission.

Circular Letter No. 2020-103, Amendment to Section 1 of Circular Letter No. 2020-60 dated 15 May 2020 on "Regulatory Relief on Net Worth Requirements and Guidelines on the Implementation of Amended Risk-Based Capital (RBC2) Framework for Calendar Year 2020"
All insurance companies already compliant with the net worth requirements as of December 31, 2019 under Section 194 of the Insurance Code of the Philippines, as amended by Republic Act No. 10607, that are adversely affected by the crisis are required to comply with CL No. 2016-68 (Amended Risk-Based Capital Framework) and Revised Regulatory Intervention (RBC ratio) as follows:

RBC Ratio (Y)	Event	Action
100% and above		No regulatory action needed
75% ≤ Y < 100%	Trend Tests	Company required to submit linear extrapolation of the RBC ratio for the next period. If the RBC ratio falls below 75%, move to Company Action Event
50% ≤ Y < 75%	Company Action	Company required to submit RBC plan and financial projections and implement the plan accordingly
25% ≤ Y < 50%	Regulatory Action	IC authorized to issue Corrective Orders
Y < 25%	Authorized and Mandatory Action	IC authorized and required to take control of the Company

Circular Letter No. 2021-43, Extension of the Regulatory Relief on the admittance of Premiums Receivable due to COVID-19 pandemic. This rule shall be applied to annual and quarterly financial reports for the year 2021 unless extended or changed as deemed necessary by this Commission.

Circular Letter No. 2022-30, Regulatory Relief on the Admittance of Premiums Receivable due to the COVID-19 Pandemic for the periods ending 31 December 2020 up to 30 June 2022. This rule shall be applied only to quarterly reports and annual statements covering the periods 2020 and 2021; and 1st and 2nd quarter reports for the year 2022, provided, that the non-life insurance company shall submit a proof allowing the credit term beyond ninety (90) days to its policyholders, and a separate premiums receivable aging schedule with supporting documents.

Circular Letter No. 2024-04, Disclosure requirements for companies that will not early adopt PFRS17 ("NON-EARLY ADOPTERS"). Non-early adopters must disclose in the notes to the financial statements the disclosure requirements of Philippine Accounting Standard 8 - Accounting Policies, Changes in Accounting Estimates, and Errors ("PAS 8") as regards the impending adoption of new accounting standards, (e.g., PFRS 17) for the years ending 31 December 2023 and 2024. However, once the non-early adopters implement PFRS 17, they shall be required to provide IC-specific disclosures to be presented in a separate supplemental report to the financial statements.

Insurance Risk

The Company issues contracts that transfer insurance risk. This section summarizes the risks and the way the Company manages them.

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The main risks that the Company is exposed to are as follows:

- *Mortality Risk* - risk of loss due to policyholder death experience being different from expected.
- *Morbidity Risk* - risk of loss due to policyholder health and disability experience being different from expected.

The Company manages these risks through its underwriting strategy and reinsurance agreements. The Company's underwriting strategy is designed to ensure that risks are well diversified in terms of the type of risk and level of insured benefits. This is largely achieved through the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria. The retention limit of the Company varies per product type.

For contracts where death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected.

Concentration of Insurance Risk
The table below sets out the concentration of legal policy reserves by type of life insurance contract (in thousands):

	2023	2022
Whole and term life	P3,441,072	P3,369,899
Endowment	47,321	154,893
Term	(24,349)	(23,195)
Accident	23,472	25,288
Group	24,974	22,499
Variable	509,251	472,295
Riders and others products	216,341	247,279
	P4,238,082	P4,268,958

Classification by Attained Age
The table below presents the concentration of legal policy reserves by attained age as at December 31, 2023 and 2022. For individual insurance, exposure is concentrated on age bracket of 55 - 64 in 2023 and on age bracket of 50-59 in 2022.

	2023 Individual		2022 Individual	
Attained Age	Exposure '000	Concentration (%)	Exposure '000	Concentration (%)
<20	P69,989	1.66%	P81,982	1.93%
20 - 24	77,109	1.83%	100,514	2.37%
25 - 29	149,776	3.55%	152,564	3.59%
30 - 34	170,207	4.04%	179,396	4.23%
35 - 39	180,185	4.28%	186,990	4.40%
40 - 44	236,169	5.61%	275,961	6.50%
45 - 49	472,506	11.22%	516,971	12.17%
50 - 54	600,921	14.26%	628,331	14.80%
55 - 59	617,009	14.64%	627,788	14.78%
60 - 64	618,707	14.69%	595,156	14.02%
65 - 69	441,556	10.48%	411,124	9.68%
70 - 74	298,607	7.09%	257,481	6.06%
75 - 79	201,638	4.79%	162,031	3.82%
80 +	78,729	1.86%	70,170	1.65%
Total	P4,213,108	100.00%	P4,246,459	100.00%

For group insurance, exposure is concentrated on age bracket of 30-34 in 2023 and 2022.

	2023 Group			
	Gross of Reinsurance		Net Reinsurance	
Attained Age	Exposure '000	Concentration (%)	Exposure '000	Concentration (%)
20 - 24	P127	0.51%	P127	0.51%
25 - 29	1,143	4.58%	1,143	4.58%
30 - 34	16,384	65.61%	16,385	65.61%
35 - 39	1,397	5.59%	1,397	5.59%
40 - 44	1,308	5.24%	1,308	5.24%
45 - 49	1,074	4.30%	1,074	4.30%
50 - 54	1,213	4.86%	1,213	4.86%
55 - 59	1,243	4.98%	1,243	4.98%
60 +	1,085	4.33%	1,085	4.33%
Total	P24,974	100%	P24,975	100%

	2022 Group			
	Gross of Reinsurance		Net Reinsurance	
Attained Age	Exposure '000	Concentration (%)	Exposure '000	Concentration (%)
20 - 24	P102	0.45%	P102	0.45%
25 - 29	694	3.09%	694	3.09%
30 - 34	16,078	71.46%	16,078	71.46%
35 - 39	941	4.18%	941	4.18%
40 - 44	878	3.90%	878	3.90%
45 - 49	800	3.56%	800	3.56%
50 - 54	983	4.37%	983	4.37%
55 - 59	1,147	5.10%	1,147	5.10%
60 +	876	3.89%	876	3.89%
Total	P22,499	100%	P22,499	100%

Key assumptions
The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

(a) *Risk-free discount rates refer to the rates used in determining the value of life insurance liabilities.* The value of life insurance liabilities is determined as the sum of the present value of future benefits and expenses, less the present value of future gross premiums arising from the policy discounted at the appropriate discount rates. The discount rates used are in accordance with rates stipulated in Annexes A and B of the IC Circular Letter No. 2023-03 dated 16 January 2024, where rates are based on the PhP BVAL reference rates for peso-denominated contracts and international yield curve from Bloomberg for USD-denominated contracts, with matching duration.

(b) *Mortality and morbidity assumptions.* Mortality refers to the rate at which death occurs for a defined group of people while morbidity refers to the rate at which accident or sickness, and recovery therefrom, for a defined group of people. For the purpose of liability valuation, expected future cash flows are determined using best estimate mortality and morbidity assumptions with due regard to significant recent experience and appropriate margin for adverse deviation from the expected experience.

(c) *Lapse assumptions* refer to rates at which a life insurance policy is surrendered or terminated as a result of failure to pay the premium due; avails of the premium holiday option, and avails of partial withdrawals against the insurance policy. For the purpose of liability valuation, expected future cash flows are determined using best estimate lapse assumptions with due regard to significant recent experience and appropriate margin for adverse deviation from the expected experience.

(d) *Expense assumptions* refer to the expected future administrative and maintenance costs related to the issuance and maintenance of a life insurance policy with consideration of inflation. For the purpose of liability valuation, expected future cash flows are determined using best estimate expense assumptions with due regard to significant recent experience and appropriate margin for adverse deviation from the expected experience.

Sensitivities

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on the Company's income before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these variables are nonlinear.

		2023	2022
	Changes in Assumptions/ Variables	Impact on Income before Income Tax and Equity Increase (Decrease)	Impact on Income before Income Tax and Equity Increase (Decrease)
		(Amounts in millions)	
Mortality and morbidity	+5%	(P36.97)	(P35.56)
	-5%	37.76	32.52
Interest rate	+ 100 basis points	215.83	192.60
	- 100 basis points	(237.84)	(211.27)
Expense	+10%	(67.57)	(72.79)
	-10%	75.58	64.47
Lapse	+10%	(8.87)	(4.42)
	-10%	10.34	6.70

The method used for deriving sensitivity information and significant assumptions did not change from previous years.

The analysis detailing the impact of changes in market interest rate to the fair value of the Company's investment in fixed-rate debt instrument is disclosed in the Currency Risk section.

Investment Risk

The investment risk represents the exposure to loss resulting from cash flows from invested assets primarily for long-term fixed rate investments, being less than the cash flows to meet the obligations of the expected policy and contract liabilities and the necessary return on investments. Additionally, there exists a future investment risk associated with certain policies currently in-force which will have premium receipts in the future.

To maintain an adequate yield to match the interest necessary to support future policy liabilities, management's focus is required to reinvest the proceeds of the maturing securities and to invest the future premium receipts while continuing to maintain satisfactory investment quality.

The Company adopts the Prudential's investment strategy to invest primarily in high quality securities while maintaining diversifications to avoid significant exposure to issuer and industry.

The Company invests in equity and debt instruments as dictated by the Company's investment management strategy. Asset allocation is determined by the Company's Fund Managers, Eastspring Investments (Singapore) Limited (Eastspring) and Pru Life UK Asset Management and Trust Corporation, who manage the distribution of assets to achieve the investment objectives. Divergence from target asset allocations and the composition of the Company's portfolio is monitored by the Investment Committee.

For unit-linked contracts, the Company does not retain the price, currency, credit, or interest rate risk for these contracts as contractual arrangements are such that the linked fund policyholders bear the risks and rewards of the fund's investment performance.

There has been no change to the Company's exposure to investment risk or the manner in which it manages and measures the risk since prior financial year.

Financial Risk

The Company has significant exposure to the following financial risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

There has been no change to the Company's exposure to financial risks (i.e., credit risk, liquidity risk and market risk) or the manner in which it manages and measures the risks since prior financial year.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause another party to incur a financial loss. The Company is exposed to credit risk primarily through its cash and cash equivalents, investments and loans granted to policyholders. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date
.

The Company's concentration of credit risk arises mainly from its investments in government securities amounting to P63.45 billion (76.04%) and P60.34 billion (79.45%) of the Company's total financial assets (including Unit-Linked Financial Assets) as at December 31, 2023 and 2022, respectively. Financial assets exposed to credit risk other than investments include, but are not limited to, cash and cash equivalents, receivables, reinsurance assets, and other financial assets.

The table below provides information regarding the credit risk exposure of the Company as at December 31, 2023 and 2022 by classifying assets according to the Company's credit grading of counterparties.

2023

	Neither Past Due nor Impaired				
	Investment High-grade	Non-investment Grade - Satisfactory	Total Financial Assets Neither Past Due nor Impaired	Past Due and Impaired	Total
Cash in bank and cash equivalents*	P3,167,605	P -	P3,167,605	P -	P3,167,605
Interest receivable	134,883	-	134,883	-	134,883
Coverage debt receivables	-	1,200,455	1,200,455	680,031	1,880,486
Financial assets at FVPL**	12,365,214	-	12,365,214	-	12,365,214
Premiums due from policyholders	-	10,822	10,822	-	10,822
Policy loans receivables	-	296,098	296,098	5,793	301,891
Reinsurance assets	-	297,304	297,304	-	297,304
Other assets***	721,366	1,824,645	2,546,011	11,635	2,557,646
	P16,389,068	P3,629,324	P20,018,392	P697,459	P20,715,851
Assets Held to Cover Linked Liabilities					
Cash and cash equivalents	P3,624,075	P -	P3,624,075	P -	P3,624,075
Interest receivable	365,249	-	365,249	-	365,249
Receivable from life fund	719,176	-	719,176	-	719,176
Investment in debt securities	55,099,243	-	55,099,243	-	55,099,243
Other assets	2,923,311	-	2,923,311	-	2,923,311
	P62,731,054	P -	P62,731,054	P -	P62,731,054
	P79,120,122	P3,629,324	P82,749,446	P697,459	P83,446,905

** Excluding Petty Cash*
*** Excluding Equity Securities*
**** Excluding withholding tax receivables, software development costs, nonrefundable deposits and prepayments*

2022

	Neither Past Due nor Impaired				
	Investment High-grade	Non-investment Grade - Satisfactory	Total Financial Assets Neither Past Due nor Impaired	Past Due and Impaired	Total
Cash in bank and cash equivalents*	P5,929,874	P -	P5,929,874	P -	P5,929,874
Interest receivable	126,855	-	126,855	-	126,855
Coverage debt receivables	-	1,065,080	1,065,080	559,122	1,624,202
Financial assets at FVPL**	9,247,277	-	9,247,277	-	9,247,277
Premiums due from policyholders	-	8,716	8,716	-	8,716
Policy loans receivables	-	315,202	315,202	5,793	320,995
Reinsurance assets	-	134,179	134,179	-	134,179
Other assets***	644,237	501,158	1,145,395	9,948	1,155,343
	P15,948,243	P2,024,335	P17,972,578	P574,863	P18,547,441
Assets Held to Cover Linked Liabilities					
Cash and cash equivalents	P5,126,973	P -	P5,126,973	P -	P5,126,973
Interest receivable	262,429	-	262,429	-	262,429
Receivable from life fund	518,906	-	518,906	-	518,906
Investment in debt securities	51,088,702	-	51,088,702	-	51,088,702
Other assets	388,996	-	388,996	-	388,996
	P57,386,006	P -	P57,386,006	P -	P57,386,006
	P73,334,249	P2,024,335	P75,358,584	P574,863	P75,933,447

** Excluding Petty Cash*
*** Excluding Equity Securities*
**** Excluding withholding tax receivables, software development costs, nonrefundable deposits and prepayments*

The Company has no past due but not impaired financial assets as at December 31, 2023 and 2022.

The Company uses a credit grading system based on the borrowers and counterparties overall credit worthiness, as described below:

Investment High-grade - This pertains to accounts with a very low probability of default as demonstrated by the borrower's strong financial position and reputation. The borrower has the ability to raise substantial amounts of funds through credit facilities with financial institutions. The borrower has a strong debt service record and a moderate use of leverage.

Non-investment Grade - Satisfactory - This pertains to current accounts with no history of default or which may have defaulted in the past, but the conditions and circumstances directly affecting the borrower's ability to pay has abated already. The borrower is expected to be able to adjust to the cyclical downturns in its operations. Any prolonged adverse economic conditions would however ostensibly create profitability and liquidity issues. The use of leverage may be above industry or credit standards but remains stable.

Past Due and Impaired - This pertains to the allowance for impairment losses that the Company recognizes due to the uncertainty of the collectability of the Company's receivables.

In compliance with the Insurance Code, the Company extends loans to its policyholders only up to the cash surrender value of their policy, pursuant to the provisions of the policy contract.

Credit risk arising from transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used. The Company monitors the credit ratings of the brokers to further mitigate this risk.

A substantial portion of the Company's total investments, including cash in bank, are held by Standard Chartered Bank, a reputable financial institution with high credit rating, under a custodianship agreement.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

To effectively manage liquidity risk, the Company ensures that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unnecessary costs or risking damage to the Company's reputation. Further, the Company's policy is to maintain sufficient liquidity to meet normal operating requirements.

The tables below summarize the maturity profile of the financial assets and financial liabilities of the Company based on remaining contractual obligations or on the estimated timing of net cash flows as at December 31, 2023 and 2022:

2023

		Contractual Cash Flow		
	Carrying Amount	Within One Year	Beyond One Year	Total
Cash and cash equivalents	P3,168,559	P3,168,559	P -	P3,168,559
Investments *(Note 8)*	12,929,924	12,929,924	-	12,929,924
Premiums due from policyholders	10,822	10,822	-	10,822
Policy loans receivables – net	307,218	307,218	-	307,218
Coverage debt receivables - net	1,200,455	1,200,455	-	1,200,455
Reinsurance Assets	297,304	297,304	-	297,304
Investment in ASF	721,366	721,366	-	721,366
Assets Held to Cover Linked Liabilities *(Note 11 and 32)*	120,398,874	120,398,874	-	120,398,874
	139,034,522	139,034,522	-	139,034,522
Claims payable *(Note 18 and 32)*	1,249,140	1,249,140	-	1,249,140
Reinsurance payable *(Note 19 and 32)*	164,159	164,159	-	P164,159
Accounts payable, accrued expenses and other liabilities*	8,023,288	8,023,288	-	8,023,288
Technical provision for linked liabilities *(Note 11 and 32)*	120,398,874	120,398,874	-	120,398,874
	129,835,461	129,835,461	-	129,835,461
Excess Liquidity	P9,199,061	P9,199,061	P -	P9,199,061

**Excluding premium suspense account, premium deposit fund, retirement liability and liabilities to government agencies.*

2022

		Contractual Cash Flow		
	Carrying Amount	Within One Year	Beyond One Year	Total
Cash and cash equivalents	P5,932,093	P5,932,093	P -	P5,932,093
Investments *(Note 8)*	9,780,462	9,780,462	-	9,780,462
Premiums due from policyholders	8,716	8,716	-	8,716
Policy loans receivables – net	327,085	327,085	-	327,085
Coverage debt receivables - net	1,065,080	1,065,080	-	1,065,080
Reinsurance Assets	134,179	134,179	-	134,179
Investment in ASF	644,237	644,237	-	644,237
Assets Held to Cover Linked Liabilities *(Note 11 and 32)*	108,522,565	108,522,565	-	108,522,565
	126,414,417	126,414,417	-	126,414,417
Claims payable *(Note 18 and 32)*	1,320,050	1,320,050	-	1,320,050
Reinsurance payable *(Note 19 and 32)*	226,036	226,036	-	226,036
Accounts payable, accrued expenses and other liabilities*	7,046,993	7,046,993	-	7,046,993
Technical provision for linked liabilities *(Note 11 and 32)*	108,522,565	108,522,565	-	108,522,565
	117,115,644	117,115,644	-	117,115,644
Excess Liquidity	P9,298,773	P9,298,773	P -	P9,298,773

**Excluding premium suspense account, premium deposit fund, retirement liability and liabilities to government agencies.*

(c) *Market risk*

Market risk embodies the potential for both gains and losses and includes currency risk, interest rate risk and equity price risk.

The Company's market risk is managed on a daily basis by the Fund manager in accordance with policies and procedures in place. The Company's overall market positions are monitored, at least, on a quarterly basis by the Investment Committee of the Company.

Details of the nature of the Company investment portfolio at the reporting date are disclosed in Notes 8 and 11 to the financial statements.

Currency risk
Currency risk is the risk that changes in foreign exchange rates will affect the fair values or cash flow of a recognized financial instrument. The Company may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Company is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than in Philippine peso.

The Company's main exposure to fluctuations in foreign currency exchange rates arise through the following assets denominated in U.S. dollar:

	2023	2022
Investments	$460,280	$397,920
Foreign exchange rate to the Philippine peso used*	55.37	55.76
	P25,485,704	P2,188,019

**Exchange rate used is based on Bankers Association of the Philippines foreign exchange rate as at December 29, 2023 and December 29, 2022.*

A 4% (2022: 8%) strengthening of U.S. dollar against Philippine peso as at December 31, 2023, with all other variables remaining constant, would have affected the measurement of financial instruments denominated in U.S. dollar and increased profit before tax and equity by P0.27 billion (2022: P0.24 billion).

A 4% (2022: 8%) weakening of the U.S. dollar in relation to the Philippine peso, with all other variables held constant, would have an equal but opposite effect on the Company's profit before tax and equity.

In 2023 and 2022, the Company determined the reasonably possible change in foreign currency exchange rates based on the historical fluctuation of the assets denominated in U.S. dollar.

Interest rate risk
There are two types of interest rate risk:

- Fair value interest rate risk - the risk that the value of a financial instrument will fluctuate because of changes in market interest rates; and
- Cash flow interest rate risk - the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Significant portion of the Company's investments is composed mainly of interest-bearing debt instruments carried at fair value. As a result, the Company is subject to exposure to fair value interest rate risk.

The Company does not carry debt instrument with variable interest rate and, thus, is not exposed to cash flow interest rate risk.

Fair value interest rate risk is mitigated by the Company's Fund Manager by constructing a portfolio of debenture instruments with diversified maturities. Any excess cash of the Company is invested in short-term time deposits with original terms of three months or less.

The analysis below details the impact of changes in market interest rate (stated in basis points or bps) to the fair value of the Company's investment in fixed-rate debt instruments. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

The table below sets out the impact of changes in market interest rate to the fair value of the Company's investments classified as General Assets:

Currency	Changes in variables	2023 +100 bps	2023 -100 bps	2022 +100 bps	2022 -100 bps
Philippine peso	P -	**(P1,599,721)**	**P1,758,875**	(P1,331,305)	P1,457,866
U.S. dollar	-	**(3,105,305)**	**3,579,827**	(2,991,988)	3,456,268
Fair value sensitivity	P -	**(P4,705,026)**	**P5,338,702**	(P4,323,293)	P4,914,134

The table below presents the impact of changes in market interest rate to the fair value of the Company's investments classified as Assets Held to Cover Linked Liabilities:

Currency	Changes in variables	2023 +100 bps	2023 -100 bps	2022 +100 bps	2022 -100 bps
Philippine peso	P -	**(P907,195)**	**P983,734**	(P787,605)	P849,760
U.S. dollar	-	**(328,535)**	**374,668**	(362,725)	413,821
Fair value sensitivity	P -	**(P1,235,730)**	**P1,358,402**	(P1,150,330)	P1,263,581

Equity price risk
Equity price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Company's equity investments are mainly composed of the investments in equity securities under "Assets Held to Cover Linked Liabilities" amounting to P102.42 billion and P90.29 billion (see Note 11) as at December 31, 2023 and 2022, respectively. However, any fair value changes in these equity investments has corresponding increase or decrease in "Technical Provisions for Linked Liabilities" and will not affect the equity and profit before income tax of the Company.
Thus, the Company has insignificant exposure to equity price risk.

Moreover, any fair value changes in these equity investments will affect the net asset value of the investment account of the policyholders which is the basis of the policy administration fees charged to the fund (see Note 22).

Deferral of PFRS 9
The Company applies the temporary exemption from PFRS 9 as permitted by the amendments to PFRS 4, *Applying PFRS 9 with PFRS 4* and has elected to defer the application of PFRS 9 until the Company adopts PFRS 17.

Under the amended PFRS 4, an entity has to prove that its activities are predominantly connected with insurance. This condition is met if the carrying amount and the percentage of its liabilities arising from contracts within the scope of PFRS 4 is significant or greater than 90% relative to the total carrying amount of all its liabilities.

The Company performed the predominance assessment and concluded that it qualified for the temporary exemption from PFRS 9. As at December 31, 2015, the Company's total carrying amount of liabilities connected with insurance amounted to P74.55 billion which represented more than 90% of its total liabilities of P76.82 billion. The Company did not subsequently reassess its eligibility for the temporary exemption from PFRS 9 as there was no change in the Company's activities for the year ended December 31, 2023.

The following table provides an overview of the fair values as at December 31, 2023 and 2022, and the amounts of change in the fair values during the reporting period separately for financial assets that meet the solely payments of principal and interest (SPPI) criterion (i.e. financial assets with contractual terms that give rise on specified dates to cash flows that are SPPI on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in PFRS 9, or that is managed and whose performance is evaluated on a fair value basis) and all other financial assets:

2023

	Financial Assets that Meet the SPPI Criteria*		All Other Financial Assets	
	Fair Value	Fair Value Change during the Reporting Period	Fair Value	Fair Value Change during the Reporting Period
Cash in bank and cash equivalents	P3,168,423	P -	P -	P -
Interest receivable	134,884	-	-	-
Premiums due from policyholders	10,822	-	-	-
Policy loans receivables	296,098	-	-	-
Coverage debt receivables	1,200,455	-	-	-
Reinsurance Assets	297,304	-	-	-
Financial assets at FVPL	12,365,214	-	391,671	662,301
AFS financial assets	-	-	49,412	5,600
Loans and receivables	2,120,743	-	-	-
Rental and other deposits	151,585	-	-	-
Investment in ASF	721,366	-	-	-
	P20,466,894	P -	P441,083	P667,901
Assets Held to Cover Linked Liabilities				
Cash and cash equivalents	P3,624,075	P -	P -	P -
Interest receivable	365,249	-	-	-
Receivable from life fund	719,176	-	-	-
Financial assets at FVPL	-	-	157,576,728	3,426,954
Other assets	2,923,311	-	-	-
	P7,631,811	P -	P157,576,728	P3,426,954
	P28,098,705	P -	P158,017,811	P4,094,855

*Excluding any financial asset that meets the definition of held for trading in PFRS 9, or that is managed and whose performance is evaluated on a fair value basis.

2022

	Financial Assets that Meet the SPPI Criteria*		All Other Financial Assets	
	Fair Value	Fair Value Change during the Reporting Period	Fair Value	Fair Value Change during the Reporting Period
Cash in bank and cash equivalents	P5,930,837	P -	P -	P -
Interest receivable	126,855	-	-	-
Premiums due from policyholders	8,716	-	-	-
Policy loans receivables	315,202	-	-	-
Coverage debt receivables	1,065,080	-	-	-
Reinsurance Assets	134,179	-	-	-
Financial assets at FVPL	9,247,277	-	376,611	(1,312,173)
AFS financial assets	-	-	42,858	8,650
Loans and receivables	816,360	-	-	-
Rental and other deposits	136,550	-	-	-
Investment in ASF	644,237	-	-	-
Reinsurance Assets	134,179	-	-	-
	P18,559,472	P -	P419,469	(P1,303,523)
Assets Held to Cover Linked Liabilities				
Cash and cash equivalents	P5,126,973	-	-	-
Interest receivable	262,429	-	-	-
Receivable from life fund	518,906	-	-	-
Financial assets at FVPL	-	-	141,421,422	(5,296,710)
Other assets	388,996	-	-	-
	P6,297,304	P -	P141,421,422	(P5,296,710)
	P24,856,776	P -	P141,840,891	(P6,600,233)

*Excluding any financial asset that meets the definition of held for trading in PFRS 9, or that is managed and whose performance is evaluated on a fair value basis.

The information about the credit risk exposures for financial assets with contractual terms that meet the SPPI criterion at December 31, 2023 and 2022 is consistent with the credit risk disclosure above under PAS 39.

6. Fair Value Measurements and Disclosures

The fair value of the following financial assets and financial liabilities approximate their carrying amounts at the end of each accounting period due to their short-term nature:

- Cash and cash equivalents;
- Interest receivable;
- Coverage debt receivables;
- Premiums due from policyholders;
- Policy loans receivables;
- Reinsurance assets;
- Other assets except for withholding tax receivables, software development costs, investments in ASF, non-refundable deposits and prepayments;
- Cash and cash equivalents, interest receivable, receivable from life fund and other assets under assets held to cover linked liabilities;
- Claims payable;
- Reinsurance payable;
- Accounts payable, accrued expenses and other liabilities except for liabilities payable to government agencies, premium suspense account, premium deposit fund and retirement liability; and
- Liability to life and other linked funds, accrued expenses, and trade payable under assets held to cover linked liabilities.

The recurring fair values of financial assets at FVPL including those under assets held to cover linked liabilities, AFS financial assets, and technical provisions for linked liabilities are determined by reference to quoted market prices, at the close of business on the reporting date.

Fair value hierarchy

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2023		
	Level 1	**Level 2**	**Total**
Financial Assets			
Financial assets at FVPL *(Note 8)*	**P4,602,740**	**P8,154,145**	**P12,756,885**
AFS financial assets *(Note 8)*	**49,412**	**-**	**49,412**
Financial assets at FVPL under other assets *(Note 16)*	**721,366**	**-**	**721,366**
Financial assets at FVPL under assets held to cover linked liabilities *(Note 11)*	**144,077,532**	**13,499,196**	**157,576,728**
	P149,451,050	**P21,653,341**	**P171,104,391**

	2022		
	Level 1	Level 2	Total
Financial Assets			
Financial assets at FVPL (Note 8)	P1,750,344	P7,873,544	P9,623,888
AFS financial assets (Note 8)	42,858	-	42,858
Financial assets at FVPL under other assets (Note 16)	644,237	-	644,237
Financial assets at FVPL under assets held to cover linked liabilities (Note 11)	127,173,786	14,247,635	141,421,421
	P129,611,225	P22,121,179	P151,732,404

The Company has no financial instruments categorized under Level 3. Also, there has been no transfer between Levels in 2023 and 2022.

7. Cash and Cash Equivalents

	2023	2022
Cash on hand	**P818**	P963
Cash in banks	**2,111,585**	2,963,232
Short-term placements	**1,056,020**	2,966,642
	P3,168,423	P5,930,837

Cash in banks earn interest at the prevailing bank deposit rates that ranged from 0.1% to 1.5% and 0.1% to 1.5% in 2023 and 2022, respectively. Short-term placements are Philippine peso and U.S. dollar time deposits with various financial institutions with maturities ranging from overnight to ninety days and interest ranging from 2.00% to 3.70% and 0.11% to 3.10% per annum in 2023 and 2022, respectively.

Interest income recognized in profit or loss which is presented under "Investment income - net" amounted to P61.74 million and P17.38 million in 2023 and 2022, respectively (see Note 23).

8. Investments

Reconciliation of the carrying amount of the investments at the beginning and end of the year is shown below.

December 31, 2023

	AFS Financial Assets	Financial Assets at FVPL	Total Investments
Cost at January 1, 2023	**P28,537**	**P10,516,838**	**P10,545,375**
Unrealized gains at January 1, 2023	**14,321**	**(892,950)**	**(878,629)**
Fair value at January 1, 2023	**42,858**	**9,623,888**	**9,666,746**
Unrealized fair value gain (loss) recognized in:	-	-	-
Profit or loss (Note 23)	**-**	**662,301**	**662,301**
Other comprehensive income	**5,600**	-	-
Foreign exchange gain (Note 23)	**-**	**(3,192)**	**(3,192)**
Purchases	**954**	**6,957,808**	**6,958,762**
Disposals	**-**	**(4,483,920)**	**(4,483,920)**
Fair value at December 31, 2023 (Notes 6)	**49,412**	**12,756,885**	**12,806,297**
Cost at December 31, 2023	**29,491**	**12,990,726**	**13,020,217**
Unrealized gains at December 31, 2023	**P19,921**	**(P233,841)**	**(P213,920)**

December 31, 2022

	AFS Financial Assets	Financial Assets at FVPL	Total Investments
Cost at January 1, 2022	P26,957	P11,930,423	P11,957,380
Unrealized gains at January 1, 2022	5,671	377,261	382,932
Fair value at January 1, 2023	32,628	12,307,684	12,340,312
Fair value gain (loss) recognized in:	-	-	-
Profit or loss (Note 23)	-	(1,312,173)	(1,312,173)
Other comprehensive income	8,650	-	8,650
Foreign exchange gain (Note 23)	-	41,962	41,962
Purchases	1,580	3,791,908	3,793,488
Disposals	-	(5,205,493)	(5,205,493)
Fair value at December 31, 2022 (Notes 6)	42,858	9,623,888	9,666,746
Cost at December 31, 2022	28,537	10,516,838	10,545,375
Unrealized gains at December 31, 2022	P14,321	(P892,950)	(P878,629)

The Company's investments consist of the following:

	2023	2022
Financial assets at FVPL		
Government bonds (Notes 6)	**P12,212,907**	P8,992,317
Unit investment trust fund (UITF) (Notes 6)	**391,671**	376,612
Corporate debt securities (Notes 6)	**152,307**	155,366
Quasi government bonds (Notes 6)	**-**	99,593
	12,756,885	9,623,888
AFS financial Assets		
Equity securities at AF (Note 6)	**49,412**	42,858
	P12,806,297	P9,666,746

Interest rates range from nil to 12.5% in 2023 and nil to 13.0% in 2022.

The rollforward analysis of the fair value reserve on AFS financial assets is as follows:

	2023	2022
Balance at beginning of year	**P14,321**	P5,671
Fair value gain	**5,600**	8,650
Balance at end of year	**P19,921**	P14,321

9. Investment in a Subsidiary and Asset Held-for-Sale

Investment in a subsidiary

The Monetary Board of the Bangko Sentral ng Pilipinas (BSP), in its Resolution No. 778 dated May 11, 2018, has approved the establishment of Pru Life UK Asset Management and Trust Corporation (PAMTC). PAMTC was incorporated and registered with the Philippine SEC on November 26, 2018, primarily to carry and engage in trust business activities, other fiduciary business and investment management activities; to have and exercise all authority and powers, to do and perform all acts, and to transact all business which may legally be done by trust corporations organized under and in accordance with the General Banking Law and its Implementing Rules and Regulations and such other applicable laws, rules and regulations on trust corporations, and to do all other things incident thereto and necessary and proper in connection with said purposes as may be determined by the Monetary Board of the BSP. On March 12, 2019, the BSP issued the Certificate of Authority to Operate to PAMTC.

PAMTC is a wholly-owned subsidiary of the Company. PAMTC's registered address is at the 2nd Floor Uptown Parade 2, 36th Street, Fort Bonifacio, Taguig City Fourth District, Philippines.

In 2018, the Company made a capital infusion to PAMTC amounting to P360.25 million. On December 24, 2022, the company made an additional capital infusion to PAMTC of P169.00 million. The Company recognized an impairment loss on its investment in subsidiary P290.06 million in 2022.

As of December 31, 2023 and 2022, the carrying amount of investment in a subsidiary is nil and P239.19 million, respectively, with allowance for impairment losses amounting to nil and P290.06 million.

The key financial information of the subsidiary for the year ended December 31, 2022 is as follows:

	2022
Total assets	**P305,277**
Total liabilities	**71,988**
Net assets	**233,289**
Net loss	**37,444**
Other comprehensive income (loss)	**5,084**

Asset held-for-sale

The unimpaired capital of the subsidiary is below the minimum required unimpaired capital set by the BSP. In relation to the noncompliance with the minimum capital requirements, PAMTC had consultations with the BSP as early as fourth quarter of 2022 to evaluate the strategies and alternatives regarding its plan to exit the trust business, and anticipates that the implementation of these outcomes will be carried out in phases and is expected to go beyond the next twelve (12) months.

On June 23, 2023, the Board of Directors (BOD) of the Company approved PAMTC's plan to divest its portfolio of trust accounts and funds managed, administered, and/or held as trustee by PAMTC and to divest the shares of the Company. In line with PAMTC's plan, an auction process was initiated to identify interested buyers of its trust business.

On August 9 2023, the Company executed a Memorandum of Agreement with PAMTC, ATRAM Investment Management Partners Corporation (AIMP) and ATRAM Trust Corporation (ATRAM Trust) for (1) transfer of the exclusive and sole fund management of the Company's onshore linked funds from PAMTC to ATRAM Trust and (2) sell 100% of the Company's ownership interest in PAMTC to AIMP. The consideration of the sale is based on the net assets of PAMTC as of December 31, 2023. The sale is expected to be completed in 2024.

Moreover, following the approval of the BSP and IC, the trust operations and entire fiduciary portfolio of PAMTC was transferred to ATRAM Trust in November 2023.

Consequently, the investment in PAMTC initially classified as an investment in subsidiary was reclassified as an asset held for sale as the result of the Company's plan to sell its 100% ownership interest in PAMTC to AIMP in 2024. The carrying amount of the asset classified as held for sale as at December 31, 2023 is P194.98 million with an allowance for impairment loss of P334.26 million. The Company recognized an impairment loss on its 'Asset Held-For-Sale' amounting to P44.20 million in 2023.

10. Policy Loans Receivables

This account consists of:

	2023	2022
Policy loans receivables	**P301,891**	P320,995
Allowance for impairment losses	**(5,793)**	(5,793)
	P296,098	P315,202

Policy loans receivables account pertains to the outstanding balances of loans granted to policyholders, fully secured by the cash surrender value of the underlying insurance policy at the time of issuance. These may be in the form of a cash loan applied by the policyholder or automatic policy loan to cover premiums due on the policy.

Interest income from policy loans amounted to P26.922 million and P34.47 million in 2023 and 2022, respectively, were recognized in profit or loss under 'Others - net'.

The Company provides an allowance for policy loans and the related capitalized interest periodically to reflect the estimated realizable value of the receivables as at each reporting date.

In 2023 and 2022, no provision for credit losses was recognized on policy loans receivables.

11. Assets Held to Cover Linked Liabilities

On September 11, 2002, the IC approved the Company's license to sell variable unit-linked insurance policies, a life insurance product that is linked to investment funds (see Note 1). The premium of this product is divided into two parts: the insurance portion and the investment portion. The investment portion of the premium, net of withdrawals, is recognized as "Costs on premiums of variable insurance" in the profit or loss and invested in a separately identifiable fund. The fund is valued regularly and is divided into units which represent the unit-linked policyholder's share in the fund. The value of the fund divided by the number of units is called the unit price. An amount equal to the "Assets held to cover linked liabilities" (representing the managed funds) is shown under the "Technical provisions for linked liabilities" account in the separate statement of financial position, a representation that the funds belong to the unit-linked policyholders.

Linked funds is a line of business in which the Company issues a contract where the benefit amount is directly linked to the fair value of the investments held in the particular segregated fund. Although the underlying assets are registered in the name of the Company and the linked fund contract holder has no direct access to the specific assets, the contractual arrangements are such that the linked fund policyholders bear the risks and rewards of the fund's investment performance. The Company derives fee income from linked funds, which is included in "Policy administration fees" in profit or loss.

Separate financial statements are prepared for the linked funds. Linked fund assets are carried at recurring fair value. Fair values are determined using the valuation method discussed in Note 6.

Assets held to cover linked liabilities are composed of:

	2023	2022
Cash and cash equivalents *(Note 5)*	**P3,624,075**	P5,126,973
Interest receivable *(Note 5)*	**365,249**	262,429
Receivable from life fund *(Note 5)*	**719,176**	518,906
Investments in treasury notes and other funds *(Note 6)*	**157,576,728**	141,421,422
Other assets *(Note 5)*	**2,923,311**	388,996
Liability to life fund and other linked funds *(Note 5)*	**(41,211,907)**	(37,552,421)
Accrued expense *(Note 5)*	**(260,709)**	(192,927)
Trade payable *(Note 5)*	**(3,337,049)**	(1,450,813)
Net assets *(Note 32)*	**P120,398,874**	P108,522,565

Investments in treasury notes and other funds are composed of:

	2023	2022
Investments in treasury notes	**P22,704,077**	P21,950,898
Investments in shares of stocks *(Note 5)*	**72,033,526**	63,479,104
Investment in other funds:		
Investment in bond fund	**15,758,360**	14,860,155
Investment in equity fund *(Note 5)*	**24,091,293**	22,611,393
Investment in offshore fund (IOF) - Bonds	**16,154,528**	13,677,339
IOF – Equities *(Note 5)*	**4,554,895**	3,295,080
UITF – Equities *(Note 5)*	**1,744,673**	904,618
UITF - Money Market	**482,280**	600,310
Non-deliverable forward contract	**53,096**	42,525
Total investments *(Note 6)*	**P157,576,728**	P141,421,422

The rollforward of the assets held to cover linked liabilities are as follows:

	2023	2022
Beginning balance	**P108,522,565**	P106,573,549
Movements during the year:		
Additions to the fund for creation of units	**34,255,165**	25,251,548
Withdrawals from the fund	**(25,347,590)**	(14,530,554)
Net fund income (losses)	**2,968,734**	(8,771,978)
Ending balance	**P120,398,874**	P108,522,565

Total premiums and costs from the unit-linked product for the years ended December 31, 2022 and 2021 are as follows:

	2023	2022
Link premiums	**P45,892,016**	P41,431,678
Costs on premiums of variable insurance	**(17,480,055)**	(17,981,410)
Surrenders	**(9,193,298)**	(6,433,790)
Net linked premiums	**P19,218,663**	P17,016,478

12. Coverage Debt Receivables

This account consists of:

	2023	2022
Coverage debt receivables	**P1,880,486**	**P1,624,202**
Allowance for impairment losses	**(680,031)**	**(559,122)**
	P1,200,455	**P1,065,080**

Coverage debt receivables pertain to policy charges billed against the investment account of unit-linked policyholders.

These receivables normally arise from policy charges covering mortality risk, taxes and administrative fees due from new unit-linked policyholders who have not accumulated enough investments to cover these fees.

The Company provides an allowance for uncollectible coverage debt charges for lapsed and terminated policies.

Provision for impairment losses on coverage debt receivables amounting to P120.91 million and P123.83 million in 2023 and 2022, respectively, were recognized in profit or loss.

The roll forward analysis of the allowance for impairment losses on coverage debt receivables is as follows:

	2023	2022
Balance at beginning of year	**P559,122**	P435,291
Provision for impairment losses	**120,909**	123,831
Balance at end of year	**P680,031**	P559,122

13. Reinsurance Assets

Reconciliation of the carrying amount of the asset at the beginning and end of the year is shown below:

	2023	2022
Beginning balance	**P134,179**	P53,439
Outward claims	**36,117**	109,627
Claimed during the year	**(97,791)**	(28,887)
Experience refund	**224,799**	-
Ending balance	**P297,304**	P134,179

14. Property and Equipment

The movements in this account are as follows:

2023

	Computer Equipment	Furniture, Fixtures and Equipment	Transportation Equipment	Condominium Unit	Leasehold Improvements	Office Improvement in Progress	Total
Gross Carrying Amount							
Beginning balance	P286,682	P197,792	P134,447	P10,027	P1,153,626	P45,485	P1,828,059
Additions	24,485	5,828	15,616	-	-	79,334	125,263
Disposals	(25,111)	(4,912)	(9,225)	-	(4,767)	-	(44,015)
Ending balance	286,056	198,708	140,838	10,027	1,148,859	124,819	1,909,307
Accumulated Depreciation and Amortization							
Beginning balance	243,768	175,561	76,985	8,476	873,205	-	1,377,995
Depreciation and amortization	25,109	10,573	23,877	414	92,934	-	152,907
Disposals	(25,160)	(4,886)	(7,302)	-	-	-	(37,348)
Ending balance	243,717	181,248	93,560	8,890	966,139	-	1,493,554
Carrying Amount							
Beginning balance	P42,914	P22,231	P57,462	P1,551	P280,421	P45,485	P450,064
Carrying Amount							
Ending balance	P42,339	P17,460	P47,278	P1,137	P182,720	P124,819	P415,753

Property and equipment with carrying amount of P1.70 million were disposed and sold during the year with proceeds amounting to P2.97 million resulting to a net gain of P1.27 million which is part of 'Others - net' under 'Other revenue (expenses)'.

2022

	Computer Equipment	Furniture, Fixtures and Equipment	Transportation Equipment	Condominium Unit	Leasehold Improvements	Office Improvement in Progress	Total
Gross Carrying Amount							
Beginning balance	P308,379	P198,394	P127,148	P10,027	P961,619	P105,396	P1,710,963
Additions	33,750	8,340	17,840	-	23,192	108,904	192,026
Disposals	(55,491)	(8,898)	(10,541)	-	-	-	(74,930)
Reclassification	44	(44)	-	-	168,815	(168,815)	-
Ending balance	286,682	197,792	134,447	10,027	1,153,626	45,485	1,828,059
Accumulated Depreciation							
Beginning balance	268,409	171,995	60,574	8,063	786,681	-	1,295,722
Depreciation	30,514	12,117	22,935	413	86,524	-	152,503
Disposals	(55,155)	(8,551)	(6,524)	-	-	-	(70,230)
Ending balance	243,768	175,561	76,985	8,476	873,205	-	1,377,995
Carrying Amount							
Beginning balance	P39,970	P26,399	P66,574	P1,964	P174,938	P105,396	P415,241
Carrying Amount							
Ending balance	P42,914	P22,231	P57,462	P1,551	P280,450	P45,485	P450,064

Property and equipment with carrying amount of P3.62 million were disposed and sold during the year with proceeds amounting to P3.97 million resulting to a net gain of P0.36 million which formed part of "Others - net" in profit or loss.

Fully depreciated property, and equipment still in use amounted to P126.39 million and P250.79 million for 2023 and 2022, respectively.

The details of depreciation and amortization recognized in the profit or loss follow:

	2023	2022
Right-of-use assets (Note 29)	P178,494	P243,009
Property and equipment	152,907	152,503
Software development costs (Note 16)	74,778	56,391
	P406,179	P451,903

15. Deferred Acquisition Costs

The movements in this account are as follows:

	2023	2022
Beginning balance	P14,558,939	P12,455,967
Movements during the year:		
Deferred expenses	3,665,884	3,447,165
Amortization of deferred acquisition costs	(1,511,532)	(1,344,193)
	2,154,352	2,102,972
Ending balance	P16,713,291	P14,558,939

Below is the breakdown of the Company's acquisition costs and operating expenses into deferred acquisition costs and operating expenses which are recognized when incurred in 2023 and 2022:

2023

	Total Acquisition Costs and Operating Expenses	Deferred Acquisition Costs	Acquisition Costs and Other Operating Expenses Recognized When Incurred
Gross acquisition costs and operating expenses	P16,491,817	P3,665,884	P12,825,933
Deferral of acquisition costs during the year	(3,665,884)	(3,665,884)	-
Amortization of deferred acquisition costs during the year	1,511,532	-	1,511,532
Net changes of deferred acquisition costs	(2,154,352)	(3,665,884)	1,511,532
Net acquisition costs and operating expenses	P14,337,465	P -	P14,337,465

2022

	Total Acquisition Costs and Operating Expenses	Deferred Acquisition Costs	Acquisition Costs and Other Operating Expenses Recognized When Incurred
Gross acquisition costs and operating expenses	P15,152,816	P3,447,165	P11,705,651
Deferral of acquisition costs during the year	(3,447,165)	(3,447,165)	-
Amortization of deferred acquisition costs during the year	1,344,193	-	1,344,193
Net changes of deferred acquisition costs	(2,102,972)	(3,447,165)	1,344,193
Net acquisition costs and operating expenses	P13,049,844	P -	P13,049,844

16. Other Assets

This account consists of:

	2023	2022
Receivable from unit-linked funds	P1,625,549	P253,995
Software development costs - net	862,459	448,377
Investments in ASF	721,366	644,237
Advances to employees and agents	189,039	187,515
Prepayments	160,515	137,308
Nonrefundable deposits	151,585	136,550
Retirement asset - net (Note 24)	71,553	43,919
Due from related parties (Note 28)	356	43,329
Others	175,615	160,935
	3,886,484	2,012,246
Allowance for impairment losses on advances to employees and agents	(11,635)	(9,948)
	P3,874,849	P2,002,298

Receivable from unit-linked funds pertains to the amount to be received by the Company from Pru Link funds as reimbursement for the settlement of withdrawals or surrenders made from unit-linked policies.

Software development costs mainly consist of costs for the development of major enhancements in the policy administration system used by the Company. These assets are amortized on a straight-line basis over five (5) years. This also includes costs for developing and implementing the Pulse Ecosystems.

Investments in ASF pertain to the agents' savings funds which was managed and was under the custodianship of PAMTC pursuant to an Investment Management Agreement signed by the Company and PAMTC in 2020. In October 2023, the management of the investments in ASF was already transferred to ATRAM Trust (see Note 20). Income(loss) from investment in ASF amounted to P42.49 million and (P1.14) million in 2023 and 2022, respectively, were recognized in profit or loss 'Others - net'.

Advances to employees and agents are collected through payroll deductions or through expense liquidation.

Prepayments consist of prepaid rent, insurance, and licenses.

Nonrefundable deposits consist mainly of security lease deposits that can be applied at the end of the lease term.

Due from related parties includes receivables from PAMTC (see Note 28).

Others consist mainly of corporate give away inventories, gifts, income tax withheld and prudential guarantees.

The rollforward analysis for allowance for impairment losses on advances to employees and agents are as follows:

	2023	2022
Balance at beginning of year	**P9,948**	P5,047
Provision for impairment losses	**2,105**	6,558
Reversals taken up to profit or loss	**(418)**	(1,657)
Balance at end of year	**P11,635**	P9,948

The Company collected advances to employees and agents that have been previously written off amounting to P0.42 million and P1.66 million in 2023 and 2022, respectively.

The movements of software development costs in 2023 and 2022 are as follows:

	2022	2022
Gross Carrying Amount		
Beginning balance	**P966,562**	P660,344
Acquisitions	**488,860**	306,218
Ending balance	**1,455,422**	966,562
Accumulated Amortization		
Beginning balance	**518,185**	461,794
Amortization	**74,778**	56,391
Ending balance	**592,963**	518,185
Net Carrying Amount		
Beginning balance	**448,377**	198,550
Ending balance	**P862,459**	P448,377

17. Legal Policy Reserves

Reconciliation of the carrying amount of the liability at the beginning and end of the year is shown below:

	2023	2022
Beginning balance	**P4,268,957**	P5,611,804
Gross change in reserves:		
New business	**75,011**	74,171
Net premiums written	**70,164**	82,440
Accretion of interest	**174,033**	86,418
Liabilities released for payments on death, surrenders and other terminations	**(423,478)**	(531,414)
Other movements	**15,518**	(106,223)
Total gross change in reserves	**(88,752)**	(394,608)
Remeasurement on life insurance reserve	**57,876**	(948,239)
Ending balance	**P4,238,081**	P4,268,957

The appropriated retained earnings for negative reserves amounted to P62.34 million and P53.01 million in 2023 and 2022, respectively.

18. Claims Payable

Reconciliation of the carrying amount of the claims liabilities at the beginning and end of the year is shown below:

	2023	2022
Beginning balance:		
Notified payable	**P1,042,611**	P883,577
IBNR	**277,439**	159,297
	1,320,050	1,042,874
Cash paid for claims settled during the year	**(2,455,633)**	(2,327,957)
Increase in liabilities	**2,384,723**	2,605,133
Ending balance	**P1,249,140**	P1,320,050
Notified claims payable	**P1,018,308**	P1,042,611
IBNR	**230,832**	277,439
	P1,249,140	P1,320,050

19. Reinsurance Payable

Reconciliation of the carrying amount of the liability at the beginning and end of the year is shown below:

	2023	2022
Beginning balance	**P226,036**	P124,788
Premium ceded to reinsurers (Note 21)	**291,369**	363,005
Paid during the year	**(353,246)**	(261,757)
Ending balance	**P164,159**	P226,036

20. Accounts Payable, Accrued Expenses and Other Liabilities

The account consists of the following:

	2023	2022
Insurance related liabilities		
Premium suspense account	**P1,140,190**	P903,507
Dividends payable to policyholders	**1,096,933**	1,097,214
Due to unit-linked funds	**734,823**	535,640
Agent's commission payable	**723,333**	686,945
Premium deposit fund	**12,251**	11,947
	3,707,530	3,235,253
Non-insurance related liabilities		
Accrued expenses	**3,694,137**	3,231,661
Due to related parties (Note 28)	**933,054**	747,590
Provident fund payable (Note 16)	**761,028**	692,401
Income tax payable	**327,460**	118,686
Unearned upfront fees	**263,781**	-
Other tax payables	**133,278**	328,749
Withholding taxes payable	**57,233**	82,682
Other liabilities	**724,783**	105,405
	6,894,754	5,307,174
Total	**P10,602,284**	P8,542,427

Accrued expenses primarily consist of performance and incentive bonuses payable. This also includes accruals for various operating expenses.

Premium suspense account pertains to amounts received from the policyholders who are in the process of policy application and unidentified collections. These collections will be applied to premiums due.

Dividends payable to policyholders pertains to supplementary discretionary returns through participation in the surplus of the Company arising from participating business.

Due to related parties account includes payables to Eastspring, Prudential Services Asia (PSA), Prudential Corporation Holdings Limited (PCHL), Prudential Services Singapore (PSS), Pulse Ecosystem Private Limited (PEPL), Prudential Assurance Company Singapore Pte (PACS), PFL and PAMTC (see Note 28).

Provident fund payable represents the retirement fund for agents.

Due to unit-linked fund pertains to the investment portion of premiums received from the policyholders that are yet to be invested in the separately identifiable funds.

Agent's commission payable pertains to unpaid commissions.

Unearned upfront fees pertains to the fees received from ATRAM as exclusive and sole fund manager of the Company for a five-year period as part of the Memorandum of Agreement executed last August 1, 2023. The Company recognized the upfront fees on a straight-line basis over five years. As of December 31, 2023, unearned upfront fees amounted to P263.78 million.

Other tax payables pertain to unpaid documentary stamp tax, premium tax and other taxes payable.

Withholding tax payable pertains to the taxes withheld that are due to the government.

Premium deposit fund represents advance payment from policyholders which will be used for payment of any future unpaid premiums under the policy. The fund earns interest which is credited to the fund. The accumulated fund shall not exceed the total future premium payments under the policy.

Others include provision for probable losses and payments to various suppliers.

21. Net Premiums

Gross premiums on insurance contracts:

	2023	2022
Unit-linked insurance *(Note 11)*	**P45,892,016**	P41,431,678
Ordinary life insurance	**200,353**	198,177
Group life insurance	**108,044**	164,977
Accident and health	**60,797**	66,333
	P46,261,210	P41,861,165

Reinsurer's share of gross premiums on insurance contracts:

	2023	2022
Unit-linked insurance	**P272,237**	P247,491
Ordinary life insurance	**14,923**	102,616
Group life insurance	**4,104**	12,898
Accident and health	**105**	-
	P291,369	P363,005
Experience refund		
Unit-linked insurance	**(35,584)**	-
Ordinary life insurance	**(189,215)**	-
	P66,570	P363,005

Net premiums on insurance contracts:

	2023	2022
Unit-linked insurance	**P45,655,363**	P41,184,187
Ordinary life insurance	**374,645**	95,561
Group life insurance	**103,940**	152,079
Accident and health	**60,692**	66,333
	P46,194,640	P41,498,159

22. Policy Administration Fees

Policy administration fees are charged against the daily net asset value of the investment account of the policyholders based on the following rates per annum as specified in the policy document:

	2023	2022
Managed Fund	**1.79%**	1.79%
Bond Fund (Philippine peso)	**1.53%**	1.53%
Bond Fund (U.S. dollar)	**1.53%**	1.53%
Growth Fund	**2.25%**	2.25%
Equity Fund	**2.25%**	2.25%
Proactive Fund	**2.25%**	2.25%
Money Market Fund	**0.50%**	0.50%
Asian Local Bond Fund	**1.80%**	1.80%
Asia Pacific Equity Fund	**2.05%**	2.05%
Global Emerging Fund	**2.05%**	2.05%
Cash Flow Fund (U.S. dollar)	**1.95%**	1.95%
Cash Flow Fund (Philippine peso)	**1.95%**	1.95%
Asian Balanced Fund	**1.95%**	1.95%
Global Market Navigator Fund	**2.25%**	2.25%
Equity Index Tracker Fund	**1.75%**	1.75%
Global Equity Navigator Fund	**2.25%**	2.25%
Peso Cash Flow Fund Plus	**1.95%**	1.95%
Dollar Cash Flow Fund Plus	**1.95%**	-

Policy administration fees amounted to P2.43 billion and P2.22 billion in 2023 and 2022, respectively.

23. Investment Loss

The account consists of the following:

	2023	2022
Unrealized gain (loss) on valuation of investments at FVPL *(Note 8)*	**P662,997**	(P1,312,357)
Interest income	**647,376**	575,883
Gain (loss) on disposal of investments at FVPL *(Note 8)*	**23,101**	(18,153)
Foreign exchange gain (loss)*(Note 8)*	**(3,888)**	41,146
	P1,329,586	(P712,481)

Interest income consist of:

	2023	2022
Cash in banks (Note 7)	**P5,544**	P2,135
Short-term placements *(Note 7)*	**56,198**	15,246
Investments *(Note 8)*	**585,634**	558,502
	P647,376	P575,883

24. Benefits and Claims

Gross benefits and claims on insurance contracts:

2023

	Gross Benefits and Claims	Reinsurers' Share of Gross Benefits and Claims	Net
Unit-linked insurance	**P10,825,041**	**(P62,239)**	**P10,762,802**
Ordinary life insurance	**283,387**	**29,072**	**312,459**
Group life insurance	**60,404**	**(2,941)**	**57,463**
Accident and health	**163**	**(9)**	**154**
	P11,168,995	**(P36,117)**	**P11,132,878**

2022

	Gross Benefits and Claims	Reinsurers' Share of Gross Benefits and Claims	Net
Unit-linked insurance	P7,768,148	(P48,402)	P7,719,746
Ordinary life insurance	833,455	(59,996)	773,459
Group life insurance	39,070	(812)	38,258
Accident and health	7,658	(417)	7,241
	P8,648,331	(P109,627)	P8,538,704

Gross change in increase in legal policy reserves:

	2023	2022
Unit-linked insurance	**P36,956**	P27,316
Ordinary life insurance	**(146,355)**	(441,038)
Group life insurance	**17,555**	16,326
Accident and health	**3,092**	2,788
	(P88,752)	(P394,608)

25. Retirement Plan

As discussed in Note 3, the Company maintains a DC plan with minimum DB guarantee and is accounted for as a DB plan. As at December 31, 2023, the DB liability is more than the DC liability.

The Company's latest actuarial valuation date was as of December 31, 2023.

The following tables show reconciliation from the opening balances to the closing balances for net DB liability and its components.

	2023		
	FVPA	DBO	Net Defined Benefit Asset (Note 16
Balance at January 1, 2023	**P675,871**	**P631,952**	**P43,919**
Included in Profit or Loss			
Current service cost	**-**	**113,457**	**(113,457)**
Interest cost (income)	**51,648**	**48,313**	**3,335**
	51,648	**161,770**	**(110,122)**
Included in Other Comprehensive Income			
Remeasurement gain (loss):			
Actuarial loss arising from:			
Financial assumptions	**-**	**16,529**	**(16,529)**
Experience adjustment	**-**	**(9,318)**	**9,318**
Return on plan assets excluding interest income	**17,823**	**-**	**17,823**
	17,823	**7,211**	**10,612**
Others			
Contributions paid by the employer	**127,144**	**-**	**127,144**
Benefits paid	**(52,764)**	**(52,764)**	**-**
Transfers	**-**	**-**	**-**
	74,380	**(52,764)**	**127,144**
Balance at December 31, 2023	**P819,722**	**P748,169**	**P71,553**

	2022		
	FVPA	DBO	Net Defined Benefit (Asset) (Note 20)
Balance at January 1, 2022	P649,946	P691,769	P41,823
Included in Profit or Loss			
Current service cost	-	85,875	85,875
Interest cost	32,715	32,435	(280)
	32,715	118,310	85,595
Included in Other Comprehensive Income			
Remeasurements loss:			
Actuarial loss arising from:			
Financial assumptions	-	(32,837)	(32,837)
Experience adjustment	-	(62,215)	(62,215)
Return on plan assets excluding interest income	(33,125)	-	33,125
Loss due to transfers	-	(31)	(31)
	(33,125)	(95,083)	(61,958)
Others			
Contributions paid by the employer	109,379	-	(109,379)
Benefits paid	(78,110)	(78,110)	-
Transfers	(4,934)	(4,934)	-
	26,335	(83,044)	(109,379)
Balance at December 31, 2021	P675,871	P631,952	(P43,919)

The retirement expense under "Salaries, allowances and employees' benefits" account in profit or loss amounted to P110.12 million and P85.60 million in 2023 and 2022, respectively.

The Company's plan assets consist of the following:

	2023	2022
Cash and cash equivalents	**P48,886**	P7,141
Receivables	**4,955**	12,804
Government securities	**569,277**	459,373
Unit investments trust funds	**112,519**	105,627
Investment in mutual funds	**41,310**	64,271
Corporate bonds	**42,775**	26,655
	P819,722	P675,871

The expected contribution to the DB retirement plan in 2024 is P120.76 million.

The principal actuarial assumptions used in determining retirement asset of the Company's plan as at January 1, 2023 and 2022 are shown below:

	2022	2022
Discount rate	**7.25%**	5.05%
Future salary growth	**6.00%**	6.00%
Mortality rate	**2017 PICM**	2017 PICM
Average years of service	**6.61 years**	6.33 years

The weighted-average duration of the DBO is 15.26 years and 13.27 years in December 31, 2023 and 2022, respectively.

Discount rates used in computing for the present value of the obligation of the Company as of December 31, 2023 and 2022 are 6.00% and 7.25%, respectively.

Maturity analysis of the benefit payments:

Retirement liability

	Carrying amount	Contractual cash flows	Within 1 Year	Within 1-5 Years	More than 5 Years
2023	**P748,169**	**P746,298**	**P43,317**	**P209,252**	**P493,729**
2022	631,952	683,687	36,390	187,450	459,847

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the DBO by the percentages shown below:

	Defined Benefit Obligation		Impact to Defined Benefit Obligation	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	**1.00%**	**1.00%**	**(P14,365)**	**P 27,724**
Future salary growth (1% movement)	**1.00%**	**1.00%**	**27,397**	**(14,458)**

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

These DB plans expose the Company to actuarial risks, such as longevity risk, interest rate risk, and market (investment) risk.

The asset allocation of the plan is set and reviewed from time to time by the Plan Trustees taking into account the membership profile, the liquidity requirements of the plan and risk appetite of the plan sponsor. This also considers the expected benefit cash flows to be matched with asset durations.

26. Other Operating Expenses

The account consists of the following:

	2023	2022
Provisions	**P686,512**	P416,087
Support service charges	**246,956**	212,270
Bank collection fees	**72,357**	71,868
Security and janitorial	**70,287**	83,233
Office supplies	**67,443**	52,781
Representation and entertainment	**64,925**	114,495
IFRS 17 implementation costs	**39,195**	41,375
Interest expense related to policies	**39,122**	220,057
Interest expense related to lease liabilities (Note 29)	**30,600**	44,454
Other expenses	**75,368**	62,132
	P1,392,765	P1,318,752

Provisions covers the impairment losses on its asset held for sale, investment in subsidiary, and other probable losses as of the reporting period.

Support service charges involve services provided by PCHL to the Company related to insurance, regional partnership distribution, IT, anti-money laundering system, human resources, financial and actuarial, internal audit, and brand and corporate affairs, among others.

IFRS 17 implementation costs refer to costs incurred by the Company in the implementation of IFRS 17 including charges from its parent company PCHL for significant enhancements to IT, actuarial and finance systems of the group.

Support services charges involve services provided by PCHL to the Company related to insurance, regional partnership distribution, IT, anti-money laundering system, human resources, financial and actuarial, internal audit, and brand and corporate affairs, among others.

Others pertain to bank collection fees and charges, property insurance, membership fees, expenses for transportation, travel and business recovery expenses.

27. Income Taxes

The components of the Company's income tax expense in profit or loss are as follows:

	2023	2022
Regular corporate income tax	**P1,296,159**	P956,397
Final tax	**128,912**	106,469
Current tax expense	**1,425,071**	1,062,866
Deferred tax expense	**410,992**	191,933
	P1,836,063	P1,254,799

The reconciliation of the income tax expense computed at statutory tax rate to the income tax shown in profit or loss is as follows:

	2023	2022
Income before income tax expense	**P7,178,263**	P3,707,780
Income tax using the domestic corporation tax rate	**P1,794,566**	P 926,945
(Reductions in) additions to income tax resulting from:		
(Non-taxable gain) non-deductible loss on valuation of investments	**(175,225)**	317,373
Interest income subjected to final tax	**(32,931)**	(37,502)
Non-deductible expenses	**227,928**	44,849
Change in unamortized past service cost	**(3,505)**	(5,946)
(Non-taxable gain) non-deductible loss from disposal of investments	**2,717**	9,080
Others	**22,513**	-
	P1,836,063	P1,254,799

Deferred tax assets from previous years have been fully recognized in 2023 and 2022 as it was deemed probable that future taxable profit will be available against which the Company can utilize the benefits from.

Below is the movement of the deferred tax assets and deferred tax liability recognized as at December 31, 2023 and 2022.

2023

	Beginning Balance	Amount Charged to Profit or Loss	Amount Recognized in Other Comprehensive Income	Ending Balance
Retirement liability	**(P18,612)**	**P -**	**(P2,654)**	**(P21,266)**
Deferred acquisition costs	**(3,639,735)**	**(538,587)**	**-**	**(4,178,322)**
Accrued expenses	**775,783**	**147,752**	**-**	**923,535**
Agent's commission	**171,735**	**9,097**	**-**	**180,832**
Provident fund payable	**173,099**	**17,157**	**-**	**190,256**
Provision for impairment losses	**153,484**	**(7,087)**	**-**	**146,397**
IBNR	**69,358**	**(11,652)**	**-**	**57,706**
Remeasurement on life insurance reserve	**37,821**	**-**	**14,469**	**52,290**
PFRS 16-related expenses	**35,944**	**(29,634)**	**-**	**6,310**
Unamortized past service cost	**8,622**	**1,962**	**-**	**10,584**
Deferred tax liabilities - net	**(P2,232,501)**	**(P410,992)**	**P11,815**	**(P2,631,678)**

2022

	Beginning Balance	Amount Charged to Profit or Loss	Amount Recognized in Other Comprehensive Income	Ending Balance
Retirement liability	(P3,122)	P -	(P15,490)	(P18,612)
Deferred acquisition costs	(3,113,992)	(525,743)	-	(3,639,735)
Accrued expenses	675,195	100,588	-	775,783
Agent's commission	146,262	25,473	-	171,735
Provident fund	153,344	19,755	-	173,099
Provision for impairment losses	-	153,484	-	153,484
IBNR	39,823	29,535	-	69,358
Remeasurement on life insurance reserve	274,881	-	(237,060)	37,821
PFRS 16-related expenses	35,727	217	-	35,944
Unamortized past service cost	3,864	4,758	-	8,622
Deferred tax liabilities - net	(P1,788,018)	(P191,933)	(P252,550)	(P2,232,501)

In 2023 and 2022, the Company opted to claim itemized deductions in determining its tax expense.

The BIR has issued its RR No. 5-2022 to promulgate the implementation of the new income tax rates on the regular income of corporations, on certain passive incomes and additional allowable deductions of persons engaged in business or practice of profession as provided for in CREATE Law.

The enactment of the CREATE Law is a non-adjusting subsequent event in 2020 despite its effectivity date of July 1, 2020. Hence, the current and deferred income taxes as at December 31, 2020 are measured using the applicable income tax rates while the half-year impact in 2020 amounting to P85.90 million and P359.60 million in current and deferred taxes, respectively, were recognized prospectively in 2022.

Pursuant to Republic Act (RA) No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises (CREATE)" Act, the following changes in tax rates became effective on July 1, 2023 implemented through Revenue Memorandum Circular (RMC) 69-2023:

- Minimum corporate income tax (MCIT) rate is reverted to 2% of gross income which was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023
- Preferential income tax rate for proprietary educational institutions and hospitals which are nonprofit is reverted to 10% which was previously reduced from 10% to 1% effective July 1, 2020 to June 30, 2023

28. Related Party Transactions

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. The key management personnel (KMP) of the Company are also considered to be related parties.

The Company's KMP are composed of the senior management and directors.

The following are the significant related party transactions by the Company:

Category/Transaction	Year	*Note*	Amount of the Transaction	Due to Related Parties (Note 28)	Due from Related Parties (Note 16)	Investments in UITF (Note 8)	Investments in ASF (Note 16)	Terms	Conditions
Eastspring (Under Common Control)									
• Investment management	**2023**	*a*	**P250,243**	**P20,570**	**P -**	**P -**	**P -**	**30 days; noninterest - bearing**	**Unsecured**
	2022	*a*	326,353	79,228	-	-	-	30 days; noninterest -bearing	Unsecured
PSA (Under Common Control)									
• IT service costs	**2023**	*b*	**112,819**	**17,154**	**-**	**-**	**-**	**30 days; noninterest - bearing**	**Unsecured**
	2022	*b*	156,222	32,886	-	-	-	30 days; noninterest - bearing	Unsecured
Prudence Foundation Limited (Under Common Control)									
• Cost reimbursements	**2023**	*c*	**16,512**	**-**	**-**	**-**	**-**	**30 days; noninterest -bearing**	**Unsecured; not impaired**
	2022	*c*	7,412	7,412	-	-	-	30 days; noninterest -bearing	Unsecured; not impaired
PAMTC (Subsidiary)									
• Allocation of expenses	**2023**	*d*	**42,758**	**-**	**356**	**-**	**-**	**30 days; noninterest -bearing**	**Unsecured; not impaired**
	2022	*d*	46,352	-	39,904	-	-	30 days; noninterest -bearing	Unsecured; not impaired
• Shared service fee	**2023**	*d*	**4,327**	**-**	**-**	**-**	**-**	**30 days; noninterest-bearing**	**Unsecured; not impaired**
	2022	*d*	3,365	-	3,425	-	-	30 days; noninterest-bearing	Unsecured; not impaired
• Investments in PAMTC's UITFs	**2023**	*d, 8*	**8,475**	**-**	**-**		**-**	**Noninterest-bearing**	**Unsecured**
	2022	*d, 8*	(2,894)	-	-	376,611	-	Noninterest-bearing	Unsecured
• Investments in ASF	**2023**	*d, 15*	**52,138**	-	-	-	**-**	**Noninterest-bearing**	**Unsecured**
	2022	*d, 15*	76,427	-	-	-	644,237	Noninterest-bearing	Unsecured
• Investments management	**2023**	*d*	**9,371**	**-**	**-**	**-**	**-**	**Noninterest-bearing**	**Unsecured**
	2022	*d*	11,850	10,366	-	-	-	Noninterest-bearing	Unsecured
• Investments service fee	**2023**	*d*	**1,826**	**-**	**-**	**-**	**-**	**Noninterest-bearing**	**Unsecured**
	2022	*d*	-	-	-	-	-	Noninterest-bearing	Unsecured

Forward

Category/ Transaction	Year	Note	Amount of the Transaction	Due to Related Parties (Note 19)	Due from Related Parties (Note 15)	Investments in UITF (Note 8)	Investments in ASF (Note 15)	Terms	Conditions
PCHL or Prudential Corporation Holdings Limited (Parent)									
• Support services and allocation of expenses	**2023**	*e*	**P334,815**	**P93,076**	**P -**	**P -**	**P -**	**30 days; noninterest - bearing**	**Unsecured**
	2022	*e*	500,309	94,886	-	-	-	30 days; noninterest - bearing	Unsecured
PSS or Prudential Services Singapore Pte Ltd (Under Common Control)									
• IT security costs	**2023**	*f*	**P97,953**	**P39,720**	**P -**	**P -**	**P -**	**30 days; noninterest - bearing**	**Unsecured**
	2022	*f*	109,167	23,593	-	-	-	30 days; noninterest - bearing	Unsecured
PEPL or Pulse Ecosystem Private Limited (Under Common Control)									
• Cost reimbursements	**2023**	*g*	**751,344**	**752,592**	**-**	**-**	**-**	**30 days; noninterest - bearing**	**Unsecured**
	2022	*g*	493,516	489,813	-	-	-	30 days; noninterest - bearing	Unsecured
Singapore - PACS or Prudential Assurance Company Singapore Pte									
• Cost reimbursements	**2023**	*i*	**22,857**	**9,942**	**-**	**-**	**-**	**30 days; noninterest - bearing**	**Unsecured**
	2022	*i*	10,839	10,839	-	-	-	30 days; noninterest - bearing	Unsecured
TOTAL	**2023**		**P -**	**P933,054**	**P356**	**P-**	**P-**		
TOTAL	2022		P -	P668,393	P43,329	P376,611	P644,237		

Forward

Outstanding receivables from and payables to related parties which are expected to be settled in cash, are included under "Other assets" (see Note 16) and "Accounts payable, accrued expenses and other liabilities" (see Note 20) accounts, respectively.

a. In the normal course of business, the Company has an investment management services agreement with Eastspring, whereby the latter shall act as investment advisor to the Company on the management of both the Company's investments and the investment funds (see Note 11) in consideration for a quarterly service fee as may be mutually agreed upon on an annual basis.

b. The Company entered into a Service Level Agreement with PSA to provide infrastructure services aligned to agreed service hours and delivery performance targets. The services involve system availability and operation, service desk, network availability, back-up and recovery, change management, disaster recovery plans, system capacity, resource monitoring, among others. As at December 31, 2022, the Company has an outstanding payable to PSA amounting to 1.43 million which is presented as part of "Accrued expenses" in the separate statement of financial position.

c. Transactions with PFL pertain to advances made by the Company on behalf of PFL for activities related to corporate social responsibilities in the Philippines.

d. Transactions with PAMTC pertain to various advances made by the Company on behalf of PAMTC for the cost incurred during the set-up of the latter. The Company also entered into a Shared Services Agreement with PAMTC, whereby the Company shall outsource labor services to PAMTC in consideration for a monthly fee for the labor and overhead charges. Moreover, the Company entered into Fund Management agreements with PAMTC whereby PAMTC will manage some of the Company's investment funds as well as its agents' savings funds. The Company also invested in PAMTC's UITF.

   The Company also has a financial advisory/marketing services agreement with PAMTC, whereby the latter shall act as financial advisor to the Company by conducting industry briefings and seminars that will benefit the Company. As at December 31, 2022, the Company has an outstanding payable to PAMTC amounting to P=2.24 million which is presented as part of "Accrued expenses" in the separate statement of financial position.

e. These pertain to advances made by PCHL on behalf of the Company for the expenses covering software licenses and maintenance, training for regional agency leaders, agents' conference, among others. These are netted against the advances made by the Company on behalf of PCHL for the settlement of certain administration costs. Moreover, these also pertain to support services provided by PCHL to the Company related to insurance, regional partnership distribution, IT, anti-money laundering system, human resources, financial and actuarial, internal audit, and brand and corporate affairs, among others. As at

f. The Company entered into a Master Services Agreement with PSS whereby PSS will provide IT security services to the Company such as identity services & access management, data security, vulnerability management, cloud infrastructure security, network security, endpoint security, application security, cyber awareness and readiness, threat monitoring & response and emergency support. As at December 31, 2022, the Company has an outstanding payable to PCHL amounting to P15.93 million which is presented as part of "Accrued expenses" in the separate statement of financial position.

g. Transactions with PEPL pertain to charges incurred in building the health management app used by the Company as well advances made by PEPL on behalf of the Company. These are netted against the advances made by the Company on behalf of PEPL for the settlement of certain costs.

h. Transactions with PHKL pertain to advances made by the Company on behalf of PHKL.

i. Transactions with PACS pertain to advances made by the Company on behalf of PHKL

The entities from a to c and e to g above are wholly-owned subsidiaries of Prudential while PAMTC is wholly-owned by the Company.

Compensation of KMP

KMP are those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, including director, whether executive or otherwise, of the Company.

The KMP compensation is as follows:

	2023	2022
Short-term employee benefits	P187,919	P160,810
Post-employment benefits	8,462	8,462
	P196,705	P169,272

These expenses are recorded under “Salaries, allowances and employees’ benefits” in profit or loss.

Transactions with the DB plan

The DB plan is a related party. The plan does not hold shares in the Company and the only transaction with the plan relate to the contributions paid (see Note 25).

29. Leases

The Company leases its head office, branches and parking space. Information about leases for which the Company is a lessee is presented below.

Right-of-Use Assets

The roll forward analysis of right-of-use asset account follows:

	2023	2022
Cost		
Beginning balance	P1,398,595	P1,265,032
Additions	39,979	133,563
Ending balance	1,438,574	1,398,595
Accumulated Depreciation		
Beginning balance	975,038	732,029
Depreciation	178,494	243,009
Ending balance	1,153,532	975,038
Net book value	P285,042	P423,557

Lease Liability

The carrying amount of lease liability follows:

	2023	2022
Balance at January 1	P511,023	P634,939
Additions	39,979	133,563
Interest	30,600	44,454
Payments	(224,128)	(301,933)
Balance at December 31	P357,474	P511,023

The following are the amounts recognized in the statement of financial position:

	2023	2022
Current lease liabilities	P185,943	P175,741
Noncurrent lease liabilities	171,531	335,282
	P357,474	P511,023

	2023	2022
Depreciation expense of right-of-use assets	P178,494	P243,009
Expenses relating to short-term leases including VAT on lease payments	172,074	101,166
Interest expense related to lease liabilities	30,600	44,454
	P381,168	P388,629

The following are the amounts recognized in the statement of financial position:

	2023	2022
Within 1 year	P192,539	P226,009
After one year but not more than five years	179,853	465,849
	P372,392	P691,858

Extension Options

Extension options are included in the Company’s lease of its head office. On November 6, 2014, the Company entered into a lease contract with Mega World Corporation for office space at Uptown Bonifacio Tower 1 for a period of five (5) years commencing on September 15, 2015 subject to a 5.00% escalation effective on the third year of the lease term and compounded annually thereafter at the same rate. The lease contract was renewed on September 15, 2020 for a period of additional five (5) years.

The extension option of this lease is exercisable by the Company by notice to the lessor not later than 180 days prior to the expiration of the initial lease term.

Leases for branches are for a period of three (3) to five (5) years. None of the leases include contingent rentals and restrictions.

30. Equity

The details of this account are as follows:

	2023	2022
Authorized		
Par value per share	100	100
Number of shares	5,000,000	5,000,000
Issued and Outstanding		
Number of shares	5,000,000	5,000,000
Capital stock	500,000	500,000
Additional paid-in capital	462,000	462,000
Total paid-up capital	P962,000	P962,000

On May 22, 2023, the BOD of the Company declared cash dividends amounting to P1.6 billion which shall not be remitted earlier than May 30, 2023. In May 30, 2023, the declared cash dividends of P1.6 billion was paid to Prudential Corporation Holdings Limited. The Company submitted the corresponding post dividend distribution reportorial requirements to the IC on June 23, 2023.

On November 23, 2023, the BOD of the Company declared additional cash dividends amounting to P1.35 billion which shall not be remitted earlier than November 29, 2023. In November 29, 2023, the declared cash dividends of P1.35 billion was paid to Prudential Corporation Holdings Limited. The Company submitted the corresponding post dividend distribution reportorial requirements to the IC on December 27, 2023.

On May 20, 2022, the BOD of the Company declared cash dividends amounting to P940.00 million which shall not be remitted earlier than May 31, 2022. In May 31, 2022, the declared cash dividends of P940.00 million was paid along with the remaining P340.00 million cash dividends already declared in May 19, 2021 but not yet paid. The Company submitted the corresponding post dividend distribution reportorial requirements to the IC on June 27, 2022 and the contents of the submission were found to be in order by the IC in a letter dated January 6, 2022.

As at December 31, 2023, the Company’s unappropriated retained earnings of P19.24 billion is in excess of its paid-up capital of P962.00 million. However, the Company plans to use the excess retained earnings to comply with the increasing capital and new regulatory requirements by the IC, as well as the Company’s plan for new investment initiatives. The Company, being an insurance company, has special circumstances due to special reserve requirements of the IC, thus, exempted from prohibition of retaining surplus profits in excess of one hundred (100%) percent of paid-in capital stock, under Section 42 of the Revised Corporation Code of the Philippines. The exemption provision indicates that “when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is need for special reserve for probable contingencies.”

31. Contingent Liabilities

In the normal course of the Company’s operations, there are outstanding contingent liabilities which are not reflected in the separate financial statements. The management of the Company does not anticipate losses that will materially affect the separate financial statements as a result of these contingencies.

32. Maturity Profile of Assets and Liabilities

The following table presents all assets and liabilities as at December 31, 2023 and 2022 analyzed according to when they are expected to be recovered or settled (based on contractual maturity).

	2023			2022		
	Current	Non-current	Total	Current	Non-current	Total
Assets						
Cash and cash equivalents (Note 7)	**P3,168,423**	**P -**	**P3,168,423**	P5,930,837	P -	P5,930,837
Interest receivables	**134,883**	**-**	**134,883**	126,855	-	126,855
Investments (Note 8)	**12,806,297**	**-**	**12,806,297**	9,666,746	-	9,666,746
Investment in subsidiary (Note 9)	**-**	**-**	**-**	239,189	-	239,189
Asset held for sale (Note 9)	**194,984**	**-**	**194,984**	-	-	-
Premiums due from policyholders	**10,822**	**-**	**10,822**	8,716	-	8,716
Policy loans receivables - net (Note 10)	**296,098**	**-**	**296,098**	315,202	-	315,202
Coverage debt receivables - net (Note 12)	**1,200,455**	**-**	**1,200,455**	1,065,080	-	1,065,080
Reinsurance assets (Note 13)	**297,304**	**-**	**297,304**	134,179	-	134,179
Property and equipment - net (Note 14)	**-**	**415,753**	**415,753**	-	450,064	450,064
Right-of-use assets - net (Note 29)	**-**	**285,042**	**285,042**	-	423,557	423,557
Retirement assets - net	**-**	**71,553**	**71,553**	-	43,919	43,919
Deferred acquisition costs (Note 15)	**1,599,806**	**15,113,485**	**16,713,291**	1,511,532	13,047,407	14,558,939
Other assets - net (Note 16)	**3,073,451**	**801,398**	**3,874,849**	1,265,430	736,868	2,002,298
Assets held to cover linked liabilities (Note 11)	**120,398,874**	**-**	**120,398,874**	108,522,565	-	108,522,565
	P143,181,397	**P16,687,231**	**P159,867,628**	P128,786,331	P14,701,815	P143,488,146
Liabilities						
Legal policy reserves (Note 17)	**P39,490**	**P4,198,591**	**P4,238,081**	P61,190	P4,207,767	P4,268,957
Claims payable (Note 18)	**1,249,140**	**-**	**1,249,140**	1,320,050	-	1,320,050
Reinsurance payable (Note 19)	**164,159**	**-**	**164,159**	226,036	-	226,036
Deferred tax liabilities - net (Note 27)	**-**	**2,631,678**	**2,631,678**	-	2,232,501	2,232,501
Accounts payable, accrued expenses and other liabilities (Note 20)	**10,602,284**	**-**	**10,602,284**	8,542,427	-	8,542,427
Lease liabilities (Note 29)	**185,943**	**171,531**	**357,474**	175,741	335,282	511,023
Technical provisions for linked liabilities (Notes 11)	**120,398,874**	**-**	**120,398,874**	108,522,565	-	108,522,565
	P132,639,890	**P7,001,800**	**P139,641,690**	P118,848,009	P6,775,550	P125,623,559

33. Supplementary Information Required by the Bureau of Internal Revenue (BIR) based on Revenue Regulation No. 15-2010

In addition to the disclosures mandated under PFRSs, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the separate financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the notes to the separate financial statements which were prepared in accordance with PFRSs.

The following is the tax information required for the taxable year ended December 31, 2023 (expressed in whole amounts):

A. Value Added Tax

The details of the Company's output VAT declared in 2023 are as follows:

Other income - shared service fees	P289,204,521
Output VAT rate	12%
	P34,704,543

The Company does not have input VAT in 2023 since it does not have any transactions which are subject to input VAT.

B. Documentary Stamp Tax

The DST paid amounted to:

On life insurance policies and others	P40,584,594

C. Withholding Taxes

The amount of withholding taxes paid and accrued for the period 2023 amounted to:

Creditable withholding taxes	P781,236,562
Final withholding taxes	522,552,681
Tax on compensation and benefits	320,933,468
	P1,624,722,711

D. Taxes on Importation

The Company does not have any customs duties or tariff fees in 2023 since it does not have any importation.

E. Excise Tax

The Company does not have any excise tax in 2023 since it does not have any transactions which are subject to excise tax.

F. All Other Taxes (Local and National)

The details of the Company's paid local and national taxes in 2023 are as follows:

Premiums tax	P438,063,825
License and permit fees	62,348,202
Fringe benefits tax	11,992,634
Real estate taxes	188,157
	P512,592,818

The Company opted to present paid rather than the accrued amount for all other taxes.

G. Tax Assessments

The Company received Final Assessment Notices covering taxable years 2018 and 2019 on February 28, 2023 and December 21, 2023. These cases are considered closed as of December 31, 2023.

Combined Financial Statements

PRU LIFE INSURANCE CORPORATION OF U.K.
PRULINK OPERATED BY THE LINKED FUND

COMBINED FINANCIAL STATEMENTS
December 31, 2023 and 2022

Combined financial statements

INDEPENDENT AUDITOR'S REPORT

The Stockholders and Board of Directors
Pru Life Insurance Corporation of U.K.
9/F Uptown Place, Tower 1
1 East 11th Drive, Uptown Bonifacio
Taguig City 1634

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the combined financial statements of PRULink operated by the Linked Fund (the Funds) of Pru Life Insurance Corporation of U.K. (the Company), which comprise the combined statement of financial position as at December 31, 2023, combined statement of comprehensive income, combined statement of changes in net assets attributable to unitholders and combined statement of cash flows for the year ended December 31, 2023, and notes to the combined financial statements, including material accounting policy information.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the year ended December 31, 2023 in accordance with the basis of preparation as described in Note 2 to the combined financial statements.

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combined Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the combined financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the combined financial statements, which discusses the basis of preparation of the combined financial statements. Accordingly, the accompanying combined financial statements were prepared for the information and use of the management and Board of Directors of Pru Life Insurance Corporation of U.K. and for submission to the Insurance Commission. As a result, the combined financial statements may not be suitable for another purpose.

Other Matter

The combined financial statements of Funds for the year ended December 31, 2022 were audited by another auditor who expressed an unqualified opinion on April 25, 2023. We were not engaged to audit, review, or apply any procedure to the 2022 combined financial statements of the Funds, and accordingly, we do not express an opinion or any other form of assurance on the December 31, 2022 combined financial statements taken as a whole.

Responsibilities of Management and Those Charged with Governance for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the financial in accordance with the basis of preparation as described in Note 2 to the combined financial statements, and for such internal control as management determines is necessary to enable the preparation of the combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

SYCIP GORRES VELAYO & CO.

Juan Carlo Maminta

Juan Carlo B. Maminta
Partner
CPA Certificate No. 115260
Tax Identification No. 210-320-399
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-132-2023, September 12, 2023,
valid until September 11, 2026
PTR No. 10079968, January 6, 2024, Makati City

April 16, 2024

Combined financial statements

PRU LIFE INSURANCE CORPORATION OF U.K.

(A Wholly-owned Subsidiary of Prudential Corporation Holdings Limited)

COMBINED STATEMENTS OF ASSETS AND ACCOUNTABILITIES OF THE PRULINK OPERATED BY THE LINKED FUND AS AT DECEMBER 31, 2023 (Amounts in Thousands)

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Combined
ASSETS																	
Cash and cash equivalents *(Note 7)*	P36,584	P27,137	P48,529	P193,952	P973,741	P1,003	P14,279	P2,444	P3,671	P2,033	P71,531	P1,295	P12,161	P1,000	P7,585	P1,227,130	P3,624,075
Receivables *(Note 8)*	5,721	284,388	73,883	24,085	182,389	1,878	28,127	3,458	2,900	903	2,083,456	9	9,223	13,952	15,204	1,278,159	4,007,735
Investments at fair value through profit or loss *(Notes 5)*	5,111,067	18,559,868	4,382,411	18,359,616	72,033,526	482,280	16,378,970	353,623	821,920	714,497	12,026,426	116,665	1,323,707	1,744,673	784,545	4,382,934	157,576,728
	5,153,372	18,871,393	4,504,823	18,577,653	74,189,656	485,161	16,421,376	359,525	828,491	717,433	14,181,413	117,969	1,345,091	1,759,625	807,334	6,888,223	165,208,538
LIABILITIES																	
Liability to life fund and other linked funds	4,384	15,764,868	66,095	5,674	24,159,295	5,441	66,782	7,338	22,610	4,373	1,096,997	1,748	1,000	1,000	2,316	1,986	41,211,907
Accrued expenses	166	7,341	1,618	713	42,910	253	1,384	1,911	413	358	125,783	56	2,988	3,069	1,761	69,985	260,709
Trust fees and other payable	-	-	-	84,999	19,999	-	-	-	-	-	1,338,125	-	11,393	-	4,927	1,877,605	3,337,048
	4,550	15,772,209	67,713	91,386	24,222,204	5,694	68,166	9,249	23,023	4,731	2,560,905	1,804	15,381	4,069	9,004	1,949,576	44,809,664
NET ASSETS	P5,148,822	P3,099,184	P4,437,110	P18,486,267	P49,967,452	P479,467	P16,353,210	P350,276	P805,468	P712,702	P11,620,508	P116,165	P1,329,710	P1,755,556	P798,330	P4,938,647	P120,398,874

See Notes to the Combined Financial Statements.

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Combined financial statements

PRU LIFE INSURANCE CORPORATION OF U.K.

(A Wholly-owned Subsidiary of Prudential Corporation Holdings Limited)

COMBINED STATEMENTS OF ASSETS AND ACCOUNTABILITIES OF THE PRULINK OPERATED BY THE LINKED FUND AS AT DECEMBER 31, 2022 (Amounts in Thousands)

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navi-gator Fund	Cash Flow Fund Plus	Combined
ASSETS																	
Cash and cash equivalents *(Note 7)*	P78,986	P190,080	P62,696	P395,756	P3,036,722	P1,001	P485,768	P1,834	P1,633	P1,420	P721,791	P1,499	P7,604	P1,001	P7,434	P131,748	P5,126,973
Receivable *(Notes 8)*	3,628	165,333	80,767	34,343	464,771	45	6,740	714	3,458	2,181	18,535	1,330	10,769	15,961	10,912	350,844	1,170,331
Investments at fair value through profit or loss *(Notes 5)*	4,887,930	17,436,724	4,798,029	16,586,601	63,479,104	600,310	15,997,017	366,950	880,421	711,476	13,166,990	120,680	886,064	904,618	363,996	234,512	141,421,422
	4,970,544	17,792,137	4,941,492	17,016,700	66,980,597	601,356	16,489,525	369,498	885,512	715,077	13,907,316	123,509	904,437	921,580	382,342	717,104	147,718,726
LIABILITIES																	
Liability to life fund and other linked funds	27,008	14,871,535	9,862	1,000	22,612,415	1,142	15,101	1,894	2,817	2,880	1,509	1,272	1,000	1,000	1,000	986	37,552,421
Accrued expenses	141	5,893	1,596	652	33,686	66	1,432	2,461	1,828	1,458	139,157	52	2,022	1,561	816	106	192,927
Trust fees and other payable	20,400	-	-	156,500	345,783	-	156,000	67	98	247	588,801	1,095	9,790	-	8,770	163,262	1,450,813
	47,549	14,877,428	11,458	158,152	22,991,884	1,208	172,533	4,422	4,743	4,585	729,467	2,419	12,812	2,561	10,586	164,354	39,196,161
NET ASSETS	P4,922,995	P2,914,709	P4,930,034	P16,858,548	P43,988,713	P600,148	P16,316,992	P365,076	P880,769	P710,492	P13,177,849	P121,090	P891,625	P919,019	P371,756	P552,750	P108,522,565

See Notes to the Combined Financial Statements.

Combined financial statements

PRU LIFE INSURANCE CORPORATION OF U.K.

(A Wholly-owned Subsidiary of Prudential Corporation Holdings Limited)

COMBINED STATEMENTS OF PROFIT OR LOSS OF THE PRULINK OPERATED BY THE LINKED FUND FOR THE YEAR ENDED DECEMBER 31, 2023 (Amounts in Thousands)

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Combined
FUND INCOME																	
Unrealized appreciation (depreciation) of investment at fair value through profit or loss	P -	P877,833	P172,884	P -	P275,573	P13,415	P -	P31,755	P42,180	P72,195	P1,591,106	P9,756	P141,027	P17,144	P91,477	P258,565	P3,594,910
Interest income	659	964,931	223,740	3,522	93,071	7	1,684	-	-	-	3,228	-	18	7	17	2,119	1,293,003
Gain (loss) on sale of investment at fair value through profit or loss	-	(247,339)	(62,902)	-	(139,857)	6,682	-	8,744	21,766	26,969	(145,751)	446	514	2	276	(17,847)	(548,297)
Dividend income	-	-	-	-	2,180,301	-	-	-	-	-	7,112	-	-	-	-	4,862	2,192,275
Foreign exchange loss	-	-	(30,809)	-	-	-	-	(2,476)	(5,741)	(4,982)	(84,120)	(820)	-	-	-	(39,008)	(167,956)
Profit (loss) from interfund investments	269,180	(972,519)	-	340,215	(210,459)	-	573,583	-	-	-	-	-	-	-	-	-	-
	269,839	622,906	302,913	343,737	2,198,629	20,104	575,267	38,023	58,205	94,182	1,371,575	9,382	141,559	17,153	91,770	208,691	6,363,935
FUND EXPENSES																	
Management fees *(Note 6)*	5,777	279,124	71,742	25,635	1,691,864	2,236	56,649	6,387	17,794	14,570	262,810	2,321	24,024	22,629	12,802	43,627	2,539,991
Distribution expense	-	-	-	-	-	-	-	-	-	-	520,083	-	-	-	-	168,227	688,310
	5,777	279,124	71,742	25,635	1,691,864	2,236	56,649	6,387	17,794	14,570	782,893	2,321	24,024	22,629	12,802	211,854	3,228,301
Profit before tax	264,062	343,782	231,171	318,102	506,765	17,868	518,618	31,636	40,411	79,612	588,682	7,061	117,535	(5,476)	78,968	(3,163)	3,135,634
Final tax	132	144,933	38	704	18,614	1	337	-	-	-	2,013	-	4	1	3	120	166,900
NET FUND INCOME	P263,930	P198,849	P231,133	P317,398	P488,151	P17,867	P518,281	P31,636	P40,411	P79,612	P586,669	P7,061	P117,531	(P5,477)	P78,965	(P3,283)	P2,968,734

**The Funds has no other comprehensive income items*
See Notes to the Combined Financial Statements.

Combined financial statements

PRU LIFE INSURANCE CORPORATION OF U.K.
(A Wholly-owned Subsidiary of Prudential Corporation Holdings Limited)

COMBINED STATEMENTS OF PROFIT OR LOSS OF THE PRULINK OPERATED BY THE LINKED FUND FOR THE YEAR ENDED DECEMBER 31, 2022 (Amounts in Thousands)

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Combined
FUND INCOME																	
Unrealized appreciation (depreciation) of investment at fair value through profit or loss	P -	(P1,567,806)	(P1,071,072)	P -	(P2,595,264)	P5,714	P -	(P47,246)	(P86,088)	(P39,921)	(P1,513,090)	(P7,579)	(P100,018)	(P25,627)	(P25,574)	(P20,441)	(P7,094,012)
Interest income	423	908,008	234,769	2,091	20,022	1,695	2,268	-	-	-	1,443	-	3	1	2	17	1,170,742
Gain (loss) on sale of investment at fair value through profit or loss	-	(13,283)	(53,277)	-	(1,908,847)	950	-	4,762	20,677	17,945	(953,986)	(6,128)	1,390	(1,918)	(554)	(1,779)	(2,894,048)
Dividend income	-	-	-	-	1,320,654	-	-	-	-	-	5,572	-	-	-	-	-	1,326,226
Foreign exchange loss	-	-	414,628	-	-	-	-	31,458	75,241	60,811	1,184,738	10,422	1	-	-	20,004	1,797,303
Profit (loss) from interfund investments	(317,534)	954,872	-	(1,138,106)	1,630,018	-	(1,129,250)	-	-	-	-	-	-	-	-	-	-
	(317,111)	281,791	(474,952)	(1,136,015)	(1,533,417)	8,359	(1,126,982)	(11,026)	9,830	38,835	(1,275,324)	(3,285)	(98,624)	(27,544)	(26,126)	(2,199)	(5,693,789)
FUND EXPENSES																	
Management fees *(Note 6)*	6,454	284,614	82,458	26,684	1,526,609	2,531	63,441	6,926	19,164	14,922	275,288	2,346	16,606	11,143	6,130	142	2,345,458
Distribution expense	-	-	-	-	-	-	-	-	-	-	546,947	-	-	-	-	-	546,947
	6,454	284,614	82,458	26,684	1,526,609	2,531	63,441	6,926	19,164	14,922	822,235	2,346	16,606	11,143	6,130	142	2,892,405
Profit before tax	(323,565)	(2,823)	(557,410)	(1,162,699)	(3,060,026)	5,828	(1,190,423)	(17,952)	(9,334)	23,913	(2,097,558)	(5,631)	(115,230)	(38,687)	(32,256)	(2,341)	(8,586,194)
Final tax	84	178,855	14	417	4,004	489	453	-	-	-	1,463	-	1	-	-	4	185,784
NET FUND INCOME	(P323,649)	(P181,678)	(P557,424)	(P1,163,116)	(P3,064,030)	P5,339	(P1,190,876)	(P17,952)	(P9,334)	P23,913	(P2,099,021)	(P5,631)	(P115,231)	(P38,687)	(P32,256)	(P2,345)	(P8,771,978)

**The Funds has no other comprehensive income items*
See Notes to the Combined Financial Statements.

Combined financial statements

PRU LIFE INSURANCE CORPORATION OF U.K.

(A Wholly-owned Subsidiary of Prudential Corporation Holdings Limited)

COMBINED STATEMENTS OF CHANGES IN NET ASSETS OF THE PRULINK OPERATED BY THE LINKED FUND FOR THE YEAR ENDED DECEMBER 31, 2023 (Amounts in Thousands)

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Combined
Net assets at beginning of year	P4,922,995	P2,914,709	P4,930,034	P16,858,548	P43,988,713	P600,148	P16,316,992	P365,076	P880,769	P710,492	P13,177,849	P121,090	P891,625	P919,019	P371,756	P552,750	P108,522,565
Additions to the fund for creation of units	776,710	636,944	63,682	4,106,206	13,911,260	1,212	2,067,894	5,467	14,306	30,298	160,672	6,181	947,248	1,093,342	579,128	9,854,615	34,255,165
Withdrawals from the fund	(814,813)	(651,318)	(787,739)	(2,795,885)	(8,420,672)	(139,760)	(2,549,957)	(51,903)	(130,018)	(107,700)	(2,304,682)	(18,167)	(626,694)	(251,328)	(231,519)	(5,465,435)	(25,347,590)
Net additions (withdrawals) for creation of units	(38,103)	(14,374)	(724,057)	1,310,321	5,490,588	(138,548)	(482,063)	(46,436)	(115,712)	(77,402)	(2,144,010)	(11,986)	320,554	842,014	347,609	4,389,180	8,907,575
Net fund income (loss)	263,930	198,849	231,133	317,398	488,151	17,867	518,281	31,636	40,411	79,612	586,669	7,061	117,531	(5,477)	78,965	(3,283)	2,968,734
NET ASSETS AT END OF YEAR	P5,148,822	P3,099,184	P4,437,110	P18,486,267	P49,967,452	P479,467	P16,353,210	P350,276	P805,468	P712,702	P 11,620,508	P116,165	P1,329,710	P1,755,556	P798,330	P4,938,647	P120,398,874

**The Funds has no other comprehensive income items*
See Notes to the Combined Financial Statements.

Combined financial statements

PRU LIFE INSURANCE CORPORATION OF U.K.

(A Wholly-owned Subsidiary of Prudential Corporation Holdings Limited)

COMBINED STATEMENTS OF CHANGES IN NET ASSETS OF THE PRULINK OPERATED BY THE LINKED FUND FOR THE YEAR ENDED DECEMBER 31, 2022 (Amounts in Thousands)

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Combined
Net assets at beginning of year	P 5,335,701	P3,157,812	P5,945,995	P 16,370,203	P40,713,660	P273,688	P17,634,458	P412,452	P969,274	P722,927	P13,741,222	P118,124	P620,164	P444,424	P113,445	P -	P106,573,549
Additions to the fund for creation of units	531,913	392,793	65,896	3,887,840	13,076,702	344,927	2,068,963	4,886	34,624	47,768	2,459,942	16,097	681,218	678,731	340,399	618,849	25,251,548
Withdrawals from the fund	(620,970)	(454,218)	(524,433)	(2,236,379)	(6,737,619)	(23,806)	(2,195,553)	(34,310)	(113,795)	(84,116)	(924,294)	(7,500)	(294,526)	(165,449)	(49,832)	(63,754)	(14,530,554)
Net additions (withdrawals) for creation of units	(89,057)	(61,425)	(458,537)	1,651,461	6,339,083	321,121	(126,590)	(29,424)	(79,171)	(36,348)	1,535,648	8,597	386,692	513,282	290,567	555,095	10,720,994
Net fund income (loss)	(323,649)	(181,678)	(557,424)	(1,163,116)	(3,064,030)	5,339	(1,190,876)	(17,952)	(9,334)	23,913	(2,099,021)	(5,631)	(115,231)	(38,687)	(32,256)	(2,345)	(8,771,978)
NET ASSETS AT END OF YEAR	P4,922,995	P2,914,709	P4,930,034	P16,858,548	P43,988,713	P600,148	P16,316,992	P365,076	P880,769	P710,492	P 13,177,849	P121,090	P891,625	P 919,019	P 371,756	P 552,750	P108,522,565

**The Funds has no other comprehensive income items*
See Notes to the Combined Financial Statements.

Combined financial statements

PRU LIFE INSURANCE CORPORATION OF U.K.

(A Wholly-owned Subsidiary of Prudential Corporation Holdings Limited)

COMBINED STATEMENTS OF CASH FLOWS OF THE PRULINK OPERATED BY THE LINKED FUND FOR THE YEAR ENDED DECEMBER 31, 2023 (Amounts in Thousands)

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus*	Combined
CASH FLOWS FROM OPERATING ACTIVITIES																	
Profit before tax	P264,062	P343,782	P231,171	P318,102	P506,765	P17,868	P518,618	P31,636	P 40,411	P79,612	P588,682	P7,061	P117,535	(P5,476)	P78,968	(P3,163)	P3,135,634
Adjustments for:																	
Unrealized depreciation (appreciation) of investment at fair value through profit or loss	-	(877,833)	(172,884)	-	(275,573)	(13,415)	-	(31,755)	(42,180)	(72,195)	(1,591,106)	(9,756)	(141,027)	(17,144)	(91,477)	(258,565)	(3,549,910)
Interest income	(659)	(964,931)	(223,740)	(3,522)	(93,071)	(7)	(1,684)	-	-	-	(3,228)	-	(18)	(7)	(17)	(2,119)	(1,293,003)
Gain) loss on sale of investment at fair value through profit or loss	-	247,339	62,902	-	139,857	(6,682)	-	(8,744)	(21,766)	(26,969)	145,751	(446)	(514)	(2)	(276)	17,847	548,297
Dividend income	-	-	-		(2,180,301)	-	-	-	-	-	(7,112)	-	-	-	-	(4,862)	(2,192,275)
Unrealized foreign exchange loss	-	-	34,809	-	-	-	-	2,476	5,741	4,982	84,120	820	-	-	-	39,008	167,956
Profit (loss) from interfund investments	(269,180)	972,519	-	(340,215)	210,459	-	(573,583)	-	-	-	-	-	-	-	-	-	-
Operating loss before working capital changes	(5,777)	(279,124)	(71,742)	(25,635)	(1,691,864)	(2,236)	(56,649)	(6,387)	(17,794)	(14,570)	(782,893)	(2,321)	(24,024)	(22,629)	(12,802)	(211,854)	(3,228,301)
Changes in:																	
Receivable from life fund	(2,100)	(89,995)	-	10,224	363,157	(1,833)	(21,477)	(2,744)	558	1,278	(2,064,921)	1,321	1,546	2,009	(4,292)	(927,315)	(2,734,584)
Liability to life fund and other linked funds	(22,624)	893,333	56,233	4,674	1,546,880	4,299	51,681	5,444	19,793	1,493	1,095,488	476	-	-	1,316	1,000	3,659,486
Accrued expenses	25	1,448	22	61	9,224	187	(48)	(550)	(1,415)	(1,100)	(13,374)	4	966	1,508	945	69,879	67,782
Trade payable	(20,400)	-	-	(71,501)	(325,784)	-	(156,000)	(67)	(98)	(247)	749,324	(1,095)	1,603	-	(3,843)	1,714,343	1,886,235
	(50,876)	525,662	(15,487)	(82,177)	(98,387)	417	(182,493)	(4,304)	1,044	(13,146)	(1,016,376)	(1,615)	(19,909)	(19,112)	(18,676)	646,053	(349,382)
Payment of income tax	(132)	(144,933)	(38)	(704)	(18,614)	(1)	(337)	-	-	-	(2,013)	-	(4)	(1)	(3)	(120)	(166,900)
Net cash provided by (used in) operating activities	(51,008)	380,729	(15,525)	(82,881)	(117,001)	416	(182,830)	(4,304)	1,044	(13,146)	(1,018,389)	(1,615)	(19,913)	(19,113)	(18,679)	645,933	(516,282)

Forward

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	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus*	Combined
CASH FLOWS FROM INVESTING ACTIVITIES																	
Net (disposals) acquisitions of investments	46,043	(1,465,169)	495,129	(1,432,800)	(8,629,165)	138,127	191,630	51,367	116,731	91,175	2,502,297	13,405	(296,102)	(822,909)	(328,796)	(3,938,179)	(13,267,216)
Interest received	666	935,871	230,624	3,556	93,264	7	1,774	-	-	-	3,228	-	18	7	17	2,119	1,271,151
Dividends received	-	-	-	-	2,099,333	-	-	-	-	-	7,112	-	-	-	-	4,862	2,111,307
Net cash (used in) provided by investing activities	46,709	(529,298)	725,753	(1,429,244)	(6,436,568)	138,134	193,404	51,367	116,731	91,175	2,512,637	13,405	(296,084)	(822,902)	(328,779)	(3,931,198)	(9,884,758)
CASH FLOWS FROM FINANCING ACTIVITIES																	
Additions to the fund for creation of units	776,710	636,944	63,682	4,106,206	13,911,260	1,212	2,067,894	5,467	14,306	30,298	160,672	6,181	947,248	1,093,342	579,128	9,854,615	34,255,165
Withdrawals from the fund	(814,813)	(651,318)	(787,739)	(2,795,885)	(8,420,672)	(139,760)	(2,549,957)	(51,903)	(130,018)	(107,700)	(2,304,682)	(18,167)	(626,694)	(251,328)	(231,519)	(5,465,435)	(25,347,590)
Net cash (used in) provided by financing activities	(38,103)	(14,374)	(724,057)	1,310,321	5,490,588	(138,548)	(482,063)	(46,436)	(115,712)	(77,402)	(2,144,010)	(11,986)	320,554	842,014	347,609	4,389,180	8,907,575
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(42,402)	(162,943)	(13,829)	(201,804)	(1,062,981)	2	(471,489)	627	2,063	627	(649,762)	(196)	4,557	(1)	151	1,103,915	(1,493,465)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	-	-	(338)	-	-	-	-	(17)	(25)	(14)	(498)	(8)	-	-	-	(8,533)	(9,433)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	78,986	190,080	62,696	395,756	3,036,722	1,001	485,768	1,834	1,633	1,420	721,791	1,499	7,604	1,001	7,434	131,748	5,126,973
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	P36,584	P27,137	P48,529	P193,952	P1,973,741	P1,003	P14,279	P2,444	P3,671	P2,033	P71,531	P1,295	P12,161	P1,000	P7,585	P1,227,130	P3,624,075

**Insurance Commission approved the commercial operations of the fund on October 24, 2022 as disclosed in Note 1 to the Combined Financial Statements.*
See Notes to the Combined Financial Statements.

Combined financial statements

PRU LIFE INSURANCE CORPORATION OF U.K.
(A Wholly-owned Subsidiary of Prudential Corporation Holdings Limited)

COMBINED STATEMENTS OF CASH FLOWS OF THE PRULINK OPERATED BY THE LINKED FUND FOR THE YEAR ENDED DECEMBER 31, 2022 (Amounts in Thousands)

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus*	Combined
CASH FLOWS FROM OPERATING ACTIVITIES																	
Profit before tax	(P323,565)	(P2,823)	(P557,410)	(P1,162,699)	(P3,060,026)	P5,828	(P1,190,423)	(P17,952)	(P9,334)	P23,913	(P2,097,558)	(P5,631)	(P115,230)	(P38,687)	(P32,256)	(P2,341)	(P8,586,194)
Adjustments for:																	
Unrealized depreciation (appreciation) of investment at fair value through profit or loss	-	1,567,806	1,071,072	-	2,595,264	(5,714)	-	47,246	86,088	39,921	1,513,090	7,579	100,018	25,627	25,574	20,441	7,094,012
Interest income	(423)	(908,008)	(234,769)	(2,091)	(20,022)	(1,695)	(2,268)	-	-	-	(1,443)	-	(3)	(1)	(2)	(17)	(1,170,742)
Gain) loss on sale of investment at fair value through profit or loss	-	13,283	53,277	-	1,908,847	(950)	-	(4,762)	(20,677)	(17,945)	953,986	6,128	(1,390)	1,918	554	1,779	2,894,048
Dividend income	-	-	-	-	(1,320,654)	-	-	-	-	-	(5,572)	-	-	-	-	-	(1,326,226)
Unrealized foreign exchange loss	-	-	(414,628)	-	-	-	-	(38,458)	(75,241)	(60,811)	(1,148,738)	(10,422)	(1)	-	-	(20,004)	(1,797,303)
Profit (loss) from interfund investments	317,534	(954,872)	-	1,138,106	(1,630,018)	-	1,129,250	-	-	-	-	-	-	-	-	-	-
Operating loss before working capital changes	(6,454)	(284,614)	(82,458)	(26,684)	(1,526,609)	(2,531)	(63,441)	(6,926)	(19,164)	(14,922)	(822,235)	(2,346)	(16,606)	(11,143)	(6,130)	(142)	(2,892,405)
Changes in:																	
Receivable	1,752	(2,717)	3,405	(5,139)	(326,558)	(11)	(6,872)	(659)	(3,030)	(1,613)	103,851	(1,327)	7,012	(8,779)	(3,605)	(350,844)	(581,390)
Liability to life fund and other linked funds	21,531	(686,317)	1,572	-	(1,031,439)	(7,531)	2,581	773	1,598	1,152	448	145	-	-	-	986	(1,694,501)
Accrued expenses	93	3,598	880	458	20,626	44	930	36	1,665	1,337	(2,032)	33	1,908	808	796	106	31,286
Trade payable	20,400	(15,100)	-	126,500	(89,285)	-	156,000	67	(253)	(7)	376,092	1,095	(14,207)	-	(2,732)	163,261	721,831
	37,322	(985,150)	(76,601)	95,135	(2,953,265)	(10,029)	102,942	(6,709)	(19,184)	(14,053)	(343,876)	(2,400)	(21,893)	(19,114)	(11,671)	(186,633)	(4,415,179)
Payment of income tax	(84)	(178,855)	(14)	(417)	(4,004)	(489)	(453)	-	-	-	(1,463)	-	(1)	-	-	(4)	(185,784)
Net cash provided by (used in) operating activities	37,238	(1,164,005)	(76,615)	(94,718)	(2,957,269)	(10,518)	102,489	6,709	(19,184)	(14,053)	(345,339)	(2,400)	(21,894)	(19,114)	(11,671)	(186,637)	(4,600,963)

Forward

Combined financial statements

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus*	Combined
CASH FLOWS FROM INVESTING ACTIVITIES																	
Net (disposals) acquisitions of investments	115,975	358,495	344,955	(1,438,452)	(2,975,083)	(314,265)	452,799	36,062	98,486	50,261	(859,197)	(6,137)	(372,888)	(494,168)	(281,658)	(236,727)	(5,521,542)
Interest received	408	902,589	233,788	2,016	19,451	2,903	2,176	-	-	-	1,443	-	3	1	2	17	1,164,797
Dividends received	-	-	-	-	1,325,086	-	-	-	-	-	5,572	-	-	-	-	-	1,330,658
Net cash (used in) provided by investing activities	116,383	1,261,084	578,743	(1,436,436)	(1,630,546)	(311,362)	454,975	36,062	98,486	50,261	(852,182)	(6,137)	(372,885)	(494,167)	(281,656)	(236,710)	(3,326,087)
CASH FLOWS FROM FINANCING ACTIVITIES																	
Additions to the fund for creation of units	531,913	392,793	65,896	3,887,840	13,076,702	344,927	2,068,963	4,886	34,624	47,768	2,459,942	16,097	681,218	678,731	340,399	618,849	25,251,548
Withdrawals from the fund	(620,970)	(454,218)	(524,433)	(2,236,379)	(6,737,619)	(23,806)	(2,195,553)	(34,310)	(113,795)	(84,116)	(924,294)	(7,500)	(294,526)	(165,449)	(49,832)	(63,754)	(14,530,554)
Net cash (used in) provided by financing activities	(89,057)	(61,425)	(458,537)	1,651,461	6,339,083	321,121	(126,590)	(29,424)	(79,171)	(36,348)	1,535,648	8,597	386,692	513,282	290,567	555,095	10,720,994
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	64,564	35,654	43,591	309,743	1,751,268	(759)	430,874	(71)	131	(140)	338,127	60	(8,087)	1	(2,760)	131,748	3,093,944
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	-	-	5,347	-	-	-	-	156	141	122	61,570	127	-	-	-	-	67,463
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,422	154,426	13,758	86,013	1,285,454	1,760	54,894	1,749	1,361	1,438	322,094	1,312	15,691	1,000	10,194	-	1,965,566
CASH AND CASH EQUIVALENTS AT END OF YEAR	P78,986	P190,080	P62,696	P395,756	P3,036,722	P1,001	P485,768	P1,834	P1,633	P1,420	P721,791	P1,499	P7,604	P1,001	P7,434	P131,748	P5,126,973

**Insurance Commission approved the commercial operations of the fund on October 24, 2022 as disclosed in Note 1 to the Combined Financial Statements.*
See Notes to the Combined Financial Statements.

PRU LIFE INSURANCE CORPORATION OF U.K.
(A Wholly-owned Subsidiary of Prudential Corporation Holdings Limited)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF THE PRULINK OPERATED BY THE LINKED FUND
(Amounts in Thousands, except as indicated)

1. Organization and Business

Pru Life Insurance Corporation of U.K. (the Company) was incorporated in the Philippines on January 17, 1996, primarily to engage in the business of life insurance. On September 11, 2002, the Insurance Commission (IC) also approved the Company's license to sell variable or unit-linked life insurance contracts, an insurance policy either on a group or on an individual basis, which provides for benefits or other contractual payments or values there under that may vary so as to reflect investment results. The objective of Prulink (the Funds) is to provide policyholders with above average return over the medium and long-term period through both capital appreciation and income. Currently, there are sixteen funds available for investment, for which these combined financial statements have been prepared.

The Company is a wholly-owned subsidiary of Prudential Corporation Holdings Limited (Prudential). The Company's ultimate parent company is Prudential plc, an internationally diversified organization providing life insurance and fund management services worldwide.

The Funds is composed of the following:

a. Managed Fund - a fund which seeks to optimize medium- to long-term capital and income growth through investment in fixed-income securities, money market instruments and shares of stock listed in the Philippine Stock Exchange.

b. Bond Fund (Peso) - a fund which seeks to achieve an optimal level of income in the medium-term together with long-term capital growth through investments in fixed-income securities and money market instruments.

c. Bond Fund (Dollar) - a fund which seeks to achieve an optimal level of income in the medium-term together with long-term capital growth through investments in fixed-income securities denominated in US dollar (USD).

d. Growth Fund - a fund which seeks to optimize medium- to long-term capital and income growth, with an emphasis on strong capital growth, through a greater focus of investment in shares of stock listed in the Philippines. The Fund also invests in fixed-income securities and money market instruments.

e. Equity Fund - a fund which seeks to optimize medium- to long-term capital growth through investments in shares of stock listed in the Philippines.

f. Proactive Fund - a fund which seeks to optimize medium- to long-term capital and income growth with emphasis on dynamic asset allocation by fund managers through investment in fixed-income securities, money market instruments, and shares of stock listed in the Philippines.

g. Asian Local Bond Fund - a fund structured as a feeder fund which invests in the Eastspring Investments - Asian Local Bond Fund (EI-Asian Local Bond Fund). The EI-Asian Local Bond Fund invests in a diversified portfolio consisting primarily of fixed-income / debt securities issued by Asian entities or their subsidiaries. This Fund's portfolio primarily consists of securities denominated in the various Asian currencies and aims to maximize total returns through investing in fixed-income or debt securities that are rated as well as unrated.

h. Asia Pacific Equity Fund - a fund structured as a feeder fund which invests in the Eastspring Investments - Asia Pacific Equity Fund, which aims to maximize long-term total return by investing primarily in equity and equity-related securities of companies which are incorporated, listed in or have their area of primary activity in the Asia Pacific ex-Japan Region. This Fund may also invest in depository receipts including American Depositary Receipts and Global Depositary Receipts, debt securities convertible into common shares, preference shares and warrants.

i. Global Emerging Market Fund - a fund structured as a feeder fund which invests in the Eastspring Investments - Global Emerging Markets Dynamic Fund, which aims to generate long-term capital growth through a concentrated portfolio of equities, equity-related securities, and bonds. This Fund invests primarily in securities of companies which are incorporated, or listed in, or operating principally from, or carrying on significant business in, or derive substantial revenue from, or whose subsidiaries, related or associated corporations derive substantial revenue from the emerging markets worldwide. This Fund may also invest in depository receipts including American Depositary Receipts and Global Depositary Receipts, preference shares and warrants.

j. Cash Flow Fund - a fund which seeks to provide investors with regular payout by investing in a diversified portfolio consisting primarily of high-yield bonds and other fixed-income/debt securities denominated in USD, issued in the US market rated below BBB-, as well as fixed-income/debt securities issued by Asian entities or their subsidiaries. The Fund may, in addition, at the Fund Manager's discretion, invest up to 20% of its assets in dividend-yielding equities.

k. Asian Balanced Fund - a fund which aims to maximize total return in the medium- to long-term by primarily investing in equities/equity-related securities of companies, which are incorporated, listed in, or have their area of primary activity in the Asia-Pacific region (excluding Japan) as well as fixed-income/debt securities issued by Asian entities or their subsidiaries. The Fund is invested in three (3) USD denominated and Luxembourg-domiciled Asian SICAV funds of Eastspring Investments, namely, Asia Pacific Equity Fund, Asian Local Bond Fund, and Asian Bond Fund.

l. Global Market Navigator Fund - a peso-denominated multi-asset fund that aims to give better return potential by investing in a diversified pool of global assets, including equities, bonds, currencies, and cash.

m. Equity Index Tracker Fund - a fund which seeks to achieve investment returns that track the performance of the Philippine Stock Exchange Composite Index (PSEi) by investing in a diversified portfolio of stocks comprising the PSEi in the same weights as the index.

n. Global Equity Navigator Fund - this fund primarily aims to achieve a combination of income and capital growth over the medium-term through the implementation of an actively managed asset allocation strategy across equity markets globally. This fund will be peso-denominated and will be unhedged.

This will provide our local investors an additional option to access to global market while investing in Philippine Peso.

The Company submitted its application for the approval of the Global Equity Navigator Fund to IC on July 26, 2021 and was subsequently approved on August 6, 2021.

o. Money Market Fund - a fund which seeks to provide a stable return through investment in fixed-income instruments issued by the Philippine government and short-term instruments such as deposit placements.

p. Cash Flow Fund Plus - this fund seeks to provide a regular payout by investing in a diversified portfolio consisting primarily of high yield bonds and other fixed income/debt securities denominated in US dollars, issued in the US market rated below BBB- as well as fixed income/debt securities issued by Asian entities or their subsidiaries. The Fund may also invest up to 20% of its assets in global equities and other dividend-yielding assets.

Investment activities of all Funds, except for Managed Fund, Bond Fund (Peso), Growth Fund, Equity Fund, Equity Index Tracker Fund and Money Market Fund are managed by Eastspring Investments (Singapore) Limited (see Note 6), an entity under common control with the Company. In 2022, the Managed Fund, Bond Fund (Peso), Growth Fund, Equity Fund, Proactive Fund, Equity Index Tracker Fund and Money Market Fund were managed by Pru Life UK Asset Management and Trust Corporation (PAMTC) until October to November 2023, then the fund management of these funds are transferred to ATRAM Trust Corporation (see Note 6), a local independent asset and wealth management company starting November to December 2023. The valuation and unit pricing calculation of the Funds is done by Standard Chartered Bank (SCB) in accordance with the Prudential Corporation Asia (PCA) mandate.

On July 12, 2023, the Company received the approval letter from the IC about the transfer of Managed Fund, Bond Fund (Peso), Growth Fund, Equity Fund, and Proactive Fund from being managed by Eastspring Investments (Singapore) Limited to ATRAM Trust Corporation and in November 13, 2023, the Company received the approval letter from the IC about the transfer of Equity Index Tracker Fund and Money Market Fund from being managed by Pru Life UK Asset Management and Trust Corporation (PAMTC) to ATRAM Trust Corporation via the Investment Management Account (IMA) for professional fund management services.

The Company's registered address is located at the 9/F Uptown Place Tower 1, 1 East 11th Drive, Uptown Bonifacio, Taguig City 1634, Metro Manila, Philippines.

2. Basis of Preparation

Basis of Accounting
The combined financial statements have been prepared to present the combined statements of assets and accountabilities, combined statements of profit or loss, combined statements of changes in net assets and combined statements of cash flows of the Funds. The financial information used in presenting these combined financial statements is based on the combined financial statements of individual linked funds.

The accompanying combined financial statements were prepared for the information and use of the Board of Directors and management of Pru Life Insurance Corporation of U.K. and for submission to the Insurance Commission.

The combined financial statements of the Funds were authorized for issue by the Board of Directors (BOD) of the Company on April 16, 2024.

Basis of Measurement
The combined financial statements of the Funds have been prepared in accordance with the recognition, measurement and disclosure principles that are consistent with Philippine Financial Reporting Standards (PFRSs). The combined financial statements have been prepared on the historical cost basis, except for investments at fair value through profit or loss (FVPL) which are measured at fair value.

The Company's financial assets and liabilities are measured at fair value as of December 31, 2023 and 2022. For the purpose of the presentation of the combined financial statements, the Company's financial assets and financial liabilities are classified as current with maturity of within one year.

Basis of Combination
The combined financial statements are prepared for a group of commonly controlled entities. Where the entities have been under common control but do not form a legal group, the combined financial statements can be presented on a combined or aggregated basis. The fundamental difference between combined and consolidated financial statements is that there are no controlling financial interests present between or among the combined entities.

For the purpose of the combined financial statements, interfund transactions are not eliminated. The interfund investments under "Investments at FVPL" account not eliminated as at December 31 are as follows:

	2023	2022
Proactive Fund invested at Bond Fund (Peso) *(Note 5)*	**P7,931,920**	P7,818,208
Managed Fund invested at Bond Fund (Peso) *(Note 5)*	**4,121,036**	3,898,720
Growth Fund invested at Equity Fund *(Note 5)*	**14,654,212**	13,443,374
Proactive Fund invested at Equity Fund *(Note 5)*	**8,447,050**	8,178,809
Growth Fund invested at Bond Fund (Peso) *(Note 5)*	**3,705,404**	3,143,227
Managed Fund invested at Equity Fund *(Note 5)*	**990,031**	989,210
	P39,849,653	P37,471,548

The interfund liabilities taken up as part of "Liability to life fund and other linked funds" account not eliminated as at December 31 are as follows:

	2023	2022
Liability of Equity Fund to Growth Fund	**P7,931,920**	P13,443,374
Liability of Equity Fund to Proactive Fund	**4,121,036**	8,178,809
Liability of Bond Fund (Peso) to Proactive Fund	**14,654,212**	7,818,208
Liability of Bond Fund (Peso) to Managed Fund	**8,447,049**	3,898,720
Liability of Bond Fund (Peso) to Growth Fund	**3,705,404**	3,143,227
Liability of Equity Fund to Managed Fund	**990,031**	989,210
	P39,849,652	P37,471,548

Receivable from life fund pertains to the investment portion of the premiums received by the Company from unit-linked policyholders that has not yet been transferred to the Funds. The combined balance of "Receivable from life fund" account as presented in the combined statement of assets and accountabilities amounted to P719.18 million and P518.91 million as at December 31, 2023 and 2022, respectively (see Note 8).

Liability to life fund and other linked funds includes amount advanced by the Company to settle investment withdrawals and surrenders by unit-linked policyholders.

The combined balance of "Liability to life fund and other linked funds" as presented in the combined statement of assets and accountabilities amounted to P41.21 billion and P37.55 billion as at December 31, 2023 and 2022, respectively.

Functional and Presentation Currency
The combined financial statements are presented in Philippine peso, which is the Funds' functional currency. All financial information presented in Philippine peso have been rounded off to the nearest thousands (P000s), except when otherwise indicated. Transactions in foreign currencies pertain to foreign denominated cash and cash equivalents and acquisitions and disposals of financial assets at FVPL that are translated to the functional currency using the foreign currency exchange rate prevailing at the date of transaction. These cash and cash equivalents and financial assets at FVPL are translated to Philippine peso using the foreign currency closing exchange rate prevailing at the reporting date.

Use of Estimates and Judgments
The preparation of the combined financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the combined financial statements are described in Note 4.

3. Material Accounting Policy Information

The Funds consistently applied to the individual funds the following accounting policies to all periods presented in these combined financial statements. The amendments to standards effective 2023 are not applicable to the Funds' combined financial statements.

Changes in accounting policies and disclosures
The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new accounting pronouncements starting January 1, 2023. Adoption of these pronouncements did not have any significant impact on the Company's financial position or performance unless otherwise indicated.

- Amendments to PAS 1 and PFRS Practice Statement 2, Disclosure of Accounting Policies
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

Financial Instruments
Derivative Financial Assets
Derivative financial instruments are initially recognized at fair value on the date when the derivative contract is entered into and are subsequently remeasured at fair value. A derivative is reported as an asset when fair value is positive and as a liability when fair value is negative.

The Cash Flow Fund - Peso Hedged Share Class and Cash Flow Fund Plus – Peso Hedged Share Class hold derivative financial instrument to manage its foreign currency risk exposures through non-deliverable forward (NDF) contracts.

Non-derivative Financial Assets
The Funds initially recognizes loans and receivables on the date that they originated. All other financial assets, including assets designated at FVPL, are recognized initially on the trade date, which is the date that the Funds become a party to the contractual provisions of the instrument.

The Funds classifies non-derivative financial assets into the following categories: financial assets at FVPL, available-for-sale (AFS) financial assets, held-to-maturity (HTM) investments and loans and receivables.

As at December 31, 2023 and 2022, the Funds has no investments classified as AFS financial assets and HTM investments.

a. Financial assets at FVPL

A financial asset is classified at FVPL if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated at FVPL if the Funds manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Funds' documented risk management or investment strategy. Attributable transaction costs are recognized in combined statements of changes in net assets as incurred. Financial assets at FVPL are measured at fair value and changes therein, which takes into account any dividend income, are recognized in combined statements of changes in net assets.

The Funds' held for trading account consists of traded government and corporate debt securities, equity securities listed in the Philippine Stock Exchange (PSE) and investments in mutual funds. These financial assets are measured at fair value and changes therein are recognized in the combined statements of changes in net assets. Investments at FVPL amounted to P157.58 billion and P141.42 billion as at December 31, 2023 and 2022, respectively (see Note 5).

The fair value for financial instruments traded in active markets at each reporting date is based on the quoted market price, dealer price quotations or net asset value of these financial assets, without any deduction for transaction costs.

b. Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Funds' combined financial assets classified as loans and receivables comprise cash and cash equivalents, interest receivables and receivable from life fund and other assets. As at December 31, 2023 and 2022, the Funds' combined loans and receivables amounted to P7.63 billion and P6.30 billion, respectively (see Note 8).

Cash and cash equivalents comprise cash balances and all deposits with maturities of three (3) months or less from the acquisition date that are subject to an insignificant risk of changes in value and are used by the Funds in the management of its short-term commitments.

Impairment
Non-derivative financial assets
A financial asset not classified at FVPL is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as

a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that the financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Funds on terms that the Funds would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Financial assets measured at amortized cost
The Funds considers evidence of impairment for financial assets measured at amortized cost at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Financial assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Funds uses historical trends of the probability of default, the timing of recoveries and the amount of the loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.
An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in the combined statement of changes in net assets and reflected in an allowance account against financial assets measured at amortized cost. Interest on the impaired asset continues to be recognized. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the combined statement of changes in net assets to the extent that the resulting carrying value of the financial asset does not exceed its carrying amount had no impairment loss has been recognized.

Offsetting of Financial Instruments
Financial assets and liabilities are offset and the net amount presented in the combined statement of net assets and accountabilities when, and only when, the Funds currently has an enforceable legal right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under PFRSs, such as in the case of any realized gains or losses arising from the Funds' trading activities.

Derecognition of Financial Assets
The Funds derecognizes a financial asset (or, where a part of a financial asset or part of a group of similar financial assets) when:

- the right to receive cash flows from the asset has expired;
- the Funds retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or
- the Funds has transferred its right to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Funds has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor is transferred control of the asset, the asset recognized to the extent of the Funds continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Funds could be required to pay.

Non-derivative financial liabilities
Financial liabilities are recognized when, and only when, the Funds becomes a party to the contractual provisions of the financial instrument. The Funds determines the classification of financial liabilities at initial recognition.

The Funds initially recognizes financial liabilities on the date they are originated. Financial liabilities are initially recognized at fair value plus transaction costs for all financial liabilities not carried at FVPL.

The Funds classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.
The Funds' other financial liabilities comprise of liability to life fund and other linked funds, accrued expenses and trade payable. As at December 31, 2023 and 2022, the Funds' other financial liabilities amounted to P44.81 billion and P39.20 billion, respectively (see Note 8).

Derecognition of Financial Liabilities
The Funds derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Revenue Recognition
Under PFRS 15, *Revenue from Contracts with Customers* revenue is measured based on the consideration in a contract with customer. The Company has no revenue accounted under PFRS 15.

Revenue out of scope of PFRS 15
Investment Income
Investment income consists of fair value changes of investments at FVPL, interest income from all interest-bearing investments, dividend income from stock investments and gain (loss) on sale of investment at FVPL.

Interest income for all interest-bearing financial instruments, including financial assets at FVPL, is recognized in the combined statement of changes in net assets using the effective interest method.

Gain (loss) on sale of investment at FVPL is recognized upon sale of investments when the consideration received is higher or lower than the recorded cost of the investments.

Dividend income for stock investments is recognized in the combined statements of changes in net assets when the right to receive payment is established.

Profit (loss) from interfund investments
Profit (loss) from interfund investments consists of fair value changes and realized gain or loss from interfund investments.

Determining whether the funds is acting as principal or an agent
The Funds assesses its revenue arrangements against the following criteria to determine whether it is acting as a principal or agent:

- whether the Funds has primary responsibility for providing the services; and
- whether the Funds has discretion in establishing prices;

If the Funds has determined it is acting as a principal, the Funds recognizes revenue on gross basis with the amount remitted to the other party being accounted as part of cost and expenses. If the Funds has determined it is acting as an agent, only the net amount retained is recognized as revenue.

The Funds has determined it is acting as principal in its revenue arrangements.

Expense Recognition
All expenses, including management fees and distribution expenses are recognized when incurred.

Taxation
Dividend and interest income received by the Funds may be subject to withholding tax imposed in the country of origin. Interest income from interest-bearing investments is recorded gross of final tax.

Contingencies
Contingent liabilities are not recognized in the combined financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the combined financial statements but are disclosed when an inflow of economic benefits is probable.

In cases where disclosure of some or all of the information relating to the provisions, contingent assets and contingent liabilities can be expected to prejudice the position of the Company, the Company discusses only the general information regarding the nature of the provision, contingent assets or contingent liabilities, as allowed by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets.*

Events After the Reporting Date
Post year-end events that provide additional information about the Funds' financial position at the reporting date (adjusting events) are reflected in the combined financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the combined financial statements when material.

New Standards and Amendments to Standards Not Yet Adopted
A number of new and amendments to standards are effective for annual periods beginning after January 1, 2022. However, the Funds has not applied these new standards and amendments to standards in preparing these combined financial statements. The Company is currently assessing the potential impact of these on its combined financial statements.

To be Adopted January 1, 2025

- PFRS 17, Insurance Contracts

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation of and disclosure. Once effective, PFRS 17 will replace PFRS 4, Insurance Contracts. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance revenue) separately from and re-insurance finance income or expenses; and

  requires an entity to make an accounting policy choice portfolio-by-portfolio of whether), regardless of the type of entities that issue them, as well as to recognize all insurance finance income or expenses for the reporting period in profit or loss or to recognize some of that income or expenses in other comprehensive income.

  Under PFRS 17, groups of insurance contracts are measured based on fulfilment cash flows, which represent the risk-adjusted present value of the entity's rightscertain guarantees and obligations to the policy holders, and a contractual service margin, which represents the unearned profit the entity will recognize as it provides services over the coverage period. Subsequent to initial recognition, the liability of a group of insurance contracts represents the liability for remaining coverage and the liability for incurred claims, with the fulfilment cash flows remeasured at each reporting date to reflect current estimates.

  Simplifications or modifications to the general measurement model apply to groups of insurance contracts measured using the 'premium allocation approach', investment contractsfinancial instruments with discretionary participation features, and reinsurance contracts held.. A few scope exceptions will apply.

  PFRS 17 brings greater comparability and transparency about the profitability of new and in-force business and gives users of financial statements more insight into an insurer's financial health. Separate presentation of underwriting and financial results will give added transparency about the sources of profits and quality of earnings.

PFRS 17 is effective for annual The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The core of PFRS 17 is the general model, which is based on the following building blocks for each group of insurance contracts: (a) fulfilment cash flows and (b) a contractual service margin or CSM (i.e., unearned profit). This is supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the Financial and Sustainability Reporting Standards Council (FSRSC) amended the mandatory effective date of PFRS 17 in the Philippines from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025. Full, with full retrospective application from the transition date is required, unless. The transition date is the beginning of the annual reporting period immediately preceding the date of initial application. If it is impracticable, in which case the entity chooses to apply PFRS 17 retrospectively for a group of insurance contracts, the Company must apply either the modified retrospective approach or the fair value approach. However, if the entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it applies the fair value approach. Early application is permitted for entities that apply PFRS 9 Financial Instruments on or before the date of initial application of PFRS 17.

Impact assessment
The Company willdoes not intend to early adopt PFRS 17 in 2023 to be consistent with the adoption of Prudential. The Company expected thatcontinues its assessment of the implications of this standard and expects that it will have noa significant impact on its the Company's combined financial statements as the requirements of the new standard are complex and requires application of significant judgments and estimates. Specifically, the establishment of CSM (or the unearned profits) on in-force insurance contracts will result in adjustments in insurance contract liabilities and corresponding movements in equity upon transition.

Subsequently, the Company expects changes in the timing and recognition of the profits via amortization of the CSM into income as services are provided. The Company is continuously assessing the potential impact of all other changes including accounting policy choices available under PFRS 17 on how insurance contract liabilities are measured and the impact on presentation and disclosure of the financial results in the combined financial statements.
The adoption of PFRS 17 requires significant changes to the Company's accounting and reporting processes. To ensure readiness, the Company has invested on financial and actuarial technology platforms that will enhance data capture, improve actuarial models and assumptions, among others and subsequently, produce management information for financial planning and enhance business and strategic analyses.

The Company has established a transition program for PFRS 17 and has dedicated significant resources to execute and oversee the plan to manage operational, regulatory, and business and strategic risks associated with the implementation of this standard.

A reliable estimate of the impact to the Company's combined financial statements arising from the initial application of PFRS 17 is not yet available as implementation is still in progress which includes enhancements to the Company's actuarial and accounting systems and updating of the accounting manual and operating controls.

- PFRS 9, *Financial Instruments*

PFRS 9 (2014). PFRS 9 (2014) replaces Philippine Accounting Standard (PAS) 39 and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

Applying PFRS 9 with PFRS 4 *Insurance Contracts* (Amendments to PFRS 4) provide a temporary exemption from PFRS 9, where an entity is permitted to defer application of PFRS 9 in 2018 and continue to apply PAS 39 if it has not applied PFRS 9 before and its activities are predominantly connected with insurance. The Company is permitted to apply the temporary exemption for annual reporting periods beginning before January 1, 2023. Accordingly, the Funds availed the temporary exemption and deferred application of PFRS 9.

- *Classification of Liabilities as Current or Non-current - 2020 amendments and Non-Current Liabilities with Covenants - 2022 amendments (Amendments to PAS 1, Presentation of Financial Statements.*

To promote consistency in application and clarify the requirements on determining whether a liability is current or non-current, the amendments:

- removed the requirement for a right to defer settlement of a liability for at least 12 months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
- clarified that a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024 with earlier application is permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

4. Use of Estimates and Judgments

The Funds makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Funds' accounting policies, management has made the following judgments, apart from those involving estimation, which has the most significant effects or amounts recognize in the combined financial statements.

(a) *Classifying financial Instruments*

The Funds exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset or liability. The substance of a financial instrument, rather than its legal form, governs its classification in the separate statement of financial position. In addition, the Funds classifies assets by evaluating among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether the quoted prices are readily and regularly available and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

As at December 31, 2023 and 2022, the Funds classified its financial instruments as financial instruments at FVPL, loans and receivables, and other financial liabilities.

(b) *Determination of functional currency*

Based on the economic substance of the underlying circumstance relevant to the Funds, the functional currency of the Funds has been determined to be the Philippine peso. The Philippine peso is the currency of the primary economic environment in which the Funds operates. It is the currency that mainly influences the income and costs arising from the Funds' operations.

Estimates
Fair value estimation
The fair value of financial instruments traded in active markets (such as investments at FVPL) is based on quoted market prices or quoted prices for similar assets or liabilities at the reporting date. If the financial instrument is not traded in an active market, the fair value is determined using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by management. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair values of financial instruments.

As at December 31, 2023 and 2022, the Funds' financial instruments carried at fair value are classified as Level 1 and Level 2 in the fair value hierarchy.

5. Investments at Fair Value through Profit or Loss

This account as at December 31 consists of:

	2023																
	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Combined
Investments in shares of stocks	P -	P -	P -	P -	P70,297,084	P -	P -	P -	P661,157	P509,896	P276,802	P58,498	P1,203,627	P1,729,017	P714,670	P510,278	P75,961,029
Accumulated fair value gain (loss)	-	-	-	-	1,736,442	-	-	-	160,763	204,601	25,799	4,391	120,080	15,656	69,875	34,458	2,372,065
	-	-	-	-	72,033,526	-	-	-	821,920	714,497	302,601	62,889	1,323,707	1,744,673	784,545	544,736	78,333,094
Investments in bond funds	3,132,958	-	-	3,517,952	-	-	7,253,988	-	-	-	-	-	-	-	-	-	13,904,898
Accumulated fair value gain (loss)	988,078	-	-	187,452	-	-	677,932	-	-	-	-	-	-	-	-	-	1,853,462
	4,121,036	-	-	3,705,404	-	-	7,931,920	-	-	-	-	-	-	-	-	-	15,758,360
Investments in equity funds	989,742	-	-	14,408,510	-	-	8,684,592	-	-	-	-	-	-	-	-	-	24,082,844
Accumulated fair value gain (loss)	289	-	-	245,702	-	-	(237,542)	-	-	-	-	-	-	-	-	-	8,449
	990,031	-	-	14,654,212	-	-	8,447,050	-	-	-	-	-	-	-	-	-	24,091,293
Investments in debt securities	-	18,996,852	5,000,036	-	-	462,722	-	282,502	-	-	10,926,972	51,450	-	-	-	3,649,715	39,370,249
Accumulated fair value gain (loss)	-	(436,984)	(617,625)	-	-	19,558	-	71,121	-	-	758,187	2,326	-	-	-	174,053	(29,364)
	-	18,559,868	4,382,411	-	-	482,280	-	353,623	-	-	11,685,159	53,776	-	-	-	3,823,768	39,340,885
Accumulated fair value gain-NDF	-	-	-	-	-	-	-	-	-	-	38,666	-	-	-	-	14,430	53,096
	P5,111,067	P18,559,868	P4,382,411	P18,359,616	P72,033,526	P482,280	P16,378,970	P353,623	P821,920	P714,497	P12,026,426	P116,665	P1,323,707	P1,744,673	P784,545	P4,382,934	P157,576,728

Combined financial statements

	2022																
	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Combined
Investments in shares of stocks	P -	P -	P -	P -	P62,018,235	P -	P -	P -	P761,356	P578,073	P224,642	P64,447	P907,011	P906,106	P385,599	P31,439	P65,876,908
Accumulated fair value gain (loss)	-	-	-	-	1,460,869	-	-	-	119,065	133,403	136,850	991	(20,947)	(1,488)	(21,603)	(5,245)	1,801,895
	-	-	-	-	63,479,104	-	-	-	880,421	711,476	361,492	65,438	886,064	904,618	363,996	26,194	67,678,803
Investments in bond funds	3,121,336	-	-	3,152,371	-	-	7,561,390	-	-	-	-	-	-	-	-	-	13,835,097
Accumulated fair value gain (loss)	777,384	-	-	(9,144)	-	-	256,818	-	-	-	-	-	-	-	-	-	1,025,058
	3,898,720	-	-	3,143,227	-	-	7,818,208	-	-	-	-	-	-	-	-	-	14,860,155
Investments in equity funds	997,862	-	-	13,315,322	-	-	8,529,615	-	-	-	-	-	-	-	-	-	22,842,799
Accumulated fair value gain (loss)	(8,652)	-	-	128,052	-	-	(350,806)	-	-	-	-	-	-	-	-	-	(231,406)
	989,210	-	-	13,443,374	-	-	8,178,809	-	-	-	-	-	-	-	-	-	22,611,393
Investments in debt securities	-	18,751,540	5,597,291	-	-	594,166	-	327,357	-	-	13,723,068	59,308	-	-	-	203,509	39,256,239
Accumulated fair value gain (loss)	-	(1,314,816)	(799,262)	-	-	6,144	-	39,593	-	-	(959,167)	(4,066)	-	-	-	3,881	(3,027,693)
	-	17,436,724	4,798,029	-	-	600,310	-	366,950	-	-	12,763,901	55,242	-	-	-	207,390	36,228,546
Accumulated fair value gain-NDF	-	-	-	-	-	-	-	-	-	-	41,597	-	-	-	-	928	42,525
	P4,887,930	P17,436,724	P4,798,029	P16,586,601	P63,479,104	P600,310	P15,997,017	P366,950	P880,421	P711,476	P13,166,990	P120,680	P886,064	P904,618	P363,996	P234,512	P141,421,422

Interest rates for the years ended December 31, 2023 and 2022 ranges from nil to 9.5% and nil to 13.0%, respectively.

Total interest earned recognized in profit or loss for the years ended December 31, 2023 and 2022 amounted to P1.19 billion and P1.14 billion, respectively.

6. Management Fees

Management fees are charged against the daily net asset value of the investment account of the policyholders based on the following rates per annum as specified in the policy contract:

	2023	2022
Managed Fund	**1.79%**	1.79%
Bond Fund (Peso)	**1.53%**	1.53%
Bond Fund (Dollar)	**1.53%**	1.53%
Growth Fund	**2.25%**	2.25%
Equity Fund	**2.25%**	2.25%
Proactive Fund	**2.25%**	2.25%
Money Market Fund	**0.50%**	0.50%
Asian Local Bond Fund	**1.80%**	1.80%
Asia Pacific Equity Fund	**2.05%**	2.05%
Global Emerging Market Fund	**2.05%**	2.05%
Cash Flow Fund	**1.95%**	1.95%
Asian Balanced Fund	**1.95%**	1.95%
Global Market Navigator Fund	**2.25%**	2.25%
Equity Index Tracker Fund	**1.75%**	1.75%
Global Equity Navigator Fund	**2.25%**	2.25%
Cash Flow Fund Plus	**1.95%**	-

The management fees are as follows:

	2023	2022
Managed Fund	**P5,777**	P6,454
Bond Fund (Peso)	**279,124**	284,614
Bond Fund (Dollar)	**71,742**	82,458
Growth Fund	**25,635**	26,684
Equity Fund	**1,691,864**	1,526,609
Proactive Fund	**2,236**	2,531
Money Market Fund	**56,649**	63,441
Asian Local Bond Fund	**6,387**	6,926
Asia Pacific Equity Fund	**17,794**	19,164
Global Emerging Market Fund	**14,570**	14,922
Cash Flow Fund	**262,810**	275,288
Asian Balanced Fund	**2,321**	2,346
Global Market Navigator Fund	**24,024**	16,606
Equity Index Tracker Fund	**22,629**	11,143
Global Equity Navigator Fund	**12,802**	6,130
Cash Flow Fund Plus	**43,627**	142
	P2,539,991	P2,345,458

Combined financial statements

7. Cash and Cash Equivalents

This account consists of:

2023	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Combined
Cash in banks	**P1,251**	**P1,152**	**P32,041**	**P1,252**	**P1,259**	**P1,003**	**P1,250**	**P2,444**	**P3,671**	**P2,033**	**P71,531**	**P1,295**	**P12,161**	**P1,000**	**P7,585**	**P1,227,130**	**P1,368,058**
Short-term placements	**35,333**	**25,985**	**16,488**	**192,700**	**1,972,482**	**-**	**13,029**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,256,017**
	P36,584	**P27,137**	**P48,529**	**P193,952**	**P1,973,741**	**P1,003**	**P14,279**	**P2,444**	**P3,671**	**P2,033**	**P71,531**	**P1,295**	**P12,161**	**P1,000**	**P7,585**	**P1,227,130**	**P3,624,075**

2022	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Combined
Cash in banks	P1,251	P1,151	P30,714	P1,422	P1,251	P1,001	P1,817	P1,834	P1,633	P1,420	P721,791	P1,499	P7,604	P1,001	P7,434	P131,748	P914,571
Short-term placements	77,735	188,929	31,982	394,334	3,035,471	-	483,951	-	-	-	-	-	-	-	-	-	4,212,402
	P78,986	P190,080	P62,696	P395,756	P3,036,722	P1,001	P485,768	P1,834	P1,633	P1,420	P721,791	P1,499	P7,604	P1,001	P7,434	P131,748	P5,126,973

Cash in banks earns interest at the prevailing bank deposit rates ranging from 0.75% to 2.80% and 0.44% to 2.80% per annum in 2023 and 2022, respectively. Short-term placements are Philippine peso and U.S. dollar time deposits with various financial institutions with maturities ranging from overnight to ninety days and interest ranging from 2.80% to 3.70% and 0.30% to 3.10% per annum in 2023 and 2022, respectively.

Interest income follow:

2023	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Combined
Cash in banks	**P7**	**P10**	**P8**	**P8**	**P1,022**	**P7**	**P7**	**P -**	**P -**	**P -**	**P1,177**	**P -**	**P18**	**P7**	**P17**	**P598**	**P2,886**
Short-term placements	**652**	**3,104**	**464**	**3,514**	**92,049**	**-**	**1,677**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**101,460**
	P659	**P3,114**	**P472**	**P3,522**	**P93,071**	**P7**	**P1,684**	**P -**	**P -**	**P -**	**P1,177**	**P -**	**P18**	**P7**	**P17**	**P598**	**P104,346**

2022	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Combined
Cash in banks	P1	P1	P68	P1	P1	P4	P1	P -	P -	P -	347	P -	P3	P1	P2	P17	P447
Short-term placements	422	1,113	47	2,090	20,021	33	2,266	-	-	-	-	-	-	-	-	-	25,992
	P423	P1,114	P115	P2,091	P20,022	P37	P2,267	P -	P -	P -	P347	P -	P3	P1	P2	P17	P26,439

8. Receivables

As at December 31, the Funds' number of units issued are as follows:

	2023																
	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Combined
Trade receivables	P -	P85,000	P -	P -	P -	P1,878	P20,000	P3,458	P2,785	P903	P835,416	P -	P -	P2,315	P1,316	P -	P953,071
Margin collateral receivable	-	-	-	-	-	-	-	-	-	-	1,248,040	-	-	-	-	467,323	1,715,363
Receivable from life fund	5,713	8,903	-	24,044	81,559	-	8,125	-	115	-	-	9	6,236	11,637	13,888	558,947	719,176
Interest receivable	8	190,485	73,883	41	100,830	-	2	-	-	-	-	-	-	-	-	-	365,249
Other receivables	-	-	-	-	-	-	-	-	-	-	-	-	2,987	-	-	251,889	254,876
	P5,721	P284,388	P73,883	P24,085	P182,389	P1,878	P28,127	P3,458	P2,900	P903	P2,083,456	P9	P9,223	P13,952	P15,204	P1,278,159	P4,007,735

	2022																
	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Combined
Trade receivables	P -	P -	P -	P -	P335,755	P45	P -	P714	P2,917	P1,355	P -	P1,329	P1,840	P1,214	P781	P2,788	P348,738
Margin collateral receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivable from life fund	3,613	3,908	-	34,268	108,961	-	6,648	-	541	826	17,512	1	5,699	14,747	7,768	314,414	518,906
Interest receivable	15	161,425	80,767	75	20,055		92										262,429
Other receivables	-	-	-	-	-	-	-	-	-	-	1,023	-	3,230	-	2,363	33,642	40,258
	P3,628	P165,333	P80,767	P34,343	P464,771	P45	P6,740	P714	P3,458	P2,181	P18,535	P1,330	P10,769	P15,961	P10,912	P350,844	P1,170,331

The Company has entered into collateral arrangements in relation to its derivative transactions, which permit sale or re-pledging of underlying collateral presented as 'Margin collateral receivable' under 'Receivables' in the statement of financial position.

9. Number of Units and Unit Prices

As at December 31, the Funds' number of units issued are as follows:

	2023	2022
Managed Fund	1,540,694	1,552,537
Bond Fund (Peso)	1,055,631	1,060,863
Growth Fund	5,208,429	4,835,265
Equity Fund	25,563,844	22,731,636
Proactive Fund	7,786,085	8,020,306
Money Market Fund	406,858	530,270
Global Market Navigator Fund	1,195,432	889,041
Equity Index Tracker Fund	1,569,209	814,243
Global Equity Navigator Fund	792,121	421,266
Bond Fund (Dollar)	31,162	36,531
Asian Local Bond Fund	6,006	6,846
Asia Pacific Equity Fund	13,678	15,704
Global Emerging Market Fund	10,220	11,386
Cash Flow Fund (Dollar)	140,063	166,986
Cash Flow Fund (Peso Hedged Share Class)	6,075,228	7,172,790
Asian Balanced Fund	2,174	2,401
Cash Flow Fund Plus (Peso)	4,276,991	558,546
Cash Flow Fund Plus (Dollar)	11,666	-
	P55,685,491	P48,826,617

The corresponding December 31 unit prices are as follows:

	2023	2022
Unit Price in Philippine Peso		
Managed Fund	P3.34189	P3.17094
Bond Fund (Peso)	2.93586	2.74749
Growth Fund	3.54930	3.48658
Equity Fund	1.95461	1.93513
Proactive Fund	2.10031	2.03446
Money Market Fund	1.17846	1.13178
Global Market Navigator Fund	1.11233	1.00291
Equity Index Tracker Fund	1.11875	1.12868
Global Equity Navigator Fund	1.00784	0.88247
Cash Flow Fund (Peso Hedged Share Class)	0.91139	0.86866
Cash Flow Fund Plus (Peso)	1.00164	0.98965
Unit Price in U.S. Dollar		
Bond Fund (Dollar)	$2.57160	$2.42046
Asian Local Bond Fund	1.05331	0.95646
Asia Pacific Equity Fund	1.06356	1.00594
Global Emerging Market Fund	1.25949	1.11923
Cash Flow Fund (Dollar)	0.78424	0.74603
Cash Flow Fund (Peso Hedged Share Class)	0.91139	0.86866
Asian Balanced Fund	0.96481	0.90471
Cash Flow Fund Plus (Peso)	1.00164	0.98965
Cash Flow Fund Plus (Dollar)	1.01444	-

The corresponding published unit prices as of the last working day of the year are as follows:

	2023	2022
Unit Price in Philippine Peso		
Managed Fund	P3.34188	P3.1709
Bond Fund (Peso)	2.93575	2.74740
Growth Fund	3.54964	3.48691
Equity Fund	1.95485	1.93536
Proactive Fund	2.10045	2.03459
Money Market Fund	1.17849	1.13181
Global Market Navigator Fund	1.11246	1.00192
Equity Index Tracker Fund	1.11886	1.12879
Global Equity Navigator Fund	1.00796	0.88542
Cash Flow Fund (Peso Hedged Share Class)	0.91194	0.86922
Cash Flow Fund Plus (Peso)	1.00164	0.99077
Unit Price in U.S. Dollar		
Bond Fund (Dollar)	$2.57150	$2.41800
Asian Local Bond Fund	1.05342	0.95386
Asia Pacific Equity Fund	1.06368	1.00997
Global Emerging Market Fund	1.25963	1.12165
Cash Flow Fund (Dollar)	0.78433	0.74764
Asian Balanced Fund	0.96491	0.90610
Cash Flow Fund Plus (Dollar)	1.01455	-
Cash Flow Fund Plus (Peso)	1.00164	0.98965
Cash Flow Fund Plus (Dollar)	1.01444	-

10. Financial Instruments - Fair Values and Risk Management

The nature and extent of the financial instruments outstanding at the reporting date and the risk management policies employed by the Funds are discussed below.

Investment risk

The investment risk represents the exposure to loss resulting from cash flows from invested assets primarily for long-term fixed rate investments, being less than the cash flows to meet the obligations of the expected policy and contract liabilities and the necessary return on investments. Additionally, there exists a future investment risk associated with certain policies currently in-force which will have premium receipts in the future.

To maintain an adequate yield to match the interest necessary to support future policy liabilities, management focus is required to reinvest the proceeds of the maturing securities and to invest the future premium receipts while continuing to maintain satisfactory investment quality.

The Funds adopts the Prudential's investment strategy to invest primarily in high quality securities while maintaining diversifications to avoid significant exposure to issuer and industry.

The Funds invests in equity and debt instruments as dictated by the Funds' investment management strategy. Asset allocation is determined by the Funds' manager who manages the distribution of the assets to achieve the investment objectives. Divergence from target asset allocations and the composition of the Funds' portfolio is monitored by the Investment Committee.

There has been no change to the Funds' exposure to investment risk or the manner in which it manages and measures the risk since prior financial year.

Financial risk

The Funds has significant exposure to the following financial risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

There has been no change to the Funds' exposure to financial risks (i.e. credit risk, liquidity risk and market risks) or the manner in which it manages and measures the risks since prior financial year.

(a) Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Funds. The Funds is exposed to credit risk primarily through its cash and cash equivalents, interest receivables, receivable from life fund, investment in debt securities and other assets. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date.

The Funds' investment in debt securities classified as investments at FVPL consists primarily of government securities. As these are direct obligations of their respective governments, these are generally considered to be free of credit risk.

The Funds' concentration of credit risk arises mainly from its investments in government securities amounting to P5.10 billion (87.84%) and P51.09 billion (89.02%) of the Funds' total financial assets as at December 31, 2023 and 2022, respectively. Financial assets exposed to credit risk other than investments include, but are not limited to, cash and cash equivalents, receivables, and other financial assets.

The table below provides information regarding the credit risk exposure of the Funds as at December 31, 2023 and 2022 by classifying assets according to the Funds' credit grading of counterparties.

2023

	Neither Past Due nor Impaired				
	Investment High-grade	Non-investment Grade - Satisfactory	Total Financial Assets Neither Past Due nor Impaired	Past Due but not impaired	Total
Cash and cash equivalents	P3,624,075	P -	P3,624,075	P -	P,624,075
Investments in bond funds	15,758,360	-	15,758,360	-	15,758,360
Investments in debt securities	39,340,885	-	39,340,885	-	39,340,885
Receivables	4,007,735	-	4,007,735	-	4,007,735
	P62,731,055	P -	P62,731,055	P -	P62,731,055

2022

	Neither Past Due nor Impaired				
	Investment High-grade	Non-investment Grade - Satisfactory	Total Financial Assets Neither Past Due nor Impaired	Past Due but not impaired	Total
Cash and cash equivalents	P5,126,973	P -	P5,126,973	P -	P5,126,973
Investments in bond funds	14,860,155	-	14,860,155	-	14,860,155
Investments in debt securities	36,228,546	-	36,228,546	-	36,228,546
Receivables	1,170,331	-	1,170,331	-	1,170,331
	P57,386,005	P -	P57,386,005	P -	P57,386,005

The Funds has no past due but not impaired financial assets as at December 31, 2023 and 2022.

The Funds uses a credit grading system based on the borrowers and counterparties overall credit worthiness, as described below:

Investment high-grade - This pertains to accounts with a very low probability of default as demonstrated by the borrower's strong financial position and reputation. The borrower has the ability to raise substantial amounts of funds through credit facilities with financial institutions. The borrower has a strong debt service record and a moderate use of leverage.

Non-investment grade - satisfactory - This pertains to current accounts with no history of default or which may have defaulted in the past, but the conditions and circumstances directly affecting the borrower's ability to pay has abated already. The borrower is expected to be able to adjust to the cyclical downturns in its operations. Any prolonged adverse economic conditions would however ostensibly create profitability and liquidity issues. The use of leverage may be above industry or credit standards but remains stable.

Past due and impaired - This pertains to the allowance for the impairment losses that the Funds recognizes due to the uncertainty of the collectability of the Funds' receivable.

Credit risk arising from transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used. The Funds monitors the credit ratings of the brokers used to further mitigate the risk.

Substantially all of the assets, including cash and cash equivalents, of the Funds are held by the SCB, Philippine Branch pursuant to a custodianship agreement entered into by the Funds with SCB, a reputable financial institution with high credit rating.

(b) Liquidity Risk

The Funds is exposed to the liquidity risk of meeting policyholders' redemptions at any time. The Funds does not hold significant financial liabilities.

The Funds' investment in equity and debenture instruments are considered to be readily realizable as they are all listed on the major stock and debt exchanges. Thus, the Funds has limited exposure to liquidity risk.

The tables below summarize the maturity profile of the financial assets and financial liabilities of the Funds based on contractual undiscounted cash flows as at December 31, 2023 and 2022.

2023

	Less than 1 year	1-2 years	>2-3 years	>3-4 years	>4-5 years	More than 5 years	Total
Cash and cash equivalents	P3,624,520	P -	P -	P -	P -	P -	P3,624,520
Investments	157,941,531	-	-	-	-	-	157,941,531
Receivables	4,007,735	-	-	-	-	-	4,007,735
	P165,573,786	P -	P -	P -	P -	P -	P165,573,786
Liability to life fund and other linked funds (Note 2)	P41,211,907	P -	P -	P -	P -	P -	P41,211,907
Accrued expenses	260,709	-	-	-	-	-	260,709
Trade payable	3,337,048	-	-	-	-	-	3,337,048
	P44,809,664	P -	P -	P -	P -	P -	P44,809,664

2022

	Less than 1 year	1-2 years	>2-3 years	>3-4 years	>4-5 years	More than 5 years	Total
Cash and cash equivalents	P5,127,774	P -	P -	P -	P -	P -	P5,127,774
Investments	141,683,048	-	-	-	-	-	141,683,048
Receivables	1,170,331	-	-	-	-	-	1,170,331
	P147,981,153	P -	P -	P -	P -	P -	P147,981,153
Liability to life fund and other linked funds (Note 2)	P41,211,907	P -	P -	P -	P -	P -	P41,211,907
Accrued expenses	192,927	-	-	-	-	-	192,927
Trade payable	1,450,813	-	-	-	-	-	1,450,813
	P39,196,161	P -	P -	P -	P -	P -	P39,196,161

(c) Market risk

Market risk embodies the potential for both losses and gains and includes currency risk, interest rate risk and equity price risk.

The Funds' strategies on the management of investment risk are driven by the individual Funds' investment objective (see Note 1). The Funds' market risk is managed on a daily basis by the Funds' manager in accordance with policies and procedures in place. The Funds' overall market positions are monitored on at least a quarterly basis by the Investment Committee of the Company.

Details of the nature of the Funds' investment portfolio at the reporting date are disclosed in Note 5.

Currency risk

The Funds may invest in financial instruments and enter into transactions denominated in currencies other than Philippine peso, the Funds' functional currency. Consequently, the Funds is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Funds' assets or liabilities denominated in currencies other than Philippine peso.

The Funds' most significant exposure to fluctuations in foreign currency exchange rates are its assets denominated in U.S. dollar:

	2023	2022
Short-term time deposits	$298	$574
Investments	449,824	386,138
	$450,122	$386,712
Foreign exchange rate to the Philippine peso used*	55.37	55.75
	P24,923,255	P21,559,194

**Exchange rate used is based on Bankers Association of the Philippines foreign exchange rate as at December 29, 2023 and December 29, 2022.*

A 4% and 8% strengthening of Philippine peso against the U.S. dollar as at December 31, 2023 and 2022, with all variables remaining constant, would have affected the measurement of profit before tax and equity by P1.03 billion and P1.72 billion, respectively. An 4% and 8% weakening of the Philippine peso in relation to the U.S. dollar as at December 31, 2023 and 2022, respectively, would have an equal but opposite effect, on the basis that all other variables remain constant.

Interest rate risk
There are two types of interest rate risk:

- *Fair Value Interest Rate Risk* - the risk that the value of a financial instrument will fluctuate because of changes in market interest rates; and

- *Cash Flow Interest Rate Risk* - the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

A significant portion of the Funds' investments in debt instruments carried at FVPL is interest-bearing. As a result, the Funds is subject to exposure to fair value interest rate risk. The Funds does not carry debt instruments with variable interest rates and, thus, are not exposed to cash flow interest rate risk.

Interest rate risk is mitigated by the Funds' manager by constructing a portfolio of debenture instruments with diversified maturities.

Any excess cash and cash equivalents of the Funds are invested in short-term time deposits with the term to maturity of up to three (3) or six (6) months.

The analysis below details the impact of changes in market interest rate to the fair value of the Funds' investment in fixed-rate debt instruments. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Changes in variables	
December 31, 2023	100 Basis Points *Increase*	100 Basis Points *Decrease*
Currency		
Philippine peso	(P907,195)	P983,734
U.S. dollar	(328,534)	374,668
Fair value sensitivity	(P1,235,729)	P1,358,402

	Changes in variables	
December 31, 2022	100 Basis Points *Increase*	100 Basis Points *Decrease*
Currency		
Philippine peso	(P787,605)	P849,760
U.S. dollar	(362,725)	413,821
Fair value sensitivity	(P1,150,330)	P1,263,581

Equity price risk
Equity price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting
all instruments traded in the market.

The Funds' equity price risk exposure relates to investments in equity securities held amounting to P102.42 billion and P90.29 billion as at December 31, 2023 and 2022, respectively (see Note 5). The value of these equity securities fluctuates upon changes in market conditions.

Equity price risk is managed by the Funds' manager by constructing a diversified equity portfolio.

All of the Funds' equity investments are listed in the PSE. A 6% and 7% increase in stock prices would have increased profit before income tax and equity by P6.15 billion and P6.32 billion as at December 31, 2023 and 2022, respectively. An equal change in the opposite direction would have decreased profit before income tax and equity by an equal but opposite amount.

Fair value measurement
Many of the Funds' financial instruments are carried at fair value on the combined statements of assets and accountabilities. Usually, the fair value of the financial instruments can be reliably determined within a reasonable range of estimates. For other financial instruments, including cash and cash equivalents, interest receivables, receivable from life fund, other receivables, liability to life funds and other linked funds, accrued expenses, and trade payable, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

The recurring fair values of financial assets at FVPL are determined by reference to quoted market prices, at the close of business on the reporting date.

Fair value hierarchy
The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

December 31, 2023

	Level 1	Level 2	Total
Financial Assets			
Investments in shares of stocks	**P78,333,094**	**P -**	**P78,333,094**
Investments in bond funds	**15,758,360**	**-**	**15,758,360**
Investments in equity funds	**24,091,293**	**-**	**24,091,293**
Investments in debt securities	**25,894,785**	**13,446,100**	**39,340,885**
Accumulated fair value gain - NDF	**-**	**53,096**	**53,096**
	P144,077,532	**P13,499,196**	**P157,576,728**

December 31, 2022

	Level 1	Level 2	Total
Financial Assets			
Investments in shares of stocks	P67,678,803	P -	P67,678,803
Investments in bond funds	14,860,155	-	14,860,155
Investments in equity funds	22,611,393	-	22,611,393
Investments in debt securities	22,023,436	14,205,110	36,228,546
Accumulated fair value gain - NDF	-	42,525	42,525
	P127,173,787	P14,247,635	P141,421,422

The Funds has no financial instruments categorized under Level 3. Also, there has been no transfer between levels in 2023 and 2022.

Market Review

Global markets snapped back in 2023, with global equities (Morgan Stanley Capital International All Country World Index or MSCI ACWI) returning 22.2% in USD terms over the year, following a -18.1% decline during 2022. Bond markets also performed better in 2023, with the Bloomberg Global Aggregate Bond Index returning 5.7% in USD terms, following a -16.3% decline in 2022.

At the start of 2023, investor sentiment was initially supported by signs of taming inflation and hopes of a strong post-COVID recovery in China. Markets sold off in March, following the collapse of Silicon Valley Bank – the second largest banking failure in US history – and the rescue of Credit Suisse by Swiss authorities through a sale to rival UBS. Markets quickly recovered, however, as the turmoil in the banking sector tempered expectations for further rate hikes by the US Federal Reserve (Fed) and as large cap US technology and global Artificial Intelligence (AI) related stocks rallied.

Risk sentiment soured in the third quarter, as investor expectations for a Fed pivot to lower rates shifted to a "higher-for-longer" scenario. The US Treasury 10-Year yield surged by over 75 basis points (bps) during Q3, whilst production cuts by Russia and Saudi Arabia supported a rally in oil prices which contributed to investor fears of an upside inflation shock. Softer-than-expected inflation prints in the US and Europe saw the narrative shift again over the fourth quarter, further supported by the Fed's dovish turn at its December meeting signalling three rate cuts in 2024.

Across major equity markets, the US was a strong outperformer, with US equities (MSCI USA) returning about 26.5% on a total return basis, buoyed by expectations for Fed rate cuts and robust economic data, and as global growth stocks outperformed strongly for the period as a whole. Although US returns were dominated by the performance of the "magnificent seven" technology stocks, there were signs of the market rise broadening into other stocks and sectors at the end of the year. The Emerging Markets (MSCI Emerging Markets) and Asia ex-Japan (MSCI AC Asia ex Japan) equities underperformed, with total returns of 9.8% and 6.0%, respectively. China was a strong drag on the performance of the broader region, with China equities (MSCI China) returning -11.2% in USD terms over the year as the expectations for a post-lockdown boom faded. The fixed income markets were generally dominated by the "higher-for-longer" rates narrative for much of 2023 before reversing course in the fourth quarter. The US Treasury 10-Year yield began the year at 3.88%, climbing approximately 110 bps and even eclipsing the 5% level (marking the highest level since 2007), before closing at a peak of 4.98% on October 19th. From October 19th, increased market expectations of a potential US soft landing in the fourth quarter led to a subsequent tumbling of the US Treasury 10-Year yield by approximately 110 bps, ending the year at 3.88%, almost exactly the same level where it started the year.

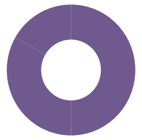
Key fixed income markets generally ended 2023 in the positive territory, with US high yield bonds (ICE BofA US High Yield Constrained Index) outpacing its peers, returning 13.5%. Despite a volatile 2023 on the macro front, a resilient US economy and historically elevated yields underpinned a rally in the US high yield market. Notably, the asset class generated 8.4% cumulatively over the last two months of 2023 alone, as spreads tightened further amid the dovish tilt by the Fed which led to the markets' increased expectations of a soft landing. Its more interest rate sensitive counterpart, US investment grade bonds (ICE BofA US Corporate Index) returned 8.4%.

Asian credit bonds (J.P. Morgan Asia Credit Index or JACI) generated a total return of 7.0%, as both the investment grade and high yield components ended in the positive territories. The asset class' performance was supported by positive contributions from both the Treasury and Spread components, at +3.95% and +2.96%, respectively. The JACI index spread decreased during the year by 43 bps to 219 bps.

Data source: Morgan Stanley Capital International and Bloomberg

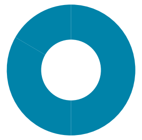
Fund Objectives

PHP-denominated funds



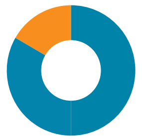
PRULink Money Market Fund

The Fund's primary objective is capital preservation. The Fund aims to provide investors a vehicle for short-term placement investing primarily in government securities, deposits in local banks or branches of foreign banks operating in the Philippines, or financial institutions in any foreign country that has at least an investment-grade credit rating from a reputable international credit rating agency. The Fund will have a maximum portfolio duration of one (1) year.



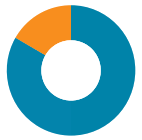
PRULink Bond Fund

The Fund seeks to achieve an optimal level of income in the medium term together with long-term capital growth through investments in fixed income securities and money market instruments.



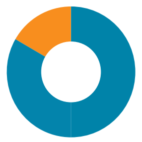
PRULink Cash Flow Fund - PHP Hedged Share Class

The Fund seeks to provide investors with regular payout by investing in a diversified portfolio consisting primarily of high-yield bonds and other fixed-income/debt securities denominated in US dollars, issued in the US market rated below BBB-, as well as fixed-income/debt securities issued by Asian entities or their subsidiaries. The Fund may, in addition, at the Fund Manager's discretion, invest up to twenty percent (20%) of its assets in dividend-yielding equities. It seeks to provide investors with a non-guaranteed payout of up to 4% per year (or up to 1.0% per quarter) based on the number of units held at the time of payout computation.



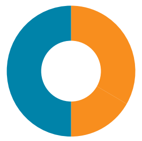
PRULink Cash Flow Fund Plus - PHP Hedged Share Class

The Fund invests in a diversified portfolio consisting primarily of high-yield bonds and other fixed-income/debt securities denominated in US dollars, issued in the US market, and rated below BBB-, as well as fixed income/debt securities issued by Asian entities or their subsidiaries. This Fund may invest up to 20% of its assets in global equities and other dividend-yielding assets. It seeks to provide investors with a non-guaranteed payout of up to 6% per year (or up to 1.5% per quarter) based on the number of units held at the time of payout computation.



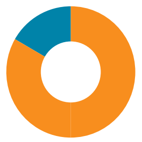
PRULink Managed Fund

The Fund seeks to optimize medium- to long-term capital and income growth through investment in fixed income securities, money market instruments and shares of stock listed in the Philippine Stock Exchange.



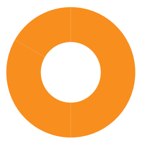
PRULink Proactive Fund

The Fund seeks to optimize medium- to long-term capital and income growth with emphasis on dynamic asset allocation by fund managers through investment in fixed-income securities, money market instruments, and shares of stock listed in the Philippine Stock Exchange.



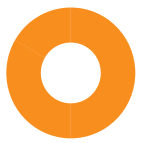
PRULink Growth Fund

The Fund seeks to optimize medium- to long-term capital and income growth, with an emphasis on strong capital growth, through a greater focus of investment in shares of stock listed in the Philippine Stock Exchange. The Fund also invests in fixed-income securities, and money market instruments.



PRULink Equity Index Tracker Fund

The Fund seeks to achieve investment returns that track the performance of the Philippine Stock Exchange Index (PSEi) by investing in a diversified portfolio of stocks comprising the PSEi in the same weights as the index.

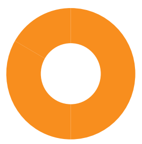


PRULink Equity Fund

The Fund seeks to optimize medium- to long-term capital growth through investments in shares of stock listed in the Philippine Stock Exchange.

PRULink Global Market Navigator Fund - PHP Unhedged Share Class

The Fund is a multi-asset fund that aims to give better return potential by investing in a diversified pool of global assets, including equities, bonds, currencies, and cash.



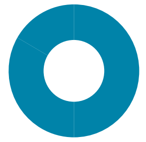
PRULink Global Equity Navigator Fund - PHP Unhedged Share Class

The Fund seeks to provide a combination of income and capital growth over the medium term by primarily investing in various equity markets around the world through exchange traded funds, direct equities, index futures, and derivatives. Structured as a feeder fund, the Fund invests in Global Equity Navigator Fund Class D managed by Eastspring Investments. It may also invest in fixed-income securities and money market instruments issued or guaranteed by the US government, its agencies, and instrumentalities.

Note: The PRULink Global Market Navigator Fund and PRULink Global Equity Navigator Fund are subject to currency risks as a PhP unhedged share class.

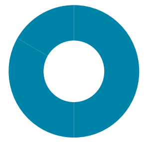
Bonds | Equities | Short-term government securities and cash & cash equivalents | Other assets

USD-denominated funds



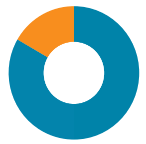
PRULink US Dollar Bond Fund

The Fund seeks to achieve an optimal level of income in the medium term together with long-term capital growth through investments in fixed income securities denominated in USD.



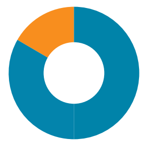
PRULink Asian Local Bond Fund

The Fund is structured as a feeder fund which invests in the Eastspring Investments – Asian Local Bond Fund (EI-Asian Local Bond Fund). The EI-Asian Local Bond Fund invests in a diversified portfolio consisting primarily of fixed income or debt securities issued by Asian entities or their subsidiaries. This Fund's portfolio primarily consists of offshore securities denominated in various Asian currencies and aims to maximize total returns through investing in fixed income or debt securities that are rated as well as unrated.



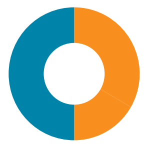
PRULink Cash Flow Fund

The Fund seeks to provide investors with regular payout by investing in a diversified portfolio consisting primarily of high-yield bonds and other fixed-income/debt securities denominated in US dollars, issued in the US market rated below BBB-, as well as fixed-income/debt securities issued by Asian entities or their subsidiaries. The Fund may, in addition, at the Fund Manager's discretion, invest up to twenty percent (20%) of its assets in dividend-yielding equities. It seeks to provide investors with a non-guaranteed payout of up to 4% per year (or up to 1.0% per quarter) based on the number of units held at the time of payout computation.



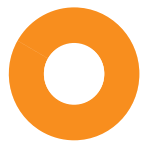
PRULink Cash Flow Fund Plus

The Fund invests in a diversified portfolio consisting primarily of high-yield bonds and other fixed-income/debt securities denominated in US dollars, issued in the US market, and rated below BBB-, as well as fixed income/debt securities issued by Asian entities or their subsidiaries. This Fund may invest up to 20% of its assets in global equities and other dividend-yielding assets. The Fund may also invest up to 20% in other bonds considered as safe-haven assets such as US Treasuries during downside or risk-off market conditions. It seeks to provide investors with a non-guaranteed payout of up to 5% per year (or up to 1.25% per quarter) based on the number of units held at the time of payout computation.



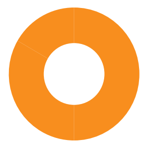
PRULink Asian Balanced Fund

The Fund aims to maximize total return in the medium to long term by primarily investing in equities/equity-related securities of companies, which are incorporated, listed in, or have their area of primary activity in the Asia Pacific region (excluding Japan) as well as fixed income/debt securities issued by Asian entities or their subsidiaries. The Fund is invested in three US dollar-denominated and Luxembourg-domiciled Asian SICAV funds of Eastspring Investments, namely, Asia Pacific Equity Fund, Asian Local Bond Fund, and Asian Bond Fund.



PRULink Asia Pacific Equity Fund

The Fund is structured as a feeder fund which invests in the Eastspring Investments – Asia Pacific Equity Fund, that aims to maximize long-term total return by investing primarily in equity and equity-related securities of companies which are incorporated, listed in, or have their area of primary activity in Asia Pacific Region (excluding Japan). This Fund may also invest in depository receipts including American Depositary Receipts and Global Depositary Receipts, debt securities convertible into common shares, preference shares, and warrants.



PRULink Global Emerging Markets Dynamic Fund

The Fund is structured as a feeder fund which invests in the Eastspring Investments – Global Emerging Markets Dynamic Fund, that aims to generate long-term capital growth through a concentrated portfolio of equities, equity related securities and bonds. This Fund invests in securities of companies which are incorporated, or listed in, or operating principally from, or carrying on significant business in, or derive substantial revenue from, or whose subsidiaries, related or associated corporations derive substantial revenue from the emerging markets worldwide. This Fund may also invest in depository receipts including American Depositary Receipts and Global Depositary Receipts, preference shares, and warrants.

Fund performance review

Fund Performance Review

- PRULink Money Market Fund
- PRULink Bond Fund
- PRULink Cash Flow Fund - PHP Hedged Share Class
- PRULink Cash Flow Fund Plus - PHP Hedged Share Class
- PRULink Managed Fund
- PRULink Proactive Fund
- PRULink Growth Fund
- PRULink Equity Index Tracker Fund
- PRULink Equity Fund
- PRULink Global Market Navigator Fund - PHP Unhedged Share Class
- PRULink Global Equity Navigator Fund - PHP Unhedged Share Class
- PRULink US Dollar Bond Fund
- PRULink Asian Local Bond Fund
- PRULink Cash Flow Fund
- PRULink Cash Flow Fund Plus
- PRULink Asian Balanced Fund
- PRULink Asia Pacific Equity Fund
- PRULink Global Emerging Markets Dynamic Fund

PRULink Money Market Fund

In 2023, the Philippine bond market experienced significant shifts, primarily influenced by the active management of monetary policy by the Bangko Sentral ng Pilipinas (BSP) amidst fluctuating inflation rates. The year commenced under the shadow of high inflation, with a peak of 8.7% at its onset, before witnessing a gradual decline in the second and third quarters. A notable shift occurred by December, as inflation decelerated to 3.9%, marking the first instance within the year that inflation figures aligned with the BSP's target range. This deceleration fostered a cautiously optimistic outlook among investors, suggesting a potential shift towards a more accommodative monetary stance.

Throughout the year, the BSP confronted escalating inflation through a series of rate hikes. A significant adjustment was made in the first quarter, with a 75 basis points increase elevating the policy rate from 5.5% to 6.25%. Another proactive hike in October addressed reflation concerns, setting the key policy rate at 6.5%. These measures aimed to curb further inflationary pressures, particularly from rising transportation and wage costs. As inflation trends began aligning with the BSP's target, bond yields across various maturities commenced their descent, reflecting the market's increasing confidence in the BSP's handling of inflation and the anticipation of a more dovish policy stance moving into 2024. Throughout the year, the Fund's performance closely mirrored the changes in policy rate and short-term interest rates. The shift in short-term rates, from 5.0% in 2022 to 6.0% for 1-year yields, was primarily a reaction to the increase in the policy rate at the beginning of the year. Subsequently, a broad strengthening in the market contributed to a decline in yields, culminating in a reduction to 5.85% for the same tenor bucket towards the end of the year.

By holding the policy rate steady in its December Monetary Policy decision, the BSP bolstered market confidence, striking a delicate balance between supporting economic growth and managing inflation expectations. This strategic approach, coupled with a medium-term outlook for inflation stabilization, lays the groundwork for cautious optimism within the financial markets. Investors and policymakers now find themselves at a critical juncture, navigating the complex process of normalizing policy rates from their currently elevated levels, with the goal of achieving a smooth economic transition.

The Philippine bond market is positioned for a nuanced trajectory in 2024. With the BSP adopting a cautious stance in the face of emerging inflationary pressures, the prospect of rate cuts is deferred to the latter half of the year. Inflationary headwinds expected over the course of the year include unfavorable base effects, surging food prices, elevated power rates, and higher transport costs. The combination of such factors may result to headline inflation breaching 4% in the second quarter, only to revert to target by the third quarter.

Aside from the evolution of domestic price conditions, the BSP's monetary policy will continue to be influenced by the US Federal Reserve's (Fed) policy actions, mainly because of rate differentials. Similar with the local central bank, Fed officials choose to be patient, demanding more solid progress on the inflation front before enacting any policy reversal given the strong footing of the labor markets and the economy. The emerging dynamics in the US will dictate the extent of rate cuts for the year – contingent on inflation, employment figures, and economic growth. Policymakers have emphasized that policy rates will have to be maintained at currently restrictive levels for longer than initially expected to ensure inflation's downward trajectory to the 2% target. The main question now points to whether the Fed can deliver three rate cuts for the year, as projected and communicated.

The Fed's indication of policy easing within the year, however, sets the stage for a complex interplay of market dynamics given local inflation and domestic borrowing. While bond supply risk is focused on medium- to long-term tenors, this is counterbalanced by a market predisposed to locking in yields for longer durations, eyeing the eventual normalization of rates in the medium-term. Fiscal dynamics, including tax collection efforts in the near term, will likely temper the need to raise financing aggressively. Overall, we anticipate a steepening of the yield curve as short-term rates outperform longer-term bonds especially if the Bureau of Treasury continues to place issuance pressure on the longer-end part of the curve. Nevertheless, we anticipate prospects of a bull flattening towards the end of the year as monetary policy shifts eventually offset bond supply risks in the medium term.

Asset allocation

100%
Government securities

Performance

4.12%
Actual year-on-year

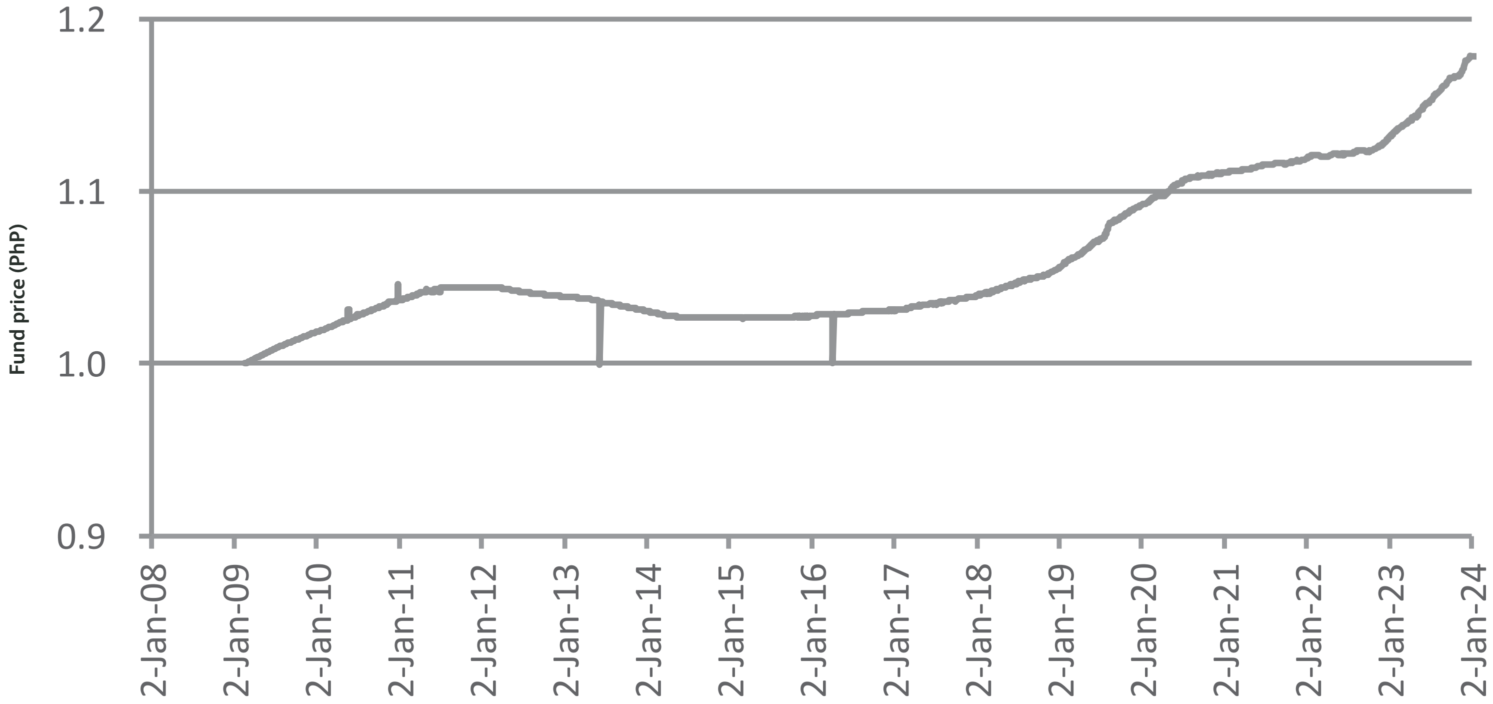
1.11%
Since inception
(per annum)

PHP 1.17849
Unit price
as of 2 Jan 2024

Top holdings

PRUINVEST PHP LIQUID FUND	100%

Performance chart



PRULink Bond Fund

The first three months of the year has brought with it positive sentiment on the growth outlook. Fixed income markets have rallied in response to lower inflation and the possibility of easier monetary policy. In addition, the optimism about China's economic reopening and relaxation of certain policies relating to the Chinese real estate sector lifted investor appetite. However, government bond yields rose in the second quarter of 2023 amid uncertainty over the US Federal Reserve's (Fed) future monetary stance. Government bond returns were negative across developed markets as higher yields continued into third quarter of the year. Economic data over the quarter showed weakness in the growth outlook, with services activity starting to show signs of deteriorating to the already weak manufacturing sector. Major asset classes also saw strong returns in the last three months of the year. A string of softer inflation data in both US and Europe, eliminated fears about how long rates would remain at restrictive level. The key driver of this performance was a perceived shift in monetary policy direction, from a "higher-for-longer" stance to prospective rate cuts. Fixed income markets delivered positive returns across the board.

In Asia, yields of most domestic government bond markets ended lower along with the global interest rates. The performance of the Asian local bond markets in USD terms were also supported by lower interest rates while the performance Asian currencies against the US dollar were more mixed in general. The Philippine domestic government bond yields were on downward trend up to end August 2023, leading to an overall gain of 4.76% in the representative Markit iBoxx ALBI Philippine Bond index (in local currency terms). The downward adjustment in yields were lower especially in the long end, where ten-year Philippine government bond yield dropped by 64 bps to 6.33% at the end of August. During this 8-month period, the Fund's positive spread effect and accrual income contributed to the Fund's outperformance. The slight negative curve positioning effect, however, offset some of the Fund's gains.

In December, the Philippine bond market experienced a notable shift in dynamics, characterized by a continued decline in local bond yields across various maturities. This movement was influenced by several key factors, including the Bangko Sentral ng Pilipinas (BSP's) decision to maintain steady local policy rates, reduced bond supply in the local market, and a headline inflation print that came in below consensus expectations. Moreover, investor sentiment was buoyed by the anticipation of monetary policy rate cuts in 2024, a reflection of a broader trend towards a more dovish stance in central bank policies.

Yields from the belly to the long end of the curve saw a moderate decline, ranging from 12 to 45 basis points (bps). However, it's noteworthy that the front end of the curve underperformed, with yields inching higher by 21 to 68 bps. This divergence highlights the nuanced investor expectations and positioning within different segments of the yield curve. The total traded volume for Government Securities (GS) in December was approximately 270 billion, a muted figure compared to the 550 billion traded in November, likely due to the holiday season and shortened trading weeks.

Globally, the US economy demonstrated signs of a slowdown, evidenced by lower inflation and positive job data, leading to a softening in US Treasury yields. This macroeconomic backdrop intensified speculation among investors about the possibility of an earlier policy rate cut by the US Federal Reserve in 2024.

Domestically, the BSP held its local policy rate steady at 6.50% during their last monetary board meeting of the year. Governor Remolona Jr. communicated a cautious stance, suggesting that the central bank may maintain elevated rates for a prolonged period if necessary, especially given that inflation remained above the target band of 2-4% in the final quarter.

The November headline inflation data, which cleared at 4.1% against a market expectation of 4.3%, underscored the slowing pace of price increases. The deceleration in headline inflation was primarily driven by reduced growth in utilities and housing expenses, alongside a continued moderation in food inflation on a month-to-month basis. This economic environment steered investors towards locking in bonds from the long end of the curve, seeking to benefit from the prevailing high-yield environment.

In this context, our portfolio's overweight position relative to the benchmark proved to be strategically advantageous. Capitalizing on the rally that extended from November into December, the fund managed to generate returns of 1.48%, outperforming the benchmark by 12 basis points. Since the portfolio's takeover, the cumulative outperformance has amounted to approximately 3 basis points.

Asset allocation

98.50%
Government bond

1.35%
Corporate bond

0.14%
Cash & cash equivalents

Performance

6.86%
Actual year-on-year

5.19%
Since inception
(per annum)

PHP 2.93575
Unit price
as of 2 Jan 2024

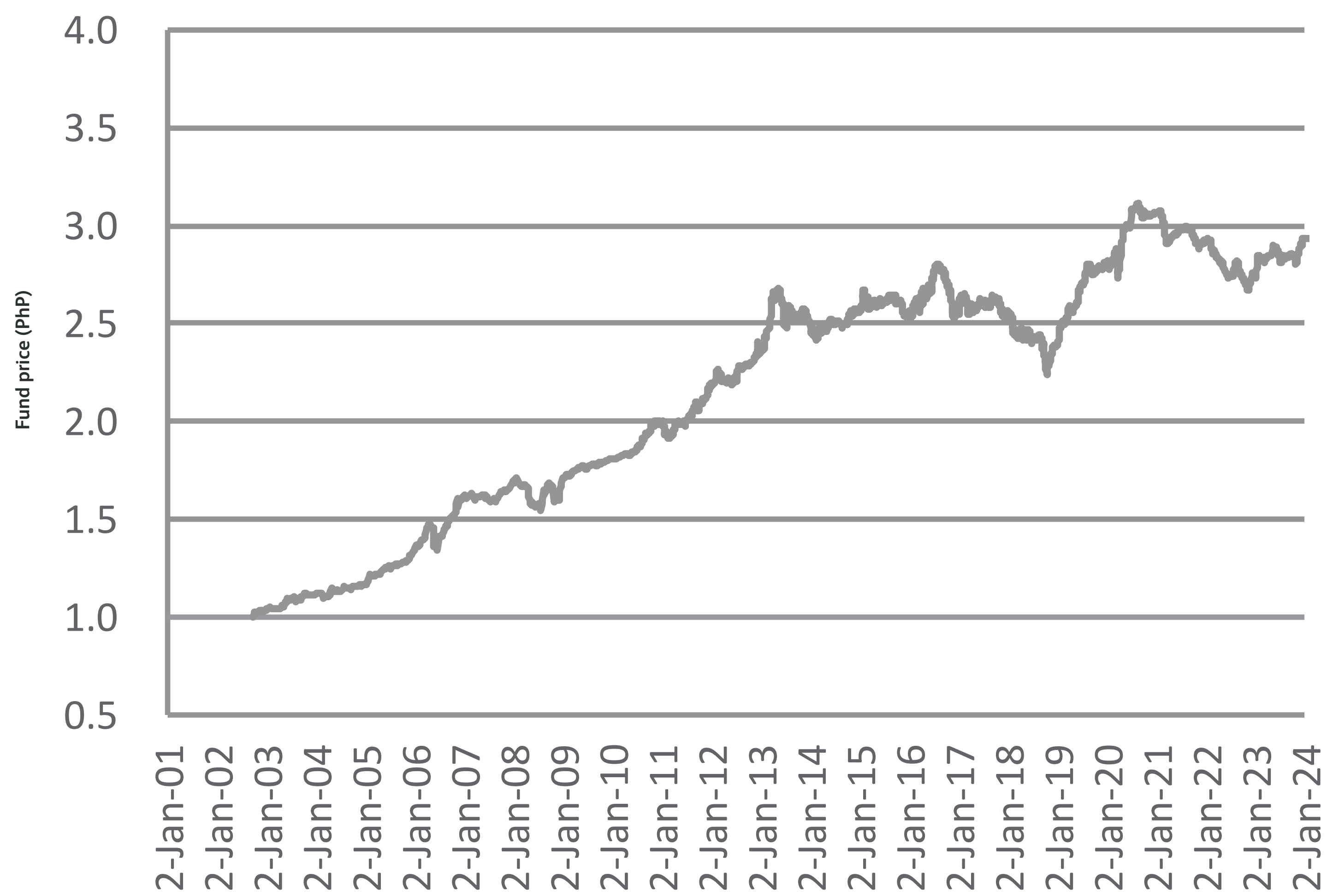
Top holdings

RPGB 4 ⅝ 06/02/27 3yrs	6.73%
RPGB 3 ⅜ 04/08/26 2yrs	6.21%
RPGB 4 ⅞ 03/04/27 3yrs	5.21%
RPGB 8 07/19/31 8yrs	4.33%
RPGB 6 ⅞ 01/10/29 5yrs	4.21%
RPGB 7 10/13/29 6yrs	4.17%
RPGB 4 ¾ 05/04/27 3yrs	4.16%
RPGB 3 ¾ 08/12/28 5yrs	4.12%
RPGB 6 ¾ 01/24/39 15yrs	3.61%
RPGB 3 ⅝ 04/22/28 4yrs	3.40%

Highest and lowest unit price achieved

Initial (24 Sep 02)	1.00000
Highest (20 Aug 20)	3.11410
Lowest (24 Sep 02)	1.00000

Performance chart



PRULink Cash Flow Fund - PHP Hedged Share Class

Global markets snapped back in 2023, with global equities (MSCI All Country World Index) returning 22.2% in USD terms over the year, following a -18.1% decline during 2022. Bond markets also performed better in 2023, with the Bloomberg Global Aggregate Bond Index returning 5.7% in USD terms, following a -16.3% decline in 2022.

At the start of 2023, investor sentiment was initially supported by signs of taming inflation and hopes of a strong post-COVID recovery in China. Markets sold off in March, following the collapse of Silicon Valley Bank – the second largest banking failure in US history – and the rescue of Credit Suisse by Swiss authorities through a sale to rival UBS. Markets quickly recovered, however, as the turmoil in the banking sector tempered expectations for further rate hikes by the Fed and as large cap US technology and global Artificial Intelligence (AI) related stocks rallied.

Risk sentiment soured in the third quarter, as investor expectations for a Fed pivot to lower rates shifted to a "higher for longer" scenario. The US Treasury 10-Year yield surged by over 75 bps during Q3, whilst production cuts by Russia and Saudi Arabia supported a rally in oil prices which contributed to investor fears of an upside inflation shock. Softer-than-expected inflation prints in the US and Europe saw the narrative shift again over the fourth quarter, further supported by the Fed's dovish turn at its December meeting with the Fed signalling three rate cuts in 2024.

Across major equity markets the US was a strong outperformer, with US equities (MSCI USA) returning around 26.5% on a total return basis, buoyed by expectations for Fed rate cuts and robust economic data, and as global growth stocks outperformed strongly for the period as a whole. Although US returns were dominated by the performance of the "magnificent seven" technology stocks, there were signs of the market rise broadening into other stocks and sectors at the end of the year. The Emerging Markets (MSCI Emerging Markets) and Asia ex-Japan (MSCI AC Asia ex Japan) equities underperformed, with total returns of 9.8% and 6.0%, respectively. China was a strong drag on the performance of the broader region, with China equities (MSCI China) returning -11.2% in USD terms over the year as the expectations for a post-lockdown boom faded.

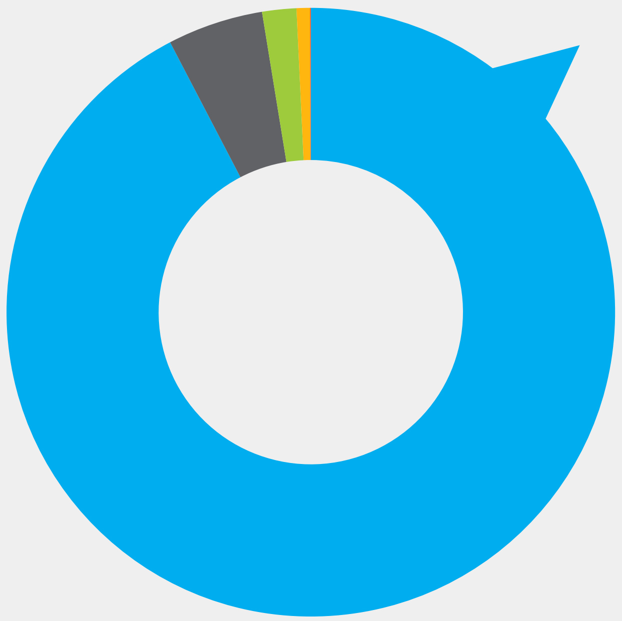
The fixed income markets were generally dominated by the "higher-for-longer" rates narrative for much of 2023 before reversing course in the fourth quarter. The US Treasury 10-Year yield began the year at 3.88%, climbing approximately 110 bps and even eclipsing the 5% level (marking the highest level since 2007), before closing at a peak of 4.98% on October 19th. From October 19th, increased market expectations of a potential US soft landing in the fourth quarter led to a subsequent tumbling of the US Treasury 10-Year yield by approximately 110 bps, ending the year at 3.88%, almost exactly the same level where it started the year.

Key fixed income markets generally ended 2023 in the positive territory, with US high yield bonds (ICE BofA US High Yield Constrained Index) outpacing its peers, returning 13.5%. Despite a volatile 2023 on the macro front, a resilient US economy and historically elevated yields underpinned a rally in the US high yield market. Notably, the asset class generated 8.4% cumulatively over the last two months of 2023 alone, as spreads tightened further amid the dovish tilt by the Fed which led to the markets' increased expectations of a soft landing. Its more interest rate sensitive counterpart, US investment grade bonds (ICE BofA US Corporate Index) returned 8.4%.

Asian credit bonds (J.P. Morgan Asia Credit Index) generated a total return of 7.0%, as both the investment grade and high yield components ended in the positive territories. The asset class' performance was supported by positive contributions from both the Treasury and Spread components, at +3.95% and +2.96%, respectively. The JACI index spread decreased during the year by 43 bps to 219 bps.

The Fund posted a positive absolute return in 2023, outperforming its reference index. Both fixed income and equities contributed positively on an absolute basis. Asset allocation and security selection effects contributed positively to the Fund's relative return. Within security selection, the Fund's underlying allocations to active sleeves in US high yield and Asian bonds outperformed their respective indices.

Asset allocation



92.35%
Fixed-income funds

5.08%
Exchange Traded Bond Funds

1.82%
Financials

0.71%
Equity funds

0.04%
Cash & cash equivalents

Performance

4.91%
Actual year-on-year

-1.71%
Since inception
(per annum)

PHP 0.91194
Unit price
as of 2 Jan 2024

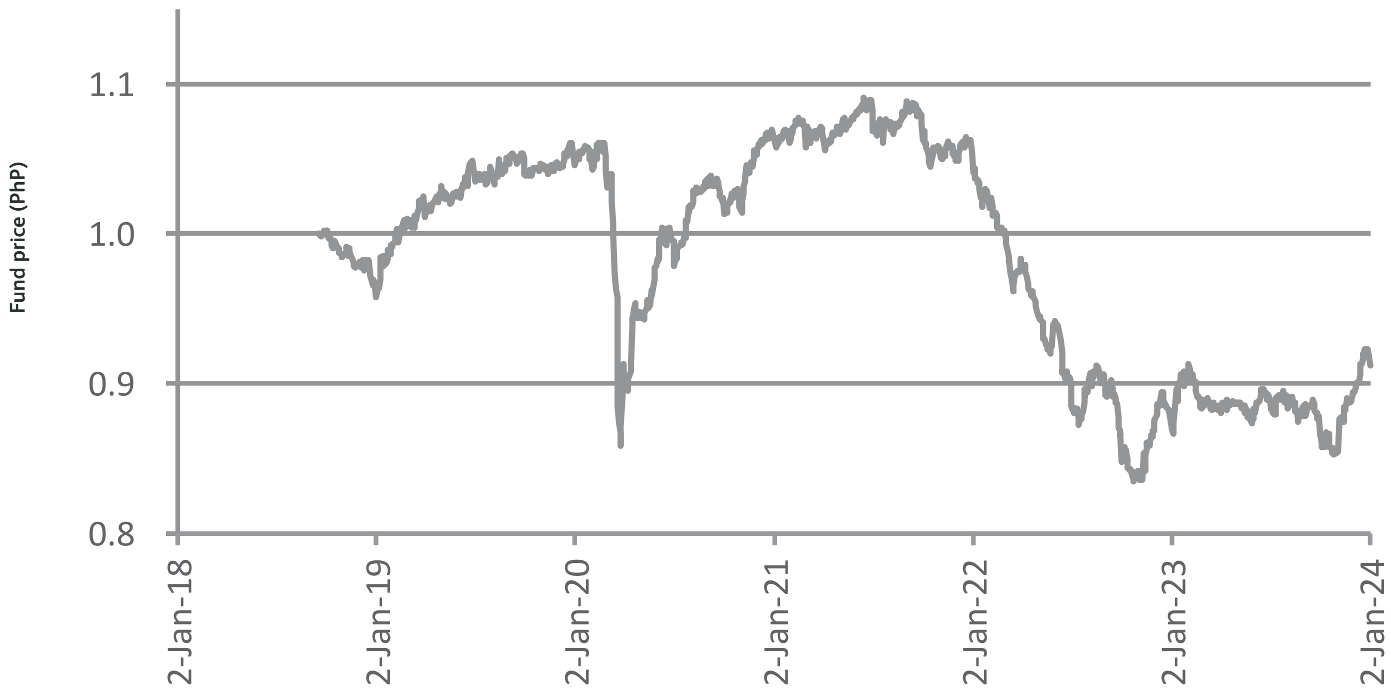
Top holdings

EASTSPRING INV US HI YLD BD D	46.78%
EASTSPRING INV ASIAN BOND D USD	45.57%
ISHARES HIGH YIELD CORP BOND UCITS ETF USD	5.08%
ISHARES S&P 500	1.82%
EASTSPRING INV ASIAN EQUITY INC D	0.71%
CASH & CASH EQUIVALENTS (USD)	0.04%

Highest and lowest unit price achieved

Initial (03 Sep 18)	1.00000
Highest (15 Jun 21)	1.09093
Lowest (25 Oct 22)	0.83478

Performance chart



Fund performance review

PRULink Cash Flow Fund Plus - PHP Hedged Share Class

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Risk sentiment soured in the third quarter, as investor expectations for a Fed pivot to lower rates shifted to a "higher for longer" scenario. The US Treasury 10-Year yield surged by over 75 bps during Q3, whilst production cuts by Russia and Saudi Arabia supported a rally in oil prices which contributed to investor fears of an upside inflation shock. Softer-than-expected inflation prints in the US and Europe saw the narrative shift again over the fourth quarter, further supported by the Fed's dovish turn at its December meeting with the Fed signalling three rate cuts in 2024.

Across major equity markets, the US was a strong outperformer, with US equities (MSCI USA) returning around 26.5% on a total return basis, buoyed by expectations for Fed rate cuts and robust economic data, and as global growth stocks outperformed strongly for the period as a whole. Although US returns were dominated by the performance of the "magnificent seven" technology stocks, there were signs of the market rise broadening into other stocks and sectors at the end of the year. The Emerging Markets (MSCI Emerging Markets) and Asia ex-Japan (MSCI AC Asia ex Japan) equities underperformed, with total returns of 9.8% and 6.0%, respectively. China was a strong drag on the performance of the broader region, with China equities (MSCI China) returning -11.2% in USD terms over the year as the expectations for a post-lockdown boom faded.

The fixed income markets were generally dominated by the "higher-for-longer" rates narrative for much of 2023 before reversing course in the fourth quarter. The US Treasury 10-Year yield began the year at 3.88%, climbing approximately 110 bps and even eclipsing the 5% level (marking the highest level since 2007), before closing at a peak of 4.98% on October 19th. From October 19th, increased market expectations of a potential US soft landing in the fourth quarter led to a subsequent tumbling of the US Treasury 10-Year yield by approximately 110 bps, ending the year at 3.88%, almost exactly the same level where it started the year.

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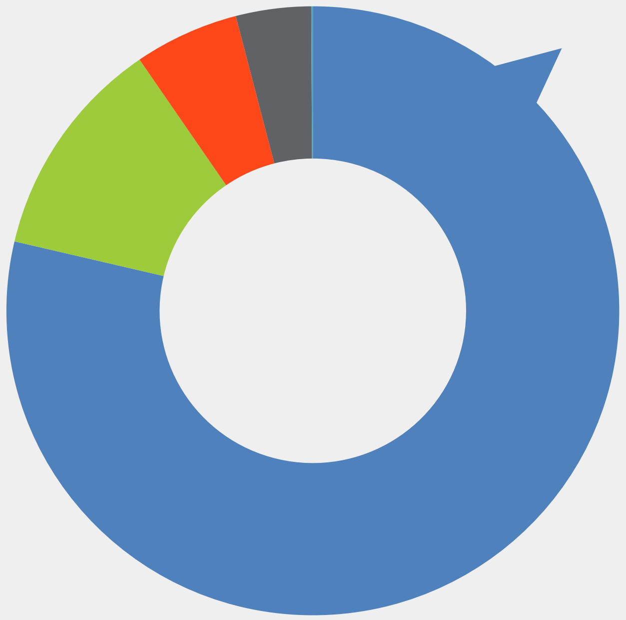
Asian credit bonds (J.P. Morgan Asia Credit Index) generated a total return of 7.0%, as both the investment grade and high yield components ended in the positive territories. The asset class' performance was supported by positive contributions from both the Treasury and Spread components, at +3.95% and +2.96%, respectively. The JACI index spread decreased during the year by 43 bps to 219 bps.

The Fund posted a positive absolute return in 2023, but underperformed its reference index. Asset allocation and security selection effects contributed negatively to the Fund's relative return. Tactical asset allocation trades detracted from the Fund's performance overall, led by negative contributions from US duration, US financials equities, and US utilities equities. However, these were slightly buffered by positive contributions from tactical trades in Nasdaq, emerging markets equities, and global equities.

Asset allocation



78.73%
Fixed-income funds

11.78%
Financials

5.52%
Cash & cash equivalents

3.96%
Exchange Traded Bond Funds

0.09%
Exchange Traded Equity Funds

Performance

1.10%
Actual year-on-year

0.16%
Since inception
(per annum)

PHP 1.00164
Unit price
as of 2 Jan 2024

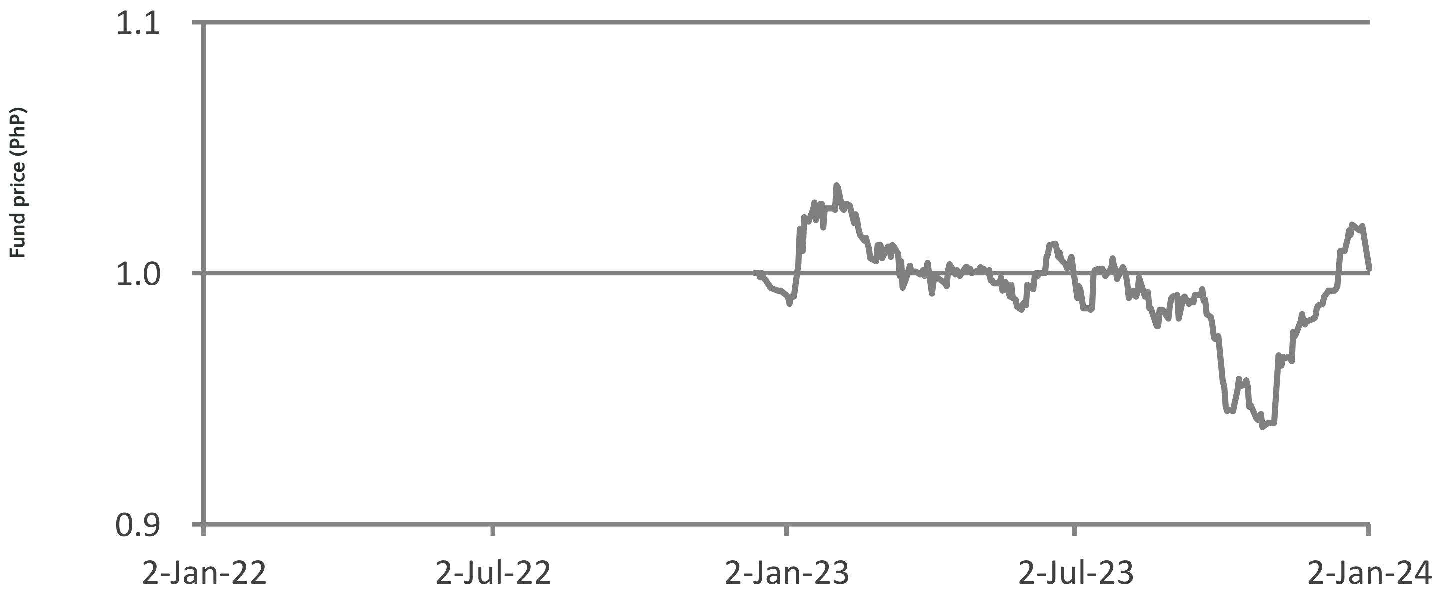
Top holdings

EASTSPRING INV US HI YLD BD D	40.48%
EASTSPRING INV ASIAN BOND D USD	38.25%
ISHARES CORE S&P 500 UCITS ETF	7.82%
CASH & CASH EQUIVALENTS (USD)	5.52%
ISHARES HIGH YIELD CORP BOND UCITS ETF USD	3.96%
XTRACKERS MSCI EUROPE UCITS ETF	1.92%
ISHARES NASDAQ 100 UCITS ETF	0.77%
XTRACKERS MSCI EMERGING MARKETS UCITS ETF	0.68%
ISHARES S&P 500 INDUS SECTOR UCITS ETF USD ACC	0.60%

Highest and lowest unit price achieved

Initial (13 Dec 2022)	1.00000
Highest (02 Feb 23)	1.03503
Lowest (27 Oct 23)	0.93870

Performance chart



PRULink Managed Fund

For the year-to-date August 2023 period, the Fund posted a positive absolute return on a gross (TWRR) basis but generated a -0.53% relative performance against the benchmark. The negative relative performance can be largely attributed to negative security selection.

Global markets snapped back over the period, following the declines seen in 2022. At the start of 2023, investor sentiment was initially supported by signs of taming inflation and hopes of a strong post-COVID recovery in China. Markets sold off in March, following the collapse of Silicon Valley Bank – the second largest banking failure in US history – and the rescue of Credit Suisse by Swiss authorities through a sale to rival UBS. Markets quickly recovered, however, as the turmoil in the banking sector tempered expectations for further rate hikes by the US Federal Reserve (Fed) and as large cap US technology and global Artificial Intelligence related stocks rallied.

Risk sentiment soured in the third quarter, as investor expectations for a Fed pivot to lower rates shifted to a "higher for longer" scenario. The US Treasury 10 Year yield surged by over 75 bps during Q3, whilst production cuts by Russia and Saudi Arabia supported a rally in oil prices which contributed to investor fears of an upside inflation shock.

Emerging Markets and Asia ex-Japan equities underperformed, although this masked very strong performance from Taiwan, Korea and India. China was a strong drag on the performance of the broader region, as the expectations for a post-lockdown boom faded, uncertainty surrounding China's regulatory regime remained and the list of defaults amongst the country's property developers grew. In this environment, Philippine equities were volatile and underperformed both the broader Asian and ASEAN region on a USD basis.

In Asia, yields of most domestic government bond markets ended lower along with the global interest rates. The performance of the Asian local bond markets in USD terms were also supported by lower interest rates while the performance Asian currencies against the US dollar were more mixed in general.

The Philippine domestic government bond yields were on downward trend during the period January to end-August 2023, leading to an overall gain of 4.76% in the representative Markit iBoxx ALBI Philippine Bond index (in local currency terms). The downward adjustment in yields were lower especially in the long end, where ten-year Philippine government bond yield dropped by 64 bps to 6.33% at the end of August.

The Philippine bond market experienced a notable shift in dynamics, characterized by a continued decline in local bond yields across various maturities. The move in yields allowed fixed income investors to experience gains for the last month of the year. Similarly, the Philippine Stock Exchange Index (PSEi) was up 3.6% month-on-month to close at 6,450.04 points in December, extending the 4.2% gain the previous month. This pares down losses in the PSEi to only 1.77% for 2023, the 4th straight year of declines. The month of December saw USD 18 Mn worth of foreign inflows bringing YTD outflows to USD 859 million.

This positive movement in both markets was influenced by several key factors, including the Bangko Sentral ng Pilipinas (BSP)'s decision to maintain steady local policy rates, reduced bond supply in the local market, and a headline inflation print that came in below consensus expectations. Moreover, investor sentiment was buoyed by the anticipation of monetary policy rate cuts in 2024, a reflection of a broader trend towards a more dovish stance in central bank policies.

The November headline inflation data, which cleared at 4.1% against a market expectation of 4.3%, underscored the slowing pace of price increases. The deceleration in headline inflation was primarily driven by reduced growth in utilities and housing expenses, alongside a continued moderation in food inflation on a month-to-month basis. This economic environment steered investors towards locking in bonds from the long end of the curve, seeking to benefit from the prevailing high-yield environment.

Meanwhile, the US economy demonstrated signs of a slowdown, evidenced by lower inflation and positive job data, leading to a softening in US Treasury yields. This macroeconomic backdrop intensified speculation among investors about the possibility of an earlier policy rate cut by the US Federal Reserve in 2024. Domestically, the BSP held its local policy rate steady at 6.50% during their last monetary board meeting of the year. Governor Remolona Jr. communicated a cautious stance, suggesting that the central bank may maintain elevated rates for a prolonged period if necessary, especially given that inflation remained above the target band of 2-4% in the final quarter.

In local fixed income, yields from the belly to the long end of the curve saw a moderate decline, ranging from 12 to 45 basis points (bps). However, it's noteworthy that the front end of the curve underperformed, with yields inching higher by 21 to 68 bps. This divergence highlights the nuanced investor expectations and positioning within different segments of the yield curve. In this context, our portfolio's overweight position relative to the benchmark proved to be strategically advantageous. Capitalizing on the rally that extended from November into December, the Fund managed to generate returns of 1.48%, outperforming the benchmark by 12 bps.

In local equities, overweight positions in Jollibee Foods Corporation (JFC) and Robinsons Land Corporation (RLC) were among the key positive contributors to relative performance for the last month of the year. Given the run-up in the market in December, cyclical sectors such as the consumer sector outperformed the PSEi. Being the proxy for the consumer discretionary sector, JFC was the one that led the gains with its economic moat and relatively better liquidity profile compared to other consumer names. RLC is another cyclical company in the property sector that outperformed the market. The property stock trades at depressed valuations despite good earnings growth. With an improved macro outlook, investors were willing to take a bet on RLC as the stock presents significant upside to its fair value. The underweight position in SM Investments Corporation (SM) and overweight position in Abitiz Power Corporation (AP) were amongst the key detractors to relative performance during the month. SM outperformed being the one of the country proxies for the Philippines and its status as the largest company in terms of market capitalization. AP, on the other hand, underperformed the PSEi given the defensive profile of the stock. Defensive sectors such as the power sector generally underperform the market on an uptrend. On top of this, the power company has had a significant run-up in the previous months which led to some profit-taking in December.

Asset allocation

80.08%
Fixed-income funds

19.24%
Equity funds

0.68%
Cash & cash equivalents

Performance

5.39%
Actual year-on-year

5.83%
Since inception
(per annum)

PHP 3.34188
Unit price
as of 2 Jan 2024

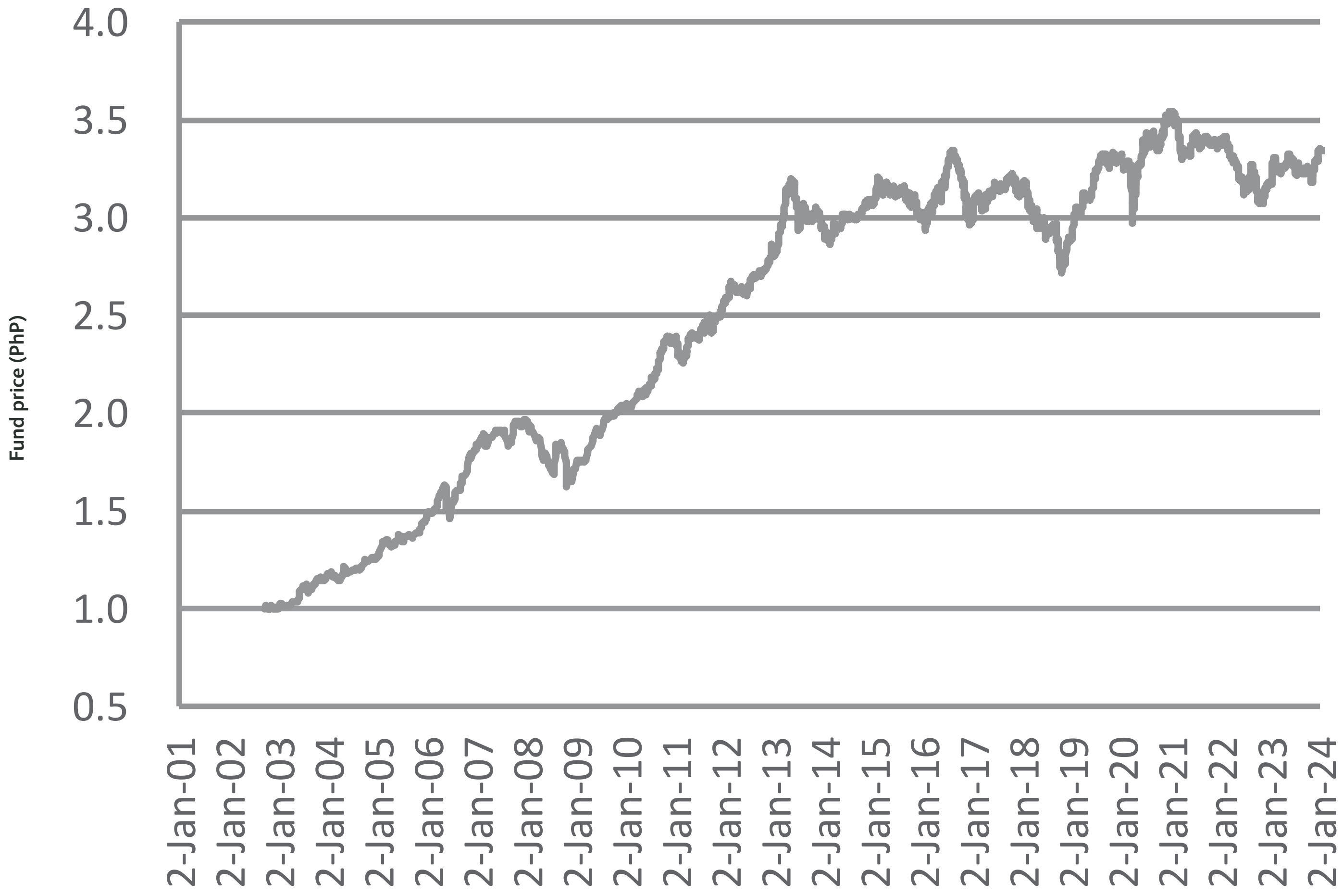
Top holdings

PRULINK BOND FUND	**80.08%**
PRULINK EQUITY FUND	**19.24%**
CASH & CASH EQUIVALENTS (PHP)	**0.68%**

Highest and lowest unit price achieved

Initial (24 Sep 02)	1.00000
Highest (17 Dec 20)	3.54174
Lowest (23 Oct 02)	0.99568

Performance chart



PRULink Proactive Fund

For the year-to-date August 2023 period, the Fund posted a positive absolute return on a gross (TWRR) basis and generated a positive 0.24% relative performance against the benchmark. The positive relative performance can be largely attributed to positive security selection.

Global markets snapped back over the period, following the declines seen in 2022. At the start of 2023, investor sentiment was initially supported by signs of taming inflation and hopes of a strong post-COVID recovery in China. Markets sold off in March, following the collapse of Silicon Valley Bank – the second largest banking failure in US history – and the rescue of Credit Suisse by Swiss authorities through a sale to rival UBS. Markets quickly recovered, however, as the turmoil in the banking sector tempered expectations for further rate hikes by the US Federal Reserve (Fed) and as large cap US technology and global Artificial Intelligence related stocks rallied.

Risk sentiment soured in the third quarter, as investor expectations for a Fed pivot to lower rates shifted to a "higher for longer" scenario. The US Treasury 10-Year yield surged by over 75 bps during Q3, whilst production cuts by Russia and Saudi Arabia supported a rally in oil prices which contributed to investor fears of an upside inflation shock.

Emerging Markets and Asia ex-Japan equities underperformed, although this masked very strong performance from Taiwan, Korea and India. China was a strong drag on the performance of the broader region, as the expectations for a post-lockdown boom faded, uncertainty surrounding China's regulatory regime remained and the list of defaults amongst the country's property developers grew. In this environment, Philippine equities were volatile and underperformed both the broader Asian and ASEAN region on a USD basis.

In Asia, yields of most domestic government bond markets ended lower along with the global interest rates. The performance of the Asian local bond markets in USD terms were also supported by lower interest rates while the performance Asian currencies against the US dollar were more mixed in general.

The Philippine domestic government bond yields were on downward trend during the period January to end-August 2023, leading to an overall gain of 4.76% in the representative Markit iBoxx ALBI Philippine Bond index (in local currency terms). The downward adjustment in yields were lower especially in the long end, where ten-year Philippine government bond yield dropped by 64 bps to 6.33% at the end of August.

The Philippine bond market experienced a notable shift in dynamics, characterized by a continued decline in local bond yields across various maturities. The move in yields allowed fixed income investors to experience gains for the last month of the year. Similarly, the Philippine Stock Exchange Index (PSEi) was up 3.6% month-on-month to close at 6,450.04 in December, extending the 4.2% gain the previous month. This pares down losses in the PSEi to only 1.77% for 2023, the 4th straight year of declines. The month of December saw USD 18 million worth of foreign inflows bringing YTD outflows to USD 859 million.

This positive movement in both markets was influenced by several key factors, including the Bangko Sentral ng Pilipinas (BSP)'s decision to maintain steady local policy rates, reduced bond supply in the local market, and a headline inflation print that came in below consensus expectations. Moreover, investor sentiment was buoyed by the anticipation of monetary policy rate cuts in 2024, a reflection of a broader trend towards a more dovish stance in central bank policies.

The November headline inflation data, which cleared at 4.1% against a market expectation of 4.3%, underscored the slowing pace of price increases. The deceleration in headline inflation was primarily driven by reduced growth in utilities and housing expenses, alongside a continued moderation in food inflation on a month-to-month basis. This economic environment steered investors towards locking in bonds from the long end of the curve, seeking to benefit from the prevailing high-yield environment.

Meanwhile, the US economy demonstrated signs of a slowdown, evidenced by lower inflation and positive job data, leading to a softening in US Treasury yields. This macroeconomic backdrop intensified speculation among investors about the possibility of an earlier policy rate cut by the US Federal Reserve in 2024. Domestically, the BSP held its local policy rate steady at 6.50% during their last monetary board meeting of the year. Governor Remolona Jr. communicated a cautious stance, suggesting that the central bank may maintain elevated rates for a prolonged period if necessary, especially given that inflation remained above the target band of 2-4% in the final quarter.

In local fixed income, yields from the belly to the long end of the curve saw a moderate decline, ranging from 12 to 45 basis points (bps). However, it's noteworthy that the front end of the curve underperformed, with yields inching higher by 21 to 68 bps. This divergence highlights the nuanced investor expectations and positioning within different segments of the yield curve. In this context, our portfolio's overweight position relative to the benchmark proved to be strategically advantageous. Capitalizing on the rally that extended from November into December, the fund managed to generate returns of 1.48%, outperforming the benchmark by 12 bps.

In local equities, overweight positions in Jollibee Foods Corporation (JFC) and Robinsons Land Corporation (RLC) were among the key positive contributors to relative performance for the last month of the year. Given the run-up in the market in December, cyclical sectors such as the consumer sector outperformed the PSEi. Being the proxy for the consumer discretionary sector, JFC was the one that led the gains with its economic moat and relatively better liquidity profile compared to other consumer names. RLC is another cyclical company in the property sector that outperformed the market. The property stock trades at depressed valuations despite good earnings growth. With an improved macro outlook, investors were willing to take a bet on RLC as the stock presents significant upside to its fair value. The underweight position in SM Investments Corporation (SM) and overweight position in Aboitiz Power Corporation (AP) were amongst the key detractors to relative performance during the month. SM outperformed being the one of the country proxies for the Philippines and its status as the largest company in terms of market capitalization. AP, on the other hand, underperformed the PSEi given the defensive profile of the stock. Defensive sectors such as the power sector generally underperform the market on an uptrend. On top of this, the power company has had a significant run-up in the previous months which led to some profit-taking in December.

Asset allocation

51.66%
Equity funds

48.51%
Fixed-income funds

Performance

3.24%
Actual year-on-year

5.11%
Since inception
(per annum)

PHP 2.10045
Unit price
as of 2 Jan 2024

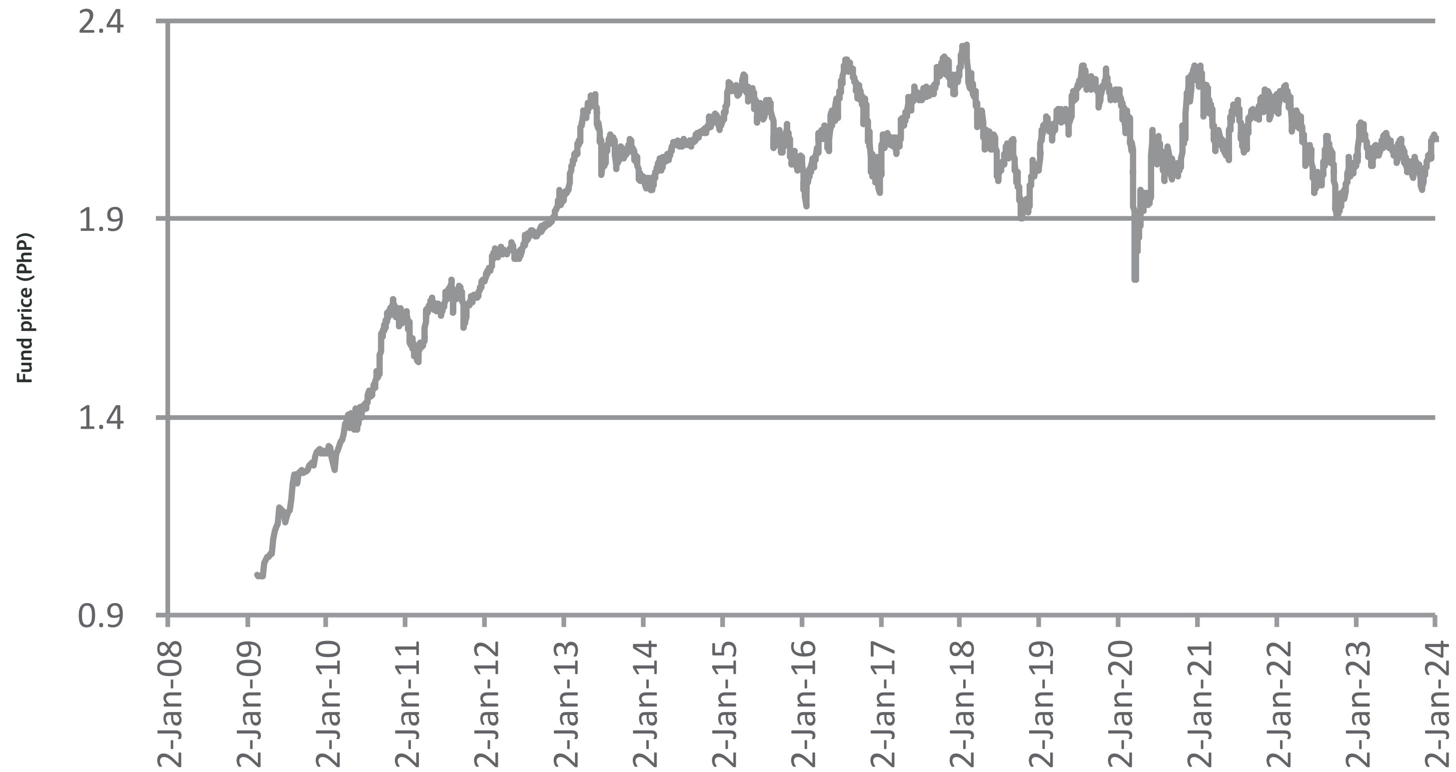
Top holdings

PRULINK EQUITY FUND	51.66%
PRULINK BOND FUND	48.51%

Highest and lowest unit price achieved

Initial (17 Feb 09)	1.00000
Highest (30 Jan 18)	2.34008
Lowest (03 Mar 09)	0.99950

Performance chart



PRULink Growth Fund

For the year-to-date August 2023 period,the Fund posted a negative absolute return on a gross (TWRR) basis but generated a positive 1.38% relative performance against the benchmark. The positive relative performance can be largely attributed to positive security selection, especially within equities.

Global markets snapped back over the period, following the declines seen in 2022. At the start of 2023, investor sentiment was initially supported by signs of taming inflation and hopes of a strong post-COVID recovery in China. Markets sold off in March, following the collapse of Silicon Valley Bank – the second largest banking failure in US history – and the rescue of Credit Suisse by Swiss authorities through a sale to rival UBS. Markets quickly recovered, however, as the turmoil in the banking sector tempered expectations for further rate hikes by the US Federal Reserve (Fed) and as large cap US technology and global Artificial Intelligence related stocks rallied.

Risk sentiment soured in the third quarter, as investor expectations for a Fed pivot to lower rates shifted to a "higher for longer" scenario. The US Treasury 10-Year yield surged by over 75 bps during Q3, whilst production cuts by Russia and Saudi Arabia supported a rally in oil prices which contributed to investor fears of an upside inflation shock.

Emerging Markets and Asia ex-Japan equities underperformed, although this masked very strong performance from Taiwan, Korea and India. China was a strong drag on the performance of the broader region, as the expectations for a post-lockdown boom faded, uncertainty surrounding China's regulatory regime remained and the list of defaults amongst the country's property developers grew. In this environment, Philippine equities were volatile and underperformed both the broader Asian and ASEAN region on a USD basis.

In Asia, yields of most domestic government bond markets ended lower along with the global interest rates. The performance of the Asian local bond markets in USD terms were also supported by lower interest rates while the performance Asian currencies against the US dollar were more mixed in general.

The Philippine domestic government bond yields were on downward trend during the period January to end-August 2023, leading to an overall gain of 4.76% in the representative Markit iBoxx ALBI Philippine Bond index (in local currency terms). The downward adjustment in yields were lower especially in the long end, where ten-year Philippine government bond yield dropped by 64 bps to 6.33% at the end of August.

The Philippine bond market experienced a notable shift in dynamics, characterized by a continued decline in local bond yields across various maturities. The move in yields allowed fixed income investors to experience gains for the last month of the year.

Similarly, the Philippine Stock Exchange Index (PSEi) was up 3.6% month-on-month to close at 6,450.04 in December, extending the 4.2% gain the previous month. This pares down losses in the PSEi to only 1.77% for 2023, the 4th straight year of declines. The month of December saw USD 18 million worth of foreign inflows bringing YTD outflows to USD 859 million.

This positive movement in both markets was influenced by several key factors, including the Bangko Sentral ng Pilipinas (BSP)'s decision to maintain steady local policy rates, reduced bond supply in the local market, and a headline inflation print that came in below consensus expectations. Moreover, investor sentiment was buoyed by the anticipation of monetary policy rate cuts in 2024, a reflection of a broader trend towards a more dovish stance in central bank policies.

The November headline inflation data, which cleared at 4.1% against a market expectation of 4.3%, underscored the slowing pace of price increases. The deceleration in headline inflation was primarily driven by reduced growth in utilities and housing expenses, alongside a continued moderation in food inflation on a month-to-month basis. This economic environment steered investors towards locking in bonds from the long end of the curve, seeking to benefit from the prevailing high-yield environment.

Meanwhile, the US economy demonstrated signs of a slowdown, evidenced by lower inflation and positive job data, leading to a softening in US Treasury yields. This macroeconomic backdrop intensified speculation among investors about the possibility of an earlier policy rate cut by the US Federal Reserve in 2024. Domestically, the BSP held its local policy rate steady at 6.50% during their last monetary board meeting of the year. Governor Remolona Jr. communicated a cautious stance, suggesting that the central bank may maintain elevated rates for a prolonged period if necessary, especially given that inflation remained above the target band of 2-4% in the final quarter.

In local fixed income, yields from the belly to the long end of the curve saw a moderate decline, ranging from 12 to 45 basis points (bps). However, it's noteworthy that the front end of the curve underperformed, with yields inching higher by 21 to 68 bps. This divergence highlights the nuanced investor expectations and positioning within different segments of the yield curve. In this context, our portfolio's overweight position relative to the benchmark proved to be strategically advantageous. Capitalizing on the rally that extended from November into December, the fund managed to generate returns of 1.48%, outperforming the benchmark by 12 bps.

In local equities, overweight positions in Jollibee Foods Corporation (JFC) and Robinsons Land Corporation (RLC) were among the key positive contributors to relative performance for the last month of the year. Given the run-up in the market in December, cyclical sectors such as the consumer sector outperformed the PSEi. Being the proxy for the consumer discretionary sector, JFC was the one that led the gains with its economic moat and relatively better liquidity profile compared to other consumer names. RLC is another cyclical company in the property sector that outperformed the market. The property stock trades at depressed valuations despite good earnings growth. With an improved macro outlook, investors were willing to take a bet on RLC as the stock presents significant upside to its fair value. The underweight position in SM Investments Corporation (SM) and overweight position in Aboitiz Power Corporation (AP) were amongst the key detractors to relative performance during the month. SM outperformed being the one of the country proxies for the Philippines and its status as the largest company in terms of market capitalization. AP, on the other hand, underperformed the PSEi given the defensive profile of the stock. Defensive sectors such as the power sector generally underperform the market on an uptrend. On top of this, the power company has had a significant run-up in the previous months which led to some profit-taking in December.

Asset allocation

79.31%
Equity funds

20.05%
Fixed-income funds

0.64%
Cash & cash equivalents

Performance

1.80%
Actual year-on-year

7.10%
Since inception
(per annum)

PHP 3.54964
Unit price
as of 2 Jan 2024

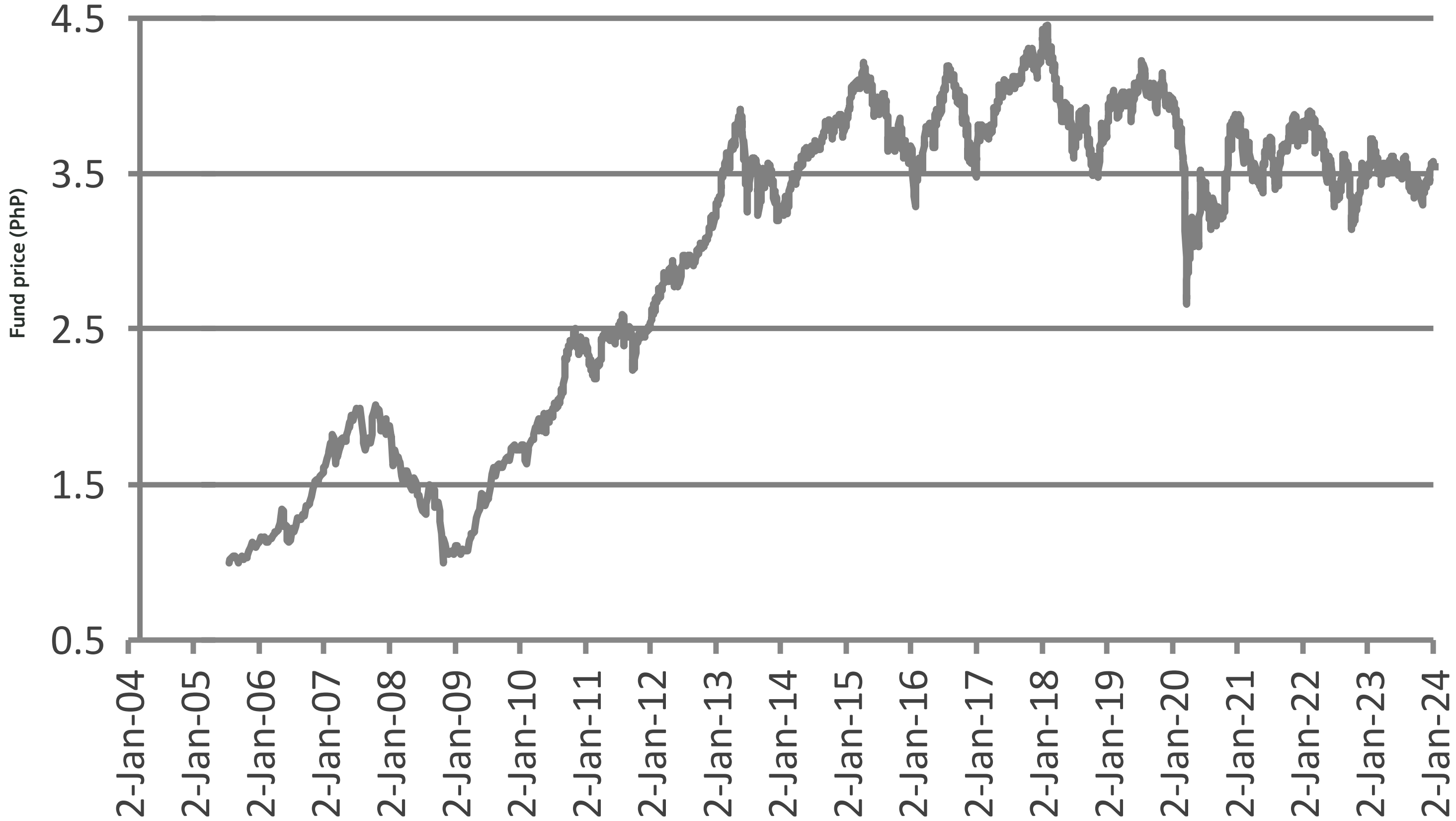
Top holdings

PRULINK EQUITY FUND	**79.31%**
PRULINK BOND FUND	**20.05%**
CASH & CASH EQUIVALENTS (PHP)	**0.64%**

Highest and lowest unit price achieved

Initial (22 Jul 05)	1.00000
Highest (30 Jan 18)	4.45577
Lowest (28 Oct 08)	0.99584

Performance chart



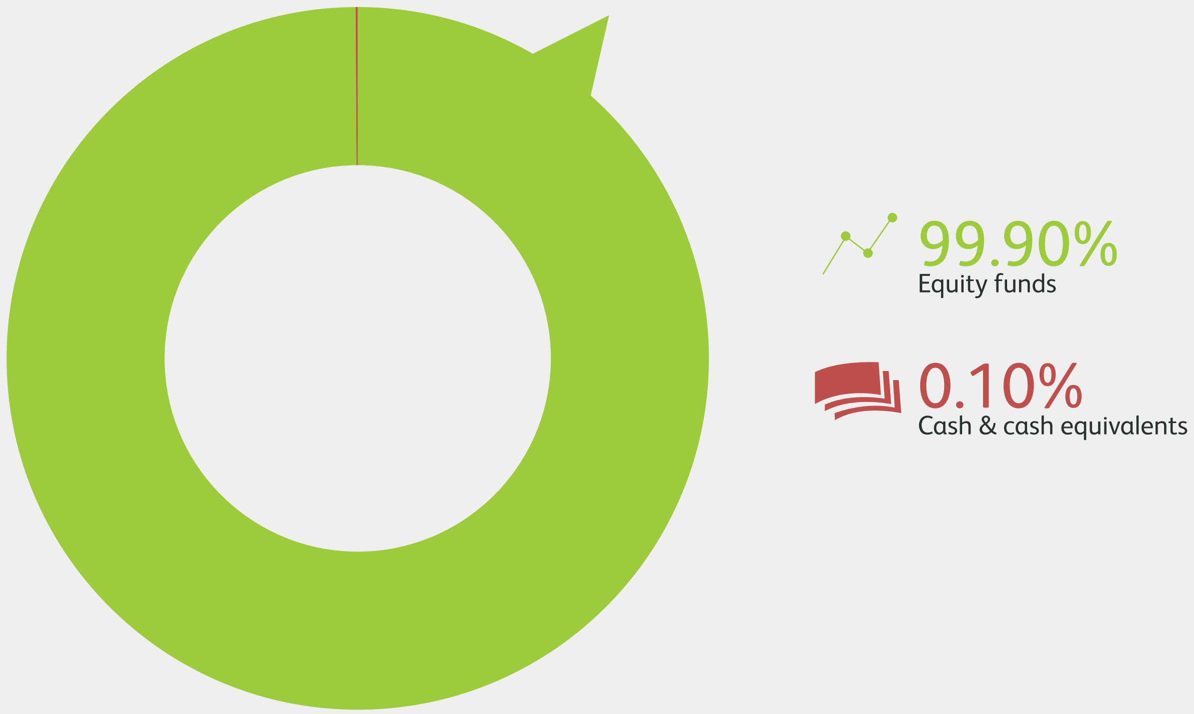
PRULink Equity Index Tracker Fund

The local stock market had a volatile year in 2023, with the Philippine Stock Exchange Index (PSEi) closing the year 1.77% lower to 6,450.04. Total foreign flows recorded for the year was an outflow of USD 863 million. This was the sixth straight year that foreigners were net sellers. The names that gained the most for 2023 were GT Capital Holdings Inc. (GTCAP, +35.63%), Manila Electric Company (MER, +33.53%), and Bloomberry Resorts Corp. (BLOOM, +28.63%), while the laggards were Converge Information and Communications Technology Solutions, Inc. (CNVRG, -47.23%), ACEN Corp. (ACEN, -42.52%), and Wilcon Depot Inc. (WLCON, -29.15%).

The market started strong in 2023 but the sentiment reversed with the collapse of Silicon Valley Bank and Credit Suisse. The disappointing 2nd quarter Gross Domestic Product print further added to the market pressure. By October of 2023, the higher-than-expected inflation print resulted in Bangko Sentral ng Pilipinas announcement of an off-cycle policy rate hike and the PSEi breaching below the 6,000 level. The PSEi recovered some of the losses towards year-end with the optimism coming from subsequent decelerating inflation prints.

Heading into 2024, the Philippine equities space is starting to show signs of an imminent re-rating in the horizon. For the past years, local corporates have been cautious, with initiatives focused mainly on managing balance sheet risks and tempering capital expenditures. This year, we are seeing a shift, with corporates starting to set aggressive long-term growth plans once again, alongside higher capital expenditure budgets. The improving trends in the domestic macroeconomic environment and decelerating inflation print should provide further support for the market. We are seeing a good risk-reward profile for the market for 2024, with the valuations continuing to be undemanding despite improving fundamentals.

Sector allocation



Performance

-0.88%
Actual year-on-year

3.40%
Since inception
(per annum)

PHP 1.11886
Unit price
as of 2 Jan 2024

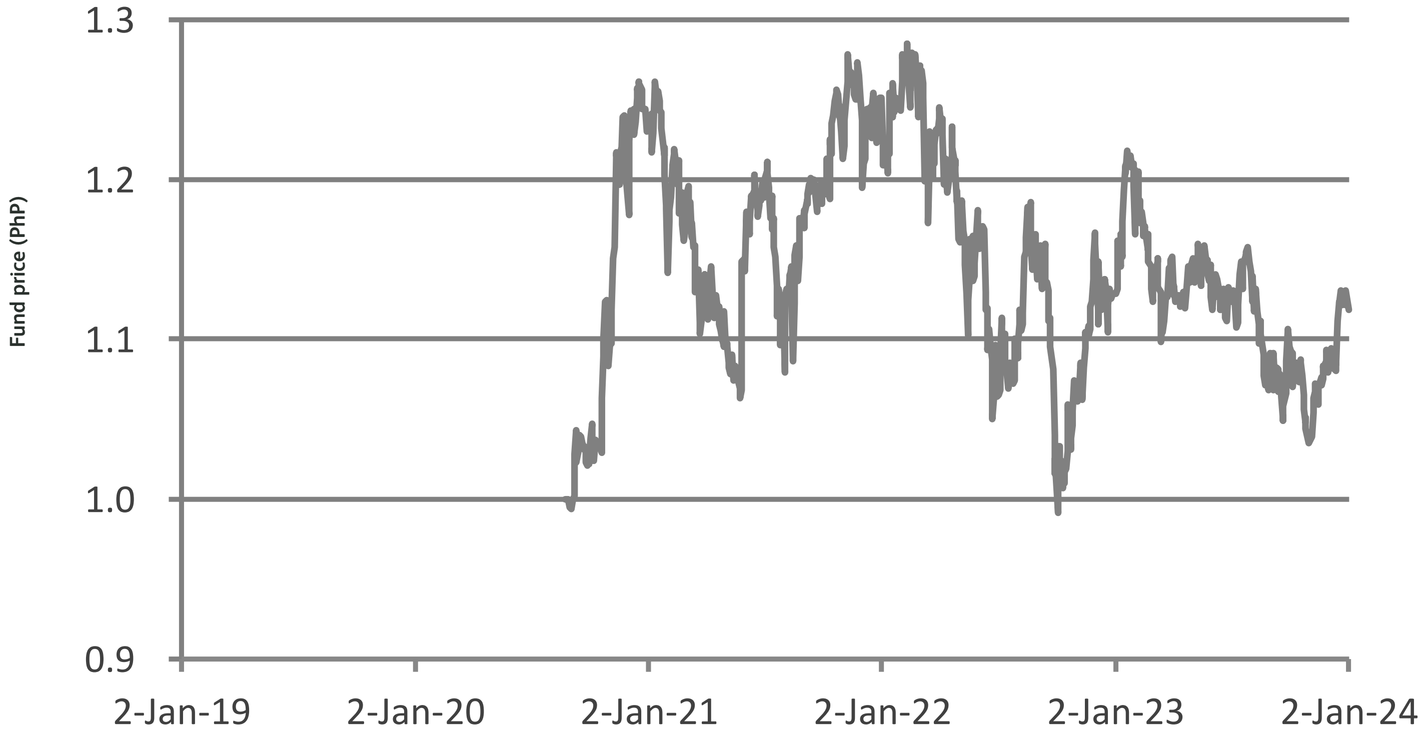
Top holdings

ATRAM PHILIPINE EQUITY INDEX TRACKER FUND	99.90%
CASH & CASH EQUIVALENTS (PHP)	0.10%

Highest and lowest unit price achieved

Initial (24 Aug 20)	1.00000
Highest (10 Feb 22)	1.28503
Lowest (03 Oct 22)	0.99157

Performance chart



PRULink Equity Fund

Global markets snapped back over the period, following the declines seen in 2022.

At the start of 2023, investor sentiment was initially supported by signs of taming inflation and hopes of a strong post-COVID recovery in China. Markets sold off in March, following the collapse of Silicon Valley Bank – the second largest banking failure in US history – and the rescue of Credit Suisse by Swiss authorities through a sale to rival UBS. Markets quickly recovered, however, as the turmoil in the banking sector tempered expectations for further rate hikes by the Fed and as large cap US technology and global Artificial Intelligence related stocks rallied.

Risk sentiment soured in the third quarter, as investor expectations for a Fed pivot to lower rates shifted to a "higher for longer" scenario. The US Treasury 10-Year yield surged by over 75 bps during Q3, whilst production cuts by Russia and Saudi Arabia supported a rally in oil prices which contributed to investor fears of an upside inflation shock.

Emerging Markets and Asia ex-Japan equities underperformed, although this masked very strong performance from Taiwan, Korea and India. China was a strong drag on the performance of the broader region, as the expectations for a post-lockdown boom faded, uncertainty surrounding China's regulatory regime remained and the list of defaults amongst the country's property developers grew.

In this environment, Philippine equities were volatile and underperformed both the broader Asian and ASEAN region on a USD basis.

Macro data was mixed over the period, with 2022 and Q4 22 GDP growth coming in better-than-expected at the start of the year and GDP growth beating expectations in Q1 24. Q2 GDP growth subsequently missed expectations later in year, whilst inflation and Bangko Sentral ng Pilipinas (BSP) policy kept investors on edge throughout the period. Inflation came in unexpectedly strong at the start of the year, with the BSP subsequently hiking rates in February, with a smaller hike in March, whilst inflation then came in unexpectedly weaker over the following months.

The Fund strongly outperformed over the period and since inception. Year-to-date to August 2023, the Fund posted 1.73% of outperformance, 1.98% of outperformance over 1 year, 1.53% of outperformance over 3 years, 0.77% of outperformance over 5 years and 1.08% since inception (TWRR, PHP basis, annualised).

In terms of leading contributors to relative performance over the YTD August 2023 period, the overweight position in Metro Pacific Investments, and underweight positions in Converge ICT and Monde Nissin contributed most.

Metro Pacific rose strongly over the period, benefiting our overweight, on the speculation and subsequent confirmation of the company being taken private. The company also reported H1 revenues and core income up 14% and 33% year-on-year respectively.

Converge saw a sharp decline in its share price over the period, with the wider macro environment weighing on sentiment around the stock and sector over the period.

Monde Nissin's share price was also weak, rewarding our underweight exposure to the stock. The company reported a net loss for 2022, which the company attributed to a non-cash, non-operating impairment of the intangible assets of Marlow Foods, which owns Quorn and Cauldron. The company also reported its H1 23 results at the end of the period, with revenue growth up year-on-year for the H1 23 period, but growth moderated in the second quarter of 2023.

The Philippine Stock Exchange Index (PSEi) was up 3.6% month-on-month to close at 6,450.04 in December, extending the 4.2% gain the previous month. This pares down losses in the PSEi to only 1.77% for 2023, the 4th straight year of declines. Bullish sentiment continued for the second straight month as investors focused on the disinflation narrative. Local CPI for the month of November came in at 4.1%, lower than the 4.3% consensus and October's 4.9% print. This allowed the BSP to maintain its policy rate at 6.5% in its December Monetary Board meeting, marking the second time that the central bank has kept its policy rate unchanged since the off-cycle hike back in October. While the local central bank remains wary of upside risks to inflation, some are expecting the December inflation print to finally be within the 2%-4% target band of the BSP. Lower inflation is seen to bring interests lower and consumer confidence higher which are both tailwinds for the local equity market. The month of December saw USD 18 million worth of foreign inflows bringing YTD outflows to USD 859 million.

For December, the overweight positions in Jollibee Foods Corporation (JFC) and Robinsons Land Corporation (RLC) were among the key positive contributors to relative performance for the month. Given the run-up in the market in December, cyclical sectors such as the consumer sector outperformed the PSEi. Being the proxy for the consumer discretionary sector, JFC was the one that led the gains with its economic moat and relatively better liquidity profile compared to other consumer names. It's strong earnings performance in 9M23 and improvement in its international operations also supported sentiment on the stock. RLC is another cyclical company in the property sector that outperformed the market. The property stock trades at depressed valuations despite good earnings growth. With an improved macro outlook, investors were willing to take a bet on RLC as the stock presents significant upside to its fair value. Expectations of lower interest rates and receding inflation also buoyed sentiment given the the positive effects these will have on both its mall and residential segments.

The underweight position in SM Investments Corporation (SM) and overweight position in Aboitiz Power Corporation (AP) were amongst the key detractors to relative performance during the month. SM outperformed being the one of the country proxies for the Philippines and its status as the largest company in terms of market capitalization. The holding firm usually benefits from improved market sentiment as the macro outlook is now more favorable given expectations of lower inflation and interest rates moving forward. AP, on the other hand, underperformed the PSEi given the defensive profile of the stock. Defensive sectors such as the power sector generally underperform the market on an uptrend. On top of this, the power company has had a significant run-up in the previous months which led to some profit-taking in December.

Sector allocation

34.20% Industrials

19.20% Financials

18.50% Real estate

8.80% Consumer staples

5.60% Consumer discretionary

5.60% Communication

5.40% Utilities

2.70% Cash

Performance

1.01%
Actual year-on-year

4.22%
Since inception
(per annum)

PHP1.95485
Unit price
as of 2 Jan 2024

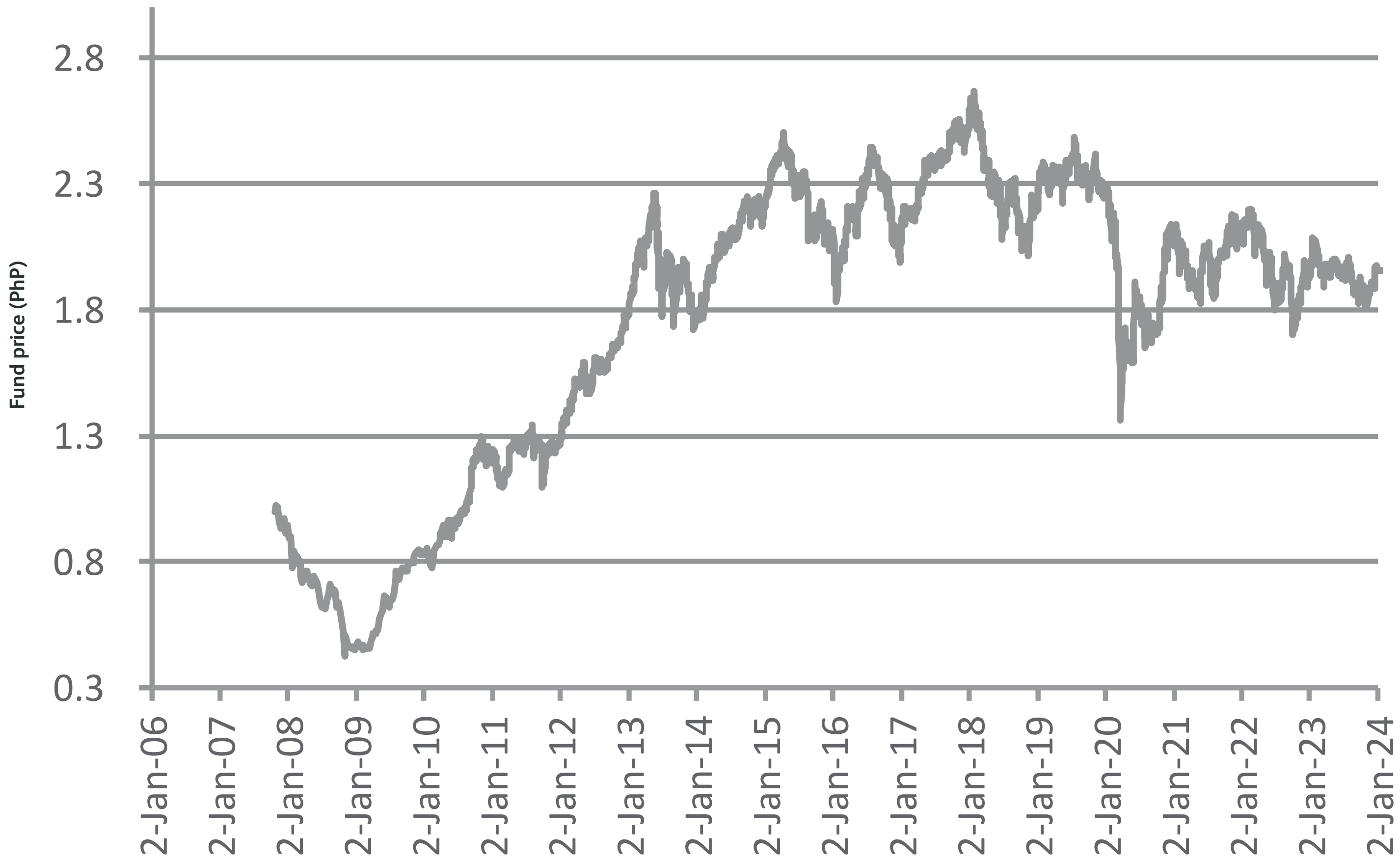
Top holdings

SM INVESTMENTS CORP	9.50%
SM PRIME HOLDINGS INC	9.50%
BDO UNIBANK INC	8.30%
AYALA LAND INC	7.70%
INT'L CONTAINER TERMINAL SERVICES INC	7.10%
BANK OF THE PHILIPPINE ISLANDS	7.00%
AYALA CORPORATION	6.80%
JOLLIBEE FOODS CORP	4.50%
UNIVERSAL ROBINA CORP	3.80%
PLDT INC	3.50%

Highest and lowest unit price achieved

Initial (23 Oct 07)	1.00000
Highest (30 Jan 18)	2.66632
Lowest (28 Oct 08)	0.42505

Performance chart



PRULink Global Market Navigator Fund PHP Unhedged Share Class

Global markets snapped back in 2023, with global equities (MSCI ACWI) returning 22.2% in USD terms over the year, following a -18.1% decline during 2022. Bond markets also performed better in 2023, with the Bloomberg Global Aggregate Bond Index returning 5.7% in USD terms, following a -16.3% decline in 2022.

At the start of 2023, investor sentiment was initially supported by signs of taming inflation and hopes of a strong post-COVID recovery in China. Markets sold off in March, following the collapse of Silicon Valley Bank – the second largest banking failure in US history – and the rescue of Credit Suisse by Swiss authorities through a sale to rival UBS. Markets quickly recovered, however, as the turmoil in the banking sector tempered expectations for further rate hikes by the US Federal Reserve (Fed) and as large cap US technology and global Artificial Intelligence (AI) related stocks rallied.

Risk sentiment soured in the third quarter, as investor expectations for a Fed pivot to lower rates shifted to a "higher for longer" scenario. The US Treasury 10-Year yield surged by over 75 bps during Q3, whilst production cuts by Russia and Saudi Arabia supported a rally in oil prices which contributed to investor fears of an upside inflation shock. Softer-than-expected inflation prints in the US and Europe saw the narrative shift again over the fourth quarter, further supported by the Fed's dovish turn at its December meeting with the US Federal Reserve (Fed) signalling three rate cuts in 2024.

Across major equity markets the US was a strong outperformer, with US equities (MSCI USA) returning around 26.5% on a total return basis, buoyed by expectations for Fed rate cuts and robust economic data, and as global growth stocks outperformed strongly for the period as a whole. Although US returns were dominated by the performance of the "magnificent seven" technology stocks, there were signs of the market rise broadening into other stocks and sectors at the end of the year. The Emerging Markets (MSCI Emerging Markets) and Asia ex-Japan (MSCI AC Asia ex Japan) equities underperformed, with total returns of 9.8% and 6.0%, respectively. China was a strong drag on the performance of the broader region, with China equities (MSCI China) returning -11.2% in USD terms over the year as the expectations for a post-lockdown boom faded.

The fixed income markets were generally dominated by the "higher-for-longer" rates narrative for much of 2023 before reversing course in the fourth quarter. The US Treasury 10-Year yield began the year at 3.88%, climbing approximately 110 bps and even eclipsing the 5% level (marking the highest level since 2007), before closing at a peak of 4.98% on October 19th. From October 19th, increased market expectations of a potential US soft landing in the fourth quarter led to a subsequent tumbling of the US Treasury 10-Year yield by approximately 110 bps, ending the year at 3.88%, almost exactly the same level where it started the year.

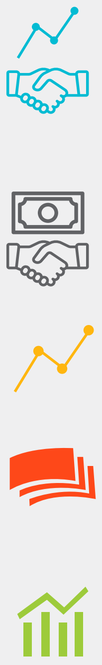
Key fixed income markets generally ended 2023 in the positive territory, with US high yield bonds (ICE BofA US High Yield Constrained Index) outpacing its peers, returning 13.5%. Despite a volatile 2023 on the macro front, a resilient US economy and historically elevated yields underpinned a rally in the US high yield market. Notably, the asset class generated 8.4% cumulatively over the last two months of 2023 alone, as spreads tightened further amid the dovish tilt by the Fed which led to the markets' increased expectations of a soft landing. Its more interest rate sensitive counterpart, US investment grade bonds (ICE BofA US Corporate Index) returned 8.4%.

Asian credit bonds (J.P. Morgan Asia Credit Index) generated a total return of 7.0%, as both the investment grade and high yield components ended in the positive territories. The asset class' performance was supported by positive contributions from both the Treasury and Spread components, at +3.95% and +2.96%, respectively. The JACI index spread decreased during the year by 43 bps to 219 bps.

The Fund posted a positive absolute return in 2023.

The Fund's broad exposures to equities and fixed income were generally positive, in a year which was dominated by the "higher for longer" interest rate environment before a significant easing of financial conditions toward the end of the year, which buoyed most financial assets. Tactically, the Fund's largest contributors were global equities (vs. US investment grade bonds), Nasdaq (vs. S&P 500), and Italy equities (vs. Europe). The Fund's largest detractors were US Financials equities (vs. US), China tech equities (vs. US), and US duration.

Asset allocation



49.60%
Exchange Traded Equity Funds

35.24%
Exchange Traded Bond Funds

9.06%
Equity funds

3.47%
Cash & cash equivalents

3.06%
Financials

Performance

11.03%
Actual year-on-year

2.51%
Since inception
(per annum)

PHP1.11246
Unit price
as of 2 Jan 2024

Top holdings

ISHARES $ CORP BOND ESG UCITS ETF USD ACC	17.28%
SPDR S&P 500 ESG SCREENED UCITS ETF USD ACC	14.60%
ISHARES MSCI USA ESG SCREENED UCITS ETF USD ACC	14.46%
ISHARES MSCI EUROPE ESG SCREENED UCITS ETF EUR ACC	14.21%
FORWARD US DOLLAR	9.27%
EUR CASH (ALPHA COMMITTED)	7.77%
ISHARES $ HIGHYIELD CORPBOND ESG UCITS ETF USD ACC	6.95%
MSCI EMER MKT INDEX (ICE) MAR 24	6.32%
ESI - GLOBAL MF EQ FUND CLASS D	5.82%
ISHARES GLOBAL AGGREGATE BD ESG UCITS ETF USD ACC	5.21%

Highest and lowest unit price achieved

Initial (16 Sep 19)	1.00000
Highest (05 Jan 22)	1.19763
Lowest (24 Mar 20)	0.79212

Performance chart

PRULink Global Equity Navigator Fund PHP Unhedged Share Class

Global markets snapped back in 2023, with global equities (MSCI ACWI) returning 22.2% in USD terms over the year, following a -18.1% decline during 2022. Bond markets also performed better in 2023, with the Bloomberg Global Aggregate Bond Index returning 5.7% in USD terms, following a -16.3% decline in 2022.

At the start of 2023, investor sentiment was initially supported by signs of taming inflation and hopes of a strong post-COVID recovery in China. Markets sold off in March, following the collapse of Silicon Valley Bank – the second largest banking failure in US history – and the rescue of Credit Suisse by Swiss authorities through a sale to rival UBS. Markets quickly recovered, however, as the turmoil in the banking sector tempered expectations for further rate hikes by the US Federal Reserve (Fed) and as large cap US technology and global Artificial Intelligence (AI) related stocks rallied.

Risk sentiment soured in the third quarter, as investor expectations for a Fed pivot to lower rates shifted to a "higher for longer" scenario. The US Treasury 10-Year yield surged by over 75 bps during Q3, whilst production cuts by Russia and Saudi Arabia supported a rally in oil prices which contributed to investor fears of an upside inflation shock. Softer-than-expected inflation prints in the US and Europe saw the narrative shift again over the fourth quarter, further supported by the Fed's dovish turn at its December meeting with the Fed signalling three rate cuts in 2024.

Across major equity markets the US was a strong outperformer, with US equities (MSCI USA) returning around 26.5% on a total return basis, buoyed by expectations for Fed rate cuts and robust economic data, and as global growth stocks outperformed strongly for the period as a whole. Although US returns were dominated by the performance of the "magnificent seven" technology stocks, there were signs of the market rise broadening into other stocks and sectors at the end of the year. The Emerging Markets (MSCI Emerging Markets) and Asia ex-Japan (MSCI AC Asia ex Japan) equities underperformed, with total returns of 9.8% and 6.0%, respectively. China was a strong drag on the performance of the broader region, with China equities (MSCI China) returning -11.2% in USD terms over the year as the expectations for a post-lockdown boom faded.

The fixed income markets were generally dominated by the "higher-for-longer" rates narrative for much of 2023 before reversing course in the fourth quarter. The US Treasury 10-Year yield began the year at 3.88%, climbing approximately 110 bps and even eclipsing the 5% level (marking the highest level since 2007), before closing at a peak of 4.98% on October 19th. From October 19th, increased market expectations of a potential US soft landing in the fourth quarter led to a subsequent tumbling of the US Treasury 10-Year yield by approximately 110 bps, ending the year at 3.88%, almost exactly the same level where it started the year.

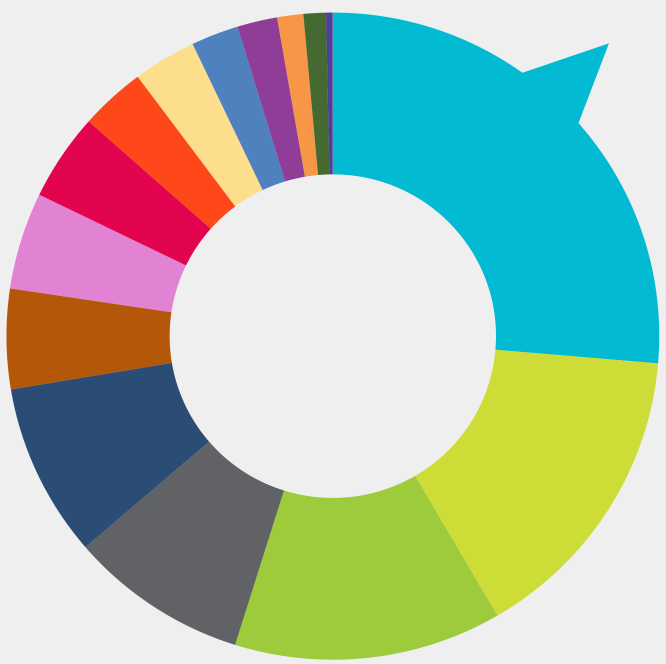
Key fixed income markets generally ended 2023 in the positive territory, with US high yield bonds (ICE BofA US High Yield Constrained Index) outpacing its peers, returning 13.5%. Despite a volatile 2023 on the macro front, a resilient US economy and historically elevated yields underpinned a rally in the US high yield market. Notably, the asset class generated 8.4% cumulatively over the last two months of 2023 alone, as spreads tightened further amid the dovish tilt by the Fed which led to the markets' increased expectations of a soft landing. Its more interest rate sensitive counterpart, US investment grade bonds (ICE BofA US Corporate Index) returned 8.4%.

Asian credit bonds (J.P. Morgan Asia Credit Index) generated a total return of 7.0%, as both the investment grade and high yield components ended in the positive territories. The asset class' performance was supported by positive contributions from both the Treasury and Spread components, at +3.95% and +2.96%, respectively. The JACI index spread decreased during the year by 43 bps to 219 bps.

The Fund posted a positive absolute return in 2023.

As the global equity rally was quite narrow and primarily driven by AI-tech optimism, all equity factors underperformed, with the exception of Quality and Growth. To this end, the Fund's underlying equal-weighted five factor smart beta solution underperformed. Tactically, the Fund's largest contributors were Nasdaq (vs. S&P 500), Italy (vs. Europe), and Korea (vs. emerging markets); the Fund's largest detractors were US financials (vs. US), China tech (vs. US), and US energy.

Sector Allocation



29.69% Equity	3.66% Communication
17.18% Financials	3.53% Consumer staples
14.94% Equity funds	2.65% Materials
9.98% Information technology	2.24% Energy
9.77% Government bond	1.46% Utilities
5.63% Industrials	1.25% Real estate
5.45% Health care	0.36% Exchange Traded Equity Funds
4.91% Consumer discretionary	0.01% Other

Performance

13.84%
Actual year-on-year

0.37%
Since inception
(per annum)

PHP 1.00796
Unit price
as of 2 Jan 2024

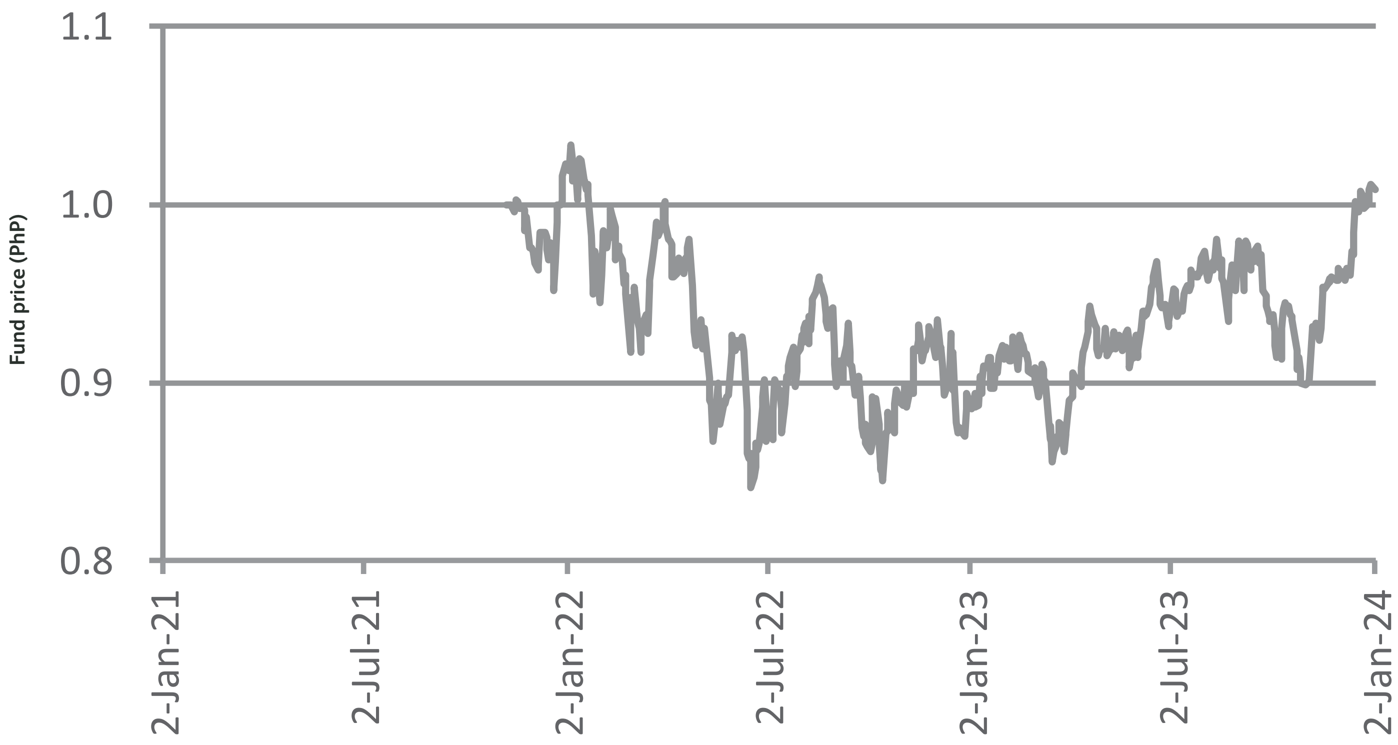
Top holdings

S&P500 EMINI MAR 24	17.05%
JPMORGAN LIQUIDITY FUNDS - US DOLLAR LIQUIDITY FUND	12.41%
UNITED STATES TREASURY BILL 18-JAN-2024	9.77%
ESI- GLOBAL MF EQ FUND CLASS D	8.49%
STOXX EUROPE 600 MAR 24	6.46%
SPDR S&P 500 UCITS ETF	6.38%
XAI INDUSTRIAL MAR 24	3.41%
EASTSPRING INV WORLD VALUE EQUITY	3.24%
EI GLOBAL DYNAMIC GROWTH EQUITY FD	3.21%
MSCI AC ASIA EX JAPAN NET TR MAR 2	2.90%

Highest and lowest unit price achieved

Initial (24 Aug 20)	1.00000
Highest (05 Jan 22)	1.03327
Lowest (17 Jun 22)	0.84085

Performance chart



PRULink US Dollar Bond Fund

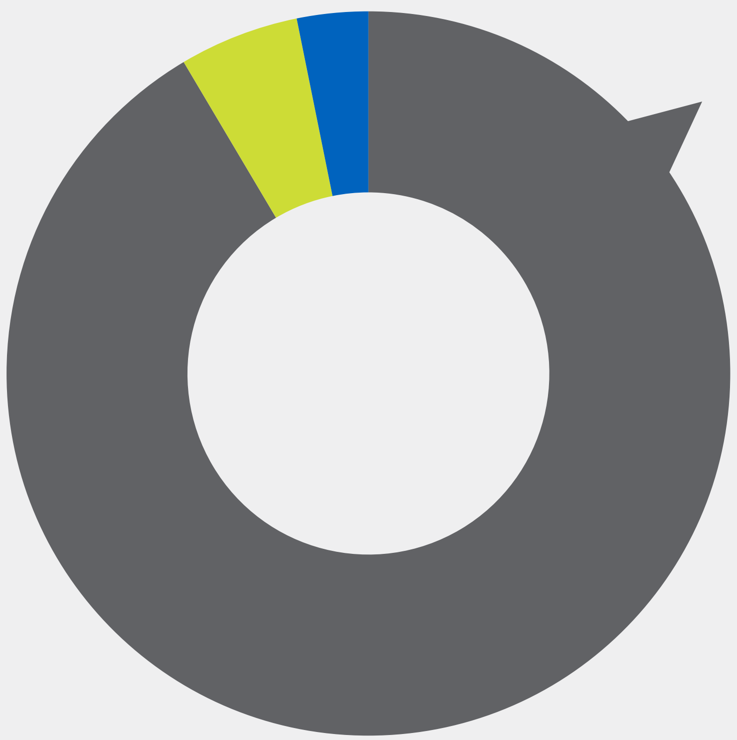
The year started on a positive tune after China's removal of its COVID-19 pandemic control measures in December 2022 proved to be a fundamental development for the world's second largest economy. While this led to a strong start in first quarter of 2023, it quickly faded away as US Federal Reserve (Fed) fund rates were increased by another 100 basis points (bps) in 2023. The second quarter was marked by higher global yields as markets recalibrated expectations on inflation and central bank policy. Fixed income markets declined for second and third quarters of 2023 as hawkish Fed rhetoric and hints of a rebound in inflation weighed broadly on the bond markets. Last but not least, the global fixed income markets witnessed a strong recovery in fourth quarter with better visibility of Fed fund rates movement.

The Fed tightened monetary policy in the early half of the year but paused on interest rate hikes in the final months of 2023, as inflation appeared to have slowed to a more comfortable pace. US economic growth performed better than expected on the back of strong household consumption and relatively tight labour markets. Yields on the 2-year, 5-year and 10-year US Treasury notes (UST) declined to 4.90%, 4.16% and 3.84% respectively, as the UST curve remained inverted in response to recent rate expectations.

Against such backdrop, the Philippine USD sovereign bonds delivered a strong gain of 7.21% as represented by the JPMorgan EMBI Global Philippines index.

For the period under review, the Fund's diversification into Asian USD bond market was a positive contributor to relative performance as credit spreads compressed and on the back of lower US interest rates. Sovereign bond selection within the portfolio, however dragged relative performance.

Asset allocation



91.64% Government bonds

5.36% Fixed-income funds

3.18% Quasi government

Performance

6.35%
Actual year-on-year

4.69%
Since inception
(per annum)

USD 2.57150
Unit price
as of 2 Jan 2024

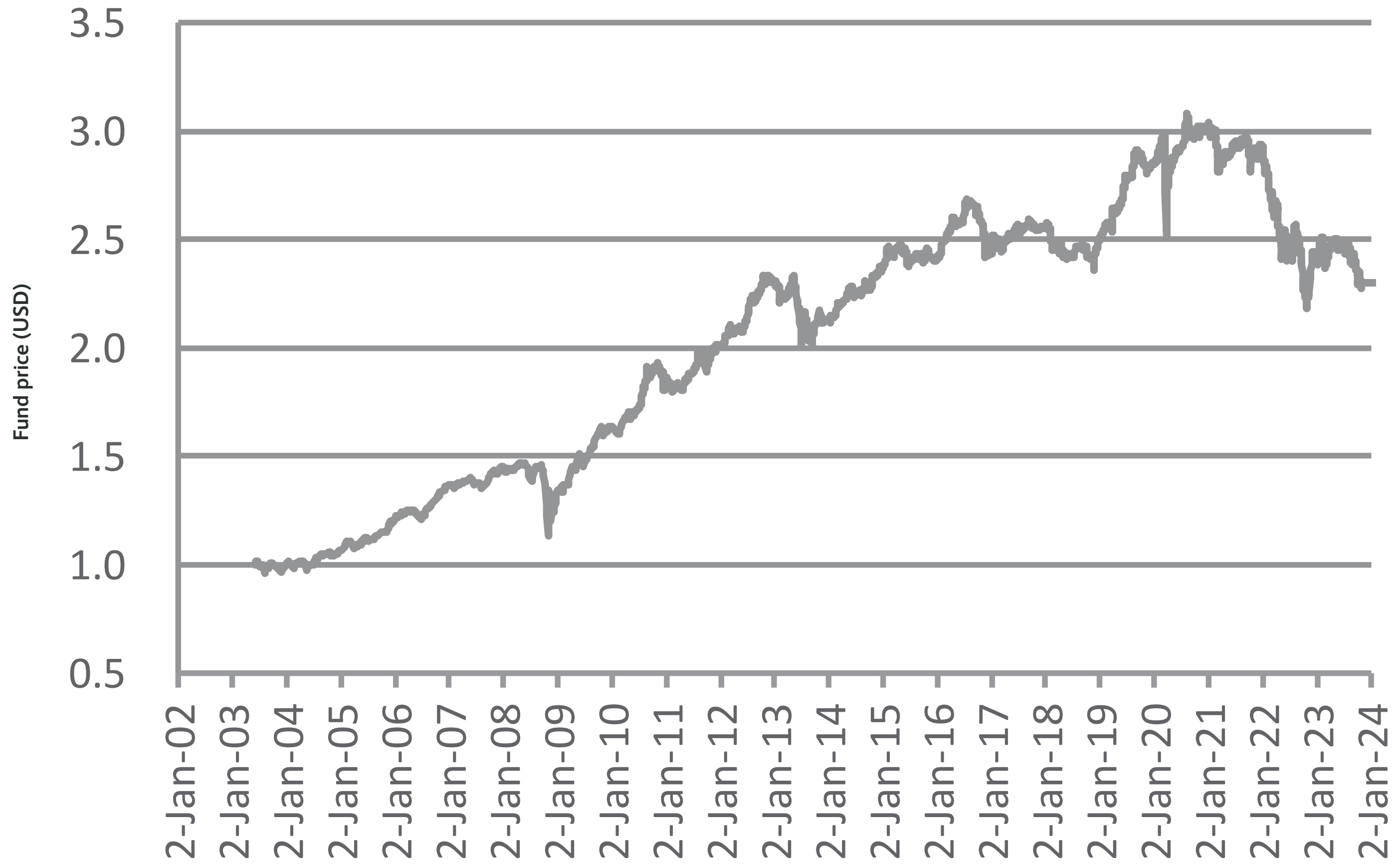
Top holdings

PHILIPPINES (REPUBLIC OF) 7.75% 14-JAN-2031	10.65%
PHILIPPINES (REPUBLIC OF) 9.5% 2-FEB-2030	10.64%
PHILIPPINES (REPUBLIC OF) 3.7% 1-MAR-2041	8.20%
PHILIPPINES (REPUBLIC OF) 3.7% 2-FEB-2042	7.87%
PHILIPPINES (REPUBLIC OF) 3% 1-FEB-2028	7.85%
PHILIPPINES (REPUBLIC OF) 3.95% 20-JAN-2040	7.68%
PHILIPPINES (REPUBLIC OF) 6.375% 23-OCT-2034	6.82%
EASTSPRING INV ASIAN BOND D USD	5.36%
PHILIPPINES (REPUBLIC OF) 2.65% 10-DEC-2045	4.77%
PHILIPPINES (REPUBLIC OF) 3.75% 14-JAN-2029	4.76%

Highest and lowest unit price achieved

Initial (03 Jun 03)	1.00000
Highest (12 Aug 20)	3.07860
Lowest (05 Aug 03)	0.96080

Performance chart



PRULink Asian Local Bond Fund

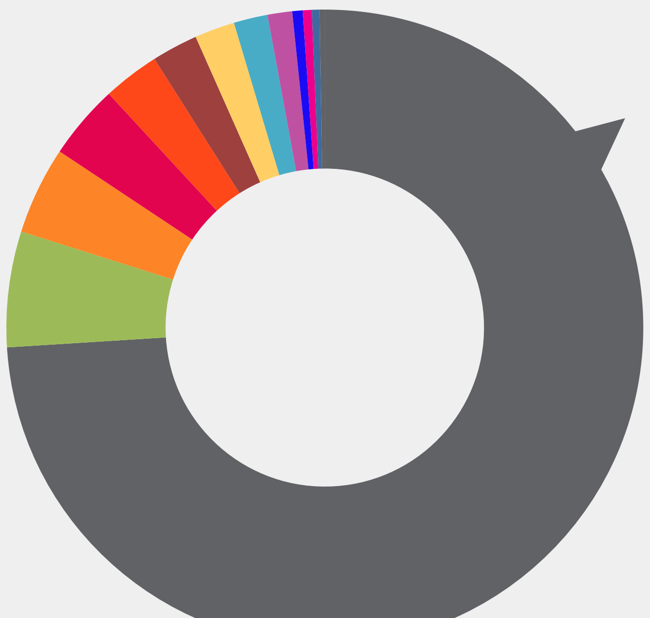
The first three months of the year has brought with it positive sentiment on the growth outlook. Fixed income markets have rallied in response to lower inflation and the possibility of easier monetary policy. In addition, Optimism on China's economic reopening and relaxation of certain policies relating to the Chinese real estate sector lifted investor appetite. However, government bond yields rose in the second quarter of 2023 amid uncertainty over the US Federal Reserve's future monetary stance. Government bond returns were negative across developed markets as higher yields continued into third quarter of the year. Economic data over the quarter showed weakness in the growth outlook, with services activity starting to show signs of deteriorating to the already weak manufacturing sector. Major asset classes also saw strong returns in the last three months of the year. A string of softer inflation data in both US and Europe, eliminated fears about how long rates would remain at restrictive level. The key driver of this performance was a perceived shift in monetary policy direction, from a "higher-for-longer" stance to prospective rate cuts. Fixed income markets delivered positive returns across the board.

In Asia, yields of most domestic government bond markets ended lower along with the global interest rates. The performance of the Asian local bond markets in USD terms were also supported by lower interest rates while the performance Asian currencies against the US dollar were more mixed in general. The representative custom Markit iBoxx Asian Local Bond index up by 5.9% over the year in USD terms, outperforming US Treasuries. In 2023, all local markets posted positive returns, led by South Korea while Taiwan had the least gains.

Overall, Asian currencies weakened slightly against the US dollar, largely due to the declines in the November and December on the back of lower US Treasury yields, and narrative surrounding central bank pivots. The worst performing currencies were Malaysian ringgit and Korean won. Outperformers were Singapore dollar, Thai baht, Philippine peso and Taiwan dollar.

For the period under review, the Fund's overweight exposures to USD corporates contributed meaningfully to its outperformance with Asian USD debt returning to positive territory in 2023 after suffering losses in the past two years. The Fund's overweight in the Singapore dollar also supported relative performance as the currency outperformed other Asian currencies against the US dollar. On the other hand, underweight in Thai baht hampered performance. The Fund's slight overweight duration in the Philippines also added value against the broad Asian local currency bond space as Philippine bond yields declined. Underweight duration in Korea and Hong Kong, however narrowed some of the Fund's outperformance.

Sector allocation



Sector	%
Treasury	74.01%
Banking	5.88%
Oil field services	4.45%
Other financial institutions	3.80%
Life insurance	2.88%
Other Real Estate Investment Trusts (REITs)	2.34%
Automotive	1.72%
Other sectors	1.25%
Sovereign	0.52%
Home construction	0.46%
Supermarkets	0.39%
Foreign agencies	0.26%

Performance

10.44%
Actual year-on-year

0.44%
Since inception
(per annum)

USD 1.05342
Unit price
as of 2 Jan 2024

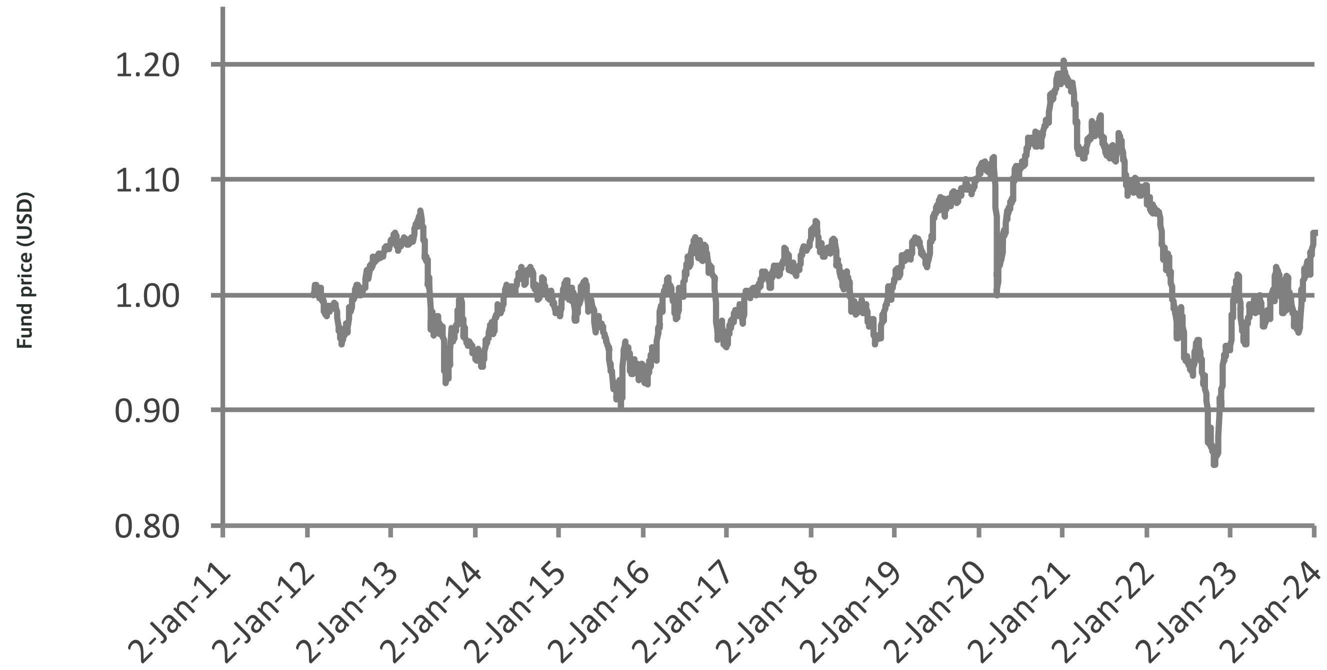
Top holdings

EZION HOLDINGS LTD 20-NOV-2024	4.45%
EZION HOLDINGS LTD 31-DEC-2079	3.01%
SINGAPORE TECHNOLOGIES TELEMEDIA PTE LTD 5.5% 31-DEC-2079	2.04%
CREDIT AGRICOLE SA 5.25% 7-SEP-2033	1.51%
FORWARD THAILAND BAHT	1.51%
MAPLETREE TREASURY SERVICES LTD 3.95% 31-DEC-2079	1.42%
FUKOKU MUTUAL LIFE INSURANCE CO 6.8% 31-DEC-2079	1.37%
SINGAPORE (REPUBLIC OF) 3.375% 1-SEP-2033	1.37%
HSBC HOLDINGS PLC 6.547% 20-JUN-2034	1.34%
KOREA (REPUBLIC OF) 1.25% 10-MAR-2026	1.27%

Highest and lowest unit price achieved

Initial (28 Jan 12)	1.00000
Highest (05 Jan 21)	1.20318
Lowest (24 Oct 22)	0.85255

Performance chart



PRULink Cash Flow Fund

Global markets snapped back in 2023, with global equities (MSCI ACWI) returning 22.2% in USD terms over the year, following a -18.1% decline during 2022. Bond markets also performed better in 2023, with the Bloomberg Global Aggregate Bond Index returning 5.7% in USD terms, following a -16.3% decline in 2022.

At the start of 2023, investor sentiment was initially supported by signs of taming inflation and hopes of a strong post-COVID recovery in China. Markets sold off in March, following the collapse of Silicon Valley Bank – the second largest banking failure in US history – and the rescue of Credit Suisse by Swiss authorities through a sale to rival UBS. Markets quickly recovered, however, as the turmoil in the banking sector tempered expectations for further rate hikes by the US Federal Reserve (Fed) and as large cap US technology and global Artificial Intelligence (AI) related stocks rallied.

Risk sentiment soured in the third quarter, as investor expectations for a Fed pivot to lower rates shifted to a "higher for longer" scenario. The US Treasury 10-Year yield surged by over 75 bps during Q3, whilst production cuts by Russia and Saudi Arabia supported a rally in oil prices which contributed to investor fears of an upside inflation shock. Softer-than-expected inflation prints in the US and Europe saw the narrative shift again over the fourth quarter, further supported by the Fed's dovish turn at its December meeting with the Fed signalling three rate cuts in 2024.

Across major equity markets the US was a strong outperformer, with US equities (MSCI USA) returning around 26.5% on a total return basis, buoyed by expectations for Fed rate cuts and robust economic data, and as global growth stocks outperformed strongly for the period as a whole. Although US returns were dominated by the performance of the "magnificent seven" technology stocks, there were signs of the market rise broadening into other stocks and sectors at the end of the year. The Emerging Markets (MSCI Emerging Markets) and Asia ex-Japan (MSCI AC Asia ex Japan) equities underperformed, with total returns of 9.8% and 6.0%, respectively. China was a strong drag on the performance of the broader region, with China equities (MSCI China) returning -11.2% in USD terms over the year as the expectations for a post-lockdown boom faded.

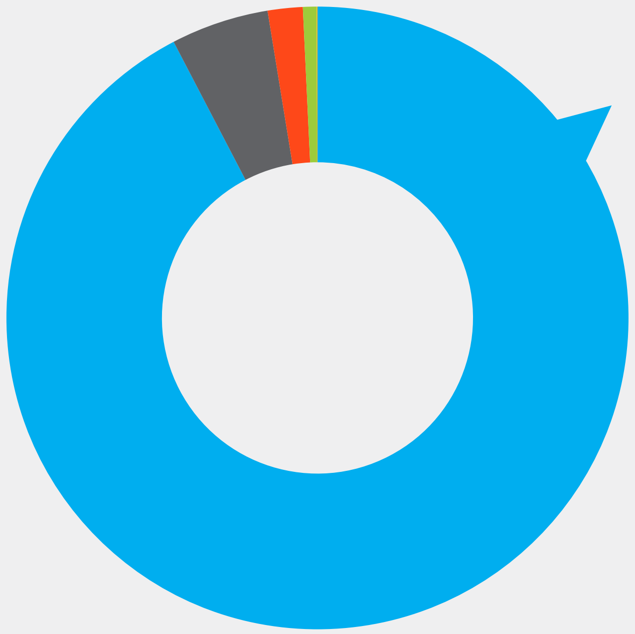
The fixed income markets were generally dominated by the "higher-for-longer" rates narrative for much of 2023 before reversing course in the fourth quarter. The US Treasury 10-Year yield began the year at 3.88%, climbing approximately 110 bps and even eclipsing the 5% level (marking the highest level since 2007), before closing at a peak of 4.98% on October 19th. From October 19th, increased market expectations of a potential US soft landing in the fourth quarter led to a subsequent tumbling of the US Treasury 10-Year yield by approximately 110 bps, ending the year at 3.88%, almost exactly the same level where it started the year.

Key fixed income markets generally ended 2023 in the positive territory, with US high yield bonds (ICE BofA US High Yield Constrained Index) outpacing its peers, returning 13.5%. Despite a volatile 2023 on the macro front, a resilient US economy and historically elevated yields underpinned a rally in the US high yield market. Notably, the asset class generated 8.4% cumulatively over the last two months of 2023 alone, as spreads tightened further amid the dovish tilt by the Fed which led to the markets' increased expectations of a soft landing. Its more interest rate sensitive counterpart, US investment grade bonds (ICE BofA US Corporate Index) returned 8.4%.

Asian credit bonds (J.P. Morgan Asia Credit Index) generated a total return of 7.0%, as both the investment grade and high yield components ended in the positive territories. The asset class' performance was supported by positive contributions from both the Treasury and Spread components, at +3.95% and +2.96%, respectively. The JACI index spread decreased during the year by 43 bps to 219 bps.

The Fund posted a positive absolute return in 2023, outperforming its reference index. Both fixed income and equities contributed positively on an absolute basis. Asset allocation and security selection effects contributed positively to the Fund's relative return. Within security selection, the Fund's underlying allocations to active sleeves in US high yield and Asian bonds outperformed their respective indices.

Asset allocation



92.35% Fixed-income funds

5.08% Exchange Traded Bond Funds

1.82% Financials

0.71% Equity funds

0.04% Cash & cash equivalents

Fund performance review

Performance

4.91%
Actual year-on-year

-2.63%
Since inception
(per annum)

USD 0.78433
Unit price
as of 2 Jan 2024

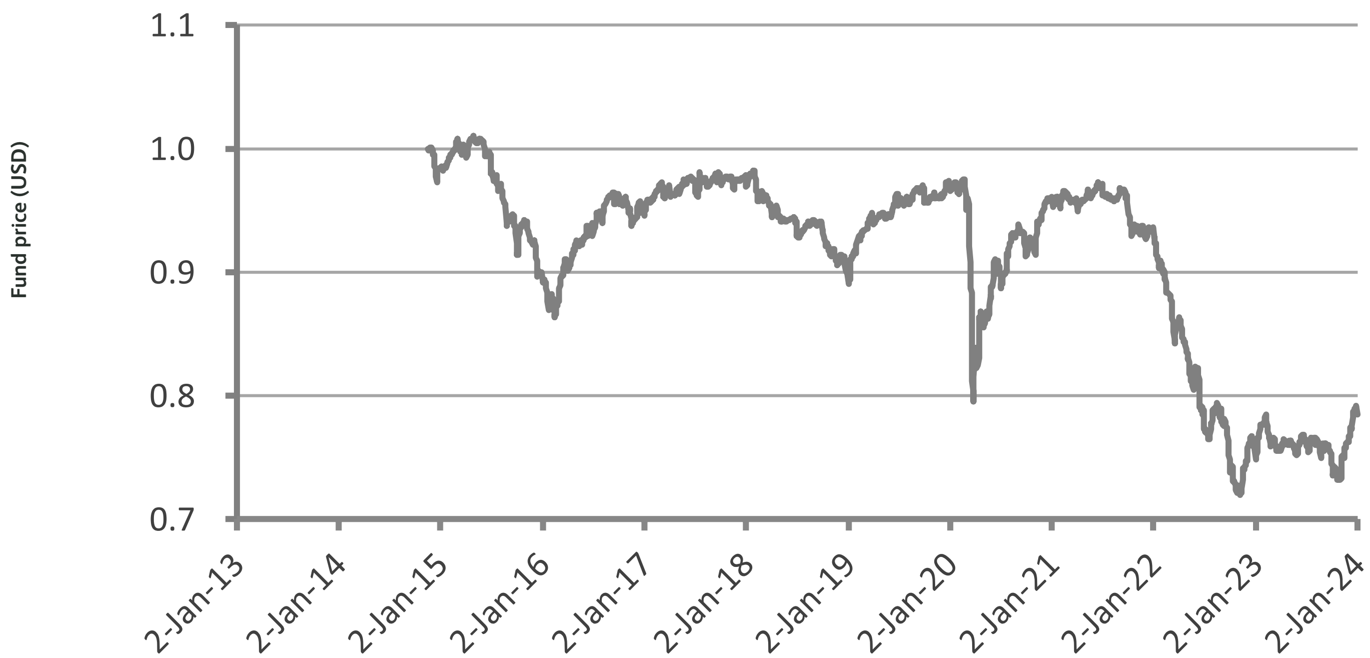
Top holdings

EASTSPRING INV US HI YLD BD D	46.78%
EASTSPRING INV ASIAN BOND D USD	45.57%
ISHARES HIGH YIELD CORP BOND UCITS ETF USD	5.08%
ISHARES S&P 500	1.82%
EASTSPRING INV ASIAN EQUITY INC D	0.71%
CASH & CASH EQUIVALENTS (USD)	0.04%

Highest and lowest unit price achieved

Initial (17 Nov 14)	1.00000
Highest (29 Apr 15)	1.01016
Lowest (07 Nov 22)	0.71947

Performance chart



PRULink Cash Flow Fund Plus

Global markets snapped back in 2023, with global equities (MSCI All Country World Index) returning 22.2% in USD terms over the year, following a -18.1% decline during 2022. Bond markets also performed better in 2023, with the Bloomberg Global Aggregate Bond Index returning 5.7% in USD terms, following a -16.3% decline in 2022.

At the start of 2023, investor sentiment was initially supported by signs of taming inflation and hopes of a strong post-COVID recovery in China. Markets sold off in March, following the collapse of Silicon Valley Bank – the second largest banking failure in US history – and the rescue of Credit Suisse by Swiss authorities through a sale to rival UBS. Markets quickly recovered, however, as the turmoil in the banking sector tempered expectations for further rate hikes by the Fed and as large cap US technology and global Artificial Intelligence (AI) related stocks rallied.

Risk sentiment soured in the third quarter, as investor expectations for a Fed pivot to lower rates shifted to a "higher for longer" scenario. The US Treasury 10-Year yield surged by over 75 bps during Q3, whilst production cuts by Russia and Saudi Arabia supported a rally in oil prices which contributed to investor fears of an upside inflation shock. Softer-than-expected inflation prints in the US and Europe saw the narrative shift again over the fourth quarter, further supported by the Fed's dovish turn at its December meeting with the Fed signalling three rate cuts in 2024.

Across major equity markets, the US was a strong outperformer, with US equities (MSCI USA) returning around 26.5% on a total return basis, buoyed by expectations for Fed rate cuts and robust economic data, and as global growth stocks outperformed strongly for the period as a whole. Although US returns were dominated by the performance of the "magnificent seven" technology stocks, there were signs of the market rise broadening into other stocks and sectors at the end of the year. The Emerging Markets (MSCI Emerging Markets) and Asia ex-Japan (MSCI AC Asia ex Japan) equities underperformed, with total returns of 9.8% and 6.0%, respectively. China was a strong drag on the performance of the broader region, with China equities (MSCI China) returning -11.2% in USD terms over the year as the expectations for a post-lockdown boom faded.

The fixed income markets were generally dominated by the "higher-for-longer" rates narrative for much of 2023 before reversing course in the fourth quarter. The US Treasury 10-Year yield began the year at 3.88%, climbing approximately 110 bps and even eclipsing the 5% level (marking the highest level since 2007), before closing at a peak of 4.98% on October 19th. From October 19th, increased market expectations of a potential US soft landing in the fourth quarter led to a subsequent tumbling of the US Treasury 10-Year yield by approximately 110 bps, ending the year at 3.88%, almost exactly the same level where it started the year.

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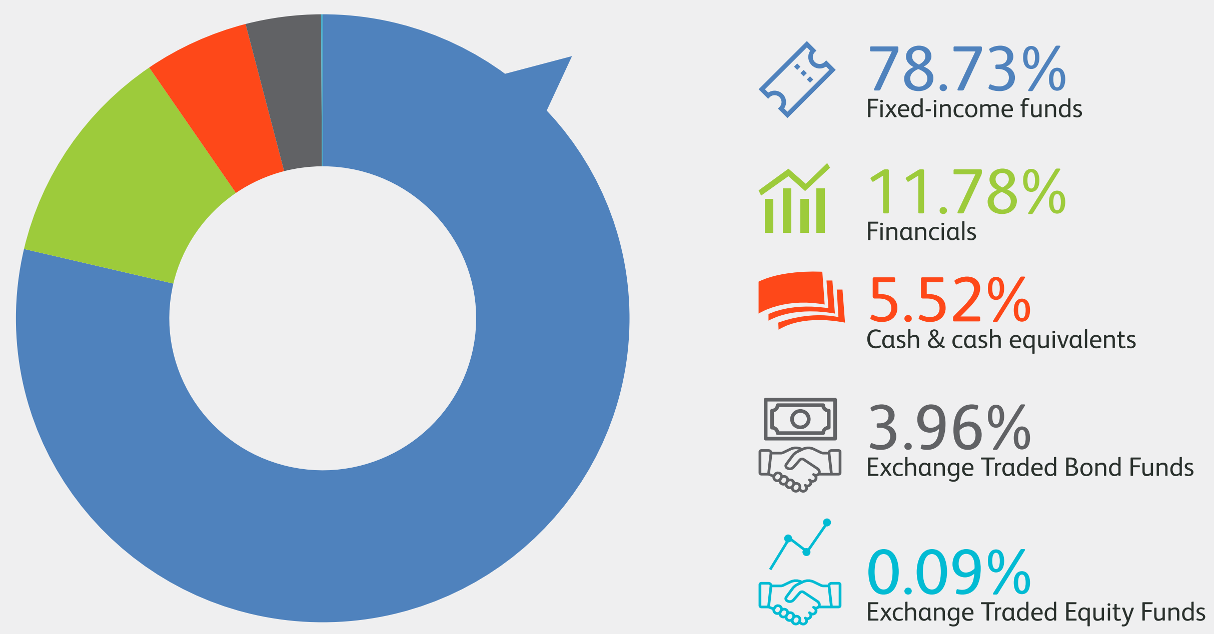
The Fund posted a positive absolute return in 2023, but underperformed its reference index. Asset allocation and security selection effects contributed negatively to the Fund's relative return. Tactical asset allocation trades detracted from the Fund's performance overall, led by negative contributions from US duration, US financials equities, and US utilities equities; however, these were slightly buffered by positive contributions from tactical trades in Nasdaq, emerging markets equities, and global equities.

Asset allocation



Performance

N/A
Actual year-on-year

1.46%
Since inception
(per annum)

USD 1.01455
Unit price
as of 2 Jan 2024

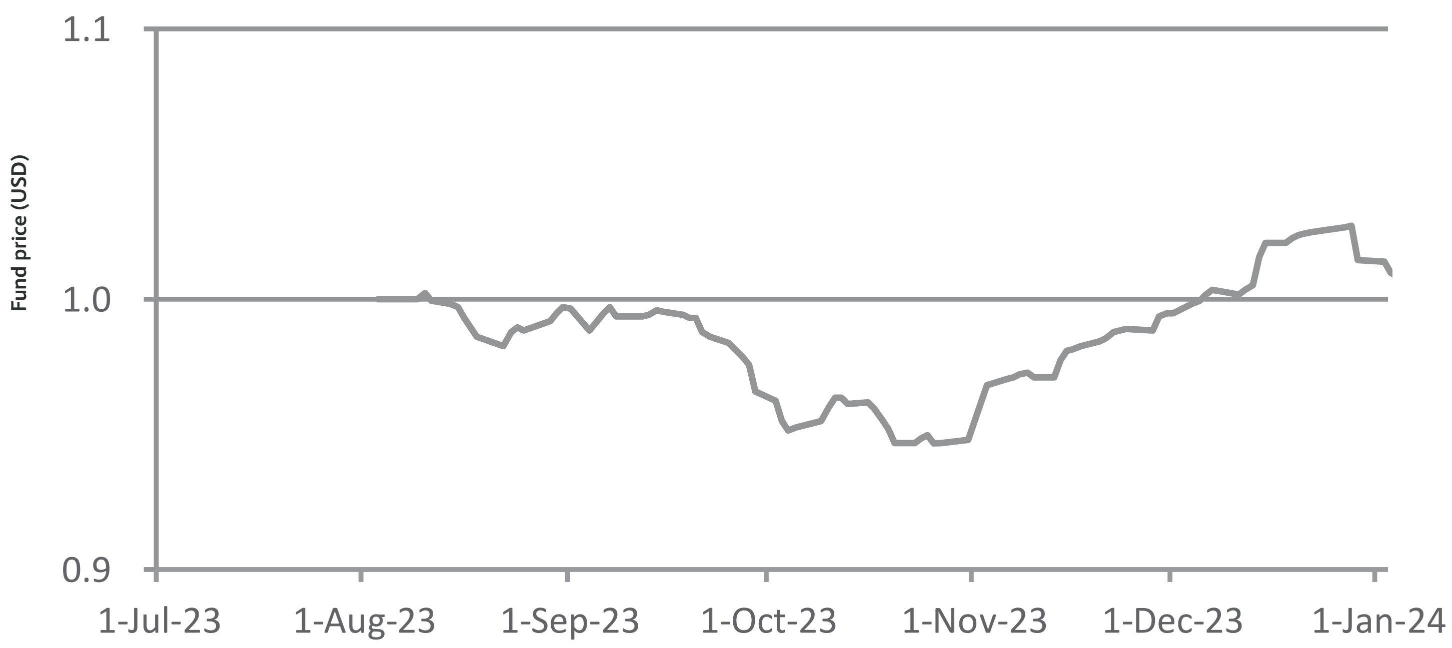
Top holdings

EASTSPRING INV US HI YLD BD D	40.48%
EASTSPRING INV ASIAN BOND D USD	38.25%
ISHARES CORE S&P 500 UCITS ETF	7.82%
CASH & CASH EQUIVALENTS (USD)	5.52%
ISHARES HIGH YIELD CORP BOND UCITS ETF USD	3.96%
XTRACKERS MSCI EUROPE UCITS ETF	1.92%
ISHARES NASDAQ 100 UCITS ETF	0.77%
XTRACKERS MSCI EMERGING MARKETS UCITS ETF	0.68%
ISHARES S&P 500 INDUS SECTOR UCITS ETF USD ACC	0.60%

Highest and lowest unit price achieved

Initial (03 Aug 23)	1.00000
Highest (29 Dec 23)	1.02718
Lowest (27 Oct 23)	0.94669

Performance chart



PRULink Asian Balanced Fund

Global markets snapped back in 2023, with global equities (MSCI ACWI) returning 22.2% in USD terms over the year, following a -18.1% decline during 2022. Bond markets also performed better in 2023, with the Bloomberg Global Aggregate Bond Index returning 5.7% in USD terms, following a -16.3% decline in 2022.

At the start of 2023, investor sentiment was initially supported by signs of taming inflation and hopes of a strong post-COVID recovery in China. Markets sold off in March, following the collapse of Silicon Valley Bank – the second largest banking failure in US history – and the rescue of Credit Suisse by Swiss authorities through a sale to rival UBS. Markets quickly recovered, however, as the turmoil in the banking sector tempered expectations for further rate hikes by the US Federal Reserve (Fed) and as large cap US technology and global Artificial Intelligence (AI) related stocks rallied.

Risk sentiment soured in the third quarter, as investor expectations for a Fed pivot to lower rates shifted to a “higher for longer” scenario. The US Treasury 10-Year yield surged by over 75 bps during Q3, whilst production cuts by Russia and Saudi Arabia supported a rally in oil prices which contributed to investor fears of an upside inflation shock. Softer-than-expected inflation prints in the US and Europe saw the narrative shift again over the fourth quarter, further supported by the Fed’s dovish turn at its December meeting with the Fed signalling three rate cuts in 2024.

Across major equity markets the US was a strong outperformer, with US equities (MSCI USA) returning around 26.5% on a total return basis, buoyed by expectations for Fed rate cuts and robust economic data, and as global growth stocks outperformed strongly for the period as a whole. Although US returns were dominated by the performance of the “magnificent seven” technology stocks, there were signs of the market rise broadening into other stocks and sectors at the end of the year. The Emerging Markets (MSCI Emerging Markets) and Asia ex-Japan (MSCI AC Asia ex Japan) equities underperformed, with total returns of 9.8% and 6.0%, respectively. China was a strong drag on the performance of the broader region, with China equities (MSCI China) returning -11.2% in USD terms over the year as the expectations for a post-lockdown boom faded.

The fixed income markets were generally dominated by the “higher-for-longer” rates narrative for much of 2023 before reversing course in the fourth quarter. The US Treasury 10-Year yield began the year at 3.88%, climbing approximately 110 bps and even eclipsing the 5% level (marking the highest level since 2007), before closing at a peak of 4.98% on October 19th. From October 19th, increased market expectations of a potential US soft landing in the fourth quarter led to a subsequent tumbling of the US Treasury 10-Year yield by approximately 110 bps, ending the year at 3.88%, almost exactly the same level where it started the year.

Key fixed income markets generally ended 2023 in the positive territory, with US high yield bonds (ICE BofA US High Yield Constrained Index) outpacing its peers, returning 13.5%. Despite a volatile 2023 on the macro front, a resilient US economy and historically elevated yields underpinned a rally in the US high yield market. Notably, the asset class generated 8.4% cumulatively over the last two months of 2023 alone, as spreads tightened further amid the dovish tilt by the Fed which led to the markets’ increased expectations of a soft landing. Its more interest rate sensitive counterpart, US investment grade bonds (ICE BofA US Corporate Index) returned 8.4%.

Asian credit bonds (J.P. Morgan Asia Credit Index) generated a total return of 7.0%, as both the investment grade and high yield components ended in the positive territories. The asset class’ performance was supported by positive contributions from both the Treasury and Spread components, at +3.95% and +2.96%, respectively. The JACI index spread decreased during the year by 43 bps to 219 bps.

The Fund posted a positive absolute return in 2023, outperforming the reference index on a gross basis.

Both bonds and equities contributed on an absolute basis. The security selection effect, primarily from Asian Local Bonds, drove the majority of the positive relative return while the asset allocation effect marginally detracted from performance.

▶ Asset allocation

52.12%
Equity funds

46.68%
Fixed-income funds

1.21%
Cash & cash equivalents

▶ Performance

6.49%
Actual year-on-year

-0.57%
Since inception
(per annum)

USD 0.96491
Unit price
as of 2 Jan 2024

▶ Top holdings

EASTSPRING INV ASIA PACIFIC EQUITY	52.12%
EASTSPRING INV ASIAN LCL BD D	24.38%
EASTSPRING INV ASIAN BOND D USD	22.30%
CASH & CASH EQUIVALENTS (USD)	1.21%

▶ Highest and lowest unit price achieved

Initial (09 Oct 17)	1.00000
Highest (18 Feb 21)	1.18836
Lowest (24 Mar 20)	0.79397

▶ Performance chart

PRULink Asia Pacific Equity Fund

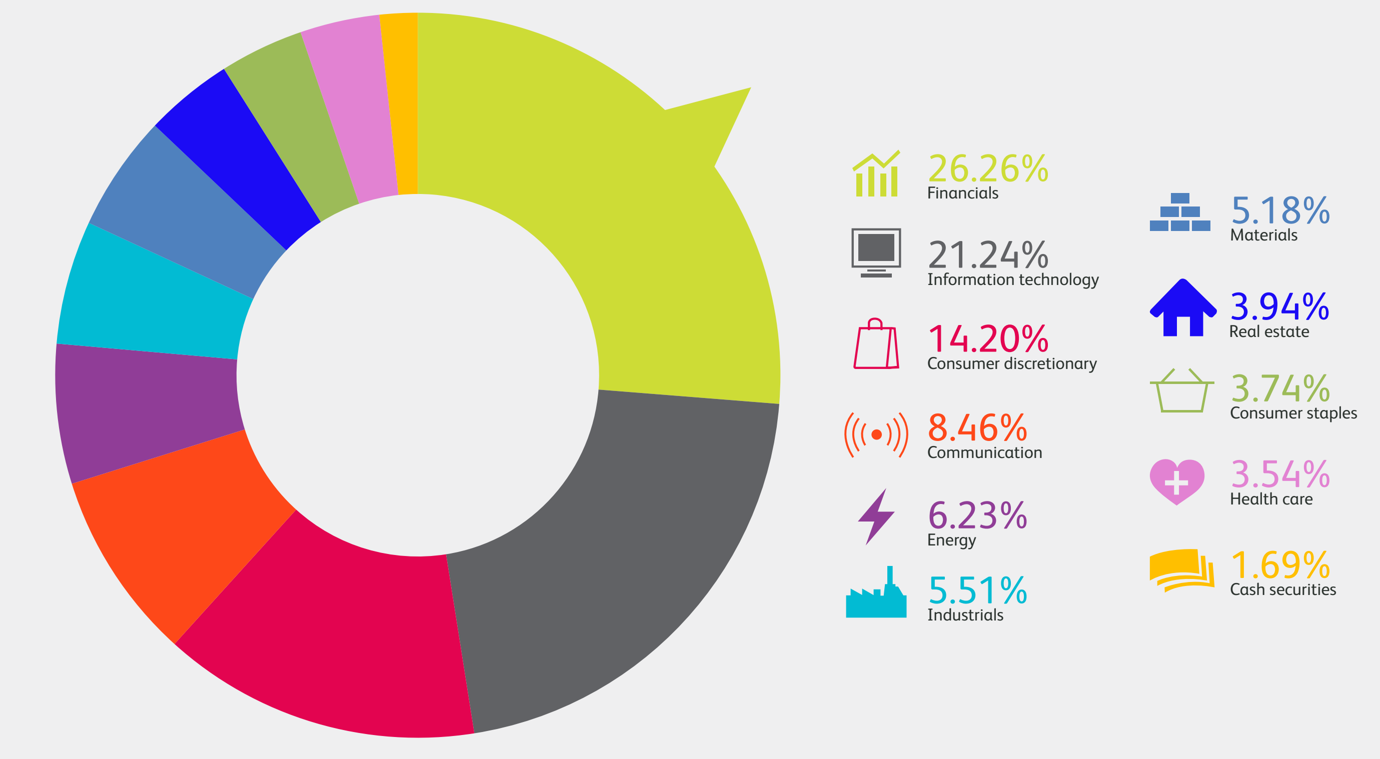
Global markets snapped back in 2023, with MSCI World returning 22.2% in USD terms over the year, following a -18.1% decline during 2022. Across major equity markets the US was a strong outperformer, with MSCI US returning around 26.5% on a total return basis, buoyed by expectations for US Federal Reserve (Fed) rate cuts and robust economic data, and as global growth stocks outperformed strongly for the period as a whole. Europe also performed strongly, despite weak economic data – with the Euro zone entering a recession in the first quarter – with Europe equities returning 19.9%. Japan equities rallied and ended the year at their highest level for over thirty years, registering a 20.3% return.

Asia Pacific ex-Japan 2023 was another volatile year for Global Emerging Market equities. While conflict continued in the Ukraine and escalated in the Middle East, investor sentiment swayed back and forth as they digested changing US interest rate expectations and tepid Chinese economic growth. On top of their domestic economic challenges, we saw ongoing political tension between the two great industrial powers also adding to investor caution. Governments and companies worldwide continued to focus on de-risking and diversifying their global supply chains while long-term decarbonisation trends remained at the fore.

As reflected in both the country and sector attribution, stock selection was the key driver of the strategy's outperformance in 2023 in countries such as China, Hong Kong and Australia. At a sector level, stock selection contributed most in financials and consumer discretionary. While at an individual stock level, attribution shows stocks such as Bank Negara Indonesia, CNOOC and Trip.com added most to performance.

It was not all positive as we saw some detraction from stocks in South Korea, stock-specific detraction from SK Hynix and Samsung Electronics, and a drag on relative performance due to cash flows through the year.

Sector allocation



Performance

5.32%
Actual year-on-year

0.57%
Since inception
(per annum)

USD 1.06368
Unit price
as of 2 Jan 2024

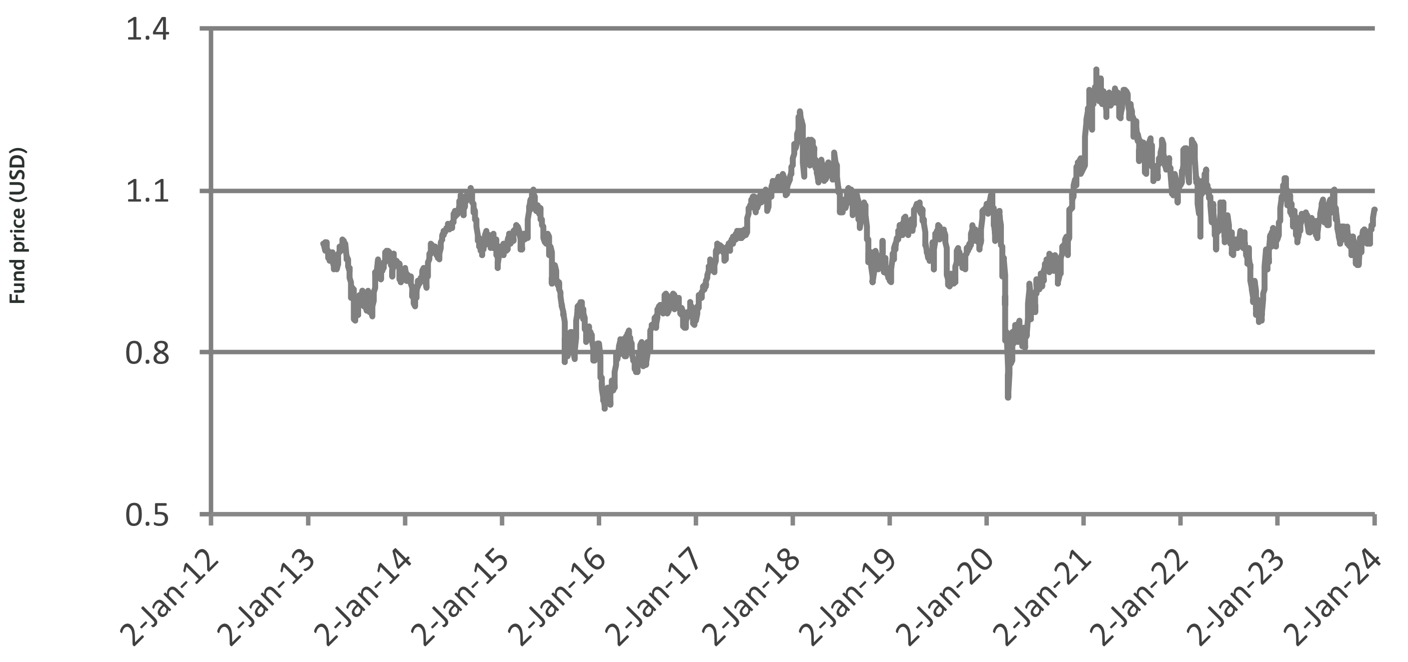
Top holdings

SAMSUNG ELECTRONICS CO LTD	6.91%
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	6.77%
BHP GROUP LTD	3.69%
TENCENT HOLDINGS LTD	3.40%
ALIBABA GROUP HOLDING LTD	2.87%
INDUSIND BANK LTD	2.79%
BANK NEGARA INDONESIA PERSERO TBK PT	2.57%
BAIDU INC	2.32%
ICICI BANK LTD	2.25%
SINGAPORE TELECOMMUNICATIONS LTD	2.23%

Highest and lowest unit price achieved

Initial (26 Feb 13)	1.00000
Highest (18 Feb 21)	1.32381
Lowest (22 Jan 16)	0.69551

Performance chart



PRULink Global Emerging Markets Dynamic Fund

Global markets snapped back in 2023, with MSCI World returning 22.2% in USD terms over the year, following a -18.1% decline during 2022. Across major equity markets the US was a strong outperformer, with MSCI US returning around 26.5% on a total return basis, buoyed by expectations for US Federal Reserve (Fed) rate cuts and robust economic data, and as global growth stocks outperformed strongly for the period as a whole. Europe also performed strongly, despite weak economic data – with the Euro zone entering a recession in the first quarter – with Europe equities returning 19.9%. Japan equities rallied and ended the year at their highest level for over thirty years, registering a 20.3% return.

Despite a solid 9.8% return (MSCI Emerging Market Index, USD), 2023 was another volatile year for Global Emerging Market equities. While conflict continued in the Ukraine and escalated in the Middle East, investor sentiment swayed back and forth as they digested changing US interest rate expectations and tepid Chinese economic growth. On top of their domestic economic challenges, we saw ongoing political tension between the two great industrial powers also adding to investor caution. Governments and companies worldwide continued to focus on de-risking and diversifying their global supply chains while long-term decarbonisation trends remained at the fore.

MSCI Emerging Markets' (MSCI EM) return of 9.8% in 2023 masked a very strong performance from MSCI India (20.8%), MSCI Taiwan (30.4%) and MSCI Korea (23.2%). MSCI LatAm equities closed 2023 with a strong 32.7% return, surpassing both MSCI World and MSCI Emerging Markets. While being off-Index, MSCI Argentina posted the best performance in the region, followed by MSCI Mexico and MSCI Peru. MSCI Brazil (32.7%) outperformed LatAm and MSCI Emerging Markets in 2023. MSCI Mexico increased 40.9% in 2023, outperforming MSCI Brazil, MSCI LatAm and MSCI Emerging Markets.

For the full year 2023, MSCI Europe, the Middle East, and Africa (EMEA) gained 10.6%, another year of underperforming MSCI World. That was the first year ever that MSCI EMEA was down on 1 Dec year-to-date but finished higher. For the full year 2023, MSCI South Africa returned 1.5% in 2023 as the ZAR weakened 7.2% to 18.36.

Sector allocation

- 28.75% Financials
- 19.76% Consumer discretionary
- 12.79% Information technology
- 9.18% Consumer staples
- 7.70% Industrials
- 7.38% Materials
- 4.45% Communication
- 2.73% Cash securities
- 2.63% Utilities
- 2.48% Health care
- 2.16% Energy

Performance

12.30%
Actual year-on-year

2.39%
Since inception
(per annum)

USD 1.25963
Unit price
as of 2 Jan 2024

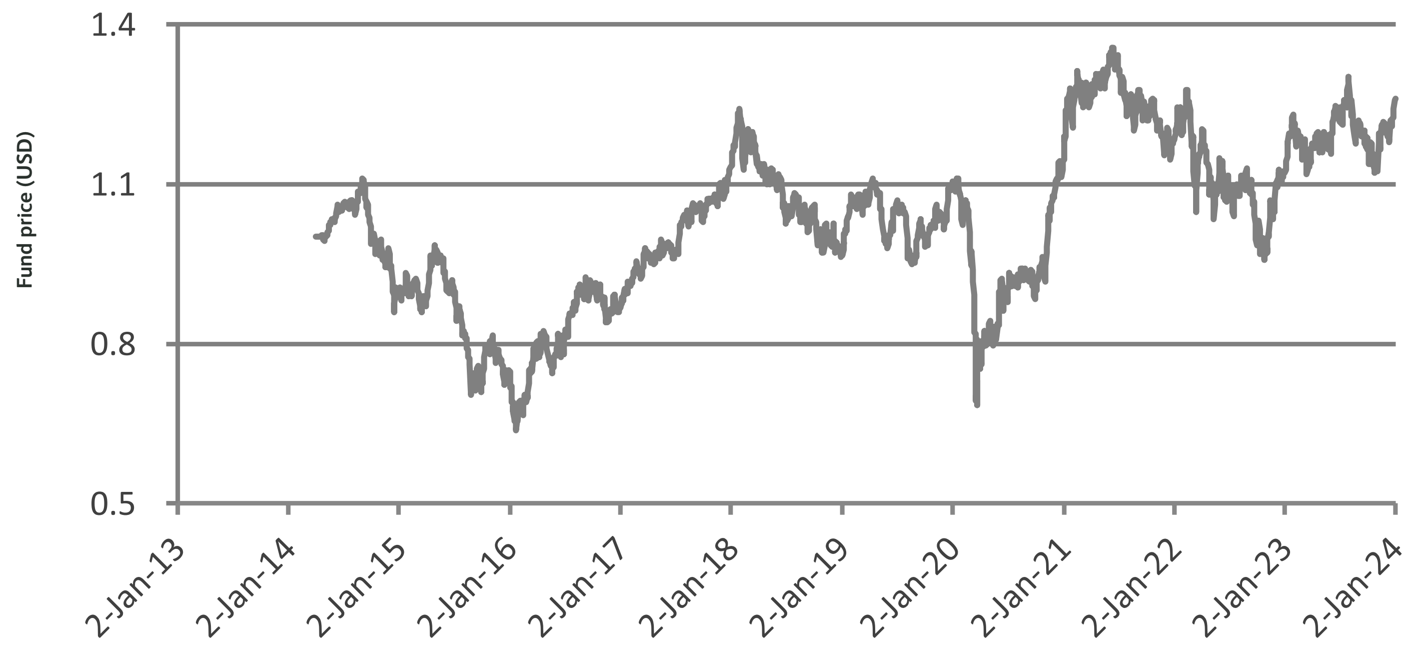
Top holdings

SAMSUNG ELECTRONICS CO LTD	8.02%
INDUSIND BANK LTD	4.09%
SHRIRAM FINANCE LTD	3.92%
ALIBABA GROUP HOLDING LTD	3.81%
HON HAI PRECISION INDUSTRY CO LTD	3.45%
KOMERCNI BANKA AS	3.15%
CTBC FINANCIAL HOLDING CO LTD	2.98%
VIPSHOP HOLDINGS LTD	2.96%
SENDAS DISTRIBUIDORA SA	2.95%
BAIDU INC	2.79%

Highest and lowest unit price achieved

Initial (01 Apr 14)	1.00000
Highest (11 Jun 21)	1.35594
Lowest(22 Jan 16)	0.63696

Performance chart



Investment Outlook

We predicted that 2023 would be a challenging year. Unfortunately, we have been proven right. China's economic recovery fell short of expectations, the US 10-year Treasury bond yield hit 16-year highs and inflation remained sticky. However, the global economy stayed resilient in the face of aggressive rate hikes and rising tensions in the Middle East. 2024 will bring about multiple transitions. Some of the global economy's earlier resilience will give way as the full effect of restrictive monetary policy kicks in. In contrast, the Chinese economy will likely stabilise in 2024, having endured slower growth for most of 2023.

Global central banks are likely to be at or close to the end of their rate hiking cycles as inflation pressures ease, although they would be wary of declaring victory over price rises too quickly. A pivot to rate cuts would be some months away. Nevertheless, a broad and sustained decline in inflation could usher in a turning point for bonds. We retain a quality bias in US and Asian bonds at this late stage of the economic cycle. Given elevated yields, US Treasuries may regain their historical role as portfolio diversifiers. As for global equities, while Asia ex Japan lagged the US market in 2023, the region is expected to perform better on the back of attractive valuations and more favourable economic fundamentals in 2024.

Beyond the cyclical shifts, the global economy and investing landscape will experience long-term structural transitions. The diversification of global supply chains will impact economic prospects and investment flows, while Generative Artificial Intelligence (AI) will disrupt business models and sectors. As economies continue their transition to a net-zero future, investors are increasingly applying a just transition lens onto climate action. The Emerging Markets and Asia are playing key roles in driving and adapting to these long-term transitions.

As investors seize the opportunities arising from the various transitions, they should be mindful of the potential risks and the lessons learned in 2023. Market volatility is here to stay as policymakers prioritise credibility over market pressures. Investors will need to be nimble in their views and positioning. Diversification and risk management remain key to navigating volatile markets and dynamic asset allocation will be ever more important when underlying market drivers are changing so swiftly.

The Philippine bond market is positioned for a nuanced trajectory in 2024. With the Bangko Sentral ng Pilipinas (BSP) adopting a cautious stance in the face of emerging inflationary pressures, the prospect of rate cuts is deferred to the latter half of the year. Inflationary headwinds expected over the course of the year include unfavorable base effects, surging food prices, elevated power rates, and higher transport costs. The combination of such factors may result to headline inflation breaching 4% in the second quarter, only to revert to target by the third quarter.

Aside from the evolution of domestic price conditions, the BSP's monetary policy will continue to be influenced by the Federal Reserve (Fed) policy actions, mainly because of rate differentials. Similar with the local central bank, Fed officials choose to be patient, demanding more solid progress on the inflation front before enacting any policy reversal given the strong footing of the labor markets and the economy. The emerging dynamics in the US will dictate the extent of rate cuts for the year – contingent on inflation, employment figures, and economic growth. Policymakers have emphasized that policy rates will have to be maintained at currently restrictive levels for longer than initially expected to ensure inflation's downward trajectory to the 2% target. The main question now points to whether the Fed can deliver three rate cuts for the year, as projected and communicated.

The Fed's indication of policy easing within the year, however, sets the stage for a complex interplay of market dynamics given local inflation and domestic borrowing. While bond supply risk is focused on medium- to long-term tenors, this is counterbalanced by a market predisposed to locking in yields for longer durations, eyeing the eventual normalization of rates in the medium-term. Fiscal dynamics, including tax collection efforts in the near term, will likely temper the need to raise financing aggressively. Overall, we anticipate a steepening of the yield curve as short-term rates outperform longer-term bonds especially if the Bureau of Treasury continue to place issuance pressure on the longer-end part of the curve. Nevertheless, we anticipate prospects of a bull flattening towards the end of the year as monetary policy shifts eventually offset bond supply risks in the medium-term.

Heading into 2024, the Philippine equities space is starting to show signs of an imminent re-rating in the horizon. For the past years, local corporates have been cautious, with initiatives focused mainly on managing balance sheet risks and tempering capital expenditures. This year, we are seeing a shift, with corporates starting to set aggressive long-term growth plans once again, alongside higher capital expenditure budgets. The improving trends in the domestic macroeconomic environment and decelerating inflation print should provide further support for the market. We are seeing a good risk-reward profile for the market for 2024, with the valuations continuing to be undemanding despite improving fundamentals.

Fund managers' Profile

About Eastspring Investments

Eastspring Investments, part of Prudential plc, is a global asset manager with Asia at its core, offering innovative investment solutions to meet the financial needs of clients. At the heart of Eastspring is a strong connection with our shared purpose – For Every Life, For Every Future – which guides everything we do. Since our founding in 1994, we have built an unparalleled on-the-ground presence in 11 key Asian markets as well as distribution offices in North America and Europe.

Danny Tan

Head of Fixed Income
Eastspring Investments

Danny Tan is the Head of Fixed Income at Eastspring Singapore and is responsible for overseeing the management of the firm's fixed income strategies.

Prior to being appointed as Head of Fixed Income in May 2022, Danny was a Senior Portfolio Manager in the Fixed Income team, responsible for managing SGD credit-focused strategies and other customized fixed income solutions for both our insurance and external institutional clients. Danny was also the team lead for the fixed income solutions sub-team.

Danny joined Eastspring Investments in February 2004. Before re-joining the Fixed Income team in 2010, Danny worked as a Portfolio Manager and Analyst in various investment teams within Eastspring, where he built up extensive investment and research experience in a wide range of asset classes including fixed income, structured credits and equities. Prior to joining Eastspring Investments, Danny was an Investment Analyst with Tecity Management, covering equity and fixed income research. In all, he has more than 23 years of investment experience.

Danny is a Chartered Financial Analyst charterholder and holds a Bachelor of Business degree in Financial Analysis (Hons) from Nanyang Technological University, Singapore.

Matthew Kok

Portfolio Manager - Fixed Income
Eastspring Investments

Matthew Kok is the lead portfolio manager of PRULink USD Bond Fund. He is currently responsible for the management of Philippine USD strategy and SGD Cash strategies.

Matthew joined Eastspring Investments in March 2018 under Eastspring's Graduate Development Program.

He spent two years as a Credit Analyst, covering public and private credits, as well as alternative fixed income products, before joining the Macro & Thematics team as an Investment Analyst focusing on Asia local rates.

Matthew graduated from National University of Singapore in January 2018 with a Bachelor of Business Administration (Hons) degree major in Finance.

Kenneth Lee

Portfolio Manager - Fixed Income
Eastspring Investments

Kenneth Lee is the backup Portfolio Manager of PRULink USD Bond Fund. He is currently responsible for the management of liability-driven or solution-based strategies for insurance clients as well as select USD and SGD credit-focused strategies.

Kenneth joined Eastspring Investments in January 2015.

Prior to joining Eastspring Investments, Kenneth worked with Phillip Securities Private Limited as an Investment Analyst. He was responsible for supporting portfolio managers of discretionary and separately-managed accounts, with a focus on Southeast Asian equity markets. Kenneth has 10 years of investment experience.

Kenneth is a Chartered Financial Analyst charterholder and holds a Bachelor of Engineering (Chemical Engineering) and a Bachelor of Business Administration (Finance) from National University of Singapore.

Stephen Guo

Portfolio Manager - Multi-Asset Portfolio Solutions (MAPS) Team
Eastspring Investments

PRULink Asian Balanced Fund, PRULink Cash Flow Fund, and PRULink Cash Flow Fund Plus are managed by Stephen Guo.

Stephen is a Portfolio Manager in the MAPS team and is responsible for assisting with the fund management process through research, modelling and analysis.

Stephen joined Eastspring Investments as Portfolio Manager in July 2015 and collectively has 8 years of financial industry experience.

Stephen graduated from the National University of Singapore with a double degree in Bachelor of Business Administration in Finance (Hons) and Bachelor of Science in Applied Mathematics.
He is also a Chartered Financial Analyst charterholder.

Steven Gray

Portfolio Manager - Equity
Eastspring Investments

PRULink Global Emerging Markets Dynamic Fund is managed by Steven Gray. He is the Head of Global Emerging Markets (GEM) and Regional Asia Value Equities at Eastspring Investments, responsible for the firm's GEM and Asia Value equity capabilities. He is also Lead Manager for the GEM Dynamic strategy.

Steven joined Eastspring Investments as Portfolio Manager in August 2012. Prior to this, Steven worked with GIC Asset Management in the Emerging Markets Non-Asia department as the Senior Vice President – Head of Equity Research managing a team of seven sector-focused analysts covering non-Asian emerging markets. Earlier on, Steven had a very successful career as a fund manager in South Africa, managing one of the largest funds in the country. He has more than 35 years of experience in the financial industry.

Steven is a Chartered Financial Analyst charterholder and holds a Bachelor of Business Science from the University of Cape Town, and a Master of Business Administration from UCT Graduate School of Business in South Africa.

Sundeep Bihani

Portfolio Manager - Equity
Eastspring Investments

Sundeep manages the PRULink Asia Pacific Equity Fund. He joined Eastspring Investments as Portfolio Manager in April 2008.

Sundeep is a part of the Equity team and the Team Leader of the Regional Asia Value focus team. He is the Lead Portfolio Manager for the Regional Asia Equity strategies.

Prior to joining Eastspring Investments, Sundeep was an Equity Research Analyst for 5 years covering regional telecom stocks at Lehman Brothers. He has over 20 years of investment experience.

Sundeep holds a Post Graduate Diploma in Management (MBA) (Director's Merit list) from India Institute of Management, Bangalore and a Bachelor's degree in Commerce from Calcutta University. He is also a member of the Institute of Chartered Accountants of India.

Daniel Lau

Portfolio Manager - Equity
Eastspring Investments

Daniel is lead manager of the PRULink Equity Fund. Daniel Lau joined Eastspring Investments in June 2022 as part of the ASEAN Growth Equities team.

Daniel has over 13 years of buyside and sellside experience. Prior to joining Eastspring Investments, he spent 3 years at Franklin Templeton as a Senior Research Analyst with the Emerging Markets Equities division.

Prior to that, he was a Vice President in Morgan Stanley Research as a sellside analyst, where he was the lead sector analyst for multiple industries including ASEAN Transportation, Healthcare, Agriculture Commodities, and Indonesia Coal. Daniel has also previously worked at CIMB Research as an Equity Research Analyst.

Daniel holds a Bachelor of Business Administration from Singapore Management University.

Nupur Gupta

Director
Senior Portfolio Manager
Multi-Asset Portfolio Solutions (MAPS) Team
Eastspring Investments

Joanna Ong

Chartered Financial Analyst
Director and Senior Portfolio Manager, MAPS Team
Eastspring Investments

The PRULink Global Equity Navigator Fund and PRULink Global Market Navigator Fund are co-managed by Nupur Gupta and Joanna Ong.

Nupur Gupta joined Eastspring Investments as Director in May 2019. She is a Senior Portfolio Manager and heads the Total Return Strategies in the MAPS team. She is responsible for the investment strategy, asset allocation and performance of several of the firm's global multi-asset funds. Nupur also does specialised research for alpha generating derivative strategies. Nupur frequently shares her views on global markets to the media. Nupur holds an M.Phil in Economics from Nuffield College, University of Oxford, and a bachelor's degree in economics from the London School of Economics and Political Science.

Joanna Ong joined Eastspring Investments as Credit Manager in the Fixed Income team in June 2000. Joanna is a Senior Portfolio Manager and is a key member involved in the management of several of our global multi-asset funds. She is also responsible for the generation of tactical investment views, following the team's balance of indicators approach to tactical asset allocation. Joanna has been a senior member of the multi-asset team since its inception in 2007, managing global multi-asset funds for Prudential across Asia, as well as external investment strategies. Joanna holds a Bachelor of Accounting from Nanyang Technological University, Singapore and is a Chartered Financial Analyst charterholder.

About the ATRAM Group

The ATRAM Group (ATRAM) is a digitally-powered leading independent asset and wealth manager in the Philippines. It has established itself as a trusted and reliable partner by offering unparalleled investment solutions to clients and staying at the forefront of the industry in the Philippines. As of January 2024, ATRAM managed approximately Php 336 Billion in assets.

As a multi-awarded asset management company, ATRAM strives to deliver exceptional results and personalized solutions tailored to clients' unique needs. With an impressive 54% market share in the Philippine global feeder fund space, ATRAM remains steadfast in pushing boundaries to redefine the industry by offering innovative products and services.

ATRAM operates through ATRAM Trust Corporation and ATR Asset Management Inc., with its headquarters located at 8 Rockwell Building, Rockwell Center, Makati City.
For more information: www.atram.com.ph

Miguel Liboro

Deputy Chief Investment Officer
ATRAM

Miguel has more than 13 years of experience in the fields of treasury trading and asset management. He has been with the firm for more than 10 years and currently oversees local markets - fixed income and equities portfolio management, dealing and execution, and as well as the credit research team of the firm.

He completed the BAP Treasury Certification Program and was awarded the number 1 rank in "Most Astute Investor in Asian Currency Bonds" by the Asset Magazine consecutively for the years 2015-2021 and the "Most Astute Investor in Asian G3 Bonds" from 2018 to 2019.

Lodevico Ulpo, Jr

Head of Fixed Income Strategies
ATRAM

Lodevico has more than 9 years of experience in the asset management industry and currently manages ATRAM's discretionary fixed income mandates. Prior to this, he was formerly based in Hong Kong as an Asian Credit Trader and Analyst at a Pan Asia Credit Hedge Fund covering Asia investment grade, high yield, subordinated structures, and credit market derivatives.

He was awarded rank 2 in the "Most Astute Investor in Asian Local Currency Bonds" by The Asset Benchmark Research Awards 2022 and has consistently ranked on the top 5 over the last three years. He is a Chartered Financial Analyst charterholder, a Certified Financial Risk Manager (FRM), and a Certified Public Accountant (CPA).

Carlos Navarro

Portfolio Manager - Equities Team
ATRAM

Carlos is currently a Portfolio Manager in the ATRAM Equities Team. He was previously the Portfolio Manager for Equities in the Trust Banking Group of the 2nd largest local bank in the country and has 8 years of experience in the Fund Management industry.

He holds two Master's degrees - a Master's degree in Management from University of Asia and the Pacific and Master's degree in Computational Finance from De La Salle University.

Fund managers' profile

Corporate Governance

Corporate Governance

I. The Board of Directors

During the Annual Shareholders' Meeting of Pru Life Insurance Corporation of U.K. ("Pru Life UK") held on 22 June 2023, the following were elected as members of the Board of Directors for the year 2023 to 2024 and until their successors shall have been duly elected and qualified:

1. Angelica "Nenet" H. Lavares
Independent Chairperson

- **Committee memberships:**
  Independent Member, Audit Committee
  Independent Member, Governance and Nomination Committee
  Independent Member, Remuneration Committee
  Independent Member, Risk Committee
- **Age:** 70 years old
- **Date of first appointment:**
  20 June 2019 as Director
  22 June 2023 as Chairperson
- **Length of service:** 4 years and 9 months
- **Directorships in publicly-listed companies or other Insurance Commission Regulated Entities:** Metropolitan Bank & Trust Company
- **Academic qualifications and relevant experience:**
  Angelica H. Lavares is a teaching fellow at the Institute of Corporate Directors (ICD). She also currently serves as an independent director of Metrobank Card Corporation and Inter-Asia Development Bank.

  Ms. Lavares brings with her an extensive experience in general management and legal expertise in banking and finance, real estate, manufacturing, acquisitions, international contract negotiations. She is also an expert in negotiations with various government regulatory agencies and conducts workshops for ICD on corporate governance and anti-money laundering.

  Ms. Lavares obtained her Bachelor of Arts in Psychology from St. Theresa's College in 1973. She completed her Bachelor of Laws at the University of the Philippines (1st honorable mention) in 1981 and was admitted to the Philippine Bar in the same year.

2. Sanjay Chakrabarty
Executive Board Member (from 01 January 2024)

- **Committee memberships:**
  None
- **Age:** 50 years old
- **Date of first appointment:** 1 January 2024
- **Length of service:** 3 months
- **Directorships in publicly-listed companies or other Insurance Commission Regulated Entities:** None
- **Academic qualifications and relevant experience:**
  Sanjay Chakrabarty is Pru Life UK's President & Chief Executive Officer (CEO).

  Mr. Chakrabarty has deep knowledge of the banking and insurance sectors, having worked across multiple Asian markets for the past 26 years.

  He has been with Prudential since 2014 and has worked as the CEO of Prudential Cambodia and Prudential's Cambodia-Laos-Myanmar Hub. In these roles, he has successfully led a cross-markets team, implementing several strategic initiatives with material impact in all three markets.

  Driving innovation and growth, Mr. Chakrabarty reinstated Prudential's Cambodia business to #1 position in the market. He is deeply committed to driving a customer-centric approach, and to creating a culture of excellence that attracts and retains the best talent.
  He started his career with Citibank, India, in 1997. He has also worked for Citibank in Japan and Korea between 2004-2014, heading several functions spanning risk and business. At Prudential, he has served as CEO of Prudential Vietnam Finance Company and as Chief Commercial Officer at Prudential Vietnam. Before moving to Cambodia with Prudential in 2020, he also spent time as Deputy CEO and Head of Consumer Banking at Orient Commercial Joint Stock Bank in Vietnam.

  Mr. Chakrabarty holds a Masters degree in Statistics from the Indian Statistical Institute and enjoys reading history in his free time.

3. Imelda C. Tiongson
Independent Board Member

- **Committee memberships** *(as of 24 March 2023):*
  Independent Chairperson, Risk Committee
  Independent Member, Audit Committee
  Independent Member, Related Party Transactions Committee
- **Age:** 58 years old
- **Date of first appointment:** 20 August 2020
- **Length of service:** 3 years and 7 months
- **Directorships in publicly-listed companies or other Insurance Commission Regulated Entities:** Xurpas, Inc.
- **Academic qualifications and relevant experience:**
  Ms. Imelda "Ida" Tiongson is a Trustee and Teaching Fellow of the Institute of Corporate Directors ("ICD") and is the President/Chief Executive Officer of Opal Portfolio Investments (SPV-AMC), Inc. ("Opal"). She currently serves as Independent Director of Xurpas, Inc., Trustee of Fintech Alliance.Ph and Fintech Association of the Philippines, and Vice Chair of the Management Association of the Philippines Governance Committee. She is also a Senior Lecturer at the ICD and the Ateneo Graduate School of Business and has lectured at IFC Worldbank. In 2022, she became a member of the Bangko Sentral ng Pilipinas Open Finance Oversight Committee, in charge of the Open Finance framework with the aim of boosting financial inclusion.

  Ms. Tiongson has extensive experience in business and risk management, having been a traditional banker for over 22 years and holding senior executive positions with National Australia Bank and Philippine National Bank, until moving to head Opal in 2007. She was also involved in drafting various business laws, such as the Financial Rehabilitation and Insolvency Act of 2010 and the Revised Corporation Code.

  Ms. Tiongson completed her Bachelor of Business in Accountancy degree at Royal Melbourne Institute of Technology in Australia and took Masterclasses in Remedial Management at AIM, Blockchain/Digitalization by Terrapin, Audit and Risk by IFC Worldbank, Kaplan Norton Balance Scorecard and AGI -Alibaba Netrepeneurship.

4. Wilson Wing Yiu Ma

Non-executive Board Member

- **Committee memberships**
  Non-executive Member, Risk Committee
  Non-executive Member, Remuneration Committee
- **Age:** 52 years old
- **Date of first appointment:** 22 June 2023
- **Length of service:** 9 months
- **Directorships in publicly-listed companies or other Insurance Commission Regulated Entities:** None
- **Academic qualifications and relevant experience:**
  Wilson is currently a Group Director of the Strategic Business Group of Prudential Holdings, Ltd. He is currently a member of the Board of Prudential Cambodia Life Assurance and Prudential Life Assurance Laos. Wilson also previously held several senior positions in Prudential's Group Office as well as in different Prudential local business units in Asia, including Acting CEO for Prudential's businesses in Laos and Myanmar. He was Regional Development Director in AXA Asia, and was Senior Actuarial Consultant in Mercer Human Resource Consulting Limited. He also previously worked as a Pharmacist in Australia.

  Wilson completed his Bachelor of Commerce (Actuarial Studies) from Macquarie University in Sydney as well as Bachelor of Pharmacy in the University of Sydney.

5. Sanchit Pal Maini

Non-executive Board Member (from 24 August 2023)

- **Committee memberships**: None
  Age: 47 years old
- **Date of first appointment:** 24 August 2023
- **Length of service:** 7 months
- **Directorships in publicly-listed companies or**
- **other Insurance Commission Regulated Entities:** None
- **Academic qualifications and relevant experience:**
  Sanchit Maini is the Group Chief Financial and Sustainability Risk Officer of Prudential plc. In this role, he is responsible for all aspects of financial risk including market, credit, investment, product and insurance risks as well as sustainability risks covering ESG and climate change. Sanchit is also the Risk Business Partner for the Strategic Business Group covering Prudential markets in Malaysia, Indonesia, the Philippines, Cambodia-Laos-Myanmar hub, India and Africa. He joined Prudential in 2016.

  Prior to joining Prudential, he was Asia Head of Actuarial and Products at Aviva and has served as Chief Actuary and CRO at Max Life Insurance, India. His work experience spans various markets across Asia, the UK, US and France.

  Sanchit is a Fellow of the Institute of Actuaries of Australia, India and Singapore (FIAA, FIAI, FSAS) and a Chartered Enterprise Risk Actuary (CERA). He holds the Qualified Risk Director designation from the DCRO Institute and an alum of Harvard Business School having completed its Advanced Management Program.

6. Marife B. Zamora

Independent Board Member

- **Committee memberships**
  Independent Chair, Audit Committee
  Independent Member, Governance and Nomination Committee
  Independent Member, Related Party Transactions Committee
  Independent Member, Risk Committee
- **Age:** 71 years old
- **Date of first appointment:** 14 February 2022
- **Length of service:** 2 years and 1 month
- **Directorships in publicly-listed companies or other Insurance Commission Regulated Entities:**
  Willis Towers Watson Insurance Brokers Philippines, Inc. PLDT, Inc.
- **Academic qualifications and relevant experience:**
  Ms. Marife B. Zamora is a Board Director of PLDT, Inc; Chairman of the Board of Willis Towers Watson Insurance Brokers, Inc.; President of Arzam Logistics Inc.; Board Member of Imperial Homes Corp.; member of the Board of Trustees of the Asian Institute of Management, and Board Member of ABS-CBN Foundation. She is the co-founder of the Filipina CEO Circle and the President of the University of the Philippines Sigma Delta Phi Alumnae Association.

  She was Chairman of Convergys Philippines; Managing Director for Asia Pacific, Europe, Middle East, Africa for Convergys Corporation and served as the first country manager of Convergys Philippines, setting up its first contact center in 2003 and leading its growth as the country's largest private employer. Prior to this, Ms. Zamora served as Managing Director of Headstrong Phils., a digital technology consultancy and outsourcer. She was with IBM Philippines where she held a number of sales, marketing, and management positions during her 18-year tenure with the company.

  Ms. Zamora studied at the College of the Holy Spirit, University of the Philippines and the University of Pennsylvania.

  She is the 3rd woman President and the 68th President of the Management Association of the Philippines. She was President of the Philippine Software Association; Vice President of the American Chamber of Commerce of the Philippines and Board Member of the Contact Center Association of the Philippines. Honors conferred on Ms. Zamora include the Asia CEO Awards 2011 Global Filipino Executive of the Year, the 'Go Negosyo' Woman STARpreneuer Award 2012, the 100 Most Influential Filipino Women in the World 2013, and UP Sigma Delta Phi Mariang Maya Award 2018.

7. Maria Cristina "Teh" R. Opinion

Independent Board Member

- **Committee memberships**
  Independent Chair, Governance and Nomination Committee
  Independent Chair, Related Party Transactions Committee
  Independent Chair, Remuneration Committee
  Independent Member, Audit Committee
  Independent Member, Risk Committee
- **Age:** 54 years old
- **Date of first appointment:** 14 February 2022
- **Length of service:** 2 year and 1 month
- **Directorships in publicly-listed companies or other Insurance Commission Regulated Entities:** None
- **Academic qualifications and relevant experience:**
  Ms. Teh Opinion is the President and CEO of BNEXT, Inc., a value consulting company focused on helping companies achieve and sustain their digital transformation, and is a Board Member of Acquisition Apps, Inc. Previously, she was the Group Chief Information Officer of JG Summit Holdings, Inc. and the Senior Vice President for IT of SM Investments, Corp.

  Ms. Opinion has more than thirty years of experience in Digital Transformation and Technology Innovation, encompassing Enterprise Applications, Shared Service Operations, Hybrid Infrastructure and Platforms, Cyber Security, Business Continuity, and Governance, providing enterprises with valuable solutions that provide fast and tangible results balanced with change and risk management necessary for today's digital economy.

  Ms. Opinion has a Post Graduate degree with a Masters in Business Administration and a Bachelor of Science in Mathematics from the University of the Philippines and has completed executive courses on Strategic Uses of Information Technology at the Stanford University Graduate School of Business, Palo Alto, CA and Leading Digital Business Transformation at the Institute for Management Development, Lausanne, Switzerland.

8. Solmaz Altin

Non-executive Board Member (until 22 June 2023)

- **Committee memberships**
  Non-executive Member, Remuneration Committee
- **Age:** 49 years old
- **Date of first appointment:** 23 June 2023
- **Length of service:** 1 year
- **Directorships in publicly-listed companies or other Insurance Commission Regulated Entities:** None
- **Academic qualifications:**
  Postgraduate – Graduate Diploma Banking and Economics, University of Duisburg, Germany
  German A-Level (Abitur), Ricarda-Huch-Gymnasium
- **Relevant experience:**
  Solmaz Altin is Managing Director of the Strategic Business Group covering India, Indonesia, Malaysia, the Philippines, Laos, Myanmar, Cambodia and Africa effective 1 July 2022. He joined Prudential as Group Strategic Transformation Officer in May 2022, bringing with him 25 years' experience of leading business change and growth in the financial services industry.

  As Strategic Business Group Leader, Solmaz is also responsible for Prudential's Digital and Technology functions. From new products and solutions for customers, to how the company serves its existing customers faster and better through its multi-channel models, Solmaz drives the business transformation to accelerate customer delivery and strengthen customer engagement platforms, including Pulse by Prudential.

  He was most recently Regional CEO, Asia-Pacific at Allianz, where he was responsible for improving its footprint and substantially increasing its operating profit, as well as establishing new insurance and asset management entities in China. He focused on driving change and enabling the business to accelerate its growth. Prior to that, Solmaz was Group Chief Digital Officer at Allianz Group, driving lasting transformative and cultural changes with customer-centric digital strategies.

9. Wen Chen

Non-executive Board Member (until 11 August 2023)

- **Committee memberships**:
  Non-executive Member, Risk Committee
- **Age:** 54 years old
- **Date of first appointment:** 19 May 2021
- **Length of service:** 2 years and 3 months
- **Directorships in publicly-listed companies or other Insurance Commission Regulated Entities:** None
- **Academic qualifications:**
  B.S. Electrical Engineering – Tsinghua University
  M.S. Electrical Engineering – Chinese Academy of Science
  M.S. Computer Science – New Jersey Institute of Technology
- **Relevant experience:**
  Wen Chen is Chief Platform Officer of Prudential responsible for designing and implementing digital platforms to drive the business transformation and accelerate customer delivery as well as strengthen customer engagement, including Pulse by Prudential.

  As Chief Platform Officer, Wen also serves as Chief Executive Officer of Shenzhen Prudential Technology Limited, a digital hub set up as an engine to drive the digitalization across Prudential.

  Wen joined Prudential in July 2018, bringing with her over 20 years of well-rounded leadership experience in software and IT service in various industries, especially insurance and banking, with hands-on experience in management, sales/marketing, professional service, and R&D, and an established track record in designing and executing strategy, transforming business, driving growth and building high performance organizations. She has extensive multinational experience, growing and managing organizations across China, U.S., Romania, India, and the Philippines.

  Prior to joining Prudential, she was with IBM as Partner, Industrial Sector Leader, Greater China Group. She was also previously the General Manager for Greater China of DXC Technology/Computer Science Corporation from 2013 – 2017, responsible for running the end to end business, from solutioning to signing to delivery and was able to improve its footprint and operating profit substantially.

10. Eng Teng Wong

Executive Board Member (until 31 December 2023)

- **Committee memberships:** None
- **Age:** 51 years old
- **Date of first appointment:** 1 November 2021
- **Length of service:** 1 year 11 months
- **Directorships in publicly-listed companies or other Insurance Commission Regulated Entities:** None
- **Academic Qualifications:**
- Under sponsorship from the Malaysian Government (Public Services Department), Eng Teng graduated with a Bachelor of Engineering in Electrical & Electronics Engineering from University of Manchester Institute of Science and Technology, United Kingdom in June 1995.
- **Relevant experience:**
  Eng Teng was the President and Chief Executive Officer of Pru Life Insurance Corporation of U.K. Previously the Chief Revenue Officer & Chief Officer Ecosystem Implementation, Eng Teng led the implementation and launch of the AI-powered app called Pulse by Prudential across many countries in Asia and Africa to empower consumers particularly customers of Prudential to become healthier and wealthier.

  Eng Teng also held many other leadership positions with Prudential Services Asia and Prudential Assurance Malaysia Berhad to drive and deliver customer-centric solutions, customer service innovation, business transformation and operational improvements.

II. Training and continuing education programme of directors

The Board of Directors attended the Board Education Session organized by Pru Life UK on 24 August 2023. The following topics were covered:

Topic	Presentor
1. ESG	Sanchit P. Maini, Group Chief Financial and Sustainability Risk Officer, Prudential plc Martin Collins, Senior Director, Group Risk, Prudential plc Lucy Fung, Director, Financial and Sustainability Risk, PSS
2. Anti-Money Laundering	Stephen Lau, Senior Director, Compliance, Group Head Office, Group Compliance

III. Board meetings

For the year 2023, the Board of Directors of Pru Life UK held ten meetings. Below are the details of the attendance of the directors in said meetings:

Meeting of the Board of Directors	Directors									
	Angelica H. Lavares	Imelda C. Tiongson	Marife B. Zamora	Maria Cristina R. Opinion	Wilson Wing Yiu Ma	Sanchit P. Maini	Sanjay Chakrabarty	Solmaz Altin	Wen Chen	Eng Teng Wong
1. Regular meeting held on 24 March 2023										
2. Special meeting held on 09 May 2023					elected to the Board on 22 June 2023)					
3. Special meeting held on 22 May 2023						(elected to the Board on 24 August 2024				
4. Organizational meeting held on 22 June 2023										
5. Special meeting held on 18 July 2023										
6. Regular meeting held on 24 August 2023							(elected to the Board effective 01 January 2024)			
7. Board of Directors' Education Session held on 24 August 2023								(term ended on 22 June 2023)		
8. Special meeting held on 17 October 2023									(resigned effective 11 August 2023)	
9. Regular meeting held on 23 November 2023										
10. Special meeting held on 22 December 2023										
Percentage of Attendance	100%	100%	100%	100%	100%	100%	N/A	66.7%	100%	80%

LEGEND Present | Absent | N / A

IV. The Audit Committee

At the organizational meeting of the Board of Directors held on 22 June 2023, the following were elected as members of the Audit Committee for the year 2023 to 2024 and until their successors shall have been duly elected and qualified:

Marife B. Zamora – Independent Chairperson
Imelda C. Tiongson – Independent Member
Angelica H. Lavares – Independent Member
Maria Cristina R. Opinion – Independent Member

For 2023, the Audit Committee of Pru Life UK held six meetings. Below are the details of the attendance of each of its members in said meetings:

Meeting of the Audit Committee	Directors			
	Marife B. Zamora	Imelda C. Tiongson	Angelica H. Lavares	Maria Cristina R. Opinion
1. Regular meeting held on 20 March 2023				
2. Joint Special Meeting of the Risk and Audit Committee held on 22 May 2023				
3. Regular meeting held on 16 June 2023				
4. Regular meeting held on 22 August 2023				
5. Joint Special Meeting of the Audit and Governance and Nomination Committee held on 28 September 2023				
6. Regular meeting held on 20 November 2023				
Percentage of Attendance	100%	100%	100%	100%

V. The Governance and Nomination Committee

At the organizational meeting of the Board of Directors held on 22 June 2023, the following were elected as members of the Governance and Nomination Committee for the year 2023 to 2024 and until their successors shall have been duly elected and qualified:

Maria Cristina R. Opinion – Independent Chairperson
Marife B. Zamora – Independent Member
Angelica H. Lavares – Independent Member

For 2023, the Governance and Nomination Committee of Pru Life UK held six meetings. Below are the details of the attendance of each of its members in said meetings:

Meeting of the Governance and Nomination Committee	Directors			
	Maria Cristina R. Opinion	Marife B. Zamora	Angelica H. Lavares	Imelda C. Tiongson
1. Regular meeting held on 20 March 2023	(elected to the Committee on 22 June 2023			
2. Special meeting held on 01 June 2023				
3. Special meeting held on 17 August 2023				
4. Joint special meeting with the Audit Committee held on 28 September 2023				term ended on 22 June 2023)
5. Regular meeting held on 20 November 2023				
6. Special meeting held on 22 December 2023				
Percentage of Attendance	100%	100%	100%	100%

VI. The Related Party Transactions Committee

At the organizational meeting of the Board of Directors held on 22 June 2023, the following were elected as members of the Related Party Transactions Committee for the year 2023 to 2024 and until their successors shall have been duly elected and qualified:

Maria Cristina R. Opinion – Independent Chairperson
Imelda C. Tiongson – Independent Member
Marife B. Zamora – Independent Member

For 2023, the Related Party Transactions Committee of Pru Life UK held two meetings. Below are the details of the attendance of each of its members in said meetings:

Meeting of the Related Party Transactions Committee	Directors			
	Maria Cristina R. Opinion	Imelda C. Tiongson	Marife B. Zamora	Angelica H. Lavares
1. Regular meeting held on 20 March 2023			(elected on 22 June 2023)	
2. Regular Meeting held on 22 August 2023				(term ended on 22 June 2023)
Percentage of Attendance	100%	100%	100%	100%

VII. The Remuneration Committee

At the organizational meeting of the Board of Directors held on 22 June 2023, the following were elected as members of the Remuneration Committee for 2023 to 2024 and until their successors shall have been duly elected and qualified:

Maria Cristina R. Opinion – Independent Chairperson
Angelica H. Lavares – Independent Member
Wilson Wing Yiu Ma – Independent Member

For 2023, the Remuneration Committee of Pru Life UK held two meetings. Below are the details of the attendance of each of its members in said two meetings:

Meeting of the Remuneration Committee	Directors				
	Maria Cristina R. Opinion	Marife B. Zamora	Angelica H. Lavares	Wilson Wing Yiu Ma	Solmaz Altin
1. Regular Meeting held on 24 March 2023	(elected to the Committee on 22 June 2023			(elected to the Committee on 22 June 2023)	
2. Regular Meeting held on 23 November 2023		term ended on 22 June 2023)			(term ended on 22 June 2023)
Percentage of Attendance	100%	100%	100%	100%	100%

VIII. The Risk Committee

At the organizational meeting of the Board of Directors held on 22 June 2023, the following were elected as members of the Risk Committee for the year 2023 to 2024 and until their successors shall have been duly elected and qualified:

Imelda C. Tiongson – Independent Chairperson
Wilson Wing Yiu Ma – Non-executive Member
Angelica H. Lavares – Independent Member
Maria Cristina R. Opinion – Independent Member
Marife B. Zamora – Independent Member

For 2023, the Risk Committee of Pru Life UK held five meetings. Below are the details of the attendance of each of its members in said meetings:

Meeting of the Risk Committee	Directors					
	Imelda C. Tiongson	Wilson Wing Yiu Ma	Angelica H. Lavares	Maria Cristina R. Opinion	Marife B. Zamora	Wen Chen
1. Regular meeting held on 20 March 2023		elected to the Committee on 22 June 2023)				
2. Joint special meeting with the Audit Committee held on 22 May 2023						
3. Regular meeting held on 16 June 2023						
4. Regular meeting held on 22 August 2023						(resigned effective 11 August 2023)
5. Regular meeting held on 20 November 2023						
Percentage of Attendance	100%	100%	100%	100%	100%	100%

IX. Year 2023 Annual Performance Assessments of the Board of Directors, the Individual Board Members, the Board Committees, the Chairman of the Board and the Chief Executive Officer

On a yearly basis, the directors of Pru Life UK conduct a performance assessment of the Board, members of the Board, Board Committees the Chairman of the Board and the Chief Executive Officer. The Annual Performance Assessment is based on the requirements and recommendations of the ASEAN Corporate Governance Scorecard and the Revised Code of Corporate Governance for Insurance Commission Regulated Companies.

For 2023, the Annual Performance Assessment Form was distributed to the directors after the Regular Meeting of the Board of Directors on 23 November 2023. The Corporate Secretary received the duly accomplished forms before the Board and Board Committee meetings held on 20 March 2024 and 22 March 2024. The results of the performance assessments were tallied and summarized by the Corporate Secretary and reported to and discussed by the Governance and Nomination Committee and the Board during the Governance and Nomination Committee and Board meetings held on 20 March 2024, and 22 March 2024. Recommendations and action items based on the results of the performance assessments were likewise discussed during said meetings.

X. External auditor

The Audit Committee, at its meeting held on 16 June 2023, endorsed to the Board of Directors of Pru Life UK the appointment of SGV & Co. as external auditor for the audit year 2023. The Board of Directors approved the appointment of SGV & Co. as external auditor for the audit year 2023 at its organizational meeting held on 22 June 2023. The shareholders ratified the appointment of SGV & Co. as the external auditor for audit year 2023 at the Annual Meeting of the Shareholders held on 22 June 2023.

None of the directors and senior management of Pru Life UK were former employees and partners of SGV & Co. for the past two (2) years.

The external auditor's fee for audit year 2023 amounts to not more than five million six hundred fifty eight thousand two hundred nineteen pesos (PhP 5,658,219.00), exclusive of value-added tax and out of pocket expenses.

SGV & Co. did not perform any non-audit services for Pru Life UK in 2023 and no non-audit fees were paid.

XI. Dividend policy

The amount of dividends declared and paid by Pru Life UK are determined through consideration of the following factors: (a) surplus position, (b) liquidity position, (c) solvency ratios, (d) strategic initiatives, and (e) provisions for regulatory changes.

In 2023, Pru Life UK declared and paid cash dividends of two billion nine hundred fifty million pesos (PhP 2,950,000,000.00), gross of applicable taxes.

XII. Compliance and Risk Management

The Audit Committee (AC) and Risk Committee (RC) of Pru Life UK perform risk oversight roles at the board level. These include the review of Pru Life UK's internal controls and risk management framework, seeking assurance from Management that they have performed their duty in respect of the application of the Group Risk Framework, review of approvals for deviations from any group policies, and review of Management's and the external and internal auditors' reports on the effectiveness of internal controls, financial reporting, and risk management. The RC has the primary function of assisting the Board of Directors in assessing material risks to which Pru Life UK is or could be exposed to, as well as the effectiveness of its internal controls and risk management system. Risk oversight by the AC and RC is mainly supported by the Chief Executive Officer, the Chief Risk Officer, the Compliance Officer, the Risk and Compliance function, and the executive-level Risk Committee. The reporting and discussion of risk management and compliance form part of the standing agenda of the AC and RC.

For the year 2023, the Board of Directors conducted a review of Pru Life UK's material controls (including operational and compliance controls), internal controls and risk management systems and confirmed the adequacy thereof. The RC and AC noted, and the Board of Directors acknowledged the Business Controls Report of Pru Life UK, sponsored by the President and Chief Executive Officer, and noted by the Executive Risk Committee, for the year 2023 which demonstrated Pru Life UK's compliance, in all material respects, with the risk management policies and that all material controls and risk management systems have been operating effectively throughout the year.

XIII. Speak Out Confidential Helpline (Whistle Blowing Policy)

For concerns and complaints on any possible violation of rights and/or illegal and unethical behavior (including corruption), please contact the confidential helpline through the details below. All concerns or complaints and any information given will be treated in confidence. Every effort will be exerted to avoid disclosure of your identity, if that is your wish.

Speak Out	
Dial direct access number	1800-1-322-0285 (Tagalog operator)
Website	
www.prudentialspeakout.ethicspoint.com	

XIV. Code of Corporate Governance

As part of the Prudential Group, Pru Life UK is required to comply with the Group Governance Manual, which incorporates the Group Code of Business Conduct. For 2023, the Annual Statement of Compliance (ASOC) has been replaced by Business Controls Report (BCR) which focused on the results of the annual Risk and Control Self Assessment (RCSA), breach and exemption reports, incidents, internal (GWIA) and external (regulatory) reviews and actions being taken. The BCR also included an attestation on compliance with Group Governance Manual (GGM). The results of BCR were reviewed by the Chief Risk Officer prior to submission to the Executive Risk Committee members for noting then to Prudential Group partners.

XV. Remuneration Policy for Executive Directors and the Chief Executive Officer

Pru Life UK's total rewards package provides an effective mix of fixed and variable components that is geared towards rewarding contribution, performance, and value to the business. The CEO reward components support our rewards philosophy.

- Fixed component consisting of base pay to reflect market and internal value of the role and recognize individual performance (through base pay increases)
- Variable annual incentive bonus to reward individual performance based on what and how results are achieved and Pru Life UK's performance in relation to key financial and strategic metrics; this has two components
  - a cash bonus; and
  - a deferred bonus in the form of Prudential plc shares to attract and retain executives and key talent, recognize contribution to the long-term success of Prudential and create a sense of ownership.
- Benefits to supplement cash compensation and provide long term security and protection

Executive directors of Pru Life UK do not receive any remuneration for their directorship.

XVI. Fee Structure and Remuneration of Directors

The non-executive external directors* of Pru Life UK (Angelica H. Lavares, Imelda C. Tiongson, Marife B. Zamora, and Maria Cristina R. Opinion) receive fixed directors' fees for every meeting attended and do not receive any other remuneration for their directorship in Pru Life UK. The non-executive internal directors** of Pru Life UK (Wilson Wing Yiu Ma and Sanchit P. Maini) do not receive any remuneration for their directorship in Pru Life UK. The executive director of Pru Life UK (Eng Teng Wong until 31 December 2023, Sanjay Chakrabarty from 1 January 2024) does not receive any remuneration for his directorship in Pru Life UK.

Below are the details of the remuneration received by the directors of Pru Life UK for the year 2023:

Name	Classification as director	Fee structure/Remuneration as director
1. Angelica H. Lavares	Independent Non-Executive Chairman of the Board (External)	Total annual director's fee in the amount of PhP736,200.00
2. Imelda C. Tiongson	Independent Non-Executive (External) Board Member	Total annual director's fee in the amount of PhP596,700.00
3. Marife B. Zamora	Independent Non-Executive (External) Board Member	Total annual director's fee in the amount of PhP 452,700.00
4. Maria Cristina R. Opinion	Independent Non-Executive (External) Board Member	Total annual director's fee in the amount of PhP 439,200.00
5. Wilson Wing Yiu Ma	Non-Executive (Internal) Board Member *(elected 22 June 2023)*	Did not receive any director's fee
6. Sanchit Pal Maini	Non-Executive (Internal) Board Member *(elected 24 August 2023)*	Did not receive any director's fee
7. Sanjay Chakrabarty	Executive Board Member *(elected effective 01 January 2024)*	Did not receive any director's fee
8. Solmaz Altin	Non-Executive (Internal) Board Member *(until 22 June 2023)*	Did not receive any director's fee
9. Wen Chen	Non-Executive (Internal) Board Member *(until 11 August 2023)*	Did not receive any director's fee
10. Eng Teng Wong	Executive Board Member *(until 31 December 2023)*	Did not receive any director's fee

**a director who does not hold any position in Pru Life UK or its parent company, affiliates, and subsidiaries*
*** a director of Pru Life UK who is also an officer or employee of Pru Life UK's parent company, affiliates, or subsidiaries*

XVII. Related Party Transactions

A policy on Related Party Transactions (RPTs) ("RPT Policy") is in place to ensure that RPTs of Pru Life UK are only undertaken on an arm's length basis for the financial, commercial, and economic benefit of Pru Life UK and the entire group to which it belongs. The RPT Policy ensures that there are appropriate oversight and effective control systems for managing RPT exposures, to prevent situations that will lead to abuses which would be disadvantageous to Pru Life UK, its policyholders, claimants, creditors, and other stakeholders.

"Related Party" or "Related Parties" covers Pru Life UK's subsidiaries as well as affiliates and special purpose entities that Pru Life UK exerts direct or indirect control over or that exert significant influence over Pru Life UK, its Board members, officers, stockholders and related interests, and their close family members, as well as corresponding persons in affiliated companies. This shall also include such other persons or juridical entities whose interests may pose a potential conflict with the interest of Pru Life UK, and hence are identified as Related Parties.

All RPTs shall be conducted in the regular course of business and not undertaken on more favorable economic terms (e.g. price, commissions, interest rates, fees, tenor, and collateral requirement) to such Related Parties than similar transactions with non-related parties under similar circumstances. An effective price discovery mechanism is in place to ensure that transactions are engaged under terms that promote the best interest of Pru Life UK and its stakeholders. The price discovery mechanism includes, but is not limited to, the validation procedures to determine the nature, components, and price of the services to be provided, acquiring the services of an external expert, and where applicable, opening the transaction to a bidding process, canvassing, or benchmarking, or any other applicable due diligence procedures.

Managing of conflict of interest or potential conflict of interest

Pru Life UK adopts the Group Conflict of Interest Policy. It is committed to ensuring that all related parties operate at the highest level of integrity in all their dealings and business relationships, either within or outside Pru Life UK. The members of the Board, employees, stockholders, and management shall disclose to the Board whether they directly, indirectly or on behalf of third parties, have a financial interest in any transaction or matter affecting Pru Life UK. Directors and officers with a personal interest in any transaction shall abstain from the discussion, approval and management of such transaction or matter affecting Pru Life UK.

Pru Life UK has a whistleblowing mechanism in place where employees are encouraged to communicate, confidentially and without risk of reprisal, legitimate concerns about illegal, unethical or questionable RPTs.

The RPT Committee and its Responsibility

The RPT Committee is composed of three (3) members of the Board, all of whom are independent directors. The Chairman and the members of the Committee are appointed by the Board and have a term of one (1) year or until their successors are appointed by the Board.

The primary responsibilities of the RPT Committee include, among others, (1) ensuring that all RPT Transactions are carried out on an arm's length basis, (2) ensuring that appropriate disclosures are made, and/or information is provided to regulating and supervising authorities, (3) reviewing and approving annual public disclosures in accordance with the requirements of the regulator, and (4) reporting to the Board, on a regular basis, the status and aggregate exposures of Pru Life UK to each Related Party as well as the total amount of exposures to all Related Parties.

Original and Existing Exposure with the Related Parties as of December 31, 2023 (amounts in PhP millions):

Related Party	Nature	Transaction amount	Balance (as of Dec 31, 2023)	Terms	Rationale for Transaction
Eastspring Investment (Singapore) Limited	Management fees for fund management and investment marketing services	250	21	30 days upon bill-ing	In the normal course of business, the Company has an investment management services agreement with Eastspring, whereby the latter shall act as investment advisor to the Company on the management of both the Company's investments and the investment funds in consideration for a quarterly service fee as may be mutually agreed upon on an annual basis.
Prudential Services Asia (PSA)	Cost of production application systems and infrastructure support	113	17	30 days upon billing	The Company entered into a Service Level Agreement with PSA to provide infrastructure services aligned to agreed service hours and delivery performance targets. The services involve system availability and operation, service desk, network availability, back-up and recovery, change management, disaster recovery plans, system capacity, resource monitoring, among others.
Prudential Corporation Holdings Limited (PCHL)	Shared services and cost of expenses advanced by PCHL	335	93	30 days upon billing	These pertain to advances made by PCHL on behalf of the Company for the expenses covering software licenses and maintenance, training for regional agency leaders, agents' conference, among others. These are netted against the advances made by the Company on behalf of PCHL for the settlement of certain administration costs. Moreover, these also pertain to support services provided by PCHL to the Company related to insurance, regional partnership distribution, IT, anti-money laundering system, human resources, financial and actuarial, internal audit, and brand and corporate affairs, among others.

Related Party	Nature	Transaction amount	Balance (as of Dec 31, 2022)	Terms	Rationale for Transaction
Pru Life UK Asset Management and Trust Corporation (PAMTC)	Allocation of shared expenses such as rentals, utilities and others and shared service fee. This is a receivable from PAMTC.	47	0.4	30 days upon billing	Transactions with PAMTC pertain to various advances made by Pru Life UK on behalf of PAMTC for the cost incurred during the set-up of the latter. Pru Life UK also entered into a Shared Services Agreement with PAMTC, whereby Pru Life UK shall outsource labor services to PAMTC in consideration for a monthly fee for the labor and overhead charges.
PAMTC	Investments in PAMTC's Unit Investment Trust Funds (UITFs)	8	-	Upon investment	Pru Life UK has a financial advisory/marketing services agreement with PAMTC, whereby the latter shall act as financial advisor to Pru Life UK.
PAMTC	Investments in Agents Savings Funds	52	-	Upon investment	
PAMTC	Investment management and investment service fees	11	-	30 days upon billing	Pru Life UK also entered into Fund Management agreements with PAMTC whereby PAMTC will manage some of Pru Life UK's investment funds as well as its agents' savings funds. Pru Life UK also invested in PAMTC's UITF. In November 2023, following the approval of the BSP, the trust operations and entire fiduciary portfolio of PAMTC was transferred to ATRAM Trust Corporation.
Prudential Services Singapore (PSS)	Cost of IT security services	98	40	30 days upon billing	Pru Life UK entered into a Master Services Agreement with PSS whereby PSS will provide IT security services to Pru Life UK such as identity services & access management, data security, vulnerability management, cloud infrastructure security, network security, endpoint security, application security, cyber awareness and readiness, threat monitoring & response and emergency support.

Related Party	Nature	Transaction amount	Balance (as of Dec 31, 2022)	Terms	Rationale for Transaction
Prudence Foundation Limited (PFL)	Cost reimbursements	17	-	30 days upon billing	These pertain to advances made by Pru Life UK on behalf of PFL for activities related to corporate social responsibility in the Philippines.
Pulse Ecosystems Pte. Ltd. (PEPL)	Cost reimbursements	751	753	30 days upon billing	These pertain to advances made by PEPL on behalf of Pru Life UK. These are netted against the advances made by Pru Life UK on behalf of PEPL for the settlement of certain costs.
Prudential Assurance Company Singapore Pte (PACS)	Cost reimbursements	23	10	30 days upon billing	This pertains to advances made by Pru Life UK on behalf of PACS.
	Aggregate	1,705	934		

The material RPTs were approved by the following members of the Board of Directors and shareholders of Pru Life UK:

Director	Shareholder
Angelica H. Lavares Imelda C. Tiongson Marife B. Zamora Maria Cristina R. Opinion Wilson Wing Yiu Ma Sanchit P. Maini Sanjay Chakrabarty *(elected effective 01 January 2024)* Solmaz Altin *(until 22 June 2023)* Wen Chen *(until 11 August 2023)* Eng Teng Wong *(until 31 December 2023)*	Prudential Corporation Holdings Limited Angelica H. Lavares Imelda C. Tiongson Marife B. Zamora Maria Cristina R. Opinion Wilson Wing Yiu Ma Sanchit P. Maini Sanjay Chakrabarty *(elected effective 01 January 2024)* Solmaz Altin *(until 22 June 2023)* Wen Chen *(until 11 August 2023)* Eng Teng Wong *(until 31 December 2023)*

Risk Management (Key Risks)

Pru Life UK, as part of the Prudential Group ("Group"), generates customer and shareholder value by selectively taking exposure to risks which can be appropriately quantified and managed, and where the risk is adequately rewarded. The approach is to retain risks where doing so contributes to value creation, to the extent that the Company can withstand the impact of an adverse outcome, and has the necessary capabilities, expertise, processes, controls, and capital to appropriately manage the risk.

Risk Management

Pru Life UK regards risk as the uncertainty that the Company faces in successfully implementing its strategies and objectives. This includes all internal and external events, acts, or omissions that have the potential to threaten the success and survival of the Company. As such, material risks will only be retained where these are consistent with the Group and Pru Life UK Risk Appetite and its philosophy towards risk-taking. The Pru Life UK Risk Framework document, adopted from the Group Risk Framework, outlines the governance structure, Risk Policies, Risk Appetite, Risk Management Cycle and Risk Culture.

The Risk Framework requires Pru Life UK to establish processes for identifying, evaluating, and managing key risks to ensure maintenance of an adequate risk exposure and solvency position from an economic, regulatory, and ratings perspective. The Risk Framework is supported by a set of Pru Life UK risk policies and associated standards that mirrors Group requirements at a minimum. Pru Life UK certifies compliance with Group policies as part of the Annual Business Controls Report process required in the Group Governance Manual.

Risk Governance refers to the organizational structures, reporting relationships, delegation of authority, and roles and responsibilities of individuals, committees and functions involved in making decisions and controlling its activities on risk-related matters. Pru Life UK's Risk Governance is based on the "three lines model" which comprises risk-taking and management, risk and control oversight, and independent assurance. The independent risk and control oversight function is supported by the risk management and compliance function led by Pru Life UK's Chief Risk Officer (CRO), directly reporting to Pru Life UK's Chief Executive Officer (CEO) and with reporting line to the Group CFSRO. The quarterly Pru Life UK Board and Executive level risk committees are the key risk governance forums. Being the standing committee of the Board of Directors of Pru Life UK, the Board Risk Committee has the primary function to assist the Board in assessing material risks that Pru Life UK is exposed to and the effectiveness of its internal control and risk management systems. The Executive Risk Committee (ERC) is chaired by Pru Life UK CEO, facilitated by Pru Life UK CRO, and supported by the Senior Management Team (SMT) as members of the Committee. The key risks that the Company is exposed to and any key issues arising from the Executive Risk Committee are required to be escalated to the Board Risk Committee, the Audit Committee, and an appropriate Head Office Risk forum. The Pru Life UK CRO is a member of various key business decision committees including Pru Life UK's Executive Committee, Investment Committee, Product Steering Committee, Underwriting and Claims Committee, Business Continuity Committee, Persistency Steering Committee, Data Governance Council, Sales Disciplinary Committee, CEO CX Forum, and IT Steering Committee. The overall effectiveness of the CRO and the risk management function are subjected to the oversight and evaluation of the Board and the Head Office.

The Risk Appetite Statements and Limits defines the extent to which Pru Life UK is willing to take risk in pursuit of its objective to create customer and shareholder value, taking into account its interests. It is defined by a number of risk appetite statements, operationalized through measures such as limits and thresholds, triggers, and indicators, which are reviewed at least annually and monitored regularly. Financial risk limits are defined based on stresses on earnings, liquidity, statutory and capital requirements as well as defined limits on counterparty credit exposure. There is no appetite for significant and material losses (direct or indirect) or breaches suffered as a result of failing to develop, implement, and monitor appropriate risk mitigation measures and controls to manage major financial models. Non-financial risk triggers and hard limits are adopted from the Group Non-Financial Risk Appetite Framework. Pru Life UK accepts a degree of non-financial risk exposure as an outcome of the chosen business activities and strategies. Pru Life UK aims to manage these risks effectively to maintain operational resilience and its commitments to customers and stakeholders and avoid material adverse financial loss or impact on the company's reputation.

The Risk Management Cycle embedded in key business activities includes risk identification (adopting a top-down or bottom-up approach to identify current and emerging risks), risk measurement and assessment (including emergence of experience, Stress and Scenario Testing, Risk-Based Decision Making, Risk and Control Assessment activities on all risk and compliance areas), risk management and control (including financial and non-financial Risk Appetite and limits, Large Risk Approval Process), and risk monitoring and reporting (Executive Risk & Board Risk Committees, Group/Regional Risk reporting). This also includes the Own Risk and Solvency Assessment (ORSA) process which assesses available capital necessary to support solvency requirements as documented through an ORSA report.

The Risk Culture promotes risk considerations in the business decisions through leadership and behaviors demonstrated by management, skills and capabilities building to support management, including risk management in performance evaluation of individuals, and embedding the Group values in the performance appraisal of individuals. It is further set via the engagement of various stakeholders within the organization to enhance the understanding of sound risk management practices and the awareness of its relevance to their roles. This includes new hire orientation to Pru Life UK risk management practices, risk management modules and infographics distributed to all employees, and specific training sessions to all employees, targeted functions or groups, executive members, and Board members.

Key risk exposure and mitigating actions

The key risks inherent in insurance management operations include investments made to support insurance product liabilities, products offered, and business operations.

Risks from investments could arise from uncertainty of investment returns, including fluctuation in equity prices and interest rates, credit downgrades and defaults of credit instruments. Unit-linked products are exposed to market risk, as the revenue is linked to performance of funds under management. Traditional products are exposed to interest rate risks arising from asset-liability duration mismatch. Mitigating actions include establishing clear market risk-taking policies, risk appetite statements, limits and triggers, reporting of the regular management information, appropriate strategic asset allocation, which matches the liabilities profile and the investment performance oversight provided by the Investment Committee.

Risks arising from products offered and in force policies include adverse actual experience relative to expected: i) mortality or morbidity claims, ii) policy persistency, or iii) incurred expenses in launching and administering the policies. The risks are mainly mitigated by robust governance and oversight on the product development and approval process, adequate training and sales process, appropriate underwriting and claim process, responsive customer service, appropriate risk mitigation or transfer arrangements, ability to re-price, appropriate asset allocation, investment performance monitoring, disciplined expense management, policy conservation activities, regular experience monitoring and deep-dive reviews.

Risks on business operations could arise from a) the failure to comply with the ever-evolving regulatory and legislative requirements, b) business disruption due to non-delivery of service engagement by material third party providers, c) technology risk such as inadequate controls in information security, data privacy controls and other technology risk domains like IT regulatory compliance, software engineering, infrastructure, project management and transformation, and data governance, d) transformation and implementation risk of strategic initiatives, e) conduct risk, f) people risk, g) operations and process control breakdown risk, and h) ESG risk. The risks are mainly mitigated by a sound and effective operational risk management framework, regular review and update of the different business continuity plans and business continuity strategies, robust compliance processes and culture, timely and insightful management information on key operational, technology, information security, data privacy, compliance risk and control assessments, scenario analysis, internal and external incidents reporting, and deep dive reviews.

Executive Committee

As of 31 December 2023, the Board of Directors and the Management Committee of Pru Life UK were composed of the following persons.

Board of Directors

1. **Angelica H. Lavares -** Independent Chairperson
2. **Sanjay Chakrabarty -** Executive Board Member (from 01 January 2024)
3. **Imelda C. Tiongson -** Independent Board Member
4. **Wilson Wing Yiu Ma -** Non-executive Board Member
5. **Sanchit Pal Maini -** Non-executive Board Member (from 24 August 2023)
6. **Marife B. Zamora -** Independent Board Member
7. **Maria Cristina R. Opinion -** Independent Board Member
8. **Solmaz Altin -** Non-executive Board Member
9. **Wen Chen -** Non-executive Board Member (until 11 August 2023)
10. **Eng Teng Wong -** Executive Board Member (until 31 December 2023)

Executive Committee

1. **Sanjay Chakrabarty -** President and Chief Executive Officer
2. **Gilbert O. Simpao -** General Manager and Chief Commercial Officer
3. **Maria Divina H. Furagganan -** Executive Vice President and Chief Distribution Officer
4. **Michael R. Mabalay -** Executive Vice President and Chief Transformation Officer
5. **Francis P. Ortega -** Executive Vice President and Chief Financial Officer
6. **Allan John M. Tumbaga -** Executive Vice President and Chief Customer & Marketing Officer
7. **Rey Antonio M. Revoltar -** Senior Vice President and Chief Human Resources Officer
8. **Ma. Emeren V. Vallente -** Senior Vice President and Chief ESG, Legal and Government Relations Officer
9. **Rina Isabel A. Velasquez -** Senior Vice President and Chief Risk Officer

Sanjay Chakrabarty

President & Chief Executive Officer

Mr. Chakrabarty has deep knowledge of the banking and insurance sectors, having worked across multiple Asian markets for the past 26 years.

He has been with Prudential since 2014 and has worked as the CEO of Prudential Cambodia and Prudential's Cambodia-Laos-Myanmar Hub. In these roles, he has successfully led a cross-markets team, implementing several strategic initiatives with material impact in all three markets.

Driving innovation and growth, Mr. Chakrabarty reinstated Prudential's Cambodia business to #1 position in the market. He is deeply committed to driving a customer-centric approach, and to creating a culture of excellence that attracts and retains the best talent. He started his career with Citibank, India, in 1997. He has also worked for Citibank in Japan and Korea between 2004-2014, heading several functions spanning risk and business. At Prudential, he has served as CEO of Prudential Vietnam Finance Company and as Chief Commercial Officer at Prudential Vietnam. Before moving to Cambodia with Prudential in 2020, he also spent time as Deputy CEO and Head of Consumer Banking at Orient Commercial Joint Stock Bank in Vietnam.

Mr. Chakrabarty holds a Masters degree in Statistics from the Indian Statistical Institute and enjoys reading history in his free time.

Gilbert O. Simpao

***General Manager &
Chief Commercial Officer***

Gilbert Simpao has extensive experience in general management, marketing, sales and digital transformation in FMCG, Telco, Airlines, and Financial Services. Prior to joining Pru Life UK, he was the Chief Marketing and Client Experience Officer of another insurer where he set up their Customer Experience and worked on transformation of the customer journey.

Prior the insurance industry, Mr. Simpao was the Chief Commercial Officer and Regional Commercial Cluster Head for AirAsia in the Philippines, Taiwan, and South Korea. He also worked as the General Manager of Eastern Telecoms and Senior Vice President of the Consumer Broadband Business, Content and Marketing Services of Globe Telecom. It was in Unilever where he spent a substantial number of years of FMCG experience in the Philippines, as well as in London and Japan. His last post in Unilever was as the Managing Director for various personal care categories.

Mr. Simpao has a bachelor's degree in Applied Economics and Management of Financial Institutions from De La Salle University. He is married and has 4 children.

Maria Divina H. Furagganan

***Executive Vice President &
Chief Distribution Officer***

Maria Divina "Divine" Heres-Furagganan joined Pru Life UK in 2010 as a Sales Director and has since led the agency distribution channel in becoming a significant contributor to the Company's sales performance and expanding business. She assumed leadership of the Partnership Distribution Channel and the Enterprise Business Channel in 2019.

Ms. Furagganan has over 34 years of experience in sales in different industries.

She graduated Cum Laude from the Mapua Institute of Technology with a Bachelor's degree in Management and Industrial Engineering.

Michael R. Mabalay

***Executive Vice President &
Chief Transformation Officer***

Michael Mabalay joined the Life Operations Division of Pru Life UK in 2000 where he established the Business Retention Department and led the team responsible for the development of backroom support services for VUL insurance products. He moved on to become Vice President for Corporate Project Management in 2010 and set-up a robust framework for managing the Company's significant initiatives. From November 2012 to June 2013, he was appointed by Prudential Corporation Asia (PCA) as Senior Vice President and Project Director of the Integration Management Office of Prudential Thailand where he successfully managed the simultaneous acquisition of a life insurance company and implementation of a bancassurance partnership in Thailand.

Mr. Mabalay holds a degree in Bachelor of Science, Major in Management from the Ateneo de Manila University.

Francis P. Ortega

***Executive Vice President &
Chief Financial Officer***

Francis Ortega is currently Pru Life UK's Executive Vice President and Chief Financial Officer. He joined the company as Head of Pricing and Product Development in 2007 and led the development of its long line of innovative and profitable products. He has also helped manage the agency compensation structure and set up the distribution agreement for several bank partners. In 2011, he ascended to the role of Chief Actuary and oversaw all areas of the actuarial function which covers financial reporting, pricing, research, and risk management. He was appointed as Chief Financial Officer in 2019 leading both the Actuarial and Finance operations.

Mr. Ortega is a Fellow of the Actuarial Society of the Philippines and the Life Management Institute. His more than 25 years of experience in the life insurance industry began with a large multinational life insurance company where he gained experience in various actuarial roles prior to joining Pru Life UK. He graduated Cum Laude from the University of Santo Tomas with a Bachelor's degree in Mathematics, major in Actuarial Science, and has been awarded as one of the 2015 TOTAL (The Outstanding Thomasian Alumni) awardees.

Allan M. Tumbaga

***Executive Vice President & Chief
Customer & Marketing Officer***

Allan Tumbaga has extensive experience in the financial services industry spanning banking and insurance particularly in customer experience, marketing, corporate communications, product and brand management.

He is also the Vice Chair of Rise Against Hunger, an international hunger relief organization distributing food and life-changing aid to the world's most vulnerable.

Prior to joining Pru Life UK, Mr. Tumbaga was with EastWest Bank where he was the Vice President and Head of Bank Marketing and Corporate Communications. He also held key leadership positions as Marketing Head for AIG PhilAm Bank, Marketing Division Head of RCBC, Country Marketing Manager of Bank of America Savings Bank, and Marketing and Public Relations Group Head of Asiatrust Development Bank. He started his banking career with Citibank.

Mr. Tumbaga graduated with a Bachelor of Science degree in Physics from De La Salle University and completed his Master's degree in Business Management from the Asian Institute of Management. He is the author of a handbook on products and services published by the Bankers Association of the Philippines.

Rey Antonio M. Revoltar

***Senior Vice President &
Chief Human Resources Officer***

Rey Revoltar has been with Pru Life UK since 1999 where he began his Prudential career as a Human Resources Manager. From January 2004 to April 2006, Mr. Revoltar was part of the Prudential Corporation Asia Regional Office in Hong Kong where he was HR Manager and subsequently Regional Training and Development Manager in the PRUuniversity Team. He moved back to Pru Life UK as Senior Manager for Training and Development before he moved up and assumed the post of Assistant Vice President for HR.

In 2008, Mr. Revoltar joined the Company's Executive Committee when he became Vice President for Human Resources. Before joining Pru Life UK, he performed significant work for another life insurance company and a hotel and leisure park. Mr. Revoltar is a graduate of the Ateneo de Manila University where he took up Management Economics.

Executive committee

Ma. Emeren V. Vallente

Senior Vice President & Chief ESG, Legal & Government Relations Officer

Ma. Emeren Vidanes-Vallente began her career with the Company in 2010, establishing the Legal function and building the Legal team. A year after joining, she moved the Corporate Secretarial function in-house, transformed it into a Corporate Governance function, and served as the Company's Corporate Secretary until 2022. Under Atty. Vallente's leadership, the Company has consistently ranked as a top insurer under the ASEAN Corporate Governance Scorecard (ACGS). In the years 2019 to 2021, the Company twice received ACGS awards for 4 Golden Arrows and once for 3 Golden Arrows.

In 2016, Atty. Vallente set up the Company's Government Relations function ("GR"). Since its inception, GR has pushed the Company to becoming a thought leader in mobile health, insuretech, and climate-related health risks. In 2022, the Company received a Stevie award for Achievement in Thought Leadership for initiating discourse on the impact of climate change on health and financial security.

In 2019, following a decision from the Legal and Government Relations functions to work on a joint project on sustainability, Atty. Vallente set up a Sustainability function composed of members from the separate Legal and Government Relations teams. A year later, parent company Prudential plc launched a Group ESG Framework, formally setting up an ESG function at the Group level. This paved the way for Atty. Vallente to formalize the organization of the Sustainability team and build it into a more diverse and comprehensive ESG team. Today, the once ad hoc Sustainability team is responsible for the Company's ESG strategy and deliverables, and works with the entire Company through an ESG Tribe.

Rina A. Velasquez

Senior Vice President & Chief Risk Officer

Rina Velasquez has over 20 years of experience working in multinational life insurance companies in the areas of product development and pricing, valuation, financial reporting and experience studies, and corporate planning. Prior to joining Pru Life UK, she was Chief Actuary at FWD, and VP and Actuary at Manulife and Philamlife. She joined the Company in 2018 as Vice President for Operational and Enterprise Risk Management and was appointed in 2019 as Senior Vice President & Chief Risk Officer.

Ms. Velasquez is a Fellow of the Actuarial Society of the Philippines and the Life Office Management Institute. She holds a Bachelor of Science degree in Statistics from the University of the Philippines - Diliman.

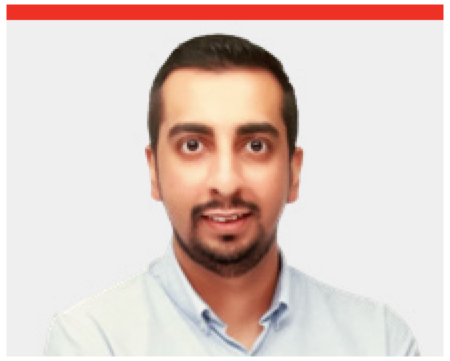
Katrina G. De Castro

Compliance Officer

Atty. Katrina G. de Castro is currently the Compliance Officer of Pru Life UK. Prior to joining Pru Life UK, Atty. Kat de Castro was the Head of Legal and Compliance of BDO Life. Both companies are leading in the field of insurance. Throughout her career spanning a period of more than a decade, Atty. Kat de Castro has specialized in Regulatory Compliance, Corporate Governance, Data Privacy, AML, Insurance and Corporate Laws.

Atty. Kat de Castro is a graduate of Ateneo de Manila University School of Law in 2006.

Corporate Officers

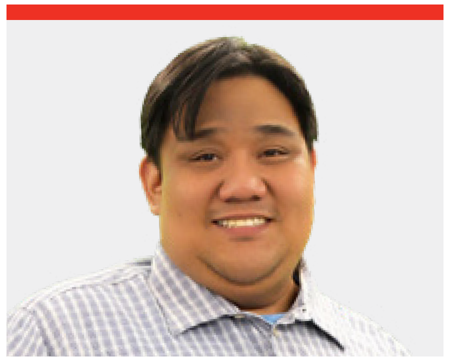


ADVANI, Rishi
Vice President & Tribe Leader, Customer Fulfillment

ALVIOR, Daisy
Vice President - Talent & Organization Development

BABAEL, Ruthie Marie
Vice President & Tribe Leader - Customer Contact Management

BALBIN, Samuel
Chief Life Operations Officer



BANAS, Gadwyn
Vice President - Finance Transformation

BANTAYAN, Paul Adrian
Vice President – Digital Media Marketing

BELGICA, Robert Ian
Vice President – Customer & Distribution Analytics

BUENO, Cheryl Doreen
Vice President – Agency Support

BUSTALINO, Rosa Alexandra
Vice President – Customer Obsession Tribe Leader

CHONG, Kimberly
Vice President & Head of Operations Transformation

DE CASTRO, Katrina
Vice President – Compliance

DE GUZMAN, Montini
Vice President – Business Transformation Head

DEE, Garen
Vice President & Chief Product Officer

DETALLA, Marylin
Vice President & Chief Agency Officer

DINGLASAN, Abegaile
Vice President - Customer Propositions Head

ESCAÑO, Conrado
Architecture, Data & AI Head

ESTAVILLO, Maricel
Vice President – Government Relations

EVANGELISTA, Bryan Peter
Vice President - Agency Recruitment & Licensing

GANA, Karina Mae
Vice President & Sector Head

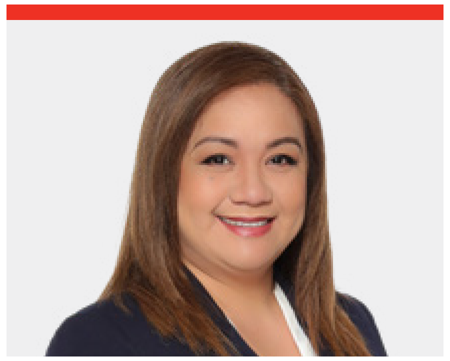
GARCIA, Ramon
Vice President - Partnership Distribution

GARCIA, Blesila
Vice President & National Sales Director

ISIDRO, Maribel
Vice President & Sector Head

JARANILLA, Ma. Leticia
Vice President - Partnership Distribution

KATINDOY, Elaine
Vice President - PRU Academy



KINTANAR, Ma. Xenas
Vice President & Sector Head

LUSANCO - DE MONTEVERDE, Kristine
Vice President & Tribe Leader, Onboarding CX

MAGSAYSAY, Joseph Reuben
Vice President - PRUAcademy for Entrepreneurs

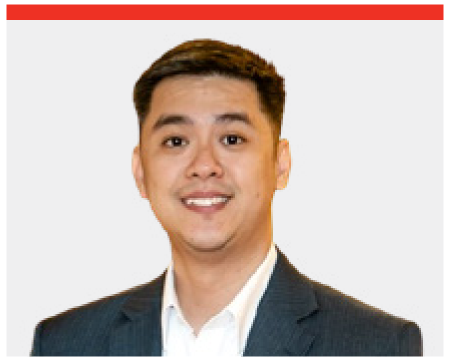
MARAÑO, Ma. Cecilia
Vice President - Corporate Performance Management

MARASIGAN, Dante
Vice President & Financial Controller

MENDOZA, Cynthia
Vice President - Business Development

MERCADO, Diana Lynn
Vice President & Deputy Chief Agency Officer

RABOT, Maria Cecilia
Chief Information Technology Officer



SANTIAGO, Angelo Benedict
Vice President & Sector Head

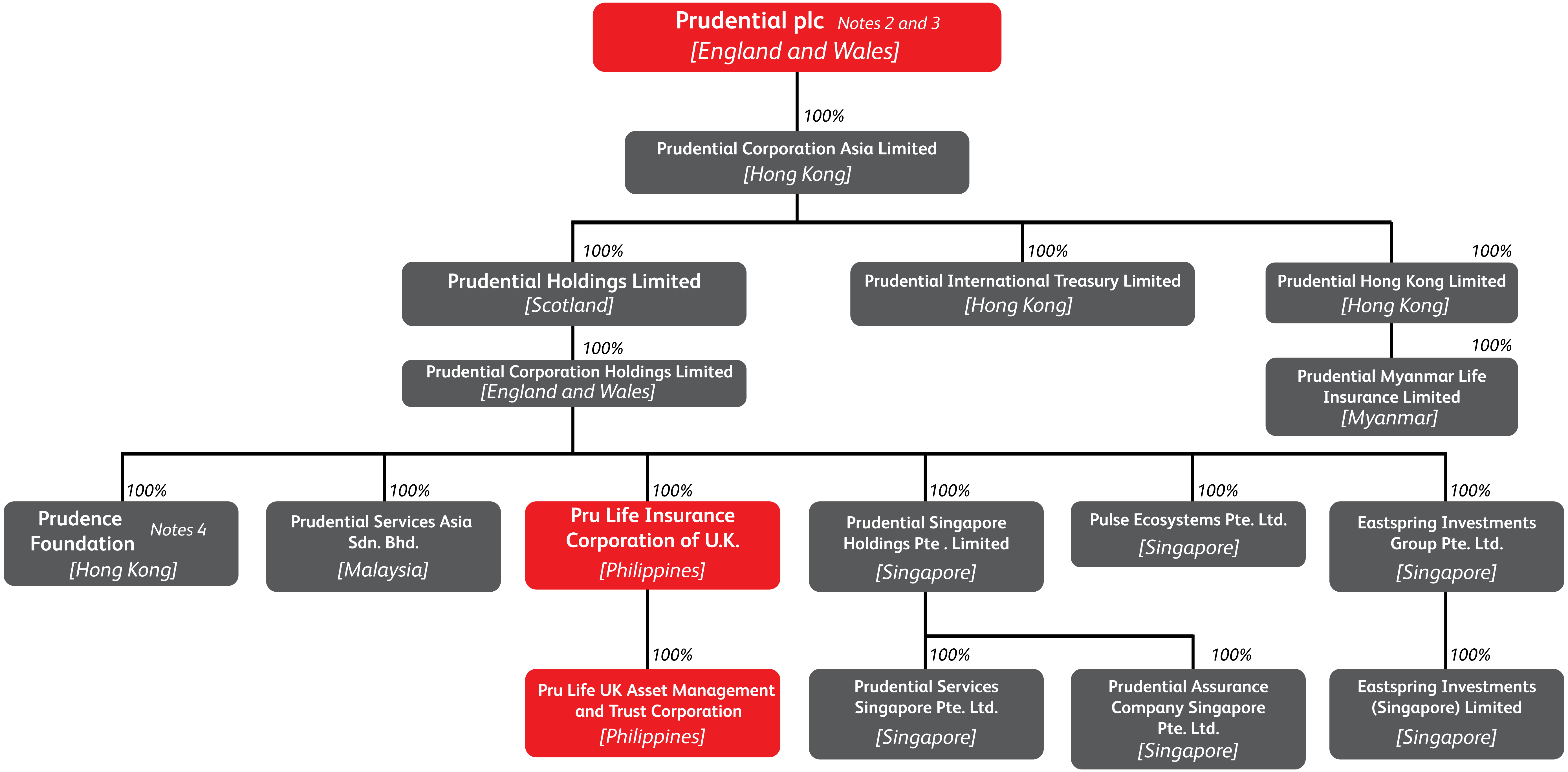
VALINO, Mark Anthony
Vice President - HNW & Business Owner Propositions Head

VILLAHERMOSA, Glolibeth
Vice President & Chief Actuary

Shareholding structure
and group corporate structure

Position as at 31 December 2023

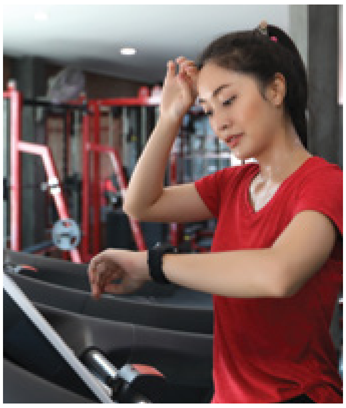
Holding structure for Pru Life Insurance Corporation of U.K. and its related parties

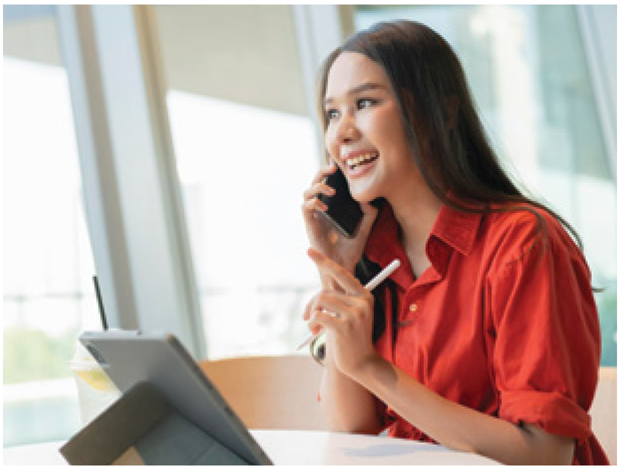


Notes:

1. *The place of incorporation of each company is being indicated in square brackets above.*
2. *Prudential plc is a public limited company incorporated in England and Wales, which is listed on the Stock Exchanges in London, Hong Kong, Singapore and New York.*
3. *Refer to the public information available, BlackRock, Inc and NorgesBank (they are non-prudential entities and institutional investors) hold 5.08% and 3.10% interest respectively in Prudential plc.*
4. *Prudence Foundation, a company limited by guarantee.*

-The above chart only shows ordinary shares. Preference shares are excluded.



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Established in 1996, Pru Life UK is the pioneer of insuravest, or investment-linked life insurance products, in the Philippines and is one of the first life insurance companies approved to distribute US dollar-denominated investment-linked life insurance policies in the country. Since its establishment, Pru Life UK has expanded its reach to over 173 branches and 120 general agency offices in the Philippines, with the largest life insurance agency force with more than 39,000 licensed agents. The company continues to be one of the leading insurers in the country, ranking first in terms of Total Renewal Premium Income from Variable Life Insurance Products and second in terms of New Business Annual Premium Equivalent in 2022, according to the Insurance Commission. Pru Life UK is headquartered in Uptown Bonifacio, Taguig City. Pru Life UK and Prudential are not affiliated with Prudential Financial, Inc., (a company whose principal place of business is in the United States of America), Prudential Assurance Company (a subsidiary of M&G plc, a company incorporated in the United Kingdom), Philippine Prudential Life Insurance Company, Prudentialife Plans, Inc. or Prudential Guarantee and Assurance, Inc. (all Philippine-registered companies). Pru Life UK is a life insurance company and is not engaged in the business of selling pre-need plans.

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