PRU LIFE U.K.

Listening. Understanding. Delivering.

2022 Annual Report

We DO Family.

That's PRU Love

2022 Annual Report

We DO Family.
That's PRU Love

Contents

Pru Life UK's Domestic Footprint

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

167

BRANCHES

102

GENERAL AGENCIES

as of December 31, 2022

Message from the Chairperson

We are delighted to share the achievements and progress Pru Life UK made in 2022 despite the challenges brought about by the COVID-19 pandemic and geopolitical risks.

2022 was a focal year for the country's recovery as our economy rebounded with a strong growth of 7.6%, fueled by increased mobility and consumer demand. The shift to more relaxed quarantine restrictions has reinvigorated mobility, leading to sustained increase in consumer demand, manufacturing, as well as financial and insurance activities. However, this was tempered by headwinds in the form of high inflation, rising interest rates, and the Russia-Ukraine geopolitics.

Macro and Microeconomic Outlook

The global economic outlook faced uncertainties when Russia began to attack Ukraine during the latter part of February. This development has worsened an already tight supply chain and caused a steep surge in prices around the world.

Philippine inflation rate accelerated from 3.0% to a 14-year high of 8.1%, hitting an annual average of 5.8%. Bangko Sentral ng Pilipinas, similarly with the move of US Federal Reserve, aggressively hiked interest rates in response to the escalating prices. Over the year, the country's overnight lending and borrowing rates were increased by a total of 350 basis points (bps) to 6.0% and 5.0%, respectively.

With this macroeconomic backdrop, both the fixed income and equity markets recorded negative performance in 2022. Benchmark yields for local bonds with less than a year of maturity increased by an average of 330 bps and 1-5 year also rose by 294 bps. Meanwhile, the 5 to 10-year bonds and 20-year bonds surged by 211 bps and 223 bps, respectively. The Philippine Stock Exchange Index or the PSEi dropped by -7.8% and ended the year at 6,566.39 points.

Financial Security and Inclusion for more Filipinos

Pru Life UK continues to expand its list of investment-linked life insurance funds. In December, we successfully launched PRULink Cash Flow Fund Plus offering potential payout rate of up to 6% per annum. Managed by leading Asia-based asset manager Eastspring Investments (Singapore) Ltd., the fund generated PhP 309 Mn in asset under management and PhP 56 Mn in annual premium equivalent by the end of 2022.

Pru Life UK remains steadfast in championing financial awareness, literacy, and inclusion among Filipinos. We continue to amplify the benefits of life insurance, supporting the government in expanding and deepening financial inclusion, and maintaining the highest ethical standards in life insurance operations.

Through PRUWise, we engaged and equipped more than 7,000 customers and agents on personal finance, investments, retirement, money parenting, and understanding market volatilities.

We continuously keep our agency force and distributors abreast on market updates, fundamentals of PRULink funds, and basics of investments through "Monthly Market Pulse."

Commitment to Sustainable Initiatives

Collaborating with subject-matter experts within and across industries has also been part of our Company's Environmental, Social and Governance commitment. We want to drive discussions on how to improve existing programs in the insurance industry for the benefit of the Filipino people.

We commissioned a paper on existing regulations on selling insurance policies to Overseas Filipino Workers while they are abroad to help them achieve financial security.

We also want to be at the forefront of engaging, building, and expanding a sustainable digital finance ecosystem for the country. Our commissioned policy paper 'InsurTech: Driving Broader Insurance Access' leads discussions and drives awareness on how technology or InsurTech is transforming the accessibility of insurance products to more Filipinos.

As we continue to set the benchmark in the insurance industry, we also take pride in our notable strides when it comes to governance. Our latest annual corporate governance score at 113 is our highest to date.

On behalf of the Board, my heartfelt appreciation and congratulations to the executive and senior management leaders, employees, agency force, and key stakeholders for a great 2022.

Thank you to all our customers for the continued trust.

The journey keeps getting exciting as we are poised for robust growth in the years to come. Let us always spread PRU Love and help more Filipino families achieve their health and wealth goals so they can get the most out of life.

Imelda C. Tiongson
Chairperson

www.prulifeuk.com.ph

Message from the CEO

Pru Life UK remains a strong leader in the Philippine insurance industry. Our largest digitally-empowered agency force, along with the innovations we introduced, further strengthened our commitment to our customers by helping more Filipinos get the most out of life.

In 2022, we ranked 1st in Total Renewal Premium Income from Variable Life Insurance Products and 2nd in New Business Annual Premium Equivalent (NBAPE), according to the Insurance Commission. We achieved PhP 9.46 Bn in NBAPE or a 7.0% increase vs the previous year.

The International Life Insurer of the Year for Philippines was conferred to us for two straight years as solid testament to our continued leadership. I am grateful to all our stakeholders for helping us achieve these milestones.

Our Most Valuable Assets
Our dedicated and hard-working employees and agency force have always been our most important assets.

We empower our leaders and develop talents for them to Connect, Grow and Succeed with us. Our recognition as one of the Philippines' Best Employers for 2023 by Philippine Daily Inquirer and Statista continues to motivate us to make our people programs a core priority.

Our 39,000-strong agency force has been providing professional financial advice and blessing more Filipino families across all generations.

Our Innovations and Inclusive Offerings
Our We Do Family thrust was put to life through PRUHealth FamLove, a first-of-its-kind critical illness protection product accessible to all Filipino families of different types and sizes, including same-sex or common-law partners, parents, and adoptive families.

We provided a free one-year accident coverage to the public, an inclusive offering for new and registered Pulse users, as part of Pru Life UK's efforts to make financial security more accessible to more Filipino families.

We launched PRULink Cash Flow Fund Plus, the latest in our suite of expertly managed investment-linked life insurance funds, offering guaranteed life protection with a potential payout target of up to 6.0% annually.

We also opened PRUHouse – the first dynamic and agile workplace available to our agency force. This innovation has earned us the Flexible Workspace Initiative of the Year for the Philippines in the Real Estate Asia Awards 2022.

Our Expanding Customer Reach
Seventy-five new branches and 14 new general agencies in Pangasinan, Laguna, Batangas, and Metro Manila were opened bringing our health and wealth protection products closer to more customers. We now have a total of 167 branches and 116 general agencies across the country.

Aside from our growing footprint, we have scaled our digitalization efforts with like-minded partners and ecosystems, reaching many more Filipinos and families. Our products are now available through e-commerce platform, Shopee, and mobile wallet giant, GCash. Pulse continues to provide customers with bite-sized protection products and the convenience to manage their policies anytime, anywhere.

Our collective efforts and innovations made us the top recommended insurer in the Philippines, and top 3 most recommended brand according to YouGov Recommend Rankings 2022.

Our Commitment to the Community
We continuously lead initiatives on Environmental, Social and Governance (ESG) helping drive-up financial awareness, literacy, and inclusion in the country especially among the unserved and underserved.

Together with Prudence Foundation, the community investment arm of Prudential in Asia and Africa, we launched the newest financial literacy and health safety awareness initiative for children – Cha-Ching Money Adventures and SAFE STEPS Kids Stress Busters.

Over 3,300 teachers have been certified as financial educators through the 2022 Cha-Ching Curriculum Financial Accreditation program in partnership with Junior Achievement Philippines.

Cha-Ching won the Best Non-profit in a Developing Economy Award at the Money Awareness and Inclusion Awards 2022 and earned an International Silver Stevie Award for Championing Financial Literacy among Filipino children & families.

On its 5th year, we continue our ties with the Metropolitan Manila Development Authority (MMDA) as SAFE STEPS Road Safety partners. We also provide free Group Personal Accident coverage to about 8,000 MMDA employees.

Over 300 solo parents were financially educated through, "Wais sa Pera si Juana" (Juana is Wise with Money), thanks to our partners from Asia Society for Social Improvement and Sustainable Transformation (ASSIST).

Our support for the country's COVID-19 battle continues with a donation of PhP 8 million to Philippine General Hospital.

We engage experts from health, insurance, and the environment to lead discussions on the impact of climate change on Filipinos' health and financial security. We are humbled to be conferred a 2022 International Silver Stevie Award for raising awareness and underscoring the insurance industry's role in this pressing concern.

Spreading PRU Love and beyond
I am immensely grateful to all PRULifers (employees, agency leaders and agents) and business partners for bringing remarkable achievements and impact in 2022, ultimately benefitting many more Filipino families.

As we move forward to 2023 and beyond, we remain faithful to our advocacy of making Filipinos healthier and wealthier.

We will keep our focus on our customers' evolving needs and their journey with us, while we consistently Do Good for our community--That's PRU Love!

Maraming Salamat!

Eng Teng Wong
President and Chief Executive Officer

Purpose, Mission, Vision, and Corporate Objectives

Our **PURPOSE** and **MISSION** is to help Filipinos get the most out of life by empowering them to become healthier and wealthier. We DO this by:

- Accelerating Pulse as a channel and building Pulse as a platform
- Sustaining growth via proactive focus on Gen Z and Gen Y and convergence to Pulse
- Developing a tailored and compelling proposition for high potential and profitable customer segments, supported by a strong and relevant brand
- Driving inorganic growth via existing and new partnerships
- Driving enterprise business via SME market penetration

The Company's **VISION** is an accelerated customer acquisition via a multi–channel distribution network enabled by the Pulse platform. To support this, the Company aims to

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

We execute our strategies while adhering to our **VALUES.**

Ambitious. We push ourselves and each other to excel in what we do.
Curious. We are humble and always listen and seek to learn and understand.
Empathetic. There's an age-old wisdom in walking a mile in another's shoes. We do that every day, whether it is with our customers or colleagues.
Courageous. We do the right thing and bring our full selves to work to build it together.
Nimble. We are quick to adapt to changing market dynamics through timely and appropriate solutions.

The Company set the following strategic priorities for 2022.

- Deploy health and wealth propositions to cultivate demand by customer segments with relevant solutions to meet their needs, informed by analytics with intelligence
- Upgrade channels' capabilities with learnings, coaching and metrics linking to digital tools (analytics) for effective customers prospecting and advising, leading to productivity gains
- Integrate 360-view of customer data and cognitive technologies to deliver personalized and intuitive and responsive customer service across all "moments" (onboarding to claims)
- Act on insights from experiences gather throughout the customer journey to create and nurture experiences that "Delight" customers above and beyond expectations
- Foster greater customer satisfaction, delight, trust and loyalty as growth drivers for brand value, market share and revenue

The Company equally puts importance to its People and established the following objectives for its People in 2022.

- Improve engagement through diversity, inclusion, belonging and wellbeing in the workplace by:
  - Review of work policies, processes, and initiatives, with the aim of fostering diversity, inclusiveness and wellbeing at work
  - Global inclusion awareness training offered to all employees
- Optimize capabilities by upskilling our people to prepare for the future of work through digital literacy and New Ways of Working.
  - Delivered through a custom approach built around Prudential's Future-Ready Skills

Management
Discussion and Analysis

The year 2022 showcased the strong recovery of the Philippine economy from the deep malaise wrought by the COVID pandemic that started in 2020. The broad and steady reopening of businesses and offices boosted consumer incomes that resulted to vibrant revenge travel and spending. The Philippine GDP growth of 7.6% in 2022 was among the highest recorded in Asia and underscored the country's resilient macro-economic fundamentals and upbeat prospects in 2023.

Increased physical interaction allowed the Company to almost double its new agent recruits to more than 20K at the end of 2022. We also saw rise in leader appointments to 27% from the previous year through organic growth and PruVenture program. Similarly, more agents embraced digital tools which aid them in their sales management with digital adoption nearly half of the agency force on the average. We opened 22 new general agencies nationwide and launched a new workspace concept for agency called PruHouse which is centered on human activity and productivity. Notably, PruHouse was awarded the Flexible Workspace Initiative for the Year 2022 by the Real Estate Asia Awards.

To complement our agency force, we onboarded new digital partners. While partnership with CIMB was forged towards the end of 2021, the first product was launched in April 2022. Electronic voucher was made available in Shopee in June 2022 that clients can use to buy insurance through our digital platform, Pulse. PruPA Junior was offered in the GCash app in July 2022, a personal accident product catering to juvenile customer segment. These partnerships resulted in the expansion of our customer base with total lives assured of 1.4M in 2022.

As part of our strategy, we embarked on expanding our distribution network through Enterprise or Group business. We continue to strengthen our Enterprise Business platform with the aim to cover its members with individual life insurance as part of the financial inclusion initiative of the Company.

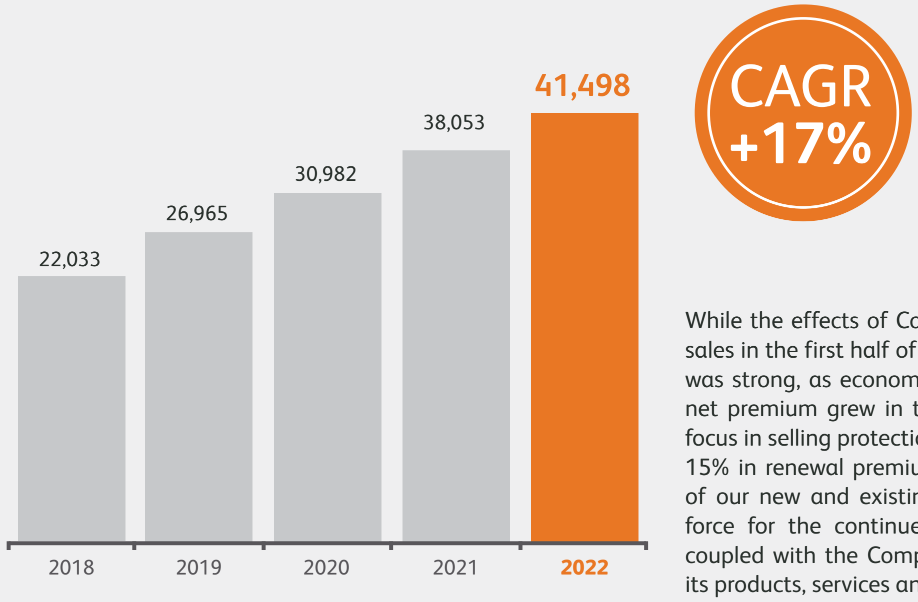
To cater to the evolving needs of our customers, we introduced two new products as part of our health and wealth propositions. PruHealth Fam Love, first-in-the market innovative product covering modern families with simplified insurance. Next is the Cash Flow Fund Plus, an investment linked fund that aims to provide a non-guaranteed annual cash return of 6%. Moreover, we also organized a PruPremiere Club composed of highly trained agents and agency leaders who will provide seamless customer service to our high net worth clients.

Our ESG strategy is to demonstrate leadership by initiating critical changes to deliver more value to the communities that we serve. For 2022, we released commissioned papers on 'Driving Broader Insurance Access Through InsurTech' and 'Improving Access of OFWs to Life Insurance'. We also promoted health awareness through healthscape webinars and conducted learning sessions covering various areas with our insurance regulator.

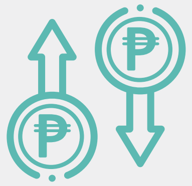
Finally, for our people who are our main enablers, their health and welfare are of paramount importance. We continue to enforce flexible working arrangement despite the full re-opening of the economy that provides a choice to our employees to work at home or report to the office should the need arises. We continue to transform our way of performing our tasks and allow our employees to connect, grow and succeed through innovation and sharing of best practices across Prudential Group.

Management's discussion and analysis

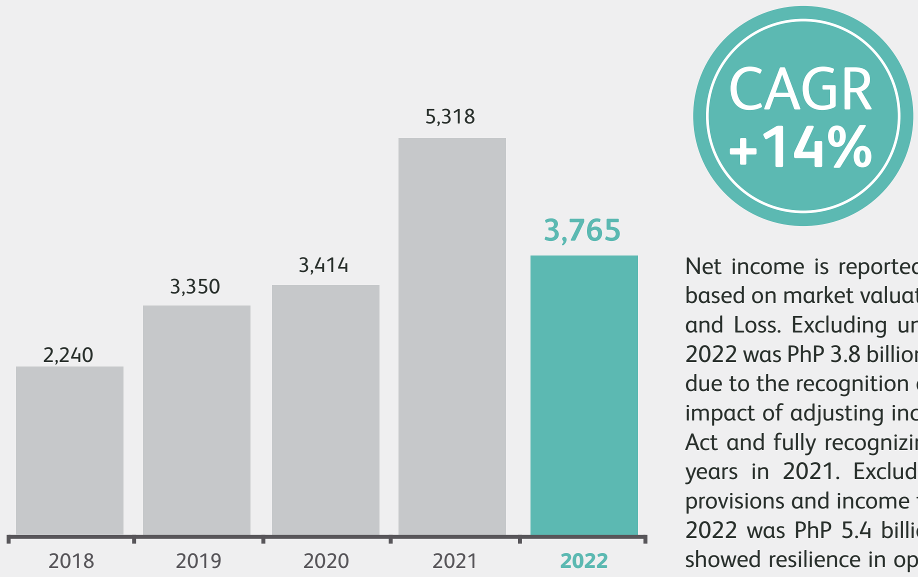
TOTAL NET PREMIUM INCOME in PhP'm



While the effects of Covid-19-related disruptions hampered sales in the first half of 2022, momentum in the second half was strong, as economic activity began to normalize. Total net premium grew in the year 2022 by 9%. The sustained focus in selling protection products realized a solid growth of 15% in renewal premiums. The continued trust and loyalty of our new and existing customers were the main driving force for the continued growth in our premium income, coupled with the Company's continued efforts to digitalize its products, services and experiences.

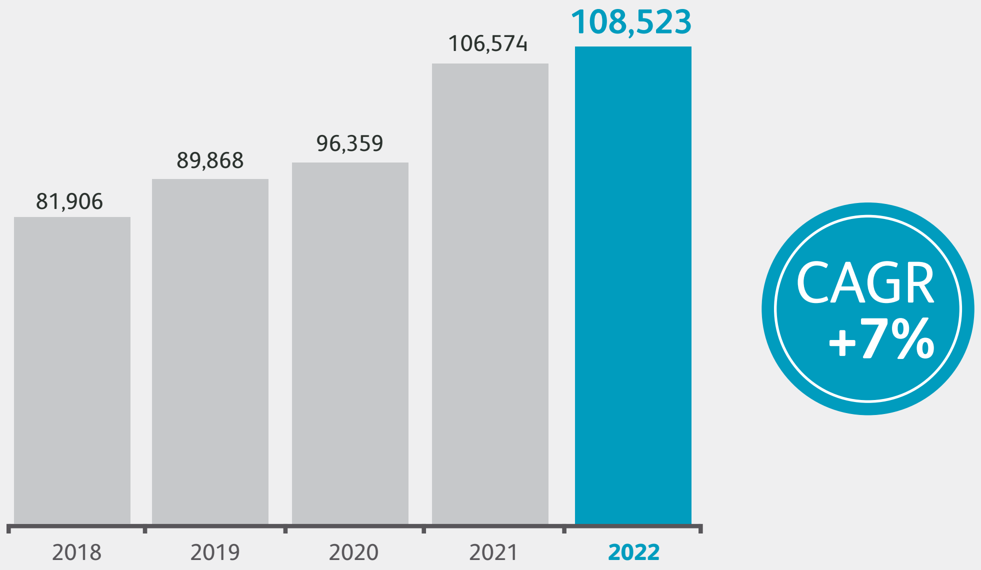


NET INCOME EXCLUDING UNREALIZED GAINS/LOSSES in PhP'm



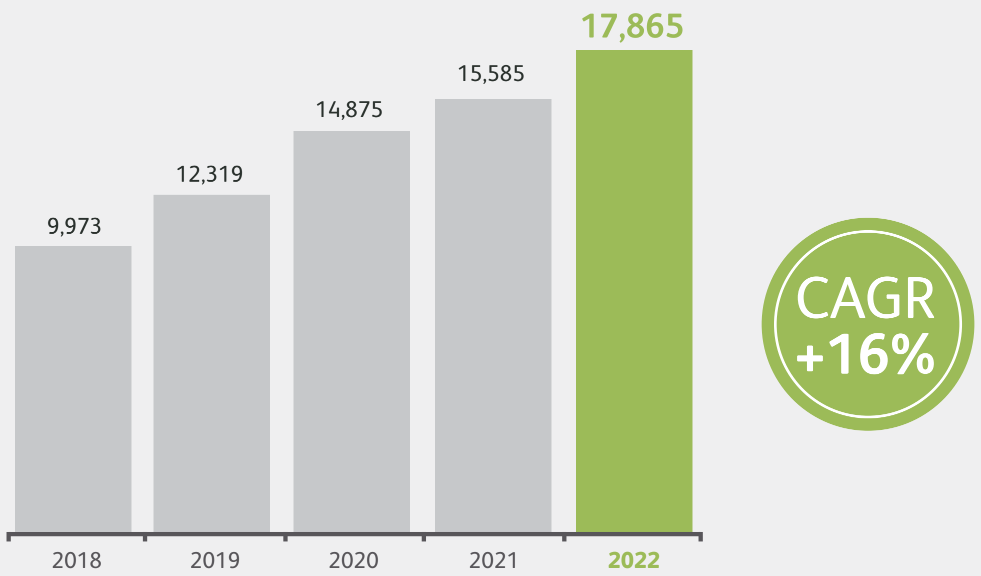
Net income is reported inclusive of unrealized gains/losses based on market valuation through Fair Value through Profit and Loss. Excluding unrealized gains/losses, net income in 2022 was PhP 3.8 billion, down by 29%. The drop was mainly due to the recognition of one-off provisions in 2022 and the impact of adjusting income tax expense due to the CREATE Act and fully recognizing deferred tax assets from previous years in 2021. Excluding unrealized gains/losses, one-off provisions and income tax expense, operating net income in 2022 was PhP 5.4 billion, higher by 5% than in 2021. This showed resilience in operational performance in 2022 given the economic and Covid-related disruptions that we had during the year.

Linked Funds in PhP'm



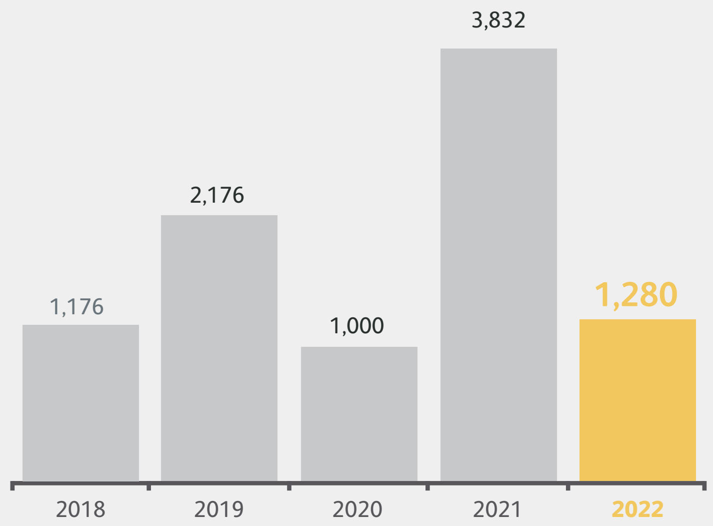
Our linked funds continued to realize sound growth with PhP 10.7 billion worth of new inflows. While our unit fund values broadly went along with the market, our customers remained persistent and committed in sustaining their financial protection even during Covid and economic disruptions in 2022.

Equity in PhP'm



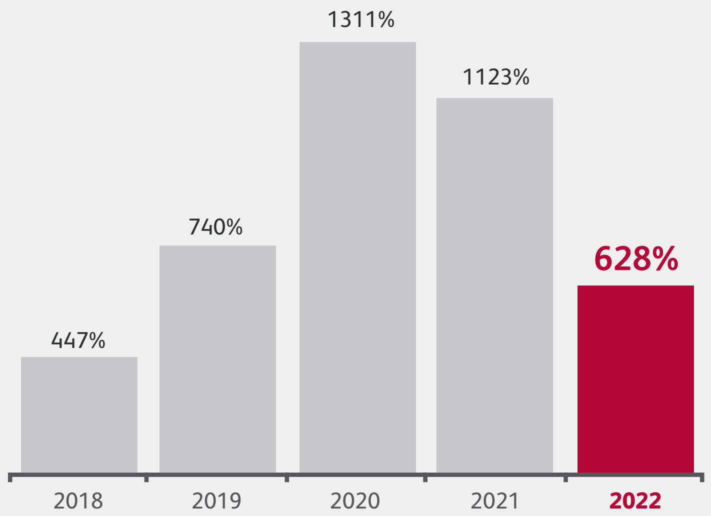
The Company's equity position continues to rise in 2022 for a five-year CAGR of 16%. The strong balance sheet is largely attributed to the creditable and resilient operational performance, profitability of our business, continued growth in new business sales, and effective funds management.

Gross Cash Remittance in PhP'm



Expressing its sustained profitability and ability to generate free surplus for its shareholders, the Company repatriated a total of PhP 1.3 billion to its principal shareholder Prudential Corporation Holdings Limited (PCHL) in 2022.

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 significantly above the minimum regulatory threshold of 125% indicating the Company's very strong solvency position and the ability to cushion financial and operational risks.

Financial Statements

PRU LIFE INSURANCE CORPORATION OF U.K.

SEPARATE FINANCIAL STATEMENTS
December 31, 2022 and 2021

With Independent Auditors' Report

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **Pru Life Insurance Corporation of U.K.** (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2022 and 2021**, in accordance with the prescribed financial reporting framework indicated therein, 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.

The Board of Directors (the "Board") is responsible for overseeing the Company's financial reporting process.

The Board reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders of the Company

R.G. Manabat & Co., the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

IMELDA C. TIONGSON
Chairperson

ENG TENG WONG
President & Chief Executive Officer

FRANCIS P. ORTEGA
Executive Vice President & Chief Financial Officer

Signed this 24th day of March 2023

REPORT OF INDEPENDENT AUDITORS

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

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Pru Life Insurance Corporation of U.K. (the Company), which comprise the separate statements of financial position as at December 31, 2022 and 2021, and the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at December 31, 2022 and 2021, and its unconsolidated financial performance and its unconsolidated cash flows for the years then ended 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 *Auditors' Responsibilities for the Audit of the Separate 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 separate 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.

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

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

In preparing the separate 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.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 separate 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 separate 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 auditors' report to the related disclosures in the separate 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 auditors' 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 separate financial statements, including the disclosures, and whether the separate 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

Our audit was conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information in Note 33 to the basic separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate 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 separate financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic separate financial statements taken as a whole.

R.G. MANABAT & CO.

Florizza C. Simangan

FLORIZZA C. SIMANGAN
Partner
CPA License No. 0147917
IC Accreditation No. 147917-IC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements
SEC Accreditation No. 147917-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements
Tax Identification No. 429-267-284
BIR Accreditation No. 08-001987-150-2022
Issued January 27, 2022; valid until January 26, 2025
PTR No. MKT 9563847
Issued January 3, 2023 at Makati City

April 25, 2023
Makati City, Metro Manila

REPORT OF INDEPENDENT AUDITORS TO ACCOMPANY SEPARATE FINANCIAL STATEMENTS FOR FILING WITH THE BUREAU OF INTERNAL REVENUE

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

We have audited the accompanying separate financial statements of Pru Life Insurance Corporation of U.K. (the Company) as at and for the year ended December 31, 2022, on which we have rendered our report dated April 25, 2023.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholder of the Company.

R.G. MANABAT & CO.

FLORIZZA C. SIMANGAN
Partner
CPA License No. 0147917
IC Accreditation No. 147917-IC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements
SEC Accreditation No. 147917-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements
Tax Identification No. 429-267-284
BIR Accreditation No. 08-001987-150-2022
Issued January 27, 2022; valid until January 26, 2025
PTR No. MKT 9563847
Issued January 3, 2023 at Makati City

April 25, 2023
Makati City, Metro Manila

SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR

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

We have audited the accompanying separate financial statements of Pru Life Insurance Corporation of U.K. (the Company) as at and for the year ended December 31, 2022, on which we have rendered our report dated April 25, 2023.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the said Company has one (1) stockholder owning more than one hundred (100) shares.

R.G. MANABAT & CO.

FLORIZZA C. SIMANGAN
Partner
CPA License No. 0147917
IC Accreditation No. 147917-IC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements
SEC Accreditation No. 147917-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements
Tax Identification No. 429-267-284
BIR Accreditation No. 08-001987-150-2022
Issued January 27, 2022; valid until January 26, 2025
PTR No. MKT 9563847
Issued January 3, 2023 at Makati City

April 25, 2023
Makati City, Metro Manila

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

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

We have audited the accompanying separate financial statements of Pru Life Insurance Corporation of U.K. (the Company) as at and for the years ended December 31, 2022 and 2021, on which we have rendered our report dated April 25, 2023.

Our audits were made for the purpose of forming an opinion on the basic separate financial statements of the Company taken as a whole. The supplementary information included in the Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management.

The supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not a required part of the basic separate financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic separate financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic separate financial statements taken as a whole.

R.G. MANABAT & CO.

FLORIZZA C. SIMANGAN
Partner
CPA License No. 0147917
IC Accreditation No. 147917-IC, Group A, valid for five (5) years
 covering the audit of 2021 to 2025 financial statements
SEC Accreditation No. 147917-SEC, Group A, valid for five (5) years
 covering the audit of 2021 to 2025 financial statements
Tax Identification No. 429-267-284
BIR Accreditation No. 08-001987-150-2022
 Issued January 27, 2022; valid until January 26, 2025
PTR No. MKT 9563847
 Issued January 3, 2023 at Makati City

April 25, 2023
Makati City, Metro Manila

Financial statements

PRU LIFE INSURANCE CORPORATION OF U.K.

SEPARATE STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

		December 31	
	Note	2022	2021
ASSETS			
Cash and cash equivalents	*5, 7, 32*	**P5,930,837**	P2,574,335
Interest receivable	*5, 32*	**126,855**	132,241
Investments	*5, 6, 8, 32*	**9,666,746**	12,340,312
Investment in subsidiary	*9, 32*	**239,189**	529,248
Premiums due from policyholders	*5, 32*	**8,716**	10,831
Policy loans receivables - net	*5, 10, 32*	**315,202**	369,607
Coverage debt receivables - net	*5, 12, 32*	**1,065,080**	960,404
Reinsurance assets	*5, 32*	**134,179**	53,439
Property and equipment - net	*13, 32*	**450,064**	415,241
Right-of-use assets - net	*29, 32*	**423,557**	533,003
Deferred acquisition costs	*5, 14, 32*	**14,558,939**	12,455,967
Other assets - net	*15, 32*	**2,046,217**	1,647,258
Total General Assets		**34,965,581**	32,021,886
Assets Held to Cover Linked Liabilities	*11, 32*	**108,522,565**	106,573,549
		P143,488,146	P138,595,435
LIABILITIES AND EQUITY			
General Liabilities			
Legal policy reserves	*5, 16, 32*	**P4,268,958**	P5,611,804
Claims payable	*5, 17, 32*	**1,320,050**	1,042,874
Reinsurance payable	*5, 18, 32*	**226,036**	124,788
Deferred tax liabilities - net	*27, 32*	**2,232,501**	1,788,018
Accounts payable, accrued expenses and other liabilities	*19, 32*	**8,542,426**	7,234,154
Lease liabilities	*5, 29, 32*	**511,023**	634,939
Total General Liabilities		**17,100,994**	16,436,577
Technical Provisions for Linked Liabilities	*5, 11*	**108,522,565**	106,573,549
Total Liabilities		**125,623,559**	123,010,126
Equity			
Capital stock	*30*	**500,000**	500,000
Additional paid-in capital	*30*	**462,000**	462,000
Total paid-up capital		**962,000**	962,000
Contributed surplus		**50,386**	50,386
Fair value reserve	*8*	**14,321**	5,671
Retirement fund reserve		**42,344**	(4,124)
Remeasurement on life insurance reserve		**(113,465)**	(824,644)
Retained earnings	*30*	**16,909,001**	15,396,020
Total Equity		**17,864,587**	15,585,309
Total General Liabilities and Equity		**34,965,581**	32,021,886
		P143,488,146	P138,595,435

See Notes to the Separate Financial Statements.

PRU LIFE INSURANCE CORPORATION OF U.K.

SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(Amounts in thousands)

		Years Ended December 31	
	Note	2022	2021
NET PREMIUMS			
Premiums	*20*	**P41,861,165**	P38,446,782
Premiums ceded to reinsurers	*18, 20*	**(363,005)**	(394,161)
		41,498,160	38,052,621
OTHER REVENUE			
Policy administration fees	*21*	**2,217,483**	2,077,652
Investment loss - net	*22*	**(1,176,576)**	(807,933)
Others - net		**10,655**	9,623
		1,051,562	1,279,342
BENEFITS AND CLAIMS			
Costs on premiums of variable insurance	*11*	**17,981,410**	16,538,479
Gross benefits and claims	*23*	**8,648,331**	8,081,967
Reinsurer's share of gross benefits and claims	*23*	**(109,627)**	(42,100)
Gross change in legal policy reserves	*16, 23*	**(394,608)**	(199,877)
		26,125,506	24,378,469
OPERATING EXPENSES			
Commissions, bonuses and other agents' expenses		**7,241,391**	6,499,581
Salaries, allowances and employees' benefits	*24*	**1,847,752**	1,787,406
Utilities		**1,327,210**	1,074,989
Trainings, seminars and contests		**973,922**	829,863
Insurance taxes, licenses and fees		**568,353**	274,789
Depreciation	*13, 29*	**395,512**	409,868
Taxes and licenses	25	**277,098**	89,720
Advertising and marketing		**275,705**	282,373
Professional fees		**252,946**	195,307
Communications		**158,991**	198,045
Dividends to policyholders		**130,687**	142,473
Rent	*29*	**101,166**	93,137
Office supplies		**83,233**	89,368
Security and janitorial services		**71,868**	69,649
Amortization of software development costs	*15*	**56,391**	67,716
Representation and entertainment		**52,781**	13,470
Interest expense related to lease liabilities	*29*	**44,454**	52,356
Interest expense related to policies		**41,375**	43,423
Others	*26*	**1,025,042**	437,781
Deferred expenses - net	*14*	**(2,102,972)**	(2,047,281)
		12,822,905	10,604,033

Forward

		Years Ended December 31	
	Note	2022	2021
INCOME BEFORE INCOME TAX EXPENSE		**P3,601,311**	P4,349,461
INCOME TAX EXPENSE (BENEFIT)	*27*	**1,148,330**	(4,496)
NET INCOME		**2,452,981**	4,353,957
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that may be reclassified to profit or loss			
Net gain (loss) on fair value changes of available-for-sale financial assets	*8*	**8,650**	2,200
Items that will not be reclassified to profit or loss			
Remeasurement on life insurance reserve	*16*	**948,238**	578,951
Remeasurement gain (loss) on retirement liability	*24*	**61,958**	(31,803)
Income tax effect	*27*	**(252,550)**	(21,458)
		766,296	527,890
TOTAL COMPREHENSIVE INCOME		**P3,219,277**	P4,881,847

See Notes to the Separate Financial Statements.

Financial statements

PRU LIFE INSURANCE CORPORATION OF U.K.

SEPARATE STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

YEARS ENDED DECEMBER 31

								Retained Earnings			
	Note	Capital Stock (Note 30)	Additional Paid-in Capital (Note 30)	Contributed Surplus	Fair Value Reserve (Note 8)	Retirement Fund Reserve	Remeasurement on Life Insurance Reserve	Appropriated (Note 16)	Unappropriated (Note 30)	Total	Total Equity
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 :											
Items that may be reclassified to profit or loss	*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
Transaction with Owner of the Company											
Dividends	*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**
Balance at January 1, 2021		P500,000	P462,000	P50,386	P3,471	P17,514	(P1,371,972)	P60,822	P15,153,241	P15,214,063	P14,875,462
Total Comprehensive Income											
Net income		-	-	-	-	-	-	-	4,353,957	4,353,957	4,353,957
Other comprehensive income (loss):											
Item that may be reclassified to profit or loss	*8*	-	-	-	2,200	-	-	-	-	-	2,200
Items that will not be reclassified to profit or loss		-	-	-	-	(21,638)	547,328	-	-	-	525,690
Total comprehensive income		-	-	-	2,200	(21,638)	547,328	-	4,353,957	4,353,957	4,881,847
Transaction with Owner of the Company											
Dividends	*30*	-	-	-	-	-	-	-	(4,172,000)	(4,172,000)	(4,172,000)
Appropriation of reserves		-	-	-	-	-	-	89	(89)	-	-
Balance at December 31, 2021		P500,000	P462,000	P50,386	P5,671	(P4,124)	(P824,644)	P60,911	P15,335,109	P15,396,020	P15,585,309

See Notes to the Separate Financial Statements.

www.prulifeuk.com.ph

PRU LIFE INSURANCE CORPORATION OF U.K.

SEPARATE STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Note	Years Ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax expense		P3,601,311	P4,349,461
Adjustments for:			
Amortization of deferred acquisition costs	14	1,344,193	1,179,641
Unrealized loss on valuation of investments	8, 22	1,312,173	963,631
Provision for impairment losses	10, 12, 15	752,098	83,339
Depreciation	13, 29	395,512	409,868
Amortization of software development costs	15	56,391	67,716
Interest expense related to lease liabilities	29	44,454	52,356
Interest expense related to policies		41,375	43,423
Loss (gain) on disposal of investments	8, 22	18,153	(27,499)
Gain on disposal of software and development costs	15	-	(1,209)
Gain on disposal of property and equipment	13	(355)	(10,316)
Reversal of provision for impairment losses	10, 15	(1,657)	(10,297)
Unrealized foreign exchange gain	8, 22	(41,962)	(33,080)
Interest income	22	(575,883)	(543,056)
		6,945,803	6,523,978
Changes in:			
Accounts payable, accrued expenses and other liabilities		1,667,430	743,100
Claims payable		277,176	432,989
Reinsurance payable		101,248	23,779
Policy loans receivables		54,405	6,366
Premiums due from policyholders		2,115	1,440
Other assets		(109,224)	16,317
Reinsurance assets		(80,740)	19,856
Coverage debt receivables		(228,507)	(200,596)
Legal policy reserves	16, 23	(394,608)	(199,877)
Deferred acquisition costs	14	(3,447,165)	(3,226,922)
		4,787,933	4,140,430
Interest paid		(42,222)	(43,006)
Contributions to retirement fund	24	(109,379)	(79,734)
Income tax paid		(1,008,991)	(1,269,390)
Net cash provided by operating activities		3,627,341	2,748,300
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investments	8	P5,187,340	P4,096,533
Interest received		581,268	532,975
Proceeds from disposal of property and equipment	13	3,973	14,913
Proceeds from disposal of software development costs	15	-	17,209
Acquisitions of software costs	15	(306,218)	(67,022)
Additions to investment in subsidiary	9	-	(169,000)
Acquisitions of property and equipment	13	(361,781)	(187,806)
Acquisitions of investments	8	(3,793,488)	(3,626,001)
Net cash provided by investing activities		1,311,094	611,801
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	30	(1,280,000)	(3,832,000)
Payment of lease liabilities	29	(301,933)	(276,949)
Cash used in financing activities		(1,581,933)	(4,108,949)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		3,356,502	(748,848)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,574,335	3,323,183
CASH AND CASH EQUIVALENTS AT END OF YEAR	5, 7, 32	P5,930,837	P2,574,335

See Notes to the Separate Financial Statements.

PRU LIFE INSURANCE CORPORATION OF U.K.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
(Amounts in Thousands, except as indicated)

1. Reporting Entity

Pru Life Insurance Corporation of U.K. (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 on the London Stock Exchange and secondary listings on Hong Kong, New York, and Singapore stock exchanges.

The Company has a Certificate of Authority No. 2022/62-R issued by the IC to transact in life insurance business until December 31, 2024.

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

2. Basis of Preparation

Statement of Compliance
The separate 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 a consolidated financial statements since Prudential plc, the ultimate parent company, prepares consolidated financial statements that comply with IFRSs.

The separate financial statements were authorized for issue by the Board of Directors (BOD) on March 24, 2023.

Details of the Company's accounting policies 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 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.

3. Summary of Significant Accounting Policies

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.

Adoption of Amendments to Standards

The Company has adopted the following amendments to standards starting January 1, 2022 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Company's separate financial statements.

- COVID-19-Related Rent Concessions beyond June 30, 2021 (Amendment to PFRS 16, *Leases*). The amendment extends the practical expedient introduced in the 2020 amendment which simplified how a lessee accounts for rent concessions that are a direct consequence of COVID-19, permitting lessees to apply the practical expedient to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022.

  The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Earlier application is permitted. A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate. The adoption is mandatory for lessees that chose to apply the practical expedient introduced by the 2020 amendments and may result in reversal of lease modifications that was ineligible for the practical expedient under the 2020 amendments but becomes eligible as a result of the extension.

- Onerous Contracts - Cost of Fulfilling a Contract (Amendment to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*). The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract - i.e., it comprises both incremental costs and an allocation of other direct costs.

  The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

- Annual Improvements to PFRS Standards 2018-2020. This cycle of improvements contains amendments to four (4) standards. Among the amendments, only one (1) is relevant to the Company:

  - Lease Incentives (Amendment to Illustrative Examples accompanying PFRS 16). The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

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 ensure 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, I*nsurance 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".

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 Contracts Held

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts above are classified as reinsurance contracts held. Contracts that do not meet those classification requirements are classified as financial assets.

The benefits to which the Company is entitled to under its reinsurance contracts held are recognized as reinsurance assets. These include short-term balances due from reinsurers. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognized as expense when due.

If there is objective evidence that reinsurance assets are impaired, the Company reduces the carrying amount of the reinsurance receivable and recognizes the impairment loss in profit or loss.

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.

Investment in Subsidiary

A subsidiary is an entity controlled by the parent company. The parent 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 a consolidated financial statements.

The Company accounted its investments in subsidiary under the cost method, the investment is initially recognized at cost in the separate statement of financial position. Subsequently, these are carried in the separate statement of financial position at cost less any accumulated impairment losses. The Company recognizes income from the investment only to the extent that the Company receives distributions from accumulated profits of the subsidiary arising after the date of acquisition.

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 Company's derivative financial asset consists of nondeliverable forward contracts under "Assets Held to Cover Linked Liabilities" account.

Non-derivative Financial Assets

Date of Recognition. Financial instruments are recognized in the separate statement 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 trade date, i.e., the date that the Company commits to purchase the asset.

Initial Recognition. Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). Except for financial instruments at FVPL, the initial measurement of financial instruments includes transaction costs. The Company classifies its financial assets into the following categories: financial assets at FVPL, AFS financial assets, held-to-maturity (HTM) investments, and loans and receivables. The Company classifies its financial liabilities either as financial liabilities at FVPL or other financial liabilities.

The classification depends on the purpose for which the instruments were acquired or incurred and whether these are quoted in an active market. Management determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

As at December 31, 2022 and 2021, the Company has no financial assets classified as HTM investments.

Fair Value Measurement

A number of the Company's accounting policies and disclosures require the measurement of fair value for both financial and nonfinancial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using another valuation technique. Where applicable, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair value is categorized in different levels in a fair value hierarchy based on the inputs used in the valuation technique (see Note 6).

Financial Instruments at FVPL. This category consists of financial instruments that are held-for-trading or designated by management on initial recognition. Financial instruments at FVPL are recorded in the separate statement of financial position at fair value. The change in fair value of the Company's held-for-trading investments portfolio under "Investments" and investments in ASF under "Other assets" are recognized in unrealized gain on valuation of investments under "Investment gain" and Others - net in profit or loss, respectively.

These are allowed to be designated by management on initial recognition in this category 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 recognizing gains or losses on them on a different basis; or
- these 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 bifurcated.

Held-for-trading securities are not reclassified subsequent to their initial recognition, unless they are no longer held for the purpose of being sold or repurchased in the near term and the following conditions are met:

- if the financial asset would have met the definition of loans and receivables (if the financial asset had not been required to be classified as held-for-trading at initial recognition), then it may be reclassified if the Company has the intention and the ability to hold the financial asset in the foreseeable future or until maturity; and
- the financial asset may be reclassified out of the held-for-trading securities category only under "rare circumstances".

As at December 31, 2022 and 2021, the Company does not have any financial asset designated by management as financial instruments at FVPL. However, the Company's held-for-trading investments portfolio are presented below.

	Note	2022	2021
Financial Assets at FVPL	*6, 8*	**P9,623,888**	P12,307,684
AFS Investment	*6, 8,*	**42,858**	32,628
Assets held to cover linked liabilities	*6, 11*	**141,421,422**	144,158,099
Other assets - net	*6, 15*	**644,237**	567,810
		P151,732,405	P157,066,221

As at December 31, 2022 and 2021, the Company's held-for-trading securities include government, quasi-government, corporate debt, equity securities, derivative financial instruments and unit investment trust funds.

The Company's technical provisions for linked liabilities classified as financial liabilities at FVPL amounted to P108.52 billion and P106.57 billion as at December 31, 2022 and 2021, respectively (see Note 11).

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. These are not entered into with the intention of immediate or short-term resale and are not held for trading.

After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment loss. 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, if any, is included as part of "Others - net" in profit or loss.

As at December 31, 2022 and 2021, the Company's cash and cash equivalents, premiums due from policyholders, policy loans receivables, coverage debt receivables, interest receivable, reinsurance assets, and other assets such as receivable from unit linked fund, advances to employees and agents, and due from related parties are classified under this category. Cash and cash equivalents, interest receivable, receivable from life fund, and other assets such as trade receivables under "Assets held to cover linked liabilities" are also classified under this category.

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less and are subject to an insignificant risk of change in value.

AFS Financial Assets. AFS financial assets are financial assets which are designated as such, or do not qualify to be classified or have not been classified under any other financial asset category. They are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value. Changes in fair value, other than impairment loss and foreign currency differences on AFS equity securities, are recognized in other comprehensive income and presented as "Fair value reserve". The losses arising from the impairment of such securities are recognized in profit or loss. When the security is disposed of, the cumulative gain or loss previously recognized in other comprehensive income is transferred to profit or loss. The effective yield component of AFS debt securities is reported in profit or loss. When the fair value of AFS financial assets cannot be measured reliably because of lack of reliable estimates of unobserved inputs such as in the case of unquoted equity instruments, these financial assets are allowed to be carried at cost less impairment, if any.

As at December 31, 2022 and 2021, the Company's AFS financial assets amounted to P42.86 million and P32.63 million, respectively, and primarily composed of equity securities (see Note 8).

Other Financial Liabilities. Issued financial instruments or their component, which are not classified as 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 lender, 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 the Company's own equity instruments.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest 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. The amortization is included as part of "Interest expense related to policies" in profit or loss.

This category includes the Company's claims payable, reinsurance payable, and accounts payable, accrued expenses and other liabilities such as dividends payable to policyholders, accrued expenses, due to unit-linked funds, due to related parties, agent's commission payable, provident fund payable and other liabilities (excluding liabilities to government agencies), and lease liabilities. This category also includes liability to life and other linked funds, accrued expense, and trade payable (excluding liabilities to government agencies) under assets held to cover linked liabilities.

Impairment of Financial Assets
The Company assesses at each reporting date whether a financial asset or a 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 have 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 economic conditions that correlate with defaults.

Loans and Receivables. 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 the Company determines that no objective evidence of impairment exists for individually assessed accounts, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in the collective assessment for impairment. For the purpose of a collective evaluation of impairment, loans and receivables are grouped on the basis of credit risk characteristics such as type of borrower, collateral type, credit and payment status and term.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the excess of loan's carrying amount over its net realizable value, based on the present value of the estimated future cash flows from the asset. The present value of the estimated future cash flows is discounted at the loan's original effective interest rate. Time value is generally not considered when the effect of discounting is not material.

The carrying amount of an impaired loan is reduced to its net realizable value through the use of an allowance account and the accrual of interest is discontinued. If, in a subsequent period, the amount of the allowance for impairment loss decreases because of an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed to profit or loss to the extent that the resulting carrying amount of the asset does not exceed its amortized cost had no impairment loss been recognized.

AFS Financial Assets Carried at Fair Value. In case of equity securities classified as AFS financial assets, impairment indicators would include a significant or prolonged decline in the fair value of the investments below cost. Where there is objective evidence of impairment, the cumulative loss in equity, measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognized, is recorded in profit or loss. Subsequent increase in the fair value of an impaired AFS equity security is recognized in other comprehensive income.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the separate statement 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. This is generally not the case with master netting agreements; thus, the related assets and liabilities are presented on a gross basis in the separate statement of financial position.

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 Company's trading activities.

Derecognition of Financial Assets and Liabilities
Financial Assets. 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 has 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 has: (a) 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 Company 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 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 consideration that the Company could be required to pay.

Financial Liabilities. 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, with the difference in the respective carrying amounts recognized in profit or loss.

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 15).

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 Nonfinancial Assets
At each reporting date, the Company assesses whether there is any indication that its nonfinancial assets may be impaired. When an indicator of impairment exists, the Company estimates the recoverable amount of the impaired assets. The recoverable amount is the higher of the fair value less costs of disposal and value in use. Value in use is the present value of future cash flows expected to be derived from an asset while fair value less costs of disposal is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties less cost of disposal. 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 assessment of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset exceeds its recoverable amount, the impaired asset is written down to its recoverable amount.

An impairment loss is recognized in profit or loss in the period in which it arises.

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. The reversal can be made only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized. Such reversal is recognized in profit or loss. After such a reversal, the depreciation and amortization are adjusted in future years 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 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 recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

COVID-19-related Rent Concessions

The Company applies practical expedient related to COVID-19-Related Concessions allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Company applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Company chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Company determines whether there is a lease modification.

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.

Fair Value Reserve

Fair value reserve pertains to the cumulative amount of gains and losses due to the revaluation of AFS financial assets.

Retirement Fund Reserve

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 which is net of investment management fees, is presented net of final tax.

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.

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. The DC liability, on the other hand, is measured at the fair value of the DC assets upon which the DC benefits depend, with an adjustment for any margin on asset returns where this is reflected in the DC benefits.

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.

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, 2022. 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, 2023

- Definition of Accounting Estimates (Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*). To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged. The amendments also provide examples on the application of the new definition.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- Disclosure of Accounting Policies (Amendments to PAS 1, *Presentation of Financial Statements* and PFRS Practice Statement 2 *Making Materiality Judgements*). The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments to PFRS Practice Statement 2 include guidance and additional examples on the application of materiality to accounting policy disclosures.

The amendments are effective from January 1, 2023. Earlier application is permitted.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12, *Income Taxes*). The amendments clarify that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations. The amendments apply for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

- PFRS 17, *Insurance Contracts.* PFRS 17 replaces PFRS 4, *Insurance Contracts* and is effective for annual periods beginning on or after January 1, 2025 with early adoption permitted. The Company will early adopt IFRS 17 beginning January 1, 2023 to be consistent with the Parent Company and for consolidation purposes. This standard will bring significant changes to the accounting for insurance and reinsurance contracts and are expected to have a material impact of the Company's separate financial statements.

Summarized below are the qualitative impact to Company's accounting policy.

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 the Company 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, the Company 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.

The Company did not identify any components satisfying the above, hence the Company have no distinct non-insurance components separated from the contract. Moreover, we conclude that the investment component is the minimum amount that is always paid to policyholders, which for contracts where this exists is the surrender value.

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 Company 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, the Company 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 Company 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 the Company needs 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 Company can compel the policyholder to pay the premiums; or
- the Company has a substantive obligation to provide the policyholder with insurance contract services.

A substantive obligation to provide insurance contract services ends when:

- the Company 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 Company 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.

Given the interpretation above, the Company assessed the Unit-Linked products as long contract-bounded. Meanwhile, Traditional products are also long contract-bounded except for yearly renewable term (YTR) and Group products.

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.

There are effectively two contract boundary "Dimensions" that the Company needs to consider for reinsurance contracts held:

- Future new, underlying business: How many months' worth of projected, new, underlying business is included within the reinsurance contract's cash flows?
- Projection term of in-force business: For in-force, underlying business that is covered by the reinsurance contract held, up to what point are cash flows from this underlying business included in the reinsurance contract boundary?

The Company should then adopt the following simplifications to avoid operational challenges:

A group of proportionate, accounting reinsurance contracts held incepts immediately after the prior group is closed to new business.

The Dimension 1 contract boundary of the 1st accounting contract to incept for a given reinsurance contract held is shortened so that that a new accounting reinsurance contract, belonging to the same overall reinsurance contract, incepts on the first day of the next annual reporting period. Therefore, at 31 December reporting dates, no future, underlying business is included within the contract boundary of in-force accounting reinsurance contracts held.

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:

a) the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
b) the Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
c) the Company 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.

With these requirements from the standard, a qualitative assessment is conducted for (a) and quantitative assessments are conducted for (b) and (c). Under (a) qualitative assessment, for Unit Linked Products, it is clearly stated in the contract that the benefit of the policyholder is directly linked to the fund value based on the number of units in each fund. In addition, all Unit Linked policyholders will receive the total value of the units in the policy, upon death or if the life insured is alive on the policy maturity date. As such, Unit Linked products pass criteria (a) and has to be further assessed on (b) and (c).

Meanwhile, for traditional products, the Health and Protection and Group products, they clearly do not participate in any type of underlying item since they only provide guaranteed benefits to the beneficiaries at maturity or an insurable event. On the other hand, Traditional Other Protection products pay non-guaranteed dividends to the policyholders (dividend paying products) which can be paid through cash bonus, applied to any premium due, or left to accumulate with interest set by the company. However, these products do not have clearly identified pool of underlying items since their assets are not ring fenced and hence, not managed separately from other assets. Hence, Traditional products do not pass criteria (a) and are not further assessed for (b) and (c).

Reinsurance contacts issued or held are explicitly excluded from the VFA, regardless of the classification of the underlying contract, hence General Measurement Model (GMM) is applied.

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 Company 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 Company 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.

The Company does not apply PAA in the measurement of underlying contracts/reinsurance contracts as we have already established GMM models.

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 qualifyfor 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 producean 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 wherethe indirect approach is applied, note that this does notpreclude the need for obtaining expected cash flows for disclosure and revenue presentation purposes.

The Company 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 his Group before the recognition.

Once the CSM is established at initial recognition, the subsequent measurement at the end of a reporting period equals the carrying amount at the start of the reporting period with adjustments. PFRS 17 sets out the various adjustments that need to be made to arrive at the CSM at subsequent measurement. However, the standard is silent on what order an entity should make these adjustments, except that amortization to profit or loss must be the last step. The order of analysis is therefore a key area of judgement and decisions are driven by financial and operational considerations, underpinned bythe need to have a align closely with other metrics across the Group.

The CSM on initial recognition is set equal to the amount that, unless the Group of contracts is onerous, results in no income or expenses arising from the sum of:

- the fulfilment cash flows (FCF) as defined under PFRS 17.32 of the Group measured on initial recognition;
- any cash flows arising from the contracts in the Group at the initial recognition date;
- the derecognition of any asset for insurance acquisition cash flows incurred before the date of initial recognition; and
- the derecognition of any other asset or liability for cash flows other than insurance acquisition cash flows incurred before the date of initial 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 Company expects to recover from the Group of accounting reinsurance contracts held.

The Company 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 Company 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 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 mportant because it drives:

- the impairment methodology for the related pre-recognition acquisition cash flows; and
- the method to allocate the pre-recognition acquisitio 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 Company 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 Company, 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 Company shall estimate the adjustment for non-financial risk separately from the other estimates. The Company 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-weightedmean, of the full range of possible outcomes, consideringall 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 the Company'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, which is the approach applied by the Company.

Risk Adjustments for Non-financial Risk
The risk adjustment is defined as "the compensation that the Company 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 ash 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 Company 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 Company 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 Company which would include other factors as well. Therefore, the TRG concluded that the risk adjustment for non-financial risk represents the compensation that the Company 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 Prudential 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).

The Company 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 Company expects to be entitled in exchange for those services.

The Company 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) of the standard.

Insurance revenue and insurance service expenses presented in profit or loss shall exclude any investment components. The Company 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.

We apply the following approaches to Life contracts on transition to PFRS 17.

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 utilised 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 "maximise 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 maximising 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.

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 company 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, 2023. 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 separate financial statements in the period of initial application.

- PFRS 9. 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, 2023. Consequently, the Company will apply PFRS 9 for the first time on January 1, 2023 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, 2023 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, 2023; 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.

    Because a 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, 2023.

    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 amortised cost and debt investments at FVOCI.

    PFRS 9 requires a loss allowance to be recognised 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 Prudential's guidance in the computation of LGD at 45% for all assets where there are no days past due and an individual ECL assessment at the local level for assets which are in default beyond 1 day past due.

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, 2023 will not result in additional loss allowances. This is because majority of the Company's financial assets are measured at FVPL both before and after transition to PFRS 9. For financial assets measured at amortized cost, the Company will follow zero impairment approach wherein if the impairment calculated is below the materiality level, zero impairment is recorded for the purpose of group reporting and local reporting.

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. Following the Prudential's guidance, 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*

Following the Prudential's guidance, the Company will use the modified retrospective approach and will not restate comparative period December 31, 2022 based on following considerations:

- PFRS 17 requires a restatement of at least one comparative period (i.e. 2022). 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 comparativeinformation, 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 and adopting the Prudential's guidance, 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. The transitional adjustments only include accounts covered by PFRS 9.

To be Adopted January 1, 2024

- *Classification of Liabilities as Current or Noncurrent - 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 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 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 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) 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 29).

(b) Impairment of Financial Assets

Investments at Fair Value
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, 2022 and 2021, the Company has not recognized any impairment loss on its investments.

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, 2022 and 2021, the Company has recognized allowance for impairment loss amounting to P574.86 million and P446.13 million (see Notes 10, 12 and 15), respectively.

(c) Classifying Financial Instruments

The Company 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 Company 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, 2022 and 2021, the Company classified its financial instruments as financial instruments at FVPL, AFS financial assets, loans and receivables, and other financial liabilities.

Estimates

(a) Leases - Estimating the Incremental Borrowing Rate

The Company uses its incremental borrowing rate as the discount rate in measuring its lease liability. As the Company's financial obligations are guaranteed by its Parent Company, the Company considers its Parent Company's incremental borrowing rate which reflects the underlying interest rate for the currency in which the lease is denominated. The incremental borrowing rate used is the sum of the reference rate and a credit spread for senior unsecured debt.

(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 cash flows as at December 31, 2022 and 2021 computed under the requirements of PFRS 4, amounted to cash inflows of P67.49 billion and P54.16 billion, respectively. Accordingly, the recorded legal policy reserves which is calculated in accordance with the requirements of the Insurance Code amounting to P4.27 billion and P5.61 billion as at December 31, 2022 and 2021, respectively (see Note 16), is adequate using best estimate assumptions.

(d) Fair Value Estimation

The fair value of financial instruments traded in active markets (such as financial assets at FVPL and AFS financial assets) 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, 2022 and 2021, the Company's financial instruments carried at fair value are classified as Level 1 and Level 2 in the fair value hierarchy.

(e) Estimating Useful Lives of Property and Equipment and Software Development Costs

The Company estimates useful lives of property and equipment and software development costs based on the period over which the assets are expected to be available for use and are updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence. The useful lives, and depreciation and amortization methods are reviewed periodically to ensure that the method and periods of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment, and software development costs.

As at December 31, 2022 and 2021, the carrying amounts of property and equipment and software development costs amounted to P898.44 million and P613.79 million, respectively (see Notes 13 and 15).

(f) Estimating 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, 2022 and 2021, the carrying amount of deferred acquisition costs amounted to P14.56 billion and P12.46 billion, respectively (see Note 14).

(g) Estimating Impairment of Financial Assets

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the receivables when scheduling future cash flows.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

As at December 31, 2022 and 2021, the carrying value of the Company's policy loans receivables, coverage debt receivables and advances to employees and agents amounted to P1.58 billion and P1.52 billion, respectively. Provisions for impairment losses amounted to P130.39 million and P83.34 million in 2022 and 2021, respectively (see Notes 10, 12 and 15).

Financial statements

(h) 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 separate statement of financial position date.

As at December 31, 2022 and 2021, the Company's net retirement (asset)/liability amounted to (P43.92 million) and P41.82 million, respectively (see Note 24).

(i) Estimating Realizability 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, 2022 and 2021, the Company recognized deferred tax assets amounting to P1.43 billion and P1.33 billion, respectively. As at December 31, 2022 and 2021, the Company assessed that future taxable profit will be available to realized any recognized deferred tax assets. Thus, there were no unrecognized deferred tax assets in 2022 and 2021 (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.

Networth Requirements

Under Section 194 of the Insurance Code, insurance company doing business in the Philippines shall have a networth of P250.00 million by June 30, 2013. Furthermore, said company must have an additional P300.00 million in networth by December 31, 2016; an additional P350.00 million in networth by December 31, 2019; and an additional P400.00 million in networth by December 31, 2022.

As at December 31, 2021 and 2020, the Company has complied with the minimum networth requirements.

RBC Requirements

The IC issued Circular Letter (CL) 2016-68, the Amended RBC2 Framework, effective January 1, 2017. This framework provides for the amended formula in computing for the RBC Ratio, which is calculated, by dividing Total Available Capital (TAC) by the RBC requirement. The minimum RBC ratio is set at 100%. All insurance companies are required to maintain the minimum RBC ratio and not fail the trend test. Trend test has failed in the event that all have occurred:

- the RBC ratio computed for the period (i.e. first quarter) is less than 125% but is not below 100%;
- the RBC ratio has decreased over the past period; and
- the difference between RBC ratio so computed and the decrease in the RBC ratio over the past period is less than 100%.

On December 28, 2016, the IC released CL No. 2016-69 which provides, among other things, that the level of sufficiency for the RBC2 Framework should be at 95th percentile level of sufficiency for the year 2017, 97.5th percentile for the year 2018, and 99.5th percentile for the year 2019. RBC2 Framework was made effective January 1, 2017.

The following table shows the RBC ratio of the Company as at December 31, 2022 and 2021, using the RBC2 Framework:

	2022	2021
TAC	**P8,146,097**	P9,476,562
RBC requirement	**1,296,129**	843,872
RBC ratio	**628%**	1,123%

The figures above for 2022 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 2021 are based on final amount reviewed by IC. As at December 31, 2022 and 2021, 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 2022 are subject to final determination by the IC while the 2021 balances are based on final amount reviewed by IC:

	Note	2022	2021
Deferred acquisition costs	*14, 32*	**P14,558,939**	P12,455,967
Property and equipment - net		**405,599**	373,307
Other assets		**2,448,447**	2,133,715
		P17,412,985	P14,962,989

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):

	Note	2021	2020
Whole and term life		**P3,369,899**	P4,230,275
Endowment		**154,893**	652,178
Term		**(23,195)**	(25,270)
Accident		**25,288**	22,500
Group		**22,499**	33,624
Variable		**472,295**	444,979
Riders and others products		**247,279**	253,518
	16, 32	**P4,268,958**	P5,611,804

Classification by Attained Age

The table below presents the concentration of legal policy reserves by attained age as at December 31, 2022 and 2021. For individual insurance, exposure is concentrated on age brackets of 55 - 59 in 2022 and 2021.

	2022 Individual		2021 Individual	
Attained Age	**Exposure '000**	**Concentration (%)**	Exposure '000	Concentration (%)
<20	**P81,982**	**1.93%**	P128,458	2.30%
20 - 24	**100,514**	**2.37%**	172,920	3.10%
25 - 29	**152,564**	**3.59%**	190,541	3.42%
30 - 34	**179,396**	**4.23%**	224,510	4.02%
35 - 39	**186,990**	**4.40%**	259,256	4.65%
40 - 44	**275,961**	**6.50%**	430,439	7.72%
45 - 49	**516,971**	**12.17%**	713,864	12.80%
50 - 54	**628,331**	**14.80%**	840,011	15.06%
55 - 59	**627,788**	**14.78%**	857,178	15.37%
60 - 64	**595,156**	**14.02%**	752,270	13.49%
65 - 69	**411,124**	**9.68%**	500,843	8.98%
70 - 74	**257,481**	**6.06%**	272,473	4.88%
75 - 79	**162,031**	**3.82%**	176,571	3.16%
80 +	**70,170**	**1.65%**	58,846	1.05%
Total	**P4,246,459**	**100.00%**	P5,578,180	100.00%

For group insurance, exposure is concentrated on age bracket 35 - 39 in 2022 and 2021.

	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%**

	2021 Group			
	Gross of Reinsurance		Net Reinsurance	
Attained Age	Exposure '000	Concentration (%)	Exposure '000	Concentration (%)
20 - 24	P102	0.30%	P102	0.30%
25 - 29	1,621	4.82%	1,629	4.87%
30 - 34	2,440	7.26%	2,452	7.33%
35 - 39	10,022	29.80%	9,751	29.13%
40 - 44	2,951	8.78%	2,966	8.86%
45 - 49	3,372	10.03%	3,389	10.13%
50 - 54	4,196	12.48%	4,217	12.60%
55 - 59	5,036	14.98%	5,061	15.12%
60 +	3,884	11.55%	3,903	11.66%
Total	P33,624	100.00%	P33,470	100.00%

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 risk-free discount rate. The risk-free discount rates are based on the Bloomberg Valuation reference rates for peso and international yield curve from Bloomberg, 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.

		2022	2021
	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%	**(P35.56)**	(P39.82)
	-5%	**32.52**	36.38
Interest rate	+ 100 basis points	**192.60**	255.98
	- 100 basis points	**(211.27)**	(281.26)
Expense	+10%	**(72.79)**	(95.94)
	-10%	**64.47**	83.28
Lapse	+10%	**(4.42)**	16.22
	-10%	**6.70**	(14.42)

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 from its investments in government securities since the said investments amounted to P60.18 billion (78.86%) and P66.10 billion (88.43%) of the Company's total financial assets as at December 31, 2022 and 2021, respectively.

The table below provides information regarding the credit risk exposure of the Company as at December 31, 2022 and 2021 by classifying assets according to the Company's credit grading of counterparties.

2022

	Note	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*	7, 32	P5,929,874	P -	P5,929,874	P -	P5,929,874
Interest receivable	32	126,855	-	126,855	-	126,855
Coverage debt receivables	12, 32	-	1,065,080	1,065,080	559,122	1,624,202
Financial assets at FVPL	8	9,623,888	-	9,623,888	-	9,623,888
Premiums due from policyholders	32	-	8,716	8,716	-	8,716
Policy loans receivables	10, 32	-	315,202	315,202	5,793	320,995
Reinsurance assets	32	-	134,179	134,179	-	134,179
Other assets (excluding withholding tax receivables, software development costs, nonrefundable deposits and prepayments)		644,237	501,158	1,145,395	9,948	1,155,343
Assets Held to Cover Linked Liabilities						
Cash and cash equivalents	11	5,126,973	-	5,126,973	-	5,126,973
Interest receivable	11	262,429	-	262,429	-	262,429
Receivable from life fund	11	518,906	-	518,906	-	518,906
Investment in debt securities	11	51,088,702	-	51,088,702	-	51,088,702
Other assets	11	388,996	-	388,996	-	388,996
		P73,710,860	P2,024,335	P75,735,195	P574,863	P76,310,058

** Excluding Petty Cash*

2021

	Note	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*	7, 32	P2,573,420	P -	P2,573,420	P -	P2,573,420
Interest receivable	32	132,241	-	132,241	-	132,241
Coverage debt receivables	12, 32	-	960,404	960,404	435,291	1,395,695
Financial assets at FVPL	8	12,307,684	-	12,307,684	-	12,307,684
Premiums due from policyholders	32	-	10,831	10,831	-	10,831
Policy loans receivables	10, 32	-	369,607	369,607	5,793	375,400
Reinsurance assets	32	-	53,439	53,439	- -	53,439
Other assets (excluding withholding tax receivables, software development costs, nonrefundable deposits and prepayments)		567,810	446,125	1,013,935	5,047	1,018,982
Assets Held to Cover Linked Liabilities						
Cash and cash equivalents	11	1,965,566	-	1,965,566	-	1,965,566
Interest receivable	11	260,916	-	260,916	-	260,916
Receivable from life fund	11	233,427	-	233,427	-	233,427
Investment in debt securities	11	54,332,518	-	54,332,518	-	54,332,518
Other assets	11	93,085	-	93,085	-	93,085
		P72,466,667	P1,840,406	P74,307,073	P446,131	P74,753,204

** Excluding Petty Cash*

The Company has no past due but not impaired financial assets as at December 31, 2022 and 2021.

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 liabilities of the Company based on remaining contractual obligations or on the estimated timing of net cash flows as at December 31, 2022 and 2021:

2022

	Note	Carrying Amount	Contractual Cash Flow: Within One Year	Beyond One Year	Total
Technical provision for linked liabilities	11, 32	P108,522,565	P -	P108,522,565	P108,522,565
Claims payable	17, 32	1,320,050	1,320,050	-	1,320,050
Reinsurance payable	18, 32	226,036	226,036	-	226,036
Accounts payable, accrued expenses and other liabilities*		7,046,993	7,046,993	-	7,046,993
Lease liabilities	29, 32	691,858	22,742	669,116	691,858
Assets Held to Cover Linked Liabilities					
Liability to life fund and other linked funds	11	37,552,421	37,552,421	-	37,552,421
Accrued expenses	11	192,927	192,927	-	192,927
Trade payable	11	1,450,813	1,450,813	-	1,450,813
		P157,003,663	P47,811,982	P109,191,681	P157,003,663

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

2021

	Note	Carrying Amount	Contractual Cash Flow Within One Year	Beyond One Year	Total
Technical provision for linked liabilities	*11, 32*	P106,573,549	P -	P106,573,549	P106,573,549
Claims payable	*17, 32*	1,042,874	1,042,874	-	1,042,874
Reinsurance payable	*18, 32*	124,788	124,788	-	124,788
Accounts payable, accrued expenses and other liabilities*		6,155,676	6,155,676	-	6,155,676
Lease liabilities	*29, 32*	687,802	22,670	665,132	687,802
Assets Held to Cover Linked Liabilities					
Liability to life fund and other linked funds	*11*	39,246,922	39,246,922	-	39,246,922
Accrued expenses	*11*	161,641	161,641	-	161,641
Trade payable	*11*	728,981	728,981	-	728,981
		P154,722,233	P47,483,552	P107,238,681	P154,722,233

**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 separate 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:

	2022	2021
Investments	**$397,920**	$453,712
Foreign exchange rate to the Philippine peso used*	**55.76**	50.99
	P22,188,019	P23,134,775

**Exchange rate used is based on Bankers Association of the Philippines foreign exchange rate as at December 29, 2022 and December 31, 2021.*

An 8% (2021: 1%) strengthening of U.S. dollar against Philippine peso as at December 31, 2022, 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 P0.24 billion (2021: P0.23 billion).

An 8% (2021: 1%) 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 2022 and 2021, 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	2022		2021	
		+100 bps	**-100 bps**	+100 bps	-100 bps
Philippine peso	P -	**(P1,331,305)**	**P1,457,866**	(P1,585,676)	P1,753,447
U.S. dollar	-	**(2,991,988)**	**3,456,268**	(571,577)	660,820
Fair value sensitivity	P -	**(P4,323,293)**	**P4,914,134**	(P2,157,253)	P2,414,267

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	2022		2021	
		+100 bps	**-100 bps**	+100 bps	-100 bps
Philippine peso	P -	**(P787,605)**	**P849,760**	(P897,459)	P976,678
U.S. dollar	-	**(362,725)**	**413,821**	(509,066)	587,028
Fair value sensitivity	P -	**(P1,150,330)**	**P1,263,581**	(P1,406,525)	P1,563,706

In 2022 and 2021, the Company determined the reasonably possible change in interest rate based on the historical percentage changes in weighted average yield rates of outstanding investments of the Company.

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 P90.29 billion and P89.93 billion (see Note 11) as at December 31, 2022 and 2021, 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 21).

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, 2022.

The following table provides an overview of the fair values as at December 31, 2022 and 2021, 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:

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	-	-	-
Financial assets at FVPL	-	-	9,623,888	(1,312,173)
AFS financial assets	-	-	42,858	8,650
Loans and receivables	816,360	-	-	-
Rental and other deposits	136,550	-	-	-
Assets Held to Cover Linked Liabilities				
Cash and cash equivalents	5,126,973	-	-	-
Interest receivable	262,429	-	-	-
Receivable from life fund	518,906	-	-	-
Financial assets at FVPL	-	-	141,421,422	(5,296,710)
Other assets	388,996	-	-	-
	P13,307,906	P -	P151,088,168	(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.*

2021

	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	P2,573,420	P -	P -	P -
Interest receivable	132,241	-	-	-
Financial assets at FVPL	-	-	12,307,684	(963,631)
AFS financial assets	-	-	32,628	2,200
Loans and receivables	815,732	-	-	-
Rental and other deposits	136,967	-	-	-
Assets Held to Cover Linked Liabilities				
Cash and cash equivalents	1,965,566	-	-	-
Interest receivable	260,916	-	-	-
Receivable from life fund	233,427	-	-	-
Financial assets at FVPL	-	-	144,158,099	(281,896)
Other assets	93,085	-	-	-
	P6,211,354	P -	P156,498,411	(P1,243,327)

** 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, 2022 and 2021 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).

	Note	2022		
		Level 1	Level 2	Total
Financial Assets				
Financial assets at FVPL	8	**P9,623,888**	**P -**	**P9,623,888**
AFS financial assets	8	**42,858**	**-**	**42,858**
Financial assets at FVPL under other assets	15	**644,237**	**-**	**644,237**
Financial assets at FVPL under assets held to cover linked liabilities	11	**141,378,897**	**42,525**	**141,421,422**

	Note	2021		
		Level 1	Level 2	Total
Financial Assets				
Financial assets at FVPL	8	P12,307,684	P -	P12,307,684
AFS financial assets	8	32,628	-	32,628
Financial assets at FVPL under other assets	15	567,810	-	567,810
Financial assets at FVPL under assets held to cover linked liabilities	11	144,258,465	(100,366)	144,158,099

The Company has no financial instruments categorized under Level 3. Also, there has been no transfer between levels in 2022 and 2021.

7. Cash and Cash Equivalents

	Note	2022	2021
Cash on hand and in banks		**P2,964,195**	P1,563,426
Short-term placements		**2,966,642**	1,010,909
	5, 32	**P5,930,837**	P2,574,335

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 0.11% to 3.10% and 0.06% to 0.20% per annum in 2022 and 2021, respectively.

Interest income recognized in profit or loss which is presented under "Investment gain - net" amounted to P17.38 million and P2.88 million in 2022 and 2021, respectively.

8. Investments

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

	Note	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, 2022		**32,628**	**12,307,684**	**12,340,312**
Fair value gain (loss) recognized in:				
Profit or loss	22	**-**	**(1,312,173)**	**(1,312,173)**
Other comprehensive income		**8,650**	**-**	**8,650**
Foreign exchange gain	22	**-**	**41,962**	**41,962**
Purchases		**1,580**	**3,791,908**	**3,793,488**
Proceeds from disposal of financial assets		**-**	**(5,187,340)**	**(5,187,340)**
Gain on disposal of financial assets	22	**-**	**(18,153)**	**(18,153)**
Fair value at December 31, 2022	5, 6, 32	**P42,858**	**P9,623,888**	**P9,666,746**
Cost at December 31, 2022		**P28,537**	**P10,516,838**	**P10,545,375**
Unrealized gains at December 31, 2022		**P14,321**	**(P892,950)**	**(P878,629)**

	Note	December 31, 2021		
		AFS Financial Assets	Financial Assets at FVPL	Total Investments
Cost at January 1, 2021		P25,585	P12,374,828	P12,400,413
Unrealized gains at January 1, 2021		3,471	1,307,812	1,311,283
Fair value at January 1, 2021		29,056	13,682,640	13,711,696
Fair value gain (loss) recognized in:				
Profit or loss	22	-	(963,631)	(963,631)
Other comprehensive income		2,200	-	2,200
Foreign exchange gain	22	-	33,080	33,080
Purchases		1,372	3,624,629	3,626,001
Proceeds from disposal of financial assets		-	(4,096,533)	(4,096,533)
Gain on disposal of financial assets	22	-	27,499	27,499
Fair value at December 31, 2021	5, 6, 32	P32,628	P12,307,684	P12,340,312
Cost at December 31, 2021		P26,957	P11,930,423	P11,957,380
Unrealized gains at December 31, 2021		P5,671	P377,261	P382,932

The Company's investments consist of the following:

	Note	2022	2021
Government bonds	5, 6	**P8,992,317**	P11,666,270
Unit investment trust fund (UITF)	5, 6, 28	**376,611**	379,505
Corporate debt securities	5, 6	**155,367**	158,521
Quasi government bonds	5, 6	**99,593**	103,388
Equity securities	6	**42,858**	32,628
	32	**P9,666,746**	P12,340,312

Interest rates range from 00.000% to 13.000% in 2022 and 2021.

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

	2022	2021
Balance at beginning of year	**P5,671**	P3,471
Fair value gain	**8,650**	2,200
Balance at end of year	**P14,321**	P5,671

9. Investment in 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 2/F 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, 2021, the company made an additional capital infusion to PAMTC of P169.00 million.

Investments in subsidiary are reviewed for impairment when circumstances indicate that the carrying amount is impaired. Impairment for investment in subsidiary was assessed as at December 31, 2022 due to circumstances that indicated that the recoverable amount of the assets may be less than the carrying amount particularly the significant decline in the net assets of PAMTC as at December 31, 2022 as a result of its operations and the changes of the Company's future business plan for the subsidiary. Accordingly, the Company estimated the recoverable amount of investment in subsidiary based on PAMTC's net assets as at October 2022 to be P239.19 million against the carrying value of investment in subsidiary of P529.25 million which resulted to an impairment loss on its investment in subsidiary amounting to P290.06 million in 2022 presented under "Others" in profit or loss.

The investment in subsidiary was written down to its recoverable amount which was determined by reference to the fair value of PAMTC's net assets. The fair value of the financial assets and financial liabilities of PAMTC approximate their carrying amounts at the end of each accounting period due to their short-term nature. Moreover, the recurring fair values of debt instruments at FVOCI are determined by reference to quoted market prices, at the close of business on the reporting date, which is classified as a level 1 fair value. The Company also considered the fair value of PAMTC's debt Instruments currently measured at amortized cost to determine the recoverable amount which the Company assessed to have immaterial difference in comparison to its carrying value.

There were no impairment loss recognized in 2021. As at December 31, 2022 and 2021, the carrying value of the investment in subsidiary amounted to P239.19 million and P529.25 million, respectively."

The key financial information of the subsidiary as at and for the years ended December 31 is as follows:

	2022	2021
Total assets	**P305,277**	P342,452
Total liabilities	**71,988**	66,635
Net assets	**233,289**	275,817
Net loss	**37,444**	78,841
Other comprehensive income (loss)	**5,084**	(219)

10. Policy Loans Receivables

	Note	2022	2021
Policy loans receivables		**P320,995**	P375,400
Allowance for impairment losses		**(5,793)**	(5,793)
	5, 32	**P315,202**	P369,607

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.

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.

Provision for impairment losses on policy loans receivables amounting to nil and P1.80 million in 2022 and 2021, respectively, were recognized as expense under "Others" in profit or loss.

The rollforward analysis of the allowance for impairment losses in policy loans receivables is as follows:

	2022	2021
Balance at beginning of year	**P5,793**	P10,161
Provision for impairment losses	**-**	1,767
Reversals taken up to profit or loss	**-**	(6,135)
Balance at end of year	**P5,793**	P5,793

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:

	Note	2022	2021
Cash and cash equivalents	*5*	**P5,126,973**	P1,965,566
Interest receivable	*5*	**262,429**	260,916
Receivable from life fund	*5*	**518,906**	233,427
Investments in treasury notes and other funds	*6*	**141,421,422**	144,158,099
Other assets	*5*	**388,996**	93,085
Liability to life fund and other linked funds	*5*	**(37,552,421)**	(39,246,922)
Accrued expense	*5*	**(192,927)**	(161,641)
Trade payable	*5*	**(1,450,813)**	(728,981)
Net assets	*32*	**P108,522,565**	P106,573,549

Investments in treasury notes and other funds are composed of:

	Note	2022	2021
Investments in treasury notes	*5*	**P21,950,898**	P24,240,207
Investments in shares of stocks	*5*	**63,479,104**	63,378,114
Investment in other funds:			
Investment in bond fund	*5*	**14,860,155**	15,543,927
Investment in equity fund	*5*	**22,611,393**	23,642,832
Investment in offshore fund (IOF) - Bonds	*5*	**13,677,339**	14,548,384
IOF - Equities	*5*	**3,295,080**	2,467,006
UITF - Equities	*5*	**904,618**	437,995
UITF - Money Market	*5*	**600,310**	-
Non-deliverable forward contract		**42,525**	(100,366)
Total investments	*6*	**P141,421,422**	P144,158,099

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

	Note	2022	2021
Link premiums	*20*	**P41,431,678**	P37,936,915
Costs on premiums of variable insurance		**(17,981,410)**	(16,538,479)
Surrenders		**(6,433,790)**	(6,238,593)
Net linked premiums		**P17,016,478**	P15,159,843

12. Coverage Debt Receivables

	Note	2022	2021
Coverage debt receivables		**P1,624,202**	P1,395,695
Allowance for impairment losses		**(559,122)**	(435,291)
	5, 32	**P1,065,080**	P960,404

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 P123.83 million and P77.70 million in 2022 and 2021, respectively, were recognized in profit or loss.

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

	2022	2021
Balance at beginning of year	**P435,291**	P357,593
Provision for impairment losses	**123,831**	77,698
Balance at end of year	**P559,122**	P435,291

13. Property and Equipment

The movements in this account are as follows:

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	-	192,947	108,904	361,781
Disposals	(55,491)	(8,898)	(10,541)	-	-	-	(74,930)
Reclassification	44	(44)	-	-	(940)	(168,815)	(169,755)
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	(55,428)	(8,644)	(7,240)	-	-	-	(71,312)
Reclassification	273	93	745	-	(29)	-	1,082
Ending balance	243,768	175,561	77,014	8,476	873,176	-	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	P57,433	P1,551	P280,450	P45,485	P450,064

Office improvement in progress amounting to P165.02 million and P3.79 million were reclassified to leasehold improvements and furniture, fixtures and equipment, respectively, and formed part of the additions to leasehold improvements and furniture, fixtures and equipment amounting to P192.95 million and P8.34 million during the year. Office improvement in progress is capitalized upon completion of a project.

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 P0.35 million which formed part of "Others - net" in profit or loss.

2021

	Computer Equipment	Furniture, Fixtures and Equipment	Transportation Equipment	Condominium Unit	Leasehold Improvements	Office Improvement in Progress	Total
Gross Carrying Amount							
Beginning balance	P332,683	P190,246	P126,994	P10,027	P894,248	P98,261	P1,652,459
Additions	6,057	8,962	35,821	-	75,643	61,323	187,806
Disposals	(30,344)	(814)	(35,667)	-	(7,807)	-	(74,632)
Reclassification	(17)	-	-	-	(465)	(54,188)	(54,670)
Ending balance	308,379	198,394	127,148	10,027	961,619	105,396	1,710,963
Accumulated Depreciation							
Beginning balance	255,229	154,474	75,852	7,649	704,761	-	1,197,965
Depreciation	38,487	18,200	21,957	414	90,181	-	169,239
Disposals	(25,747)	(814)	(35,667)	-	(7,807)	-	(70,035)
Reclassification	440	135	(1,568)	-	(454)	-	(1,447)
Ending balance	268,409	171,995	60,574	8,063	786,681	-	1,295,722
Carrying Amount							
Beginning balance	P77,454	P35,772	P51,142	P2,378	P189,487	P98,261	P454,494
Carrying Amount							
Ending balance	P39,970	P26,399	P 66,574	P1,964	P174,938	P105,396	P415,241

Property and equipment amounting to P54.67 million which pertains to advances to agents, software maintenance and various office renovations and improvements was reclassified to advances to agents, development cost, other assets and office expenses.

Property and equipment with carrying amount of P4.60 million were disposed and sold during the year with proceeds amounting to P14.91 million resulting to a net gain of P10.32 million which is part of "Others - net" in profit or loss.

14. Deferred Acquisition Costs

	Note	2022	2021
Beginning balance		**P12,455,967**	P10,408,686
Movements during the year:			
Deferred expenses		**3,447,165**	3,226,922
Amortization of deferred acquisition costs		**(1,344,193)**	(1,179,641)
		2,102,972	2,047,281
Ending balance	*5, 32*	**P14,558,939**	P12,455,967

15. Other Assets

	Note	2021	2020
Investments in ASF	*6, 28*	**P644,237**	P567,810
Software development costs - net		**448,377**	198,550
Receivable from unit linked fund		**253,995**	201,887
Advances to employees and agents		**187,515**	187,508
Prepayments		**137,308**	194,423
Nonrefundable deposits		**136,550**	136,967
Retirement asset	*24*	**43,919**	-
Due from related parties	*28*	**43,329**	46,627
Others		**160,935**	118,533
		2,056,165	1,652,305
Allowance for impairment losses on advances to employees and agents		**(9,948)**	(5,047)
	32	**P2,046,217**	P1,647,258

Investments in ASF pertain to the agents' savings funds which is managed and is under the custodianship of PAMTC pursuant to an Investment Management Agreement signed by the Company and PAMTC in 2020.

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 building the health management app used by the Company.

Receivable from unit linked fund 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.

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, Prudence Foundation Limited (PFL) and Prudential Hong Kong Limited (PHKL) (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:

	2022	2021
Balance at beginning of year	**P5,047**	P5,335
Provision for impairment losses	**6,558**	3,874
Reversals taken up to profit or loss	**(1,657)**	(4,162)
Balance at end of year	**P9,948**	P5,047

The Company collected advances to employees and agents that have been previously written off amounting to P1.66 million and P4.16 million in 2022 and 2021, respectively.

The movements of software development costs in 2022 and 2021 are as follows:

	2022	2021
Gross Carrying Amount		
Beginning balance	**P660,344**	P609,322
Acquisitions	**306,218**	67,022
Disposals	**-**	(16,000)
Ending balance	**966,562**	660,344
Accumulated Amortization		
Beginning balance	**461,794**	410,078
Amortization	**56,391**	67,716
Disposals	**-**	(16,000)
Ending balance	**518,185**	461,794
Net Carrying Amount		
Beginning balance	**P198,550**	P199,244
Ending balance	**P448,377**	P198,550

Software development costs with carrying amount of P16.00 million were disposed and sold in 2021 with proceeds amounting to P17.21 million resulting to a net gain of P1.21 million which is part of "Others - net" in profit or loss. No similar transaction occurred in 2022.

16. Legal Policy Reserves

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

	Note	2022	2021
Beginning balance		P5,611,804	P6,390,632
Gross change in reserves:			
New business		74,171	68,792
Net premiums written		82,440	107,532
Accretion of interest		86,418	87,190
Liabilities released for payments on death, surrenders and other terminations		(531,414)	(492,082)
Other movements		(106,223)	28,691
Total gross change in reserves	23	(394,608)	(199,877)
Remeasurement on life insurance reserve		(948,238)	(578,951)
Ending balance	5, 32	P4,268,958	P5,611,804

The appropriated retained earnings for negative reserves amounted to P53.01 million and P60.91 million in 2022 and 2021, respectively.

17. Claims Payable

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

	Note	2022	2021
Beginning balance:			
Notified payable		P883,577	P478,962
IBNR		159,297	130,923
		1,042,874	609,885
Cash paid for claims settled during the year		(2,327,957)	(1,734,932)
Increase in liabilities		2,605,133	2,167,921
Ending balance		P1,320,050	P1,042,874
Notified claims payable		1,042,611	883,577
IBNR		277,439	159,297
	5, 32	P1,320,050	P1,042,874

18. Reinsurance Payable

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

	Note	2022	2021
Beginning balance		P124,788	P101,009
Premium ceded to reinsurers	20	363,005	394,161
Paid during the year		(261,757)	(370,382)
Ending balance	5, 32	P226,036	P124,788

19. Accounts Payable, Accrued Expenses and Other Liabilities

The account consists of the following:

	Note	2022	2021
Accrued expenses		P3,231,661	P2,658,961
Dividends payable to policyholders		1,097,214	1,182,040
Premium suspense account		903,507	705,061
Due to related parties		747,590	451,051
Provident fund payable		692,401	613,381
Agent's commission payable		686,945	585,053
Due to unit-linked funds		535,640	203,516
Other tax payables		328,749	64,099
Income tax payable		118,686	171,283
Withholding tax payable		82,682	78,434
Premium deposit fund		11,947	15,625
Dividends payable to parent company		-	340,000
Retirement (asset) liability	24	-	41,823
Other liabilities		105,404	123,827
	32	P8,542,426	P7,234,154

Accrued expenses primarily consist of performance and incentive bonuses payable.

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

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.

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.

Agent's commission payable pertains to unpaid commissions.

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.

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.

Dividends payable to parent company pertains to dividends declared but are still due for remittance.

20. Net Premiums

Gross premiums on insurance contracts:

	Note	2021	2022
Unit-linked insurance	11	P41,431,678	P37,936,915
Ordinary life insurance		198,177	235,085
Group life insurance		164,977	219,319
Accident and health		66,333	55,463
		P41,861,165	P38,446,782

Reinsurer's share of gross premiums on insurance contracts:

	Note	2022	2021
Unit-linked insurance		P247,491	P219,242
Group life insurance		102,616	154,217
Ordinary life insurance		12,898	20,702
	18	P363,005	P394,161

Net premiums on insurance contracts:

	2022	2021
Unit-linked insurance	P41,184,187	P37,717,673
Ordinary life insurance	185,279	214,383
Group life insurance	62,360	65,102
Accident and health	66,333	55,463
	P41,498,159	P38,052,621

21. 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:

	2022	2021
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%	-

Policy administration fees amounted to P2.22 billion and P2.08 billion in 2022 and 2021, respectively.

22. Investment Loss

The account consists of the following:

	Note	2022	2021
Interest income		P575,883	P543,056
Foreign exchange gain	8	41,962	33,080
Gain (loss) on disposal of investments	8	(18,153)	27,499
Final withholding tax		(106,468)	(109,377)
Investment management expense		(357,627)	(338,560)
Unrealized loss on valuation of investments	8	(1,312,173)	(963,631)
		(P1,176,576)	(P807,933)

23. Benefits and Claims

Gross benefits and claims on insurance contracts:

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**

2021			
	Gross Benefits and Claims	Reinsurers' Share of Gross Benefits and Claims	Net
Unit-linked insurance	P7,606,226	(P50,812)	P7,555,414
Ordinary life insurance	456,840	9,530	466,370
Group life insurance	14,688	(800)	13,888
Accident and health	4,213	(18)	4,195
	P8,081,967	(P42,100)	P8,039,867

Gross change in increase in legal policy reserves:

	Note	**2022**	2021
Unit-linked insurance		**P27,316**	P14,709
Ordinary life insurance		**(441,038)**	(215,420)
Group life insurance		**16,326**	1,127
Accident and health		**2,788**	(293)
	16	**(P394,608)**	(P199,877)

24. 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, 2022, the DB liability is more than the DC liability.

The Company's latest actuarial valuation date was as of December 31, 2022.

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

	2022		
	DBO	**FVPA**	**Net Defined Benefit Liability (Note15)**
Balance at January 1, 2022	**P691,769**	**P649,946**	**P41,823**
Included in Profit or Loss			
Current service cost	**85,875**	**-**	**85,875**
Interest cost (income)	**32,435**	**32,715**	**(280)**
	118,310	**32,715**	**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)**
	(95,083)	**(33,125)**	**(61,958)**
Others			
Contributions paid by the employer	**-**	**109,379**	**(109,379)**
Benefits paid	**(78,110)**	**(78,110)**	**-**
Transfers	**(4,934)**	**(4,934)**	**-**
	(83,044)	**26,335**	**(109,379)**
Balance at December 31, 2021	**P631,952**	**P675,871**	**(P43,919)**

	2021		
	DBO	FVPA	Net Defined Benefit Liability (Note19)
Balance at January 1, 2020	P591,906	P583,488	P8,418
Included in Profit or Loss			
Current service cost	81,028	-	81,028
Interest cost	23,370	23,062	308
	104,398	23,062	81,336
Included in Other Comprehensive Income			
Remeasurements loss:			
Actuarial loss arising from:			
Financial assumptions	5,747	-	5,747
Experience adjustment	(7,524)	-	(7,524)
Return on plan assets excluding interest income	-	(33,580)	33,580
	(1,777)	(33,580)	31,803
Others			
Contributions paid by the employer	-	79,734	(79,734)
Benefits paid	(1,747)	(1,747)	-
Transfers	(1,011)	(1,011)	-
	(2,758)	76,976	(79,734)
Balance at December 31, 2021	P691,769	P649,946	P41,823

The retirement expense under "Salaries, allowances and employees' benefits" account in profit or loss amounted to P85.60 million and P81.34 million in 2022 and 2021, respectively.

The Company's plan assets consist of the following:

	2022	2021
Cash and cash equivalents	**P7,141**	P23,446
Receivables	**12,804**	97
Government securities	**459,373**	413,438
Unit investments trust funds	**105,627**	24,308
Investment in mutual funds	**64,271**	158,176
Corporate bonds	**26,655**	30,481
	P675,871	P649,946

The expected contribution to the DB retirement plan in 2023 is P105.27 million.

The following were the principal actuarial assumptions at the reporting date:

	2022	2021
Discount rate	**7.25%**	5.00%
Future salary growth	**6.00%**	6.00%

The weighted-average duration of the DBO is 13.27 years and 14.70 years in December 31, 2022 and 2021, respectively.

Maturity analysis of the benefit payments:

2022					
	Carrying amount	**Contractual cash flows**	**Within 1 Year**	**Within 1-5 Years**	**More than 5 Years**
Retirement liability	**P631,952**	**P683,687**	**P36,390**	**P187,450**	**P459,847**

2021					
	Carrying amount	Contractual cash flows	Within 1 Year	Within 1-5 Years	More than 5 Years
Retirement liability	P691,769	P605,006	P105,389	P144,907	P354,710

<u>Sensitivity Analysis</u>

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	
	Increase	**Decrease**
Discount rate (1% movement)	**8.25%**	**6.25%**
Future salary growth (1% movement)	**7.00%**	**5.00%**

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.

25. Taxes and Licenses

The account consists of the following:

	2022	2021
Provisions	**P205,621**	P -
Business tax	**57,485**	54,784
Fringe benefits tax	**12,291**	33,715
Other taxes	**1,701**	1,221
	P277,098	P89,720

Provisions pertain to the estimated potential tax exposure arising from the 2018 tax audit.

Business tax involves taxes and fees charged by local government units to the Company in obtaining business permits.

Fringe benefits tax pertain to taxes incurred for special form of benefits provided to employees.

Other taxes include regulatory body fees, property tax, other documentary stamp taxes and duty taxes.

26. Other Operating Expenses

The account consists of the following:

	2022	2021
Provisions for impairment losses	**P422,300**	P5,956
IFRS 17 implementation costs	**220,057**	77,353
Support service charges	**212,270**	233,750
Bank collection fees and charges	**140,118**	91,840
Property insurance	**18,907**	17,432
Membership fees	**6,187**	7,128
Other expenses	**5,203**	4,322
	P1,025,042	P437,781

Provision for impairment losses covers the impairment losses recognized by the Company on its investment in subsidiary amounting to P290.06 million (see Note 9) as well as impairment losses of recognized on long outstanding cash floats equal to P126.03 million and P6.21 million for bad debts written off on advances to employees and agents.

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.

Bank collection fees and charges pertain to charges imposed by banks to the Company for handling collections and other transactions.

Property insurance include fire, motor and liability insurance incurred by the Company in the ordinary course of business.

Membership fees are fees for club membership incurred by the Company for its senior management.

Other expenses include other expenses for transportation, travel and business recovery.

27. Taxes and Licenses

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

	2022	2021
Current tax expense	**P956,397**	P857,818
Deferred tax (benefit) expense	**191,933**	(862,314)
	P1,148,330	(P4,496)

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

	2022	2021
Income before income tax expense	**P3,601,311**	P4,349,461
Income tax using the domestic corporation tax rate	**P900,328**	P1,087,365
(Reductions in) additions to income tax resulting from:		
(Non-taxable gain) non-deductible loss on valuation of investments	**317,373**	231,924
Interest income subjected to final tax	**(117,354)**	(109,735)
(Non-taxable income) non-deductible expenses	**44,849**	(4,839)
Change in unamortized past service cost	**(5,946)**	-
(Non-taxable gain) non-deductible loss from disposal of investments	**9,080**	3,631
Adjustment to current tax expense due to CREATE Act	**-**	(85,948)
Adjustment to deferred tax expense due to CREATE Act	**-**	(359,603)
Effect of fully recognizing deferred tax assets from previous years	**-**	(767,291)
	P1,148,330	(P4,496)

Deferred tax assets from previous years have been fully recognized in 2021 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, 2022 and 2021.

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)**

	2021			
	Beginning Balance	Amount Charged to Profit or Loss	Amount Recognized in Other Comprehensive Income	Ending Balance
Retirement liability	(P13,287)	P -	P10,165	(P3,122)
Deferred acquisition costs	(3,122,606)	8,614	-	(3,113,992)
Accrued expenses	114,421	560,774	-	675,195
Agent's commission	19,547	126,715	-	146,262
Provident fund	46,929	106,415	-	153,344
IBNR	(5,216)	45,039	-	39,823
Remeasurement on life insurance reserve	306,504	-	(31,623)	274,881
PFRS 16-related expenses	22,803	12,924	-	35,727
Unamortized past service cost	2,031	1,833	-	3,864
Deferred tax liabilities - net	(P2,628,874)	P862,314	(P21,458)	(P1,788,018)

In 2022 and 2021, the Company opted to claim itemized deductions in determining its tax expense.

On April 08, 2021, the Bureau of Internal Revenue (BIR) issued the following implementing revenue regulations that are effective immediately upon publication:

1. BIR Revenue Regulations (RR) No. 2-2021, Amending Certain Provisions of Revenue Regulations No. 2-98, As Amended, to Implement the Amendments Introduced by Republic Act No. 11534, or the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE), to the National Revenue Code of 1997, as Amended, Relative to the Final Tax on Certain Passive Income;

2. BIR RR No. 3-2021, Rules and Regulations Implementing Section 3 of Republic Act (RA). No. 11534, Otherwise Known as the "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE", Amending Section 20 of the National Internal Revenue Code of 1997, As Amended;

3. BIR RR No. 4-2021, Implementing the Provisions on Value-Added Tax (VAT) and Percentage Tax Under Republic Act (RA) No. 11534, Otherwise Known as the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE) Which Further Amended the National Revenue Code of 1997, as Amended, as Implemented by Revenue Regulations (RR) No. 16-2005 (Consolidated Value-Added Tax Regulations of 2005), As Amended; and

4. BIR RR No. 5-2021, Implementing the New Income Tax Rates on the Regular Income of Corporations, on Certain Passive Incomes, Including Additional Allowable Deductions from Gross Income of Persons Engaged in Business or Practice of Profession Pursuant to Republic Act (RA) No. 11534 or the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE), Which Further Amended the National Revenue Code (NIRC) of 1997.

Further, the BIR has issued its RR No. 5-2021 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.

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 19)	Due from Related Parties (Note 15)	Investments in UITF (Note 8)	Investments in ASF (Note 15)	Terms	Conditions
Eastspring (Under Common Control)									
• Investment management	**2022**	*a*	**P326,353**	**P79,228**	**P -**	**P -**	**P -**	**30 days; noninterest - bearing**	**Unsecured**
	2021	*a*	311,176	82,249	-	-	-	30 days; noninterest -bearing	Unsecured
PSA (Under Common Control)									
• IT service costs	**2022**	*b*	**156,222**	**32,886**	**-**	**-**	**-**	**30 days; noninterest - bearing**	**Unsecured**
	2021	*b*	226,241	197,296	-	-	-	30 days; noninterest - bearing	Unsecured
Prudence Foundation Limited (Under Common Control)									
• Cost reimbursements	**2022**	*c*	**7,412**	**7,412**	**-**	**-**	**-**	**30 days; noninterest -bearing**	**Unsecured; not impaired**
	2021	*c*	8,000	-	8,000	-	-	30 days; noninterest -bearing	Unsecured; not impaired
PAMTC (Subsidiary)									
• Allocation of expenses	**2022**	*d*	**46,352**	**-**	**39,904**	**-**	**-**	**30 days; noninterest -bearing**	**Unsecured; not impaired**
	2021	*d*	89,973	-	36,874	-	-	30 days; noninterest -bearing	Unsecured; not impaired
• Shared service fee	**2022**	*d*	**3,365**	**-**	**3,425**	**-**	**-**	**30 days; noninterest-bearing**	**Unsecured; not impaired**
	2021	*d*	3,717	-	1,616	-	-	30 days; noninterest-bearing	Unsecured; not impaired
• Investments in PAMTC's UITFs	**2022**	*d, 8*	**(2,894)**	**-**	**-**	**376,611**	**-**	**Noninterest-bearing**	**Unsecured**
	2021	*d, 8*	105,484	-	-	379,505	-	Noninterest-bearing	Unsecured
• Investments in ASF	**2022**	*d, 15*	**76,427**	-	-	-	**644,237**	**Noninterest-bearing**	**Unsecured**
	2021	*d, 15*	142,078	-	-	-	567,810	Noninterest-bearing	Unsecured
• Investments management	**2022**	*d*	**11,850**	**12,610**	**-**	**-**	**-**	**Noninterest-bearing**	**Unsecured**
	2021	*d*	8,938	1,786	-	-	-	Noninterest-bearing	Unsecured
• Investments service fee	**2022**	*d*	**-**	**-**	**-**	**-**	**-**	**Noninterest-bearing**	**Unsecured**
	2021	*d*	10,627	10,627	-	-	-	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	**2022**	*e*	**P500,309**	**P94,886**	**P -**	**P -**	**P -**	**30 days; noninterest - bearing**	**Unsecured**
	2021	*e*	564,521	356,752	-	-	-	30 days; noninterest - bearing	Unsecured
PSS or Prudential Services Singapore Pte Ltd (Under Common Control)									
• IT security costs	**2022**	*f*	**109,167**	**39,523**	**-**	**-**	**-**	**30 days; noninterest - bearing**	**Unsecured**
	2021	*f*	57,894	17,418	-	-	-	30 days; noninterest - bearing	Unsecured
PEPL or Pulse Ecosystem Private Limited (Under Common Control)									
• Cost reimbursements	**2022**	*g*	**493,516**	**489,813**	**-**	**-**	**-**	**30 days; noninterest - bearing**	**Unsecured**
	2021	*g*	4,091	2,265	-	-	-	30 days; noninterest - bearing	Unsecured
PHKL or Prudential Hong Kong Limited (Under Common Control)									
• Cost reimbursements	**2022**	*h*	**-**	**-**	**-**	**-**	**-**	**30 days; noninterest - bearing**	**Unsecured; not impaired**
	2021	*h*	137	-	137	-	-	30 days; noninterest - bearing	Unsecured; not impaired
Singapore - PACS or Prudential Assurance Company Singapore Pte									
• Cost reimbursements	**2022**	*i*	**10,839**	**10,839**	**-**	**-**	**-**	**30 days; noninterest - bearing**	**Unsecured**
	2021	*i*	-	-	-	-	-	30 days; noninterest - bearing	Unsecured
TOTAL	**2022**			**P767,197**	**P43,329**	**P376,611**	**P644,237**		
TOTAL	2021			P668,393	P46,627	P379,505	P567,810		

Forward

Outstanding receivables from and payables to related parties which are expected to be settled in cash, are included under "Other assets" (see Note 15) and "Accounts payable, accrued expenses and other liabilities" (see Note 19) 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 and 2021, the Company has an outstanding payable to PSA amounting to P1.43 million and P152.39 million, respectively, 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 and 2021, the Company has an outstanding payable to PAMTC amounting to P2.24 million and P10.63 million, respectively, which is presented as part of "Accrued expenses" in the separate statement of financial position.

   Investments in Policy Reserve amounted to P7.85 billion and P8.61 billion and investments in Investment-Linked Policy of P1.52 billion and P.44 billion are managed under the custodianship of the PAMTC pursuant to an Investment Management Agreement signed by the Company and PAMTC in 2022 and 2021, respectively.

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 December 31, 2021, the Company has an outstanding payable to PCHL amounting to P54.13 million which is presented as part of "Accrued expenses" in the separate statement of financial position.

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 and 2021, the Company has an outstanding payable to PCHL amounting to P15.93 million and P0.19 million, respectively, 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:

	2022	2020
Short-term employee benefits	P160,810	P177,266
Post-employment benefits	8,462	9,851
	P169,272	P187,117

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 24).

29. Lease

As a Lessee
The following assets do not meet the definition of investment property.

	Note	2022	2021
Property and equipment owned	13, 32	P450,064	P415,241
Right-of-use assets - net, except for investment property	32	423,557	533,003
		P873,621	P948,244

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

	Note	2022	2021
Balance at January 1		P533,003	P711,814
Additions		133,563	61,818
Depreciation		(243,009)	(240,629)
Balance at December 31	32	P423,557	P533,003

Lease Liabilities

	Note	2022	2021
Balance at January 1		P634,939	P797,714
Additions		133,563	61,818
Interest		44,454	52,356
Payments		(301,933)	(276,949)
Balance at December 31		P511,023	P634,939

	Note	2022	2021
Maturity Analysis - Contractual Undiscounted Cash Flows			
Less than one (1) year		P22,742	P22,670
One to five (5) years		669,116	665,132
Total Undiscounted Lease Liabilities at December 31	5, 32	691,858	687,802
Lease Liabilities Included in the Separate Statement of Financial Position at December 31		511,023	634,939
Current		175,741	221,429
Non-current		P335,282	P413,510

Amounts Recognized in Profit and Loss

	2022	2021
Leases under PFRS 16		
Depreciation of right-of-use assets	P243,009	P240,629
Interest expense related to lease liabilities	44,454	52,356
Expenses relating to short-term leases including VAT on lease payments	101,166	93,137

Amount Recognized in the Statement of Cash Flows

	2022	2021
Total cash outflow for leases	P301,933	P276,949

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:

	2022	2021
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	P500,000	P500,000
Additional paid-in capital	462,000	462,000
Total paid-up capital	P962,000	P962,000

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, 2023.

On January 5, 2021, the Company remitted cash dividends amounting to P2.00 billion. Such cash dividends were declared by the BOD of the Company on October 23, 2020. The IC issued CL No. 2021-02 Revised Guidelines on Declaration and/or Distribution of Dividends on January 7, 2021 to supersede CL No. 2019-60 which requires companies to seek prior approval from the institution to declare and/or distribute dividends. The latest CL requires no prior approval or clearance from IC on the declaration of dividends but only requires insurance companies to submit reportorial requirements post dividend distribution. Hence, the Company paid the dividend on January 25, 2021 and submitted the corresponding post dividend distribution reportorial requirements to the IC on February 24, 2021.

On May 19, 2021, the BOD of the Company declared cash dividends amounting to P2.23 billion which shall not be remitted earlier than June 03, 2021. Of the dividends declared, P1.83 billion was paid on June 03, 2021. The Company submitted the corresponding post dividend distribution reportorial requirements to the IC on July 02, 2021 and the contents of the submission were found to be in order by the IC in a letter dated October 20, 2021.

As at December 31, 2022, the Company's unappropriated retained earnings of P16.86 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.

Financial statements

32. Maturity Profile of Assets and Liabilities

The following table presents all assets and liabilities as at December 31, 2022 and 2021 analyzed according to when they are expected to be recovered or settled (based on contractual maturity).

		2022				2021			
	Note	Within One Year	Beyond One Year	No Term	Total	Within One Year	Beyond One Year	No Term	Total
Assets									
Cash and cash equivalents	*7*	**P5,930,837**	**P -**	**P -**	**P5,930,837**	P2,574,335	P -	P -	P2,574,335
Interest receivable	*5*	**4,390**	**122,431**	**34**	**126,855**	10,447	121,760	34	132,241
Investments	*6, 8*	**880,198**	**8,367,079**	**419,469**	**9,666,746**	2,168,683	9,759,496	412,133	12,340,312
Investment in subsidiary	*9*	**-**	**-**	**239,189**	**239,189**	-	-	529,248	529,248
Premiums due from policyholders	*5*	**8,716**	**-**	**-**	**8,716**	10,831	-	-	10,831
Policy loans receivables - net	*5, 10*	**-**	**315,202**	**-**	**315,202**	-	369,607	-	369,607
Coverage debt receivables - net	*5, 12*	**1,065,080**	**-**	**-**	**1,065,080**	960,404	-	-	960,404
Reinsurance assets	*5*	**134,179**	**-**	**-**	**134,179**	53,439	-	-	53,439
Property and equipment - net	*13*	**-**	**-**	**450,064**	**450,064**	-	-	415,241	415,241
Right-of-use assets - net	*29*	**-**	**-**	**423,557**	**423,557**	-	-	533,003	533,003
Deferred acquisition costs	*5, 14*	**1,511,532**	**13,047,407**	**-**	**14,558,939**	1,344,193	11,111,774	-	12,455,967
Other assets - net	*15*	**817,053**	**136,550**	**1,092,614**	**2,046,217**	743,932	136,967	766,359	1,647,258
Assets Held to Cover Linked Liabilities	*11*	**4,671,123**	**21,452,930**	**82,398,512**	**108,522,565**	1,571,286	23,859,619	81,142,644	106,573,549
		P15,023,108	**P43,441,599**	**P85,023,439**	**P143,488,146**	P9,437,550	P45,359,223	P83,798,662	P138,595,435
Liabilities									
Legal policy reserves	*5, 16*	**P61,190**	**P4,207,768**	**P -**	**P4,268,958**	P59,578	P5,552,226	P -	P5,611,804
Claims payable	*5, 17*	**1,320,050**	**-**	**-**	**1,320,050**	1,042,874	-	-	1,042,874
Reinsurance payable	*5, 18*	**226,036**	**-**	**-**	**226,036**	124,788	-	-	124,788
Deferred tax liabilities - net	*27*	**2,232,501**	**-**	**-**	**2,232,501**	(711,710)	2,499,728	-	1,788,018
Accounts payable, accrued expenses and other liabilities	*19*	**8,542,426**	**-**	**-**	**8,542,426**	7,234,154	-	-	7,234,154
Lease liabilities	*5, 29*	**-**	**-**	**511,023**	**511,023**	22,670	665,132	-	687,802
Technical Provisions for Linked Liabilities	*5, 11*	**-**	**108,522,565**	**-**	**108,522,565**	-	-	106,573,549	106,573,549
		P12,382,203	**P112,730,333**	**P511,023**	**P125,623,559**	P7,772,354	P8,717,086	P106,573,549	P123,062,989

www.prulifeuk.com.ph

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, 2022 (expressed in whole amounts):

A. Value Added Tax

The details of the Company's output VAT declared in 2022 are as follows:

Other income - shared service fees	**987,655**
Output VAT rate	**12%**
	118,519

The Company does not have input VAT in 2022 since it does not have any transactions which are subject to input VAT.

B. Documentary Stamp Tax

On life insurance policies and others	**P39,557,206**

C. Withholding Taxes

Creditable withholding taxes	**P700,311,671**
Final withholding taxes	**200,965,667**
Tax on compensation and benefits	**320,990,342**
	P1,222,267,680

D. Taxes on Importation

The Company does not have any customs duties or tariff fees in 2022 since it does not have any importation.

E. Excise Tax

The Company does not have any excise tax in 2022 since it does not have any transactions which are subject to excise tax.

F. All Other Taxes (Local and National)

Premiums tax	**P403,287,840**
License and permit fees	**57,483,410**
Fringe benefits tax	**15,155,551**
Real estate taxes	**210,388**
	P476,137,189

G. Other Matters

Pursuant to sections 6(A) and 10(C) of the National Internal Revenue Code of 1997, as amended, the Company received a Letter of Authority (LOA) from BIR to examine its books of accounts and other accounting records for all internal revenue taxes including documentary stamp tax and other taxes for the period covering January 1, 2019 to December 31, 2019 on October 15, 2021. The results of the abovementioned examination has yet to be determined as at December 31, 2022.

The Company also received a LOA from the BIR for the period covering January 1, 2018 to December 31, 2018 on August 12, 2020. On December 9, 2022, the Company received a Preliminary Assessment Notice from the BIR. The final assessment for the abovementioned examination has yet to be determined as at December 31, 2022.

On February 28, 2023, the Company received a Final Assessment Notice from the BIR for the period covering January 1, 2018 to December 31, 2018. On the same day, the Company settled the amount of the abovementioned assessment amounting to P205.31 million.

The Company has no deficiency tax assessment or any tax case, litigation, and/or prosecution in courts or bodies outside the BIR as at December 31, 2022 other than the aforementioned.

Combined Financial Statements

PRU LIFE INSURANCE CORPORATION OF U.K.
PRULINK OPERATED BY THE LINKED FUND

COMBINED FINANCIAL STATEMENTS
December 31, 2022 and 2021

REPORT OF INDEPENDENT AUDITORS

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

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 statements of assets and accountabilities as at December 31, 2022 and 2021, and the combined statements of changes in net assets and cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined assets and accountabilities of the Funds as at December 31, 2022 and 2021, and its combined changes in net assets and its combined cash flows for the years then ended in accordance with the basis of preparation set out 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 *Auditors' 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 - Basis of Accounting

We draw attention to Note 2 to the combined financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Company in presenting the combined financial statements which is based on the financial statements of the individual linked funds. As a result, the combined financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with the basis of preparation set out in Note 2 to the combined financial statements, and for such internal control as management determines is necessary to enable the preparation of 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

R.G. MANABAT & CO.

FLORIZZA C. SIMANGAN
Partner
CPA License No. 0147917
IC Accreditation No. 14797-IC, Group A, valid for five (5) years covering the audit of 2021 to 2025 financial statements
SEC Accreditation No. 147917-SEC, Group A, valid for five (5) years covering the audit of 2021 to 2025 financial statements
Tax Identification No. 429-267-284
BIR Accreditation No. 08-001987-150-2022
Issued January 27, 2022; valid until January 26, 2025
PTR No. MKT 9563847
Issued January 3, 2023, at Makati City

April 25, 2023
Makati City, Metro Manila

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)

	Note	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	8	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
Interest receivables	8	15	161,425	80,767	75	20,055	-	92	-	-	-	-	-	-	-	-	-	262,429
Receivable from life fund	2, 8	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
Investments at fair value through profit or loss	2, 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
Other assets	8	-	-	-	-	335,755	45	-	714	2,917	1,355	1,023	1,329	5,070	1,214	3,144	36,430	388,996
		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	2, 8	(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	8	(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)
Trade payable	8	(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.

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, 2021 (Amounts in Thousands)

	Note	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	8	P14,422	P154,426	P13,758	P86,013	P1,285,454	P1,760	P54,894	P1,749	P1,361	P1,438	P322,094	P1,312	P15,691	P1,000	P10,194	P -	P1,965,566
Interest receivables	8	-	156,006	79,786	-	23,916	1,208	-	-	-	-	-	-	-	-	-	-	260,916
Receivable from life fund	2, 8	3,765	1,191	3,405	25,129	88,158	34	4,020	-	283	124	87,672	3	8,248	6,493	4,902	-	233,427
Investments at fair value through profit or loss	2, 5	5,321,439	18,421,436	5,858,052	16,286,255	63,378,114	279,381	17,579,066	414,194	969,218	723,024	13,651,701	117,955	611,803	437,995	108,466	-	144,158,099
Other assets	8	1,600	-	-	4,000	30,000	-	9,500	55	145	444	34,714	-	9,533	689	2,405	-	93,085
		5,341,226	18,733,059	5,955,001	16,401,397	64,805,642	282,383	17,647,480	415,998	971,007	725,030	14,096,181	119,270	645,275	446,177	125,967	-	146,711,093
LIABILITIES																		
Liability to life fund and other linked funds	2, 8	(5,477)	(15,557,852)	(8,290)	(1,000)	(23,643,854)	(8,673)	(12,520)	(1,121)	(1,219)	(1,728)	(1,061)	(1,127)	(1,000)	(1,000)	(1,000)	-	(39,246,922)
Accrued expenses	8	(48)	(2,295)	(716)	(194)	(13,060)	(22)	(502)	(2,425)	(163)	(121)	(141,189)	(19)	(114)	(753)	(20)	-	(161,641)
Trade payable	8	-	(15,100)	-	(30,000)	(435,068)	-	-	-	(351)	(254)	(212,709)	-	(23,997)	-	(11,502)	-	(728,981)
		(5,525)	(15,575,247)	(9,006)	(31,194)	(24,091,982)	(8,695)	(13,022)	(3,546)	(1,733)	(2,103)	(354,959)	(1,146)	(25,111)	(1,753)	(12,522)	-	(40,137,544)
NET ASSETS		P5,335,701	P3,157,812	P5,945,995	P16,370,203	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

See Notes to the 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	P5,335,701	P3,157,812	P5,945,995	P16,370,203	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
Net additions (withdrawals) to the fund for creation of units	(89,057)	(61,425)	(458,537)	1,651,461	6,339,083	321,121	(126,590)	(29,423)	(79,170)	(36,348)	1,535,649	8,596	386,692	513,282	290,567	555,094	10,720,995
	5,246,644	3,096,387	5,487,458	18,021,664	47,052,743	594,809	17,507,868	383,029	890,104	686,579	15,276,871	126,720	1,006,856	957,706	404,012	555,094	117,294,544
FUND INCOME																	
Unrealized appreciation (depreciation) of investment at fair value through profit or loss	-	(1,567,806)	(656,444)	-	(2,595,264)	5,714	-	(15,789)	(10,848)	20,890	(328,353)	2,844	(100,017)	(25,627)	(25,575)	(435)	(5,296,710)
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)	(553)	(1,780)	(2,894,048)
Dividend income	-	-	-	-	1,320,654	-	-	-	-	-	5,572	-	-	-	-	-	1,326,226
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)	(11,027)	9,829	38,835	(1,275,324)	(3,284)	(98,624)	(27,544)	(26,126)	(2,198)	(5,693,790)
FUND EXPENSES																	
Management fees	(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)
Tax expense	(84)	(178,855)	(14)	(417)	(4,004)	(489)	(453)	-	-	-	(1,463)	-	(1)	-	-	(4)	(185,784)
	(6,538)	(463,469)	(82,472)	(27,101)	(1,530,613)	(3,020)	(63,894)	(6,926)	(19,164)	(14,922)	(823,698)	(2,346)	(16,607)	(11,143)	(6,130)	(146)	(3,078,189)
Net increase (decrease) in net assets from operations for the year	(323,649)	(181,678)	(557,424)	(1,163,116)	(3,064,030)	5,339	(1,190,876)	(17,953)	(9,335)	23,913	(2,099,022)	(5,630)	(115,231)	(38,687)	(32,256)	(2,344)	(8,771,979)
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	P13,177,849	P121,090	P891,625	P919,019	P371,756	P552,750	P108,522,565

**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 CHANGES IN NET ASSETS OF THE PRULINK OPERATED BY THE LINKED FUND FOR THE YEAR ENDED DECEMBER 31, 2021 (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	P5,770,066	P3,579,235	P6,338,312	P14,979,556	P33,902,679	P316,088	P18,228,401	P454,300	P1,113,768	P731,636	P10,460,144	P111,114	P264,577	P109,039	P -	P -	P96,358,915
Net additions (withdrawals) to the fund for creation of units	(197,308)	(249,751)	(578,406)	1,527,385	6,505,086	(44,561)	(31,731)	(29,423)	(175,057)	(72,898)	3,259,122	7,579	301,531	325,456	109,752	-	10,656,776
	5,572,758	3,329,484	5,759,906	16,506,941	40,407,765	271,527	18,196,670	424,877	938,711	658,738	13,719,266	118,693	566,108	434,495	109,752	-	107,015,691
FUND INCOME																	
Unrealized appreciation (depreciation) of investment at fair value through profit or loss	-	(1,344,960)	14,499	-	683,496	(372)	-	(14,811)	(12,665)	44,131	275,566	(3,408)	58,679	13,978	3,971	-	(281,896)
Interest income	14	804,726	243,601	135	2,171	2,743	70	-	-	-	36	-	-	-	-	-	1,053,496
Gain (loss) on sale of investment at fair value through profit or loss	-	158,338	24,182	-	(274,028)	2,273	-	10,325	66,597	36,411	500,795	5,237	4,764	340	(50)	-	535,184
Dividend income	-	-	-	-	1,167,229	-	-	-	-	-	1,329	-	-	-	-	-	1,168,558
Profit (loss) from interfund investments	(231,941)	674,110	-	(117,487)	182,429	-	(507,111)	-	-	-	-	-	-	-	-	-	-
	(231,927)	292,214	282,282	(117,352)	1,761,297	4,644	(507,041)	(4,486)	53,932	80,542	777,726	1,829	63,443	14,318	3,921		2,475,342
FUND EXPENSES																	
Management fees	(5,127)	(272,652)	(96,193)	(19,358)	(1,454,968)	(1,500)	(55,158)	(7,939)	(23,369)	(16,353)	(242,016)	(2,398)	(9,387)	(4,389)	(228)	-	(2,211,035)
Distribution expense	-	-	-	-	-	-	-	-	-	-	(513,422)	-	-	-	-	-	(513,422)
Tax expense	(3)	(191,234)	-	(28)	(434)	(983)	(13)	-	-	-	(332)	-	-	-	-	-	(193,027)
	(5,130)	(463,886)	(96,193)	(19,386)	(1,455,402)	(2,483)	(55,171)	(7,939)	(23,369)	(16,353)	(755,770)	(2,398)	(9,387)	(4,389)	(228)	-	(2,917,484)
Net increase (decrease) in net assets from operations for the year	(237,057)	(171,672)	186,089	(136,738)	305,895	2,161	(562,212)	(12,425)	30,563	64,189	21,956	(569)	54,056	9,929	3,693	-	(442,142)
NET ASSETS AT END OF YEAR	P5,335,701	P3,157,812	P5,945,995	P16,370,203	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

**Insurance Commission approved the commercial operations of the fund on August 6, 2021 as disclosed in Note 1 to the Combined Financial Statements.*
***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																	
Net increase (decrease) in net assets from operations for the year	(P323,649)	(P181,678)	(P557,424)	(P1,163,116)	(P3,064,030)	P5,339	(P1,190,876)	(P17,953)	(P9,335)	P23,913	(P2,099,022)	(P5,630)	(P115,231)	(P38,687)	(P32,256)	(P2,344)	(P8,771,979)
Adjustments for:																	
Unrealized depreciation (appreciation) of investment at fair value through profit or loss	-	1,567,806	1,065,724	-	2,595,264	(5,714)	-	47,090	85,949	39,800	1,451,521	7,450	175,600	25,627	56,624	20,439	7,133,180
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	553	1,780	2,894,048
Dividend income	-	-	-	-	(1,320,654)	-	-	-	-	-	(5,572)	-	-	-	-	-	(1,326,226)
Foreign exchange loss	-	-	(412,008)	-	-	-	-	(31,301)	(75,101)	(60,690)	(1,123,168)	(10,294)	(75,583)	-	(31,049)	(20,004)	(1,839,198)
Profit (loss) from interfund investments	317,534	(954,872)	-	1,138,106	(1,630,018)	-	1,129,250	-	-	-	-	-	-	-	-	-	-
Operating loss before working capital changes	(6,538)	(463,469)	(85,200)	(27,101)	(1,530,613)	(3,020)	(63,894)	(6,926)	(19,164)	(14,922)	(823,698)	(2,346)	(16,607)	(11,143)	(6,130)	(146)	(3,080,917)
Changes in:																	
Receivable from life fund	152	(2,717)	3,405	(9,139)	(20,803)	34	(2,628)	-	(258)	(702)	70,160	2	2,549	(8,254)	(2,866)	(314,414)	(285,479)
Other assets	1,600	-	-	4,000	(305,755)	(45)	9,500	(659)	(2,772)	(911)	33,691	(1,329)	4,463	(525)	(739)	(36,430)	(295,911)
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)	163,262	721,832
Net additions (withdrawals) to the fund for creation of units	(89,057)	(61,425)	(458,537)	1,651,461	6,339,083	321,121	(126,590)	(29,423)	(79,170)	(36,348)	1,535,649	8,596	386,692	513,282	290,567	555,094	10,720,995
Net cash provided by (used in) operating activities	(51,819)	(1,225,430)	(537,880)	1,746,179	3,381,814	310,603	(24,101)	(36,132)	(98,354)	(50,401)	1,190,310	6,196	364,798	494,168	278,896	368,458	6,117,305

Forward

Combined financial statements

	Note	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		P115,975	P358,495	P350,302	(P1,438,452)	(P2,975,083)	(P314,265)	P452,799	P36,217	P98,626	P50,383	(P797,628)	(P6,009)	(P372,888)	(P494,168)	(P281,658)	(P236,727)	(P5,454,081)
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	584,090	(1,436,436)	(1,630,546)	(311,362)	454,975	36,217	98,626	50,383	(790,613)	(6,009)	(372,885)	(494,167)	(281,656)	(236,710)	(2,958,626)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		64,564	35,654	46,210	309,743	1,751,268	(759)	430,874	85	272	(18)	399,697	187	(8,087)	1	(2,760)	131,748	3,158,679
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS		-	-	2,728	-	-	-	-	-	-	-	-	-	-	-	-	-	2,728
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		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	*8*	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.

www.prulifeuk.com.ph

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, 2021 (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																	
Net increase (decrease) in net assets from operations for the year	(P237,057)	(P171,672)	P186,089	(P136,738)	P305,895	P2,161	(P562,212)	(P12,425)	P30,563	P64,189	P21,956	(P569)	P54,056	P9,929	P3,693	P -	(P442,142)
Adjustments for:																	
Unrealized depreciation (appreciation) of investment at fair value through profit or loss	-	1,344,960	327,342	-	(683,496)	372	-	38,981	69,223	(1,940)	521,067	10,291	(22,978)	(13,978)	2,358	-	1,592,202
Interest income	(14)	(804,726)	(243,601)	(135)	(2,171)	(2,743)	(70)	-	-	-	(36)	-	-	-	-	-	(1,053,496)
(Gain) loss on sale of investment at fair value through profit or loss	-	(158,338)	(24,182)	-	274,028	(2,273)	-	(10,325)	(66,597)	(36,411)	(500,795)	(5,237)	(4,764)	(340)	50	-	(535,184)
Dividend income	-	-	-	-	(1,167,229)	-	-	-	-	-	(1,329)	-	-	-	-	-	(1,168,558)
Foreign exchange loss	-	-	(341,841)	-	-	-	-	(24,170)	(56,558)	(42,191)	(796,633)	(6,883)	(35,701)	-	(6,329)	-	(1,310,306)
Profit (loss) from interfund investments	231,941	(674,110)	-	117,487	(182,429)	-	507,111	-	-	-	-	-	-	-	-	-	-
Operating loss before working capital changes	(5,130)	(463,886)	(96,193)	(19,386)	(1,455,402)	(2,483)	(55,171)	(7,939)	(23,369)	(16,353)	(755,770)	(2,398)	(9,387)	(4,389)	(228)	-	(2,917,484)
Changes in:																	
Receivable from life fund	(1,223)	4,948	1,650	31,111	98,689	7	29,422	47	(130)	4,475	244,960	29	(3,797)	1,103	(4,902)	-	406,389
Other assets	(1,600)	-	10,798	(4,000)	(19,091)	-	(9,500)	643	372	(439)	80,186	1,008	(6,886)	(689)	(2,405)	-	48,397
Liability to life fund and other linked funds	(3,167)	1,455,196	(6,662)	(578)	(1,058,000)	(250,769)	(5,128)	(660)	(1,120)	724	(33,795)	-	-	-	1,000	-	97,041
Accrued expenses	(61)	(3,663)	(1,434)	(204)	(16,517)	(48)	(696)	648	(330)	(202)	31,759	(27)	(452)	714	20	-	9,507
Trade payable	-	15,100	-	30,000	426,107	-	-	-	(925)	(1,656)	(20,871)	-	19,316	-	11,502	-	478,573
Net additions (withdrawals) to the fund for creation of units	(197,308)	(249,751)	(578,406)	1,527,385	6,505,086	(44,561)	(31,731)	(29,423)	(175,057)	(72,898)	3,259,122	7,579	301,531	325,456	109,752	-	10,656,776
Net cash provided by (used in) operating activities	(208,489)	757,944	(670,247)	1,564,328	4,480,872	(297,854)	(72,804)	(36,684)	(200,559)	(86,349)	2,805,591	6,191	300,325	322,195	114,739	-	8,779,199

Forward

	Note	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		P206,689	(P1,491,837)	P423,615	(P1,539,913)	(P5,356,396)	P160,476	P83,159	P37,362	P199,472	P85,084	(P2,674,448)	(P5,230)	(P288,152)	(P322,205)	(P104,545)	P -	(P10,586,869)
Interest received		14	794,498	250,325	136	2,178	3,481	71	-	-	-	36	-	-	-	-	-	1,050,739
Dividends received		-	-	-	-	1,170,942	-	-	-	-	-	1,329	-	-	-	-	-	1,172,271
Net cash (used in) provided by investing activities		206,703	(697,339)	673,940	(1,539,777)	(4,183,276)	163,957	83,230	37,362	199,472	85,084	(2,673,083)	(5,230)	(288,152)	(322,205)	(104,545)	-	(8,363,859)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(1,786)	60,605	3,693	24,551	297,596	(133,897)	10,426	678	(1,087)	(1,265)	132,508	961	12,173	(10)	10,194	-	415,340
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		16,208	93,821	10,065	61,462	987,858	135,657	44,468	1,071	2,448	2,703	189,586	351	3,518	1,010	-	-	1,550,226
CASH AND CASH EQUIVALENTS AT END OF YEAR	*8*	P14,422	P154,426	P13,758	P86,013	P1,285,454	P1,760	P54,894	P1,749	P1,361	P1,438	P322,094	P1,312	P15,691	P1,000	P10,194	P -	P1,965,566

**Insurance Commission approved the commercial operations of the fund on August 6, 2021 as disclosed in Note 1 to the Combined Financial Statements.*
***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.

Last May 6, 2022, the Company submitted a letter to notify the IC about the transfer of Money Market Fund from being managed in-house to Pru Life UK Asset Management and Trust Corporation (PAMTC) via the Investment Management Account (IMA) for professional fund management services.

p. Cash Flow Fund Plus - PhP Hedged Share Class - this fund seeks to provide a regular payout of up to 6% per year (or up to 1.5% per quarter) 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 also invest up to 20% of its assets in global equities and other dividend-yielding assets.

The Company submitted its application for the approval of the Prulink Cash Flow Fund Plus to IC on September 21, 2022 and was subsequently approved on October 24, 2022.

Investment activities of all Funds, except for 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. The Equity Index Tracker Fund and Money Market Fund are managed by Pru Life UK Asset Management and Trust Corporation (see Note 6), a subsidiary of the Company. 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.

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 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 financial statements of individual linked funds.

The combined financial statements of the Funds were authorized for issue by the Board of Directors (BOD) of the Company on March 24, 2023.

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.

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 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:

	Note	2022	2021
Proactive Fund invested at Bond Fund (Peso)	5, 8	**P7,818,208**	P8,320,676
Managed Fund invested at Bond Fund (Peso)	5, 8	**3,898,720**	4,190,144
Growth Fund invested at Equity Fund	5	**13,443,374**	13,253,148
Proactive Fund invested at Equity Fund	5	**8,178,809**	9,258,390
Growth Fund invested at Bond Fund (Peso)	5, 8	**3,143,227**	3,033,107
Managed Fund invested at Equity Fund	5	**989,210**	1,131,295
		P37,471,548	P39,186,760

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:

	2022	2021
Liability of Equity Fund to Growth Fund	**P13,443,374**	P13,253,148
Liability of Equity Fund to Proactive Fund	**8,178,809**	9,258,390
Liability of Bond Fund (Peso) to Proactive Fund	**7,818,208**	8,320,676
Liability of Bond Fund (Peso) to Managed Fund	**3,898,720**	4,190,144
Liability of Bond Fund (Peso) to Growth Fund	**3,143,227**	3,033,107
Liability of Equity Fund to Managed Fund	**989,210**	1,131,295
	P37,471,548	P39,186,760

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 P518.91 million and P233.43 million as at December 31, 2022 and 2021, 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" account as presented in the combined statement of assets and accountabilities amounted to P37.55 billion and P39.25 billion as at December 31, 2022 and 2021, respectively (see Note 8).

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. The resulting foreign currency exchange differences are included in unrealized appreciation (depreciation) of financial assets at FVPL.

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. Summary of Significant Accounting Policies

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 2022 are not applicable to the Funds' combined financial statements.

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 holds 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, 2022 and 2021, 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 P141.42 billion and P144.16 billion as at December 31, 2022 and 2021, 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, 2022 and 2021, the Funds' combined loans and receivables amounted to P6.30 billion and P2.55 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

Combined financial statements

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, 2022 and 2021, the Funds' other financial liabilities amounted to P39.20 billion and P40.14 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.

Contingent Liabilities
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.

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, 2023

(a) *PFRS* 17. PFRS 17 *Insurance Contracts* replaces the interim standard, PFRS 4 *Insurance Contracts.* Reflecting the view that an insurance contract combines features of both a financial instrument and a service contract, and considering the fact that many insurance contracts generate cash flows with substantial variability over a long period, PFRS 17 introduces a new approach that:

    (a) combines current measurement of the future cash flows with the recognition of profit over the period services are provided under the contract;

    (b) presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and

    (c) requires an entity to make an accounting policy choice portfolio-by-portfolio of whether 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 rights 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 contracts with discretionary participation features, and reinsurance contracts held.

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 periods beginning on or after January 1, 2025. Full retrospective application is required, unless it is impracticable, in which case the entity chooses to apply 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.

The Company will early adopt PFRS 17 in 2023 to be consistent with the adoption of Prudential. The Company expected that this will have no significant impact on its combined financial statements.

(b) *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.

(c) *Definition of Accounting Estimates (Amendments to PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)*
To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remain unchanged. The amendments also provide examples on the application of the new definition.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

(d) *Disclosure of Accounting Policies (Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements)*
The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments to PFRS Practice Statement 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures.

The amendments are effective from January 1, 2023. Earlier application is permitted.

To be Adopted January 1, 2024

(e) *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, 2022 and 2021, 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, 2022 and 2021, 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:

		2022																
	Note	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
	8	-	-	-	-	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
	2, 8	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)
	2, 8	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)
	8	-	17,436,724	4,798,029	-	-	600,310	-	366,950	-	-	12,763,901	55,242	-	-	-	207,390	36,228,546
Accumulated fair value loss - NDF	*8*	-	-	-	-	-	-	-	-	-	-	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

Combined financial statements

	Note	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
		2021																
Investments in shares of stocks		P -	P -	P -	P -	P59,321,981	P -	P -	P -	P767,707	P558,442	P -	P49,073	P532,732	P413,856	P104,495	P -	P61,748,286
Accumulated fair value gain		-	-	-	-	4,056,133	-	-	-	201,511	164,582	-	5,423	79,071	24,139	3,971	-	4,534,830
	8	-	-	-	-	63,378,114	-	-	-	969,218	723,024	-	54,496	611,803	437,995	108,466	-	66,283,116
Investments in bond funds		3,128,864	-	-	2,842,006	-	-	7,517,150	-	-	-	-	-	-	-	-	-	13,488,020
Accumulated fair value gain		1,061,280	-	-	191,101	-	-	803,526	-	-	-	-	-	-	-	-	-	2,055,907
	2, 8	4,190,144	-	-	3,033,107	-	-	8,320,676	-	-	-	-	-	-	-	-	-	15,543,927
Investments in equity funds		1,072,916	-	-	12,171,946	-	-	9,061,963	-	-	-	-	-	-	-	-	-	22,306,825
Accumulated fair value gain		58,379	-	-	1,081,202	-	-	196,427	-	-	-	-	-	-	-	-	-	1,336,008
	2, 8	1,131,295	-	-	13,253,148	-	-	9,258,390	-	-	-	-	-	-	-	-	-	23,642,833
Investments in debt securities		-	18,168,446	5,481,484	-	-	278,952	-	328,354	-	-	12,893,332	64,220	-	-	-	-	37,214,788
Accumulated fair value gain (loss)		-	252,990	376,568	-	-	429	-	85,840	-	-	858,735	(761)	-	-	-	-	1,573,801
	8	-	18,421,436	5,858,052	-	-	279,381	-	414,194	-	-	13,752,067	63,459	-	-	-	-	38,788,589
Accumulated fair value loss - NDF	8	-	-	-	-	-	-	-	-	-	-	(100,366)	-	-	-	-	-	(100,366)
		P5,321,439	P18,421,436	P5,858,052	P16,286,255	P63,378,114	P279,381	P17,579,066	P414,194	P969,218	P723,024	P13,651,701	P117,955	P611,803	P437,995	P108,466	P -	P144,158,099

www.prulifeuk.com.ph

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:

	2022	2021
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 Market Navigator Fund	**2.25%**	2.25%
Cash Flow Fund Plus	**1.95%**	-

7. Number of Units and Unit Prices

As at December 31, the Funds' number of units issued are as follows:

	2022	2021
Managed Fund	**P1,552,537**	P1,579,741
Bond Fund (Peso)	**1,060,863**	1,082,435
Growth Fund	**4,835,265**	4,363,267
Equity Fund	**22,731,636**	19,481,320
Proactive Fund	**8,020,306**	8,075,845
Money Market Fund	**530,270**	244,530
Global Market Navigator Fund	**889,041**	523,247
Equity Index Tracker Fund	**814,243**	363,315
Global Equity Navigator Fund	**421,266**	111,170
Bond Fund (Dollar)	**36,531**	39,800
Asian Local Bond Fund	**6,846**	7,387
Asia Pacific Equity Fund	**15,704**	17,044
Global Emerging Market Fund	**11,386**	11,979
Cash Flow Fund (Dollar)	**166,986**	169,379
Cash Flow Fund (Peso Hedged Share Class)	**7,172,790**	5,509,578
Asian Balanced Fund	**2,401**	2,223
Cash Flow Fund Plus	**558,546**	-
	P48,826,617	P41,582,260

The corresponding December 31 unit prices are as follows:

	2022	2021
Unit Price in Philippine peso		
Managed Fund	**P3.17094**	P3.37758
Bond Fund (Peso)	**2.74749**	2.91732
Growth Fund	**3.48658**	3.75182
Equity Fund	**1.93513**	2.08988
Proactive Fund	**2.03446**	2.18361
Money Market Fund	**1.13178**	1.11924
Global Market Navigator Fund	**1.00291**	1.18522
Equity Index Tracker Fund	**1.12868**	1.22325
Global Equity Navigator Fund	**0.88247**	1.02047
Cash Flow Fund Plus	**0.98965**	-
Unit Price in U.S. dollar		
Bond Fund (Dollar)	**$2.42046**	$2.92940
Asian Local Bond Fund	**0.95646**	1.09484
Asia Pacific Equity Fund	**1.00594**	1.11508
Global Emerging Market Fund	**1.11923**	1.18332
Cash Flow Fund (Dollar)	**0.74603**	0.92686
Cash Flow Fund (Peso Hedged Share Class)	**0.86866**	1.04089
Asian Balanced Fund	**0.90471**	1.04213

The corresponding published unit prices as of the last working day of the year are as follows:

	December 29, 2022	December 31, 2021
Unit Price in Philippine peso		
Managed Fund	**P3.17094**	P3.37758
Bond Fund (Peso)	**2.74740**	2.91732
Growth Fund	**3.48691**	3.75182
Equity Fund	**1.93536**	2.08988
Proactive Fund	**2.03459**	2.18361
Money Market Fund	**1.13181**	1.11924
Global Market Navigator Fund	**1.00192**	1.18522
Equity Index Tracker Fund	**1.12879**	1.22325
Global Equity Navigator Fund	**0.88542**	1.02047
Cash Flow Fund Plus		
Unit Price in U.S. dollar	$2.41800	$2.92940
Bond Fund (Dollar)	**0.95386**	1.09484
Asian Local Bond Fund	**1.00997**	1.11508
Asia Pacific Equity Fund	**1.12165**	1.18332
Global Emerging Market Fund	**0.74764**	0.92686
Cash Flow Fund (Dollar)	**0.86922**	1.04089
Cash Flow Fund (Peso Hedged Share Class)	**0.90610**	1.04213
Asian Balanced Fund	**0.99077**	-

Combined financial statements

8. Financial 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 from its investments in government securities since the said investments amounted to P51.09 billion as at December 31, 2022 and P54.33 billion as at December 31, 2021 which are 34.59% and 37.03% of its total assets, respectively.

www.prulifeuk.com.ph

The table below provides information regarding the credit risk exposure of the Funds as at December 31, 2022 and 2021 by classifying assets according to the Funds' credit grading of counterparties.

2022

	Note	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	*3*	P5,126,973	P -	P5,126,973	P -	P5,126,973
Interest receivables	*3*	262,429	-	262,429	-	262,429
Receivable from life fund	*2, 3*	518,906	-	518,906	-	518,906
Investments in bond funds	*2, 5*	14,860,155	-	14,860,155	-	14,860,155
Investments in debt securities	*5*	36,228,546	-	36,228,546	-	36,228,546
Other assets	*3*	388,996	-	388,996	-	388,996
		P57,386,005	P -	P57,386,005	P -	P57,386,005

2021

	Note	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	3	P1,965,566	P -	P1,965,566	P -	P1,965,566
Interest receivables	3	260,916	-	260,916	-	260,916
Receivable from life fund	2, 3	233,427	-	233,427	-	233,427
Investments in bond funds	2, 5	15,543,927	-	15,543,927	-	15,543,927
Investments in debt securities	5	38,788,589	-	38,788,589	-	38,788,589
Other assets	3	93,085	-	93,085	-	93,085
		P56,885,510	P -	P56,885,510	P -	P56,885,510

The Funds has no past due but not impaired financial assets as at December 31, 2022 and 2021.

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 liabilities of the Funds based on remaining contractual obligations or on the estimated timing of net cash flows as at December 31, 2022 and 2021.

2022

	Note	Less than 1 year	1-2 years	>2-3 years	>3-4 years	>4-5 years	More than 5 years	Total
Liability to life fund and other linked funds	*2*	P37,552,421	P -	P -	P -	P -	P -	P37,552,421
Accrued expenses		192,927	-	-	-	-	-	192,927
Trade payable		1,450,813	-	-	-	-	-	1,450,813
	3	P39,196,161	P -	P -	P -	P -	P -	P39,196,161

2021

	Note	Less than 1 year	1-2 years	>2-3 years	>3-4 years	>4-5 years	More than 5 years	Total
Liability to life fund and other linked funds	*2*	P39,246,922	P -	P -	P -	P -	P -	P39,246,922
Accrued expenses		161,641	-	-	-	-	-	161,641
Trade payable		728,981	-	-	-	-	-	728,981
	3	P40,137,544	P -	P -	P -	P -	P -	P40,137,544

(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:

	2022	2021
Short-term time deposits	$574	$ -
Investments	386,138	440,291
	$386,712	$440,291
Foreign exchange rate to the Philippine peso used*	55.750	50.990
	P21,559,194	P22,450,438

**Exchange rate used is based on Bankers Association of the Philippines foreign exchange rate as at December 29, 2022 and December 31, 2021.*

An 8% and 1% strengthening of Philippine peso against the U.S. dollar as at December 31, 2022 and 2021, with all variables remaining constant, would have affected the measurement of profit before tax and equity by P1.72 billion and P0.22 billion, respectively. An 8% and 1% weakening of the Philippine peso in relation to the U.S. dollar as at December 31, 2022 and 2021, 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, 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**

	Changes in variables	
December 31, 2021	100 Basis Points *Increase*	100 Basis Points *Decrease*
Currency		
Philippine peso	(P897,459)	P976,678
U.S. dollar	(509,066)	587,028
Fair value sensitivity	(P1,406,525)	P1,563,706

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 P90.29 billion and P89.93 billion as at December 31, 2022 and 2021, 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 7% increase in stock prices would have increased profit before income tax and equity by P6.32 billion and P6.29 billion as at December 31, 2022 and 2021, 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 assets, 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, 2022		
	Note	**Level 1**	**Level 2**	**Total**
Financial Assets				
Investments at FVPL	5	**P141,378,897**	**P42,525**	**P141,421,422**

		December 31, 2021		
	Note	Level 1	Level 2	Total
Financial Assets				
Investments at FVPL	5	P144,258,467	(P100,366)	P144,158,101

The Funds has no financial instruments categorized under Level 3. Also, there has been no transfer between levels in 2022 and 2021.

Combined financial statements

www.prulifeuk.com.ph

Market Review

2022 was a difficult year for markets, with the MSCI[1] All Country World Index (ACWI) falling nearly 18% in US dollar (USD) terms, weighed down by concerns around the growth outlook and recession fears as inflation rose through much of the year and as central banks ratcheted up interest rates in response. US inflation hit a 40-year high, and the US Federal Reserve (Fed) initiated a series of aggressive rate hikes to tame it, despite the risks to general economic growth and the labour market. Negative investor sentiment was further compounded by Russia's invasion of Ukraine and China's zero-COVID policy, although the majority of regions saw an end to the most constraining COVID policies and a restart to unrestricted travel.

Global government and investment grade bonds, as measured by the Bloomberg Global Aggregate Bond Index, tumbled into a bear market during the year. The US Treasury market had one of the worst years ever recorded, all while the US 2-Year and 10-Year Treasury yields inverted, typically a harbinger for an upcoming recession. Predictions of peak inflation and speculation of how fast and how far the US Fed would go in terms of tightening monetary policy remained central to market behaviour, with bond yields rising strongly in this environment. There were few places to hide, with bonds and equities falling strongly in tandem, a largely unprecedented event historically.

Commodity prices spiked after the start of the Russia-Ukraine war. Strict sanctions against Russia followed from the US and its allies and coordinated steps were taken to lock Russia out of the USD-based financial system. The Chinese government's goal of zero COVID led to a dramatic weakening of growth and ongoing disruptions to industry, impacting the global economy and supply chains. Consumer sentiment was lowest around the announcement of President Xi Jinping's appointment to his third term as party leader. Also contributing to this is the series of unprecedented protests against the lockdowns in China that followed in November.

Across equity markets that is generally in the negative territory, Europe performed best (-14%), following by Asia (ex Japan), the US and Emerging Markets, based on MSCI indices and in USD terms. China was the worst performer, down by nearly 22% for the year, although it had fallen by 42% at its trough around the time of the protests, before recovering rapidly in the final quarter.

The snapback seen in China during 4Q was also felt across other markets, both equity and fixed income, triggered by an unexpected easing of COVID restrictions in China, government support for its stressed property market and signs that global inflation pressures were beginning to ease. This led to expectations that central banks could hike rates less aggressively in Q4. MSCI China gained 13.5%, the European index gained more with 19.9% returns, whilst Asia (ex Japan) and Emerging Markets were up 11.2% and 9.6%, respectively. The MSCI US Index was the laggard, gaining only 7% over the quarter. Value stocks outperformed growth stocks over the year, including in the final quarter, with Europe and Emerging Markets benefiting more from this value-style equity leadership than the US.

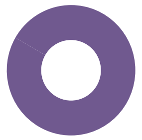
Government bond yields continued to edge up through the end of the year. Market sentiment and views around the implications of peaking inflation have been mixed, with rising yields towards the end of the period reflecting disappointment in central banks' commitment to continue policy tightening despite the weaker inflation figures. The Fed cautioned against relying too much on the short-term inflation trends following its latest rate increase in December and stressed that it will continue hiking rates albeit potentially at a slower pace.

On a local currency basis, the Philippine Stock Exchange Index (PSEi) fell by -5.9% over the year as a whole. Investors weighed up the optimism over the reopening of the Philippine economy and snapback in activity, as well as the conclusion of the presidential election, and gross domestic product (GDP) posting strong year-on-year growth throughout the period. Conversely, investors digested the ongoing inflationary pressures and rate rises by the Bangko Sentral ng Pilipinas (BSP). The BSP raised its monetary policy interest rate by a total of 350 basis points (bps) to 5.5% in 2022 from only 2.0% at the onset of the pandemic.

[1] MSCI - Morgan Stanley Capital International

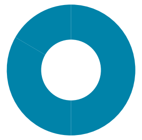
Fund Objectives

PHP-denominated funds



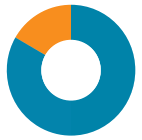
PRULink Money Market Fund

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.



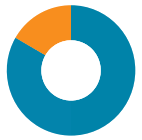
PRULink Bond Fund

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.



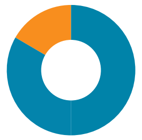
PRULink Cash Flow Fund - PhP Hedged Share Class

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.



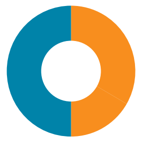
PRULink Cash Flow Fund Plus - PhP Hedged Share Class

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.



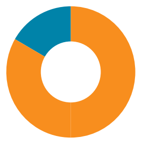
PRULink Managed Fund

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.



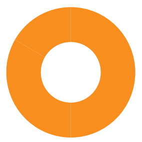
PRULink Proactive Fund

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 Philippines.



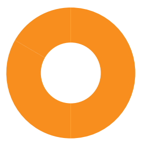
PRULink Growth Fund

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 Philippines. 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.

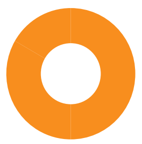


PRULink Equity Fund

The Fund seeks to optimize medium-to long-term capital growth through investments in shares of stock listed in the Philippines.

PRULink Global Market Navigator Fund - PhP Unhedged Share Class

The Fund is a peso-denominated multi-asset fund that aims to give you better return potential by investing in a diversified pool of global assets, including equities, bonds, currencies, and cash.



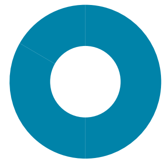
PRULink Global Equity Navigator Fund - PhP Unhedged Share Class

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.

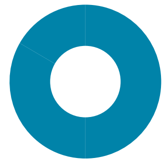
Bonds | Equities | Short-term government securities and cash & cash equivalents | Other assets

USD-denominated funds



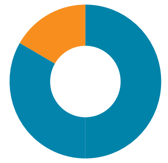
PRULink US Dollar Bond Fund

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.



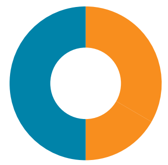
PRULink Asian Local Bond Fund

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 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.



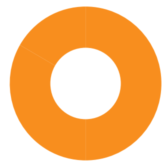
PRULink Cash Flow Fund

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.



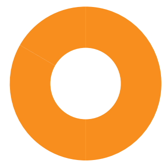
PRULink Asian Balanced Fund

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 will invest 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 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 Asian Balanced Fund
- PRULink Asia Pacific Equity Fund
- PRULink Global Emerging Markets Dynamic Fund

PRULink Money Market Fund

Philippine bonds had a challenging year for 2022 due to a sharp increase in inflation expectation and the Bangko Sentral ng Pilipinas (BSP) aggressively raising rates. For 2022, benchmark yields for bonds with less than a year of maturity increased by an average of 330 basis points (bps). 1-5yr also increased by 294 bps. The 5-10yr and 10-20yr surged by 211 bps and 223 bps, respectively.

As the global economy started to enter recovery territory, many are already expecting that inflation will start to pick up and consequently, bond yields. The rise in yields was further worsened as war between Ukraine and Russia broke out in late February. Both nations were importers of key commodities such as fertilizers, wheat, corn, and crude thus causing a spike in global food prices. On the local front, spike in prices was driven by food, energy, utilities, and transportation. Average consumer price index (CPI) for 2022 in the Philippines reached 5.8%, higher than 2021's average of 3.9%. The highest recorded year-on-year increase was in December at 8.1%, a level not seen since 2008.

On the local monetary policy side, the BSP implemented one of its aggressive rate hike plans in 2022. The first rate hike was implemented in May as the Monetary Board (MB) increased the key rate by 25 bps. At the end of year, the MB increased the key rate by a total of 350 bps to 5.50%. BSP Governor Felipe Medalla shared that the aggressive move was made to help anchor inflation back to acceptable levels of 2-4% annually and to protect the Philippine peso from further depreciating. He also shared that they will continue with their hawkish approach to monetary policy until there is concrete evidence that inflation is slowing down.

Will 2023 be a better year for Philippine bonds? We believe so as we are expecting that: (i) inflation in the Philippines will start to show signs of slowing down, and (ii) BSP is already nearing the end of its rate hike plans. The high base effect on inflation of the Ukraine-Russia war will already wane as the global supply chain improves. BSP may now then even consider a pause as the aggressive rate hikes the previous year may start to show its effects as early as the first half of the year.

Asset allocation

97.06%
Treasury bills

2.90%
Money Market

Performance

1.12%
Actual year-on-year

0.90%
Since inception
(per annum)

PhP 1.13181
Unit price
as of 3 Jan 2023

Top ten holdings

BSPBIL 0 01/24/23	34.64%
BSPBIL 0 01/10/23	18.94%
RPTB 0 05/24/23	18.68%
RPTB 0 01/18/23 364	6.31%
RPTB 0 06/21/23	6.21%
RPTB 0 06/07/23	4.97%
RPGB 6.25 03/12/24 R512	2.53%
RPGB 4.25 04/07/25 3-27	2.44%
RPGB 5.5 03/08/23 5-75	1.27%
RPGB 4.375 02/11/23 R310	0.77%

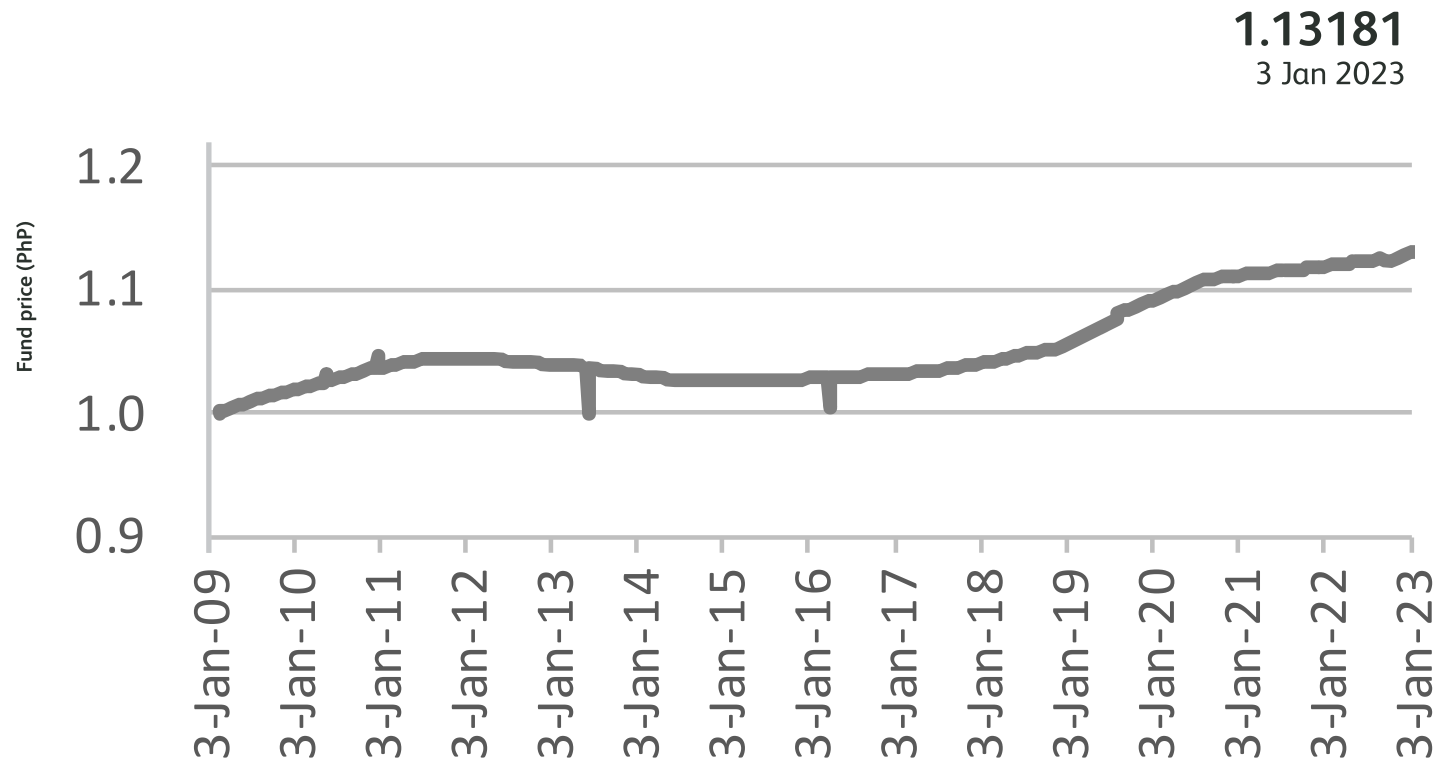
Notes:
BSPBIL - a 28-day bill issued by Bangko Sentral ng Pilipinas
RPTB - Republic of the Philippines Treasury Bills
RPGB - Republic of the Philippines Government Bonds

The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

Highest and lowest unit price achieved

Initial (17 Feb 09) 1.00000
Highest (03 Jan 23) 1.13181
Lowest (07 Jun 13) 0.99991

Performance chart



PRULink Bond Fund

Over the year, concerns over rising inflationary pressures and expectations of policy normalization by major global central banks led to broad rises in global interest rates. The Philippine domestic government bond yields were similarly subject to upward pressures during the year, leading to an overall decline of 2.7% in the representative Markit iBoxx ALBI Philippine Bond index.

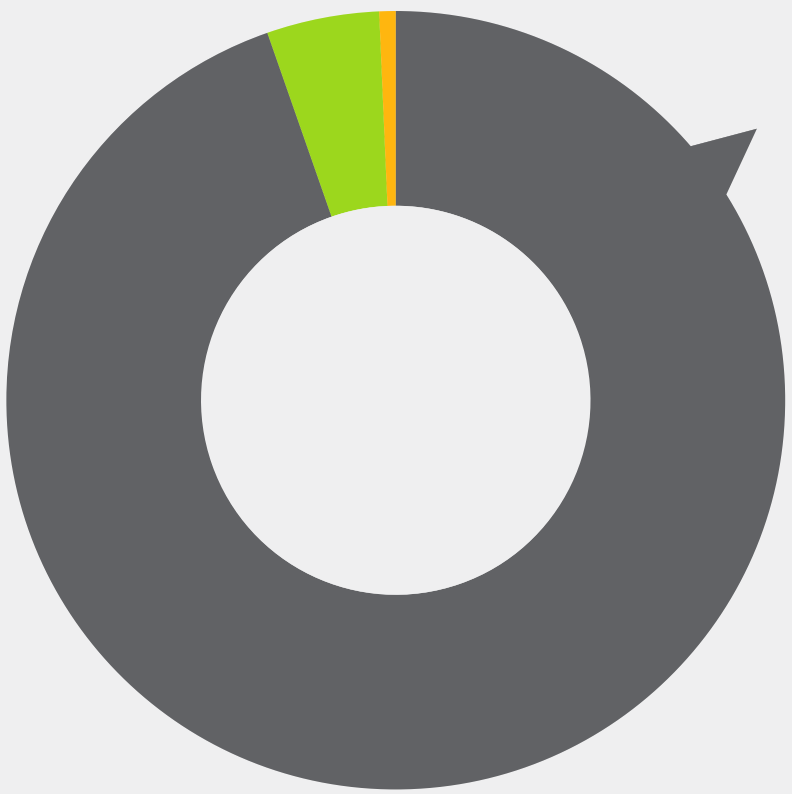
Global bond yields surged during the first quarter on concerns over unbridled inflation and potential acceleration in monetary policy tightening amid a strong economic rebound in developed markets. Rates then mostly consolidated downward in the subsequent three months as inflation anxiety ebbed. However, the Federal Reserve (Fed) signaled a hawkish pivot going into the second half of 2021, sending shorter-dated rates, which are more sensitive to monetary policy, on a soar. One month after first announcing that it would begin scaling back its asset purchase program, the Fed also said in December it will speed up the pace of its tapering. The latest projections by the central bank also indicated three quarter-point rate increases in 2022, another three in 2023, and two more in 2024.

Overall, the 2-year and 10-year US Treasury yields rose by around 60 basis points (bps) to end the year at 0.7% and 1.5% respectively. The Philippine government bond yields largely tracked the direction of US interest rates, moving broadly higher during the year. The upward adjustment in yields was particularly sharp in the first quarter, where the 10-year Philippine government bond yield rose sharply by more than 140 bps. Further upward pressure on yields in the fourth quarter, brought the Philippine government bond 10-year yield higher by another 40 bps to end the year at 4.8%.

The rise in Philippine domestic rates occurred despite flush onshore liquidity conditions and a still-accommodative policy stance of Bangko Sentral ng Pilipinas (BSP), which kept its policy rate unchanged at 2.0% during the year to support growth. Domestically, the pace of economic recovery post-pandemic in the Philippines had lagged the US as well as other Asian economies. The emergence of the Delta variant, which resulted in a spike in COVID-19 cases in August and September period, resulted to authorities reimposing stringent mobility restrictions in Metro Manila and other key metropolitan areas. However, growth momentum picked up since the third quarter of the year, helped by the easing of restrictions in September. Despite the generally lackluster domestic demand, however, headline inflation stayed largely above the upper bound of BSP's target of 2-4% due to supply-side constraints, which led to high food and energy prices. In response, the government addressed the inflationary pressure with non-monetary measures, including intensified importation and assistance to farmers. Core consumer price index (CPI), however, remained largely stable averaging around 3.3% year-on-year during the year.

The broad rise in the Philippine domestic interest rates weighed on the performance of the Fund. Relative to the benchmark, the Fund underperformed, particularly during the first quarter of the year, as the Fund entered the year with an overweight duration position. The negative duration effects were, however, subsequently mitigated by the Fund's incremental trimming of duration exposures as the year progressed. Gains from the Fund's credit exposures also added value.

Asset allocation



94.71%
Government bond

4.27%
Corporate bond

1.02%
Cash and cash equivalents

Performance

-5.82%
Actual year-on-year

5.11%
Since inception
(per annum)

PhP 2.74740
Unit price
as of 3 Jan 2023

Top ten holdings

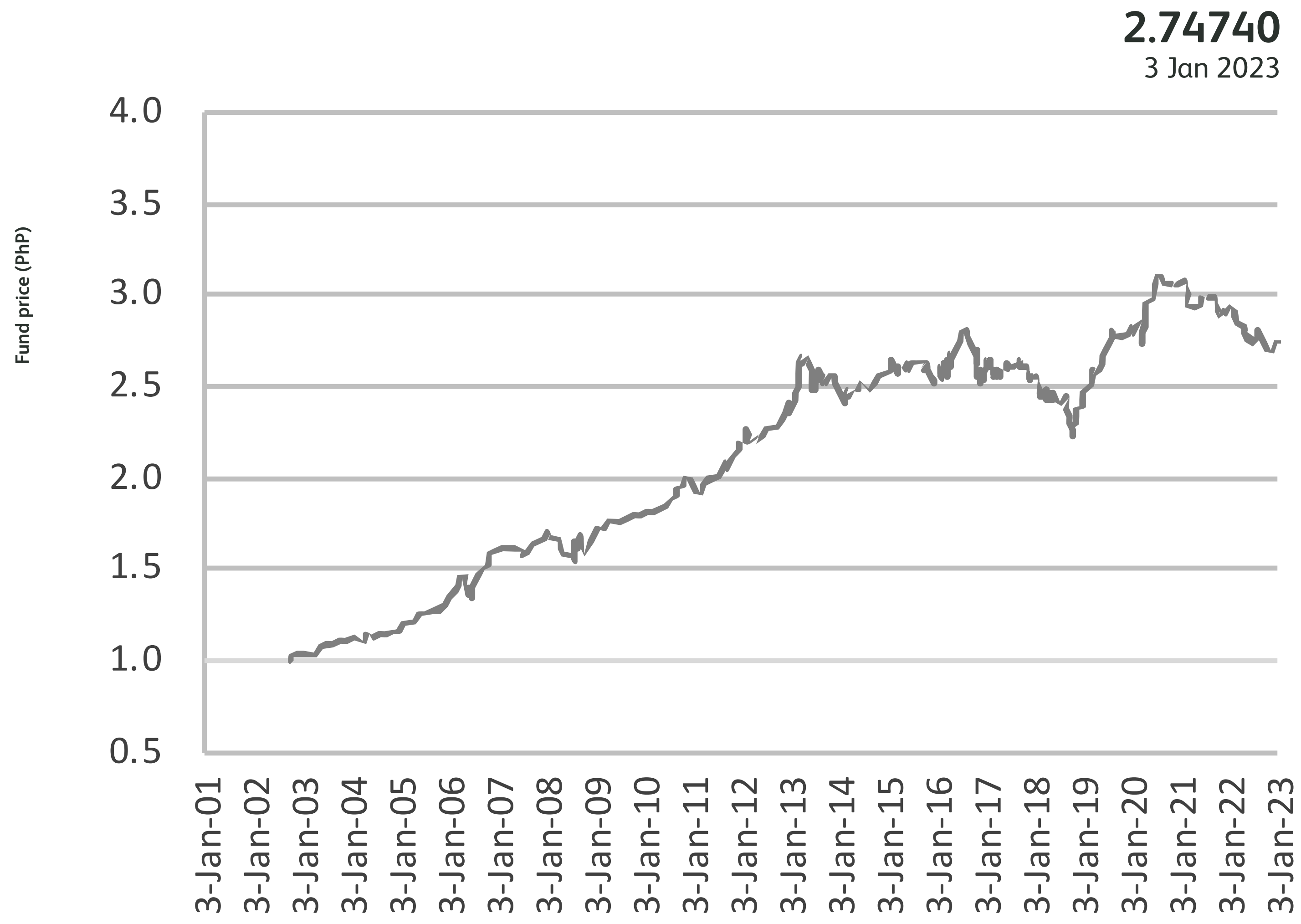
PHILIPPINES (REPUBLIC OF) 2.625% 12-AUG-2025	7.38%
PHILIPPINES (REPUBLIC OF) 4.625% 2-JUN-2027	5.86%
PHILIPPINES (REPUBLIC OF) 8% 19-JUL-2031	4.61%
PHILIPPINES (REPUBLIC OF) 4.875% 4-MAR-2027	4.31%
PHILIPPINES (REPUBLIC OF) 3.75% 12-AUG-2028	3.70%
PHILIPPINES (REPUBLIC OF) 6.875% 10-JAN-2029	3.60%
PHILIPPINES (REPUBLIC OF) 2.375% 9-MAR-2024	3.59%
PHILIPPINES (REPUBLIC OF) 3.625% 22-APR-2028	3.48%
PHILIPPINES (REPUBLIC OF) 3.625% 9-SEP-2025	3.24%
PHILIPPINES (REPUBLIC OF) 4.75% 4-MAY-2027	3.23%

Notes:
The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

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

2022 was a difficult year for markets as there were few places to seek shelter, with bonds and equities falling strongly in tandem, a largely unprecedented event historically. The MSCI ACWI (All Country World Index) fell nearly 18% in USD terms, weighed down by concerns around the growth outlook and recession fears as inflation rose through much of the year amid central banks ratcheting up interest rates in response. US inflation hit a 40-year high, and the US Federal Reserve (Fed) initiated a series of aggressive rate hikes to tame it, despite the risks to general economic growth and the labour market. Negative investor sentiment was further compounded by Russia's invasion of Ukraine and China's zero-COVID policy, although the majority of regions saw an end to the most constraining COVID policies and a restart to unrestricted travel. Across equity markets, Europe performed best (-14%), following by Asia (ex Japan), the US and Emerging Markets (based on MSCI indices and in USD terms). China was the worst performer, down by nearly 22% for the year, although it had fallen by 42% at its trough around the time of the protests, before recovering rapidly in the final quarter.

In this environment, Philippine equities were volatile although they strongly outperformed relative to both the global market, as well as both broader Asia (excluding Japan) and Emerging Markets on a USD basis. Sentiment was weakest towards the end of the third quarter, before snapping back following the unexpected easing of COVID restrictions in China and on signs that global inflation pressures were beginning to ease. On a local currency basis, the Philippine Stock Exchange Index (PSEi) fell by -5.9% over the year as a whole. Investors weighed up the optimism over the reopening of the Philippine economy and snapback in activity, as well as the conclusion of the presidential election, and gross domestic product (GDP) posting strong year-on-year growth throughout the period. Conversely, investors digested the ongoing inflationary pressures and rate rises by the Bangko Sentral ng Pilipinas (BSP). The BSP raised its monetary policy interest rate by a total of 350 basis points to 5.5% in 2022 from only 2.0% at the onset of the pandemic.

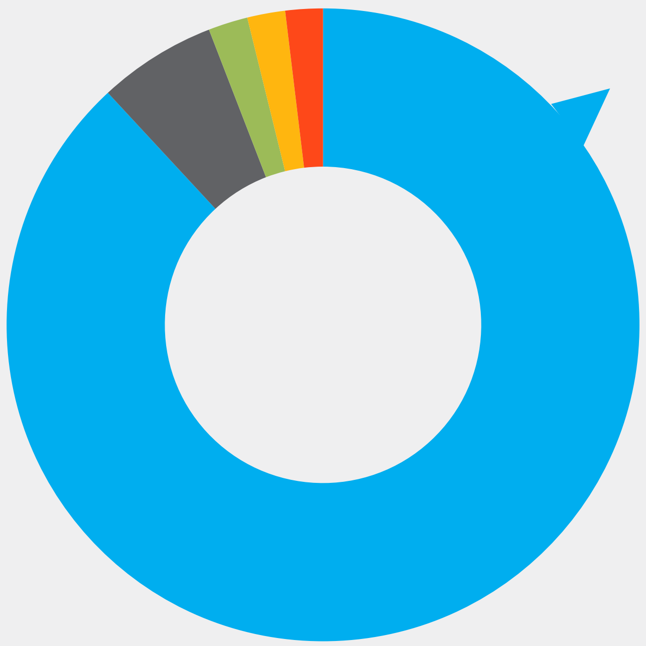
Global government and investment grade bonds (as proxied by the Bloomberg Global Aggregate Bond Index) tumbled into a bear market during the year amid rising yields. The US Treasury market had one of the worst years ever recorded, all while the US 10-2 Year Treasury yield spread inverted, which is typically a harbinger for an upcoming recession. The US 10-Year Treasury yield climbed 236 bps while the US 2-Year Treasury yield gained 368 basis points (bps) as the Fed embarked on an aggressive rate hike trajectory in 2022. Against this challenging backdrop, U.S. Investment Grade Corporate bonds returned -15.8% and U.S. High Yield bonds returned -11.2%, as the former was more adversely impacted by rising yields. Asian bonds (as proxied by the J.P. Morgan Asia Credit Index) saw losses of -11.0% in 2022, as challenging liquidity conditions and China property sector weighed on returns.

Global bond yields rose strongly in 2022, as predictions of peak inflation and speculation of how fast (and how far) the US Fed would go, in terms of tightening monetary policy, remained central to market behaviour. Market sentiment and views around the implications of peaking inflation were mixed, with rising yields towards the end of 2022 reflecting disappointment in central banks' commitment to continue policy tightening despite the weaker inflation figures. The Fed cautioned against relying too much on the short-term inflation trends following its latest rate increase in December and stressed that it will continue hiking rates albeit potentially at a slower pace. Commodity prices spiked after the start of the Russia-Ukraine war, while strict sanctions against Russia followed from the US and its allies, with coordinated steps taken to lock Russia out of the USD based financial system. The Chinese government's goal of zero-COVID led to a dramatic weakening of growth and ongoing disruptions to industry, impacting the global economy and supply chains, with sentiment hitting its lowest around the announcement of President Xi Jinping's appointment to his third term as party leader. A series of unprecedented protests against the lockdowns in China followed in November.

The snapback seen in China during 4Q was also felt across other markets, both equity and fixed income, triggered by an unexpected easing of COVID restrictions in China, government support for China's stressed property market and signs that global inflation pressures were beginning to ease, leading to expectations that central banks could hike rates less aggressively. For the final quarter, MSCI China gained 13.5%, the European index gained more with 19.9% returns, whilst Asia (ex Japan) and Emerging Markets were up 11.2% and 9.6% respectively. The MSCI US Index was the laggard, gaining only 7% over the quarter. Value stocks outperformed Growth over the year, including in the final quarter, with Europe and Emerging Markets benefiting more from this value-style equity leadership than the US.

The Fund posted a negative absolute return in 2022, and underperformed its reference index. As mentioned, the global bond markets experienced unprecedented losses in 2022. Global government bond markets, especially US Treasuries, generally suffered due to the sharp rises in global interest rates; the bellwether US 10-Year Treasury yield rose by +236 bps during the period. Credit spreads generally widened during the year, reflecting deteriorated risk sentiment. A cocktail of rapidly rising yields and widening spreads, among other key factors, did not spare corporate credits of the broad sell-off, which saw double-digit declines in various bond markets, including the Fund's key markets, US High Yield bonds and Asian Credit bonds. In addition to the sharp rise in interest rates, China growth concerns (due to the China's lockdowns and zero-COVID policy) and the Russia-Ukraine conflict, weighed heavily on investor appetite for corporate bonds, which resulted in investors pricing in higher risk premia for investing in corporate credits (reflected by widening of credit spreads).

Asset allocation



88.10%
Fixed-income funds

6.03%
Exchange Traded Bond Funds

2.02%
Equity funds

1.94%
Cash and Cash equivalents

1.91%
Financials

Performance

-16.49%
Actual year-on-year

-3.18%
Since inception
(per annum)

PhP 0.86922
Unit price
as of 3 Jan 2023

Top five holdings

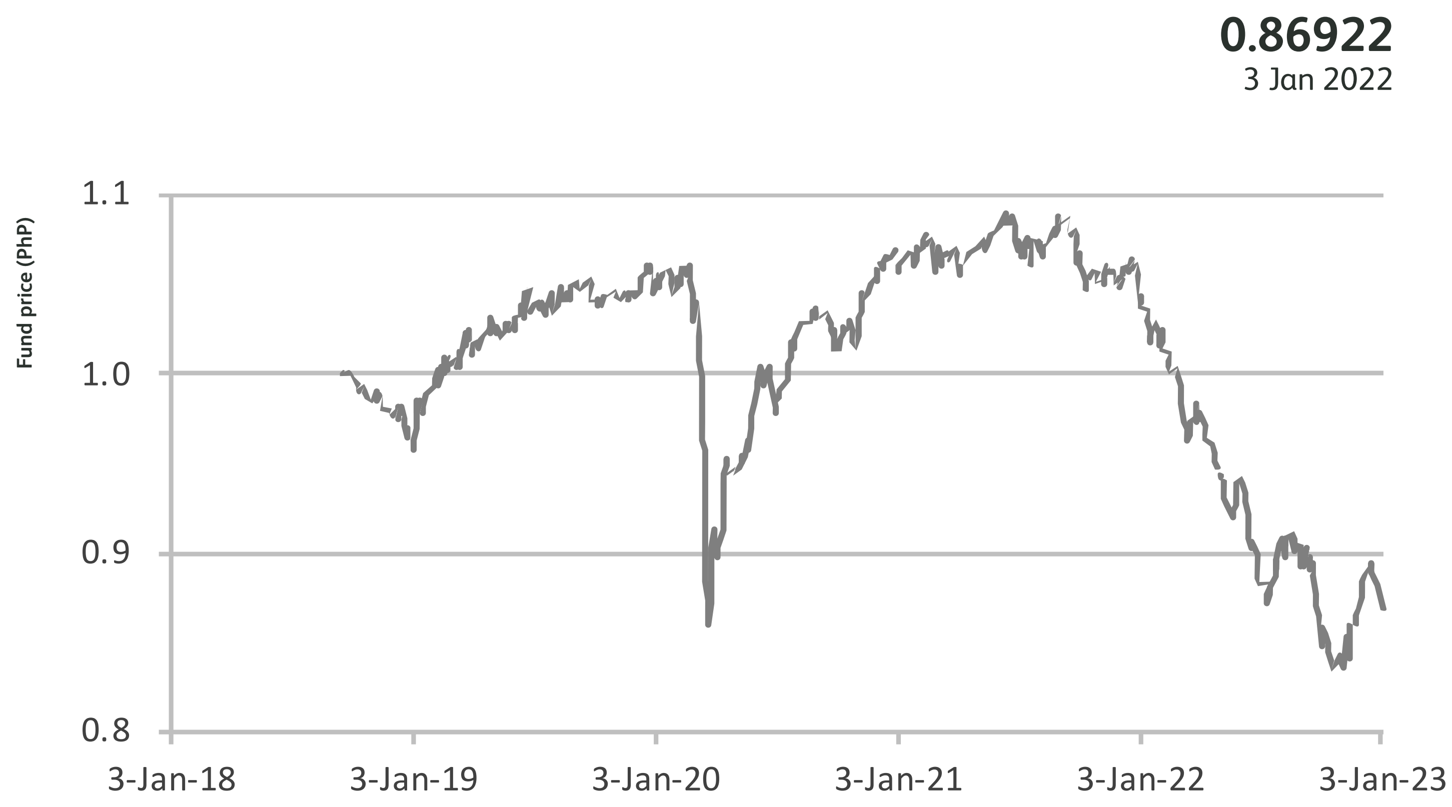
EASTSPRING INV ASIAN BOND D USD	44.59%
EASTSPRING INV US HIGH YIELD BOND D	43.51%
ISHARES HIGH YIELD CORP BOND UCITS ETF USD)	6.03%
EASTSPRING INV ASIAN EQUITY INC D	2.02%
CASH & CASH EQUIVALENTS (USD)	1.94%
ISHARES S&P 500	1.91%

Notes: The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

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



PRULink Managed Fund

The Fund posted a negative absolute return in 2022 on both gross and net basis. The Fund underperformed the reference index on a net basis, and just slightly underperformed the reference index on a gross basis.

Asset allocation was negative for the period. Security selection was also negative, particularly in bonds, and was the main drag on relative returns. 2022 was a difficult year for markets, with the MSCI ACWI (All Country World Index) falling nearly 18% in USD terms, weighed down by concerns around the growth outlook and recession fears as inflation rose through much of the year and as central banks ratcheted up interest rates in response. US inflation hit a 40-year high, and the US Federal Reserve (Fed) initiated a series of aggressive rate hikes to tame it, despite the risks to general economic growth and the labour market. Negative investor sentiment was further compounded by Russia's invasion of Ukraine and China's zero-COVID policy, although the majority of regions saw an end to the most constraining COVID policies and a restart to unrestricted travel.

In this environment, Philippine equities were volatile although they strongly outperformed relative to both the global market, as well as both broader Asia (excluding Japan) and Emerging Markets on a USD basis. Sentiment was weakest towards the end of the third quarter, before snapping back following the unexpected easing of COVID restrictions in China and on signs that global inflation pressures were beginning to ease.

In the Philippines, the central bank raised its policy rate by a total of 350 bps in 2022, taking the policy rate to 5.50%. Still elevated and well above-target inflation, that is at multi-year high, supported the additional monetary tightening. Headline inflation rose further to 8.1% year-on-year in December from 8.0% in November, bringing the full year 2022 average to 5.8%, well above the 2-4% target of Bangko Sentral ng Pilipinas (BSP). The increase continued to be led by food price inflation. Amid the economy's continued recovery from the pandemic, the Philippine economy sustained a strong rebound with a gross domestic product (GDP) growth of 7.6%, slightly higher than the 6.5% to 7.5% target.

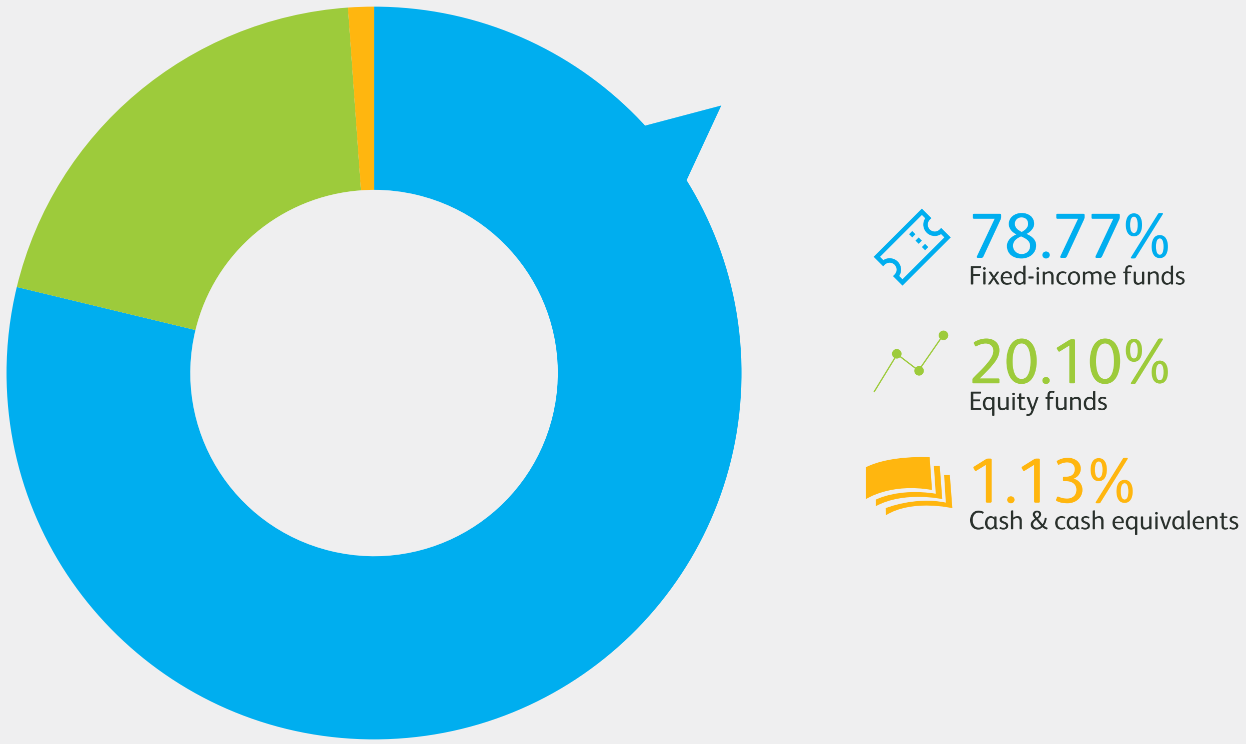
On a local currency basis, the Philippine Stock Exchange Index (PSEi) fell by -5.9% over the year as a whole. In terms of leading contributors to relative performance over the period, the Fund's underlying equity portfolio's underweight positions in Monde Nissin, ACEN and Ayala Corporation contributed most over 2022. Monde Nissin's share price has broadly tracked down since its inclusion in the PSEi at the start of the year, whilst the share price took another step down in middle of the year due to food safety concerns following an import ban into three EU countries. Inflation pressures also weighed on the sector, with investor concerns around higher input costs and the company's ability to pass these to consumers.

ACEN's share price also struggled over the period, benefiting our underweight. A power outage at its coal-fired power plant in early 2022 led to ACEN purchasing from the tight spot power market to meet contractual obligations, which weighed on the company's financials over the period.

Ayala Corporation's share price was weak over the year. The combination of higher rates and weaker sentiment weighed on the company's residential real estate business, partially offset by recovery in its mall assets. Challenges at ACEN dragged down its utilities contributions; higher input costs were seen as detrimental to the company's power generation business.

The Fund's underlying bond portfolio's positive duration effects contributed to the sleeve's relative performance as well as accrual income. The negative spread effects, however, negated some of the sleeve's gains.

Asset allocation



Performance

-6.12%
Actual year-on-year

5.85%
Since inception
(per annum)

PhP 3.17094
Unit price
as of 3 Jan 2023

Top five holdings

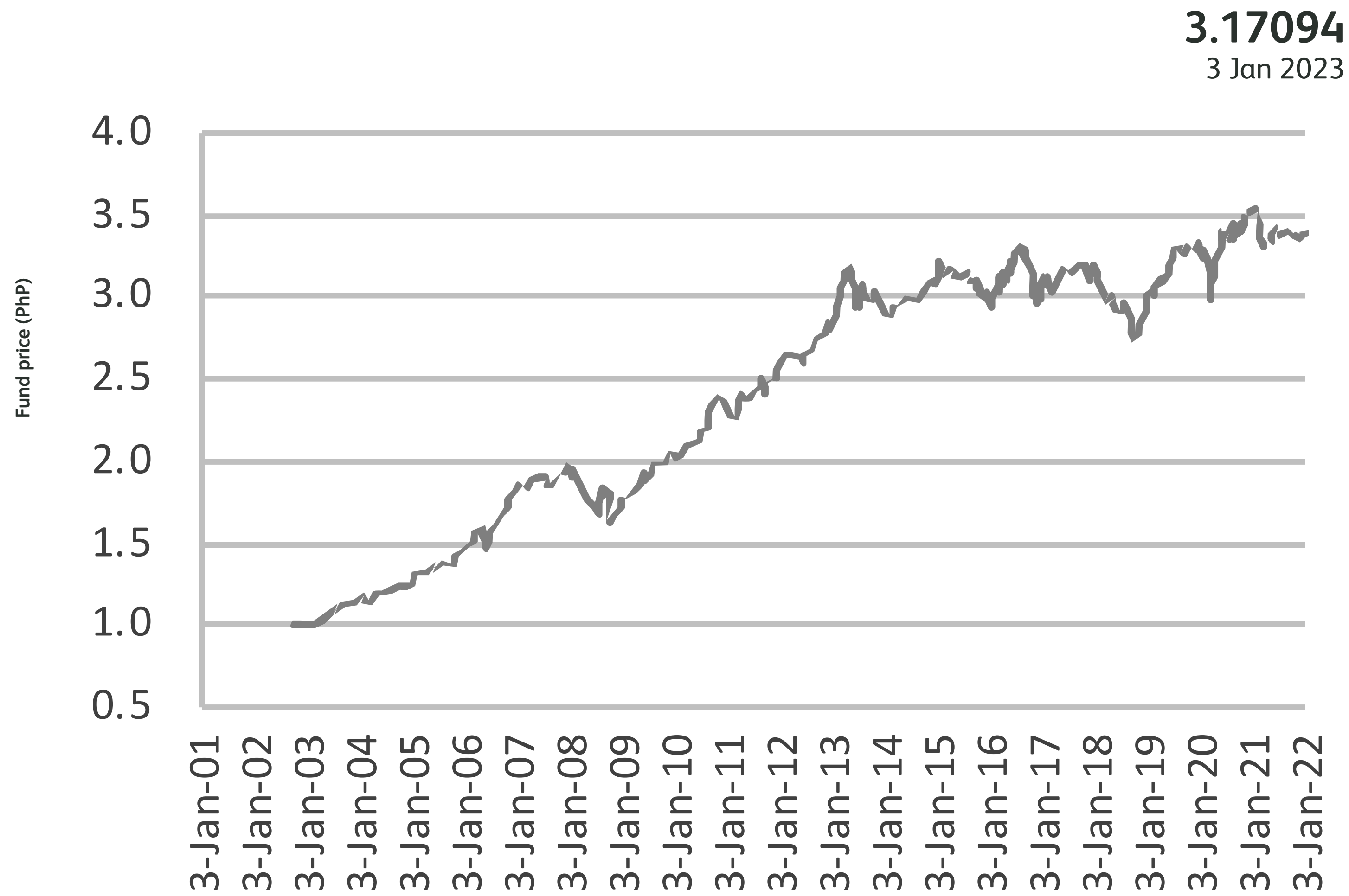
PRULINK BOND FUND	78.77%
PRULINK EQUITY FUND	20.10%
CASH & CASH EQUIVALENTS (PHP)	1.13%

Notes:
The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

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

The Fund posted a negative absolute return in 2022 on both gross and net basis. The Fund underperformed the reference index on a net basis, and slightly underperformed the reference index on a gross basis. Asset allocation was negative for the period. Security selection within both the underlying equity and bond portfolios was also negative and was the main drag on relative returns.

2022 was a difficult year for markets, with the MSCI ACWI (All Country World Index) falling nearly 18% in USD terms, weighed down by concerns around the growth outlook and recession fears as inflation rose through much of the year and as central banks ratcheted up interest rates in response. US inflation hit a 40-year high, and the US Federal Reserve (Fed) initiated a series of aggressive rate hikes to tame it, despite the risks to general economic growth and the labour market. Negative investor sentiment was further compounded by Russia's invasion of Ukraine and China's zero-COVID policy though majority of the regions saw an end to the most constraining COVID policies and a restart to unrestricted travel.

In this environment, Philippine equities were volatile although they strongly outperformed relative to both the global market, as well as both broader Asia (excluding Japan) and Emerging Markets on a USD basis. Sentiment was weakest towards the end of the third quarter, before snapping back following the unexpected easing of COVID restrictions in China and on signs that global inflation pressures were beginning to ease.

In the Philippines, the central bank raised its policy rate by a total of 350 bps in 2022, taking the policy rate to 5.50%. Still elevated and well above-target inflation, that is at multi-year high, supported the additional monetary tightening. Headline inflation rose further to 8.1% year-on-year in December from 8.0% in November, bringing the full year 2022 average to 5.8%, well above the 2-4% target of Bangkok Sentral ng Pilipinas (BSP). The increase continued to be led by food price inflation. Amid the economy's continued recovery from the pandemic, the Philippine economy sustained a strong rebound with a gross domestic product (GDP) growth of 7.6%, slightly higher than the 6.5% to 7.5% target.

On a local currency basis, the Philippine Stock Exchange Index (PSEi) fell by -5.9% over the year as a whole. In terms of leading contributors to relative performance over the period, the Fund's underlying equity portfolio's underweight positions in Monde Nissin, ACEN and Ayala Corporation contributed most over 2022.

Monde Nissin's share price has broadly tracked down since its inclusion in the PSEi at the start of the year, whilst the share price took another step down in middle of the year due to food safety concerns following an import ban into three EU countries. Inflation pressures also weighed on the sector, with investor concerns around higher input costs and the company's ability to pass these to consumers.

ACEN's share price also struggled over the period, benefiting our underweight. A power outage at its coal-fired power plant in early 2022 led to ACEN purchasing from the tight spot power market to meet contractual obligations, which weighed on the company's financials over the period. Ayala Corporation's share price was weak over the year. The combination of higher rates and weaker sentiment weighed on the company's residential real estate business, partially offset by recovery in its mall assets. Challenges at ACEN dragged down its utilities contributions; higher input costs were seen as detrimental to the company's power generation business.

The Fund's underlying bond portfolio's positive duration effects contributed to the sleeve's relative performance as well as accrual income. The negative spread effects, however, negated some of the sleeve's gains.

▸ Asset allocation

50.14%
Equity funds

47.93%
Fixed-income funds

1.93%
Cash & cash equivalents

▸ Performance

-6.82%
Actual year-on-year

5.25%
Since inception
(per annum)

PhP 2.03459
Unit price
as of 3 Jan 2023

▸ Top five holdings

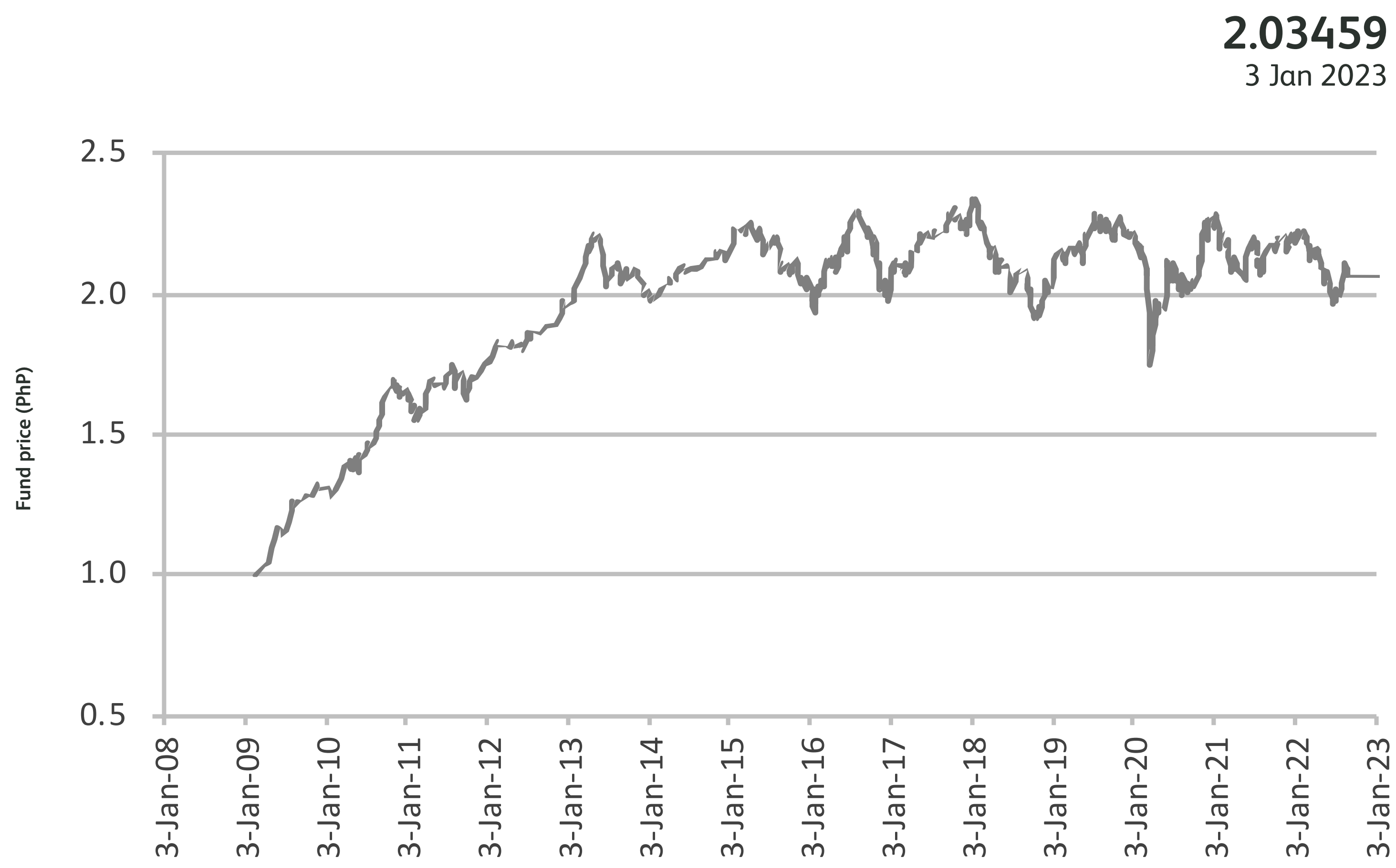
PRULINK EQUITY FUND	50.14%
PRULINK BOND FUND	47.93%
CASH & CASH EQUIVALENTS (PHP)	1.93%

Notes:
The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

▸ 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

The Fund posted a negative absolute return in 2022 on both gross and net basis. The Fund underperformed the reference index on a net basis, but outperformed the reference index on a gross basis.

Asset allocation was mildly negative for the period. Security selection within the underlying equity portfolio was negative and was the main drag on relative returns. 2022 was a difficult year for markets, with the MSCI ACWI (All Country World Index) falling nearly 18% in USD terms, weighed down by concerns around the growth outlook and recession fears as inflation rose through much of the year and as central banks ratcheted up interest rates in response. US inflation hit a 40-year high, and the US Federal Reserve (Fed) initiated a series of aggressive rate hikes to tame it, despite the risks to general economic growth and the labour market. Negative investor sentiment was further compounded by Russia's invasion of Ukraine and China's zero-COVID policy, although the majority of regions saw an end to the most constraining COVID policies and a restart to unrestricted travel.

In this environment, Philippine equities were volatile although they strongly outperformed relative to both the global market, as well as both broader Asia (excluding Japan) and Emerging Markets on a USD basis. Sentiment was weakest towards the end of the third quarter, before snapping back following the unexpected easing of COVID restrictions in China and on signs that global inflation pressures were beginning to ease.

In the Philippines, the central bank raised its policy rate by a total of 350 bps in 2022, taking the policy rate to 5.50%. Still elevated and well above-target inflation, that is at multi-year high, supported the additional monetary tightening. Headline inflation rose further to 8.1% year-on-year in December from 8.0% in November, bringing the full year 2022 average to 5.8%, well above the 2-4% target of Bangko Sentral ng Pilipinas (BSP). The increase continued to be led by food price inflation. Amid the economy's continued recovery from the pandemic, the Philippine economy sustained a strong rebound with a gross domestic product (GDP) growth of 7.6%, slightly higher than the 6.5% to 7.5% target.

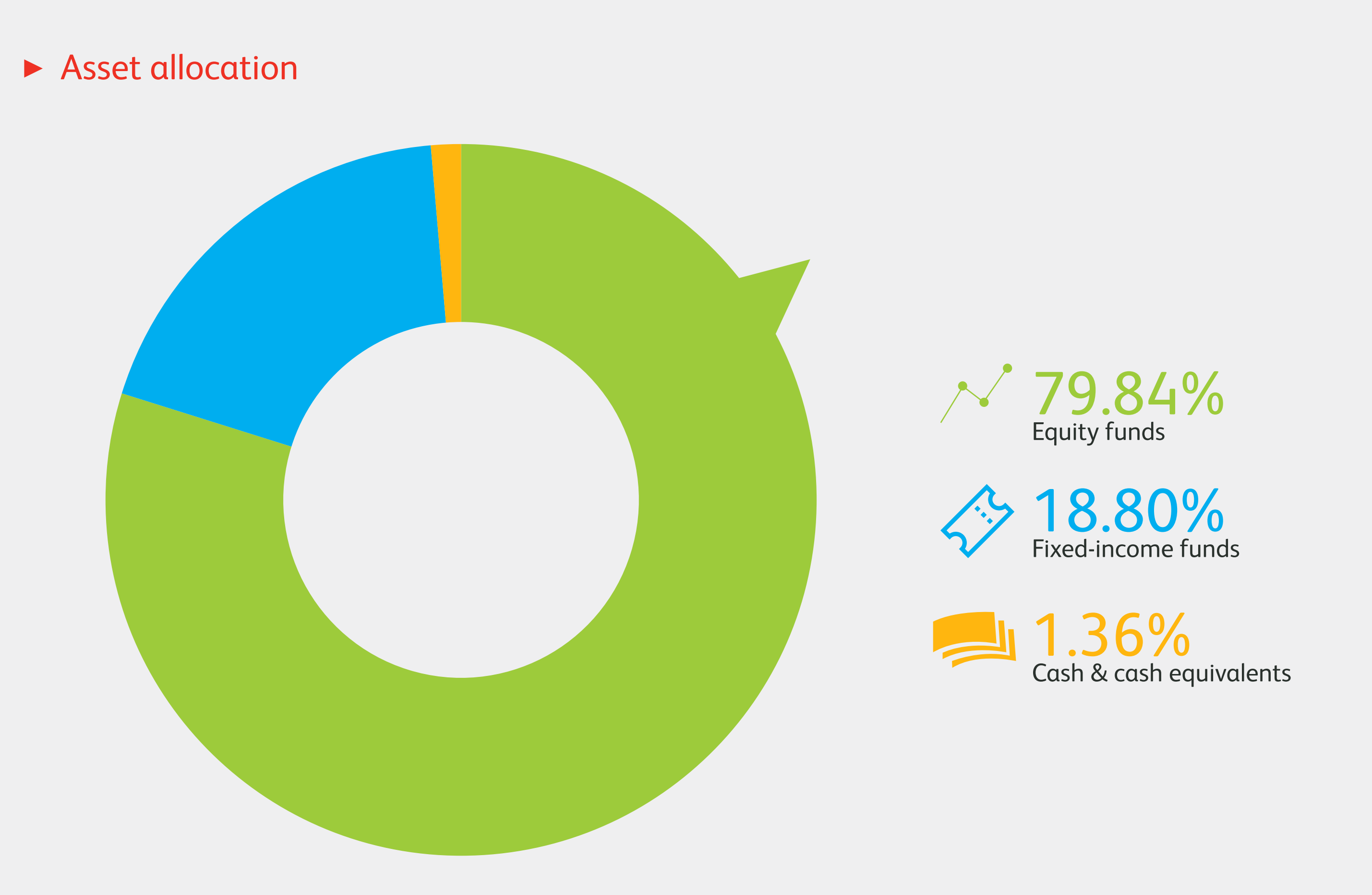
On a local currency basis, the Philippine Stock Exchange Index (PSEi) fell by -5.9% over the year as a whole. In terms of leading contributors to relative performance over the period, the Fund's underlying equity portfolio's underweight positions in Monde Nissin, ACEN and Ayala Corporation contributed most over 2022. Monde Nissin's share price has broadly tracked down since its inclusion in the PSEi at the start of the year, whilst the share price took another step down in middle of the year due to food safety concerns following an import ban into three EU countries. Inflation pressures also weighed on the sector, with investor concerns around higher input costs and the company's ability to pass these to consumers.

ACEN's share price also struggled over the period, benefiting our underweight. A power outage at its coal-fired power plant in early 2022 led to ACEN purchasing from the tight spot power market to meet contractual obligations, which weighed on the company's financials over the period.

Ayala Corporation's share price was weak over the year. The combination of higher rates and weaker sentiment weighed on the company's residential real estate business, partially offset by recovery in its mall assets. Challenges at ACEN dragged down its utilities contributions; higher input costs were seen as detrimental to the company's power generation business.

The Fund's underlying bond portfolio's positive duration effects contributed to the sleeve's relative performance as well as accrual income. The negative spread effects, however, negated some of the sleeve's gains.

Asset allocation



Performance

-7.06%
Actual year-on-year

7.41%
Since inception
(per annum)

PhP 3.48691
Unit price
as of 3 Jan 2023

Top five holdings

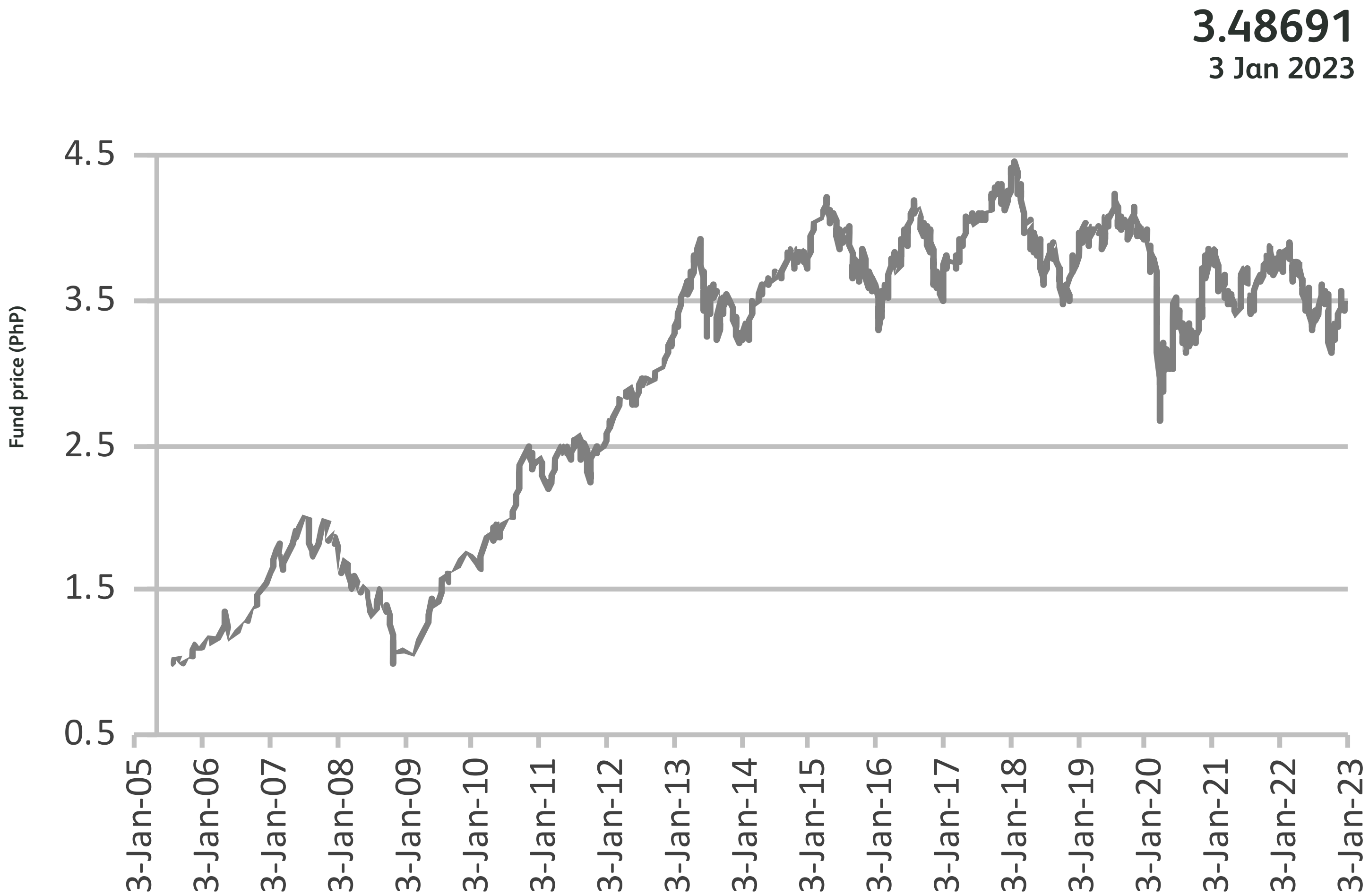
PRULINK EQUITY FUND	79.84%
PRULINK BOND FUND	18.80%
CASH & CASH EQUIVALENTS (PHP)	1.36%

Notes:
The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

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

Local stocks also had a bad year in 2022, with the Philippine Stock Exchange Index (PSEi) closing the year 7.81% lower to 6,566.39 points. Total foreign flows recorded for the year was an outflow of PhP 67.82 Bn. This was the fifth straight year that foreigners were net sellers. The names that gained the most for 2022 were Semirara Mining and Power Corporation (SCC, +61.6%), Aboitiz Power Corporation (AP, +14.7%), and Bank of the Philippine Islands (BPI, +10.7%), while the laggards were Converge Information and Communications Technology Solutions, Inc. (CNVRG, -50.2%), and Globe Telecom, Inc. (GLO, -33.3%). The key driver of sentiment last year was a dimming outlook on real growth as inflation was expected to soar and Bangko Sentral ng Pilipinas (BSP) was aggressive in its rate hike plans.

Nominal growth posted strong gains mainly due to low base effects. Average gross domestic product (GDP) growth for 2022 came at 7.6%. But the strong figures was still not enough to spur confidence as hot inflation figures wane out growth prospects.

Heading into 2023, we remain cautious as we expect that macro indicators will start to weaken as we are coming off a high base in 2022. The Philippines may continue to be behind other ASEAN markets like Indonesia, Thailand and Singapore. On the bright side, our valuation is still below the 10-year average, better than the valuation of other ASEAN markets. Coming off a high base as well in 2022, coupled with the effect of inflation, the US economy will also start to weaken and will manifest itself it our equity markets soon. We are cautious going into 2023 and will take opportunities to sell into rallies.

Sector allocation

Performance

-7.72%
Actual year-on-year

5.26%
Since inception
(per annum)

PhP 1.12879
Unit price
as of 3 Jan 2023

Top ten holdings

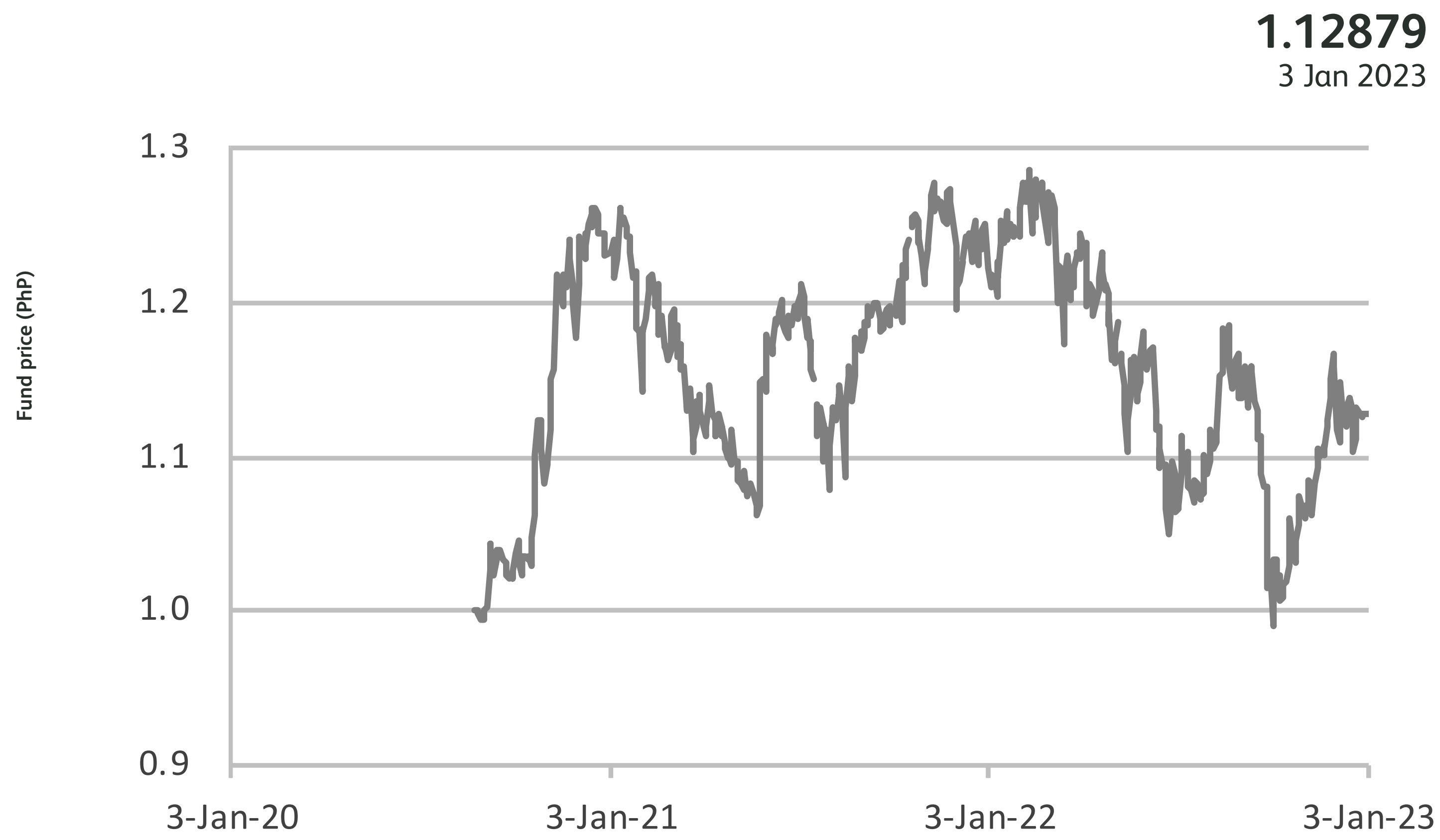
SM INVESTMENTS CORP	14.8%
SM PRIME HOLDINGS INC	10.4%
BDO UNIBANK INC	6.9%
AYALA LAND INC	6.7%
AYALA CORP	6.2%
BANK OF PHILIPPINE ISLANDS	6.2%
INTERNATIONAL CONTAINER TERMINAL SERVICES, INC	5.7%
JG SUMMIT HOLDINGS INC	4.3%
ABOITIZ EQUITY VENTURES INC	4.3%
UNIVERSAL ROBINA CORP	3.7%

Notes:
The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

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

2022 was a difficult year for markets, with the MSCI ACWI (All Country World Index) falling nearly 18% in USD terms, weighed down by concerns around the growth outlook and recession fears as inflation rose through much of the year and as central banks ratcheted up interest rates in response. US inflation hit a 40-year high, and the US Federal Reserve (Fed) initiated a series of aggressive rate hikes to tame it, despite the risks to general economic growth and the labour market. Negative investor sentiment was further compounded by Russia's invasion of Ukraine and China's zero-COVID policy, although the majority of regions saw an end to the most constraining COVID policies and a restart to unrestricted travel.

In this environment, Philippine equities were volatile although they strongly outperformed relative to both the global market, as well as broader Asia (excluding Japan) and Emerging Markets on a USD basis. Sentiment was weakest towards the end of the third quarter, before snapping back following the unexpected easing of COVID restrictions in China and on signs that global inflation pressures were beginning to ease.

On a local currency basis, the Philippine Stock Exchange Index (PSEi) fell by -5.9% over the year as a whole. Investors weighed up the optimism over the reopening of the Philippine economy and snapback in activity, as well as the conclusion of the presidential election, and GDP posting strong year-on-year growth throughout the period. Conversely, investors digested the ongoing inflationary pressures and rate rises by the Bangko Sentral ng Pilipinas (BSP). The BSP raised its monetary policy interest rate by a total of 350 basis points to 5.5% in 2022 from only 2.0% at the onset of the pandemic.

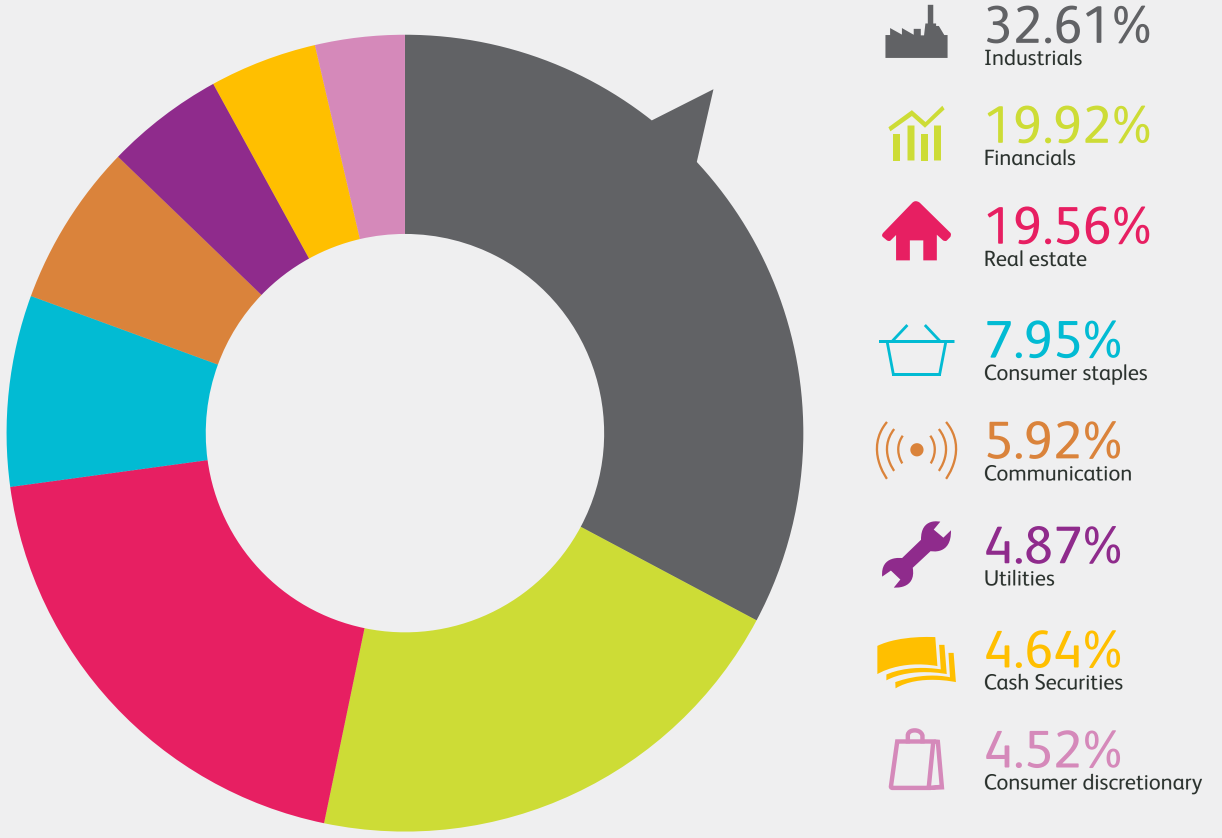
In terms of leading contributors to relative performance over the period, the Fund's underweight positions in Monde Nissin, ACEN, and Ayala Corporation contributed most over 2022.

Monde Nissin's share price has broadly tracked down since its inclusion in the PSEi at the start of the year, whilst the share price took another step down in middle of the year due to food safety concerns following an import ban into three EU countries. Inflation pressures also weighed on the sector, with investor concerns around higher input costs and the company's ability to pass these to consumers.

ACEN's share price also struggled over the period, benefiting our underweight. A power outage at its coal-fired power plant in early 2022 led to ACEN purchasing from the tight spot power market to meet contractual obligations, which weighed on the company's financials over the period.

Ayala Corporation's share price was weak over the year. The combination of higher rates and weaker sentiment weighed on the company's residential real estate business, partially offset by recovery in its mall assets. Challenges at ACEN dragged down its utilities contributions; higher input costs were seen as detrimental to the company's power generation business.

Sector allocation



Performance

-7.39%
Actual year-on-year

4.44%
Since inception
(per annum)

PhP 1.93536
Unit price
as of 3 Jan 2023

Top ten holdings

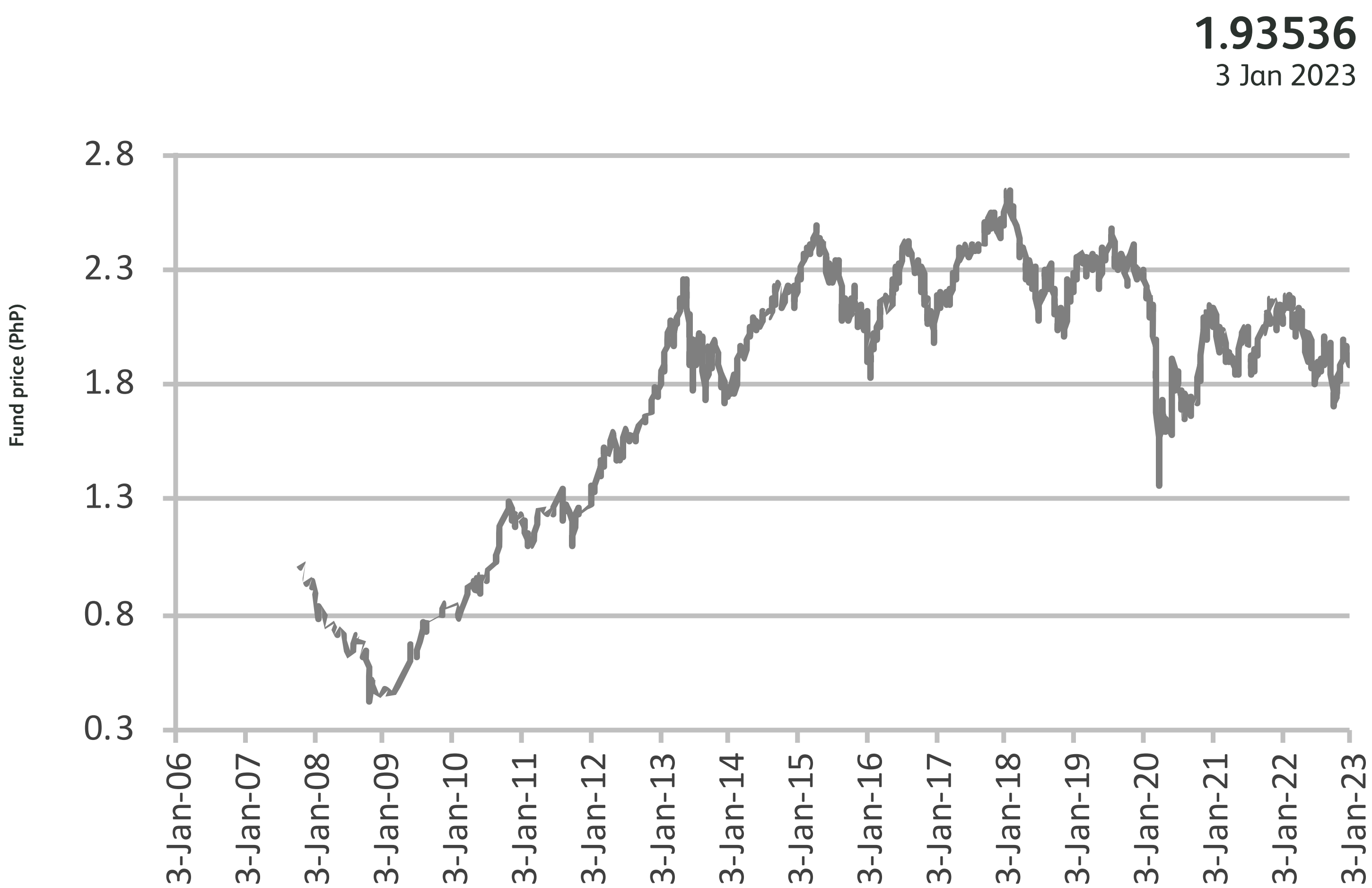
SM PRIME HOLDINGS INC	9.62%
SM INVESTMENTS CORP	9.60%
BDO UNIBANK INC	7.57%
AYALA LAND INC	7.51%
BANK OF THE PHILIPPINE ISLANDS	7.06%
INTERNATIONAL CONTAINER TERMINAL SERVICES INC	6.25%
AYALA CORPORATION	5.88%
CASH & CASH EQUIVALENTS (PHP)	4.56%
UNIVERSAL ROBINA CORP	3.92%
JG SUMMIT HOLDINGS INC	3.77%

Notes:
The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

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

2022 was a difficult year for markets as there were few places to seek shelter, with bonds and equities falling strongly in tandem, a largely unprecedented event historically. The MSCI ACWI (All Country World Index) fell nearly 18% in USD terms, weighed down by concerns around the growth outlook and recession fears as inflation rose through much of the year amid central banks ratcheting up interest rates in response. US inflation hit a 40-year high, and the US Federal Reserve (Fed) initiated a series of aggressive rate hikes to tame it, despite the risks to general economic growth and the labour market. Negative investor sentiment was further compounded by Russia's invasion of Ukraine and China's zero-COVID policy, although the majority of regions saw an end to the most constraining COVID policies and a restart to unrestricted travel.

Across equity markets, Europe performed best (-14%), following by Asia (ex Japan), the US and Emerging Markets (based on MSCI indices and in USD terms). China was the worst performer, down by nearly -22% for the year, although it had fallen by -42% at its trough around the time of the protests, before recovering rapidly in the final quarter.

In this environment, Philippine equities were volatile although they strongly outperformed relative to both the global market, as well as both broader Asia (excluding Japan) and Emerging Markets on a USD basis. Sentiment was weakest towards the end of the third quarter, before snapping back following the unexpected easing of COVID restrictions in China and on signs that global inflation pressures were beginning to ease.

On a local currency basis, the Philippine Stock Exchange Index (PSEi) fell by -5.9% over the year as a whole. Investors weighed up the optimism over the reopening of the Philippine economy and snapback in activity, as well as the conclusion of the presidential election, and GDP posting strong year-on-year growth throughout the period. Conversely, investors digested the ongoing inflationary pressures and rate rises by the Bangko Sentral ng Pilipinas (BSP). The BSP raised its monetary policy interest rate by a total of 350 basis points (bps) to 5.5% in 2022 from only 2.0% at the onset of the pandemic. The Markit iBoxx ALBI Philippine Bond index declined by -4.4% overall.

Global government and investment grade bonds (as proxied by the Bloomberg Global Aggregate Bond Index) tumbled into a bear market during the year amid rising yields. The US Treasury market had one of the worst years ever recorded, all while the US 10-2 Year Treasury yield spread inverted, which is typically a harbinger for an upcoming recession. The US 10-Year Treasury yield climbed 236 bps while the US 2-Year Treasury yield gained 368 bps as the Fed embarked on an aggressive rate hike trajectory in 2022. Against this challenging backdrop, US Investment Grade Corporate bonds returned -15.8% and US High Yield bonds returned -11.2%, as the former was more adversely impacted by rising yields. Asian bonds (as proxied by the J.P. Morgan Asia Credit Index) saw losses of -11.0% in 2022, as challenging liquidity conditions and China property sector weighed on returns.

The Fund posted a negative absolute return over 2022. The Fund's broad exposures to equities and fixed income was negative, in a year which saw risk sentiment deteriorated and nearly all key asset classes in the negative territory. Most of the underperformance in equities came from US and Europe, as the Fed and ECB became increasingly hawkish throughout 2022. Within fixed income, the largest underperformance came from exposures to Global Aggregate bonds and Asian High Yield bonds. Tactically, the Fund's largest contributors were US Energy (vs. US), US Materials (vs. US), and Europe Oil & Gas (vs. Europe). The Fund's largest detractors were Europe Duration (30Y vs 2Y), US Duration (30Y vs 2Y), and Nasdaq (vs. S&P 500).

Asset allocation

50.2%
Equity

37.9%
Bond

12%
Cash and Cash equivalents

Performance

-15.47%
Actual year-on-year

0.06%
Since inception
(per annum)

Php 1.00192
Unit price
as of 3 Jan 2023

Top ten holdings

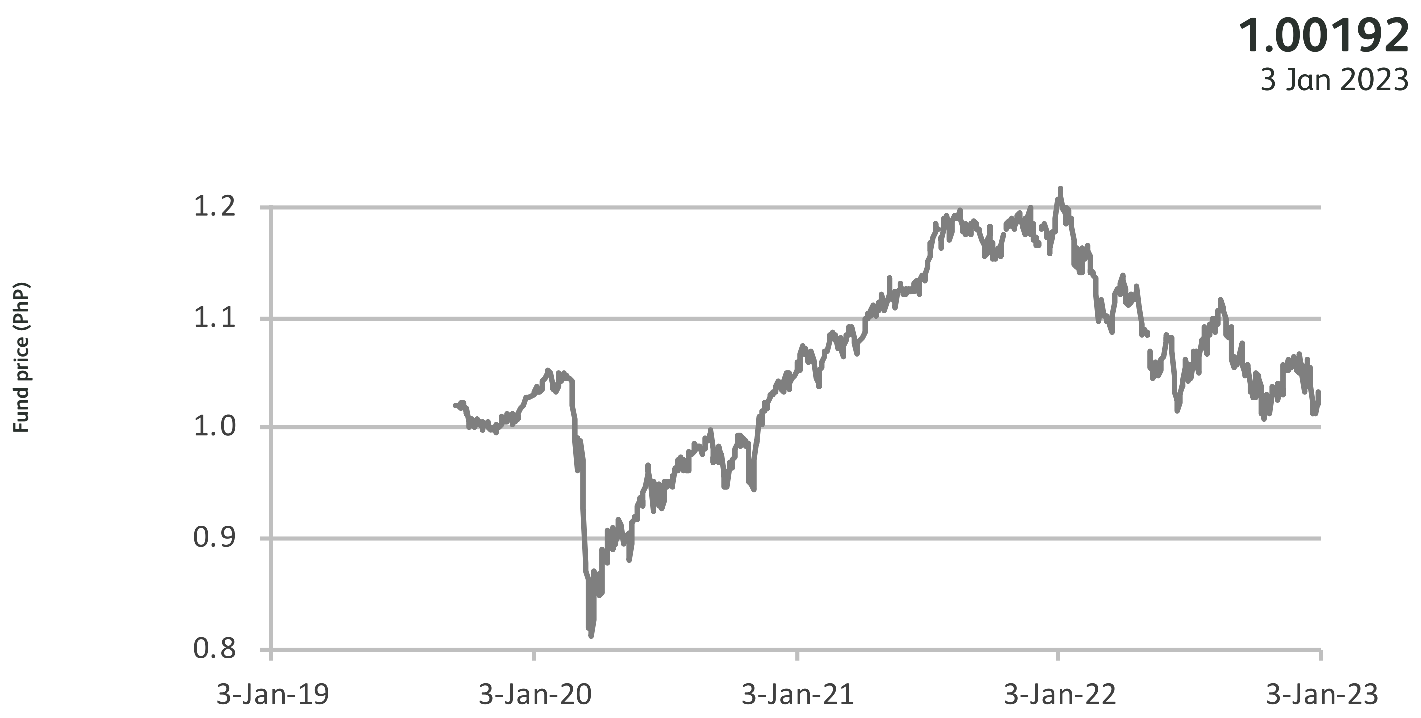
ISHARES GLOBAL AGGREGATE BD ESG UCITS ETF USD ACC	13.1%
ISHARES MSCI USA ESG SCREENED UCITS ETF USD ACC	12.8%
XTRACKERS II GLOBAL AGGREGATE BND SWAP UCITS ETF 1D	11.1%
ISHARES $ CORP BOND ESG UCITS ETF USD ACC	8.8%
ISHARES MSCI EUROPE ESG SCREENED UCITS ETF EUR ACC	8.1%
SPDR S&P 500 ESG SCREENED UCITS ETF USD ACC	8.0%
JPMORGAN LIQUIDITY FUNDS - US DOLLAR LIQUIDITY FUND	7.5%
ISHARES J.P. MORGAN ESG $ EM BOND UCITS ETF USD INC	4.8%
ISHARES MSCI EM IMI ESG SCREENED UCITS ETF USD	4.2%
ISHARES MSCI JAPAN ESG SCREENED UCITS ETF USD ACC	3.1%

Notes:
The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

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

2022 was a difficult year for markets as there were few places to seek shelter, with bonds and equities falling strongly in tandem, a largely unprecedented event historically. The MSCI ACWI (All Country World Index) fell nearly 18% in USD terms, weighed down by concerns around the growth outlook and recession fears as inflation rose through much of the year amid central banks ratcheting up interest rates in response. US inflation hit a 40-year high, and the US Federal Reserve (Fed) initiated a series of aggressive rate hikes to tame it, despite the risks to general economic growth and the labour market. Negative investor sentiment was further compounded by Russia's invasion of Ukraine and China's zero-COVID policy, although the majority of regions saw an end to the most constraining COVID policies and a restart to unrestricted travel.

Across equity markets, Europe performed best (-14%), following by Asia (excluding Japan), the US and Emerging Markets (based on MSCI indices and in USD terms). China was the worst performer, down by nearly 22% for the year, although it had fallen by 42% at its trough around the time of the protests, before recovering rapidly in the final quarter.

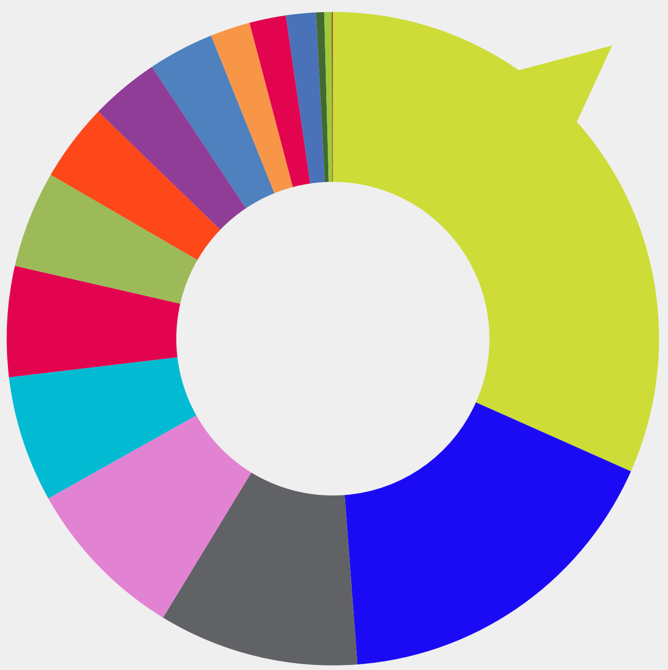
In this environment, Philippine equities were volatile although they strongly outperformed relative to both the global market, as well as both broader Asia (excluding Japan) and Emerging Markets on a USD basis. Sentiment was weakest towards the end of the third quarter, before snapping back following the unexpected easing of COVID restrictions in China and on signs that global inflation pressures were beginning to ease.

On a local currency basis, the Philippine Stock Exchange Index (PSEi) fell by -5.9% over the year as a whole. Investors weighed up the optimism over the reopening of the Philippine economy and snapback in activity, as well as the conclusion of the presidential election, and gross domestic product (GDP) posting strong year-on-year growth throughout the period. Conversely, investors digested the ongoing inflationary pressures and rate rises by the Bangko Sentral ng Pilipinas (BSP). The BSP raised its monetary policy interest rate by a total of 350 basis points (bps) to 5.5% in 2022 from only 2.0% at the onset of the pandemic. The Markit iBoxx ALBI Philippine Bond index declined by -4.4% overall.

Global government and investment grade bonds (as proxied by the Bloomberg Global Aggregate Bond Index) tumbled into a bear market during the year amid rising yields. The US Treasury market had one of the worst years ever recorded, all while the US 10-2 Year Treasury yield spread inverted, which is typically a harbinger for an upcoming recession. The US 10-Year Treasury yield climbed 236 bps while the US 2-Year Treasury yield gained 368 bps as the Fed embarked on an aggressive rate hike trajectory in 2022. Against this challenging backdrop, US Investment Grade Corporate bonds returned -15.8% and US High Yield bonds returned -11.2%, as the former was more adversely impacted by rising yields. Asian bonds (as proxied by the J.P. Morgan Asia Credit Index) saw losses of -11.0% in 2022, as challenging liquidity conditions and China property sector weighed on returns.

The Fund posted a negative absolute return in 2022. The Fund's broad exposure to equities was negative, in a year which saw risk sentiment deteriorated and nearly all key asset classes in the negative territory. Most of the underperformance came from US and Europe, as the Fed and ECB became increasingly hawkish throughout 2022. As such, DM allocations detracted the most amid a rising inflation and higher rate environment in 2022; EM contribution was slightly positive. Tactically, the Fund's largest contributors were US Energy (vs. US), Europe Oil & Gas (vs. Europe), and Korea (vs. EM); the Fund's largest detractors were Europe Basic Resources (vs. Europe), US Duration (30Y vs 2Y), and Nasdaq (vs. S&P 500).

Sector Allocation



36.65% Financials	3.95% Energy
19.85% Futures	3.79% Materials
11.48% Information technology	2.29% Utilities
9.44% Health care	2.09% Cach Securities
7.23% Industrials	1.72% Real estate
6.33% Consumer discretionary	0.46% Exchange Traded Funds
5.54% Consumer staples	0.42% Equity Options / Warrants
4.47% Communication	0.07% Foreign Exchange

Performance

-13.23%
Actual year-on-year

-10.01%
Since inception
(per annum)

Php 0.88542
Unit price
as of 3 Jan 2023

Top ten holdings

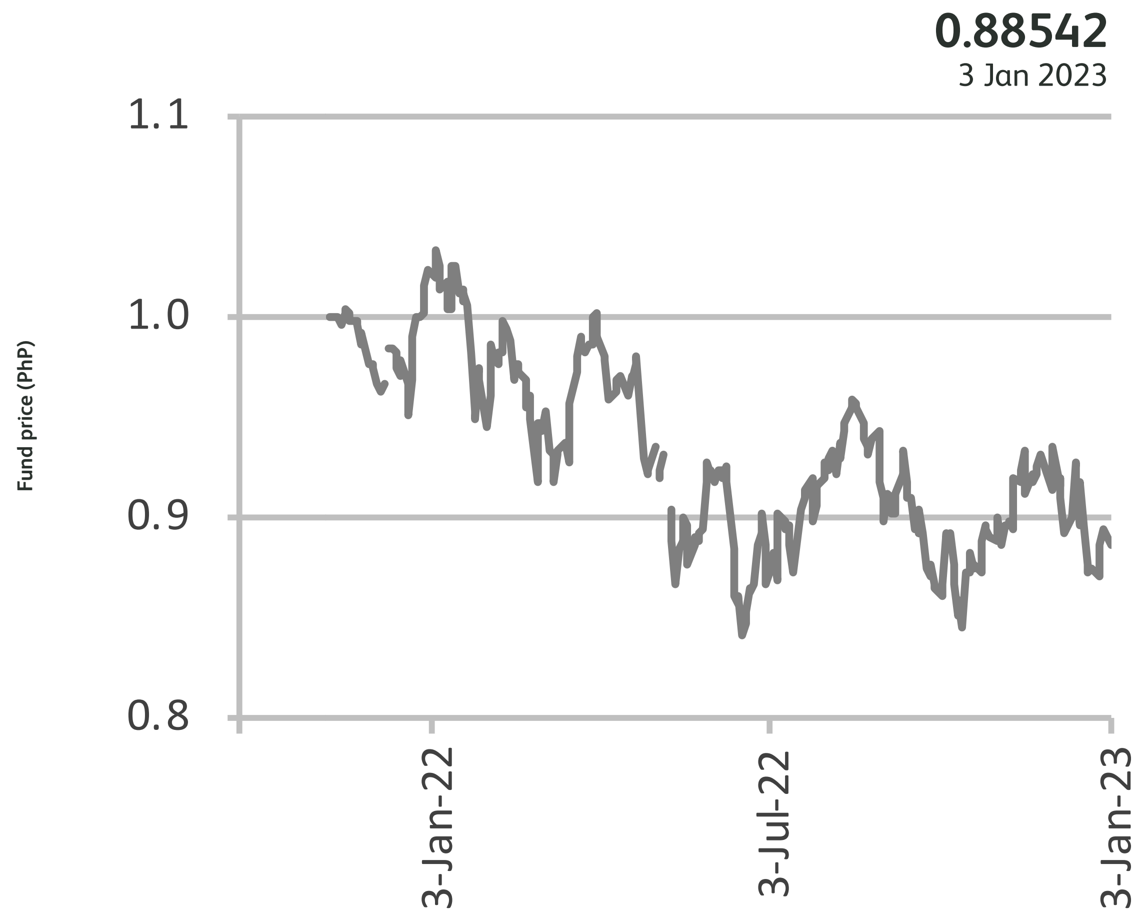
MSCI EUROPE INDEX MAR 23	20.35%
JPMORGAN LIQUIDITY FUNDS - US DOLLAR LIQUIDITY FUND	14.17%
SPDR S&P 500 UCITS ETF	5.89%
FORWARD EURO	4.74%
MSCI EMER MKT INDEX (ICE) MAR 23	3.25%
WFO EUR INITIAL MGN	3.12%
CASH & CASH EQUIVALENTS (USD)	2.11%
APPLE INC	1.86%
S&P500 EMINI MAR 23	1.76%
MICROSOFT CORP	1.64%

Notes:
The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

Highest and lowest unit price achieved

Initial (24 Aug 2022): 1.00000
Highest (05 Jan 2022): 1.03327
Lowest (17 Jun 2022): 0.84085

Performance chart



PRULink US Dollar Bond Fund

In 2022, interest rates climbed at their fastest pace in decades while bond prices fell in the face of high inflation and geopolitical tension. The US Treasury yield curve inverted in 2022 as yields on two-year, five-year and ten-year notes rose by 369 bps, 274 bps, and 236 bps to 4.43%, 4.00%, and 3.87%, respectively. Treasury yields were nearly unchanged over the fourth quarter but have risen significantly over the year.

In the first quarter of the year, global bond markets experienced a steep decline in prices as inflationary fears and the increasingly hawkish pivot of major central banks led to a surge in volatility in interest rates. Investor appetite for risk assets was dampened by the prospect of tighter monetary conditions, while a military conflict between Russia and Ukraine, as well as COVID lockdowns in China, exacerbated growth concerns. Further, in China, property developers continued to experience liquidity stress which led to negative rating actions and credit events among selected developers. Against this backdrop, most bond markets in Asia locked in negative returns.

The second quarter was also challenging for fixed income markets as inflation continued to be the key macroeconomic theme weighing on risk sentiment. Central banks took decisive action to tighten monetary policy as rising energy costs and geopolitical tension exerted an upward pressure on consumer prices. Weakening leading economic activity indicators, also made investors nervous about future slower growth and the emerging probability of a recession. Meanwhile, economic data from China, the largest economy in Asia, also showed that industrial output and consumer spending declined sharply since the COVID pandemic began, hurt by lockdowns across the country.

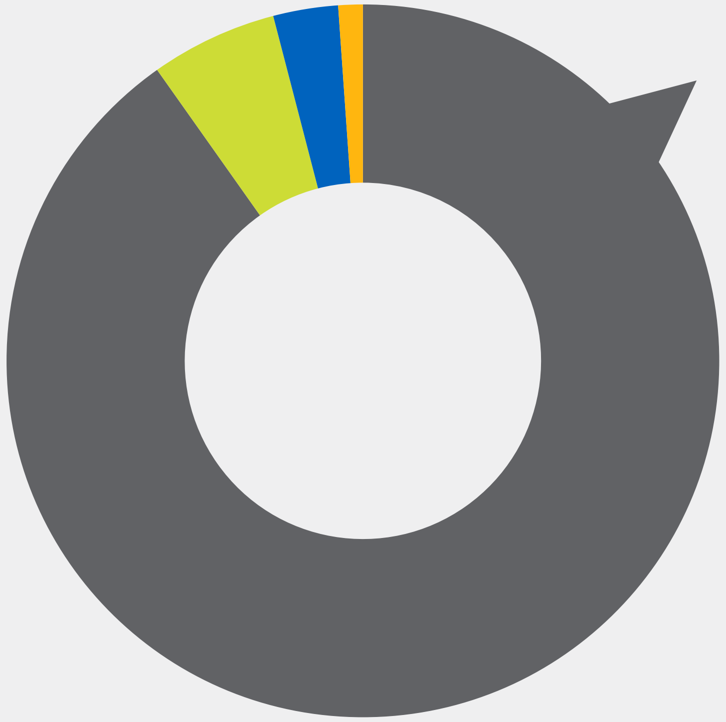
Investors also saw lower returns across fixed income assets over the third quarter. The US Federal Reserve hiked rates to dampen inflationary pressures even at the cost of slower economic growth. There was a momentary selloff in UK Gilts in reaction to the new tax plan by the Liz Truss government. However, the Bank of England quickly responded to restore market confidence with the launch of an emergency bond buying program. After going through a volatile period in the first three quarters of the year, bond markets staged a strong recovery in the fourth quarter. Market sentiment turned positive as China eased COVID controls and introduced a series of measures to support the property sector.

The rise in global interest rates, including the US, weighed on the performance of Philippine USD sovereign bonds, which registered a decline of 14.93% as represented by the JPMorgan EMBI Global Philippines index.

On a separate note, S&P Global Ratings affirmed the Philippines' investment grade rating and kept a "stable" outlook in November 2022, reflecting expectations of economic recovery and a significant drop in the fiscal deficit in the near terms. Fitch Ratings, on the other hand affirmed the Philippines' long-term foreign-currency issuer rating at "BBB" with a "negative" outlook.

For the period under review, the Fund's diversification in Asian USD bond market was a drag to relative performance as weak sentiment in China property sector and the country's growth risks remain a primary concern as authorities struggle to minimize the spread of highly contagious variants of COVID. Positive sovereign bond selection within the portfolio, however helped to mitigate the negative attribution effects.

Asset allocation



90.20%
Government bonds

5.75%
Fixed Income Funds

2.94%
Quasi government

1.11%
Cash and others

Performance

-17.46%
Actual year-on-year

4.61%
Since inception
(per annum)

USD 2.41800
Unit price
as of 3 Jan 2023

Top five holdings

REPUBLIC OF THE PHILIPPINES 9.5% 2-FEB-2030	9.77%
REPUBLIC OF THE PHILIPPINES 7.75% 14-JAN-2031	9.70%
REPUBLIC OF THE PHILIPPINES 6.375% 23-OCT-2034	8.86%
REPUBLIC OF THE PHILIPPINES 3% 1-FEB-2028	7.99%
REPUBLIC OF THE PHILIPPINES 3.7% 1-MAR-2041	7.08%
REPUBLIC OF THE PHILIPPINES 3.7% 2-FEB-2042	6.80%
REPUBLIC OF THE PHILIPPINES 3.95% 20-JAN-2040	6.77%
EASTSPRING INV ASIAN BOND D USD	5.75%
REPUBLIC OF THE PHILIPPINES 3.75% 14-JAN-2029	5.60%
REPUBLIC OF THE PHILIPPINES 2.65% 10-DEC-2045	4.55%

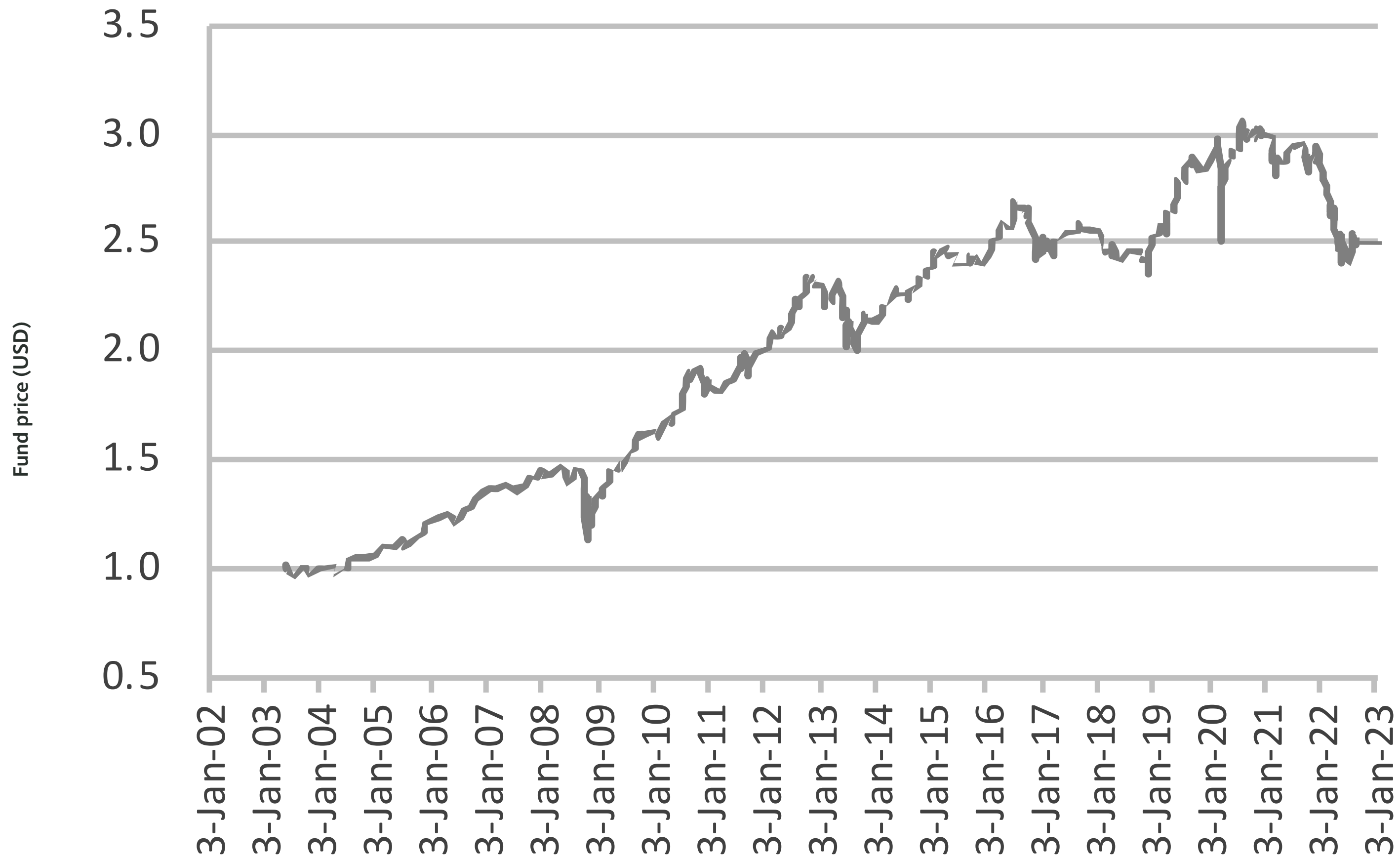
Notes:
The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

Highest and lowest unit price achieved

Initial (03 June 03) 1.00000
Highest (12 Aug 20) 3.0786
Lowest (05 Aug 03) 0.96080

Performance chart

2.41800
3 Jan 2023



PRULink Asian Local Bond Fund

2022 was a turbulent year for the global fixed income markets. Worries over rising inflation, interest rate hikes and recessionary fears dominated the key headlines. In the first quarter of the year, global bond markets experienced one of its steepest quarterly declines on record as inflationary fears and the increasingly hawkish pivot of major central banks led to a surge in volatility in global interest rates. Investor appetite for risk assets was also dampened by the prospect of tighter monetary conditions, while military conflict between Russia and Ukraine, as well as COVID lockdowns in China, exacerbated growth concerns. Inflation remained firmly in focus in the second quarter as most global central banks moved to tighten monetary policy. Deteriorating economic activity indicators, however, also made investors nervous about slowing growth and the rising risk of recession. After a brief reprieve in July, bond markets sold off sharply again in August and September amidst a hawkish US Fed stance and poor investor sentiment. Towards the end of fourth quarter, developed market government bond yields moved up with major central banks restating plans to tighten monetary policy despite signs of easing inflation and slowing economic growth. In Asia, with China unexpectedly relaxing COVID-19 restrictions earlier than anticipated, 2022 ended its last month with favorable surprises.

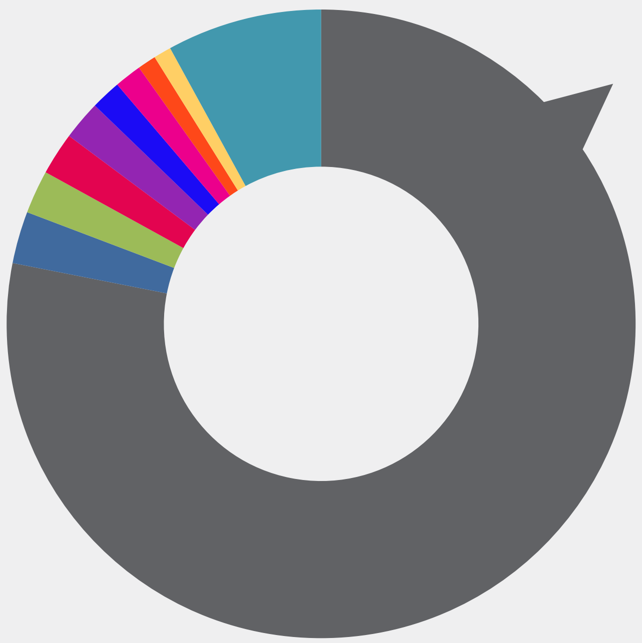
Many Asian economies continued to grapple with rising price pressures over the course of last year, prompting their central banks to tighten their monetary policy. Some Asian central banks joined the Fed to hike rates at a similar pace as weaker currencies further added to concerns about imported inflation. The People's Bank of China (PBOC), however, loosened its monetary policy in 2022, in contrast to other Asian central banks.

In Asia, yields of most domestic government bond markets rose in sympathy with the global interest rates. The performance of the Asian local bond markets in USD terms were also weighed down further by broad weakness of Asian currencies against the US dollar amid concerns over higher US interest rates and fluctuating risk sentiment. The representative custom Markit iBoxx Asian Local Bond index declining by -8.24% over the year in USD terms. In 2022, only some domestics bond markets recorded positive returns in local currency terms. Gains were led by Indonesia, China Onshore and India. Among the worst performers were South Korea, Hong Kong, and Singapore.

Overall, Asian currencies depreciated against the US dollar in most part of the year as they bore the brunt of the adjustment from widening yield differentials between US versus Asia. The Asian currencies, however, strengthened in November and December, following the lower-than-expected US inflation prints in November, as investors reassessed the outlook for interest rate differentials. With the US dollar's rally came to a halt in the fourth quarter, Indian Rupee was the weakest performer versus US dollar followed by Taiwan Dollar on a full-year performance.

For the period under review, the Fund's moderate exposure to China USD property credits weighed on performance amid weak sentiment in China property sector and the country's growth risks remain a primary concern as authorities struggle to minimize the spread of highly contagious variants of COVID. Asian currency positioning was also a drag to relative performance. The Fund's overweight in Indian Rupee was a key detractor as well as the underweight in Korean Won. Nonetheless, the Fund's underweight positions in Hong Kong (rates and currency), helped narrow the underperformance of the Fund versus benchmark.

Sector allocation



78.10% Treasury
2.68% Foreign agencies
2.23% Banking
2.19% Other financial institutions
2.02% Other Real Estate Investment Trusts (REIT)
1.55% Home construction
1.40% Supermarkets
0.95% Life Insurance
0.91% Finance companies
7.97% others

Performance

-12.88%
Actual year-on-year

-0.43%
Since inception
(per annum)

USD 0.95386
Unit price
as of 3 Jan 2023

Top five holdings

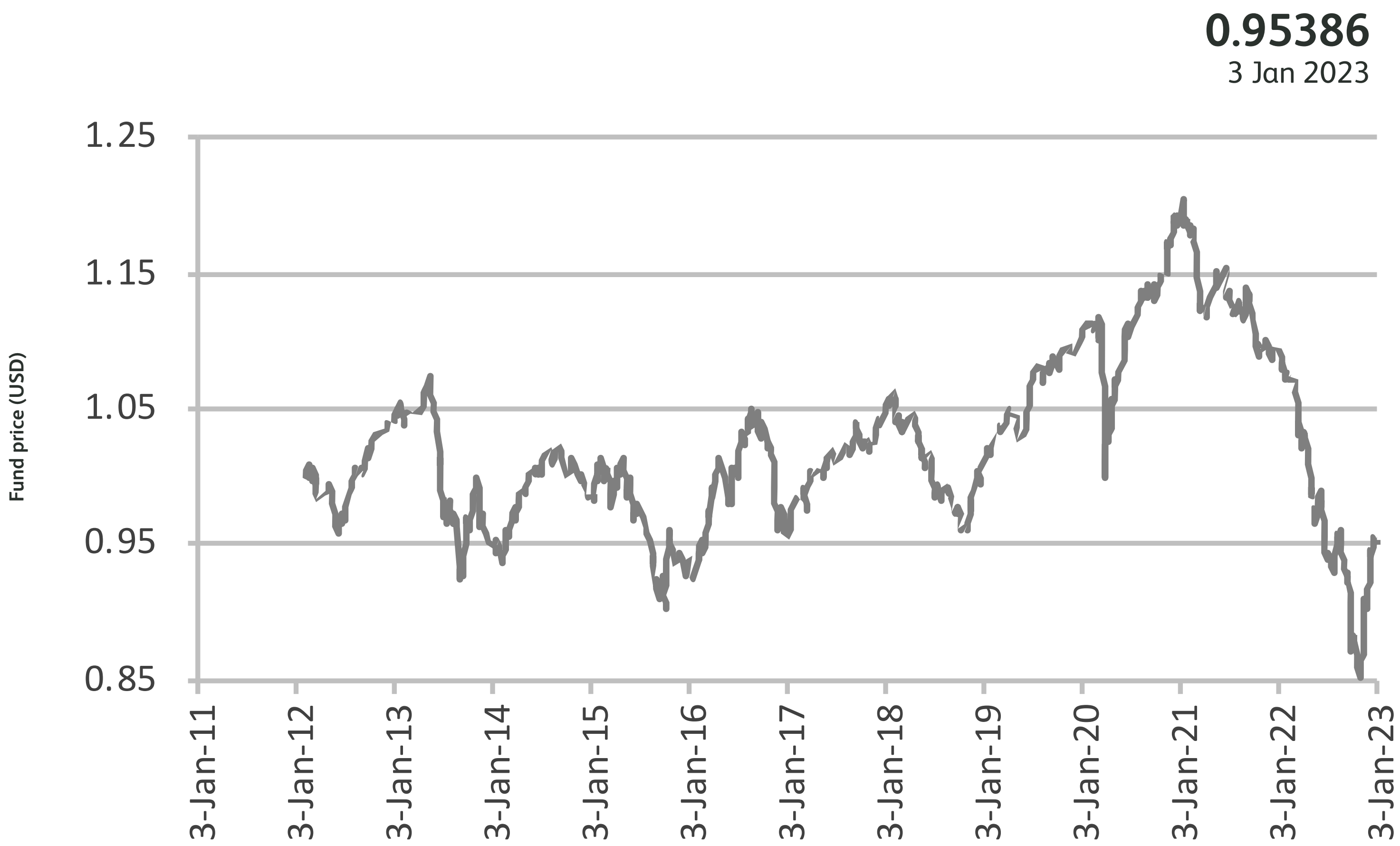
KOREA (REPUBLIC OF) 1.25% 10-MAR-2026	1.44%
KOREA (REPUBLIC OF) 2% 10-JUN-2031	1.31%
THAILAND KINGDOM OF (GOVT) 2% 17-DEC-2031	1.31%
INDONESIA (REPUBLIC OF) 6.5% 15-FEB-2031	1.28%
INDIA (REPUBLIC OF) 5.63% 12-APR-2026	1.25%
FORWARD SINGAPORE DOLLAR	1.24%
THAILAND KINGDOM OF (GOVT) 1.585% 17-DEC-2035	1.15%
INDONESIA (REPUBLIC OF) 5.125% 15-APR-2027	1.01%
MALAYSIA (GOVT) 2.632% 15-APR-2031	1.00%
THAILAND KINGDOM OF (GOVT) 0.95% 17-JUN-2025	0.99%

Notes:
The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

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

2022 was a difficult year for markets as there were few places to seek shelter, with bonds and equities falling strongly in tandem, a largely unprecedented event historically. The MSCI ACWI (All Country World Index) fell nearly 18% in USD terms, weighed down by concerns around the growth outlook and recession fears as inflation rose through much of the year amid central banks ratcheting up interest rates in response. US inflation hit a 40-year high, and the US Fed initiated a series of aggressive rate hikes to tame it, despite the risks to general economic growth and the labour market. Negative investor sentiment was further compounded by Russia's invasion of Ukraine and China's zero-COVID policy, although the majority of regions saw an end to the most constraining COVID policies and a restart to unrestricted travel

.

Across equity markets, Europe performed best (-14%), following by Asia (ex Japan), the US and Emerging Markets (based on MSCI indices and in USD terms). China was the worst performer, down by nearly -22% for the year, although it had fallen by -42% at its trough around the time of the protests, before recovering rapidly in the final quarter.

In this environment, Philippine equities were volatile although they strongly outperformed relative to both the global market, as well as both broader Asia (ex Japan) and Emerging Markets on a USD basis. Sentiment was weakest towards the end of the third quarter, before snapping back following the unexpected easing of COVID restrictions in China and on signs that global inflation pressures were beginning to ease.

On a local currency basis, the Philippine Stock Exchange Index (PSEi) fell by -5.9% over the year as a whole. Investors weighed up the optimism over the reopening of the Philippine economy and snapback in activity, as well as the conclusion of the presidential election, and gross domestic product (GDP) posting strong year-on-year growth throughout the period. Conversely, investors digested the ongoing inflationary pressures and rate rises by the Bangko Sentral ng Pilipinas (BSP). The BSP raised its monetary policy interest rate by a total of 350 basis points (bps) to 5.5% in 2022 from only 2.0% at the onset of the pandemic.

Global government and investment grade bonds (as proxied by the Bloomberg Global Aggregate Bond Index) tumbled into a bear market during the year amid rising yields. The US Treasury market had one of the worst years ever recorded, all while the US 10-2 Year Treasury yield spread inverted, which is typically a harbinger for an upcoming recession. The US 10-Year Treasury yield climbed 236 bps while the US 2-Year Treasury yield gained 368 bps as the Fed embarked on an aggressive rate hike trajectory in 2022. Against this challenging backdrop, US Investment Grade Corporate bonds returned -15.8% and US High Yield bonds returned -11.2%, as the former was more adversely impacted by rising yields. Asian bonds (as proxied by the J.P. Morgan Asia Credit Index) saw losses of -11.0% in 2022, as challenging liquidity conditions and China property sector weighed on returns.

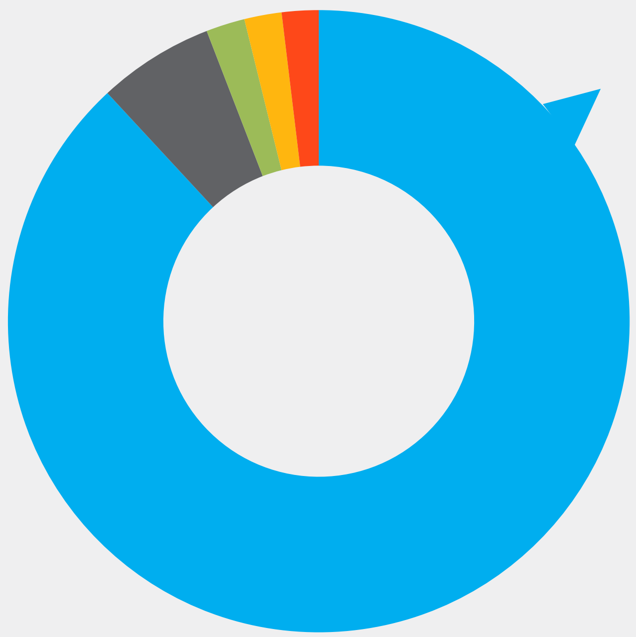
Global bond yields rose strongly in 2022, as predictions of peak inflation and speculation of how fast (and how far) the US Fed would go, in terms of tightening monetary policy, remained central to market behaviour. Market sentiment and views around the implications of peaking inflation were mixed, with rising yields towards the end of 2022 reflecting disappointment in central banks' commitment to continue policy tightening despite the weaker inflation figures. The Fed cautioned against relying too much on the short-term inflation trends following its latest rate increase in December and stressed that it will continue hiking rates albeit potentially at a slower pace.

Commodity prices spiked after the start of the Russia-Ukraine war, while strict sanctions against Russia followed from the US and its allies, with coordinated steps taken to lock Russia out of the USD-based financial system. The Chinese government's goal of zero COVID led to a dramatic weakening of growth and ongoing disruptions to industry, impacting the global economy and supply chains, with sentiment hitting its lowest around the announcement of President Xi Jinping's appointment to his third term as party leader. A series of unprecedented protests against the lockdowns in China followed in November.

The snapback seen in China during 4Q was also felt across other markets, both equity and fixed income, triggered by an unexpected easing of COVID restrictions in China, government support for China's stressed property market and signs that global inflation pressures were beginning to ease, leading to expectations that central banks could hike rates less aggressively. For the final quarter, MSCI[1] China gained 13.5%, the European index gained more with 19.9% returns, whilst Asia (ex Japan) and Emerging Markets were up 11.2% and 9.6%, respectively. The MSCI[1] US Index was the laggard, gaining only 7% over the quarter. Value stocks outperformed growth stocks over the year, including in the final quarter, with Europe and Emerging Markets benefiting more from this value-style equity leadership than the US.

The Fund posted a negative absolute return in 2022, and underperformed its reference index. As mentioned, the global bond markets experienced unprecedented losses in 2022. Global government bond markets, especially US Treasuries, generally suffered due to the sharp rises in global interest rates; the bellwether US 10-Year Treasury yield rose by +236 bps during the period. Credit spreads generally widened during the year, reflecting deteriorated risk sentiment. A cocktail of rapidly rising yields and widening spreads, among other key factors, did not spare corporate credits of the broad sell-off, which saw double-digit declines in various bond markets, including the Fund's key markets, US High Yield bonds and Asian Credit bonds. In addition to the sharp rise in interest rates, China growth concerns (due to the China's lockdowns and zero-COVID policy) and the Russia-Ukraine conflict, weighed heavily on investor appetite for corporate bonds, which resulted in investors pricing in higher risk premia for investing in corporate credits (reflected by widening of credit spreads).

Asset allocation



88.10%
Fixed-income funds

6.03%
Exchange Traded Bond Funds

2.02%
Equity funds

1.94%
Cash and Cash equivalents

1.91%
Financials

Performance

-19.34%
Actual year-on-year

-3.51%
Since inception
(per annum)

USD 0.74764
Unit price
as of 3 Jan 2023

Top five holdings

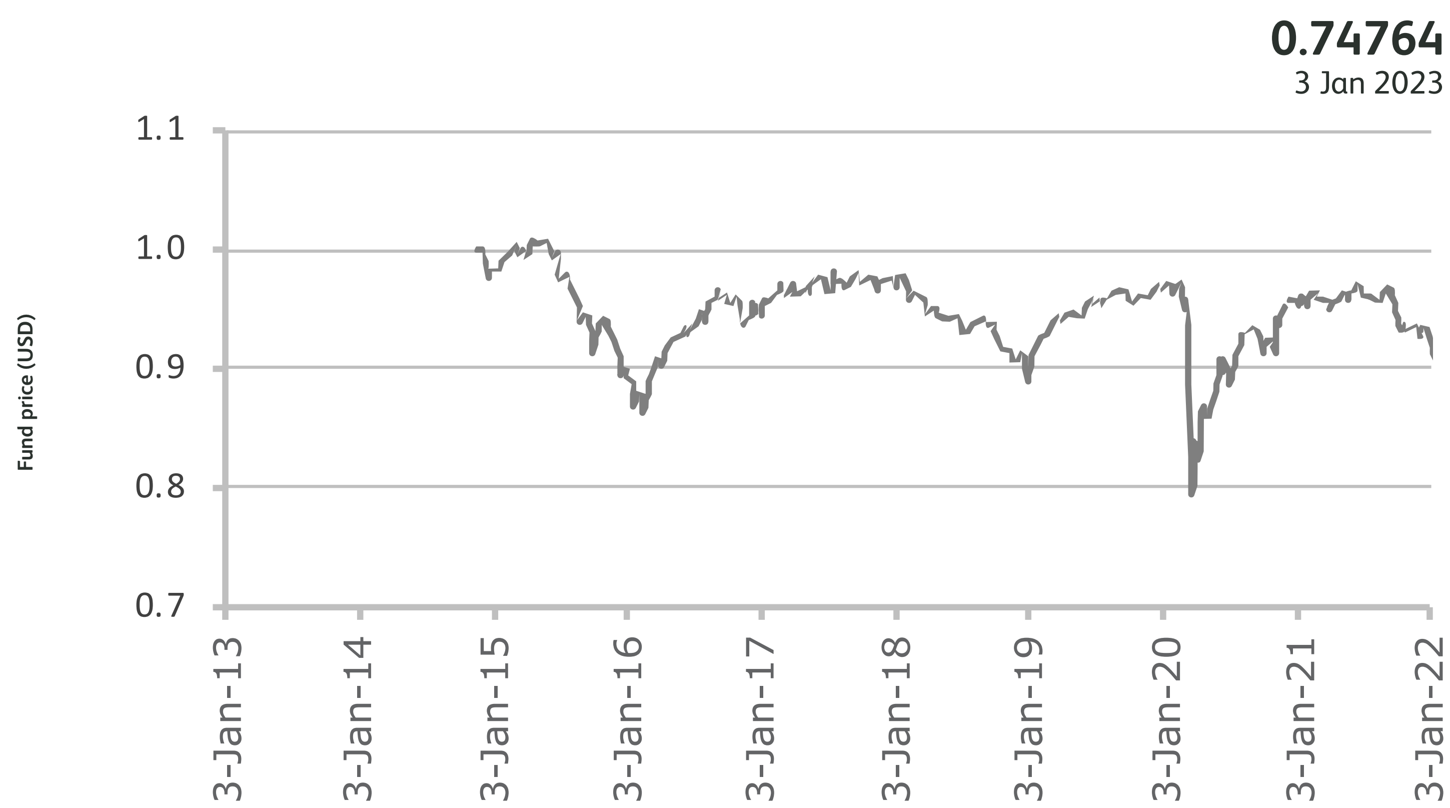
EASTSPRING INV ASIAN BOND D USD	44.59%
EASTSPRING INV US HIGH YIELD BOND D	43.51%
ISHARES HIGH YIELD CORP BOND UCITS ETF USD	6.03%
EASTSPRING INV ASIAN EQUITY INC D	2.02%
CASH & CASH EQUIVALENTS (USD)	1.94%
ISHARE US TREASURY BOND ETF	1.91%

Notes:
The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

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 Asian Balanced Fund

2022 was a difficult year for markets as there were few places to seek shelter, with bonds and equities falling strongly in tandem, a largely unprecedented event historically. The MSCI1 ACWI (All Country World Index) fell nearly 18% in USD terms, weighed down by concerns around the growth outlook and recession fears as inflation rose through much of the year amid central banks ratcheting up interest rates in response. US inflation hit a 40-year high, and the US Federal Reserve (Fed) initiated a series of aggressive rate hikes to tame it, despite the risks to general economic growth and the labour market. Negative investor sentiment was further compounded by Russia's invasion of Ukraine and China's zero-COVID policy, although the majority of regions saw an end to the most constraining COVID policies and a restart to unrestricted travel.

Across equity markets, Europe performed best (-14%), following by Asia (excluding Japan), the US and Emerging Markets (based on MSCI1 indices and in USD terms). China was the worst performer, down by nearly -22% for the year, although it had fallen by -42% at its trough around the time of the protests, before recovering rapidly in the final quarter. In this environment, Philippine equities were volatile although they strongly outperformed relative to both the global market, as well as both broader Asia (excluding Japan) and Emerging Markets on a USD basis. Sentiment was weakest towards the end of the third quarter, before snapping back following the unexpected easing of COVID restrictions in China and on signs that global inflation pressures were beginning to ease.

On a local currency basis, the Philippine Stock Exchange Index (PSEi) fell by -5.9% over the year as a whole. Investors weighed up the optimism over the reopening of the Philippine economy and snapback in activity, as well as the conclusion of the presidential election, and GDP posting strong year-on-year growth throughout the period. Conversely, investors digested the ongoing inflationary pressures and rate rises by the Bangko Sentral ng Pilipinas (BSP). The BSP raised its monetary policy interest rate by a total of 350 basis points (bps) to 5.5% in 2022 from only 2.0% at the onset of the pandemic.

Global government and investment grade bonds (as proxied by the Bloomberg Global Aggregate Bond Index) tumbled into a bear market during the year amid rising yields. The US Treasury market had one of the worst years ever recorded, all while the US 10-2 Year Treasury yield spread inverted, which is typically a harbinger for an upcoming recession. The US 10-Year Treasury yield climbed 236 bps while the US 2-Year Treasury yield gained 368 bps as the Fed embarked on an aggressive rate hike trajectory in 2022. Against this challenging backdrop, US Investment Grade Corporate bonds returned -15.8% and US High Yield bonds returned -11.2%, as the former was more adversely impacted by rising yields. Asian bonds (as proxied by the J.P. Morgan Asia Credit Index) saw losses of -11.0% in 2022, as challenging liquidity conditions and China property sector weighed on returns.

Global bond yields rose strongly in 2022, as predictions of peak inflation and speculation of how fast (and how far) the US Fed would go, in terms of tightening monetary policy, remained central to market behaviour. Market sentiment and views around the implications of peaking inflation were mixed, with rising yields towards the end of 2022 reflecting disappointment in central banks' commitment to continue policy tightening despite the weaker inflation figures. The Fed cautioned against relying too much on the short-term inflation trends following its latest rate increase in December and stressed that it will continue hiking rates albeit potentially at a slower pace.

Commodity prices spiked after the start of the Russia-Ukraine war, while strict sanctions against Russia followed from the US and its allies, with coordinated steps taken to lock Russia out of the USD-based financial system. The Chinese government's goal of zero-COVID led to a dramatic weakening of growth and ongoing disruptions to industry, impacting the global economy and supply chains, with sentiment hitting its lowest around the announcement of President Xi Jinping's appointment to his third term as party leader. A series of unprecedented protests against the lockdowns in China followed in November.

The snapback seen in China during 4Q was also felt across other markets, both equity and fixed income, triggered by an unexpected easing of Covid restrictions in China, government support for China's stressed property market and signs that global inflation pressures were beginning to ease, leading to expectations that central banks could hike rates less aggressively. For the final quarter, MSCI China gained 13.5%, the European index gained more with 19.9% returns, whilst Asia (ex Japan) and Emerging Markets were up 11.2% and 9.6% respectively. The MSCI US Index was the laggard, gaining only 7% over the quarter. Value stocks outperformed growth stocks over the year, including in the final quarter, with Europe and Emerging Markets benefiting more from this value-style equity leadership than the US.
The Fund posted a negative absolute return in 2022, but outperformed the reference index on a net and gross basis.

Asset allocation was positive for the period. Security selection was also positive, primarily driven by security selection within equities. The Fund's largest holding, an Asia Pacific equities sleeve, had a strong outperformance in 2022, and as such, the Fund benefited from the underlying equity sleeve.

▶ Asset allocation

53.48%
Fixed-income funds

45.14%
Equity funds

1.38%
Cash & cash equivalents

▶ Performance

-13.05%
Actual year-on-year

-1.86%
Since inception
(per annum)

USD 0.90610
Unit price
as of 3 Jan 2023

▶ Top five holdings

EASTSPRING INV ASIA PACIFIC EQUITY	53.48%
EASTSPRING INV ASIAN LOCAL BOND D USD	27.08%
EASTSPRING INV ASIAN BOND D USD	18.06%
CASH & CASH EQUIVALENTS (USD)	1.38%

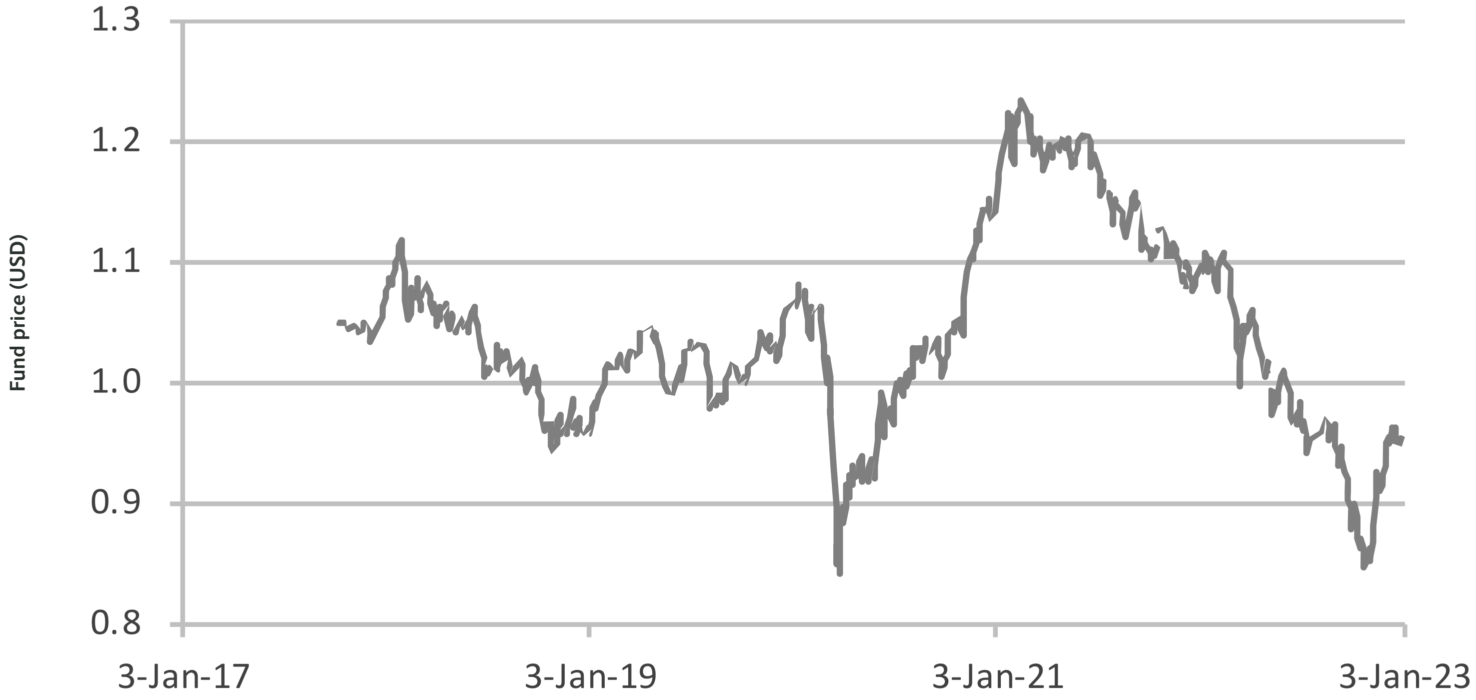
Notes:
The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

▶ 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

0.90610
3 Jan 2023



PRULink Asia Pacific Equity Fund

2022 was a tough year in general for Asian regional markets. The regional decline was mainly driven by valuation compression and foreign exchange weakness. At a >30% discount in terms of Price-to-Book value, Asia now trades at close to the largest discount compared to the US. However, the MSCI Asia Pacific ex Japan index fell -19.7% this year compared to the -20.8% for the US (total returns in USD). South Asia performed best, North Asia worst: ASEAN markets all outperformed the regional benchmark, with Thailand (+2.5%) and Indonesia (+1.1%) delivering positive returns. India also outperformed (-8.7% in USD but +1% in local terms). China (-23.6%), Korea (-30.8%) and Taiwan (-32.2%) all lagged.

In terms of sectors in 2022, energy, insurance and banks outperformed; software, media & entertainment and tech hardware lagged. While in terms of style, value, dividends, weak momentum, and positive Earnings Per Share revisions outperformed. Growth underperformed. In 2022, Asia Pacific ex Japan (-19.7%) outperformed Global Emerging Markets (-22.4%) and the US (-20.8%) but lagged behind Latin America (-0.1%) and marginally underperformed the Developed Markets (-19.5%).

Our approach is bottom-up value driven and with such, performance is driven by the stocks we own rather than any country or sector relative positioning. We began the year well-positioned in attractively valued cyclical stocks in sectors such as financials, consumer discretionary, communication services, and energy which benefitted performance through the year.

As reflected in both the country and sector attribution, stock selection was the key driver of the strategy's outperformance in 2022 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 showed 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

- 28.53% Financials
- 17.12% Information technology
- 13.52% Consumer discretionary
- 9.51% Communication
- 6.91% Energy
- 4.94% Real estate
- 4.87% Consumer staples
- 4.68% Materials
- 3.64% Industrials
- 3.52% Health care
- 2.76% Cash securities

► Performance

-9.43%
Actual year-on-year

0.10%
Since inception
(per annum)

USD 1.00997
Unit price
as of 3 Jan 2023

► Top ten holdings

TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	5.36%
TENCENT HOLDINGS LTD	5.31%
SAMSUNG ELECTRONICS CO LTD	5.17%
BHP GROUP LTD	3.00%
ALIBABA GROUP HOLDING LTD	2.94%
BOC HONG KONG HOLDINGS LTD	2.66%
CHINA CONSTRUCTION BANK CORP	2.55%
CASH & CASH EQUIVALENTS (USD)	2.54%
BANGKOK BANK PCL	2.26%
BAIDU INC	2.23%

Notes:
The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

► 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

The context for Global Emerging Markets coming into 2022 was a decade following the global financial crisis of low inflation, low interest rates, low growth and a focus on digitization. This was a very supportive environment for growth and quality managers and a headwind for disciplined Value managers. The outcome of a decade of persistent biases was that emerging market value stocks had become extremely cheap relative to emerging market growth and quality stocks. This decade of e-commerce focused investment, also led to underinvestment in the real economy which meant that global supply chains and infrastructure were struggling to keep up with economic growth.

2021 saw the impact of COVID vaccine rollouts and global fiscal and monetary stimulus support real economic demand, but with inflation and interest rates beginning to rise, emerging equity markets (MSCI EM Index) were down 2.2% (USD) for the year. This was very supportive of Value investing and the GEM Dynamic strategy outperformed by +5.8%. China's continued zero-COVID policy and economic slowdown was highlighting the risks to supply chains heavily dependent on China's factories, and hence the supply chain diversification story begun to gather pace.

2022 begun with positive market sentiment as COVID-19 appeared to be under control and Western Nations were beginning to open up, despite inflation beginning to pick up. However, Russia's invasion of Ukraine in February 2022 sent risk appetites rising and inflationary pressures soared, largely driven by energy prices. Rising geopolitical tensions, inflation and economic growth weakness sent equity markets tumbling, and in this environment, investors continued to question the still-high valuations they had placed on emerging market growth and quality stocks in the previous decade, while looking to more compelling opportunities in the attractively valued real economy stocks such as long-avoided financials.

2022 saw the MSCI EM Index fall -19.7%, however we saw substantial dispersion between styles and stock performance which offered our GEM Dynamic strategy a huge opportunity. The GEM dynamic strategy delivered +0.3% return for the year outperforming the MSCI EM Index by over +20%.

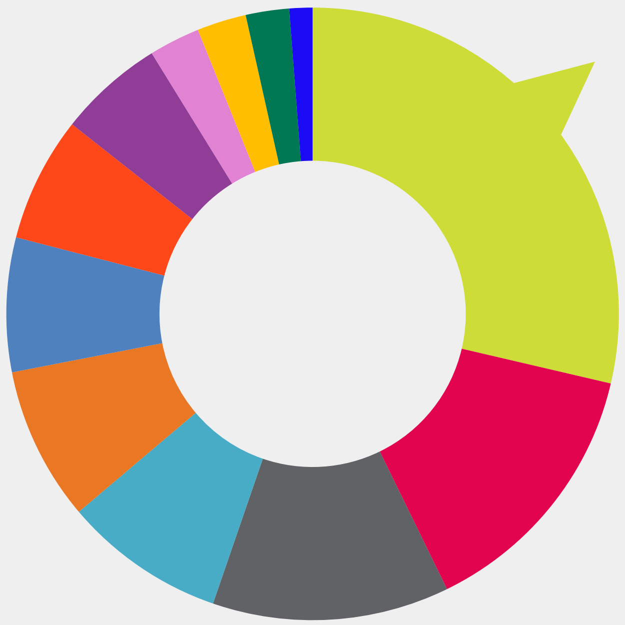
In 2022, Latin American (LatAm) equities ended the year practically unchanged (-0.1%), strongly outperforming Global Emerging Markets (-22.4%), Asia Pacific ex Japan (-19.7%), and Developed Markets (-19.5%). The performance of 2022 in LatAm was led by Chile (+15.1%), while Colombia was the worst performing market (-12.7%). Brazil (+1.7%) did slightly better than LatAm, while Mexico (USD-5.2%) did worse.

Our approach is bottom-up value driven and as such performance is driven by the stocks we own rather than any country or sector relative positioning. We begun the year well positioned in attractively valued cyclical stocks in sectors such as financials, energy, materials and industrials, which benefitted performance through the year.

As reflected in both the country and sector attribution, stock selection was the key driver of the strategy's outperformance in 2022 in countries such as China, Taiwan and Turkey. At a sector level, stock selection contributed most in Energy and Financials. While at an individual stock level attribution shows stocks such as Turkish Airlines, Petrobras and BB Seguridade added most to performance.

It was not all positive as we saw some detraction from stocks in South Korea and Mexico, stock-specific detraction from Sberbank, Televisa and YDUQS, and a drag on relative performance due to cash flows through the year.

Sector allocation



Sector	Allocation
Financials	28.65%
Consumer discretionary	14.12%
Information technology	12.50%
Industrials	8.55%
Consumer staples	8.12%
Materials	7.08%
Communication	6.60%
Energy	5.58%
Health care	2.69%
Cash Securities	2.60%
Utilities	2.29%
Real estate	1.22%

Performance

-5.21%
Actual year-on-year

1.32%
Since inception
(per annum)

USD 1.12165
Unit price
as of 3 Jan 2023

Top five holdings

SAMSUNG ELECTRONICS CO LTD	5.56%
NASPERS LTD	4.39%
PING AN INSURANCE GROUP CO OF CHINA LTD	4.05%
INDUSIND BANK LTD	3.92%
HON HAI PRECISION INDUSTRY CO LTD	3.68%
KOMERCNI BANKA AS	3.12%
TONGCHENG TRAVEL HOLDINGS LTD	3.09%
BAIDU INC	3.01%
SHRIRAM FINANCE LTD	2.93%
SINOPHARM GROUP CO LTD	2.69%

Notes:
The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

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

2022 was a tough year for most investors and 2023 could be challenging still. Slower growth and tighter financial conditions in the Developed Markets (especially the US and Europe) are clouding the global economic outlook. There is also a growing acceptance that inflation will be more durable than originally thought and that talks of a US Fed pivot at this point in time are a bit premature.

Market outcomes will depend on the inflation trajectory and the consequent impact of monetary policy in Developed Markets. While there are signs of inflation peaking, tight US labour markets and strong wage growth may force the US Fed to remain hawkish for longer. Meanwhile, high energy prices which have been another inflation driver will likely face upward pressure again as China begins to re-open its economy, and this could prolong central banks' battle against inflation. Another potential outcome is that exogenous factors lead to a decline in commodity prices resulting in falling inflation and ease the monetary tightening phase earlier than expected, however this is not our base case.

The US Fed is expected to continue tightening monetary policy through 2023, although the magnitude and frequency will depend on how quickly unemployment rises or how fast consumer prices fall. The median projections from the US Fed currently point to further rate hikes in 2023 before falling in 2024. As it stands, it is projected that the US Fed will reach its peak of the rate hike cycle mid-2023, barring a tail risk event in financial markets.

A stabilizing US economy is thus likely to emerge late 2H 2023 or in early 2024 as we navigate past peak inflation and US Fed hawkishness. Any impending US recession will likely be a mild one relative to previous recessions given that the US consumer balance sheets are more resilient today (especially when compared to the 2008 Global Financial Crisis). The systemic leverage currently lies in indebted governments and selected corporate balance sheets after binging on cheap borrowing costs and pandemic stimulus.

Recent US economic data have shown that while inflation has peaked, it could be much stickier than expected, thus our view remains that US Treasury yields have yet to peak. Locally, inflation in the Philippines reversed its downtrend and printed much higher than expected in January. We think that it could stay elevated for longer than expected, and force Bangko Sentral ng Pilipinas (BSP) to continue hiking rates. We expect BSP to continue hiking another 25-50 bps before pausing. Meanwhile, should the global market turn bearish again, any pressure on the foreign exchange front could prompt BSP to hike faster and more than expected.

Despite persistently high inflation, we are turning constructive on the Philippine equities market. Firstly, we think that inflation should moderate into 2023 on stronger currency and falling global commodity prices. In addition, consumer demand remained resilient in spite of surging prices in 2022, driven by (i) rising employment rates; (ii) growth in overseas remittances; and (iii) sustained BPO expansion in the Philippines and these trends should continue into 2023. Lastly, a stronger Peso will also be supportive of margins, corporate earnings trajectory and equity valuations. Therefore, we think that Philippines' large domestic economy should provide some downside buffer, and its economic growth should continue to hold up better than regional peers that are more exposed to global commodities and economies, such as Indonesia, Malaysia and Singapore.

We acknowledge that global share prices remain volatile with continued uncertainties and believe that equities have some room for correction in a recession, especially as US equities represent a large weight in global benchmarks and given the large technology representation in key market cap indices. The extent is however contingent on the magnitude of the recession (i.e., the deeper the recession, the larger the equity drawdowns). Asian and emerging markets are likely to perform relatively better than developed markets on the back of a peak in the US dollar and narrowing of interest rate differentials. Though Asian valuations may appear cheap relative to other regional markets, we remain cognisant of the impact of the Fed's interest rate policy, along with tensions around US-China relations, labour shortages and commodity and goods inflation, which are contributing drivers of global volatility.

Ultimately if the US Fed stamps out inflation by crushing aggregate demand, then we are going to see higher unemployment and slower growth, and investors will likely favour fixed income solutions. On the other hand, if more supply-side measures help to ease inflation, then equities will likely to be in demand. In our view, it is unlikely that inflation is going to dissipate easily or quickly, and investors need to remain vigilant against drawdowns. Ongoing global uncertainty will create further volatility in bond and equity markets in 2023 and this will present opportunities for the nimble investor.

Disclaimer:
Eastspring Investments (Singapore) Limited, Company Reg. No: 199407631H

This document is solely for information purposes only and is not intended for anyone other than the recipient. It may not be published, circulated, reproduced or distributed in whole or part to any other person without the prior consent. This information is not an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such an offer or solicitation. It should not be construed as an offer, solicitation of an offer, or a recommendation to transact in any securities mentioned herein. The information does not take into account the specific investment objectives, financial situation or particular needs of any person. Advice should be sought from a financial adviser regarding the suitability of the investment product before making commitment to purchase the investment product. A prospectus in relation to the fund(s) is available and a copy of the prospectus may be obtained from Eastspring Investments (Singapore) Limited and its distribution partners. Investors should read the prospectus before making any investment decision. The value of units in the fund(s) and the income accruing to the units, if any, may fall or rise. Past performance of the fund(s)/manager is not necessarily indicative of the future performance. Any prediction, projection or forecast on the economy, securities markets or the economic trends of the markets targeted by the fund(s) is not necessarily indicative of the future performance of the fund(s). An investment in the fund(s) is subject to investment risks, including the possible loss of the principal amount invested. Whilst Eastspring Investments (Singapore) Limited has taken all reasonable care to ensure that the information contained in this document is not untrue or misleading at the time of publication, Eastspring Investments (Singapore) Limited cannot guarantee its accuracy or completeness. Any opinion or estimate contained in this document is subject to change without notice. The fund(s)/ underlying fund(s) may use derivative instruments for efficient portfolio management and hedging purposes.

Eastspring Investments (Singapore) Limited is an ultimately wholly-owned subsidiary of Prudential plc of the United Kingdom. Eastspring Investments (Singapore) Limited and Prudential plc are not affiliated in any manner with Prudential Financial, Inc., a company whose principal place of business is in the United States of America.

Fund managers' Profile

Danny Tan

Chartered Financial Analyst
Head of Fixed Income
Eastspring Investments

Danny Tan is responsible for overseeing the management of the Eastspring'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 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, Danny was an Investment Analyst with Tecity Management, covering equity and fixed income research. In all, he has more than 22 years of investment experience.

Danny is a CFA 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 Bond Fund and PRULink Dollar Bond Fund. He is currently responsible for the management of Philippines' USD and local bond strategy and SGD cash strategies.

Matthew joined Eastspring Investments in March 2018, under Eastspring's Graduate Development Program.

He spent 2 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 majoring in Finance.

Kenneth Lee

Chartered Financial Analyst
Portfolio Manager - Fixed Income
Eastspring Investments

Kenneth Lee is the backup Portfolio Manager of PRULink Bond Fund and PRULink Dollar 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, the Asian asset management business of Prudential plc, 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 nine years of investment experience.

Kenneth is a CFA charterholder and holds a Bachelor of Engineering (Chemical Engineering) and a Bachelor of Business Administration (Finance) from National University of Singapore.

Stephen Guo

Chartered Financial Analyst
Portfolio Manager – Investment Solutions
Eastspring Investments

The PRULink Managed Fund, PRULink Proactive Fund, PRULink Growth Fund, PRULink Asian Balanced Fund, PRULink Cash Flow Fund and PRULink Global Market Navigator Fund are managed by Stephen.

Stephen Guo is a Portfolio Manager in the Investment Solutions team and is responsible for assisting the fund management process through research, modelling and analysis.

Stephen joined Eastspring Investments as Portfolio Manager in July 2015. Stephen has 7 years of financial industry experience.

Stephen is a CFA charterholder and graduated from the National University of Singapore with a double degree, Bachelor of Business Administration in Finance (Hons), and Bachelor of Science in Applied Mathematics.

Andrew Cormie

Chartered Financial Analyst
Portfolio Manager – Equity
Eastspring Investments

PRULink Global Emerging Markets Dynamic Fund is managed by Andrew Cormie. Andrew leads Eastspring Investments' Global Emerging Markets (GEM) and Regional Asia Value equity team, responsible for the firm's GEM and Asia value equity capabilities. Andrew has been with Eastspring's Value equity team since 2008 and has been the Lead Portfolio Manager for the GEM Dynamic strategy since 2015.

Andrew has more than 41 years' investment experience. Prior to joining Eastspring, he was the Founding Partner and Director of Voyager Funds Management Pty Limited and, before this, he was with JP Morgan Investment Management for 25 years. Andrew was previously a Managing Director, heading up the Global Equity Team of JP Morgan Investment Management, London, for ten years. He also worked at JP Morgan Investment Management, Melbourne, latterly as their Director, responsible for the Australian Equity and Balanced business. Andrew began his investment career with National Mutual Life Association.

Andrew is a CFA charterholder and holds a Bachelor of Business Administration from the Griffith University, Brisbane, and a diploma from the Securities Institute of Australia.

Sundeep Bihani
PGDM, ACA

Portfolio Manager - Equity
Eastspring Investments

The PRULink Asia Pacific Equity Fund is managed by Sundeep Bihani. Sundeep Bihani joined Eastspring Investments, the Asian asset management business of Prudential plc, as Portfolio Manager, in April 2008.

Sundeep is 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. Sundeep 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 of Commerce from Calcutta University. Sundeep is also a member of the Institute of Chartered Accountants of India.

Lau Daniel

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
Portfolio Manager
Eastspring Investments

The PRULink Global Equity Navigator Fund is managed by Nupur Gupta. Nupur joined Eastspring Investments as Director in May 2019. She is a Portfolio Manager for Eastspring Portfolio Advisors and is responsible for the investment strategy, asset allocation and performance of several of the firm's global multi-asset funds. Nupur is also responsible for specialised research for Southeast Asian markets, and is the key analyst for Singapore asset views. Nupur frequently shares her views on global markets in the media.

Charles Wong

Interim President
Chief Investment Officer and Director
Pru Life UK Investments

Charles Wong is the fund manager of PRULink Equity Index Tracker Fund.

Charles has 15 years of investment experience with 10 years spent as equities broker. He joined Pru Life UK Investments as Head of Equities - Investment Management Group back in 2019.

Prior to that, he was the Portfolio Manager for Equity Investments of Philamlife Asset Management Inc. He worked in the Trust Banking of the Metropolitan Bank and Trust Company (Metrobank) from 2015 to 2018.

He has also worked overseas, more specifically in Hongkong as the Head of Dealing and Trading in Goldenway Securities Company Ltd.

Charles received his Master of Science degree in Financial Analysis from the Hong Kong University of Science and Technology, and his Bachelor of Science degrees in Management of Financial Institutions and Commerce and Applied Economics from De La Salle University.

Joseph Jude Macatol

Fund Manager - Fixed Income
Pru Life UK Investments

Jude Macatol is the fund manager of PRULink Money Market Fund.

Jude has been in the financial industry since he started his career as a Management Trainee in one of the major banks in the Philippines. He then rose through the ranks from Investment Research and Strategy Officer to Investment Officer, and eventually Fund Manager for the Philippine Fixed Income market.

A Certified Trust Practitioner, Jude is also a SEC Licensed Fixed Income Broker and CFA Level 1 Passer.

He graduated from the Ateneo De Manila University with a Bachelor of Science degree in Applied Mathematics with Specialization in Mathematical Finance.

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 23 June 2022, the following were elected as members of the Board of Directors for the year 2022 to 2023 and until their successors shall have been duly elected and qualified:

1. Imelda C. Tiongson
Independent Chairman of the Board of Directors

- **Committee memberships** *(as of 24 March 2023)*:
  Independent Member, Audit Committee
  Independent Member, Governance and Nomination Committee
  Independent Member, Related Party Transactions Committee
  Independent Member, Risk Committee
- **Age:** 57 years old
- **Date of first appointment:**
  20 August 2020 as Director
  14 February 2022 as Chair
- **Length of service:** 2 years and 7 months
- **Directorships in publicly-listed companies or other Insurance Commission Regulated Entities:** Xurpas, Inc.
- **Academic Qualifications:**
  Bachelor of Business in Accountancy – Royal Melbourne Institute of Technology Postgraduate Course in Remedial Management – Asian Institute of Management Masterclasses in Remedial Management at AIM, Blockchain/Digitalization by Terrapin, Audit and Risk by IFC Worldbank, Kaplan Norton Balance Scorecard and AGI -Alibaba Netrepeneurship
- **Relevant experience:**
  Ida 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. and Seedin Technologies 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.

  Ida 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.

2. Eng Teng Wong
Executive Board Member

- **Committee memberships:**
  None
- **Age:** 51 years old
- **Date of first appointment:** 1 November 2021
- **Length of service:** 1 year 4 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 is 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.

3. Solmaz Altin
Non-executive Board Member

- **Committee memberships** *(as of 24 March 2023)*:
  Non-executive Member, Remuneration Committee
- **Age:** 49 years old
- **Date of first appointment:** 23 June 2023
- **Length of service:** 9 months
- **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.

4. Angelica "Nenet" H. Lavares
Independent Board Member

- **Committee memberships** *(as of 24 March 2023):*
  Independent Member, Audit Committee
  Independent Chair, Governance and Nomination Committee
  Independent Chair, Remuneration Committee
  Independent Chair, Related Party Transactions Committee
  Independent Member, Risk Committee
- **Age:** 69 years old
- **Date of first appointment:** 20 June 2019
- **Length of service:** 3 years and 9 months
- **Directorships in publicly-listed companies or other Insurance Commission Regulated Entities:** Metropolitan Bank & Trust Company
- **Academic Qualifications:**
  Nenet graduated cum laude from St. Teresa's College, Q.C. with a degree in A.B. Psychology and earned her Bachelor of Laws degree, 1st Honorable Mention, from the University of the Philippines.
- **Relevant experience:**
  Nenet was previously Executive Vice President and Head, Strategic Support Group of Bank of Commerce from 2009 to 2015, and Senior Vice President and Chief Legal Counsel, Chief Compliance Officer, and Assistant Corporate Secretary of Metropolitan Bank & Trust Company from 2003 to 2009. She has also held top positions in various other companies, including United Coconut Planters Bank and Filinvest Land, Inc.

  Nenet is currently a Teaching Fellow at the Institute of Corporate Directors and an independent director of several companies.

5. Wen Chen
Non-executive Board Member

- **Committee memberships** *(as of 24 March 2023):*
  Non-executive Member, Risk Committee
- **Age:** 54 years old
- **Date of first appointment:** 19 May 2021
- **Length of service:** 1 year and 10 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.

6. Marife B. Zamora
Independent Board Member

- **Committee memberships** *(as of 24 March 2023):*
  Independent Chair, Audit Committee
  Independent Member, Governance and Nomination Committee
  Independent Member, Remuneration Committee
- **Age:** 70 years old
- **Date of first appointment:** 14 February 2022
- **Length of service:** 1 year 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:**
  Bachelor of Arts Major in History and Math – College of the Holy Spirit
  Bachelor of Science in Pre-Med – University of the Philippines
  Advance Management Program – University of Pennsylvania
- **Relevant experience:**
  Marife is 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 cofounder of the Filipina CEO Circle and 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, 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.

  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** *(as of 24 March 2023):*
  Independent Chair, Risk Committee
  Independent Member, Audit Committee
  Independent Member, Related Party Transactions Committee
- **Age:** 53 years old
- **Date of first appointment:** 14 February 2022
- **Length of service:** 1 year and 1 month
- **Directorships in publicly-listed companies or other Insurance Commission Regulated Entities:** None
- **Academic qualifications:**
  B.S. Mathematics – University of the Philippines Diliman
  Master's in Business Administration – University of the Philippines Diliman 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
- **Relevant experience:**
  Teh 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. Teh 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.

II. Training and continuing education programme of directors

The Board of Directors attended the Board Education Session organized by Pru Life UK on 25 August 2022. The following topics were covered:

Topic	Presentor
1. Anti-Money Laundering and Targeted Financial Sanctions	Hwee Chin Low, Director, Group Compliance
2. IFRS17	Gadwyn Banas, Vice President, Finance Transformation Dante Marasigan, Vice President and Financial Controller Glolibeth Villahermosa, Vice President and Appointed Actuary

The independent directors also attended the following training sessions:

Topic	Date	Presentor
1. Insurance Products, Metrics, and Terminology	26 July 2022	Glolibeth Villahermosa, Vice President and Appointed Actuary
2. Pru Life UK Products	14 November 2022	Emil James Marquez, Senior Manager - Digital Products Jonalyn Silvan, Senior Manager - Agency Products

III. Board meetings

For the year 2022, the Board of Directors of Pru Life UK held 9 meetings. Below are the details of the attendance of the directors in said meetings:

LEGEND Present | Absent | N / A

Meeting of the Board of Directors	Directors							
	Imelda C. Tiongson	Eng Teng Wong	Angelica H. Lavares	Wen Chen	Wilfred John Blackburn	Marife B. Zamora	Maria Cristina R. Opinion	Solmaz Altin
1. Special meeting held on 14 February 2022						(elected to the Board on 14 February 2022)	(elected to the Board on 14 February 2022	(elected effective 23 June 2022)
2. Special meeting held on 18 March 2022								
3. Regular meeting held on 31 March 2022								
4. Special meeting held on 20 May 2022								
5. Organizational meeting held on 23 June 2022					(term ended 23 June 2022)			
6. Regular meeting held on 25 August 2022								
7. Board of Directors' Education Session held on 25 August 2022								
8. Special meeting held on 05 October 2022								
9. Regular meeting held on 12 December 2022								
Percentage of Attendance	100%	100%	100%	88.9%	75%	100%	100%	100%

IV. The Audit Committee

In the organizational meeting of the Board of Directors held on 23 June 2022, the following were elected as members of the Audit Committee for the year 2022 to 2023 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 2022, the Audit Committee of Pru Life UK held four 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 31 March 2022				
2. Regular meeting held on 23 June 2022				
3. Regular meeting held on 25 August 2022				
4. Regular meeting held on 28 November 2022				
Percentage of Attendance	100%	100%	100%	100%

V. The Governance and Nomination Committee

In the organizational meeting of the Board of Directors held on 23 June 2022, the following were elected as members of the Governance and Nomination Committee for the year 2022 to 2023 and until their successors shall have been duly elected and qualified:

Angelica H. Lavares – Independent Chairperson
Marife B. Zamora – Independent Member
Imelda C. Tiongson – Independent Member

For 2022, the Governance and Nomination Committee of Pru Life UK held four meetings. Below are the details of the attendance of each of its members in said meetings:

Meeting of the Governance and Nomination Committee	Directors		
	Angelica H. Lavares	Marife B. Zamora	Imelda C. Tiongson
1. Special meeting held on 28 February 2022		(elected to the Board on 14 February 2022)	
2. Regular meeting held on 24 March 2022			
3. Special meeting held on 15 August 2022			
4. Regular meeting held on 28 November 2022			
Percentage of Attendance	100%	100%	100%

VI. The Related Party Transactions Committee

In the organizational meeting of the Board of Directors held on 23 June 2022, the following were elected as members of the Related Party Transactions Committee for the year 2022 to 2023 and until their successors shall have been duly elected and qualified:

Angelica H. Lavares – Independent Chairperson
Maria Cristina R. Opinion – Independent Member
Imelda C. Tiongson – Independent Member

For 2022, the Related Party Transactions Committee of Pru Life UK held three meetings. Below are the details of the attendance of each of its members in said meetings:

Meeting of the Related Party Transactions Committee	Directors		
	Angelica H. Lavares	Maria Cristina R. Opinion	Imelda C. Tiongson
1. Regular meeting held on 24 March 2022			
2. Regular Meeting held on 25 August 2022			
3. Special meeting held on 28 November 2022			
Percentage of Attendance	100%	100%	100%

VII. The Remuneration Committee

In the organizational meeting of the Board of Directors held on 23 June 2022, the following were elected as members of the Remuneration Committee for 2022 to 2023 and until their successors shall have been duly elected and qualified:

Angelica H. Lavares – Independent Chairperson
Marife B. Zamora– Independent Member
Solmaz Altin – Non-executive Member

For 2022, the Audit Committee of Pru Life UK held four meetings. Below are the details of the attendance of each of its members in said meetings:

Meeting of the Remuneration Committee	Directors			
	Angelica H. Lavares	Marife B. Zamora	Wilfred John Blackburn	Solmaz Altin
1. Regular meeting held on 31 March 2022				(elected on 23 June 2022)
2. Regular Meeting held on 12 December 2022			(term ended on 23 June 2022)	
Percentage of Attendance	100%	100%	100%	100%

VIII. The Risk Committee

In the organizational meeting of the Board of Directors held on 23 June 2022, the following were elected as members of the Risk Committee for the year 2022 to 2023 and until their successors shall have been duly elected and qualified:

Maria Cristina R. Opinion – Independent Chairperson
Wen Chen – Independent Member
Angelica H. Lavares – Independent Member
Imelda C. Tiongson – Independent Member
Marife B. Zamora – Independent Member

For 2022, the Risk Committee of Pru Life UK held four meetings. Below are the details of the attendance of each of its members in said meetings:

Meeting of the Risk Committee	Directors				
	Maria Cristina R. Opinion	Wen Chen	Angelica H. Lavares	Imelda C. Tiongson	Marife B. Zamora
1. Regular meeting held on 24 March 2022					(elected to the Committee on 31 March 2022)
2. Regular meeting held on 23 June 2022					
3. Regular meeting held on 25 August 2022					
4. Regular meeting held on 28 November 2022					
Percentage of Attendance	100%	100%	100%	100%	100%

IX. Year 2022 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 2022, the Annual Performance Assessment Form was distributed to the directors after the Regular Meeting of the Board of Directors on 12 December 2022. The Corporate Secretary received the duly accomplished forms before the Board and Board Committee meetings held on 20 March 2023 and 24 March 2023. 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 2023, and 24 March 2023. 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 23 June 2022, endorsed to the Board of Directors of Pru Life UK the appointment of R.G. Manabat & Co. as external auditor for the audit year 2022. The Board of Directors approved the appointment of R.G. Manabat & Co. as external auditor for the audit year 2022 at its organizational meeting held on 23 June 2022. The shareholders ratified the appointment of R.G. Manabat & Co. as the external auditor for audit year 2022 at the Annual Meeting of the Shareholders held on 23 June 2022.

None of the directors and senior management of Pru Life UK were former employees and partners of R.G. Manabat & Co. for the past two (2) years.

For 2022, Pru Life UK paid R.G. Manabat & Co. a total of two million five hundred eight thousand and ninety pesos (PhP 2,508,090.00) for audit fees, exclusive of out-of-pocket expenses and 12% value added tax.

R.G. Manabat & Co. did not perform any non-audit services for Pru Life UK in 2022 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 2022, Pru Life UK declared and paid cash dividends of nine hundred forty million pesos (PhP 940,000,000.00), gross of applicable taxes. This was paid along with three hundred forty million pesos (PhP 340,000,000.00) dividend already declared in 2021 but not paid yet, with a total remittance amount of one billion two hundred eighty million pesos (PhP 1,280,000,000.00).

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 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 2022, the Board of Directors conducted a review of Pru Life UK's material controls (including operational, financial and compliance controls), internal controls and risk management systems and confirmed the adequacy thereof. The Board of Directors acknowledged the Annual Statement of Compliance of Pru Life UK, duly signed by the President and Chief Executive Officer, Eng Teng Wong, and the Executive Vice President and Chief Financial Officer, Francis P. Ortega, for the year 2022 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 the possible violation of rights and 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 and every effort will be made not to reveal 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. Pru Life UK runs an annual self-certification exercise (ASOC) to ensure compliance with the Group Governance Manual. For 2022, the Chief Risk Officer of Pru Life UK presented to the Audit Committee the Annual Statement of Compliance, including the Prudential Group corporate governance standards, which showed Pru Life UK's compliance, in all material respects, with these standards.

ASOC is the annual statement of compliance with governance, risk management, and internal control principles as set out in the UK Corporate Governance Code 2018, Hong Kong Corporate Governance Code, and Section 302 (Corporate Responsibility for Financial Reports) of the Sarbanes-Oxley Act 2002 ("SOX Section 302").

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 and fixed bonuses (midyear bonus and 13th month 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 (Imelda C. Tiongson, Angelica H. Lavares, 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 (Solmaz Altin and Wen Chen) do not receive any remuneration for their directorship in Pru Life UK. The executive director of Pru Life UK (Eng Teng Wong) 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 2022:

Name	Classification as director	Fee structure/Remuneration as director
Imelda C. Tiongson	*Independent Non-Executive Chairman of the Board (External)*	Total annual director's fee in the amount of PhP 1,051,200
Solmaz Altin	Non-Executive (Internal) Board Member *(elected 23 June 2022)*	Did not receive any director's fee
Wen Chen	*Non-Executive (Internal) Board Member*	Did not receive any director's fee
Angelica H. Lavares	Independent Non-Executive (External) Board Member	Total annual director's fee in the amount of PhP 488,700.00
Marife B. Zamora	Independent Non-Executive (External) Board Member (elected 14 February 2022)	Total annual director's fee in the amount of PhP 437,400.00
Maria Cristina R. Opinion	Independent Non-Executive (External) Board Member (elected 14 February 2022)	Total annual director's fee in the amount of PhP 434,700.00
Eng Teng Wong	*Executive Board Member*	Did not receive any director's fee
Wilfred John Blackburn	*Non-Executive (Internal) Board Member (until 23 June 2022)*	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, 2022 (amounts in PhP millions):

Related Party	Nature	Transaction amount	Balance (as of Dec 31, 2022)	Terms	Rationale for Transaction
Eastspring Investment (Singapore) Limited	Management fees for fund management and investment marketing services	326	79	30 days upon billing	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	156	33	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	500	95	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.	50	43	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.
Pru Life UK Asset Management and Trust Corporation (PAMTC)	Investments in PAMTC's Unit Investment Trust Funds (UITFs)	3	377	Upon investment	Pru Life UK 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. Pru Life UK also has a financial advisory/ marketing services agreement with PAMTC, whereby the latter shall act as financial advisor to Pru Life UK.
Pru Life UK Asset Management and Trust Corporation (PAMTC)	Investments in Agents Savings Funds	76	644	Upon investment	
Pru Life UK Asset Management and Trust Corporation (PAMTC)	Management fees for fund management	12	13	30 days upon billing	
Prudential Services Singapore (PSS)	Cost of IT security services	109	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	7	7	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	494	490	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	11	11	30 days upon billing	This pertains to advances made by Pru Life UK on behalf of PACS.
	Aggregate	1,744	1,832		

The material RPTs were approved by the following members of the Board of Directors and shareholders of Pru Life UK:

Director	Shareholder
Imelda C. Tiongson Eng Teng Wong Angelica H. Lavares Wen Chen Marife B. Zamora Maria Cristina R. Opinion Solmaz Altin *(elected on 23 June 2022)* Wilfred John Blackburn *(term ended 23 June 2022)*	Prudential Corporation Holdings Limited Imelda C. Tiongson Eng Teng Wong Angelica H. Lavares Wen Chen Marife B. Zamora Maria Cristina R. Opinion Solmaz Altin *(elected on 23 June 2022)* Wilfred John Blackburn *(term ended 23 June 2022)*

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 Group Governance Manual Annual Statement of Compliance process.

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 CFORO. 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, IFRS 17 Steering Committee, Data Governance Committee, Sales Disciplinary Committee, and 1PLUK 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 and thresholds 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 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, and g) 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, information security and data privacy, and compliance risk and control assessments, scenario analysis, internal and external incidents reporting, and deep dive reviews. 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, information security and data privacy, and compliance risk and control assessments, scenario analysis, internal and external incidents reporting, and deep dive reviews. information on key operational, information security and data privacy, and compliance risk and control assessments, scenario analysis, internal and external incidents reporting, and deep dive reviews.

Executive committee

Executive Committee

As of 31 December 2022, the Board of Directors and the Management Committee of Pru Life UK were composed of the following persons.

Board of Directors[1]

1. **Imelda C. Tiongson –** Chairman
2. **Angelica H. Lavares -** Independent Board Member
3. **Marife B. Zamora -** Independent Board Member
4. **Maria Cristina R. Opinion -** Independent Board Member
5. **Eng Teng Wong –** Executive Board Member
6. **Solmaz Altin –** Non-executive Board Member
7. **Wen Chen -** Non-executive Board Member

Executive Committee [2]

1. **Eng Teng Wong -** 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

[1]Two new independent directors were appointed on 14 February 2022, Maria Cristina "Teh" Opinion and Marife Butalid-Zamora. Ms. Tiongson was appointed Chairman on 14 February 2022. Non-executive Board Member Wilfred John Blackburn's term ended on 23 June 2022. Solmaz Altin was appointed as a Non-executive Board Member on 23 June 2022.

[2] Mr. Simpao was formally appointed General Manager and Chief Commercial Officer effective February 2022.

Eng Teng Wong

President & Chief Executive Officer

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.

Under the sponsorship from 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.

Executive committee

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 and currently serves as Executive Vice President and Chief Distribution Officer.

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.

Ma. Emeren V. Vallente

Senior Vice President & Chief ESG, Legal & Government Relations Officer

Ma. Emeren Vidanes-Vallente is currently the Chief ESG, Legal and Government Relations Officer of Pru Life U.K. She is also a director of the Pru Life UK Asset Management and Trust Corporation. Now in her 13th year with the Company, Atty. Vallente's story has been one of setting up and then leading each of the functions for which she is currently responsible.

Atty. 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.

Corporate Officers

ACEDERA, Ma. Christia
Chief of Staff

ADVANI, Rishi
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 – Ecosystems

BUENO, Cheryl Doreen
Vice President – Agency Support

BUSTALINO, Rosa Alexandra
Vice President – Customer Experience Tribe Leader

CAMUA, Anna Gizelle
Vice President - Community Investment & Advocacy

CAPULE, Pocholo
Vice President - Customer Intelligence

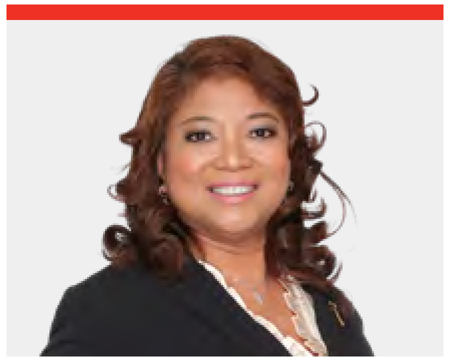
CHONG, Kimberly
Head of Operations Transformation

CO, Maria Teresa
Vice President – Compliance Officer Data Privacy Officer, Money Laundering Reporting Officer, and Anti-Bribery and Corruption Officer

DEE, Garen
Vice President - Product Actuary

DE GUZMAN, Montini
Business Transformation Head

DE LEON, Arnolfo
Vice President - Agency Operations



DETALLA, Marylin
Vice President - Deputy Chief Agency Officer

DINGLASAN, Abegaile
Vice President - Products & Propositions Management

ESTAVILLO, Maricel
Vice President – Government Relations

EVANGELISTA, Bryan Peter
Vice President - PRUAgent Academy

GANA, Karina Mae
Vice President & Sector Head

GARCIA, Ramon
Vice President - Partnership Distribution

GARCIA, Blesila
Vice President & Sector Head

GREGORIO, Esperanza
Vice President - General Agencies Director

ISIDRO, Maribel
Vice President & Sector Head

JARANILLA, Ma. Leticia
Vice President - Enterprise Business & Partnership Distribution

KATINDOY, Elaine
Vice President - PRULeadership Academy

KINTANAR, Ma. Xenas
Vice President & Sector Head

LUSANCO - DE MONTEVERDE, Kristine
Vice President - Tribe Leader

MAGSAYSAY, Joseph Reuben
Vice President - PRUAcademy for Entrepreneurs

MARAÑO, Ma. Cecilia
Vice President - Financial Planning, Reporting & Analysis

MARASIGAN, Dante
Vice President & Financial Controller

MENDOZA, Cynthia
Vice President - Segment Marketing

MERCADO, Diana Lynn
Vice President & Sector Head

RABOT, Maria Cecilia
Chief Digital Officer

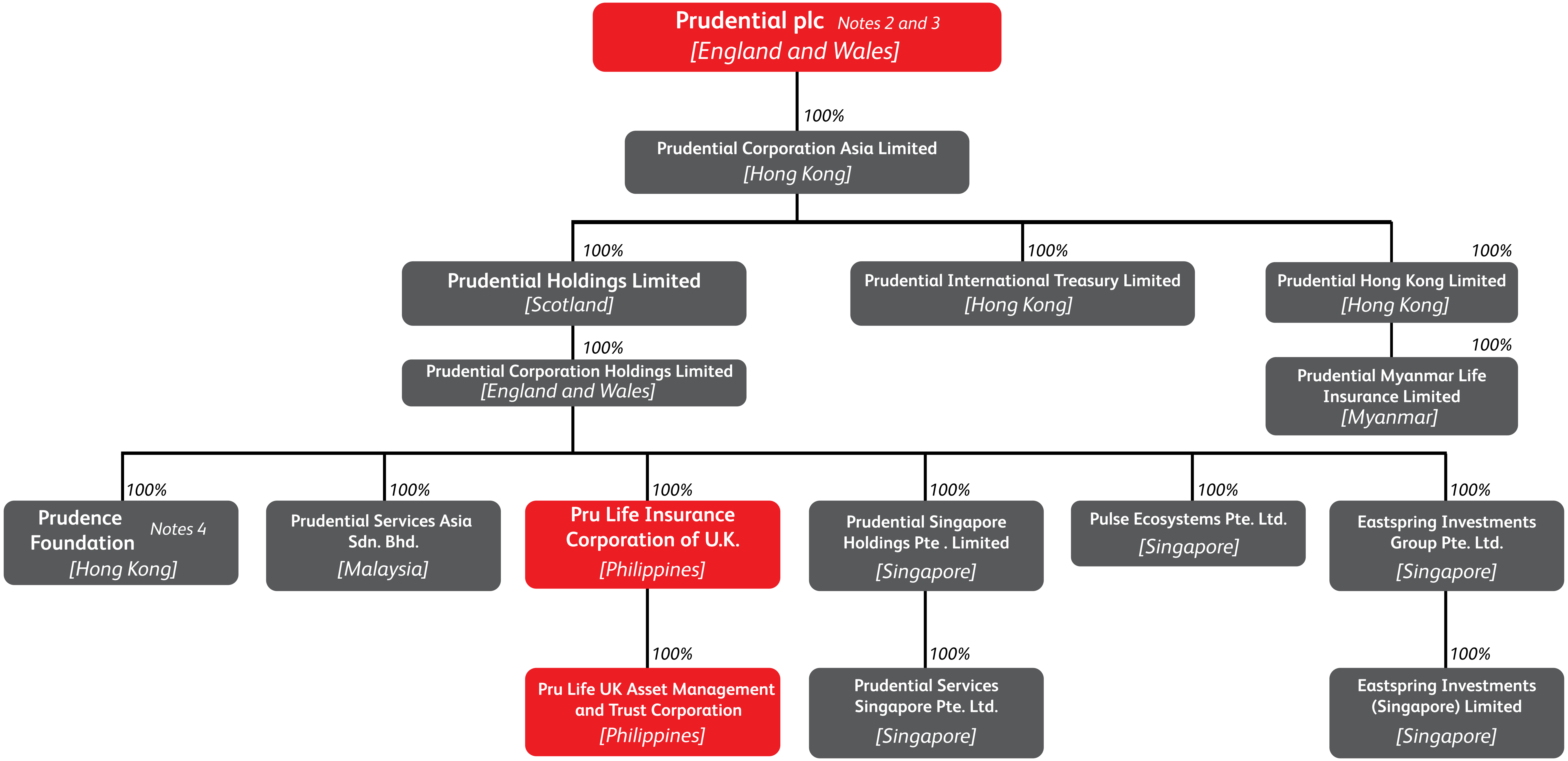
VALINO, Mark Anthony
Vice President - Investments

VILLAHERMOSA, Glolibeth
Vice President & Appointed Actuary

Shareholding structure
and group corporate structure

Position as at 31 December 2022

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 Third Point LLC (they are non-prudential entities and institutional investors) hold 5.08% and 5.04% interest respectively in Prudential*
4. *Prudence Foundation, a company limited by guarantee.*

As at 31 December 2022

9/F Uptown Place Tower 1, 1 East 11th Drive, Uptown Bonifacio, 1634 Taguig City, Philippines
Customer helpdesk: (632) 8887 LIFE within Metro Manila, 1 800 10 PRULINK for domestic toll-free