PRU LIFE U.K.

Listening. Understanding. Delivering.

2021 Annual Report

We DO Growth

2021 Annual Report

We DO Growth

Contents

Pru Life UK's
Domestic Footprint

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

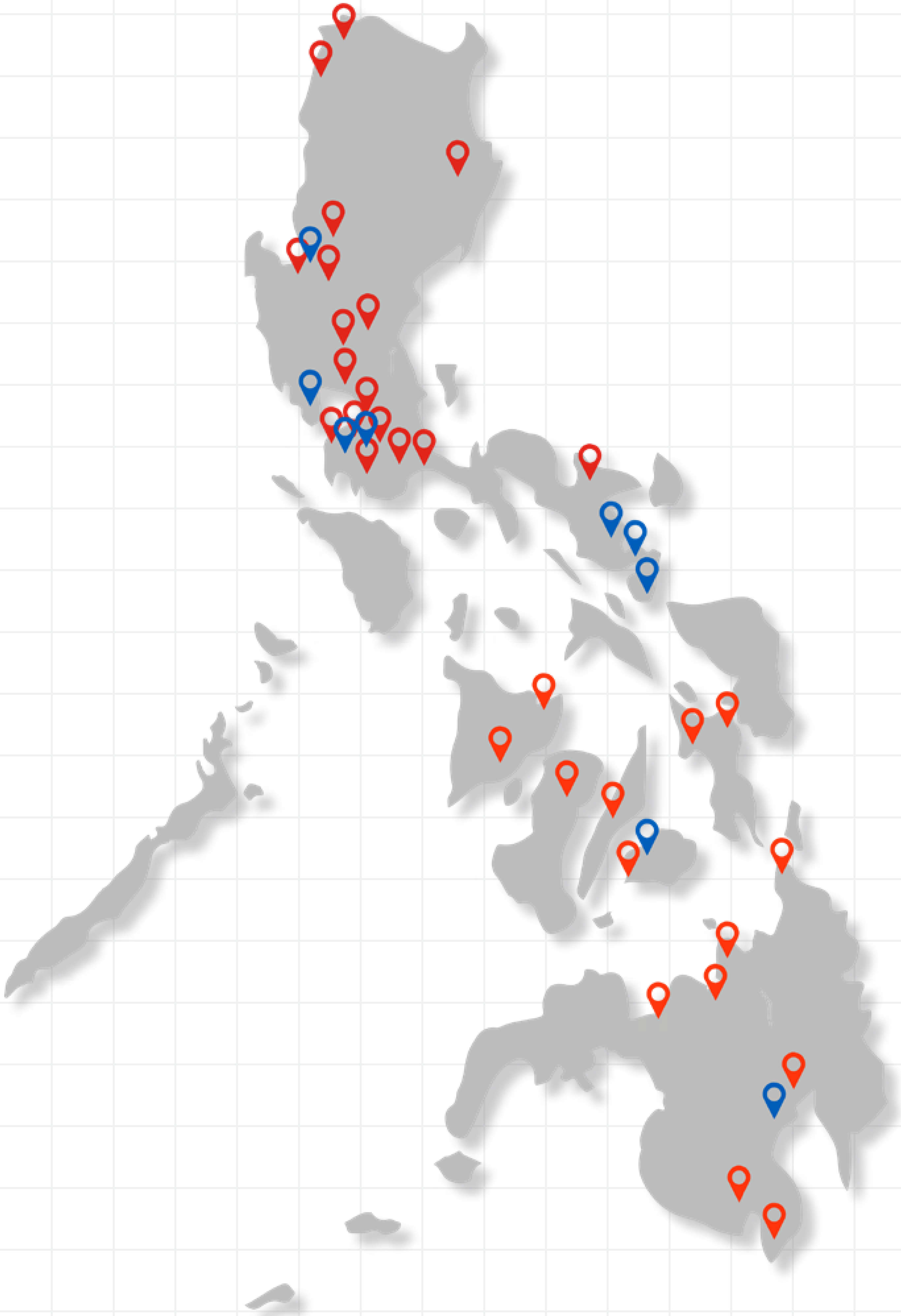
92

BRANCHES

102

GENERAL AGENCIES

as of December 31, 2021



Message from the Chairman of the Board

The year 2021 is a witness to the sustained progress of your company amid a continuously challenged yet improving pandemic and economic conditions.

Pru Life UK further grew and cemented its position as the country's leading life insurer in terms of new business annual premium equivalent based on the Insurance Commission's Full Year 2021 rankings. Our second consecutive streak of industry leadership could not have come at an auspicious time as the company celebrates its 25th anniversary.

We remained committed in providing Filipinos with more affordable micro insurance products with the launch of PRUHealth Prime – Select Breast Cancer, PRU Dengue MedCare, PRU Dengue MedCare Pro, PRUHealth Prime – Select Infectious Disease and PRU Personal Accident Junior – all made easily accessible via our very own health and wealth mobile app, Pulse.

From a macroeconomic perspective, global growth staged a bounced back after falling into a deep recession. Rollout of vaccinations was a key driver that allowed economies to reopen, and as well as consumer confidence and demand to significantly improve. The Philippine economy also recovered with a 5.6% full year growth in 2021, a turnaround from -9.5% contraction a year ago.

Investors moved to riskier asset classes as recovery sets in. Better economic mobility boosted the performance of commodities, real estate investment trusts (REITs), and equities. The global stock market rally was led by US and Eurozone but weighed down by China equities following concerns on regulatory crackdowns and property firm Evergrande's credit issues. Meanwhile, fixed income assets generally fell into negative territory except for US high yield bonds.

On the local front, the Philippine Stock Exchange Index or the PSEi ended practically unchanged from the previous year. COVID-19 cases, triggered by the Omicron variant, spiked as the year ended and foreign investors were net sellers in 2021. On the other hand, the Philippine domestic government bond yields moved higher across all maturities, thus negatively affecting bond prices.

Pru Life UK further strengthened its wealth proposition with the launch of the PRULink Global Equity Navigator Fund (the Fund), a Peso-denominated investment-linked life insurance fund invested in a diverse pool of stocks from different countries and sectors. Employing a multi-factor investment strategy, the Fund ended the year up by 2.29% from its launch on November 8, 2021. The Fund is managed by leading Asia-based asset management company, Eastspring Investments (Singapore) Ltd.

Financial education remains at the heart of Pru Life UK. It continues to offer free personal finance and investments literacy webinars and seminars via PRUWise. During the year, it became an avenue to champion the company's thought leadership initiatives on digital health and wealth inclusion, climate change, and investor protection through PRUWise Healthscape, Wealthscape, and Expert series. These were conducted in partnership with Prudential Corporation Asia, Pru Life UK Investments, Bangko Sentral ng Pilipinas, and UK-based global professional body Chartered Institute for Securities and Investments.

In the digital space, we launched Wealth@Pulse to help more Filipinos reach their financial goals This hosts an ecosystem of accessible learning articles, money management tools, and an artificial intelligence or AI-powered wealth assistant called Ruby. It also has a functionality called "My Assets" that allows customers of our trust business, Pru Life Asset Management and Trust Corporation, to view the monetary values of their PRUInvest unit investment trust funds or UITFs. The release of these exciting tools fortified Pulse as a holistic health and wealth app.

As an industry leader, we also started to actively heed the call on sustainability with the release of the whitepaper, "How will climate change affect the health of Filipinos in the next decade?" This publication provided key insights for consideration of our customers, public and private sectors, and the public on the health impacts of climate change and how Pru Life UK can provide financial protection from incidents that are closely connected to health and wellbeing.

Pru Life UK takes enormous pride on our achievements in governance. Once again, we ranked first on the overall governance scores among entities under the regulation of the Insurance Commission as determined by the Institute of Corporate Directors (ICD). This is the company's fourth consecutive ASEAN Corporate Governance Scorecard recognition since 2018. With this, the ICD bestowed us with four Golden Arrows for solid corporate governance.

These accomplishments and accolades are testament of our continued growth that stems not just from business expansion but equally of business quality.

On behalf of the Board, we thank all our stakeholders for yet another milestone year. Congratulations to the executive and senior management leaders, staff, the agency and distribution force, and partners for the great work and dedicated service. Pru Life UK is sincerely in gratitude to all our policyholders for the continued trust through the years.

Expect our steadfast and untiring commitment to our promise of keeping Filipinos healthier and wealthier.

Mabuhay!

Henry Joseph M. Herrera
Chairman

Message from the CEO

Pru Life UK continues to grow as a trusted leader in the Philippine insurance industry. For over 25 years, we continue our commitment to celebrate Filipino families and inspire you to achieve your health and wealth goals, and help you get the most out of life.

Pru Life UK, with the hard work and resilience of its employees, agency leaders, agents, and distribution partners proved its strength for the 2nd time as it became the top life insurer in the country based on the Insurance Commission's Full Year 2021 rankings in terms of new business annual premium equivalent (NBAPE). We achieved a total NBAPE of Php 8.83 billion last year, a significant increase of 11% from the previous year.

Our Agency Distribution maintained its strength, dominating the industry with over 35,000 licensed agents, located across our 92 branches and 102 general agencies. In 2021, we expanded our sales agency offices in Metro Manila, Batangas, Cagayan de Oro, Baguio, Pangasinan, and Cavite.

We have outranked other life insurance companies in terms of number of Million Dollar Round Table (MDRT) agents, another milestone achieved as it celebrated its 25 years in operations. We more than doubled our MDRT agents to 501 compared with last year's 246 qualifiers.

A milestone in our history of ASEAN Corporate Governance Scorecard has been achieved this year. For four consecutive years, Pru Life UK has consistently ranked first among Insurance Commission-regulated companies based on the overall governance scores determined by the Institute of Corporate Directors.

Our customers' health and protection needs remained a top priority, as we provided enhanced convenience in acquiring life protection solutions online. More digital products such as PRUDengue MedCare, PRUDengue MedCare Pro, and PRUPersonal Accident – Junior were successfully launched in Pulse.

Committed to promoting financial inclusion, we also launched PRUHealth Prime - Select Breast Cancer - a product created to shield Filipinas against the heavy financial burdens of breast cancer treatments.

To further advance our education and financial literacy advocacy, we launched the Pru Life UK Online Professional Certification Training Program on Financial Literacy or "PRU e-FinLit" with over 3,000 teachers from the Department of Education (DepEd) – Division of Negros Occidental attending a live virtual program.

We continued to fulfill our promise to help one million Filipinos live healthier and wealthier lives with the successful celebration of our 25th anniversary, with a 25-week raffle. Over Php 6 million worth of prizes were raffled off to more than 600 winners including one Pru Life UK customer which we made Php 2.5 million richer as our way of giving back.

Our digital transformation continues as we partnered with key institutions. We recently launched Pru Life UK Platinum Mastercard credit card, issued by Robinsons Bank, to help our customers stay healthy and safe whilst getting more exclusive privileges as they pay for their policy premiums.

As part of our growing collaboration and strengthened efforts on digitalization, we partnered with CIMB Bank making our financial products and services more accessible online to more Filipinos. CIMB products will be available in Pulse including CIMB Savings and its newly-launched REVI Credit – a unique, on-demand, digital credit line.

Caring for the health of our customers and the community amidst the pandemic was further demonstrated by the launch of the free COVID-19 protection with vaccine coverage through Pulse for its first 250,000 registrants.

Pru Life UK also donated Php 762,900 through the Philippine General Hospital Medical Foundation Inc. after a fire damaged the hospital facilities and supplies of the University of the Philippines - Philippine General Hospital. The hospital has 4,000 staff serving around 600,000 patients - mostly indigent Filipinos, annually.

With most of the Filipinos in community quarantine, Pru Life UK emphasized the importance of keeping healthy and fit, with the offering of a complimentary plan called PRUMedCare - Select Infectious Diseases.

These achievements despite the limitations set by government regulations and health protocols affirmed our courage and nimbleness, to deliver remarkable results through the ambition, curiosity and the empathy of all of our leaders, employees and agents.

I sincerely thank all PRULifers, agency leaders, agents, and distribution partners for your untiring labour of love and unwavering commitment to helping many more Filipinos get the most out of life.

This year, let us celebrate, nurture, and bless every type of Filipino family within the Philippines and beyond, in every step of their health and protection journey.

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.

In line with these, the Company set the following specific targets for 2021:

CUSTOMER-CENTRIC SOLUTION

- To enrich health and protection solutions for all customer segments combining insurance and value-added services supported by relevant distribution training, compensation and communication, underwriting and streamlined new business processes.
- To build customer wealth offering combining insurance and value-added services to address wealth protection, wealth accumulation and wealth transfer needs.
- To build out the Enterprise Business (EB) proposition with Business@Pulse to tap into target SME customers and to expand cross-sell opportunities for agency to convert EB employees to individual life customers.

DISTRIBUTION NETWORK

- To rapidly accelerate deployment of future-ready agents via proactive focus on Gen Z and Gen Y, and leverage the PruVenture program to develop professional, productive and full-time agents.
- To fully adopt the PruLeads program to drive agency activity and leads.
- To build the value proposition of PRUMDRT DNA.
- To fully adopt PruExpert and expand to enhance coaching and team management skills for leaders to improve activation and productivity, and fully adopt PRUForce@Pulse capabilities as an all-in-one fully integrated life cycle management tool.
- To re-imagine partnership distribution by optimizing relationship with existing partners and diversifying distribution through securing at least one bank partner, tapping cross-sell opportunities with JG Summit Group Ecosystem, and sourcing and on-boarding at least one other digital partner leveraging Pulse to broaden reach.

CUSTOMER FULFILLMENT

- To accelerate development of capabilities in PruServices@ Pulse to enhance Pulse as a one-stop customer engagement platform, and re-imagine customer experience to be intuitive, easy, convenient with tracking and mobile-first in Pulse.
- To accelerate capabilities of utilizing existing and new data sources to learn and assess underwriting risk enabled by advanced technology and analytics for personalization.
- To curate the customer claims journey in line with our Claims Promise during life's difficult moments and deliver frictionless customer servicing experience through optimizing business process and automation.

PEOPLE

- To bring Purpose and Values to life by building a culture that inspires our people to "show up" and create an inclusive, customer-centric workplace.
- To foster new ways of working that supports customer centricity by adopting an agile and collaborative culture.
- To build a future ready workforce by preparing our people for success for the future.

Management
Discussion and Analysis

The year 2021 marked the second year of the COVID pandemic just as the country went through a series of lockdowns due to the soaring cases of COVID infections. Against this backdrop, Pru Life UK continued to strengthen its digitalization efforts providing tools for its distribution partners and employees to conduct business in a seamless fashion.

The Agency force adapted to more resilient modes of selling which resulted in a significant increase in the use of PruOne, the Company's electronic point-of-sale platform. Remarkably, PruOne's adoption rate jumped to 71% in 2021 from 50% in 2020.

Pulse, a health app launched in March 2020, became an ample source of leads for the agents. As of end 2021, there were 6M Pulse app downloads with 2.2M registered users. Various features, communities and product packages were made available in the app last year that attracted more users who eventually became customers of the Company. Along with this, we introduced PruLeads platform to the agency force which helped them in leads engagement, nurturing and more sales conversion. Sales coming from leads contributed 18% to total Company sales in 2021. The leads sources have been instrumental in boosting agency activity which improved commendably to 29% from 20% in 2020.

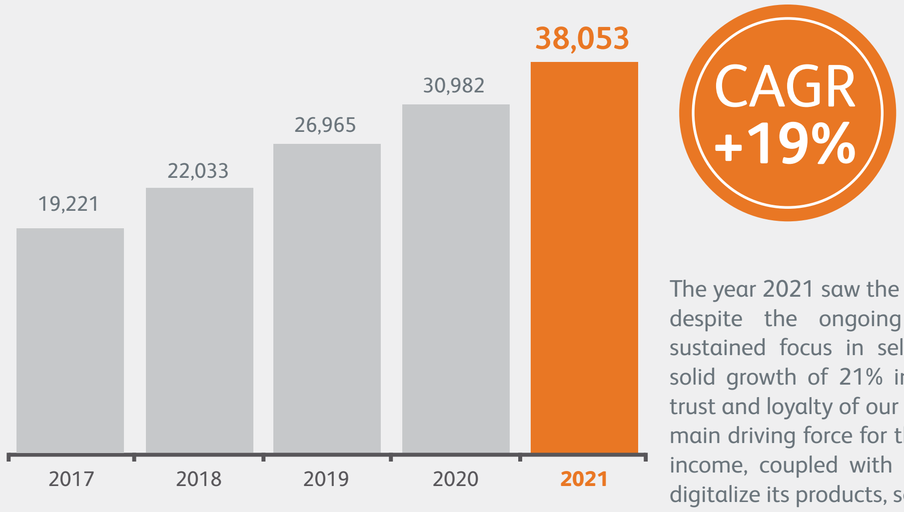
The Company continued with the agency recruitment efforts despite the challenges on face-to-face regulatory exams brought by lockdown restrictions. This resulted in the further increase in younger agents to 79% of the agency force mix amid sustained focus on recruiting agents from the younger generation.

Furthermore, the Company embarked on a strategic project in transforming the way agents use their branch offices with Ortigas as the Alpha site. PruHouse is workplace strategy that optimizes the use of space by providing the right spatial experience for agents. It also affords efficient resource allocation to deliver the necessary digital tools to enhance agents' performance.

Another milestone for the Company in 2021 was the forging of the partnership with CIMB, a digital banking service provider, thus supporting the strategy on customer acquisition.

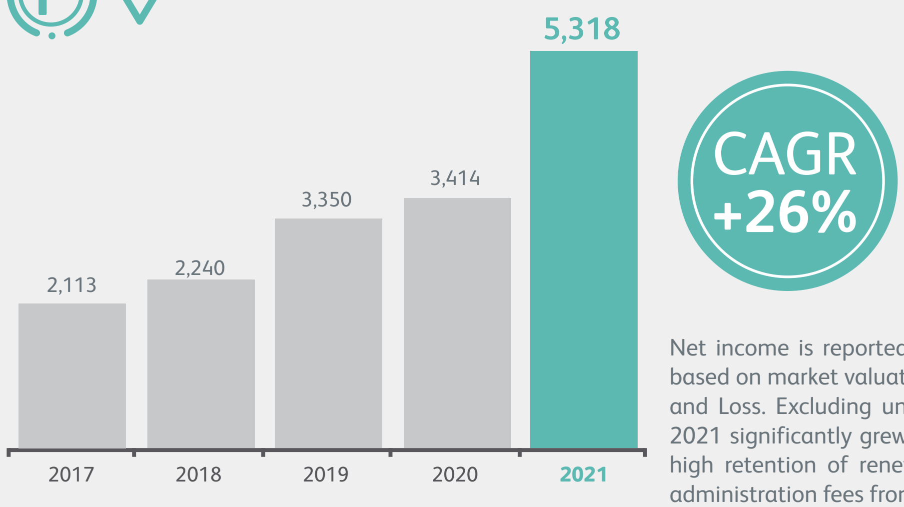
We continued to focus on protection products which accounted for 30% of our sales last year. The launching of many micro-moment products in 2021 like Dengue, Cancer Protection, Infectious Diseases, Personal Accident for minors in Pulse provided accessible and affordable health and protection solutions. The Company also provided a one-year COVID-related free insurance covering nearly 60,000 lives.

TOTAL NET PREMIUM INCOME in PhP'm



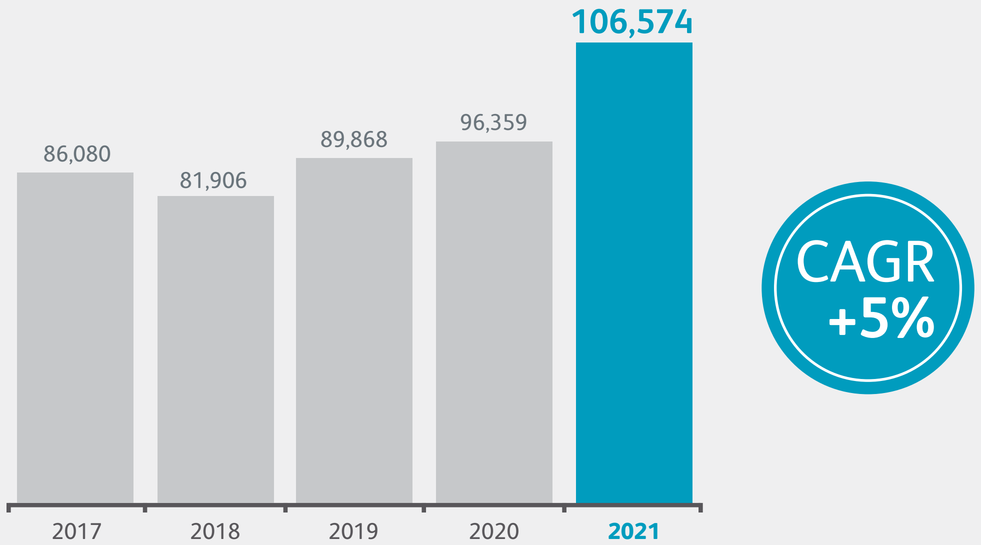
The year 2021 saw the Company grow its total net premium despite the ongoing Covid-19-related disruption. The sustained focus in selling protection products realized a solid growth of 21% in renewal premiums. The continued trust and loyalty of our new and existing customers were the main driving force for the continued growth in our premium income, coupled with the Company's increased efforts to digitalize its products, services and experiences.

NET INCOME EXCLUDING UNREALIZED GAINS/LOSSES in PhP'm



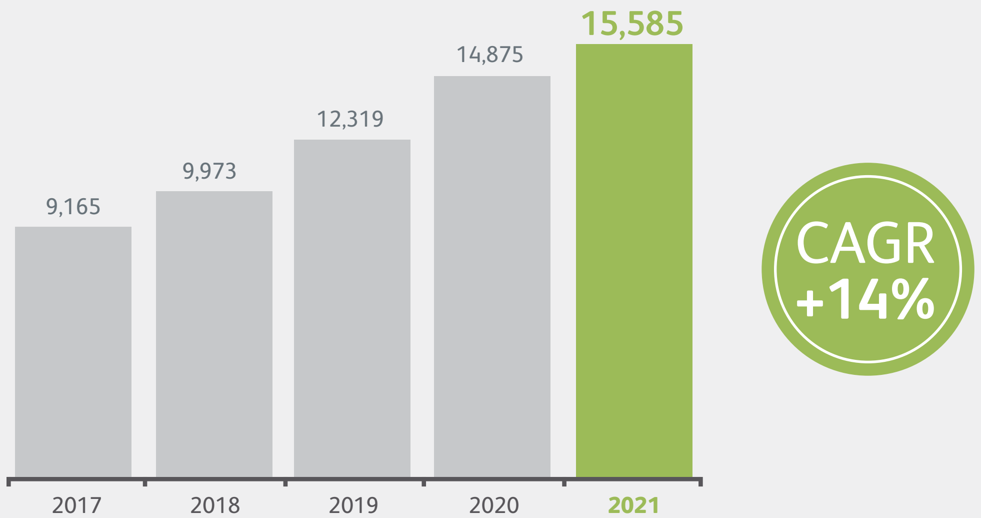
Net income is reported inclusive of unrealized gains/losses based on market valuation through Fair Value through Profit and Loss. Excluding unrealized gains/losses, net income in 2021 significantly grew by 56% year-on-year mainly due to high retention of renewal business and increase in policy administration fees from linked funds.

Linked Funds in PhP'm



Our linked funds continued to realize sound growth with PhP 10.7 Billion worth of new inflows and fund income reaching PhP 2.5 Billion. While our unit fund values broadly went along with the market, our customers remained persistent and committed in sustaining their financial protection during troubling times.

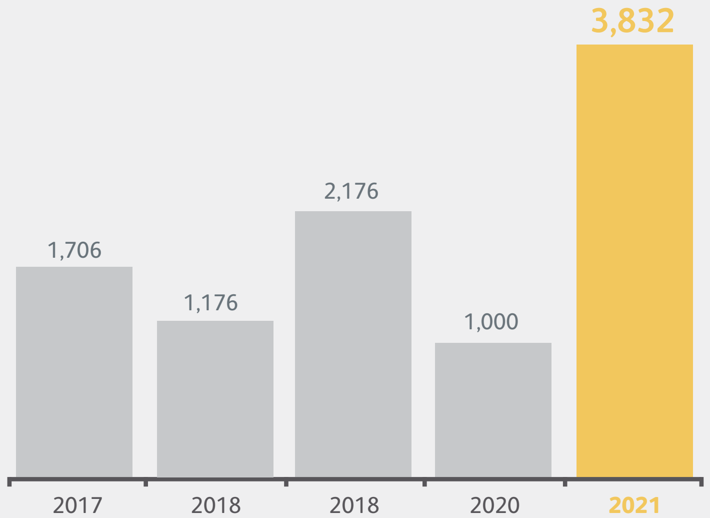
Equity in PhP'm



The Company's equity position continues to rise in 2021 for a five-year CAGR of 14%. The strong balance sheet is largely attributed to the profitability of our business, continued growth in new business sales, operational efficiency, and effective funds management.

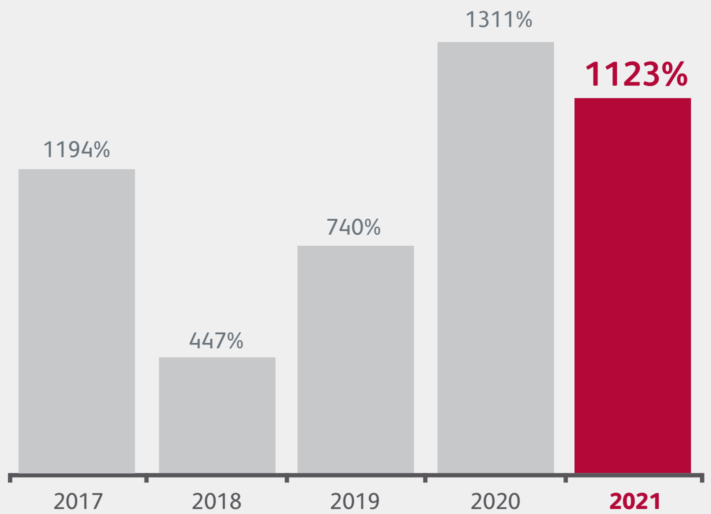
Management's discussion and analysis

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 3.8 Billion to its principal shareholder Prudential Corporation Holdings Limited (PCHL) in 2021.

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.

www.prulifeuk.com.ph

Financial statements

Financial Statements

PRU LIFE INSURANCE CORPORATION OF U.K.

SEPARATE FINANCIAL STATEMENTS
December 31, 2021 and 2020

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, 2021 and 2020**, 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. 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
Chairman of the Board

ENG TENG WONG
President & Chief Executive Officer

FRANCIS P. ORTEGA
Executive Vice President & Chief Financial Officer

Signed this 31st day of March 2022

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, 2021 and 2020, and the separate statements of profit or loss and other comprehensive income or loss 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 financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its 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 32 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.

TIRESO RANDY F. LAPIDEZ
Partner
CPA License No. 0092183
IC Accreditation No. 92183-IC, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements
SEC Accreditation No. 92183-SEC, Group A, valid for five (5 years)
covering the audit of 2022 to 2026 financial statements
Tax Identification No. 162-411-175
BIR Accreditation No. 08-001987-034-2020
Issued July 20, 2020; valid until July 19, 2023
PTR No. MKT 8854069
Issued January 3, 2022 at Makati City

April 29, 2022
Makati City, Metro Manila

Financial statements

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, 2021, on which we have rendered our report dated April 29, 2022.

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.

TIRESO RANDY F. LAPIDEZ
Partner
CPA License No. 0092183
IC Accreditation No. 92183-IC, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements
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April 29, 2022
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, 2021, on which we have rendered our report dated April 29, 2022.

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.

TIRESO RANDY F. LAPIDEZ
Partner
CPA License No. 0092183
IC Accreditation No. 92183-IC, Group A, valid for five (5) years
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April 29, 2022
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, 2021 and 2020, on which we have rendered our report dated April 29, 2022.

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.

TIRESO RANDY F. LAPIDEZ
Partner
CPA License No. 0092183
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April 29, 2022
Makati City, Metro Manila

PRU LIFE INSURANCE CORPORATION OF U.K.

SEPARATE STATEMENTS OF FINANCIAL POSITION

(Amounts in thousands)

		December 31	
	Note	2021	2020
ASSETS			
Cash and cash equivalents	*5, 7, 31*	**P2,574,335**	P3,323,183
Interest receivable	*5, 31*	**132,241**	122,160
Investments	*5, 6, 8, 31*	**12,340,312**	13,711,696
Investment in subsidiary	*9, 31*	**529,248**	360,248
Premiums due from policyholders	*5, 31*	**10,831**	12,271
Policy loans receivables - net	*5, 10, 31*	**369,607**	371,605
Coverage debt receivables - net	*5, 12, 31*	**960,404**	837,506
Reinsurance assets	*5, 31*	**53,439**	73,295
Property and equipment - net	*13, 31*	**415,241**	454,494
Right-of-use assets - net	*28, 31*	**533,003**	711,814
Deferred acquisition costs	*5, 14, 31*	**12,455,967**	10,408,686
Other assets - net	*15, 31*	**1,647,258**	1,679,981
Total General Assets		**32,021,886**	32,066,939
Assets Held to Cover Linked Liabilities	*11, 31*	**106,573,549**	96,358,915
		P138,595,435	P128,425,854
LIABILITIES AND EQUITY			
General Liabilities			
Legal policy reserves	*5, 16, 31*	**P5,611,804**	P6,390,632
Claims payable	*5, 17, 31*	**1,042,874**	609,885
Reinsurance payable	*5, 18, 31*	**124,788**	101,009
Deferred tax liabilities - net	*26, 31*	**1,788,018**	2,628,874
Accounts payable, accrued expenses and other liabilities	*19, 31*	**7,234,154**	6,663,363
Lease liabilities	*5, 28, 31*	**634,939**	797,714
Total General Liabilities		**16,436,577**	17,191,477
Technical Provisions for Linked Liabilities	*5, 11*	**106,573,549**	96,358,915
Total Liabilities		**123,010,126**	113,550,392
Equity			
Capital stock	*29*	**500,000**	500,000
Additional paid-in capital	*29*	**462,000**	462,000
Total paid-up capital		**962,000**	962,000
Contributed surplus		**50,386**	50,386
Fair value reserve	*8*	**5,671**	3,471
Retirement fund reserve		**(4,124)**	17,514
Remeasurement on life insurance reserve		**(824,644)**	(1,371,972)
Retained earnings	*29*	**15,396,020**	15,214,063
Total Equity		**15,585,309**	14,875,462
Total General Liabilities and Equity		**32,021,886**	32,066,939
		P138,595,435	P128,425,854

See Notes to the Separate Financial Statements.

Financial statements

PRU LIFE INSURANCE CORPORATION OF U.K.

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

		Years Ended December 31	
	Note	**2021**	2020
NET PREMIUMS			
Premiums	*20*	**P38,446,782**	P31,386,856
Premiums ceded to reinsurers	*18, 20*	**(394,161)**	(404,668)
		38,052,621	30,982,188
OTHER REVENUE			
Policy administration fees	*21*	**2,077,652**	1,746,783
Investment (loss)gain - net	*22*	**(807,933)**	1,003,777
Others - net		**9,623**	147,027
		1,279,342	2,897,587
BENEFITS AND CLAIMS			
Costs on premiums of variable insurance	*11*	**16,538,479**	12,924,382
Gross benefits and claims	*23*	**8,081,967**	5,923,412
Reinsurer's share of gross benefits and claims	*23*	**(42,100)**	(124,216)
Gross change in legal policy reserves	*16, 23*	**(199,877)**	14,075
		24,378,469	18,737,653
OPERATING EXPENSES			
Commissions, bonuses and other agents' expenses		**6,499,581**	5,799,288
Salaries, allowances and employees' benefits	*25*	**1,787,406**	1,573,051
Utilities	*24*	**1,074,989**	601,142
Trainings, seminars and contests		**829,863**	801,903
Depreciation	*13, 28*	**409,868**	489,479
Advertising and marketing	*24*	**282,373**	304,466
Insurance taxes, licenses and fees		**274,789**	222,137
Communications		**198,045**	169,099
Professional fees		**195,307**	167,579
Dividends to policyholders		**142,473**	138,635
Rent	*28*	**93,137**	41,908
Taxes and licenses		**89,720**	75,644
Office supplies	*24*	**89,368**	59,538
Security and janitorial services	*24*	**69,649**	67,827
Amortization of software development costs		**67,716**	41,528
Interest expense related to lease liabilities	*28*	**52,356**	66,282
Interest expense related to policies		**43,423**	44,553
Representation and entertainment		**13,470**	20,499
Others		**437,781**	378,256
Deferred expenses – net	*14*	**(2,047,281)**	(1,459,881)
		10,604,033	9,602,933

Forward

		Years Ended December 31	
	Note	**2021**	2020
INCOME BEFORE INCOME TAX EXPENSE		**P4,349,461**	P5,539,189
INCOME TAX (BENEFIT) EXPENSE	*26*	**(4,496)**	1,268,831
NET INCOME		**P4,353,957**	P4,270,358
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*	**2,200**	(1,000)
Share in other comprehensive income of the subsidiary		**-**	(555)
Items that will not be reclassified to profit or loss			
Remeasurement on life insurance reserve	*16*	**578,951**	(1,021,681)
Remeasurement gain (loss) on retirement liability	*25*	**(31,803)**	4,303
Income tax effect	*26*	**(21,458)**	305,213
		527,890	(713,720)
TOTAL COMPREHENSIVE INCOME		**P4,881,847**	P3,556,638

See Notes to the Separate Financial Statements.

Financial statements

PRU LIFE INSURANCE CORPORATION OF U.K.

SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(Amounts in thousands)

	Note	Capital Stock (Note 29)	Additional Paid-in Capital (Note 29)	Contributed Surplus	Fair Value Reserve (Note 8)	Share in Other Comprehensive Income of the Subsidiary (Note 9)	Retirement Fund Reserve	Remeasurement on Life Insurance Reserve	Retained Earnings: Appropriated (Note 16)	Retained Earnings: Unappropriated (Note 29)	Retained Earnings: Total	Total Equity
Balance at January 1, 2021		**P500,000**	**P462,000**	**P50,386**	**P3,471**	**P -**	**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):												
Items that may be reclassified to profit or loss	*8, 9*	-	-	-	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	*29*	-	-	-	-	-	-	-	-	(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**	**P -**	**(P4,124)**	**(P824,644)**	**P60,911**	**P15,335,109**	**P15,396,020**	**P15,585,309**
Balance at January 1, 2020		P500,000	P462,000	P50,386	P4,471	**P555**	P14,502	(P656,795)	P58,754	P11,884,951	P11,943,705	P12,318,824
Total Comprehensive Income												
Net income		-	-	-	-	-	-	-	-	4,270,358	4,270,358	4,270,358
Other comprehensive income (loss):												
Item that may be reclassified to profit or loss	*8, 9*	-	-	-	(1,000)	(555)	-	-	-	-	-	(1,555)
Items that will not be reclassified to profit or loss		-	-	-	-	-	3,012	(715,177)	-	-	-	(712,165)
Total comprehensive income		-	-	-	(1,000)	(555)	3,012	(715,177)	-	4,270,358	4,270,358	3,556,638
Transaction with Owner of the Company												
Dividends	*29*	-	-	-	-	-	-	-	-	(1,000,000)	(1,000,000)	(1,000,000)
Appropriation of reserves		-	-	-	-	-	-	-	2,068	(2,068)	-	-
Balance at December 31, 2020		P500,000	P462,000	P50,386	P3,471	P -	P17,514	(P1,371,972)	P60,822	P15,153,241	P15,214,063	P14,875,462

See Notes to the Separate Financial Statements.

PRU LIFE INSURANCE CORPORATION OF U.K.

SEPARATE STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	Note	2021	2020
		Years Ended December 31	
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax expense		P4,349,461	P5,539,189
Adjustments for:			
Amortization of deferred acquisition costs	14	1,179,641	1,138,675
Unrealized loss (gain) on valuation of investments	8, 22	963,631	(855,951)
Depreciation	13, 28	409,868	489,479
Provision for impairment losses	10, 12, 15	83,339	147,941
Interest expense related to lease liabilities	28	52,356	66,282
Amortization of software development costs	15	67,716	41,528
Interest expense related to policies		43,423	44,553
Gain on disposal of software and development costs	15	(1,209)	-
Reversal of provision for impairment losses	10, 15	(10,297)	(11,799)
Gain on disposal of property and equipment	13	(10,316)	(101)
Gain on disposal of investments	8, 22	(27,499)	(21,950)
Unrealized foreign exchange loss (gain)		(33,080)	30,365
Interest income	22	(543,056)	(553,083)
		6,523,978	6,055,128
Changes in:			
Accounts payable, accrued expenses and other liabilities		743,100	1,633,900
Claims payable		432,989	5,402
Reinsurance payable		23,779	(25,197)
Policy loans receivables		6,366	(3,144)
Premiums due from policyholders		1,440	3,178
Reinsurance assets		19,856	(16,074)
Other assets		16,317	(377,586)
Coverage debt receivables		(200,596)	(247,094)
Legal policy reserves	16, 23	(199,877)	14,075
Deferred acquisition costs		(3,226,922)	(2,598,556)
		4,140,430	4,444,032
Interest paid		(43,006)	(43,729)
Contributions to retirement fund	25	(79,734)	(95,226)
Income tax paid		(1,269,390)	(442,404)
Net cash provided by operating activities		2,748,300	3,862,673
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investments	8	P4,096,533	P1,634,975
Interest received		532,975	555,633
Proceeds from disposal of property and equipment	13	14,913	1,210
Proceeds from disposal of software development costs	15	17,209	-
Acquisitions of software costs	15	(67,022)	(63,546)
Additions to investment in subsidiary	9	(169,000)	(79,153)
Acquisitions of property and equipment	13	(187,806)	(152,347)
Acquisitions of investments	8	(3,626,001)	(3,835,825)
Net cash (used in) provided by investing activities		611,801	(1,939,053)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	29	(3,832,000)	(1,000,000)
Payment of lease liabilities	28	(276,949)	(290,345)
Cash used in financing activities		(4,108,949)	(1,290,345)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(748,848)	633,275
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,323,183	2,689,908
CASH AND CASH EQUIVALENTS AT END OF YEAR	5, 7, 31	P2,574,335	P3,323,183

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 31, 2022.

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 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 and Framework

The Company has adopted the following amendments to standards and framework starting January 1, 2021 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards and framework did not have any significant impact on the Company's separate financial statements.

- COVID-19-Related Rent Concessions (Amendment to PFRS 16, Leases). The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The practical expedient applies if:

  the revised consideration is substantially the same or less than the original consideration;

  the reduction in lease payments relates to payments due on or beforeJune 30, 2021; and

  no other substantive changes have been made to the terms of the lease.

  Lessees applying the practical expedient are required to disclose that fact, whether they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and the amount recognized in profit or loss for the reporting period arising from application of the practical expedient. No practical expedient is provided for lessors.

  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.

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 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 gross premium valuation (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, 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 fair value through profit or loss in accordance with this PFRS 10.

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

In 2020, the Company changed its accounting policy for investment in subsidiary from the equity method to the cost method, in accordance with PAS 27 *Consolidated and Separate Financial Statements*. 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.

The Company did not apply a retrospective application of the change in accounting policy because the effect of the retrospective application is immaterial to the financial statements. The cumulative prior period impact of the change in accounting policy recognized in 2020 amounted to P78.60 million and presented under "Others - net" in the Company's profit & loss.

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, 2021 and 2020, 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, 2021 and 2020, 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	2021	2020
Investments	*8, 31*	**P12,340,312**	P13,711,696
Assets held to cover linked liabilities	*6, 11*	**144,158,099**	133,317,942
Other assets - net	*6, 15*	**567,810**	425,732
		P157,066,221	P147,455,370

As at December 31, 2021 and 2020, 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 P106.57 billion and P96.36 billion as at December 31, 2021 and 2020, 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, 2021 and 2020, 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 months (3) 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, 2021 and 2020, the Company's AFS financial assets amounted to P32.63 million and P29.06 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 is 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 - net" and the corresponding liability in "Lease liabilities" in the separate statement of financial position (see Note 28).

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, 2021. However, the Company has not applied the following new or revised and 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, 2022

- COVID-19-Related Rent Concessions beyond 30 June 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 are effective for annual reporting periods beginning on or after January 1, 2022 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. Earlier application is permitted.

- Annual Improvements to PFRS Standards 2018-2020. This cycle of improvements contains amendments to four standards. Among the amendments only two (2) are relevant to the Company:

- Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9 Financial Instruments). The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. It applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- Lease Incentives (Amendment to Illustrative Examples accompanying PFRS 16 Leases). 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.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted.

To be Adopted January 1, 2023

- Classification of Liabilities as Current or Non-current (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 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 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, 2023. Earlier application is permitted.

In November 2021, the International Accounting Standards Board issued the Exposure Draft, Non-Current Liabilities with Covenants after considering stakeholder feedback on the December 2020 tentative agenda decision issued by the IFRS Interpretations Committee about the amendments. The exposure draft proposes to again amend IAS 1 as follows:

- Conditions which the entity must comply within twelve months after the reporting period will have no effect on the classification as current or non-current.

- Additional disclosure requirements will apply to non-current liabilities subject to such conditions to enable the assessment of the risk that the liability could become repayable within twelve months.

- Separate presentation in the statement of financial position will be required for non-current liabilities for which the right to defer settlement is subject to conditions within 12 months after the reporting period.

- The effective date of the amendments will be deferred to no earlier than January 1, 2024.

Comments on the Exposure Draft was due on March 21, 2022.

- 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 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 9, *Financial Instruments* (2014). PFRS 9 (2014) replaces 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.

  The Company availed the temporary exemption in the implementation of PFRS 9 as allowed by PFRS 4 above.

- *Prepayment Features with Negative Compensation (Amendments to PFRS 9)*. The amendments cover the following areas:

  - *Prepayment Features with Negative Compensation*. The amendment clarifies that a financial asset with a prepayment feature could be eligible for measurement at amortized cost or fair value through other comprehensive income irrespective of the event or circumstance that causes the early termination of the contract, which may be within or beyond the control of the parties, and a party may either pay or receive reasonable compensation for that early termination.

    The amendment is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. Retrospective application is required, subject to relevant transitional reliefs.

  - *Modification of Financial Liabilities*. The amendment to the Basis for Conclusions on PFRS 9 clarifies thatthe standard provide an adequate basis for an entity to account for modifications and exchanges of financial liabilities that do not result in derecognition and the treatment is consistent with the requirements for adjusting the gross carrying amount of a financial asset when a modification does not result in the derecognition of the financial asset - i.e., the amortized cost of the modified financial liability is recalculated by discounting the modified contractual cash flows using the original effective interest rate and any adjustment is recognized in profit or loss.

    If the initial application of PFRS 9 results in a change in accounting policy for these modifications or exchanges, then retrospective application is required, subject to relevant transition reliefs.

- PFRS 17 Insurance Contracts replaces the interim standard, PFRS 4. 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, 2023. 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 and PFRS 15 on or before the date of initial application of PFRS 17.

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 5 years on its current long-term lease contract (see Note 28).

(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, 2021 and 2020, 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, 2021 and 2020, the Company has recognized allowance for impairment loss amounting to P446.13 million and P373.09 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, 2021 and 2020, 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 P159.30 million and P130.92 million as at December 31, 2021 and 2020, 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, 2021 and 2020 computed under the requirements of PFRS 4, amounted to cash inflows of P54.16 billion and P43.22 billion, respectively. Accordingly, the recorded legal policy reserves which is calculated in accordance with the requirements of the Insurance Code amounting to P5.61 billion and P6.39 billion as at December 31, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, the carrying amounts of property and equipment and software development costs amounted to P613.79 million and P653.74 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, 2021 and 2020, the carrying amount of deferred acquisition costs amounted to P12.45 billion and P10.41 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, 2021 and 2020, the carrying value of the Company's policy loans receivables, coverage debt receivables and advances to employees and agents amounted to P1.51 billion and P1.36 billion, respectively. Provisions for impairment losses amounted to P83.34 million and P147.94 million in 2021 and 2020, respectively (see Notes 10, 12 and 15).

(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, 2021 and 2020, the Company's net retirement liability amounted to P41.82 million and P8.42 million, respectively (see Note 25).

(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, 2021 and 2020, the Company recognized deferred tax assets amounting to P1,329.10 million and P507.02 million, respectively. However, unrecognized deferred tax assets amounted to nil and P966.17 million as at December 31, 2021 and 2020, respectively (see Note 26).

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, 2021 and 2020, using the RBC2 Framework:

	2021	2020
TAC	**P9,476,562**	P12,203,380
RBC requirement	**843,872**	930,597
RBC ratio	**1,123%**	1,311%

the figures above for 2021 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 2020 are based on final amount reviewed by IC. As at December 31, 2021 and 2020, 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 2021 are subject to final determination by the IC while the 2020 balances are based on final amount reviewed by IC:

	Note	2021	2020
Deferred acquisition costs	14, 31	**P12,455,967**	P10,408,686
Property and equipment - net		**373,307**	374,661
Other assets		**2,133,715**	1,165,359
		P14,962,989	P11,948,706

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		**P4,230,275**	P4,750,413
Endowment		**652,178**	938,394
Term		**(25,270)**	(42,559)
Accident		**22,500**	20,886
Group		**33,624**	31,107
Variable		**444,979**	430,272
Riders and others products		**253,518**	262,119
	16, 31	**P5,611,804**	P6,390,632

Classification by Attained Age
The table below presents the concentration of legal policy reserves by attained age as at December 31, 2021 and 2020. For individual insurance, exposure is concentrated on age brackets of 55 - 59 in 2021 and 2020.

	2021 Individual		2020 Individual	
Attained Age	Exposure '000	Concentration (%)	Exposure '000	Concentration (%)
<20	P128,458	2.30%	P241,659	3.80%
20 - 24	172,920	3.10%	214,333	3.37%
25 - 29	190,541	3.42%	229,755	3.61%
30 - 34	224,510	4.02%	272,120	4.28%
35 - 39	259,256	4.65%	285,489	4.49%
40 - 44	430,439	7.72%	563,676	8.86%
45 - 49	713,864	12.80%	867,230	13.64%
50 - 54	840,011	15.06%	921,186	14.49%
55 - 59	857,178	15.37%	968,324	15.23%
60 - 64	752,270	13.49%	820,362	12.90%
65 - 69	500,843	8.98%	509,613	8.01%
70 - 74	272,473	4.88%	317,511	4.99%
75 - 79	176,571	3.16%	101,385	1.59%
80 +	58,846	1.05%	46,882	0.74%
Total	P5,578,180	100.00%	P6,359,525	100.00%

For group insurance, exposure is concentrated on age bracket 35 - 39 in 2021 and 2020.

	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	4.85%	1,629	4.87%
30 - 34	2,440	7.30%	2,452	7.33%
35 - 39	10,022	29.38%	9,751	29.13%
40 - 44	2,951	8.83%	2,966	8.86%
45 - 49	3,372	10.09%	3,389	10.12%
50 - 54	4,196	12.56%	4,217	12.60%
55 - 59	5,036	15.07%	5,061	15.12%
60 +	3,884	11.62%	3,903	11.67%
Total	P33,624	100.00%	P33,470	100.00%

	2020 Group			
	Gross of Reinsurance		Net Reinsurance	
Attained Age	Exposure '000	Concentration (%)	Exposure '000	Concentration (%)
20 - 24	P118	0.38%	P118	0.40%
25 - 29	1,380	4.44%	1,380	4.66%
30 - 34	1,670	5.37%	1,670	5.63%
35 - 39	12,317	39.60%	10,850	36.61%
40 - 44	2,143	6.89%	2,143	7.23%
45 - 49	2,875	9.24%	2,875	9.70%
50 - 54	3,087	9.92%	3,087	10.41%
55 - 59	4,524	14.54%	4,524	15.26%
60 +	2,993	9.62%	2,993	10.10%
Total	P31,107	100%	P29,640	100%

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

(a) *Risk-free Discount Rates* refer to the rates used in determining the value of life insurance liabilities. The value of life insurance liabilities is determined as the sum of the present value of future benefits and expenses, less the present value of future gross premiums arising from the policy discounted at the appropriate 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.

		2021	2020
	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%	(P39.82)	(P43.84)
	-5%	36.38	45.04
Interest rate	+ 100 basis points	255.98	304.36
	- 100 basis points	(281.26)	(334.63)
Expense	+10%	(95.94)	(113.36)
	-10%	83.28	98.00
Lapse	+10%	16.22	21.12
	-10%	(14.42)	(21.61)

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 P66.10 billion (88.43%) and P61.20 billion (90.07%) of the Company's total financial assets as at December 31, 2021 and 2020, respectively (see Notes 8 and 11).

The table below provides information regarding the credit risk exposure of the Company as at December 31, 2021 and 2020 by classifying assets according to the Company's credit grading of counterparties.

2021

	Note	Neither Past Due nor Impaired: Investment High-grade	Neither Past Due nor Impaired: Non-investment Grade - Satisfactory	Total Financial Assets Neither Past Due nor Impaired	Past Due and Impaired	Total
Cash in bank and cash equivalents*	*7, 31*	P2,573,420	-	P2,573,420	-	P2,573,420
Interest receivable	*31*	132,241	-	132,241	-	132,241
Coverage debt receivables	*12, 31*	-	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	*31*	-	10,831	10,831	-	10,831
Policy loans receivables	*10, 31*	-	369,607	369,607	5,793	375,400
Reinsurance assets	*31*	-	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*

2020

	Note	Neither Past Due nor Impaired: Investment High-grade	Neither Past Due nor Impaired: Non-investment Grade - Satisfactory	Total Financial Assets Neither Past Due nor Impaired	Past Due and Impaired	Total
Cash in bank and cash equivalents*	*7, 31*	P3,322,268	P -	P3,322,268	P -	P3,322,268
Interest receivable	*31*	122,160	-	122,160	-	122,160
Coverage debt receivables	*12, 31*	-	837,506	837,506	357,593	1,195,099
Financial assets at FVPL	*8*	13,682,640	-	13,682,640	-	13,682,640
Premiums due from policyholders	*31*	-	12,271	12,271	-	12,271
Policy loans receivables	*10, 31*	-	371,605	371,605	10,161	381,766
Reinsurance assets	*31*	-	73,295	73,295	-	73,295
Other assets (excluding withholding tax receivables, software development costs, nonrefundable deposits and prepayments)		425,732	689,817	1,115,549	5,335	1,120,884
Assets Held to Cover Linked Liabilities						
Cash and cash equivalents	*11*	1,550,226	-	1,550,226	-	1,550,226
Interest receivable	*11*	261,872	-	261,872	-	261,872
Receivable from life fund	*11*	639,816	-	639,816	-	639,816
Investment in debt securities	*11*	47,906,021	-	47,906,021	-	47,906,021
Other assets	*11*	141,482	-	141,482	-	141,482
		P68,052,217	P1,984,494	P70,036,711	P373,089	P70,409,800

** Excluding Petty Cash*

The Company has no past due but not impaired financial assets as at December 31, 2021 and 2020.

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, 2021 and 2020:

2021

	Note	Carrying Amount	Contractual Cash Flow: Within One Year	Contractual Cash Flow: Beyond One Year	Contractual Cash Flow: Total
Technical provision for linked liabilities	*11, 31*	P106,573,549	P -	P106,573,549	P106,573,549
Claims payable	*17, 31*	1,042,874	1,042,874	-	1,042,874
Reinsurance payable	*18, 31*	124,788	124,788	-	124,788
Accounts payable, accrued expenses and other liabilities*		6,155,676	6,155,676	-	6,155,676
Lease liabilities	*28, 31*	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.*

2020

	Note	Carrying Amount	Contractual Cash Flow Within One Year	Beyond One Year	Total
Technical provision for linked liabilities	*11, 31*	P96,358,915	P -	P96,358,915	P96,358,915
Claims payable	*17, 31*	609,885	609,885	-	609,885
Reinsurance payable	*18, 31*	101,009	101,009	-	101,009
Accounts payable, accrued expenses and other liabilities*		5,339,316	5,339,316	-	5,339,316
Lease liabilities	*27, 31*	916,141	4,265	911,876	916,141
Assets Held to Cover Linked Liabilities					
Liability to life fund and other linked funds	*11*	39,149,881	39,149,881	-	39,149,881
Accrued expenses	*11*	152,134	152,134	-	152,134
Trade payable	*11*	250,408	250,408	-	250,408
		P142,877,689	P45,606,898	P97,270,791	P142,877,689

**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:

	2021	2020
Investments	**453,712**	411,938
	453,712	411,938
Foreign exchange rate to the Philippine peso used*	**50.99**	48.02
	P23,134,775	P19,781,263

**Exchange rate used is based on Bankers Association of the Philippines foreign exchange rate as at December 31, 2021 and December 29, 2020.*

A 1% (2020: 5%) strengthening of U.S. dollar against Philippine peso as at December 31, 2021, 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 P0.23 billion (2020: P0.99 billion). A 1% (2020: 5%) 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 2021 and 2020, 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	2021 +100 bps	2021 -100 bps	2020 +100 bps	2020 -100 bps
Philippine peso		**(P1,585,676)**	**P1,753,447**	(P1,807,213)	P2,021,360
U.S. dollar		**(571,577)**	**660,820**	(607,704)	692,174
Fair value sensitivity		**(P2,157,253)**	**P2,414,267**	(P2,414,917)	P2,713,534

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	2021 +100 bps	2021 -100 bps	2020 +100 bps	2020 -100 bps
Philippine peso		**(P897,459)**	**P976,678**	(P993,467)	P1,096,425
U.S. dollar		**(509,066)**	**587,028**	(541,096)	612,931
Fair value sensitivity		**(P1,406,525)**	**P1,563,706**	(P1,534,563)	P1,709,356

In 2021 and 2020, 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 P89.93 billion and P85.42 billion (see Note 11) as at December 31, 2021 and 2020, 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, 2021.

The following table provides an overview of the fair values as at
December 31, 2021 and 2020, 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:

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.*

2020

	Financial Assets that Meet the SPPI Criteria*		All Other Financial Assets	
	Fair Value	Fair Value Change during the Reporting Period	Fair Value	Fair Value Change during the Reporting Period
Cash in bank and cash equivalents	P3,322,268	P -	P -	P -
Interest receivable	122,160	-	-	-
Financial assets at FVPL	-	-	13,682,640	855,951
AFS financial assets	-	-	29,056	(1,000)
Loans and receivables	1,061,422	-	-	-
Rental and other deposits	128,956	-	-	-
Assets Held to Cover Linked Liabilities				
Cash and cash equivalents	1,550,226	-	-	-
Interest receivable	261,872	-	-	-
Receivable from life fund	639,816	-	-	-
Financial assets at FVPL	-	-	133,317,942	(2,107,051)
Other assets	141,482	-	-	-
	P7,228,202	P -	P147,029,638	(P1,252,100)

** 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, 2021 and 2020 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	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**

	Note	2020		
		Level 1	Level 2	Total
Financial assets				
Financial assets at FVPL	8	P13,682,640	P -	P13,682,640
AFS financial assets	8	29,056	-	29,056
Financial assets at FVPL under other assets	15	425,732	-	425,732
Financial assets at FVPL under assets held to cover linked liabilities	11	133,324,157	(6,215)	133,317,942

The Company has no financial instruments categorized under Level 3. Also, there has been no transfer between levels in 2021 and 2020.

7. Cash and Cash Equivalents

	Note	2021	2020
Cash on hand and in banks		**P1,563,426**	P2,122,329
Short-term placements		**1,010,909**	1,200,854
	5, 31	**P2,574,335**	P3,323,183

Short-term placements are Philippine peso and U.S. dollar time deposits with various financial institutions with maturities ranging from overnight to ten days and interest ranging from 0.06% to 0.20% and 0.05% to 2.90% per annum in 2021 and 2020, respectively.

Interest income recognized in profit or loss which is presented under "Investment gain - net" amounted to P2.88 million and P17.48 million in 2021 and 2020, respectively.

8. Investments

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

December 31, 2021	Note	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, 31	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

December 31, 2020	Note	AFS Financial Assets	Financial Assets at FVPL	Total Investments
Cost at January 1, 2020		P12,590	P10,165,023	P10,177,613
Unrealized gains at January 1, 2020		4,471	482,226	486,697
Fair value at January 1, 2020		17,061	10,647,249	10,664,310
Fair value gain (loss) recognized in:				
Profit or loss	22	-	855,951	855,951
Other comprehensive income		(1,000)	-	(1,000)
Foreign exchange loss	22	-	(30,365)	(30,365)
Purchases		12,995	3,822,830	3,835,825
Proceeds from disposal of financial assets		-	(1,634,975)	(1,634,975)
Gain on disposal of financial assets	22	-	21,950	21,950
Fair value at December 31, 2020	5, 6, 31	P29,056	P13,682,640	P13,711,696
Cost at December 31, 2020		P25,585	P12,374,828	P12,400,413
Unrealized gains at December 31, 2020		P3,471	P1,307,812	P1,311,283

The Company's investments consist of the following:

	Note	2021	2020
Government bonds	5, 6	**P11,666,270**	P13,103,503
Unit investment trust fund (UITF)	5, 6, 27	**379,505**	274,021
Corporate debt securities	5, 6	**158,521**	198,664
Quasi government bonds	5, 6	**103,388**	106,452
Equity securities	6	**32,628**	29,056
	31	**P 12,340,312**	P13,711,696

Interest rates range from 00.000% to 15.000% in 2021 and 2020.

The Company invested in ten (10) UITF of its wholly-owned subsidiary, Pru Life UK Asset Management and Trust Corporation (PAMTC). These funds are PruInvest Peso Liquid Fund, PruInvest USD Liquid Fund, PruInvest USD Global Market Balanced Fund of Funds, PruInvest USD Global Technology Equity Feeder Fund, PruInvest USD High Yield Asian Bond Feeder Fund, PruInvest Peso Equity Index Tracker Fund, PruInvest Peso Dynamic Equity Fund, PruInvest USD Intermediate Term Bond Fund, PruInvest Peso Intermediate Term Bond Fund and PruInvest Peso Balanced Allocation Fund (see Note 27).

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

	2021	2020
Balance at beginning of year	**P3,471**	P4,471
Fair value (loss) gain	**2,200**	(1,000)
Balance at end of year	**P5,671**	P3,471

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 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. In December 24, 2021, the company made an additional capital infusion to PAMTC of P169.00 million. In 2021 and 2020, the Company did not recognize any impairment loss on its investment in subsidiary. As of December 31, 2021 and 2020, the carrying value of the investment in subsidiary amounted to P529.25 million and P360.25 million, respectively.

The key financial information of the subsidiary as at and for the year ended December 31, 2021 is as follows:

	2020	2020
Total assets	**P342,452**	P237,966
Total liabilities	**66,635**	51,217
Net assets	**275,817**	186,749
Net loss	**78,841**	95,218
Other comprehensive income	**(219)**	872

10. Policy Loans Receivables

	Note	2021	2020
Policy loans receivables		**P375,400**	P381,766
Allowance for impairment losses		**(5,793)**	(10,161)
	5, 31	**P369,607**	P371,605

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 P1.80 million and P12.90 million in 2021 and 2020, 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:

	2021	2020
Balance at beginning of year	**P10,161**	P8,533
Provision for impairment losses	**1,767**	12,895
Reversals taken up to profit or loss	**(6,135)**	(11,267)
Balance at end of year	**P5,793**	P10,161

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	2021	2020
Cash and cash equivalents	5	**P1,965,566**	P1,550,226
Interest receivable	5	**260,916**	261,872
Receivable from life fund	5	**233,427**	639,816
Investments in treasury notes and other funds	6	**144,158,099**	133,317,942
Other assets	5	**93,085**	141,482
Liability to life fund and other linked funds	5	**(39,246,922)**	(39,149,881)
Accrued expense	5	**(161,641)**	(152,134)
Trade payable	5	**(728,981)**	(250,408)
Net assets	31	**P106,573,549**	P96,358,915

Investments in treasury notes and other funds are composed of:

	Note	2021	2020
Investments in treasury notes	5	**P24,240,207**	P23,859,252
Investments in shares of stocks		**63,378,114**	57,429,821
Investment in other funds:			
Investment in bond fund	5	**15,543,927**	14,092,390
Investment in equity fund		**23,642,832**	24,700,844
Investment in offshore fund (IOF) - Bonds	5	**14,548,384**	9,954,379
IOF - Equities		**2,467,006**	3,185,999
UITF - Equities		**437,995**	101,472
Non-deliverable forward contract		**(100,366)**	(6,215)
Total investments	6	**P144,158,099**	P133,317,942

Total premiums and costs from the unit-linked product for the years ended December 31, 2021 and 2020 are as follows:

	Note	2021	2020
Link premiums	20	**P37,936,915**	P30,838,305
Costs on premiums of variable insurance		**(16,538,479)**	(12,924,382)
Surrenders		**(6,238,593)**	(5,000,414)
Net linked premiums		**P15,159,843**	P12,913,509

12. Coverage Debt Receivables

	Note	2021	2020
Coverage debt receivables		**P1,395,695**	P1,195,099
Allowance for impairment losses		**(435,291)**	(357,593)
	5, 31	**P960,404**	P837,506

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 P77.70 million and P133.07 million in 2021 and 2020, respectively, were recognized in profit or loss.

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

	2021	2020
Balance at beginning of year	**P357,593**	P224,523
Provision for impairment losses	**77,698**	133,070
Balance at end of year	**P435,291**	P357,593

13. Property and Equipment

The movements in this account are as follows:

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 and Amortization							
Beginning balance	255,229	154,474	75,852	7,649	704,761	-	1,197,965
Depreciation and amortization	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' under Other Revenue.

2020

	Computer Equipment	Furniture, Fixtures and Equipment	Transportation Equipment	Condominium Unit	Leasehold Improvements	Office Improvement in Progress	Total
Gross Carrying Amount							
Beginning balance	P292,380	P190,547	P119,122	P10,027	P863,853	P38,411	P1,514,340
Additions	46,410	1,002	11,084	-	29,898	63,953	152,347
Disposals	(6,107)	(1,307)	(3,212)	-	-	-	(10,626)
Reclassification	-	4	-	-	497	(4,103)	(3,602)
Ending balance	332,683	190,246	126,994	10,027	894,248	98,261	1,652,459
Accumulated Depreciation and Amortization							
Beginning balance	211,417	126,915	58,113	7,235	572,261	-	975,941
Depreciation and amortization	49,423	28,726	19,757	414	131,989	-	230,309
Disposals	(6,107)	(1,307)	(3,212)	-	-	-	(10,626)
Reclassification	496	140	1,194	-	511	-	2,341
Ending balance	255,229	154,474	75,852	7,649	704,761	-	1,197,965
Carrying Amount							
Beginning balance	P80,963	P63,632	P61,009	P2,792	P291,592	P38,411	P538,399
Carrying Amount							
Ending balance	P77,454	P35,772	P51,142	P2,378	P189,487	P98,261	P454,494

Property and equipment with carrying amount of P1.11 million were disposed and sold during the year with proceeds amounting to P1.21 million resulting to a net gain of P0.10 million which is under "Others net" under Other Revenue.

14. Deferred Acquisition Costs

	Note	2021	2020
Beginning balance		P10,408,686	P8,948,805
Movements during the year:			
Deferred expenses		3,226,922	2,598,556
Amortization of deferred acquisition costs		(1,179,641)	(1,138,675)
		2,047,281	1,459,881
Ending balance	*5, 31*	P12,455,967	P10,408,686

15. Other Assets

	Note	2021	2020
Investments in ASF	*6, 27*	P567,810	P425,732
Receivable from unit linked fund		201,887	498,816
Software development costs - net		198,550	199,244
Prepayments		194,423	143,902
Advances to employees and agents		187,508	157,561
Nonrefundable deposits		136,967	128,956
Due from related parties	*27*	46,627	12,954
Others		118,533	118,151
		1,652,305	1,685,316
Allowance for impairment losses on advances to employees and agents		(5,047)	(5,335)
	31	P1,647,258	P1,679,981

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.

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.

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.

Prepayments consist of prepaid rent, insurance, and licenses.

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

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 and Prudential Hong Kong Limited (PHKL) (see Note 27).

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:

	2021	2020
Balance at beginning of year	P5,335	P3,891
Provision for impairment losses	3,874	1,976
Reversals taken up to profit or loss	(4,162)	(532)
Balance at end of year	P5,047	P5,335

The Company collected advances to employees and agents that have been previously written off amounting to P4.16 million and P0.53 million in 2021 and 2020, respectively.

The movements of software development costs in 2021 and 2020 are as follows:

	2021	2020
Gross Carrying Amount		
Beginning balance	P609,322	P545,776
Acquisitions	67,022	63,546
Disposals	(16,000)	-
Ending balance	660,344	609,322
Accumulated Amortization		
Beginning balance	410,078	368,550
Amortization	67,716	41,528
Disposals	(16,000)	-
Ending balance	461,794	410,078
Net Carrying Amount		
Beginning balance	P199,244	P177,226
Ending balance	P198,550	P199,244

Software development costs with carrying amount of P16.00 million were disposed and sold during the year with proceeds amounting to P17.21 million resulting to a net gain of P1.21 million which is part of 'Others - net' under Other Revenue.

16. Legal Policy Reserves

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

	Note	2021	2020
Beginning balance		**P6,390,632**	P5,354,876
Gross change in reserves:			
New business		**68,792**	124,332
Net premiums written		**107,532**	123,036
Accretion of interest		**87,190**	78,656
Liabilities released for payments on death, surrenders and other terminations		**(492,082)**	(802,427)
Other movements		**28,691**	490,478
Total gross change in reserves	*23*	**(199,877)**	14,075
Remeasurement on life insurance reserve		**(578,951)**	1,021,681
Ending balance	*5, 31*	**P5,611,804**	P6,390,632

The appropriated retained earnings for negative reserves amounted to P60.91 million and P60.82 million in 2021 and 2020, respectively.

17. Claims Payable

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

	Note	2021	2020
Beginning balance:			
Notified payable		**P478,962**	P456,174
IBNR		**130,923**	148,309
		609,885	604,483
Cash paid for claims settled during the year		**(1,734,932)**	(1,303,378)
Increase in liabilities		**2,167,921**	1,308,780
Ending balance		**P1,042,874**	P609,885
Notified claims payable		**883,577**	478,962
IBNR		**159,297**	130,923
	5, 31	**P1,042,874**	P609,885

18. Reinsurance Payable

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

	Note	2021	2020
Beginning balance		**P101,009**	P126,206
Premium ceded to reinsurers	*20*	**394,161**	404,668
Paid during the year		**(370,382)**	(429,865)
Ending balance	*5, 31*	**P124,788**	P101,009

19. Accounts Payable, Accrued Expenses and Other Liabilities

The account consists of the following:

	Note	2021	2020
Accrued expenses		**P2,658,961**	P1,957,587
Dividends payable to policyholders		**1,182,040**	1,181,577
Premium suspense account		**705,061**	562,520
Provident fund payable		**613,381**	462,881
Agent's commission payable		**585,053**	527,973
Due to related parties		**451,051**	441,583
Dividends payable to parent company		**340,000**	-
Due to unit-linked funds		**203,516**	598,474
Income tax payable		**171,283**	582,855
Withholding tax payable		**78,434**	64,441
Other tax payables		**64,099**	55,790
Retirement liability	*25*	**41,823**	8,418
Premium deposit fund		**15,625**	28,994
Other liabilities		**123,827**	190,270
	31	**P7,234,154**	P6,663,363

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.

Provident fund payable represents the retirement fund for agents.

Agent's commission payable pertains to unpaid commissions.

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 and PAMTC (see Note 27).

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

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.

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

Other tax payables pertain to unpaid documentary stamp tax and premiums tax. 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.

20. Net Premiums

Gross premiums on insurance contracts:

	Note	2020	2020
Unit-linked insurance	*11*	**P37,936,915**	P30,838,305
Group life insurance		**219,319**	283,190
Ordinary life insurance		**235,085**	214,168
Accident and health		**55,463**	51,193
		P38,446,782	P31,386,856

Reinsurer's share of gross premiums on insurance contracts:

	Note	2021	2020
Unit-linked insurance		**P219,242**	P177,877
Group life insurance		**154,217**	214,141
Ordinary life insurance		**20,702**	12,650
	18	**P394,161**	P404,668

Net premiums on insurance contracts:

	2021	2020
Unit-linked insurance	**P37,717,673**	P30,660,428
Group life insurance	**65,102**	69,049
Ordinary life insurance	**214,383**	201,518
Accident and health	**55,463**	51,193
	P38,052,621	P30,982,188

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:

	2021	2020
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	**2.25%**	1.75%
Global Equity Navigator Fund	**2.25%**	-

Policy administration fees amounted to P2.08 billion and P1.75 billion in 2021 and 2020, respectively.

22. Investment Gain

The account consists of the following:

	Note	2021	2020
Interest income		**P543,056**	P553,083
Foreign exchange gain (loss)	*8*	**33,080**	(30,365)
Gain on disposal of investments	*8*	**27,499**	21,950
Final withholding tax		**(109,377)**	(110,589)
Investment management expense		**(338,560)**	(286,253)
Unrealized gain (loss) on valuation of investments	*8*	**(963,631)**	855,951
		(P807,933)	P1,003,777

23. Benefits and Claims

Gross benefits and claims on insurance contracts:

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

2020	Gross Benefits and Claims	Reinsurers' Share of Gross Benefits and Claims	Net
Unit-linked insurance	P5,811,648	(P95,876)	P5,715,772
Ordinary life insurance	102,100	(28,334)	73,766
Group life insurance	6,942	-	6,942
Accident and health	2,722	(6)	2,716
	P5,923,412	(P124,216)	P5,799,196

Gross change in increase in legal policy reserves:

	Note	2021	2020
Unit-linked insurance		P14,709	P44,901
Ordinary life insurance		(215,420)	(34,347)
Group life insurance		1,127	520
Accident and health		(293)	3,001
	16	(P199,877)	P14,075

24. Reclassification

In 2020, the Company reclassified marketing expenses amounting to P0.26 million to trainings, seminars and contests, advertising and marketing expenses of P1.75 million to office supplies, and security & janitorial services amounting to P0.23 million to utilities to better reflect the nature of the accounts.

The above reclassification has no material effect on the information in the statement of financial position as at December 31, 2020 and statement of profit or loss and other comprehensive income and loss and statement of cash flow for the year then ended.

25. Retirement Plan

As discussed in Note 3, the Company maintains a DC plan with minimum DB guarantee and is accounted for as a DB plan. As at December 31, 2021, the DB liability is more than the DC liability.

The Company's latest actuarial valuation date was as of December 31, 2021.

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

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

2020	DBO	FVPA	Net Defined Benefit Liability (Note19)
Balance at January 1, 2020	P528,410	P509,097	P19,313
Included in Profit or Loss			
Current service cost	87,684	-	87,684
Interest cost	27,748	26,798	950
	115,432	26,798	88,634
Included in Other Comprehensive Income			
Remeasurements loss:			
Actuarial loss arising from:			
Financial assumptions	(8,620)	-	(8,620)
Experience adjustment	6,482	-	6,482
Return on plan assets excluding interest income	-	2,165	(2,165)
	(2,138)	2,165	(4,303)
Others			
Contributions paid by the employer	-	95,226	(95,226)
Benefits paid	(49,380)	(49,380)	-
Transfers	(418)	(418)	-
	(49,798)	45,428	(95,226)
Balance at December 31, 2020	P591,906	P583,488	P8,418

The retirement expense under "Salaries, allowances and employees' benefits" account in profit or loss amounted to P81.34 million and P88.63 million in 2021 and 2020, respectively.

The Company's plan assets consist of the following:

	2021	2020
Cash and cash equivalents	P23,446	P63,955
Receivables	97	14,491
Government securities	413,438	294,115
Unit investments trust funds	24,308	33,457
Investment in mutual funds	158,176	110,158
Corporate bonds	30,481	67,312
	P649,946	P583,488

The expected contribution to the defined benefit retirement plan in 2022 is P113.71 million.

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

	2021	2020
Discount rate	5.00%	3.75%
Future salary growth	6.00%	3.00% p.a. first 5 years, 5.00% p.a. thereafter

The weighted-average duration of the defined benefit obligation is 14.70 years and 16.60 years in December 31, 2021 and 2020, respectively.

Maturity analysis of the benefit payments:

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

2020

	Carrying amount	Contractual cash flows	Within 1 Year	Within 1-5 Years	More than 5 Years
Retirement liability	P591,906	P513,051	P33,588	P183,953	P295,510

Sensitivity Analysis

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

	Defined Benefit Obligation	
	Increase	Decrease
Discount rate (1% movement)	(2.46%)	4.88%
Future salary growth (1% movement)	4.76%	(2.46%)

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

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

26. Income Taxes

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

	2021	2020
Current tax expense	**P857,818**	P1,031,382
Deferred tax (benefit) expense	**(862,314)**	237,449
	(P4,496)	P1,268,831

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

	2021	2020
Income before income tax expense	**P4,349,461**	P5,539,189
Income tax using the domestic corporation tax rate (2021: 25%; 2020: 30%)	**P1,087,365**	P1,661,757
(Reductions in) additions to income tax resulting from:		
(Non-taxable gain) non-deductible loss on valuation of investments	**231,924**	(247,735)
Interest income subjected to final tax	**(109,735)**	(134,008)
(Non-taxable income) non-deductible expenses	**(4,839)**	(8,571)
Change in unamortized past service cost	**-**	(2,031)
(Non-taxable gain) non-deductible loss from disposal of investments	**3,631**	(581)
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)**	-
	(P4,496)	P1,268,831

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. The unrecognized deferred tax assets as at December 31, 2021 and 2020 are as follows:

	2021		2020	
	Tax Base	Deferred Tax Assets	Tax Base	Deferred Tax Assets
Accrued expenses	P -	P -	P1,584,601	P475,380
Agent's Commission	-	-	462,816	138,845
Provident fund	-	-	306,450	91,935
IBNR	-	-	148,309	44,493
Remeasurement on life insurance reserve	-	-	656,795	197,039
Others	-	-	61,585	18,475
	P -	P -	P3,220,556	P966,167

Below is the movement of the deferred tax assets and deferred tax liability recognized as at December 31, 2021 and 2020.

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)**

2020

	Beginning Balance	Amount Charged to Profit or Loss	Amount Recognized in Other Comprehensive Income	Ending Balance
Retirement liability	(P11,996)	P -	(P1,291)	(P13,287)
Deferred acquisition costs	(2,684,642)	(437,964)	-	(3,122,606)
Accrued expenses	-	114,421	-	114,421
Agent's commission	-	19,547	-	19,547
Provident fund	-	46,929	-	46,929
IBNR	-	(5,216)	-	(5,216)
Remeasurement on life insurance reserve	-	-	306,504	306,504
PFRS 16-related expenses	-	22,803	-	22,803
Unamortized past service cost	-	2,031	-	2,031
Deferred tax liabilities - net	(P2,696,638)	(P237,449)	P305,213	(P2,628,874)

In 2021 and 2020, the Company opted to claim itemized deductions in determining its tax expense.

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

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.

The enactment of the CREATE Law is a non-adjusting subsequent event in 2020 despite its effectivity date of July 1, 2020. Hence, the current and deferred income taxes as at December 31, 2020 are measured using the applicable income tax rates while the half-year impact in 2020 amounting to P85.90 million and P359.60 million in current and deferred taxes, respectively, were recognized prospectively in 2021.

27. 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 ASP (Note 15)	Terms	Conditions
Eastspring (Under Common Control)									
• Investment management	**2021**	*a*	**P311,176**	**P82,249**	**P -**	**P -**	**P -**	**30 days; noninterest - bearing**	**Unsecured**
	2020	*a*	P267,555	P68,547	-	-	-	30 days; noninterest -bearing	Unsecured
PSA (Under Common Control)									
• IT service costs	**2021**	*b*	**226,241**	**197,296**	**-**	**-**	**-**	**30 days; noninterest - bearing**	**Unsecured**
	2020	*b*	90,792	33,251	-	-	-	30 days; noninterest - bearing	Unsecured
Prudence Foundation Limited (Under Common Control)									
• Cost reimbursements	**2021**	*c*	**8,000**	**-**	**8,000**	**-**	**-**	**30 days; noninterest -bearing**	**Unsecured; not impaired**
	2020	*c*	-	-	-	-	-	30 days; noninterest -bearing	Unsecured; not impaired
PAMTC (Subsidiary)									
• Allocation of expenses	**2021**	**d**	**89,973**	**-**	**36,874**	**-**	**-**	**30 days; noninterest -bearing**	**Unsecured; not impaired**
	2020	*d*	68,773	-	12,543	-	-	30 days; noninterest -bearing	Unsecured; not impaired
• Shared service fee	**2021**	**d**	**3,717**	**-**	**1,616**	**-**	**-**	**30 days; noninterest-bearing**	**Unsecured; not impaired**
	2020	*d*	2,436	-	411	-	-	30 days; noninterest-bearing	Unsecured; not impaired
• Investments in PAMTC's UITFs	**2021**	***d, 8***	**105,484**	**-**	**-**	**379,505**	**-**	**Noninterest-bearing**	**Unsecured**
	2020	*d, 8*	158,846	-	-	274,021	-	Noninterest-bearing	Unsecured
• Investments in ASF	**2021**	***d, 15***	**142,078**				**567,810**	**Noninterest-bearing**	**Unsecured**
	2020	*d, 15*	425,732	-	-	-	425,732	Noninterest-bearing	Unsecured
• Investments management	**2021**	***d***	**8,938**	**1,786**	**-**	**-**	**-**	**Noninterest-bearing**	**Unsecured**
	2020	*d*	2,845	2,790	-	-	-	Noninterest-bearing	Unsecured
• Investments service fee	**2021**	***d***	**10,627**	**10,627**	**-**	**-**	**-**	**Noninterest-bearing**	**Unsecured**
	2020	*d*	5,707	5,707	-	-	-	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 ASP (Note 15)	Terms	Conditions
PCHL or Prudential Corporation Holdings Limited (Parent)									
• Support services and allocation of expenses	**2021**	*e*	**P564,521**	**356,752**	**P -**	**P -**	**P -**	**30 days; noninterest - bearing**	**Unsecured**
	2020	*e*	372,630	291,161	-	-	-	30 days; noninterest - bearing	Unsecured
PSS or Prudential Services Singapore Pte Ltd (Under Common Control)									
• IT security costs	**2021**	*f*	**57,894**	**17,418**	**-**	**-**	**-**	**30 days; noninterest - bearing**	**Unsecured**
	2020	*f*	45,869	45,834	-	-	-	30 days; noninterest - bearing	Unsecured
PEPL or Pulse Ecosystem Private Limited (Under Common Control)									
• Cost reimbursements	**2021**	*g*	**4,091**	**2,265**	**-**	**-**	**-**	**30 days; noninterest - bearing**	**Unsecured**
	2020	*g*	-	-	-	-	-	30 days; noninterest - bearing	Unsecured
PHKL or Prudential Hong Kong Limited (Under Common Control)									
• Cost reimbursements	**2021**	*h*	**137**	**-**	**137**	**-**	**-**	**30 days; noninterest - bearing**	**Unsecured; not impaired**
	2020	*h*	-	-	-	-	-	30 days; noninterest - bearing	Unsecured; not impaired
TOTAL	**2021**			**P668,393**	**P46,627**	**P379,505**	**P567,810**		
TOTAL	2020			P447,290	P12,954	P274,021	P425,732		

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, 2021, the Company has an outstanding payable to PSA amounting to P152.39 million which is presented as part of "Accrued expenses" in the separate statement of financial position.

c. Transactions with Prudence Foundation Limited (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, 2021, the Company has an outstanding payable to PAMTC amounting to P10.63 million which is presented as part of "Accrued expenses" in the separate statement of financial position.

Investments in Policy Reserve amounted to P8.61 billion and P9.08 billion and investments in Investment-Linked Policy of P444.42 million and P109.04 million are managed under the custodianship of the PAMTC pursuant to an Investment Management Agreement signed by the Company and PAMTC in 2021 and 2020, 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, 2021, the Company has an outstanding payable to PCHL amounting to P0.19 million which is presented as part of "Accrued expenses" in the separate statement of financial position.

g. Transactions with Pulse Ecosystem Private Limited (PEPL) pertain to 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 Prudence Hong Kong Limited (PHKL) 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 of the entity, directly or indirectly, including director, whether executive or otherwise, of the Company.

The KMP compensation is as follows:

	2021	2020
Short-term employee benefits	**P177,266**	P225,223
Post-employment benefits	**9,851**	9,956
	P187,117	P235,179

These expenses are recorded under "Salaries, allowances and employees' benefits" in profit or loss.

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

28. Lease

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

	Note	2021	2020
Property and equipment owned	13, 31	**P415,241**	P454,494
Right-of-use assets - net, except for investment property	31	**533,003**	711,814
		P948,244	P1,166,308

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	2021	2020
Balance at January 1		**P711,814**	P884,089
Additions		**61,818**	86,895
Depreciation		**(240,629)**	(259,170)
Balance at December 31	31	**P533,003**	P711,814

Lease Liabilities

	Note	2021	2020
Balance at January 1		**P797,714**	P934,882
Additions		**61,818**	86,895
Interest		**52,356**	66,282
Payments		**(276,949)**	(290,345)
Balance at December 31	5, 31	**P634,939**	P797,714

	2021	2020
Maturity analysis - contractual undiscounted cash flows		
Less than one (1) year	**P22,670**	P4,265
One to five (5) years	**665,132**	911,876
Total undiscounted lease liabilities at December 31	**687,802**	916,141
Lease liabilities included in the separate statement of financial position at December 31	**634,939**	797,714
Current	**221,429**	209,484
Non-current	**413,510**	588,230

Amounts Recognized in Profit and Loss

	2021	2020
Leases under PFRS 16		
Depreciation of right-of-use assets	**P240,629**	P259,170
Interest expense related to lease liabilities	**52,356**	66,282
Expenses relating to short-term leases including VAT on lease payments	**93,137**	41,908

Amount Recognized in the Statement of Cash Flows

	2021	2020
Total cash outflow for leases	**P276,949**	P290,345

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 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.

29. Equity

The details of this account are as follows:

	2021	2020
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 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.

On May 21, 2020, the BOD of the Company declared cash dividends amounting to P1.00 billion. On the same day, the IC issued CL No. 2020-66 Interim Guidelines on the Declaration and/or Distribution of Dividends with the End in View of Conserving Capital Due to the Projected Economic Impact of the COVID-19 Pandemic to prescribe interim guidelines requiring regulated entities to secure prior approval of the IC for dividends declared and/or distributed for the year 2020. The Company submitted documents for approval pursuant to CL No. 2020-66 and this was approved by the IC on June 1, 2020. The dividends were paid on June 16, 2020.

On October 23, 2020, the BOD of the Company declared additional cash dividends amounting to P2.00 billion which shall not be remitted earlier than December 10, 2020. As at December 31, 2020, the Company's request for approval is still pending from the IC. However, 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, based on the provisions of CL No. 2021-02, the Company paid the dividend on January 25, 2021. The Company submitted the corresponding post dividend distribution reportorial requirements to the IC on February 24, 2021.

As at December 31, 2021, the Company's unappropriated retained earnings of P15.40 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 Corporation Code. 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."

30. 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.

31. Maturity Profile of Assets and Liabilities

The following table presents all assets and liabilities as at 2021 and 2020 analyzed according to when they are expected to be recovered or settled (based on contractual maturity).

		2021				2020			
	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*	**P2,574,335**	**P -**	**P -**	P2,574,335	P3,323,183	P -	P -	P3,323,183
Interest receivable	*5*	**10,447**	**121,760**	**34**	132,241	2,492	119,634	34	122,160
Investments	*6, 8*	**2,168,683**	**9,759,496**	**412,133**	12,340,312	2,835,603	10,573,016	303,077	13,711,696
Investment in subsidiary	*9*	**-**	**-**	**529,248**	529,248	-	-	360,248	360,248
Premiums due from policyholders	*5*	**10,831**	**-**	**-**	10,831	12,271	-	-	12,271
Policy loans receivables - net	*5, 10*	**-**	**369,607**	**-**	369,607	-	371,605	-	371,605
Coverage debt receivables - net	*5, 12*	**960,404**	**-**	**-**	960,404	837,506	-	-	837,506
Reinsurance assets	*5*	**53,439**	**-**	**-**	53,439	73,295	-	-	73,295
Property and equipment - net	*13*	**-**	**-**	**415,241**	415,241	-	-	454,494	454,494
Right-of-use assets - net	*28*	**-**	**-**	**533,003**	533,003	-	-	711,814	711,814
Deferred acquisition costs	*5, 14*	**1,344,193**	**11,111,774**	**-**	12,455,967	1,179,641	9,229,045	-	10,408,686
Other assets - net	*15*	**743,932**	**136,967**	**766,359**	1,647,258	926,049	128,956	624,976	1,679,981
Assets Held to Cover Linked Liabilities	*11*	**1,571,286**	**23,859,619**	**81,142,644**	106,573,549	2,081,927	22,838,015	71,438,973	96,358,915
		P9,437,550	**P45,359,223**	**P83,798,662**	P138,595,435	P11,271,967	P43,260,271	P73,893,616	P128,425,854
Liabilities									
Legal policy reserves	*5, 16*	**P59,578**	**P5,552,226**	**P -**	P5,611,804	P84,760	P6,305,872	P -	P6,390,632
Claims payable	*5, 17*	**1,042,874**	**-**	**-**	1,042,874	609,885	-	-	609,885
Reinsurance payable	*5, 18*	**124,788**	**-**	**-**	124,788	101,009	-	-	101,009
Deferred tax liabilities - net	*26*	**(711,710)**	**2,499,728**	**-**	1,788,018	(115,233)	2,744,107	-	2,628,874
Accounts payable, accrued expenses and other liabilities	*19*	**7,234,154**	**-**	**-**	7,234,154	6,663,363	-	-	6,663,363
Lease liabilities	*5, 28*	**22,670**	**665,132**	**-**	687,802	4,265	911,876	-	916,141
Technical Provisions for Linked Liabilities	*5, 11*	**-**	**-**	**106,573,549**	106,573,549	-	-	96,358,915	96,358,915
		P7,772,354	**P8,717,086**	**P106,573,549**	P123,062,989	P7,348,049	P9,961,855	P96,358,915	P113,668,819

32. 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, 2021 (expressed in whole amounts):

A. Value Added Tax

The details of the Company's output VAT declared in 2021 are as follows:

Other income - shared service fees	P2,551,204
Output VAT rate	12%
	P306,144

The Company does not have input VAT in 2021 since it does not have any transactions which are subject to input VAT.

B. Documentary Stamp Tax

On others	P33,226,087

C. Withholding Taxes

Creditable withholding taxes	P669,379,841
Final withholding taxes	576,672,888
Tax on compensation and benefits	272,609,591
	P1,518,662,320

D. Taxes on Importation

The Company does not have any customs duties or tariff fees in 2021 since it does not have any importation.

E. Excise Tax

The Company does not have any excise tax in 2021 since it does not have any transactions which are subject to excise tax.

F. All Other Taxes (Local and National)

Premiums tax	P166,518,132
License and permit fees	54,783,774
Fringe benefits tax	33,714,548
Real estate taxes	201,857
	P255,218,311

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 Company also received a LOA from the BIR for the period covering January 1, 2018 to December 31, 2018 on August 12, 2020. The results of the abovementioned examinations has yet to be determined as at December 31, 2021.

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, 2021 other than the aforementioned.

Combined financial statements

Combined Financial Statements

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

COMBINED FINANCIAL STATEMENTS
December 31, 2021 and 2020

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 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, 2021 and 2020, 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, 2021 and 2020, 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.

Tireso Randy F. Lapidez

TIRESO RANDY F. LAPIDEZ
Partner
CPA License No. 0092183
IC Accreditation No. 92183-IC, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements
SEC Accreditation No. 92183-SEC, Group A, valid for one (1) year
covering the audit of 2021 financial statements
Tax Identification No. 162-411-175
BIR Accreditation No. 08-001987-034-2020
Issued July 20, 2020; valid until July 19, 2023
PTR No. MKT 8854069
Issued January 3, 2022 at Makati City

April 29, 2022
Makati City, Metro Manila

Combined financial statements

(A Wholly-owned Subsidiary of Prudential Corporation Holdings Limited)

PRU LIFE INSURANCE CORPORATION OF U.K.

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
ASSETS									
Cash and cash equivalents	*8*	P14,422	P154,426	P13,758	P86,013	P1,285,454	P1,760	P54,894	P1,749
Interest receivables	*8*	-	156,006	79,786	-	23,916	1,208	-	-
Receivable from life fund	*2, 8*	3,765	1,191	3,405	25,129	88,158	34	4,020	-
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
Other assets	*8*	1,600	-	-	4,000	30,000	-	9,500	55
		5,341,226	18,733,059	5,955,001	16,401,397	64,805,642	282,383	17,647,480	415,998
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)
Accrued expenses	*8*	(48)	(2,295)	(716)	(194)	(13,060)	(22)	(502)	(2,425)
Trade payable	*8*	-	(15,100)	-	(30,000)	(435,068)	-	-	-
		(5,525)	(15,575,247)	(9,006)	(31,194)	(24,091,982)	(8,695)	(13,022)	(3,546)
NET ASSETS		P5,335,701	P3,157,812	P5,945,995	P16,370,203	P40,713,660	P273,688	P17,634,458	P412,452

	Note	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Market Navigator Fund	Combined
ASSETS									
Cash and cash equivalents	*8*	P1,361	P1,438	P322,094	P1,312	P15,691	P1,000	P10,194	P1,965,566
Interest receivables	*8*	-	-	-	-	-	-	-	260,916
Receivable from life fund	*2, 8*	283	124	87,672	3	8,248	6,493	4,902	233,427
Investments at fair value through profit or loss	*2, 5*	969,218	723,024	13,651,701	117,955	611,803	437,995	108,466	144,158,099
Other assets	*8*	145	444	34,714	-	9,533	689	2,405	93,085
		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*	(1,219)	(1,728)	(1,061)	(1,127)	(1,000)	(1,000)	(1,000)	(39,246,922)
Accrued expenses	*8*	(163)	(121)	(141,189)	(19)	(114)	(753)	(20)	(161,641)
Trade payable	*8*	(351)	(254)	(212,709)	-	(23,997)	-	(11,502)	(728,981)
		(1,733)	(2,103)	(354,959)	(1,146)	(25,111)	(1,753)	(12,522)	(40,137,544)
NET ASSETS		P969,274	P722,927	P13,741,222	P118,124	P620,164	P444,424	P113,445	P106,573,549

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 ASSETS AND ACCOUNTABILITIES OF THE PRULINK OPERATED BY THE LINKED FUND AS AT DECEMBER 31, 2020 (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 Market Navigator Fund	Combined
ASSETS																	
Cash and cash equivalents	8	P16,208	P93,821	P10,065	P61,462	P987,858	P135,657	P44,468	P1,071	P2,448	P2,703	P189,586	P351	P3,518	P1,010	P -	P1,550,226
Interest receivables	8	-	145,778	86,510	1	27,636	1,946	1	-	-	-	-	-	-	-	-	261,872
Receivable from life fund	2, 8	2,542	6,139	5,055	56,240	186,847	41	33,442	47	153	4,599	332,632	32	4,451	7,596	-	639,816
Investments at fair value through profit or loss	2, 5	5,760,069	17,442,111	6,242,986	14,863,829	57,429,821	437,956	18,169,336	456,042	1,114,758	727,566	10,200,892	110,896	260,208	101,472	-	133,317,942
Other assets	8	-	-	10,798	-	10,909	-	-	698	517	5	114,900	1,008	2,647	-	-	141,482
		5,778,819	17,687,849	6,355,414	14,981,532	58,643,071	575,600	18,247,247	457,858	1,117,876	734,873	10,838,010	112,287	270,824	110,078	-	135,911,338
LIABILITIES																	
Liability to life fund and other linked funds	2, 8	(8,644)	(14,102,656)	(14,952)	(1,578)	(24,701,854)	(259,442)	(17,648)	(1,781)	(2,339)	(1,004)	(34,856)	(1,127)	(1,000)	(1,000)	-	(39,149,881)
Accrued expenses	8	(109)	(5,958)	(2,150)	(398)	(29,577)	(70)	(1,198)	(1,777)	(493)	(323)	(109,430)	(46)	(566)	(39)	-	(152,134)
Trade payable	8	-	-	-	-	(8,961)	-	-	-	(1,276)	(1,910)	(233,580)	-	(4,681)	-	-	(250,408)
		(8,753)	(14,108,614)	(17,102)	(1,976)	(24,740,392)	(259,512)	(18,846)	(3,558)	(4,108)	(3,237)	(377,866)	(1,173)	(6,247)	(1,039)	-	(39,552,423)
NET ASSETS		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 -	P96,358,915

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*	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 -	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 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	P106,573,549

**Insurance Commission approved the commercial operations of the fund on August 6, 2021 as disclosed in Note 1 of 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, 2020 (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*	Combined
Net assets at beginning of year	P5,665,665	P3,481,889	P6,947,077	P13,768,302	P29,687,689	P267,926	P17,722,101	P517,007	P1,179,797	P725,274	P9,705,881	P91,916	P107,853	P -	P -	P89,868,377
Net additions (withdrawals) to the fund for creation of units	(237,107)	(216,572)	(636,178)	1,629,532	5,907,086	39,270	245,029	(70,753)	(95,851)	(265)	1,187,811	13,949	143,475	99,113	-	8,008,539
	5,428,558	3,265,317	6,310,899	15,397,834	35,594,775	307,196	17,967,130	446,254	1,083,946	725,009	10,893,692	105,865	251,328	99,113	-	97,876,916
FUND INCOME																
Unrealized depreciation of investment at fair value through profit or loss	-	853,276	(212,246)	-	(2,058,524)	(3,511)	-	(2,001)	34,184	14,363	(349,792)	5,631	18,313	10,161	-	(1,690,146)
Interest income	95	899,049	272,298	591	4,920	5,075	527	-	-	-	8	-	2	1	-	1,182,566
Gain (loss) on sale of investment at fair value through profit or loss	-	346,009	68,236	-	(409,618)	13,731	-	18,425	14,784	4,157	461,442	1,400	(965)	90	-	517,691
Dividend income	-	-	-	-	908,884	-	-	-	-	-	-	-	-	-	-	908,884
Profit (loss) from interfund investments	347,804	(1,252,407)	-	(400,113)	984,804	-	319,912	-	-	-	-	-	-	-	-	-
	347,899	845,927	128,288	(399,522)	(569,534)	15,295	320,439	16,424	48,968	18,520	111,658	7,031	17,350	10,252	-	918,995
FUND EXPENSES																
Management fees	(6,372)	(286,009)	(100,868)	(18,637)	(1,121,578)	(2,760)	(59,063)	(8,378)	(19,146)	(11,893)	(177,935)	(1,782)	(4,101)	(326)	-	(1,818,848)
Distribution expense	-	-	-	-	-	-	-	-	-	-	(367,270)	-	-	-	-	(367,270)
Tax expense	(19)	(246,000)	(7)	(119)	(984)	(3,643)	(105)	-	-	-	(1)	-	-	-	-	(250,878)
	(6,391)	(532,009)	(100,875)	(18,756)	(1,122,562)	(6,403)	(59,168)	(8,378)	(19,146)	(11,893)	(545,206)	(1,782)	(4,101)	(326)	-	(2,436,996)
Net increase (decrease) in net assets from operations for the year	341,508	313,918	27,413	(418,278)	(1,692,096)	8,892	261,271	8,046	29,822	6,627	(433,548)	5,249	13,249	9,926	-	(1,518,001)
NET ASSETS AT END 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 -	P96,358,915

**Insurance Commission approved the commercial operations of the fund on April 17, 2020 as disclosed in Note 1 of 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, 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	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	(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

**Insurance Commission approved the commercial operations of the fund on August 6, 2021 as disclosed in Note 1 of the combined financial statements.*

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	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)	(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	P1,965,566

**Insurance Commission approved the commercial operations of the fund on August 6, 2021 as disclosed in Note 1 of 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)

COMBINED STATEMENTS OF CASH FLOWS OF THE PRULINK OPERATED BY THE LINKED FUND FOR THE YEAR ENDED DECEMBER 31, 2020 (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	Combined
CASH FLOWS FROM OPERATING ACTIVITIES																
Net increase (decrease) in net assets from operations for the year	P341,508	P313,918	P27,413	(P418,278)	(P1,692,096)	P8,892	P261,271	P8,046	P29,822	P6,627	(P433,548)	P5,249	P13,249	P9,926	P -	(P1,518,001)
Adjustments for:																
Unrealized depreciation (appreciation) of investment at fair value through profit or loss	-	(853,276)	(127,314)	-	2,058,524	3,511	-	(22,803)	(94,816)	(53,936)	(205,041)	(11,663)	(32,466)	(10,161)	-	650,559
Interest income	(95)	(899,049)	(272,298)	(591)	(4,920)	(5,075)	(527)	-	-	-	(8)	-	(2)	(1)	-	(1,182,566)
(Gain) loss on sale of investment at fair value through profit or loss	-	(346,009)	(68,236)	-	409,618	(13,731)	-	(18,425)	(14,784)	(4,157)	(461,442)	(1,400)	965	(90)	-	(517,691)
Dividend income	-	-	-	-	(908,884)	-	-	-	-	-	-	-	-	-	-	(908,884)
Foreign exchange loss	-	-	339,560	-	-	-	-	24,804	60,632	39,573	554,833	6,032	14,153	-	-	1,039,587
Profit (loss) from interfund investments	(347,804)	1,252,407	-	400,113	(984,804)	-	(319,912)	-	-	-	-	-	-	-	-	-
Operating loss before working capital changes	(6,391)	(532,009)	(100,875)	(18,756)	(1,122,562)	(6,403)	(59,168)	(8,378)	(19,146)	(11,893)	(545,206)	(1,782)	(4,101)	(326)	-	(2,436,996)
Changes in:																
Receivable from life fund	(1,523)	(4,961)	(5,055)	(30,415)	(104,445)	(39)	(9,295)	315	803	(4,428)	(264,794)	29	2,346	(7,596)	-	(429,058)
Other assets	12,000	-	14,085	-	29,591	-	-	19,346	20,421	4,695	(105,874)	3,549	(834)	-	-	(3,021)
Liability to life fund and other linked funds	(9,707)	(2,040,364)	(26,461)	(771)	3,805,928	254,006	(12,812)	(2,682)	(16,228)	(1,964)	34,404	1,096	-	1,000	-	1,985,445
Accrued expenses	(38)	(674)	(203)	(61)	4,083	29	(217)	70	(1,788)	(1,059)	7,914	7	367	39	-	8,469
Trade payable	-	(12,000)	-	(40,500)	(26,493)	-	-	(43)	1,238	1,734	153,367	(2,582)	(1,387)	-	-	73,334
Net additions (withdrawals) to the fund for creation of units	(237,107)	(216,572)	(636,178)	1,629,532	5,907,086	39,270	245,029	(70,753)	(95,851)	(265)	1,187,811	13,949	143,475	99,113	-	8,008,539
Net cash provided by (used in) operating activities	(242,766)	(2,806,580)	(754,687)	1,539,029	8,493,188	286,863	163,537	(62,125)	(110,551)	(13,180)	467,622	14,266	139,866	92,230	-	7,206,712

**Insurance Commission approved the commercial operations of the fund on April 17, 2020 as disclosed in Note 1 of the combined financial statements.*

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	Combined
CASH FLOWS FROM INVESTING ACTIVITIES																	
Net (disposals) acquisitions of investments		P248,559	P1,933,708	P452,347	(P1,573,800)	(P9,142,677)	(P174,787)	(P179,500)	P63,151	P112,961	P15,707	(P401,432)	(P14,433)	(P141,860)	(91,221)	P -	(P8,893,277)
Interest received		97	936,817	295,396	608	5,036	3,913	537	-	-	-	8	-	2	1	-	1,242,415
Dividends received		-	-	-	-	908,661	-	-	-	-	-	-	-	-	-	-	908,661
Net cash (used in) provided by investing activities		248,656	2,870,525	747,743	(1,573,192)	(8,228,980)	(170,874)	(178,963)	63,151	112,961	15,707	(401,424)	(14,433)	(141,858)	(91,220)	-	(6,742,201)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		5,890	63,945	(6,944)	(34,163)	264,208	115,989	(15,426)	1,026	2,410	2,527	66,198	(167)	(1,992)	1,010	-	464,511
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		10,318	29,876	17,009	95,625	723,650	19,668	59,894	45	38	176	123,388	518	5,510	-	-	1,085,715
CASH AND CASH EQUIVALENTS AT END OF YEAR	*8*	P16,208	P93,821	P10,065	P61,462	P987,858	P135,657	P44,468	P1,071	P2,448	P2,703	P189,586	P351	P3,518	P1,010	P -	P1,550,226

**Insurance Commission approved the commercial operations of the fund on April 17, 2020 as disclosed in Note 1 of 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 fourteen 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 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. 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.

g. 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.

h. 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.

i. 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.

j. 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.

k. 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 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.

l. 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 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.

m. 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.

n. Equity Index Tracker Fund - aa fund which seeks to achieve investment returns that track the performance of the PSEi by investing in a diversified portfolio of stocks comprising the PSEi in the same weights as the index.

o. 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.

Investment activities of the first thirteen Funds and the newly added Fund are managed by Eastspring Investments (Singapore) Limited (see Note 6), an entity under common control with the Company, while the Equity Index Tracker Fund is 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 BOD of the Company on March 31, 2022.

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 fair value through profit or loss" account not eliminated as at December 31 are as follows:

	Note	**2021**	2020
Proactive Fund invested at Bond Fund (Peso)	*5, 8*	**P8,320,676**	P7,463,710
Managed Fund invested at Bond Fund (Peso)	*5, 8*	**4,190,144**	4,343,740
Growth Fund invested at Equity Fund	*5*	**13,253,148**	12,578,889
Proactive Fund invested at Equity Fund	*5*	**9,258,390**	10,705,626
Growth Fund invested at Bond Fund (Peso)	*5, 8*	**3,033,107**	2,284,940
Managed Fund invested at Equity Fund	*5*	**1,131,295**	1,416,329
		P39,186,760	P38,793,234

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:

	2021	2020
Liability of Equity Fund to Growth Fund	P13,253,148	P12,578,889
Liability of Equity Fund to Proactive Fund	9,258,390	10,705,626
Liability of Bond Fund (Peso) to Proactive Fund	8,320,676	7,463,710
Liability of Bond Fund (Peso) to Managed Fund	4,190,144	4,343,740
Liability of Bond Fund (Peso) to Growth Fund	3,033,107	2,284,940
Liability of Equity Fund to Managed Fund	1,131,295	1,416,329
	P39,186,760	P38,793,234

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 P233.43 million and P639.82 million as at December 31, 2021 and 2020, 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 P39.25 billion and P39.15 billion as at December 31, 2021 and 2020, 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. Except as otherwise indicated, the adoption of these amendments to standards and framework did not have any significant impact on the Funds' combined financial statements.

- COVID-19-Related Rent Concessions (Amendment to PFRS 16, Leases). The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The practical expedient applies if:

  - the revised consideration is substantially the same or less than the original consideration;
  - the reduction in lease payments relates to payments due on or before June 30, 2021; and
  - no other substantive changes have been made to the terms of the lease.

  Lessees applying the practical expedient are required to disclose that fact, whether they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and the amount recognized in profit or loss for the reporting period arising from application of the practical expedient. No practical expedient is provided for lessors.

  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.

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, 2021 and 2020, 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 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 P144.16 billion and P133.32 billion as at December 31, 2021 and 2020, 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, 2021 and 2020, the Funds' combined loans and receivables amounted to P2.55 billion and P2.59 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.

Combined financial statements

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in the combined statement of changes in net assets and reflected in an allowance account against financial assets measured at amortized cost. Interest on the impaired asset continues to be recognized. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the combined statement of changes in net assets to the extent that the resulting carrying value of the financial asset does not exceed its carrying amount had no impairment loss has been recognized.

Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount presented in the combined statement of net assets and accountabilities when, and only when, the Funds currently has an enforceable legal right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under PFRSs, such as in the case of any realized gains or losses arising from the Funds' trading activities.

Derecognition of Financial Assets

The Funds derecognizes a financial asset (or, where a part of a financial asset or part of a group of similar financial assets) when:

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

Where the Funds has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor is transferred control of the asset, the asset recognized to the extent of the Funds continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Funds could be required to pay.

Non-derivative Financial Liabilities

Financial liabilities are recognized when, and only when, the Funds becomes a party to the contractual provisions of the financial instrument. The Funds determines the classification of financial liabilities at initial recognition.

The Funds initially recognizes financial liabilities on the date they are originated. Financial liabilities are initially recognized at fair value plus transaction costs for all financial liabilities not carried at FVPL.

The Funds classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Funds' other financial liabilities comprise of liability to life fund and other linked funds, accrued expenses and trade payable. As at December 31, 2021 and 2020, the Funds' other financial liabilities amounted to P40.14 billion and P39.55 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, 2020. 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 9 (2014). PFRS 9 (2014) replaces 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.

(b) *Prepayment Features with Negative Compensation (Amendments to PFRS 9).*

The amendments cover the following areas:

- *Prepayment features with Negative Compensation*. The amendment clarifies that a financial asset with a prepayment feature could be eligible for measurement at amortized cost or fair value through other comprehensive income irrespective of the event or circumstance that causes the early termination of the contract, which may be within or beyond the control of the parties, and a party may either pay or receive reasonable compensation for that early termination.

  The amendment is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. Retrospective application is required, subject to relevant transitional reliefs.

- *Modification of Financial Liabilities.* The amendment to the Basis for Conclusions on PFRS 9 clarifies that the standard provide an adequate basis for an entity to account for modifications and exchanges of financial liabilities that do not result in derecognition and the treatment is consistent with the requirements for adjusting the gross carrying amount of a financial asset when a modification does not result in the derecognition of the financial asset - i.e., the amortized cost of the modified financial liability is recalculated by discounting the modified contractual cash flows using the original effective interest rate and any adjustment is recognized in profit or loss.

If the initial application of PFRS 9 results in a change in accounting policy for these modifications or exchanges, then retrospective application is required, subject to relevant transition reliefs.

(c) *Classification of Liabilities as Current or Non-current (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 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 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, 2023. Earlier application is permitted.

(d) *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.

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, 2021 and 2020, 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, 2021 and 2020, 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:

		2021															
	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	Combined
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	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		-	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	P144,158,099

Combined financial statements

								2020									
	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	Combined
Investments in shares of stocks		P -	P -	P -	P -	P54,057,184	P -	P -	P -	P848,087	P571,449	P908,423	P53,987	P239,816	P91,311	P -	P56,770,257
Accumulated fair value gain		-	-	-	-	3,372,637	-	-	-	266,671	156,117	110,186	10,871	20,392	10,161	-	3,947,035
	8	-	-	-	-	57,429,821	-	-	-	1,114,758	727,566	1,018,609	64,858	260,208	101,472	-	60,717,292
Investments in bond funds		2,987,250	-	-	1,926,325	-	-	6,117,123	-	-	-	-	-	-	-	-	11,030,698
Accumulated fair value gain		1,356,490	-	-	358,615	-	-	1,346,587	-	-	-	-	-	-	-	-	3,061,692
	2, 8	4,343,740	-	-	2,284,940	-	-	7,463,710	-	-	-	-	-	-	-	-	14,092,390
Investments in equity funds		1,340,427	-	-	11,487,238	-	-	10,484,637	-	-	-	-	-	-	-	-	23,312,302
Accumulated fair value gain		75,902	-	-	1,091,651	-	-	220,989	-	-	-	-	-	-	-	-	1,388,542
	2, 8	1,416,329	-	-	12,578,889	-	-	10,705,626	-	-	-	-	-	-	-	-	24,700,844
Investments in debt securities		-	15,844,161	5,532,179	-	-	437,154	-	334,754	-	-	8,227,446	42,825	-	-	-	30,418,519
Accumulated fair value gain		-	1,597,950	710,807	-	-	802	-	121,288	-	-	961,052	3,213	-	-	-	3,395,112
	8	-	17,442,111	6,242,986	-	-	437,956	-	456,042	-	-	9,188,498	46,038	-	-	-	33,813,631
Accumulated fair value loss - NDF	8	-	-	-	-	-	-	-	-	-	-	(6,215)	-	-	-	-	(6,215)
		P5,760,069	P17,442,111	P6,242,986	P14,863,829	P57,429,821	P437,956	P18,169,336	P456,042	P1,114,758	P727,566	P10,200,892	P110,896	P260,208	P101,472	P -	P133,317,942

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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:

	2021	2020
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%**	2.25%
Global Market Navigator Fund	**2.25%**	-

7. Number of Units and Unit Prices

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

	2021	2020
Equity Fund	**19,481,320**	16,230,379
Proactive Fund	**8,075,845**	8,087,242
Growth Fund	**4,363,267**	3,943,149
Cash Flow Fund (Peso Hedged Share Class)	**5,509,578**	2,855,513
Managed Fund	**1,579,741**	1,637,715
Bond Fund (Peso)	**1,082,435**	1,166,704
Money Market Fund	**244,530**	284,522
Global Market Navigator Fund	**523,247**	255,816
Cash Flow Fund (Dollar)	**169,379**	162,423
Equity Index Tracker Fund	**363,315**	88,470
Bond Fund (Dollar)	**39,800**	43,694
Asia Pacific Equity Fund	**17,044**	19,869
Global Emerging Market Fund	**11,979**	13,102
Asian Local Bond Fund	**7,387**	7,898
Asian Balanced Fund	**2,223**	2,085
Global Equity Navigator Fund	**111,170**	-
	41,582,260	34,798,581

The corresponding December 31 unit prices are as follows:

	2021	2020
Unit Price in Philippine peso		
Managed Fund	**P3.37758**	P3.52324
Bond Fund (Peso)	**2.91732**	3.06782
Growth Fund	**3.75182**	3.79888
Equity Fund	**2.08988**	2.08884
Proactive Fund	**2.18361**	2.25397
Money Market Fund	**1.11924**	1.11094
Unit Price in U.S. dollar		
Bond Fund (Dollar)	**$2.92940**	$3.02064
Asian Local Bond Fund	**1.09484**	1.19785
Asia Pacific Equity Fund	**1.11508**	1.16729
Global Emerging Market Fund	**1.18332**	1.16280
Cash Flow Fund (Dollar)	**0.92686**	0.95332
Cash Flow Fund (Peso Hedged Share Class)	**1.04089**	1.05891
Asian Balanced Fund	**1.04213**	1.10985
Global Market Navigator Fund	**1.18522**	1.03425
Equity Index Tracker Fund	**1.22325**	1.23249
Global Equity Navigator Fund	**1.02047**	-

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

	December 31, 2021	December 29, 2020
Unit Price in Philippine peso		
Managed Fund	**P3.37758**	P3.52343
Bond Fund (Peso)	**2.91732**	3.06789
Growth Fund	**3.75182**	3.79932
Equity Fund	**2.08988**	2.08910
Proactive Fund	**2.18361**	2.25419
Money Market Fund	**1.11924**	1.11092
Unit Price in U.S. dollar		
Bond Fund (Dollar)	**$2.92940**	$3.02020
Asian Local Bond Fund	**1.09484**	1.19251
Asia Pacific Equity Fund	**1.11508**	1.14639
Global Emerging Market Fund	**1.18332**	1.14501
Cash Flow Fund (Dollar)	**0.92686**	0.95211
Cash Flow Fund (Peso Hedged Share Class)	**1.04089**	1.05795
Asian Balanced Fund	**1.04213**	1.09685
Global Market Navigator Fund	**1.18522**	1.03360
Equity Index Tracker Fund	**1.22325**	1.23261
Global Equity Navigator Fund	**1.02047**	-

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 P54.33 billion as at December 31, 2021 and P47.91 billion as at December 31, 2020 which are 37.03% and 35.25% of its total assets, respectively.

The table below provides information regarding the credit risk exposure of the Funds as at December 31, 2021 and 2020 by classifying assets according to the Funds' credit grading of counterparties.

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

2020

	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	P1,550,226	P -	P1,550,226	P -	P1,550,226
Interest receivables	3	261,872	-	261,872	-	261,872
Receivable from life fund	2, 3	639,816	-	639,816	-	639,816
Investments in bond funds	2, 5	14,092,390	-	14,092,390	-	14,092,390
Investments in debt securities	5	33,813,631	-	33,813,631	-	33,813,631
Other assets	3	141,482	-	141,482	-	141,482
		P50,499,417	P -	P50,499,417	P -	P50,499,417

The Funds has no past due but not impaired financial assets as at December 31, 2021 and 2020.

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, 2020 and 2019.

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

2020

	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	P39,149,881	P -	P -	P -	P -	P -	P39,149,881
Accrued expenses		152,134	-	-	-	-	-	152,134
Trade payable		250,408	-	-	-	-	-	250,408
	3	P39,552,423	P -	P -	P -	P -	P -	P39,552,423

(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:

	2021	2020
Short-term time deposits	$ -	$ -
Investments	440,291	398,004
	$440,291	$398,004
Foreign exchange rate to the Philippine peso used*	50.990	48.020
	P22,450,438	P19,112,152

**Exchange rate used is based on Bankers Association of the Philippines foreign exchange rate as at December 29, 2021 and December 27, 2020.*

A 5% and 1% strengthening of Philippine peso against the U.S. dollar as at December 31, 2021 and 2020, with all variables remaining constant, would have affected the measurement of profit before tax and equity by P224.54 million and P955.67 million, respectively. A 5% and 1% weakening of the Philippine peso in relation to the U.S. dollar as at December 31, 2021 and 2020, 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	
	100 Basis Points	**100 Basis Points**
December 31, 2021	***Increase***	***Decrease***
Currency		
Philippine peso	**(P897,459)**	**P976,678**
U.S. dollar	**(509,066)**	**587,028**
Fair value sensitivity	**(P1,406,525)**	**P1,563,706**

	Changes in variables	
	100 Basis Points	100 Basis Points
December 31, 2020	*Increase*	*Decrease*
Currency		
Philippine peso	(P993,467)	P1,096,425
U.S. dollar	(541,096)	612,931
Fair value sensitivity	(P1,534,563)	P1,709,356

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 P85.42 billion and P73.92 billion as at December 31, 2020 and 2019, 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% and 7% increase in stock prices would have increased profit before income tax and equity by P6.29 billion and P5.98 billion as at December 31, 2021 and 2020, 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, 2021		
	Note	**Level 1**	**Level 2**	**Total**
Financial Assets				
Investments at FVPL	*5*	**P144,258,467**	**(P100,366)**	**P144,158,101**

		December 31, 2020		
	Note	Level 1	Level 2	Total
Financial Assets				
Investments at FVPL	5	P133,324,157	(P6,215)	P133,317,942

The Funds has no financial instruments categorized under Level 3. Also, there has been no transfer between levels in 2021 and 2020.

Market Review

If 2020 was characterized by the emergence of the COVID-19 pandemic and sharp falls in economic activity on the back of global lockdowns and work-from-home trends, 2021 was characterized by a strong snap back in global economic growth.

Stimulus measures mixed with economic reopening across the US and in parts of Europe, caused consumers to drive demand for everything from used cars, laptops, and building materials. The lingering effects of the pandemic – such as staff shortages and global supply chains out of sync – coupled with strong demand, led to a rapid rise in inflation data in 2021, ending the year well above the US Federal Reserve's (the Fed) target of 2% to 7% growth year-on-year (YoY). After spending months contending that the recent surge in inflation mostly reflects transitory factors, Fed Chair Jerome Powell told the US Congress in November that it is "*probably a good time to retire that word.*" In response to rising consumer prices, the Fed announced earlier in the month that it would begin scaling back its asset purchase program, and one month later said it will double the pace of its tapering.

Asia and global emerging markets lagged the US and other developed markets with MSCI[1] Asia Pacific ex-Japan returning -2.7% in USD terms in 2021, against the strong performance of MSCI All Countries World Index (+19%). Asia's more cautious stance on reopening economies as COVID was still circulating in the region, and aggressive policy adjustments in China (around internet, education, and real estate sectors) led investors to favor developed markets over developing. Exceptions were strong equity returns in India and Taiwan.

The Philippine equity market's performance in 2021 was hampered by a slow vaccination program, alongside extensive lockdowns, among other factors. It plunged on the very last trading day of the year, giving back gains for the month, ending 2021 at 7,122.63 points, slightly below 2020's 7,139.71 close. Despite being the second worst performer amongst its ASEAN[2] peers, 2021 was a monumental year for the market as marked by record-high capital raising activities that includes the country's largest-ever IPO[3] listing by Monde Nissin Corp. (MONDE.PS).

Within Fixed Income markets, the 10-year US Treasury rose about 60 basis points (bps) for the year from around 0.9% to around 1.5% as investors began to price in a more aggressive tightening on the strength of the recovery and accelerating inflation. China's 10-year bond yield fell from around 3.2% to 2.8% in 2021 as China's monetary cycle decoupled as the country grappled with higher defaults in the highly leveraged real estate sector. Asia High Yield bonds suffered as spreads widened on higher default risk.

Against the backdrop of a challenging market environment, Asian bonds saw losses of -2.4% in 2021, as proxied by the JP Morgan Asia Credit Index. Higher interest rates and widening credit spreads were both factors weighing on returns for Asian bonds. Real estate was by far the worst performer in the corporate segment given steep sell-offs among high-yield property credits, while China was among the laggards in the country table.

1 *Morgan Stanley Capital International*
2 *Association of Southeast Asian Nations*
3 *Initial Public Offering*

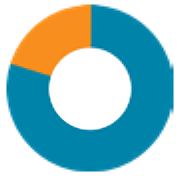
Sources:
Eastspring Investments (Singapore) Ltd., Bloomberg, and Philippine Statistics Authority

Fund Objectives

PhP-denominated funds

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 Peso Cash Flow Fund Hedged Share Class

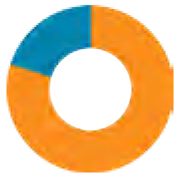
The Fund seeks to provide investors with regular payout by investing in a diversified portfolio consisting primarily of high yield bonds and other fixed income/debt securities denominated in US dollars, issued in the US market rated below BBB-, as well as fixed income/debt securities issued by Asian 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.

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 stocks 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 stocks listed in the Philippines.



PRULink Growth Fund

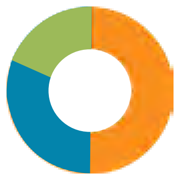
The Fund seeks to optimize medium to long-term capital and income growth, with an emphasis on strong capital growth, through a greater focus of investment in shares of stocks listed in the Philippines. The Fund also invests in fixed income securities, and money market instruments.

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 stocks listed in the Philippines.



PRULink Global Market Navigator Fund

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 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 Equity Navigator Fund is subject to currency risks as a PhP unhedged share class.

Bonds | Equities | Other assets

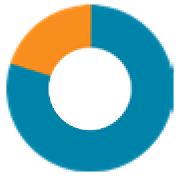
USD-denominated funds

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.

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 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.

Fund Performance Review

- **PRU**Link Bond Fund
- **PRU**Link Peso Cash Flow Fund - Hedged Share Class
- **PRU**Link Managed Fund
- **PRU**Link Proactive Fund
- **PRU**Link Growth Fund
- **PRU**Link Equity Index Tracker Fund
- **PRU**Link Equity Fund
- **PRU**Link Global Market Navigator Fund
- **PRU**Link Global Equity Navigator Fund - PhP Unhedged Share Class
- **PRU**Link US Dollar Bond Fund
- **PRU**Link Asian Local Bond Fund
- **PRU**Link Cash Flow Fund
- **PRU**Link Asian Balanced Fund
- **PRU**Link Asia Pacific Equity Fund
- **PRU**Link Global Emerging Markets Dynamic Fund

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.

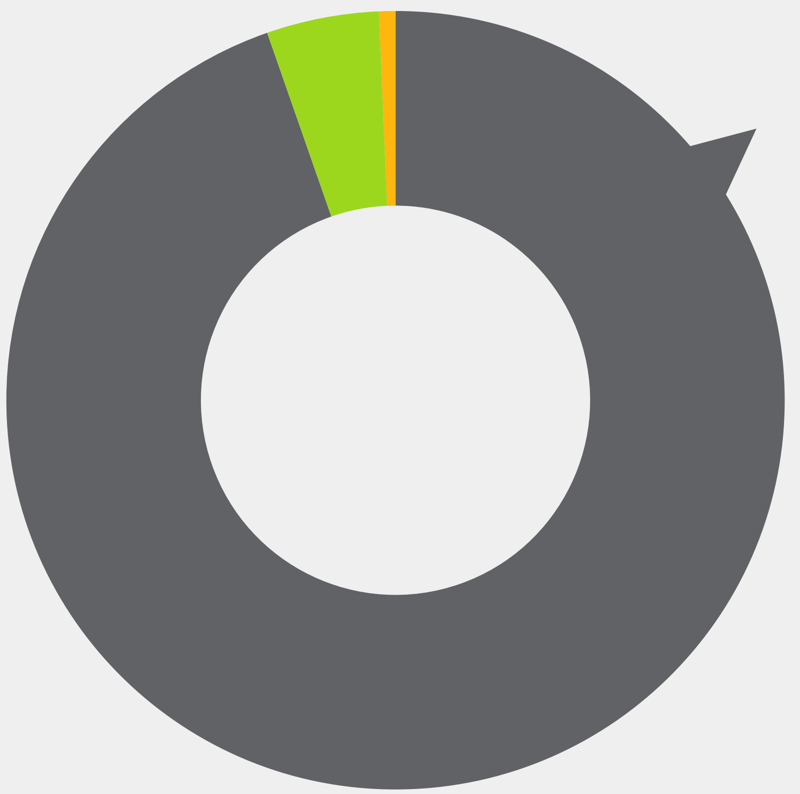
Global bond yields surged during the first quarter on concerns over unbridled inflation and potential acceleration in monetary policy tightening amid a strong economic rebound in developed markets. Rates then mostly consolidated downward in the subsequent three months as inflation anxiety ebbed. However, the Federal Reserve (the 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 two and 10-year US Treasury yields rose by around 60 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 basis points (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% YoY 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



94.65%
Government bond

4.67%
Corporate bond

0.68%
Cash and cash equivalents

Performance

-4.91%
Actual year-on-year

5.71%
Since inception
(per annum)

PhP 2.91732
Unit price
as of 3 Jan 2022

Top five holdings

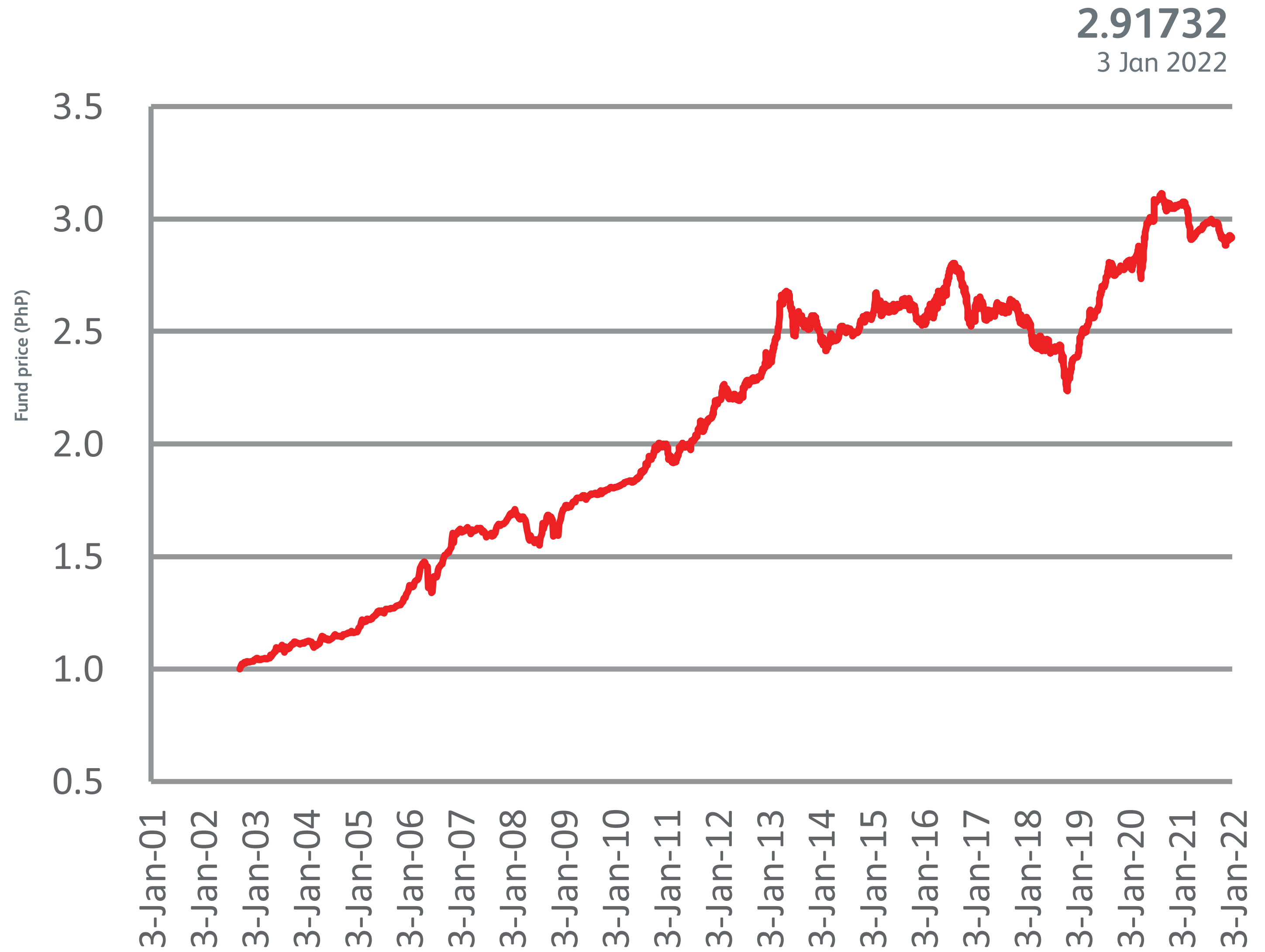
PHILIPPINES (REPUBLIC OF) 2.625% 12-AUG-2025	7.34%
PHILIPPINES (REPUBLIC OF) 2.375% 9-MAR-2024	6.86%
PHILIPPINES (REPUBLIC OF) 8% 19-JUL-2031	5.59%
PHILIPPINES (REPUBLIC OF) 6.875% 10-JAN-2029	3.76%
PHILIPPINES (REPUBLIC OF) 6.25% 12-MAR-2024	3.69%

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 (24 Sep 02) 1.00000
Highest (20 Aug 20) 3.11410
Lowest (24 Sep 02) 1.00000

Performance chart



PRULink Peso Cash Flow Fund Hedged Share Class

The Fund posted a positive absolute return in 2021 but underperformed the benchmark index. The Fund's Asian exposure, both from a bond and off benchmark equity exposure, was the main drag on overall performance. This was due to a challenging latter part of 2021 when a combination of factors transpired that include escalating concerns around China's property sector, with some investors fearing the spill-over effects and wider contagion, as well as rising inflationary pressures.

The Fund maintained its overweight position in US High Yield, a key contributor to performance in 2021, through most of the year and have meaningfully increased it in the second quarter of 2021. The equity exposure in the Fund was also ramped up in the third quarter of the year before paring it back towards the end of the year. Within Asian Bonds, the overall allocation has largely been stable since the second quarter of the year but within this, the Asian High Yield component has been tactically managed, with exposure increased in the first and fourth quarter of the year.

Asset allocation

98.47%
Fixed-income funds

1.53%
Cash & cash equivalents

Performance

-1.61%
Actual year-on-year

1.21%
Since inception
(per annum)

PhP 1.04089
Unit price
as of 3 Jan 2022

Top five holdings

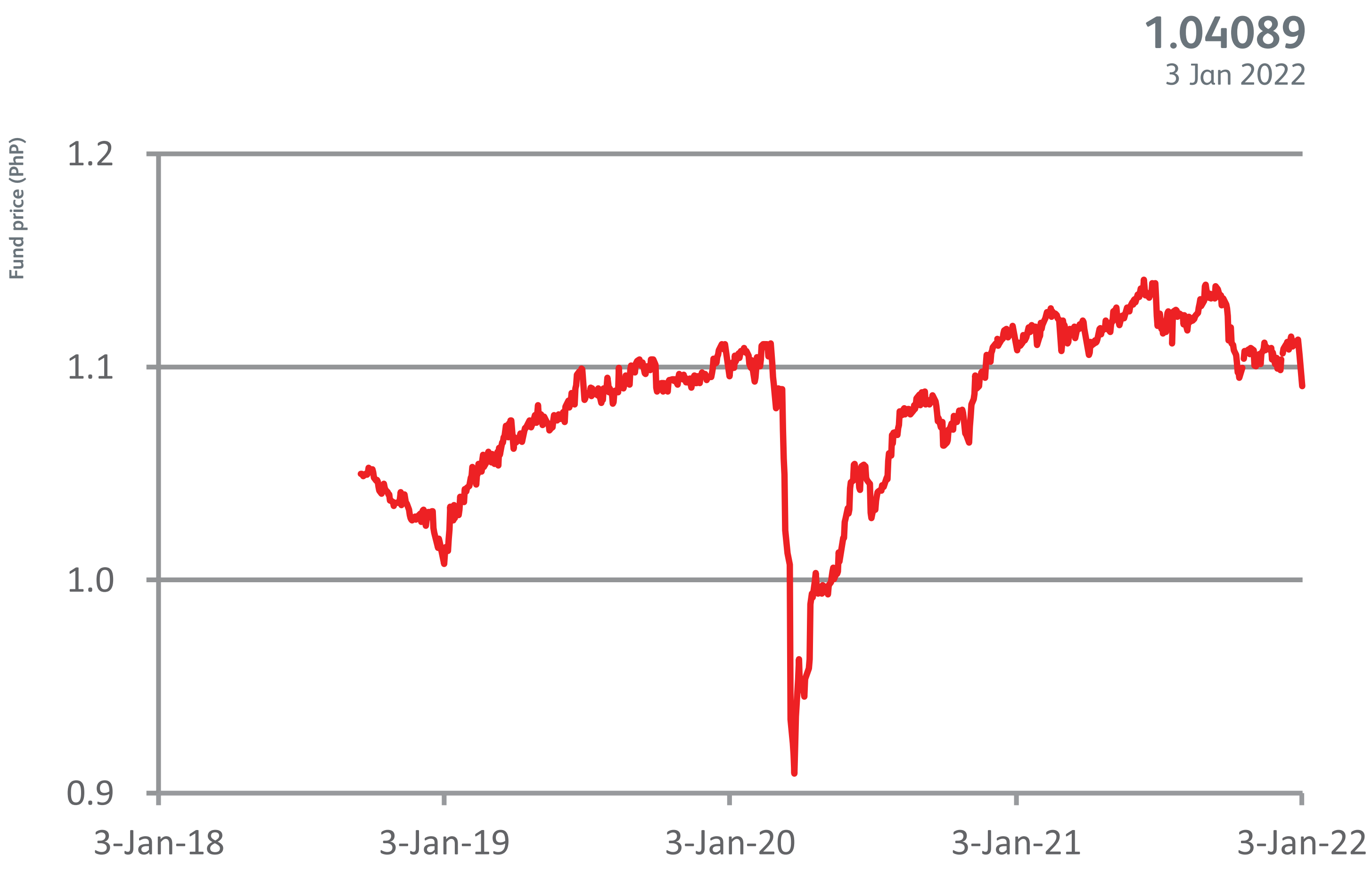
EASTSPRING INV US HIGH YIELD BOND D	52.96%
EASTSPRING INV ASIAN BOND D USD	45.51%
CASH & CASH EQUIVALENTS (USD)	1.53%

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 Mar 20) 0.85919

Performance chart



PRULink Managed Fund

The Fund posted a negative absolute return in 2021, underperforming the reference index on a net and gross basis.

Asset allocation detracted from performance over the year. Security selection within both the underlying equities and underlying bond portfolios was negative and a drag on relative returns.

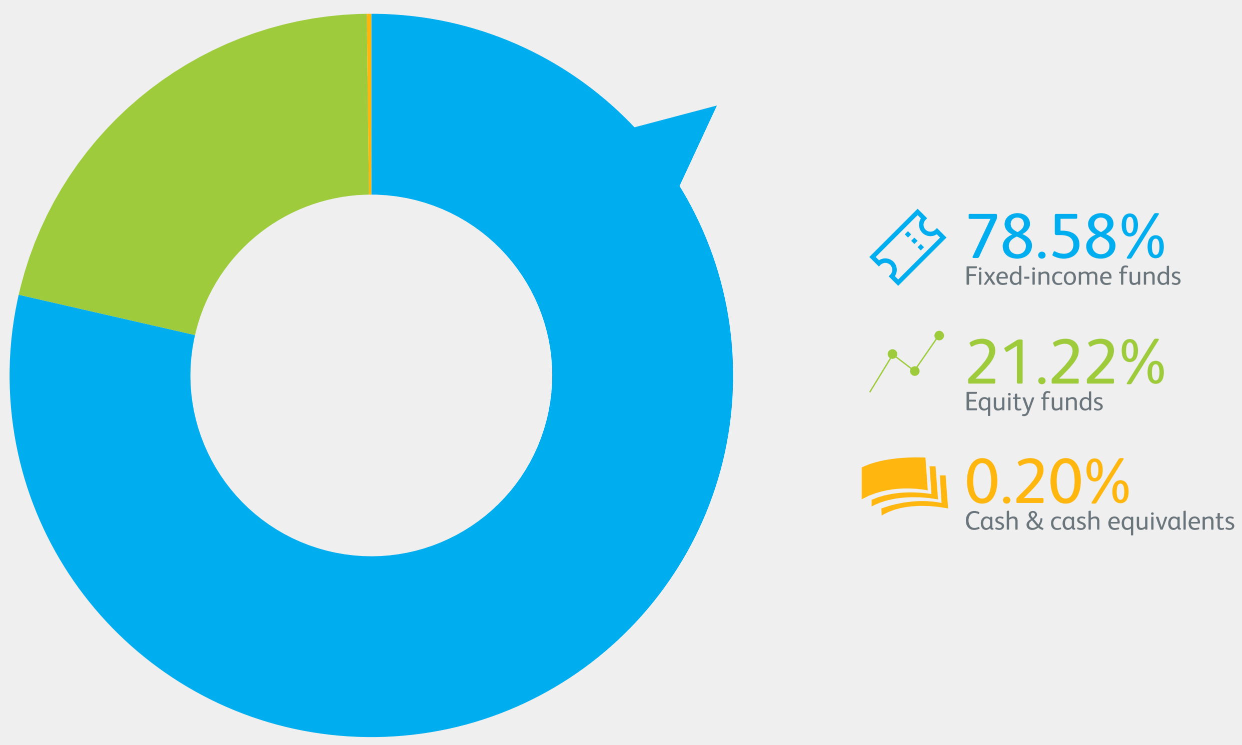
The Fund's underlying equity portfolios underweights in SM Investments (SM) and Ayala Land, Inc. (ALI) as well as the overweight in Metropolitan Bank and Trust (MBT) contributed to relative performance over the year. The share price of SM declined 10.1%, benefiting the Fund's underweight position. The market was expecting SM to benefit from the eased movement restrictions in Metro Manila but the rise in Omicron cases dampen market sentiment. MBT's share price rose 13.6%, benefiting the Fund's overweight, amidst an improving outlook for loans growth and earnings. The bank was named the "Strongest Bank in the Philippines" by Asian Banker in October, further supporting sentiment. This ranking is based on six key areas of balance sheet performance: scalability, balance sheet growth, risk profile, profitability, asset quality, and liquidity.

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.

The broad rise in the Philippine domestic interest rates weighed on the performance of the underlying bond portfolio. The negative duration effects were, however, subsequently mitigated by the underlying bond portfolio's incremental trimming of duration exposures as the year progressed. Gains from the underlying bond portfolio's credit exposures also added value.

Asset allocation



Performance

-4.14%
Actual year-on-year

6.51%
Since inception
(per annum)

PhP 3.37758
Unit price
as of 3 Jan 2022

Top five holdings

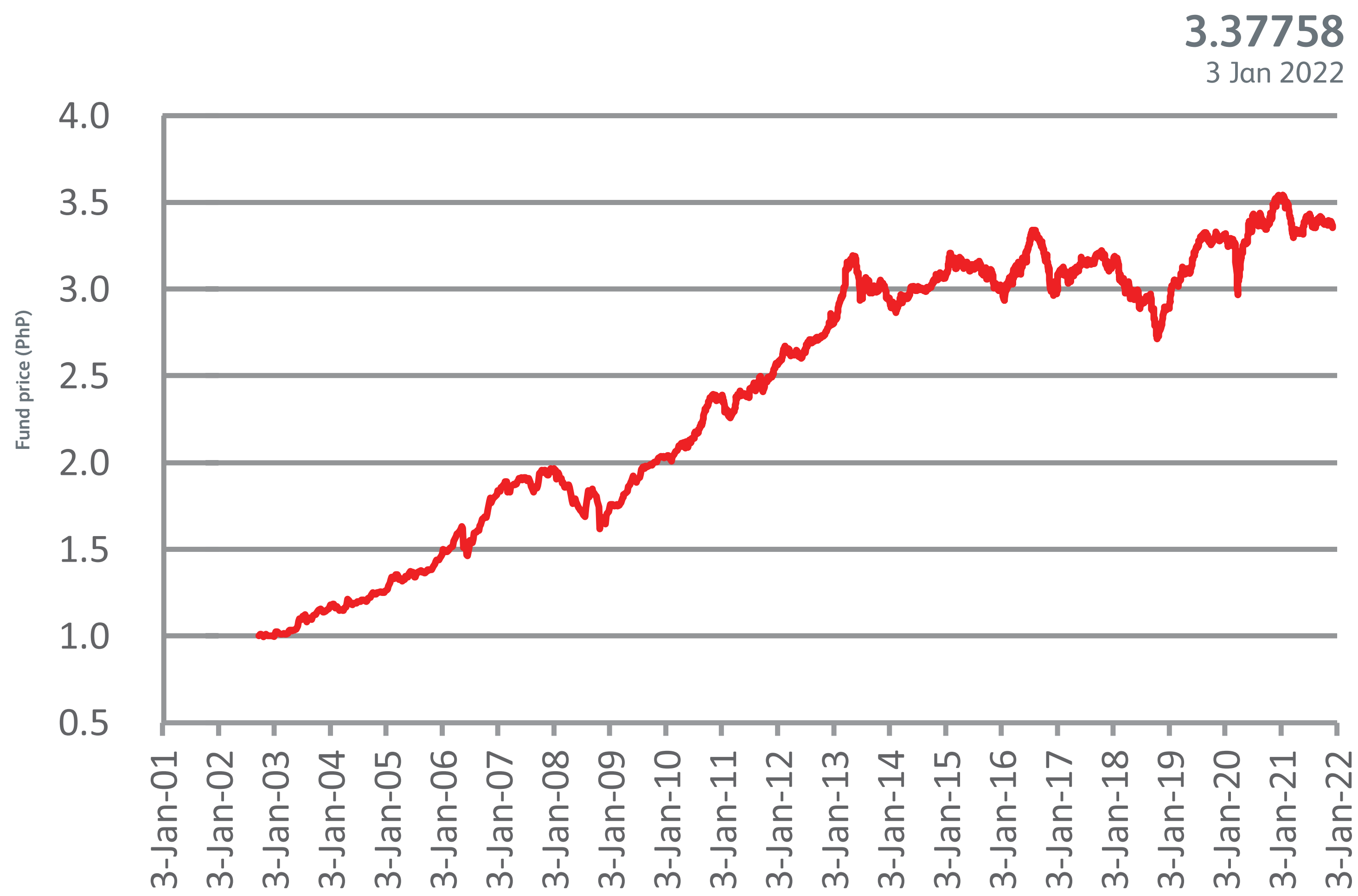
PRULINK BOND FUND	78.58%
PRULINK EQUITY FUND	21.22%
CASH & CASH EQUIVALENTS (PHP)	0.20%

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 2021 and underperformed the reference index on a net and gross basis.

Asset allocation was negative for the period. Security selection within the underlying equity portfolio was negative and a main drag on relative returns.

The Fund's underlying equity portfolios underweights in SM Investments (SM) and Ayala Land, Inc. (ALI) as well as the overweight in Metropolitan Bank and Trust (MBT) contributed to relative performance over the year. The share price of SM declined 10.1%, benefiting the Fund's underweight position. The market was expecting SM to benefit from the eased movement restrictions in Metro Manila but the rise in Omicron cases dampen market sentiment. MBT's share price rose 13.6%, benefiting the Fund's overweight, amidst an improving outlook for loans growth and earnings. The bank was named the "Strongest Bank in the Philippines" by Asian Banker in October, further supporting sentiment. This ranking is based on six key areas of balance sheet performance: scalability, balance sheet growth, risk profile, profitability, asset quality, and liquidity.

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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.

The broad rise in the Philippine domestic interest rates weighed on the performance of the underlying bond portfolio. The negative duration effects were, however, subsequently mitigated by the underlying bond portfolio's incremental trimming of duration exposures as the year progressed. Gains from the underlying bond portfolio's credit exposures also added value.

Asset allocation

52.53%
Equity funds

47.21%
Fixed-income funds

0.26%
Cash & cash equivalents

Performance

-3.13%
Actual year-on-year

6.25%
Since inception
(per annum)

PhP 2.18361
Unit price
as of 3 Jan 2022

Top five holdings

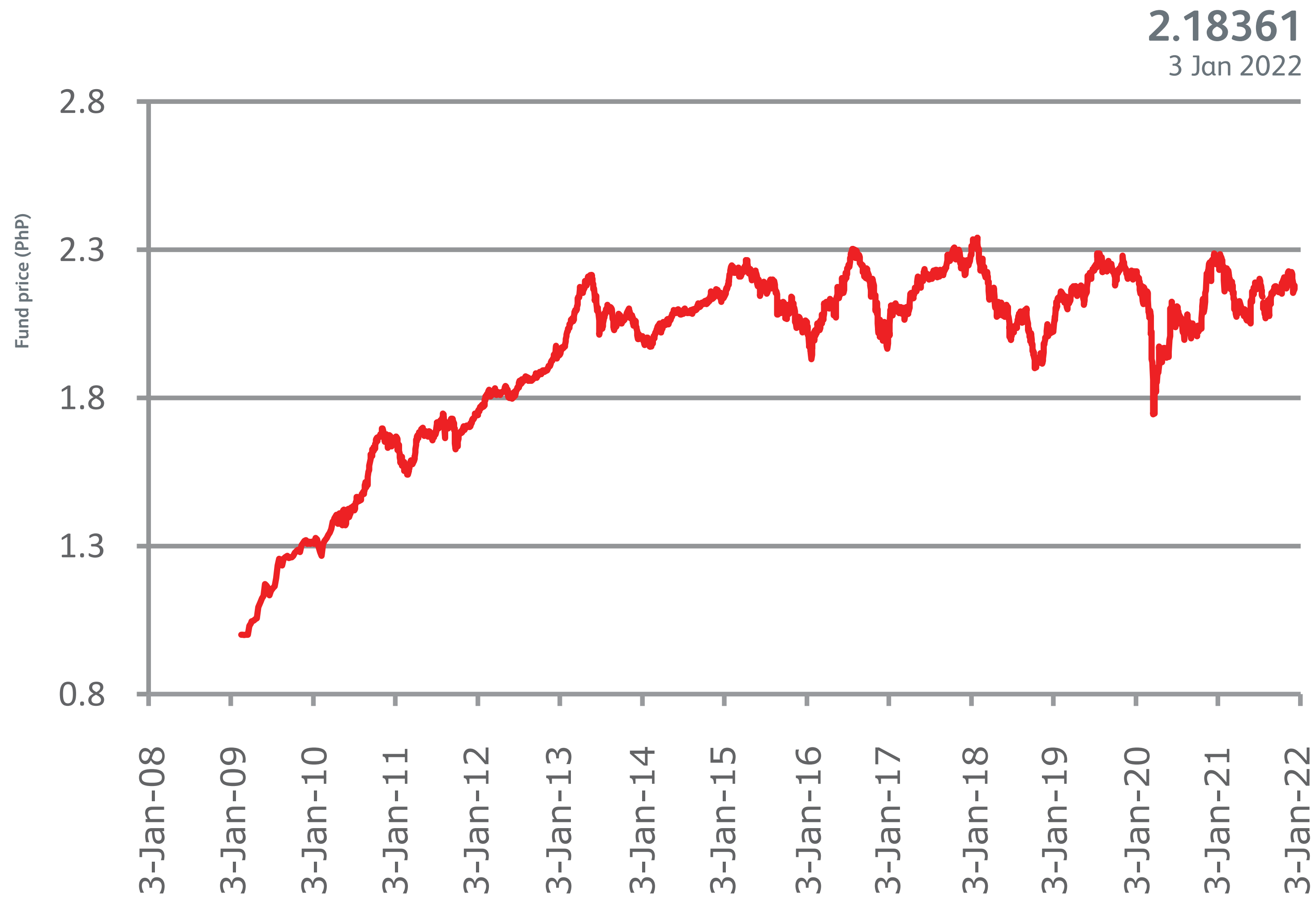
PRULINK EQUITY FUND	52.53%
PRULINK BOND FUND	47.21%
CASH & CASH EQUIVALENTS (PHP)	0.26%

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 positive absolute return in 2021 on a gross basis but on a net basis, it saw negative absolute returns and underperformed the reference index on a net basis, while ending flat relative to 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 a main drag on relative returns.

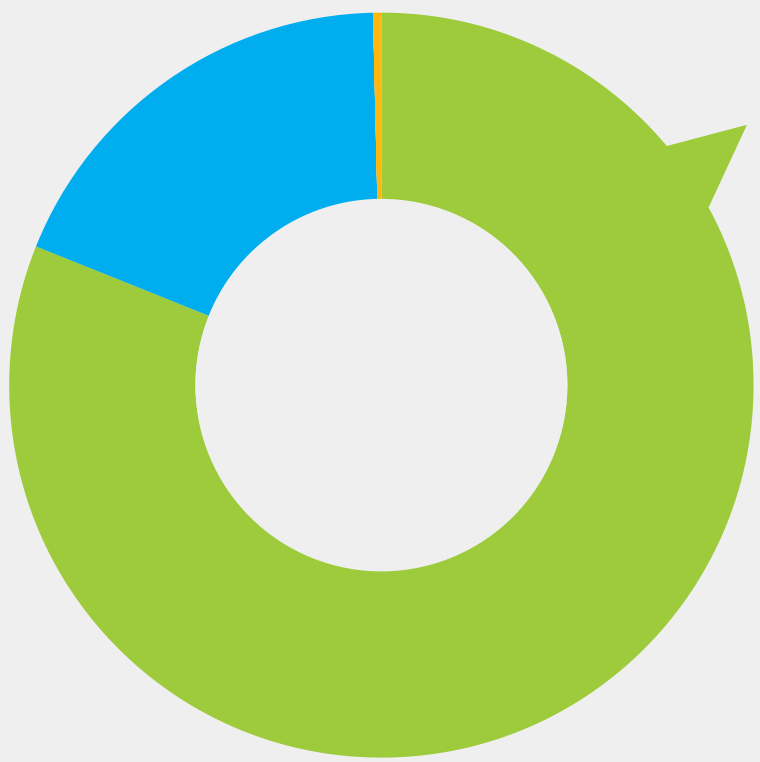
The Fund's underlying equity portfolios underweights in SM Investments (SM) and Ayala Land, Inc. (ALI) as well as the overweight in Metropolitan Bank and Trust (MBT) contributed to relative performance over the year. The share price of SM declined 10.1%, benefiting the Fund's underweight position. The market was expecting SM to benefit from the eased movement restrictions in Metro Manila but the rise in Omicron cases dampen market sentiment. MBT's share price rose 13.6%, benefiting the Fund's overweight, amidst an improving outlook for loans growth and earnings. The bank was named the "Strongest Bank in the Philippines" by Asian Banker in October, further supporting sentiment. This ranking is based on six key areas of balance sheet performance: scalability, balance sheet growth, risk profile, profitability, asset quality, and liquidity.

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.

The broad rise in the Philippine domestic interest rates weighed on the performance of the underlying bond portfolio. The negative duration effects were, however, subsequently mitigated by the underlying bond portfolio's incremental trimming of duration exposures as the year progressed. Gains from the underlying bond portfolio's credit exposures also added value.

Asset allocation



81.08%
Equity funds

18.56%
Fixed-income funds

0.37%
Cash & cash equivalents

Performance

-1.25%
Actual year-on-year

8.36%
Since inception
(per annum)

PhP 3.75182
Unit price
as of 3 Jan 2022

Top five holdings

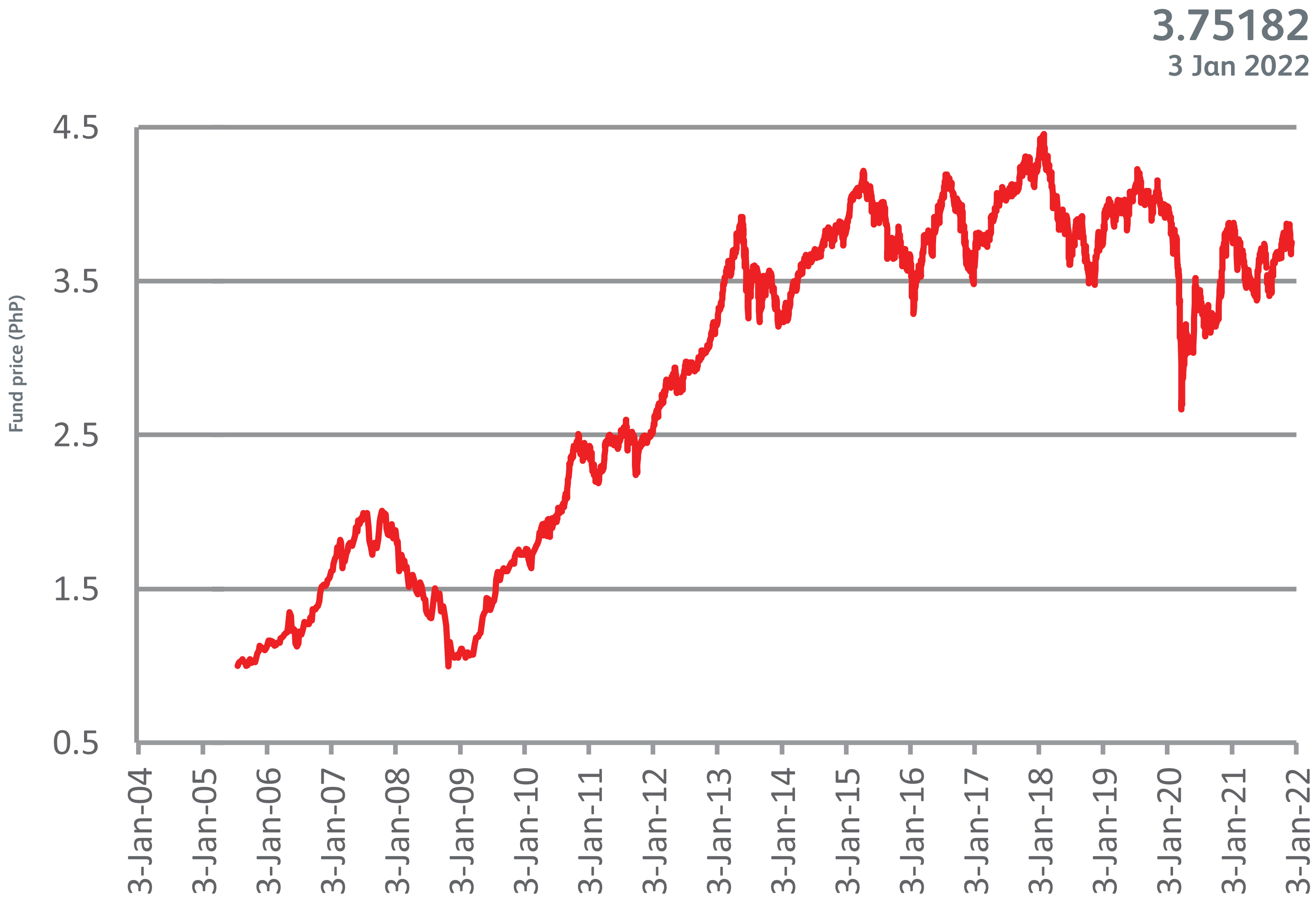
PRULINK EQUITY FUND	81.08%
PRULINK BOND FUND	18.56%
CASH & CASH EQUIVALENTS (PHP)	0.37%

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

After the pandemic wrecked the world in 2020, our medical science found a way to fight back, with vaccine and therapeutics that reduce mortality of the virus. This allowed us to adapt and safely re-open the economy. In 2021, the buzzword became vaccine and vaccination. Early vaccination in Israel provided the blue print on how the rest of world can move forward. Our country had our share of success and mis steps. We had 3 episodes of sudden start stop that damaged the recovery. However, we learned and reaped the rewards in Q4 2021, which allowed our PSEi to recover from the low of 6,080 points in May to almost unchanged for the year at the end of November. However, the index once again had a downward trend in the last week of December due to the sudden rise of new COVID cases in the days leading up to New Year.

Elsewhere, the damages caused by Typhoon Odette also caused the 4Q 2021 gross domestic product growth to lag. Agriculture, which typically contributes to about 10% to GDP and 25% of the country's jobs, is one of the most hard-hit sectors. The Department of Agriculture estimated that total damages may have reached PHP 127Mn. The Department of Public Works and Highways also shared that damage to public infrastructure is estimated to be PHP309 Mn. Total damages so far have been estimated to reach at least PHP 8Bn.

On a slightly better note, economic data released in December 2021 have shown improvement. Inflation has eased as it came at 4.2% in November from October's 4.6%. The slower print was mostly due to slower increase in the heavily weighted food and non-alcoholic beverages which increased at 3.9% versus October's 5.3%. The country's manufacturing activity also improved as it recorded an eight-month high in November driven by increase in new orders. The PH's Manufacturing PMI rose to 51.7 in November from October's 51. Latest data from the Department of Labor also showed that unemployment has slightly eased to 7.4% in October from September's 8.9%. The latest unemployment figure translates to 3.5 million Filipinos who are unemployed from September's 4.25 million. Money sent by our Overseas Filipino Workers increased once again in October, reflecting the improved mobility abroad and the seasonality effects of the holidays. Data from Bangko Sentral ng Pilipinas (BSP) showed that cash remittances for October increased to $2.812 Bn (+2.4% YoY).

For 2022, the buzzword would be mobility. As the COVID-19 virus turns endemic, economic re-opening will restore employment and incomes that we all lost. Confidence is essential in re-igniting a consumption led recovery. Good news have been coming our way, with the Development Budget Coordination Committee (DBCC) upgrading growth forecast for 2021 to 5-5.5% and 2022 at 7-9%. The World bank also upgraded 2021 growth forecast to 5.3% from 4.3% while 2022 growth forecast is at 5.8%.

With the resurgence of demand, inflation will definitely follow. This is typical of an economy coming out from a recession. Price pressures will be felt initially as demand surpasses supply. But this will be temporary in nature as supply also adjusts. The strong economy will allow the BSP to normalize monetary policy which will translate to sustainable growth moving forward. This kind of move will benefit the banking sector. We are also keen on stocks belonging to the hospitality sector. The badly hit tourism sector is expected to have a strong recovery in 2022. Select consumer plays that have pricing power will also benefit from the re-opening of the economy.

Sector allocation

34.91% Holding Firms

19.18% Property

17.36% Services

16.86% Financials

11.56% Industrials

Performance

-0.76%
Actual year-on-year

15.95%
Since inception
(per annum)

PhP 1.22325
Unit price
as of 3 Jan 2022

Top five holdings

SM INVESTMENTS CORP	14.4%
SM PRIME HOLDINGS INC	9.7%
AYALA LAND INC.	7.4%
BDO UNIBANK INC	6.5%
AYALA CORP	6.4%

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 Nov 21) 1.27792
Lowest (03 Sep 20) 0.99405

Performance chart

PRULink Equity Fund

Philippine equities started 2021 on a weak note as partial lockdowns weighed on consumer sentiment and overall economic activities. There was a rebound from the second quarter amid higher vaccination rates and a gradual re-opening of the economy. Stocks were more muted towards the second half of the year despite a resurgence of COVID-19 infections and lockdowns due to the emergence of Delta and Omicron variants. Against this backdrop, the Philippines Stock Exchange Index (PSEi) fell by 0.2% in local currency terms.

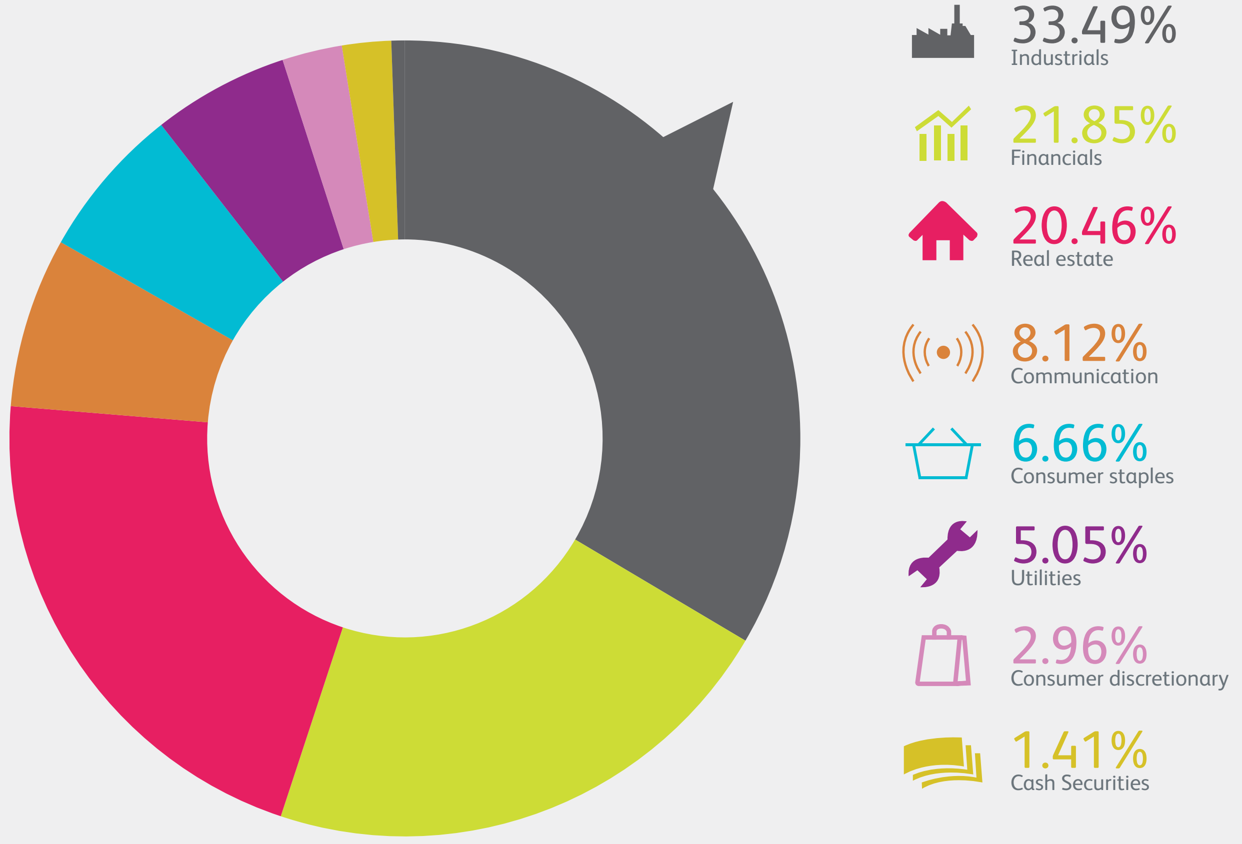
Philippine gross domestic product (GDP) expanded 5.6% in 2021 after printing a 7.7% growth in fourth quarter , as the loosened pandemic-related restrictions buoyed business activities. The growth was largely driven by increased household consumption, government expenditure, and public construction. This reversed a record 9.6% GDP contraction in 2020 when the country imposed prolonged lockdown measures in an effort to curb the spread of COVID-19.

The Philippines Peso weakened in 2021 and depreciated by 5.9% against the greenback. It was among the worst-performing currencies over the year compared to its Asian peers as the trade deficit widened during the year due to a stronger recovery in imports relative to exports.

Inflation slowed down further to 3.9% year-on-year in December from 4.2% in November, the lowest print for the year. Average inflation was 4.5% in 2021, higher than the government's expected range of 2 to 4%, driven mainly by higher food prices.

The underweights in SM Investments (SM) and Ayala Land, Inc. (ALI) as well as the overweight in Metropolitan Bank and Trust (MBT)contributed to relative performance over the year. The share price of SM declined 10.1% benefiting the Fund's underweight position. The market was expecting SM to benefit from the eased movement restrictions in Metro Manila but the rise in Omicron cases dampen market sentiment. MBT's share price rose 13.6%, benefiting the Fund's overweight, amidst an improving outlook for loans growth and earnings. The bank was named the "Strongest Bank in the Philippines" by Asian Banker in October, further supporting sentiment. The ranking is based on six key areas of balance sheet performance: scalability, balance sheet growth, risk profile, profitability, asset quality, and liquidity.

Sector allocation



Performance

0.04%
Actual year-on-year

5.32%
Since inception
(per annum)

PhP 2.08988
Unit price
as of 3 Jan 2022

Top five holdings

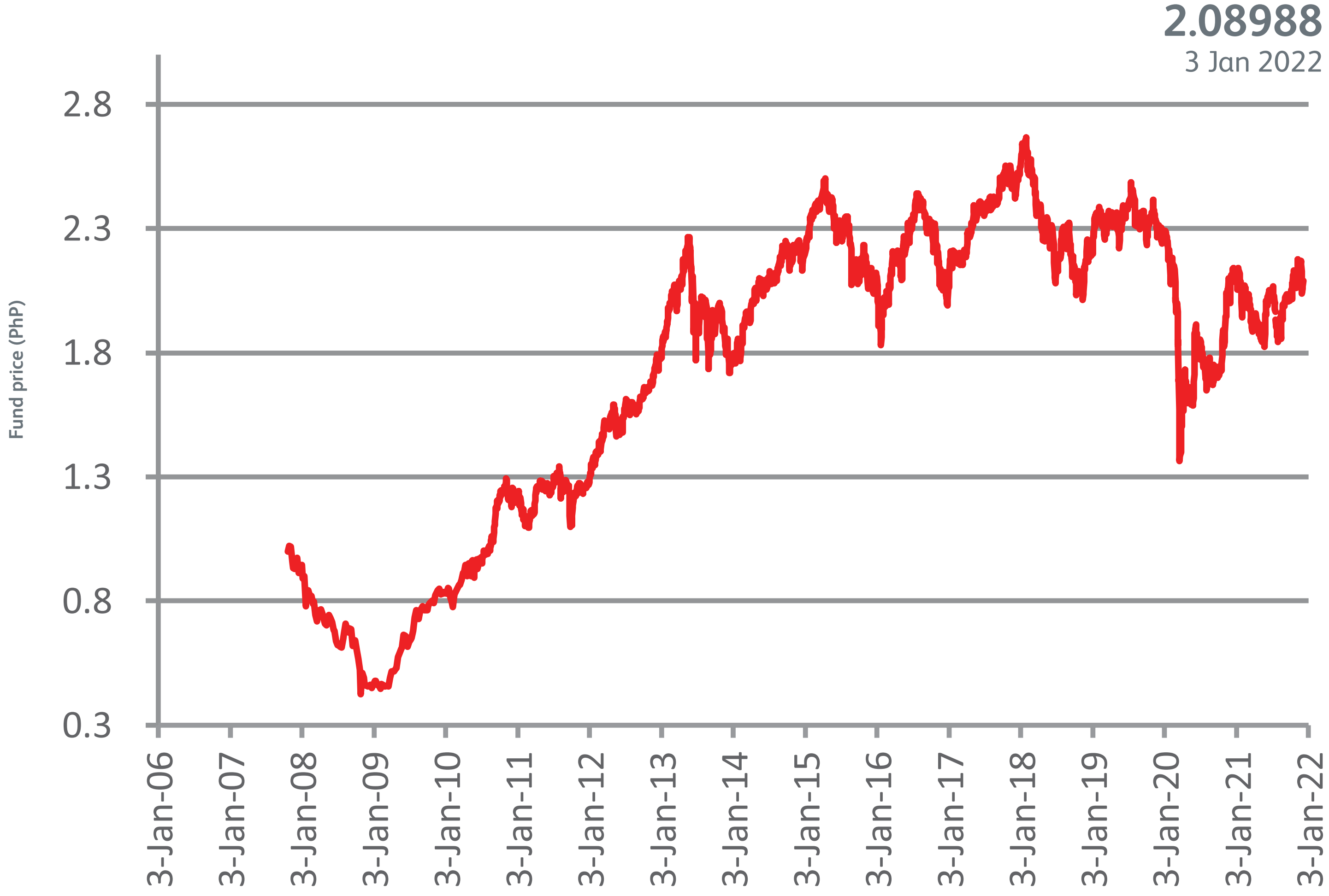
SM INVESTMENTS CORP.	9.65%
SM PRIME HOLDINGS INC.	9.07%
AYALA LAND INC.	7.61%
BDO UNIBANK INC	6.42%
AYALA CORPORATION	6.20%

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

The Fund posted a positive absolute return over 2021. The overweight equity exposure in the Fund that was maintained for most of 2021 was a positive contributor to performance. US Sector positions in Utilities, Financials, and Energy were additive to performance for the year. On the flipside, country exposure to Brazil and Korea weighed on the portfolio.

Asset allocation

50.5% Equity

36.3% Bond

9.9% Cash and Cash equivalents

3.3% Non-traditional assets

Performance

14.67%
Actual year-on-year

7.66%
Since inception
(per annum)

Php 1.18522
Unit price
as of 3 Jan 2022

Top five holdings

EASTSPRING INV ASIAN HY BD D USD	14.1%
ISHARES CORE S&P 500 UCITS ETF	13.0%
XTRACKERS II GLOBAL AGGREGATE BND SWAP UCITS ETF 1D	6.0%
ISHARES CORE GLOBAL AGGREGATE BOND UCITS ETF	6.0%
SPDR BLOOMBERG BARCLAYS GLO AGGREGATE BD ETF USD	6.0%

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

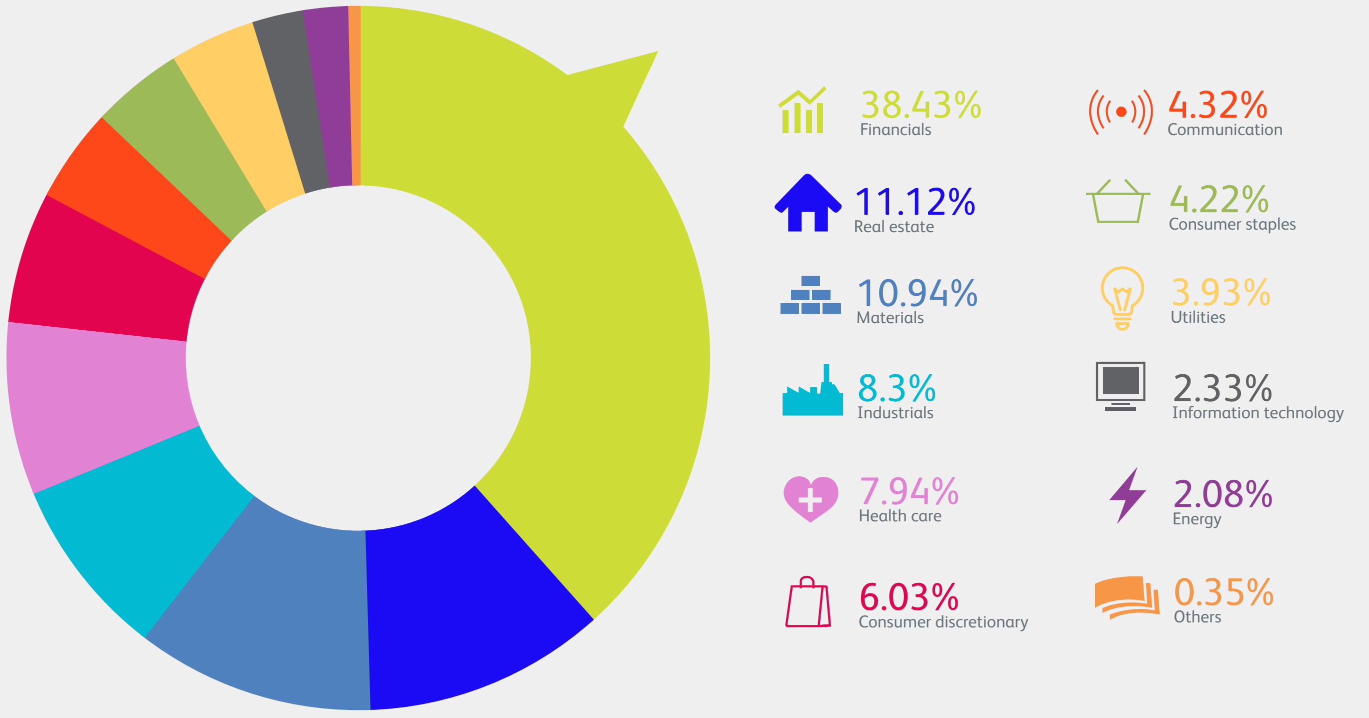
Initial (16 Sep 19) 1.00000
Highest (31 Dec 21) 1.18799
Lowest (24 Mar 20) 0.79212

Performance chart

PRULink Global Equity Navigator Fund - PhP Unhedged Share Class

The Fund posted a positive absolute return since inception in 2021. It benefitted from global equity markets snapping back as 2021 ended. The underweight exposure to Emerging Market equities was one of the key performance contributors while country exposures to Mexico and Korea were some of the detractors from the Fund.

Sector Allocation



Performance

N/A %
Actual year-on-year

2.05%
Since inception
(per annum)

Php 1.02047
Unit price
as of 3 Jan 2022

Top five holdings

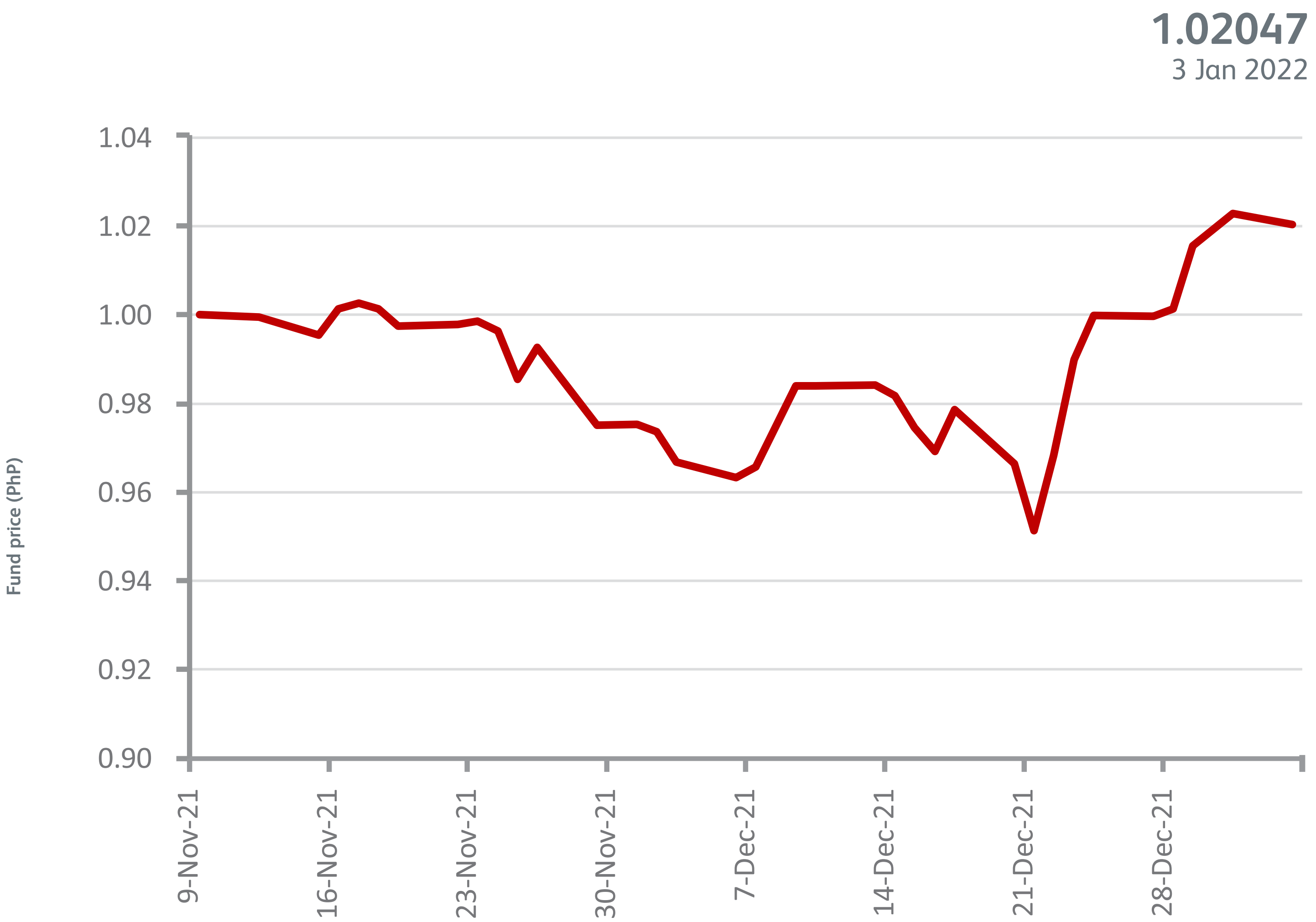
JP MORGAN LIQUIDITY GUNDS- US DOLAR LIQUIDITY FUND	8.2%
AMUNDI MSCI EUROPE UCITS ETF - EUR (C)	2.3%
MICROSOFT CORPORATION	2.0%
APPLE INC	2.0%
ISHARES STOXX EUROPE 600 UTILITIES DE	1.8%

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 (08 Nov 2022): 1.00000
Highest (31 Dec 2021): 1.02990
Lowest (21 Dec 2021): 0.95134

Performance chart



PRULink US Dollar 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 rise in global interest rates, including the US, weighed on the performance of Philippine USD sovereign bonds, which registered a decline of 1.6% as represented by the JP Morgan Emerging Markets Bond Index Global Philippines 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 (the 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 two and 10-year US Treasury yields rose by around 60 (basis points) bps to end the year at 0.7% and 1.5% respectively. Yields increases in the Philippine USD sovereign bonds, however, were more moderate with the 10-year yield rising by 35 bps over the year to 2.2%. While investor sentiment was largely cautious towards Emerging Market (EM) sovereign bond markets, particularly in the fourth quarter of the year when EM sovereign spreads generally widened, Philippine USD sovereign bond spreads tightened, helped partly by signs of improving growth momentum in the later part of the year.

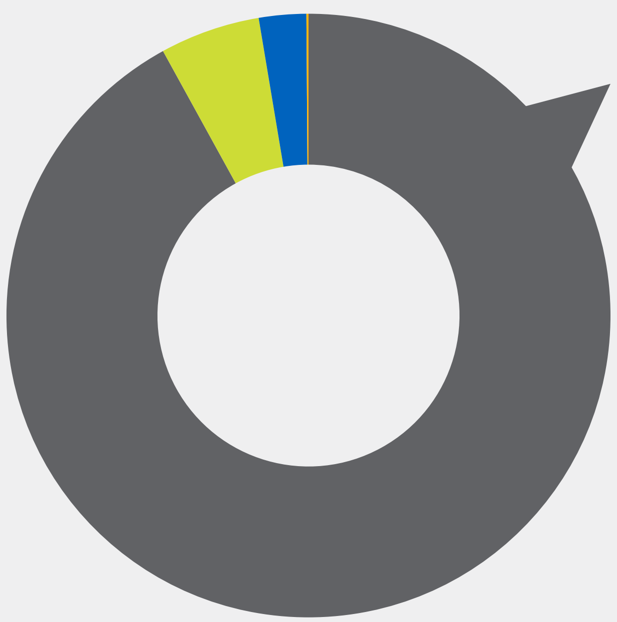
On the whole, however, the pace of economic recovery post pandemic in the Philippines had lagged the US as well as other Asian economies. The emergence of the Delta variant, which resulted in a spike in COVID cases in August and September period, resulted in authorities reimposing stringent mobility restrictions in Metro Manila and other key metropolitan areas. While the country's external credit ratings were kept unchanged during the year, Fitch revised its sovereign credit outlook in July to negative (from stable) citing "*the impact of the pandemic and its aftermath on policy-making as well as on economic and fiscal out-turns*" as a factor for the downgrade.

Headline inflation also stayed largely above the upper bound of Bangko Sentral ng Pilipinas (BSP)'s target of 2-4% due to supply-side constraints which led to high food and energy prices. Nevertheless, BSP kept its policy rate unchanged at 2.0% during the year to support growth. The Philippine government had instead addressed the inflationary pressures with non-monetary measures, including intensified importation and assistance to farmers.

At the Fund level, while the Fund's overall duration overweight weighed on the relative performance given the broad rise in government bond yields, positive sovereign bond selection helped offset the negative attribution effects. However, the Fund's diversification in the Asian USD bond market was a drag to relative performance as the performance of the regional credit market was adversely impacted by volatility in pockets of the China credit market.

We expect monetary policy to remain easy, both for the Fed and the Philippines. While there is a fair bit of uncertainty over the strength of global recovery due to emergence of new virus strains and the struggle of some countries to contain infections, we still are optimistic that Philippines' growth will recover in a meaningful manner this year. We will thus continue to hold a neutral to moderate duration overweight position for the Fund and maintain our allocation to credits via the Asian Bond Fund.

Asset allocation



92.00%
Government bonds

5.36%
Fixed Income Funds

2.53%
Quasi government

0.11%
Cash and others

Performance

-3.01%
Actual year-on-year

5.95%
Since inception
(per annum)

USD 2.92940
Unit price
as of 3 Jan 2022

Top five holdings

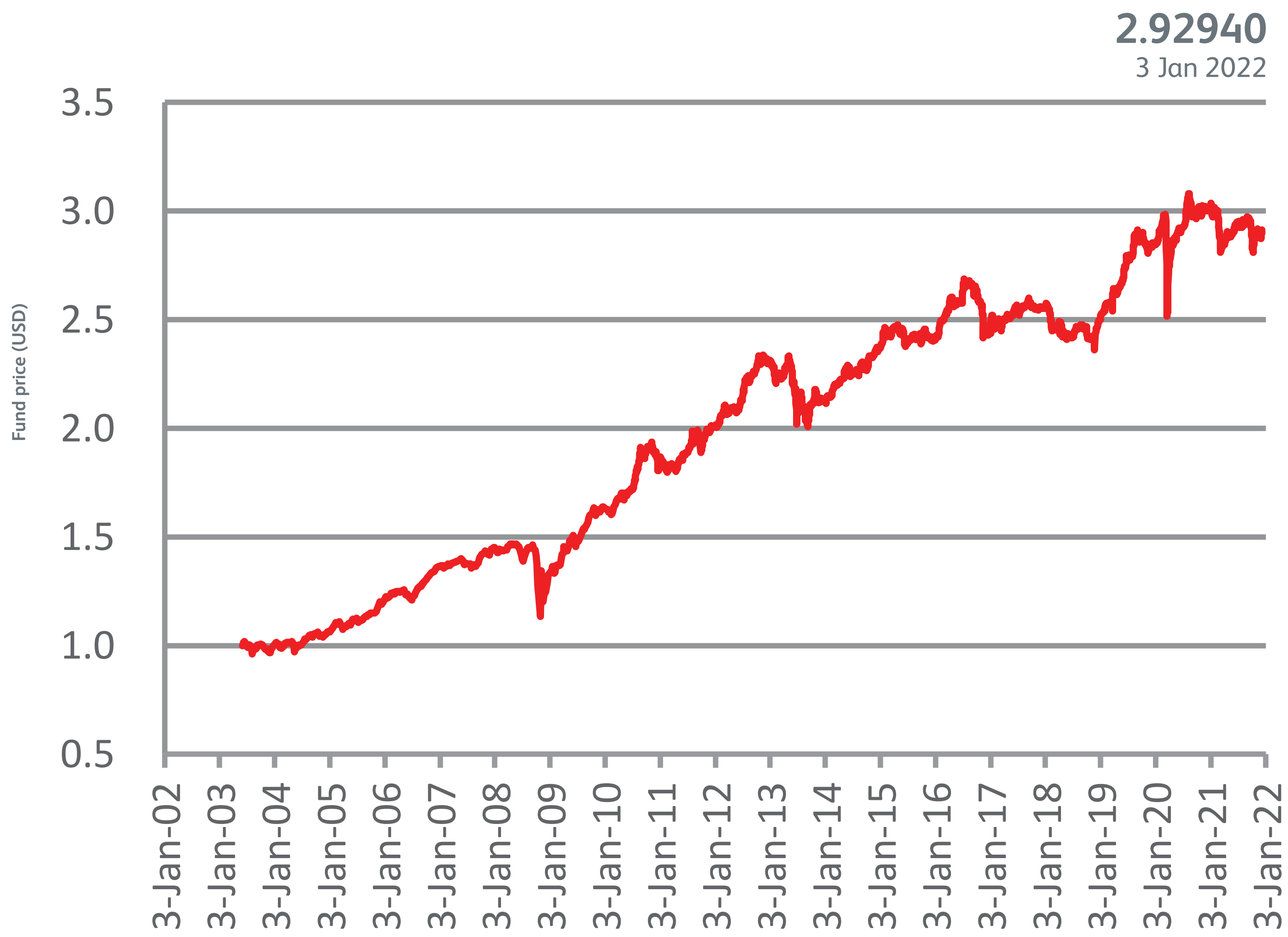
Republic of the Philippines 9.5% 2-FEB-2030	10.92%
Republic of the Philippines 7.75% 14-JAN-2031	8.95%
Republic of the Philippines 6.375% 23-OCT-2034	8.40%
Republic of the Philippines 3.7% 2-FEB-2042	7.83%
Republic of the Philippines 3.95% 20-JAN-2040	7.66%

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



PRULink Asian Local Bond Fund

2021 saw a reversal of the strong rally in financial assets since April 2020. Developments on the virus front, concerns about rising inflation, and the policy normalization path of major global central banks were the main market narratives. Against this challenging backdrop, Asian domestic bond markets fell with the representative custom Markit iBoxx Asian Local Bond index declining by 6.3% over the year in USD terms.

Global interest rates overall climbed during the period under review after taking several swerves and turns. 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 signaled a hawkish pivot in 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.

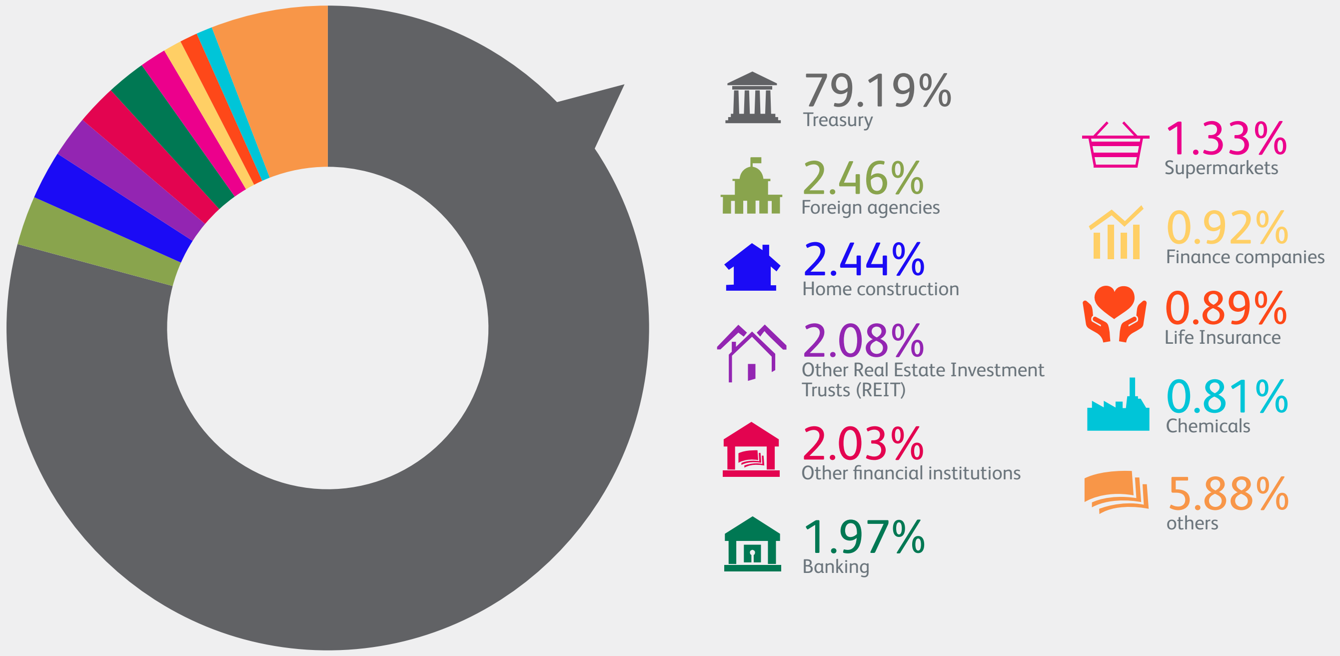
In Asia, yields of most domestic government bond markets rose in sympathy to global interest rates, while inflation rates similarly showed signs of pick-up. However, inflationary pressures in the region were generally more benign compared to developed markets partly as domestic demand was dampened by the emergence of the Delta variant and slower vaccination rate, which led to mobility restrictions being re-implemented in various Asian countries. The moderate growth and inflationary backdrop in Asia allowed most central banks to stand pat on monetary policies during the year, except for Korea and Singapore. Bank of Korea became the first central bank in the region to hike its policy rate in August amid the continued strength of the Korean economy. This was followed by a second rate hike in November, which brought Korea's benchmark 7-day repo rate higher by 50 bps over the year to 1.0%. Singapore also tightened its monetary policy by raising the slope of its currency band, allowing the currency to appreciate against a trade-weighted basket of currencies.

Overall, Korea, Singapore, and Thai domestic bond markets were among the underperformers over the year. The performance of the Asian local bond markets in USD terms was also weighed down further by the broad weakness of Asian currencies against the US dollar amid concerns over higher US interest rates and fluctuating risk sentiment. The Korean won and Thai baht were among the worst hit, declining by almost 10% over the year, deepening the two markets' underperformances. China, however, defied the broad interest rate and currency trend to post strong gains; China's onshore bond yields declined over the year as the People's Bank of China (PBOC) shifted to a more accommodative stance with banks reserve requirement ratios being cut to support growth. The Chinese renminbi was also supported by the country's strong balance of payment position, even as domestic growth slowed amid its regulatory crackdowns on the various private sectors and zero-COVID policy. Other markets which registered positive total returns were Indonesia and India domestic bond markets, where high accrual income helped offset the impact of moderate currency weakness and higher domestic rates.

The sharp rise in global interest rates, particularly over first quarter of 2021 detracted from a relative performance given our broad duration overweight position. In addition, the Fund's moderate exposure to China USD property credits also weighed on performance amid a sell-off in the China property sector. Asian currency positioning was relatively mixed. Specifically, while the Fund's overweight in the Chinese renminbi was a key positive contributor, the overweight in the Korean won detracted from performance as was the Fund's positioning in the Thai baht. However, the Fund's overweight in local currency corporate credits, such as Singapore Dollar corporate credits, helped narrow the underperformance of the Fund versus the benchmark.

Hence, we maintain a moderate duration overweight in our Fund and see value in Asian bond markets where inflation is of less concern. On the currency front, our key overweights are in Indonesian rupiah, Indian rupee, and Malaysian ringgit

Sector allocation



Performance

-8.19%
Actual year-on-year

0.92%
Since inception
(per annum)

USD 1.09484
Unit price
as of 3 Jan 2022

Top five holdings

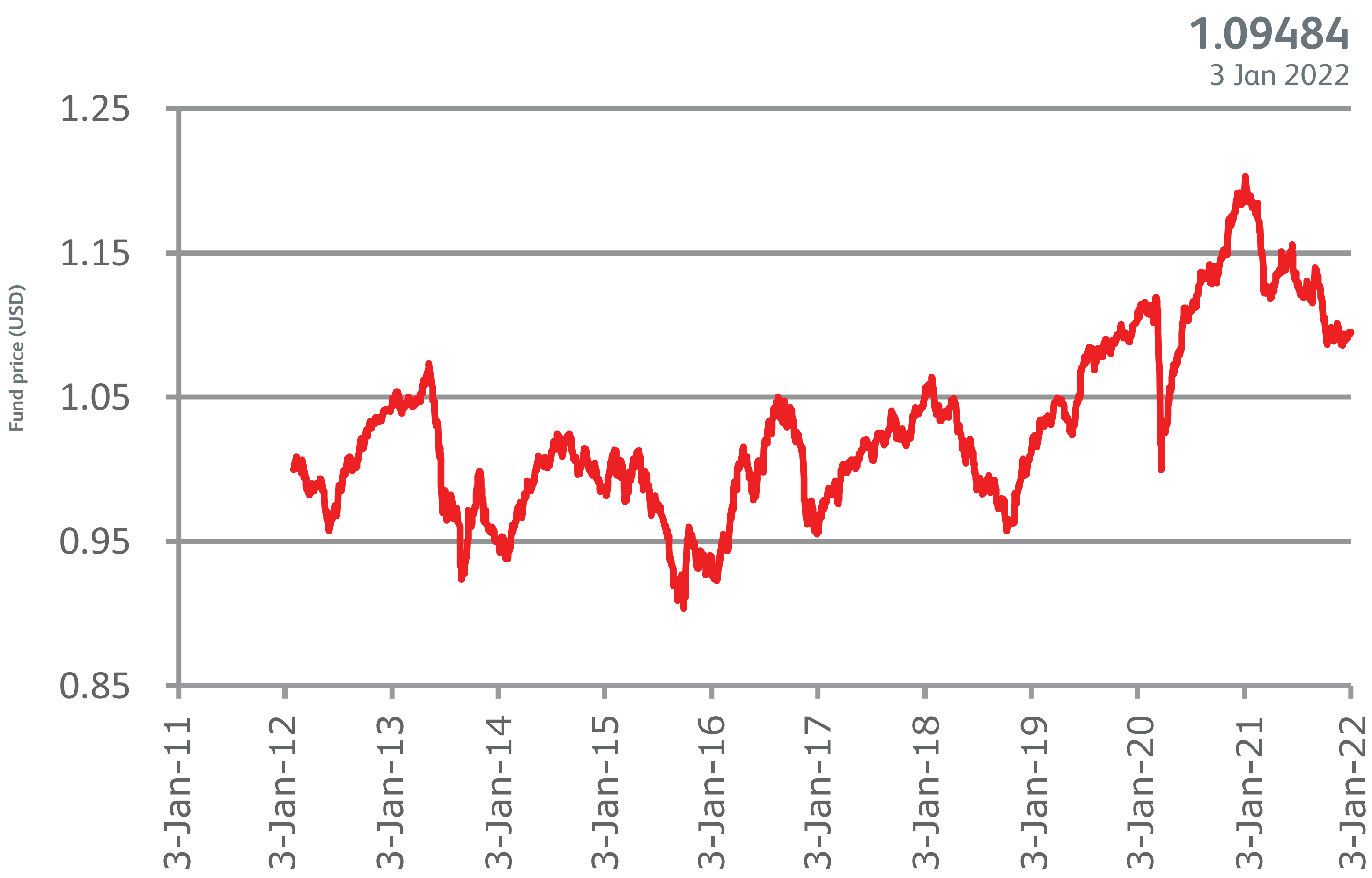
NDF PHILIPPINE PESO	1.58%
KOREA (REPUBLIC OF) 1.25% 10-MAR-2026	1.44%
NDF INDONESIAN RUPIAH	1.41%
NDF KOREAN WON	1.40%
INDONESIA (REPUBLIC OF) 6.5% 15-FEB-2031	1.29%

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 (30 Sep 15) 0.90362

Performance chart

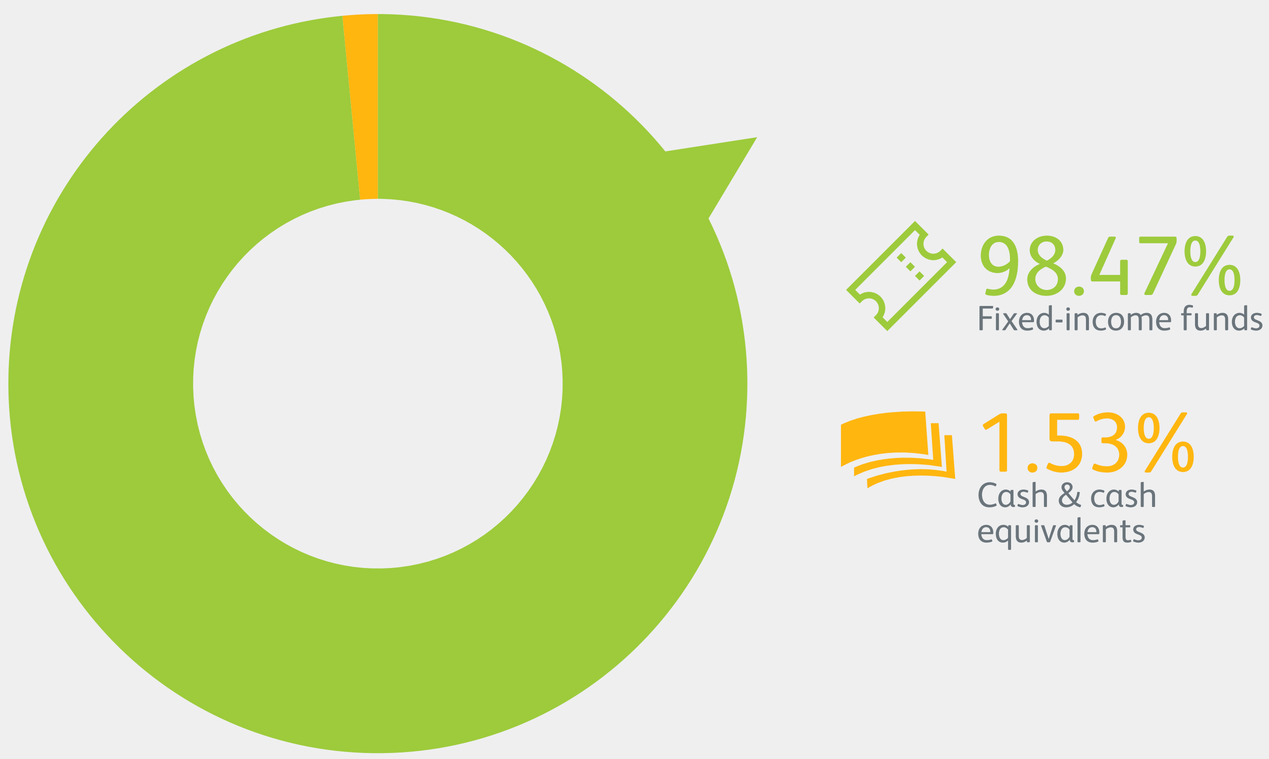


PRULink Cash Flow Fund

The Fund posted a positive absolute return in 2021 but underperformed the benchmark index. The Fund's Asian exposure, both from a bond and off benchmark equity exposure, was the main drag on overall performance. This was due to a challenging latter part of 2021 when a combination of factors transpired include escalating concerns around China's property sector, with some investors fearing the spill-over effects and wider contagion, as well as rising inflationary pressures.

The Fund maintained its overweight position in US High Yield, a key contributor to performance in 2021, through most of the year and have meaningfully increased it in the second quarter of 2021. The equity exposure in the Fund was also ramped up in the third quarter of the year before paring it back towards the end of the year. Within Asian Bonds, the overall allocation has largely been stable since the second quarter of the year but within this, the Asian High Yield component has been tactically managed, with exposure increased in the first and fourth quarter of the year.

Asset allocation



Fund performance review

Performance

-2.65%
Actual year-on-year

-1.06%
Since inception
(per annum)

USD 0.92686
Unit price
as of 3 Jan 2022

Top five holdings

EASTSPRING INV US HIGH YIELD BOND D	52.96%
EASTSPRING INV ASIAN BOND D USD	45.51%
CASH & CASH EQUIVALENTS (USD)	1.53%

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 (25 Mar 20) 0.79545

Performance chart

PRULink Asian Balanced Fund

The Fund posted a negative absolute return in 2021, underperforming the reference index on a net and gross basis.

Security selection, particularly within the fixed income portfolio, weighed heavily on the portfolio and was a drag on the overall performance. The Fund steadily reduced its equity overweight in the third quarter of the year which it had maintained throughout the first half of the year. Although the Fund continued its marginal equity overweight till November, the last month of the year saw its fixed income weight going over equities, as the views on equities moderated.

Asset allocation

53.21% Fixed-income funds

45.70% Equity funds

1.09% Cash & cash equivalents

Performance

-4.99%
Actual year-on-year

0.98%
Since inception
(per annum)

USD 1.04213
Unit price
as of 3 Jan 2022

Top five holdings

EASTSPRING INV ASIA PACIFIC EQUITY	45.70%
EASTSPRING INV ASIAN BOND D USD	30.43%
EASTSPRING INV ASIAN LOCAL BOND D	22.79%
CASH & CASH EQUIVALENTS (USD)	1.09%

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 Dec 20) 1.10341
Lowest (24 Mar 20) 0.79397

Performance chart

PRULink Asia Pacific Equity Fund

From a Fund perspective, stock selection in Financials and Communication Services contributed to the Fund's outperformance while stock selection in Consumer Staples and Industrials dragged on performance. Among countries, stock selection in China and India helped performance while stock selection in Taiwan and Hong Kong detracted from performance for the year. Value stocks continued to outperform throughout 2021 which created a tailwind for our stock selection.

While headline valuations remain above long-term average levels, the valuation anomaly within Asian equity markets between value and quality or growth stocks remains near extreme levels and the Fund is well-positioned to capture the opportunity as it unfolds. We continue to follow our disciplined valuation driven approach with a longer-term investment view to identifying investment opportunities across Asian equity markets

Sector allocation

26.44% Financials
21.71% Information technology
11.87% Consumer discretionary
8.27% Communication
5.91% Real estate
5.83% Materials
4.92% Energy
4.54% Consumer staples
4.45% Industrials
2.50% Health care
2.28% Cash securities
1.29% Utilities

Performance

-2.73%
Actual year-on-year

1.24%
Since inception
(per annum)

USD 1.11508
Unit price
as of 3 Jan 2022

Top five holdings

TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	8.23%
SAMSUNG ELECTRONICS CO LTD	6.12%
TENCENT HOLDINGS LTD	4.79%
ALIBABA GROUP HOLDING LTD	3.61%
CHINA CONSTRUCTION BANK CORP	2.48%

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

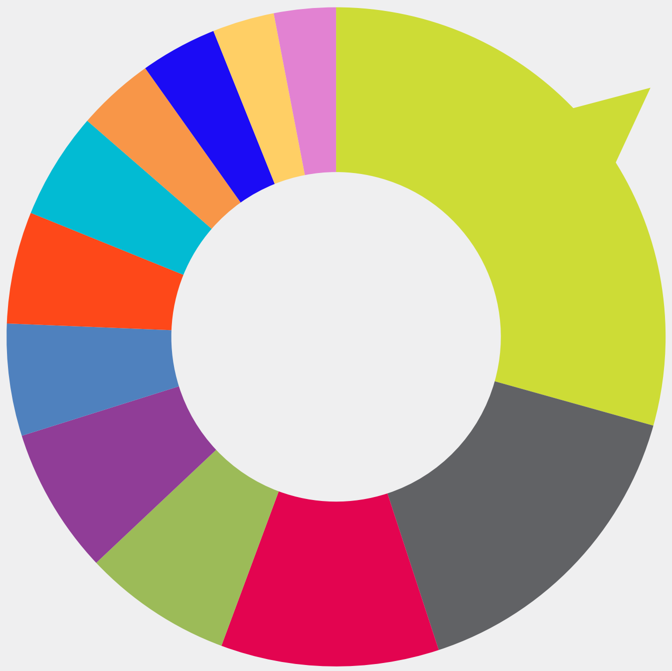
PRULink Global Emerging Markets Dynamic Fund

Asia and Global Emerging markets (EM) lagged US and other developed markets with MSCI Emerging Market Index returning -2.5% in USD terms in 2021, against the strong performance of MSCI All Countries World Index (+19% in USD terms). Asia's more cautious stance on reopening economies as Covid was still circulating in the region, and aggressive policy adjustments in China (focused on internet, education and real estate sectors) led investors to favour developed markets over developing. Exceptions were strong equity returns in India and Taiwan.

EM Latin America (Latam) underperformed once again in 2021 as politics combined with COVID19 restrictions to drag markets lower. Brazil was the worst performing market as investor sentiment soured on the back of rising political risk and fiscal concerns. Mexico was the only market in Latam to make positive returns in 2021 as activity data picked up on the back of a strong COVID-19 vaccination program. EMEA was the only region to post positive returns for 2021 as commodity priced supported inflows in particular to Russia, Saudi Arabia, UAE and Qatar equity markets. Turkey saw extreme currency deprecation hit returns and outweighed moves by the government to reverse market moves.

From a Fund perspective, our stock picks in China, Egypt and Mexico contributed to performance. On the downside, our stock choices in Taiwan, India, Turkey, and Brazil detracted from performance. On the sector front, stock selection in Consumer Discretionary and Communications sectors added to relative performance during the year, while stock selection within Consumer Staples and Information Technology lagged.

Sector allocation



29.34% Financials	5.49% Communication
15.61% Information technology	5.24% Consumer staples
10.70% Consumer discretionary	3.79% Cash Securities
7.32% Industrials	3.76% Real estate
7.17% Energy	3.04% Utilities
5.50% Materials	3.03% Health care

Performance

3.35%
Actual year-on-year

2.19%
Since inception
(per annum)

USD 1.18332
Unit price
as of 3 Jan 2022

Top five holdings

SAMSUNG ELECTRONICS CO LTD	7.56%
HON HAI PRECISION INDUSTRY CO LTD	3.92%
BAIDU INC	3.57%
CTBC FINANCIAL HOLDING CO LTD	3.12%
NASPERS LTD	3.10%

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

We remain cognizant of the impact of the Federal Reserve's (Fed) interest rate policy, along with tensions around US-China relations and commodity price inflation, which are contributing drivers of global volatility. The Fed has signaled a more hawkish tone in recent commentary, driving longer-term yields higher as investors prepare for liquidity to be drawn out of the system. While the Fed is likely to be patient in its tightening bias, markets remain cautious.

The Fed has started reducing its balance sheet, and in fact, sees room to hasten the process. This will put a floor on US Treasury bond yields which fell to a low of 1.2% in August. However, we think the upside in yields will be capped in the near term due to the rapid spread of Omicron globally. We also have a moderately stronger Asian currency outlook amid the ongoing growth recovery in the region. The strength in Asian currencies is also likely to be underpinned by a stable Chinese renminbi, which is supported by a strong balance of payment flows.

In the global fixed income space, as we head into the new year, market volatility seems likely to persist in the near term, with uncertainties coming from the Omicron variant, the withdrawal of extraordinary accommodation by major central banks, and the property downturn in China. Despite these headwinds, however, we view that there remain some supportive factors in the Asian USD credit market that could mitigate the downside risks in the coming year – the coming Fed rate hikes appear to have been largely priced in by the market following sharp rises in front end rates. Also, global growth is generally expected to hold up this year albeit at a more moderate pace, supported by services sector's recovery. With inflationary pressures relatively manageable in the region, we expect policymakers to maintain a more accommodative stance and stable financial conditions.

Unresolved challenges from the previous year remain an overhang on Asian fixed income markets. Investors continue to keep close tabs on China's slowing growth and the associated risks to Asian economies. Although we acknowledge that these issues could keep market volatility elevated, we believe the bond market correction in recent periods offers attractive entry opportunities for investors and expect firmer performance as investor appetite for Asian bonds improves (especially in Asian bond markets where inflation is of less concern).

Despite the volatile backdrop and Fed tightening policy, we anticipate growth to be positive this year and for it to re-accelerate in the second quarter once the Omicron wave passes. Risk assets should produce favorable returns.

For the Philippine fixed income market, we remain optimistic that there will be some meaningful growth recovery this year. Headline inflation has continued to remain elevated, but we view it as transitory and expect it to remain within the target band. We also believe Banko Sentral ng Pilipinas will continue its accommodative monetary policy stance to support growth recovery. However, we acknowledge that there is now lesser room for further monetary easing as well. Therefore, we intend to shift from an overweight duration position to a neutral to moderately overweight duration position.

Valuations in global markets have receded from previous highs, and global share prices have been volatile in the midst of a rising interest rate environment.

The broad Asia ex-Japan region has experienced wide dispersion across country returns, with Indian markets appreciating strongly while Chinese equities have sold off on the back of the 'Common Prosperity' philosophy and ongoing property slump. Heightened regulatory activity in China has created negative sentiment, with internet and property companies, in particular, needing to adapt practices and business models to meet more stringent standards.

Though Asian Equity valuations remain cheap relative to other regional markets, we remain cognizant of the impact of the Fed's interest rate policy, along with tensions around US-China relations and commodity price inflation, which are contributing drivers of global volatility. The Fed has signaled a more hawkish tone in recent commentary, and investors are preparing for liquidity to be drawn out of the system from March.

Control of the pandemic and vaccine roll-out are well underway in many markets, though new virus strains, such as the Omicron coronavirus variant, continue to disrupt many economies, meaning that global tourism and service-related sectors are still facing headwinds. There are also fears that corporate earnings have peaked, and that growth is slowing globally. This mixed picture suggests choppiness in the near-term.

Meanwhile, global emerging market equities continue to offer stock specific valuation opportunities and remain cheap relative to the developed markets of the west. We continued to see value stocks outperform throughout 2021 as investors were prepared to take a longer investment horizon while questioning high valuations on many quality and growth stocks. Many cyclical stocks have outperformed that are well set to benefit from the ongoing global economic stimulus, pent up consumer demand and a renewed focus on decarbonisation related investment. The valuation anomaly within global emerging markets between value and quality / growth stocks remains near extreme levels. We continue to follow our disciplined valuation driven approach with a longer-term investment view to identifying investment opportunities across global emerging markets.

Heading into 2022, pockets of market volatility seem likely to persist, with the evolution of COVID-19, withdrawal of extraordinary accommodation by policymakers, and global growth trajectory at the core of the investment outlook.

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Fund managers' Profile

Low Guan Yi

Chartered Financial Analyst
Head of Fixed Income
Eastspring Investments

Guan Yi is the portfolio manager of PRULink Asian Local Bond Fund. She joined Eastspring Investments in August 2007. As CIO of the Fixed Income team, Guan Yi is responsible for overseeing the management of the firm's fixed income strategies. She is also the lead Portfolio Manager for Eastspring's Asian local currency and total return bond funds.

Prior to joining Eastspring Investments, Guan Yi was managing Asian local currency and credit portfolios at Bank Pictet et Cie Asia Ltd, Fullerton Fund Management Company and at Standard Chartered Bank Singapore. Guan Yi has 24 years of investment experience.

Guan Yi is a CFA charterholder and holds a Bachelor of Business from Nanyang Technological University, Singapore.

Kenneth Lee

Chartered Financial Analyst
Portfolio Manager – Fixed Income
Eastspring Investments

Kenneth is the lead portfolio manager of PRULink USD Bond Fund and the joint Portfolio Manager of PRULink Bond Fund. Kenneth joined Eastspring Investments in January 2015. He is currently responsible for the management Philippines Local/ USD bond and selected Asian USD credit solution-based strategies.

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 over 8 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.

Matthew Kok

Portfolio Manager
Fixed Income
Eastspring Investments

Matthew Kok is the joint Portfolio Manager of PRULink Bond Fund and backup portfolio manager for PRULink USD Bond Fund. He is currently responsible for supporting the management of Philippines local bond strategy and SGD Cash strategies.

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

He has previously worked as an intern at YCP Holdings (private equity/ management consulting), Bank of Singapore (equity research) and Deloitte & Touche LLP (enterprise risk services).

Matthew graduated from National University of Singapore in January 2018 with a Bachelor of Business Administration (Hons) degree majoring in Finance.

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.

He joined Eastspring Investments as Portfolio Manager in July 2015.

Stephen has 6 years of financial industry experience and a CFA charterholder. He 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 (GEM) Dynamic Fund is managed by Andrew Cormie. Andrew leads Eastspring Investments' Global Emerging Markets and Regional Asia Value equity team, responsible for the firm's GEM and Asia equity value offering (including China-India funds). He was appointed to this position in June 2020. He is also the Lead Portfolio Manager for the GEM Dynamic strategy.

With more than 40 years of investment experience, Andrew has been with Eastspring since he joined as a Portfolio Manager in 2008. Prior to joining Eastspring, He was the Founding Partner and Director of Voyager Funds Management Pty Limited. Before this, he was 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's degree in 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

PRULink Asia Pacific Equity Fund is managed by Sundeep Bihani. He joined Eastspring Investments as Portfolio Manager in April 2008.

Sundeep is part of the Equity team and a member of the Regional Asia Value focus team. He is the Lead Portfolio Manager for the Regional Asia Equity strategies.

Prior to joining Eastspring Investments, Sundeep was an Equity Research Analyst for 5 years covering regional telecom stocks at Lehman Brothers. He has over 19 years of investment experience.

Sundeep holds a Post Graduate Diploma in Management (MBA) (Director's Merit list) from India Institute of Management, Bangalore and a Bachelor's degree in Commerce from Calcutta University. He is also a member of the Institute of Chartered Accountants of India.

John Tsai

Head of Growth Equities
Eastspring Investments

PRULink Equity Fund is managed by John Tsai. He leads Eastspring Investments' Growth Equities team, comprising the ASEAN Growth, Greater China Growth, India Growth, Asia Growth, and Global Emerging Markets (GEM) Growth focus teams. He has held this position since June 2020. John is also interim team leader for the ASEAN Growth focus team and lead manager on the Singapore ASEAN, Philippines, and Indonesian equity strategies.

With over 26 years of investment experience, John joined Eastspring Investments in 2016 as the Team Leader of the Greater China Equity team and Lead Portfolio Manager for the China, Greater China, and Hong Kong equity strategies.

Prior to joining Eastspring, John spent 15 years at MFS Investment Management as a Portfolio Manager and Equity Research Analyst in the firm's Boston, Tokyo, and Singapore offices. He has also worked at Indosuez WI Carr Securities in Taiwan.

John holds a Bachelor of Commerce degree from McGill University and is also a graduate of the University of Pennsylvania's Lauder Institute with a Master of Business Administration degree from the Wharton School and a Master of Arts degree from the School of Arts and Sciences.

Bryan Yeong

Chartered Financial Analyst

Portfolio Manager – Equities
Eastspring Investments

PRULink Equity Fund is managed by Bryan Yeong. He is a member of the ASEAN Equity focus team and the Lead Portfolio Manager for the Thailand Equity strategy, as well as the co-Manager for the Singapore-ASEAN strategy.

He joined Eastspring Investments as Portfolio Manager in July 2012.

Prior to joining Eastspring Investments, Bryan worked as an Investment Analyst at Lloyd George Management, BNP Paribas, OCBC Investment Research and Philip Securities. In all, he has over 17 years of investment experience. Bryan is a CFA charterholder and holds a Bachelor's degree in Business from the Nanyang Technological University, Singapore.

Charles Wong

Head of Equities

Pru Life UK Investments

Charles is the fund manager of PRULink Equity Index Tracker Fund. He joined Pru Life UK Investments as Head of Equities - Investment Management Group in 2019.

Charles has 15 years of investment experience with 10 years spent as an equities broker. 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 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.

Nupur Gupta

Director

Portfolio Manager
Eastspring Investments

The PRULink Global Equity Navigator Fund is managed by Nupur Gupta. She 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. She is also responsible for specialised research for Southeast Asian markets, and is the key analyst for Singapore asset views. She frequently shares her views on global markets in the media.

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 24 June 2021, the following were elected as members of the Board of Directors for the year 2020 to 2021 and until their successors shall have been duly elected and qualified:

1. Henry Joseph "Henry" M. Herrera

Independent Chairman of the Board of Directors (until 31 December 2021)

- **Committee memberships:**
  Independent Member, Audit Committee
  Independent Member, Risk Committee
  Independent Member, Related Party Transactions Committee
- **Age:** 62 years old
- **Date of first appointment:**
  17 June 2010 as Board Member
  23 August 2012 as Chairman of the Board
- **Length of service:** 11 years
- **Directorships in publicly-listed companies or other Insurance Commission Regulated Entities:** None
- **Academic Qualifications:**
  Henry is a Statistics cum laude and Masters of Business Administration graduate of the University of the Philippines. He has accomplished courses at the Asian Institute of Management, the Wharton Graduate School of Business, and the Harvard School of Business and has earned units in Master of Science in Mathematics major in Actuarial Science from the University of the Philippines.

  Henry is the first recipient of the ASEAN Young Insurance Manager Award in 1995, Outstanding Alumni Awardee, UP College of Business Administration in 2007, and The Outstanding Thomasian Alumni Award also in the same year.

  Henry is a Fellow and former president of the Actuarial Society of the Philippines and a member of the International Actuarial Association. He is also a former president of the Philippine Life Insurance Association, Inc.
- **Relevant experience:**
  Henry's experience in the insurance industry spans over 30 years. He was President and Chief Executive Officer (CEO) of Sun Life of Canada (Philippines), Inc. from January 2007 to July 2009. Henry's first CEO position was with Philippine Asia Life Assurance Corporation, where he was appointed in May 1994. Among his many achievements are multiple appointments as President and CEO, and various stints as Chief Actuary, Head of Investments, and Head of Operations. Henry also served as the Assistant Vice President, Financial Controller and Analyst of United Coconut Planters Life from 1984 up to 1988.

2. Antonio Manuel "Jumbing" G. De Rosas

Executive Board Member (until 31 October 2021)

- **Committee memberships:** None
- **Age:** 57 years old
- **Date of first appointment:**7 December 2010
- **Length of service:** 10 years
- **Directorships in publicly-listed companies or other Insurance Commission Regulated Entities:** None
- **Academic Qualifications:**
  Jumbing completed his Bachelor of Science in Business Administration major in Accounting degree (Summa Cum Laude) at the University of San Francisco in the United States, and Master of Business Economics at the University of Asia and the Pacific.
- **Other Qualifications:**
  In 2012, Jumbing became the first Filipino in the Philippines to receive the Chartered Global Management Accountant designation from the American Institute of Certified Public Accountants (AICPA) and the Chartered Institute of Management Accountants. He is licensed by AICPA, is a fellow of the Hong Kong Institute of Certified Public Accountants, and is a Certified Information Systems Auditor.
- **Relevant experience:**
  Jumbing joined Pru Life UK in 2007 as Senior Vice President and Chief Financial Officer (CFO) and assumed the top post of President and Chief Executive Officer in 2010.

  Jumbing worked in Hong Kong with consulting firms Arthur Andersen & Company, Ernst & Young, and Asia Commercial Bank, where he eventually became CFO. He moved to Manila in 1997 as Senior Vice President, CFO, and Treasurer of Nippon Life Insurance Company of the Philippines, Inc. before joining Pru Life UK.

3. Romerico "Romy" S. Serrano

Independent Board Member (until 15 January 2022)

- **Committee memberships**
  Independent Chairman, Risk Committee
  Independent Member, Audit Committee
  Independent Member, Governance and Nomination Committee
  Independent Member, Related Party Transactions Committee
  Independent Member, Remuneration Committee
- **Age:** 71 years old
- **Date of first appointment:** 2 August 2006
- **Length of service:** 15 years
- **Directorships in publicly-listed companies or other Insurance Commission Regulated Entities:** None
- **Academic Qualifications:**
  Romy received his Bachelor of Science degree in Management from San Beda College and completed the Management Development Program at the Asian Institute of Management and the Advance Management Program/International Senior Managers Program at the Harvard Business School in Boston.
- **Relevant experience:**
  Romy held top positions in various companies, including President of Fuji Xerox Philippines, Inc. and Country Manager of Motorola Inc.,- South Asia, among others.

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

- **Committee memberships**
  Independent Chairman, Governance and Nomination Committee
  Independent Chairman, Related Party Transactions Committee
  Independent Chairman, Remuneration Committee
  Independent Member, Audit Committee
- **Age:** 68 years old
- **Date of first appointment:** 20 June 2019
- **Length of service:** 2 year
- **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. Wilfred "Wilf" John Blackburn
Non-executive Board Member

- **Committee memberships:**
  Non-executive Member, Remuneration Committee
- **Age:** 55 years old
- **Date of first appointment:** 18 June 2020
- **Length of service:** 1 year
- **Directorships in publicly-listed companies or other Insurance Commission Regulated Entities:** None

- **Academic qualifications:**
  Postgraduate – City University (now CASS)
  Postgraduate – SAID Business School (Oxford University)
  Postgraduate – Harvard Business School
  MBA – University of Bath
  Bsc in Mathematics – University of Newcastle upon Tyne

- **Other qualification:**
  Fellowship of the Institute and Faculty of Actuaries (FIA)

- **Relevant experience:**
  Wilf Blackburn is Regional CEO, Insurance Growth Markets at Prudential Corporation Asia, a position he assumed with effect from February 2020. In this role, he is responsible for steering 16 markets across Asia and Africa. Prior to this, Wilf was the CEO of Prudential Assurance Company Singapore (Prudential Singapore), a position he held for four years.

  Wilf is an industry veteran with close to three decades of diverse life insurance experience, having lived in seven Asian countries over the past 18 years.
  He joined Prudential Corporation Asia in 2012 and initially led new market initiatives out of Hong Kong. This role included overseeing the launch of Prudential's business operations in Cambodia and the establishment of Prudential's representative office in Myanmar and Laos. In July 2014, he was appointed CEO of Prudential Vietnam, and subsequently as Vietnam Country Head, where he also oversaw the asset management and consumer finance business.

  Prior to joining Prudential, Wilf was with Allianz for over 11 years, where his roles included CEO of their life insurance joint ventures in China, Thailand, and the Philippines and Regional GM, Life & Health Insurance for Asia. Before Allianz, Wilf worked in the United Kingdom for three life insurers after commencing his career with a firm of consulting actuaries.

6. Imelda C. Tiongson
Independent Board Member

- **Committee memberships:**
  Independent Chairman, Audit Committee
  Independent Member, Risk Committee
  Independent Member, Governance and Nomination Committee
  Age: 56 years old
  Date of first appointment: 20 August 2020
  Length of service: 1 year
  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

- **Relevant experience:**
  Ida is the President and Chief Executive Officer of Opal Portfolio Investments (SPV-AMC), Inc. and is a Teaching Fellow and Trustee of the Institute of Corporate Directors ("ICD"). She also serves as independent director of Xurpas, Inc., as director of SeedIn Technologies Inc. and is a Trustee of Fintech Alliance.Ph and Fintech Association Philippines.

  Ida has extensive experience in risk management. She was previously Senior Vice President of Philippine National Bank, heading Remedial Management and in charge of risk. She was also in the Board of Vitarich PLC and served in its Audit and Risk Board Committees. For the past five years, she has lectured on risk management in the ICD and IFC Worldbank. She is also a regular speaker at Indonesia's Enterprise Risk Management Summits.

7. Wen Chen
Non-executive Board Member

- **Committee memberships:**
  Non-executive Member, Risk Committee
- **Age:** 53 years old
- **Date of first appointment:** 19 May 2021
- **Length of service:** Newly appointed
- **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 has 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.

  Wen is the Chief Digital Distribution Officer of Prudential Corporation Asia and the Chief Executive Officer of Shenzhen Prudential Technology Limited. 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.

In view of the resignation of Jumbing De Rosas effective 31 October 2021, Eng Teng Wong was elected as a member of the Board of Directors and appointed as President and Chief Executive Officer of Pru Life UK effective 1 November 2021:

Eng Teng Wong
Executive Board Member

- **Committee memberships:**
  None
- **Age:** 50 years old
- **Date of first appointment:** 1 November 2021
- **Length of service:** Newly appointed
- **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.

II. Training and continuing education programme of directors

The Board of Directors attended the Board Education Session organized by Pru Life UK on 26 August 2021. The following topics were covered:

Topic	Presentor
1. ESG	Maricel Estavillo, Vice President – Government Relations and ESG
2. Pulse Ecosystem, App, and Business Strategy	Michael Mabalay, Executive Vice President and Chief Transformation Officer Allan Tumbaga, Senior Vice President and Chief Customer Marketing Officer Jacq Rabot, Vice President – Head of IT
3. Cyber Risk Management Fundamentals for Insurance Companies	Institute of Corporate Directors (Carmelo Alcala and Mario Demarillas)
4. Crisis Management	Institute of Corporate Directors (Gina Dela Vega-Cruz)

III. Board meetings

For the year 2021, the Board of Directors of Pru Life UK held 7 meetings. Below are the details of the attendance of the directors in said meetings:

Meeting of the Board of Directors	Directors present in the board meeting	Directors absent in the board meeting
1. Regular meeting held on 8 April 2021	Henry Joseph M. Herrera Antonio Manuel G. De Rosas Romerico S. Serrano Angelica H. Lavares Imelda C. Tiongson	Wilfred John Blackburn
2. Special meeting held on 23 April 2021	Henry Joseph M. Herrera Antonio Manuel G. De Rosas Wilfred John Blackburn Romerico S. Serrano Angelica H. Lavares Imelda C. Tiongson	None
3. Special meeting held on 19 May 2021	Henry Joseph M. Herrera Antonio Manuel G. De Rosas Wilfred John Blackburn Romerico S. Serrano Angelica H. Lavares Imelda C. Tiongson	None
4. Organizational meeting held on 24 June 2021	Henry Joseph M. Herrera Antonio Manuel G. De Rosas Wilfred John Blackburn Romerico S. Serrano Angelica H. Lavares Imelda C. Tiongson Wen Chen	None
5. Regular meeting of the Board of Directors held on 26 August 2021	Henry Joseph M. Herrera Antonio Manuel G. De Rosas Romerico S. Serrano Angelica H. Lavares Imelda C. Tiongson Wen Chen	Wilfred John Blackburn
6. Joint special meeting of the Board of Directors and shareholders held on 26 October 2021	Henry Joseph M. Herrera Wilfred John Blackburn Romerico S. Serrano Angelica H. Lavares Imelda C. Tiongson Wen Chen	Antonio Manuel G. De Rosas
7. Regular meeting of the Board of Directors held on 3 December 2021	Henry Joseph M. Herrera Eng Teng Wong Wilfred John Blackburn Romerico S. Serrano Angelica H. Lavares Imelda C. Tiongson Wen Chen	None

Board Member	Percentage of attendance
Henry Joseph M. Herrera	100%
Antonio Manuel G. De Rosas (resigned effective 31 October 2021)	86%
Romerico S. Serrano	100%
Wilfred John Blackburn	71.4%
Angelica H. Lavares	100%
Imelda C. Tiongson	100%
Wen Chen (elected effective 19 May 2021)	100%
Eng Teng Wong (elected effective 1 November 2021)	100%

IV. The Audit Committee

During the organizational meeting of the Board of Directors held on 24 June 2021, the following were elected as members of the Audit Committee for the year 2021 to 2022 and until their successors shall have been duly elected and qualified:

Imelda C. Tiongson – *Independent Chairman*
Henry Joseph M. Herrera – *Independent Member*
Romerico S. Serrano – *Independent Member*
Angelica H. Lavares – *Independent Member*

For the year 2021, the Audit Committee held 6 meetings. Below is the attendance of each member for said meetings:

Date and Type of Meeting	Members Present	Members Absent
1. Regular meeting held on 8 April 2021	Imelda C. Tiongson Henry Joseph M. Herrera Romerico S. Serrano Angelica H. Lavares	None
2. Special meeting held on 19 May 2021	Imelda C. Tiongson Henry Joseph M. Herrera Romerico S. Serrano Angelica H. Lavares	None
3. Regular meeting held on 24 June 2021	Imelda C. Tiongson Henry Joseph M. Herrera Romerico S. Serrano Angelica H. Lavares	None
4. Regular meeting held on 26 August 2021	Imelda C. Tiongson Henry Joseph M. Herrera Romerico S. Serrano Angelica H. Lavares	None
5. Regular meeting held on 26 November 2021	Imelda C. Tiongson Henry Joseph M. Herrera Romerico S. Serrano Angelica H. Lavares	None
6. Joint special meeting of the Audit Committee and Risk Committee	Imelda C. Tiongson Henry Joseph M. Herrera Romerico S. Serrano Angelica H. Lavares	None

Board Member	Percentage of attendance
Imelda C. Tiongson	100%
Henry Joseph M. Herrera	100%
Romerico S. Serrano	100%
Angelica H. Lavares	100%

V. The Governance and Nomination Committee

During the organizational meeting of the Board of Directors held on 24 June 2021, the following were elected as members of the Governance and Nomination Committee for the year 2021 to 2022 and until their successors shall have been duly elected and qualified:

Angelica H. Lavares – *Independent Chairman*
Imelda C. Tiongson – *Independent Member*
Romerico S. Serrano – *Independent Member*

For the year 2021, the Governance and Nomination Committee held 4 meetings. Below is the attendance of each member for said meetings:

Date and Type of Meeting	Members Present	Members Absent
1. Regular meeting held on 8 April 2021	Angelica H. Lavares Romerico S. Serrano Imelda C. Tiongson	None
2. Special meeting held on 23 April 2021	Angelica H. Lavares Romerico S. Serrano Imelda C. Tiongson	None
3. Special meeting held on 19 May 2021	Angelica H. Lavares Romerico S. Serrano Imelda C. Tiongson	None
4. Regular meeting held on 26 November 2021	Angelica H. Lavares Romerico S. Serrano Imelda C. Tiongson	None

Board Member	Percentage of attendance
Angelica H. Lavares	100%
Romerico S. Serrano	100%
Imelda C. Tiongson	100%

VI. The Related Party Transactions Committee

During the organizational meeting of the Board of Directors held on 24 June 2021, the following were elected as members of the Related Party Transactions Committee for the year 2021 to 2022 and until their successors shall have been duly elected and qualified:

Angelica H. Lavares – *Independent Chairman*
Henry Joseph M. Herrera – *Independent Member*
Romerico S. Serrano – *Independent Member*

For the year 2021, the Related Party Transactions Committee held 2 meetings. Below is the attendance of each member for said meetings:

Date and Type of Meeting	Members Present	Members Absent
1. Regular Meeting held on 8 April 2021	Angelica H. Lavares Henry Joseph M. Herrera Romerico S. Serrano	None
2. Regular Meeting held on 26 August 2021	Angelica H. Lavares Henry Joseph M. Herrera Romerico S. Serrano	None

Board Member	Percentage of attendance
Angelica H. Lavares	100%
Henry Joseph M. Herrera	100%
Romerico S. Serrano	100%

VII. The Remuneration Committee

During the organizational meeting of the Board of Directors held on 24 June 2021, the following were elected as members of the Remuneration Committee for the year 2021 and 2022 and until their successors shall have been duly elected and qualified:

Angelica H. Lavares – *Independent Chairman*
Romerico S. Serrano – *Independent Member*
Wilfred John Blackburn – *Non-executive Member*

For the year 2021, the Remuneration Committee held 2 meetings. Below is the attendance of each member for said meetings:

Date and Type of Meeting	Members Present	Members Absent
1. Regular Meeting held on 8 April 2021	Angelica H. Lavares Romerico S. Serrano	Wilfred John Blackburn
2. Regular meeting held on 3 December 2021	Angelica H. Lavares Romerico S. Serrano Wilfred John Blackburn	None

Board Member	Percentage of attendance
Angelica H. Lavares	100%
Romerico S. Serrano	100%
Wilfred John Blackburn	50%

VIII. The Risk Committee

During the organizational meeting of the Board of Directors held on 24 June 2021, the following were elected as members of the Risk Committee for the year 2021 to 2022 and until their successors shall have been duly elected and qualified:

Romerico S. Serrano – *Independent Chairman*
Wen Chen – *Non-executive Member*
Henry Joseph M. Herrera – *Independent Member*
Imelda C. Tiongson – *Independent Member*

For the year 2021, the Risk Committee held 5 meetings. Below is the attendance of each member for said meetings:

Date and Type of Meeting	Members Present	Members Absent
1. Regular meeting held on 8 April 2021	Romerico S. Serrano Henry Joseph M. Herrera Imelda C. Tiongson	None
2. Regular meeting held on 24 June 2021	Romerico S. Serrano Henry Joseph M. Herrera Imelda C. Tiongson	None
3. Regular meeting held on 26 August 2021	Romerico S. Serrano Henry Joseph M. Herrera Imelda C. Tiongson Wen Chen	None
4. Regular meeting held on 26 November 2021	Romerico S. Serrano Henry Joseph M. Herrera Imelda C. Tiongson Wen Chen	None
5. Joint special meeting of the Audit Committee and Risk Committee	Romerico S. Serrano Henry Joseph M. Herrera Imelda C. Tiongson Wen Chen	None

Board Member	Percentage of attendance
Romerico S. Serrano	100%
Henry Joseph M. Herrera	100%
Imelda C. Tiongson	100%
Wen Chen *(appointed 24 June 2021)*	100%

IX. Year 2021 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 2021, the Annual Performance Assessment Form was distributed to the directors after the Regular Meeting of the Board of Directors on 26 November 2021. The Corporate Secretary received the duly accomplished forms before the Board and Board Committee meetings held on 24 March 2022 and 31 March 2022. The results of the performance assessments were tallied and summarized by the Corporate Secretary and reported to and discussed by the Board and the Governance and Nomination Committee during the Board and Governance and Nomination Committee meetings held on 31 March 2022. 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 24 June 2021, endorsed to the Board of Directors of Pru Life UK the appointment of R.G. Manabat & Co. as external auditor for the audit year 2021. The Board of Directors approved the appointment of R.G. Manabat & Co. as external auditor for the audit year 2021 at its organizational meeting held on 24 June 2021. The shareholders ratified the appointment of R.G. Manabat & Co. as the external auditor for audit year 2021 at the Annual Meeting of the Shareholders held on 24 June 2021.

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 2021, Pru Life UK paid R.G. Manabat & Co. a total of Php2,350,822.00 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 2021 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 2021, Pru Life UK declared and paid cash dividends of two billion two hundred thirty-two million Pesos (Php 2,232,000,000.00), gross of applicable taxes.

XII. Compliance and Risk Management

The Audit Committee (AC) and Risk Committee (RC) of Pru Life UK perform risk oversight roles at the board level. These include the review of Pru Life UK's internal controls and risk management framework, seeking assurance from Management that they have performed their duty in respect of their application of the Prudential Group Risk Management Framework, reviewing approvals for deviations from any group policies, and reviewing Management's and the external and internal auditors' reports on the effectiveness of systems for internal controls, financial reporting, and risk management. The RC has the primary function of assisting the Board of Directors in assessing the material risks to which Pru Life UK is or could be exposed to, as well as the effectiveness of its internal controls and risk management system. Risk oversight by the AC and RC is mainly supported by the Chief Executive Officer, the Chief Risk Officer, the Compliance Officer, the Risk and Compliance function, and the executive-level Risk Committee. The reporting and discussion of risk management and compliance form part of the standing agenda of the AC and RC.

For the year 2021, 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 2021 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 possible violation of rights and illegal (including corruption) and unethical behavior, please contact us using the details below. All concerns/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 (depending on your telecommunications provider) Philippines:	1800-1-322-0285 or 1010-5511-00 (PLDT-Tagalog Operator) At English prompt, dial: 855-860-2158
	105-11 (Globe, Philcom, Digitel, Smart) At English prompt, dial: 855-860-2158
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 (Turnbull*) to ensure compliance with the Group Governance Manual. For 2021, 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.

**"Turnbull" is the annual certification 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 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 (Henry Joseph M. Herrera, Romerico S. Serrano, Angelica H. Lavares and Imelda C. Tiongson) receive fixed directors' fees for every meeting attended and do not receive any other additional remuneration for their directorship in Pru Life UK. The non-executive *internal* directors** of Pru Life UK (Wilfred John Blackburn 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 2021:

Name	Classification as director	Fee structure/Remuneration as director
Henry Joseph M. Herrera	Independent Non-Executive Chairman of the Board (External) *(until 31 December 2021)*	Total annual director's fee in the amount of PhP 1,043,100.00
Wilfred John Blackburn	Non-Executive (Internal) Board Member	Did not receive any director's fee
Wen Chen	Non-Executive (Internal) Board Member *(elected 19 May 2021)*	Did not receive any director's fee
Romerico S. Serrano	Independent Non-Executive (External) Board Member	Total annual director's fee in the amount of PhP 479,700.00
Angelica H. Lavares	Independent Non-Executive (External) Board Member	Total annual director's fee in the amount of PhP 418,500.00
Imelda C. Tiongson	Independent Non-Executive (External) Board Member	Total annual director's fee in the amount of PhP 434,700.00
Eng Teng Wong	Executive Board Member *(elected effective 1 November 2021)*	Did not receive any director's fee
Antonio Manuel G. De Rosas	Executive Board Member *(resigned effective 31 October 2021)*	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, 2021 (amounts in Php millions):

Related Party	Nature	Transaction amount	Balance (as of Dec 31, 2021)	Terms	Rationale for Transaction
Eastspring Investment (Singapore) Limited	Management fees for fund management and investment marketing services	311	82	30 days upon billing	In the normal course of business, Pru Life UK has an investment management services agreement with Eastspring, whereby the latter acts as investment advisor to Pru Life UK on the management of both Pru Life UK'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	226	197	30 days upon billing	Pru Life UK 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 and system capacity and resource monitoring.

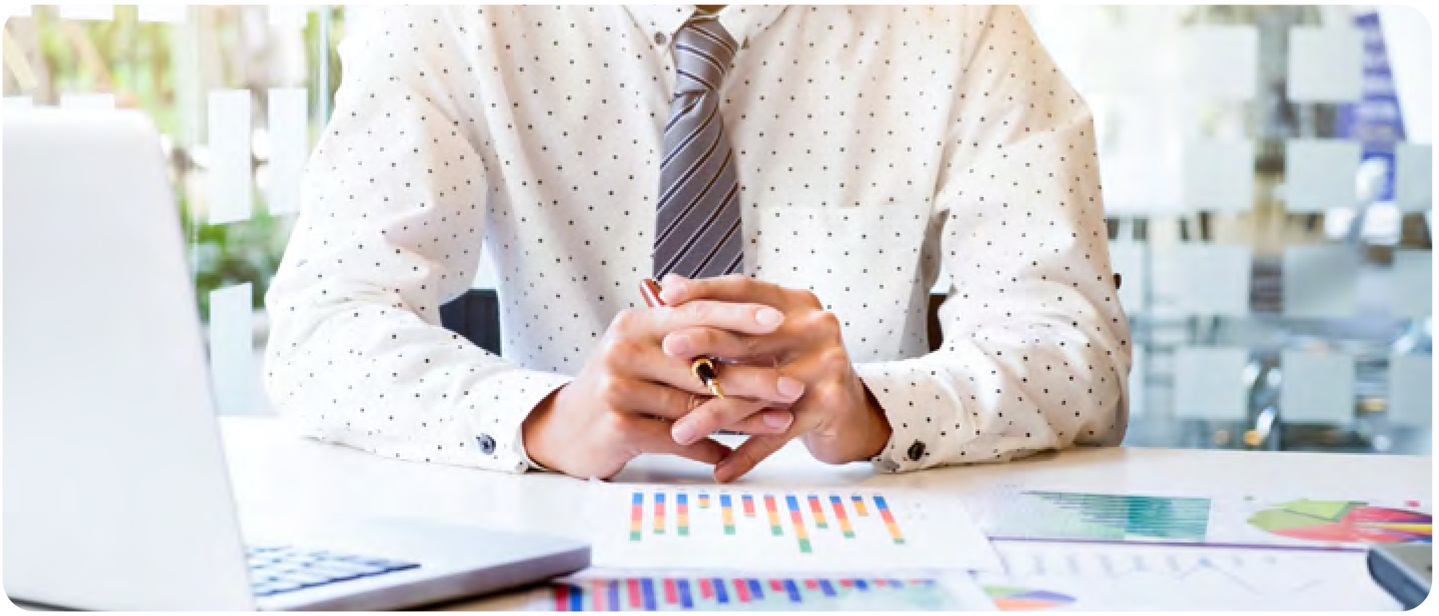
Related Party	Nature	Transaction amount	Balance (as of Dec 31, 2021)	Terms	Rationale for Transaction
Prudential Corporation Holdings Limited (PCHL)	Shared services and cost of expenses advanced by PCHL	565	357	30 days upon billing	These pertain to advances made by PCHL on behalf of Pru Life UK for expenses covering software licenses and maintenance, training for regional agency leaders, agents' conference, among others. These are netted against the advances made by Pru Life UK on behalf of PCHL for the settlement of certain administration costs. Moreover, these also pertain to support services provided by PCHL to Pru Life UK 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.
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.	94	38	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)	105	380	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	142	568	Upon investment	
Pru Life UK Asset Management and Trust Corporation (PAMTC)	Management fees for fund management	9	2	30 days upon billing	
Pru Life UK Asset Management and Trust Corporation (PAMTC)	Investment service fee	11	11	30 days upon billing	

Related Party	Nature	Transaction amount	Balance (as of Dec 31, 2020)	Terms	Rationale for Transaction
Prudential Services Singapore (PSS)	Cost of IT security services	58	17	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.
Prudence Foundation Limited (PFL)	Cost reimbursements	8	8	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	4	2	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 Hong Kong Limited (PHKL)	Cost reimbursements	0.1	0.1	30 days upon billing	This pertains to advances made by Pru Life UK on behalf of PHKL.
	Aggregate	**1,533**	**1,662**		

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

Director	Shareholder
Henry Joseph M. Herrera Antonio Manuel G. De Rosas Romerico S. Serrano Angelica H. Lavares Imelda C. Tiongson Wen Chen	Prudential Corporation Holdings Limited Henry Joseph M. Herrera Antonio Manuel G. De Rosas Wilfred John Blackburn Romerico S. Serrano Angelica H. Lavares Imelda C. Tiongson Wen Chen

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 Governance and Framework document, which is adopted from the Group Risk Framework, outlines the governance structure, Risk Policies, Risk Appetite, Risk Management Process and Risk Management Culture.

The Risk Framework requires Pru Life UK to establish processes for identifying, evaluating, and managing the key risks to ensure the 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 the Group policies as part of the Group Governance Manual Annual Statement of Compliance process.

Risk Governance refers to the organizational structures, reporting relationships, the 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 of defense" 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 a dotted reporting line to the PCA CRO. 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 the 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, OnePulse Steering Committee, Persistency Steering Committee, IFRS 17 Steering Committee, Sales Disciplinary Committee, and Obeya Working 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 shareholder value, taking into account the policyholders' and other stakeholders' 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 volatility, liquidity, statutory and capital requirements as well as defined limits on counterparty credit exposure. There is no appetite for significant and material losses (direct or indirect) or breaches suffered as a result of failing to develop, implement, and monitor appropriate risk mitigation measures and controls to manage major financial models. Non-financial risk triggers and hard limits are adopted from the Group Non-Financial Risk Appetite Framework. Pru Life UK accepts a degree of non-financial risk exposure as an outcome of 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 Pru Life UK's reputation.

The Risk Management Process 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 monitoring and reporting (Executive Risk & Board Risk Committees, Group/Regional Risk reporting), and risk management and control (including financial and non-financial Risk Appetite and limits, Large Risk Approval Process). The risk management process is embedded in the key business activities.

The Risk Management Culture promotes risk considerations in the business decisions through leadership and behaviors demonstrated by management, skills and capabilities building to support management, and embedding risk management in performance evaluations. It is further set in 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 the Pru Life UK risk management practice, risk management modules and infographics distributed for all employees, and specific training sessions to employees in all or 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, the products offered, and business operations.

Risks from investments could arise from the uncertainty of investment returns, including fluctuation in equity prices, interest rates, credit downgrades and defaults of credit instruments. Unit-linked products are exposed to equity risk, as the revenue is linked to 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 include adverse actual experience relative to expected: i) mortality or morbidity claims, ii) policy persistency, or iii) incurred expenses for 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 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 from business operations could arise from the failure to comply with the ever-evolving regulatory and legislative requirements, business disruption due to natural disaster, pandemic and critical third party providers, inadequate information security controls, risk related to data privacy, technology risk, transformation and implementation risk of strategic initiatives, conduct risk, and loss of key talents and critical roles. 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.

Corporate Officers

As of 31 December 2021, the Board of Directors and the Management Committee of Pru Life UK were composed of the following persons.

Board of Directors[1]

1. **Henry Joseph M. Herrera –** Chairman
2. **Angelica H. Lavares -** Independent Board Member
3. **Romerico S. Serrano -** Independent Board Member
4. **Imelda C. Tiongson -** Independent Board Member
5. **Eng Teng Wong –** Executive Board Member
6. **Wilfred John Blackburn –** Non-executive Board Member
7. **Wen Chen -** Non-executive Board Member

Executive Committee [2]

1. **Eng Teng Wong -** President and Chief Executive Officer
2. **Maria Divina H. Furaggan**an **-** Executive Vice President and Chief Distribution Officer
3. **Michael R. Mabalay -** Executive Vice President and Chief Transformation Officer
4. **Francis P. Ortega -** Executive Vice President and Chief Financial Officer
5. **Rey Antonio M. Revoltar -** Senior Vice President and Chief Human Resources Officer
6. **Allan John M. Tumbaga -** Senior Vice President and Chief Customer Marketing Officer
7. **Ma. Emeren V. Vallente -** Senior Vice President and Chief Legal and Government Relations Officer and Corporate Secretary
8. **Rina Isabel A. Velasquez -** Senior Vice President and Chief Risk Officer

[1]Mr. Herrera resigned effective 31 December 2021 and Mr. Serrano resigned effective 15 January 2022. 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.

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

Eng Teng Wong

President and Chief Executive Officer

Eng Teng Wong is Pru Life UK's President and CEO. Previously the Chief Revenue Officer & Chief Officer Ecosystem Implementation, Mr. Wong 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.

Mr. Wong 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), Mr. Wong graduated with a Bachelor of Engineering in Electrical & Electronics Engineering from University of Manchester Institute of Science and Technology, United Kingdom in June 1995.

Gilbert O. Simpao

General Manager and 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 four children.

Maria Divina H. Furagganan

Executive Vice President and 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 has recently assumed leadership of the Third Party Distribution Channel and the Enterprise Business Channel and currently serves as Executive Vice President and Chief Distribution Officer.

Ms. Furagganan has over 25 years of experience in sales, holding key roles in a number of insurance companies including Philippine AXA Life Insurance Corporation, Manufacturer's Life Insurance Corporation, and John Hancock Life Insurance Corporation. 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 and 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 currently serves as the Executive Vice President and Chief Transformation Officer of Pru Life UK. He holds a degree in Bachelor of Science, Major in Management from the Ateneo de Manila University.

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Francis P. Ortega

Executive Vice President and 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.

Rey Antonio M. Revoltar

Senior Vice President and 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 has done significant work for another life company and a well-known leisure park. Mr. Revoltar is a graduate of the Ateneo de Manila University where he took up Management Economics.

Allan M. Tumbaga

Senior Vice President and Chief Customer Marketing Officer

Allan Tumbaga is concurrently a board member of Pru Life UK Investments, Pru Life UK's asset management and trust corporation.

He has extensive experience in both local and international banking, particularly in corporate communications, product management 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.

Ma. Emeren V. Vallente

Senior Vice President and Chief Legal and Government Relations Officer, Corporate Secretary

Ma. Emeren V. Vallente currently serves as the Senior Vice President and Chief Legal and Government Relations Officer of Pru Life UK and a director of Pru Life UK Investments. She has been with the Company since 2010. Prior to working with Pru Life UK, she was Country Lead Lawyer and Corporate Secretary of a multinational insurance corporation where she authored the Regional Board Standards adopted and used by all of the corporation's affiliates within the region.

Atty. Vallente has been sharing her expertise in legal matters with the life insurance industry since 1997. She also has extensive experience in both corporate governance and compliance and has successfully completed with Distinction the One-Year Course on Trust Operations and Investment Management conducted by the Trust Institute Foundation of the Philippines, the Neville-Clarke International Training Course for Internal Quality Auditor, and the Basic Management Program of the Asian Institute of Management. She is also a Graduate Member of the Institute of Corporate Directors. She obtained her Juris Doctor degree from the Ateneo de Manila University.

Rina A. Velasquez

Senior Vice President and 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.

Maria Teresa A. Co

Vice President and Compliance Officer, Data Privacy Officer, Money Laundering Reporting Officer, and Anti-Bribery and Corruption Officer

Maria Teresa "Tess" Co has had more than 20 years of work experience with multinational companies in the banking and insurance sectors, the latter covering life, pre-need (pension and education) and asset management businesses. She was with the Compliance team of Prudential Corporation Asia, Pru Life UK's regional head office, for four years from December 2011.

Prior to joining Pru Life UK, Ms. Co was with the AIA Group Head Office as Associate Director, Regulatory Compliance, based in the Hong Kong regional office. She further established her career as a Compliance professional overseas and held various regional roles with Sun Life, AXA, and New York Life International and Chubb Life (formerly ACE), and drove various compliance programs across different markets in Asia such as Hong Kong, China, Singapore, Taiwan, Korea, Malaysia, India, Indonesia, Thailand, Vietnam, Cambodia, and the Philippines.

Ms. Co has a degree in Accountancy and is a Certified Public Accountant. She is certified by the Australia Governance, Risk and Compliance (GRC) Institute for completing Certificate IV in Compliance and Risk Management. She is also a Certified Compliance Officer for pre-need companies by the Philippine Securities and Exchange Commission.

ACEDERA, Ma. Christia
Vice President - Strategic Initiatives

BABAEL, Ruthie Marie
Vice President & Tribe Leader - Customer Contact Management

BALBIN, Samuel
Vice President - Head of Life Operations

BANAS, Gadwyn
Vice President - Finance Transformation

BANTAYAN, Paul Adrian
Vice President – Ecosystems

CAMUA, Anna Gizelle
Vice President & Tribe Leader - Community Investment & Advocacy

CAPULE, Pocholo
Vice President - Customer Intelligence

CHONG, Kimberly
Vice President - Operations Transformation

DE LEON, Arnolfo
Vice President - Agency Operations

DEE, Garen
Vice President - Pricing & Product Development

DE GUZMAN, Montini
Vice President - Distribution Channels Management

DETALLA, Marylin
Vice President & National Sales Director

As at 31 December 2020

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, Blesila
Vice President & Sector Head

GARCIA, Ramon
Vice President - Partnership Distribution

GREGORIO, Esperanza
Vice President - General Agencies Director

ISIDRO, Maribel
Vice President & Sector Head

JARANILLA, Ma. Leticia
Vice President - Enterprise Business

KATINDOY, Elaine
Vice President - PRULeadership Academy

KINTANAR, Ma. Xenas
Vice President & Sector Head

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
Vice President - Head of Information Technology

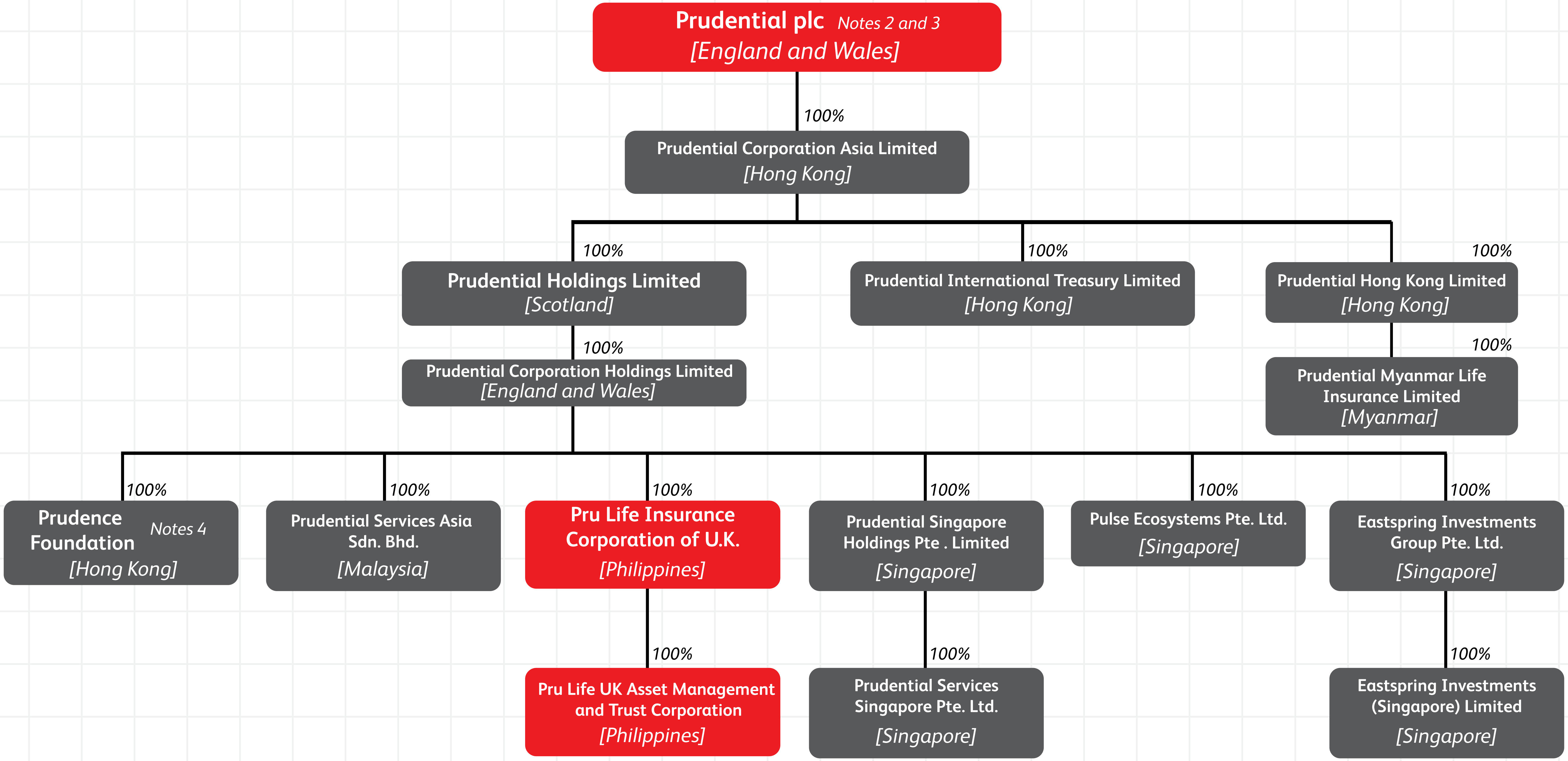
VALINO, Mark Anthony
Vice President - Investments

VILLAHERMOSA, Glolibeth
Vice President & Appointed Actuary

Shareholding structure
and group corporate structure

Position as at 31 December 2021

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.*

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

Established in 1996, Pru Life UK is the pioneer of insuravest, or investment-linked life insurance products, in the Philippines and is one of the first life insurance companies approved to distribute US dollar-denominated investment-linked life insurance policies in the country. Since its establishment, Pru Life UK has expanded its reach to over 190 branches in the Philippines, with the biggest life agency force of more than 35,000 licensed agents. The company ranked first (1st) among the country's life insurers based on the Insurance Commission's Full Year 2020 rankings in terms of new business annual premium equivalent. Pru Life UK is headquartered in Uptown Bonifacio, Taguig City. Pru Life UK and Prudential plc are not affiliated with Prudential Financial, Inc., (a company whose principal place of business is in the United States of America), Prudential Assurance Company Limited (a subsidiary of M&G plc, a company incorporated in the United Kingdom), Philippine Prudential Life Insurance Company, Prudentialife Plans, Inc. or Prudential Guarantee and Assurance, Inc. (all Philippine-registered companies). Pru Life UK is a life insurance company and is not engaged in the business of selling pre-need plans.

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