PRU LIFE U.K.

Protection that puts *you* first

2025 Annual Report

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Pru Life UK's **Domestic** *footprint*

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

BRANCHES	CUSTOMER SERVICE CENTERS	GENERAL AGENCIES
113	24	107

as of December 31, 2025

Message from the Chairperson

MESSAGE FROM THE CHAIRPERSON

On behalf of the Board, I am pleased to present Pru Life UK's 2025 Annual Report.

Geopolitical tensions, trade developments, and renewed pressure on energy prices shaped the global landscape in 2025, reinforcing uncertainty across markets. Despite this, global markets delivered a broad-based rally, supported by easing inflation, improving risk appetite, and more accommodative monetary policy. Structural themes, particularly the continued maturation of artificial intelligence-driven investment, further supported market performance, as observed by our investment partners, Eastspring Investments and ATRAM Group.

In the Philippines, economic conditions were more uneven. While consumption improved with easing inflation, investment activity weakened, resulting in slower overall growth. Monetary easing supported liquidity but contributed to currency volatility, underscoring the need for disciplined management in a complex environment.

Against this backdrop, Pru Life UK delivered strong and resilient performance. The company maintained its leadership in new business and grew total premium income, reflecting sustained customer confidence and the strength of a disciplined, customer-focused business model.

Strengthening Governance and Inclusive Growth

Corporate governance remains a cornerstone of our approach. In 2025, Pru Life UK was recognised as a Four Golden Arrow awardee, affirming its commitment to transparency, accountability, and responsible business practices.

We are encouraged by the company's continued focus on inclusive growth. Expanding access to protection and financial education remains critical in addressing the protection gap in the Philippines. As the country's first licensed Takaful operator, Pru Life UK continues to extend Shariah-compliant protection solutions to underserved communities, particularly in Mindanao.

Through targeted Takaful education and engagement initiatives, including community dialogues and the expansion of the Adopt-a Madrasah programme, the company is building awareness, trust, and greater participation in financial protection.

Advancing Sustainability and Long-Term Value

Sustainability and community resilience remain integral to Pru Life UK's long-term strategy. The company continues to support initiatives that strengthen disaster preparedness, improve financial literacy, and build resilience in vulnerable communities.

Key efforts include climate and water resilience programmes in Bantayan Island and emergency response support for communities affected by Typhoons Tino and Uwan, reflecting a commitment to meaningful and lasting impact. Looking ahead, the outlook remains uncertain. Inflationary pressures, global risks, and domestic structural challenges require continued vigilance and reinforce the importance of strong governance, disciplined execution, and a clear sense of purpose.

Pru Life UK is well positioned to navigate this environment, supported by its scale, experienced leadership, and long-term commitment to the Philippines. The Board remains focused on guiding the organisation with discipline and foresight, ensuring that governance, risk management, sustainability, and customer outcomes remain central to all decisions.

On behalf of the Board, I extend my sincere appreciation to management, employees, and the agency force for their dedication, and to our customers, partners, and stakeholders for their continued trust.

Together, we will continue to build a stronger, more inclusive, and more resilient future.

Angelica H. Lavares
Chairperson

Message from the President and CEO

MESSAGE FROM THE PRESIDENT AND CEO

It is my privilege to present our 2025 Annual Report at a significant milestone in Pru Life UK's journey. As we approach our 30th year in the Philippines, we remain deeply committed to protecting lives, strengthening financial resilience, and expanding access to opportunity for Filipino families.

In 2025, we sustained our leadership in the Philippine life insurance industry through disciplined, quality-driven growth. We ranked number one in new business, achieving PHP 10.0 billion in New Business Annual Premium Equivalent, while total premium income grew by 10% to PHP 52.8 billion. These results reflect not only our scale, but more importantly, the trust that our customers continue to place in us.

Our performance is underpinned by strong fundamentals. Our agency-led advisory model, balanced product portfolio, and continued investment in digital capabilities enable us to deliver consistent and sustainable outcomes. We remain focused on long-term value, ensuring that growth is both responsible and resilient.

Innovating for Customers, Delivering with Purpose

During the year, we continued to innovate to meet evolving customer needs. We expanded our suite of traditional products to provide guaranteed protection and income solutions, while maintaining our leadership in investment-linked products. These offerings allow us to support customers across different life stages, helping them navigate uncertainty with greater confidence.

Delivering our promise to customers remains at the heart of what we do. In 2025, we processed more than 13,400 claims and paid out PHP 2.8 billion, providing timely support when it matters most. We also maintained a strong retention rate, reflecting the relevance of our solutions and the strength of the relationships we build with our customers.

Inclusive growth continues to be a key priority. As the Philippines' first licensed Takaful operator, we are expanding access to protection for underserved communities. Through our products, partnerships, and financial education initiatives, we are helping more Filipinos understand and benefit from insurance in ways that are meaningful and accessible.

Building a More Resilient Future

Beyond our core business, we continue to invest in community resilience and sustainability. Our programmes in financial education, climate resilience, and disaster preparedness are helping individuals and communities build stronger foundations for the future. These efforts reflect our broader commitment to creating lasting, positive impact.

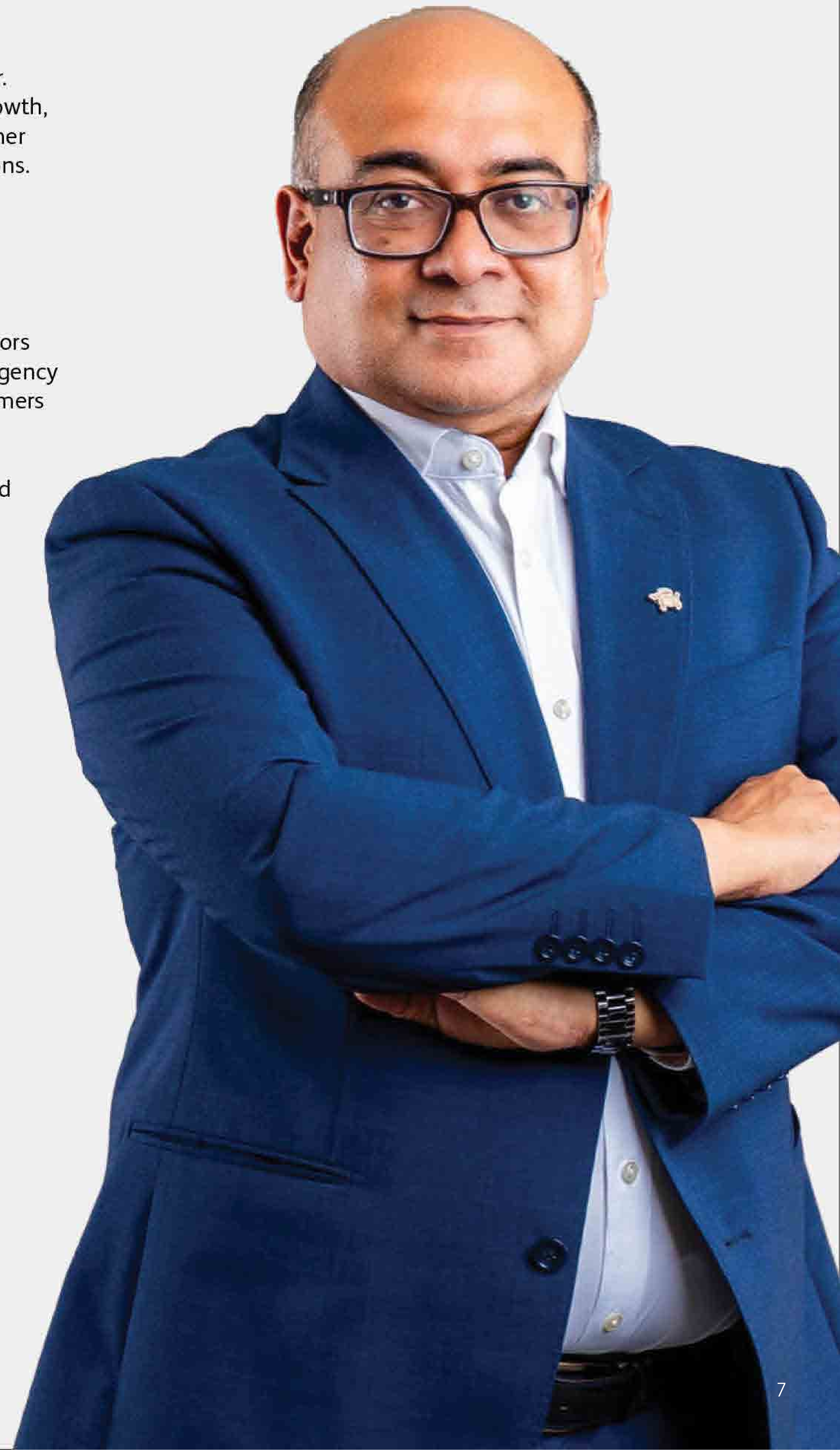
We achieved these results in a year marked by global uncertainty, including inflationary pressures and geopolitical challenges. In this environment, the importance of protection and long-term financial planning has become even more evident. We remain focused on supporting Filipino families with solutions that promote stability, security, and peace of mind.

As we enter 2026, our priorities are clear. We will continue to drive sustainable growth, strengthen distribution, enhance customer experience, and expand inclusive solutions. We will also invest further in our people, technology, and partnerships to better serve our customers and improve operational efficiency.

I would like to thank our Board of Directors for their guidance, our employees and agency force for their dedication, and our customers and partners for their continued trust.

For three decades, Filipinos have counted on PRU. We remain committed to being a trusted partner for every life and every future.

Sanjay Chakrabarty
President and CEO



CORPORATE OBJECTIVES
MISSION, VISION, AND GUIDING PRINCIPLES

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

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

For every life, we are partners.

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

For every future, we are protectors.

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

The Company's **VISION** is to serve customers via a multi-channel distribution network. To support this, the Company aims to:

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

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

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

Our Customer is our Compass

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

We pursue our Entrepreneurial Spirit

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

We Succeed Together

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

We Respect and Care for one another

- We are empathetic and treat each other the way we would like to be treated.
- We respect differences and foster a safe environment where everyone can be themselves.

We Deliver to our Commitments

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

By living our Values, we build trust and transparency that enable sustainable, long-term value for our people, our customers, our shareholders, and the communities we serve.

The Company set the following priorities for 2025:

Selecting and recruiting high-quality agents at scale while developing and maturing agents into core producers to increase overall productivity and case size,

Balancing the portfolio and addressing market and customer demand through innovative product and fund launches.

Improving payment experience by transitioning from issue-driven solution development to ready alternative payment options for customers. Integrating customer and agent servicing journeys for a smooth and consistent experience.

Strengthening customer retention through proactive in-force and portfolio management, supported by customised agent training and development, and sustained conservation through simplified journeys.

Championing people and culture by fostering a performance-driven culture, developing unmatched capabilities, and creating a pipeline of future-ready talent.

Increasing financial awareness and inclusion through Takaful and Islamic financial literacy, the continued expansion of our Cha-Ching Programme, and ongoing efforts aligned with the Company's climate and health risk agenda.

Management Discussion and Analysis (Non-financial)

Pru Life UK retained its pole position in the insurance industry for the 3rd consecutive year with an NBAPE of PHP 10.0 billion, capped by a 5-year CAGR of 4.8 percent. We continued to consolidate our customer touchpoints for a seamless journey while providing a balanced product portfolio through more traditional product offerings. New product propositions were key growth drivers that supported the expansion of our affluent customer segment. Our agency force of over 36k remains the largest in the industry and takes credit for driving sustainable growth.

Strengthening Distribution Effectiveness

The Company gave emphasis to the recruitment of top caliber agents and strengthening of the MDRT pipeline. Substantial gains were achieved through elevated top-tier propositions while enhancing early-stage enablement with clear growth trajectories for tenured agents.

The introduction of **PRUVenture Ascend** was designed to fast-track the transition of top recruits to full-time agents by focusing on capability building and bridging income.

Our MDRT pipeline was buoyed by reinforced levers such as the **PRUMillion Flex** product for the high net worth market on a limited period, close monitoring with field visibility and special incentives. As a result, MDRT qualifiers rose by 14% to 373 at the end of the year.

Operational Excellence and Customer Service

Significant gains were achieved in terms of customer engagement and reach towards a seamless customer journey. We initiated opt-in experience in customer's signature moments such as welcome and policy anniversary journey, and boosted improvements in payment journey through easy-to-use payment options that customers could conveniently and efficiently access.

We also improved how customer and agent journeys work together across our digital platforms. Transaction process flows were rationalized with efficiency gains leading to more requests to be serviced and meaningful reduction in processing times. Consequently, both customers and agents greatly benefited from a faster, reliable and more responsive experience.

Coordinated efforts were made to get in touch with existing customers through customized communication and tailored benefits for resell and upsell opportunities considering guaranteed insurability protection offer.

Diversified Products

In 2025, Pru Life UK honed its strategy of delivering relevant, resilient, and inclusive protection solutions through a diversified product portfolio aligned with evolving customer needs. We bolstered our presence in the guaranteed income space with the unveiling of **PRUSteady Income**, a short-term endowment designed to provide guaranteed coverage and cash benefits.

Wealth preservation offerings were likewise expanded with the introduction of **PRUWealth 10**, a limited offer single pay solution targeted at clients seeking guaranty and protection within 10 years.

Driven by our commitment to protect every life and every future, significant gains were made toward inclusive insurance with the introduction of **PRUTerm Lindungi**, our first Shariah compliant life protection product in the Philippines.

At the same time, we continued to promote market reach through digital channels with the launching of **PRULove Wealth Direct**. The product enabled customers to access guaranteed savings and protection through a fully online experience.

Championing People and Culture

Pru Life UK continued to foster its people-first culture through purposeful initiatives that advanced leadership, recognition, and social impact. The Company was recognized as one of the Best Employers by the Inquirer, even as it affirmed its commitment to building a supportive and engaging workplace.

We also launched our first Management Development Program, the Next Gen Leadership Program, that provides a structured pipeline for future leaders by screening and selecting top-performing students from partner universities.

Our culture of care extended beyond the workplace as employees collectively contributed PHP 6 million in donations to support families affected by the Cebu earthquake, reflecting strong solidarity and shared purpose across the organization.

Internally, we highlighted our service-oriented culture by introducing the Company's first service-focused awards, recognizing employees for long-standing dedication and meaningful contributions to Pru Life UK. As a result of these initiatives, Pru Life UK recorded a 2-point increase in its 2025 PRU Voice Employee Engagement Survey score in September, a reflection of stronger employee connection, pride, and engagement.

Increasing Financial Awareness and Inclusion

As the first Takaful operator in the Philippines, the Company launched its maiden Takaful product offering, **PRUTerm Lindungi**, in June 2025.

We inked a partnership with the country's first Islamic bank, the Al Amanah Islamic Investment Bank of the Philippines (AAIIBP), to promote Islamic finance and Takaful, and help expand reach of financial inclusion to more Filipino communities.

We also expanded the Adopt-A-Madrasah program, our community investment initiative in support of Takaful where 11 Islamic schools, 120 madaris teachers and 1,469 madaris students have benefited from the program in 2025.

Climate Action and Sustainability

The Company's climate and health education program was showcased through the comic book "Maging Handa: A Story of Adaptation and Resilience Amid Climate Change" reached over 1,000 youth and adults in 2025. The comic book aims to educate the public on how climate change affects physical and mental health and why financial security is a climate adaptation measure.

The Company's circular economy partnership with Humble Sustainability generated PHP 1.1 million in revenues from the sale of old company IT devices and employee donations. Half of the proceeds from the IT asset sales were channeled through NGO and digital equity advocate LiteHaus International to donate refurbished laptops and new printers and projectors for the Adopt-a-Madrasah program.
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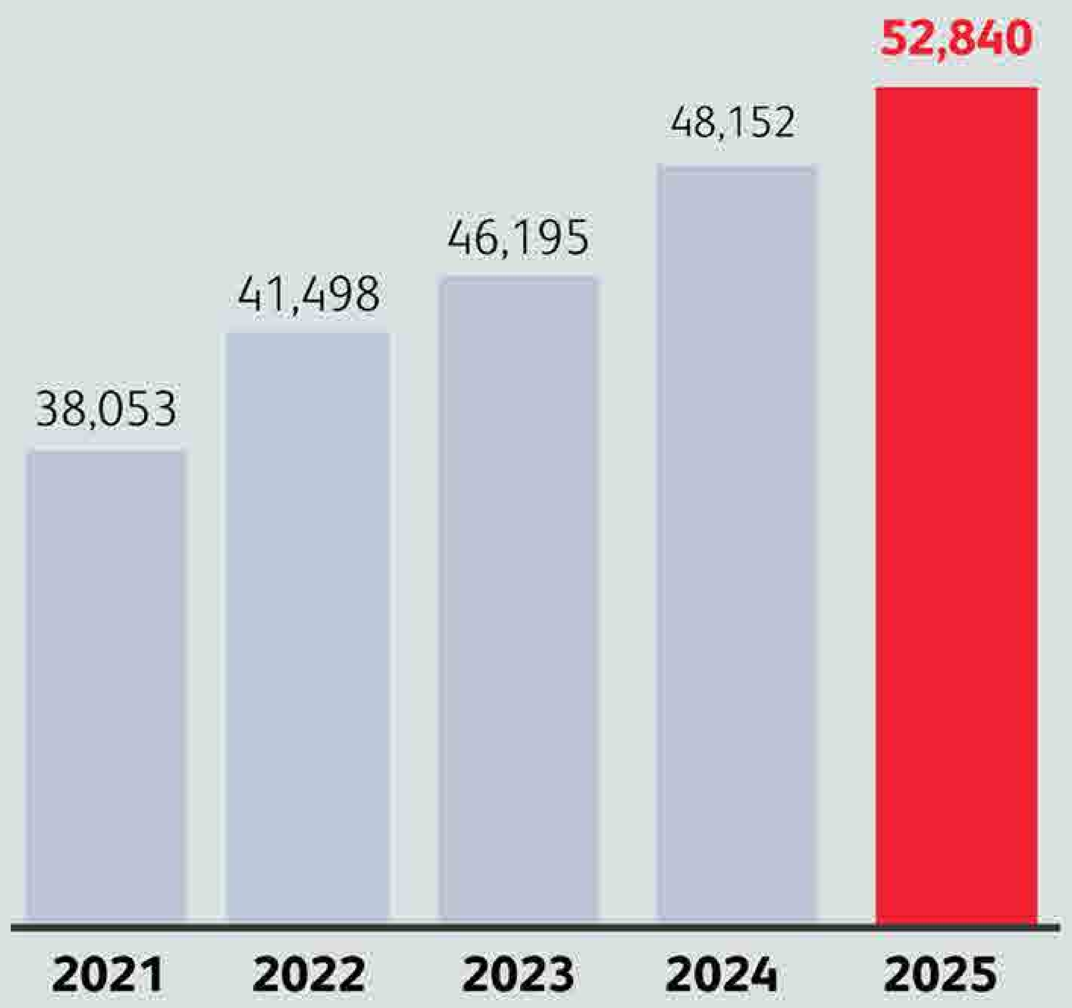
The Company continues to reduce its carbon footprint through branch office consolidation and upgrades with its fourth PRUHouse project in Cebu.

Total Net Premium Income in PHP'm



CAGR +9%

In 2025, the Company delivered continued and resilient growth, with total net premium income increasing by 10% year-on-year to PHP 52.8 billion, representing a five-year CAGR of 9%, outperforming the industry's five-year CAGR of 7%. This reflects the Company's ability to grow sustainably while maintaining discipline and balance in its product mix.

Growth was largely driven by renewal premiums, which rose by PHP 3.2 billion versus the prior year, supported by the Company's high-quality regular-pay business.

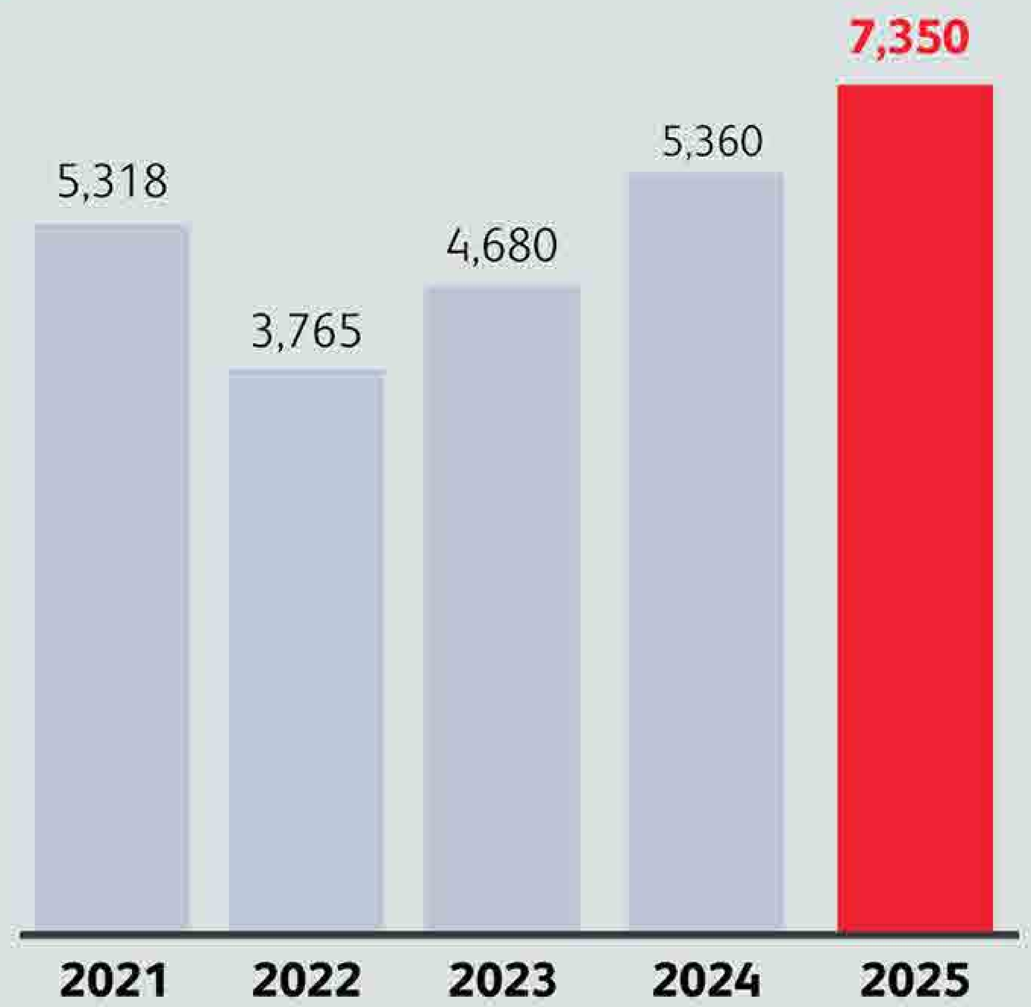
In addition, 2025 growth was supported by a diversified product portfolio aligned with evolving customer needs, including the launch of **PRUSteady Income**, **PRUWealth 10** and **PRULove Wealth Direct**.

This performance was underpinned by continued strengthening of distribution, supported by focused recruitment of top-caliber agents and deliberate initiatives to reinforce the MDRT pipeline.

Over the same period, the Company retained its market leadership in new business annual premium equivalent (NBAPE)[1] which grew by 2% during the year, reflecting continued strength in its balanced product portfolio and distribution effectiveness in driving sustainable growth.

[1]Based on Submitted Unaudited Enhanced Quarterly Reports on Selected Financial Statistics (EQRSFS)

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



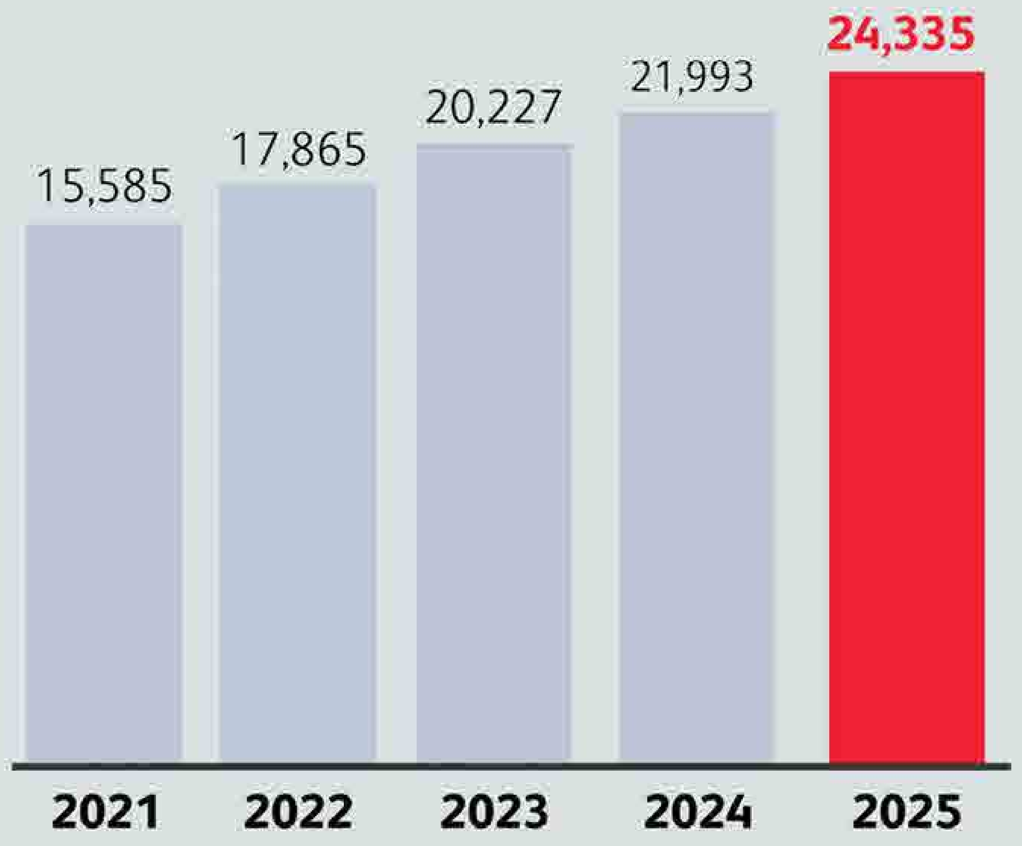
CAGR +8%

In 2025, the Company sustained strong financial performance, reporting net income excluding unrealised gains and losses of PHP 7.35 billion, a 37% increase from the prior year. Growth was driven by higher net premiums, improved investment income, and lower underwriting and operating expenses. Favourable product mix further supported margins and agent productivity, reinforcing the Company's focus on profitable and disciplined growth.

Operational resilience was further strengthened through initiatives focused on improving end-to-end customer and agent journeys, including the rationalization of transaction process flows and enhancements to digital platforms, resulting in a faster, reliable, and more responsive experience.

Management Discussion and Analysis (Non-financials)

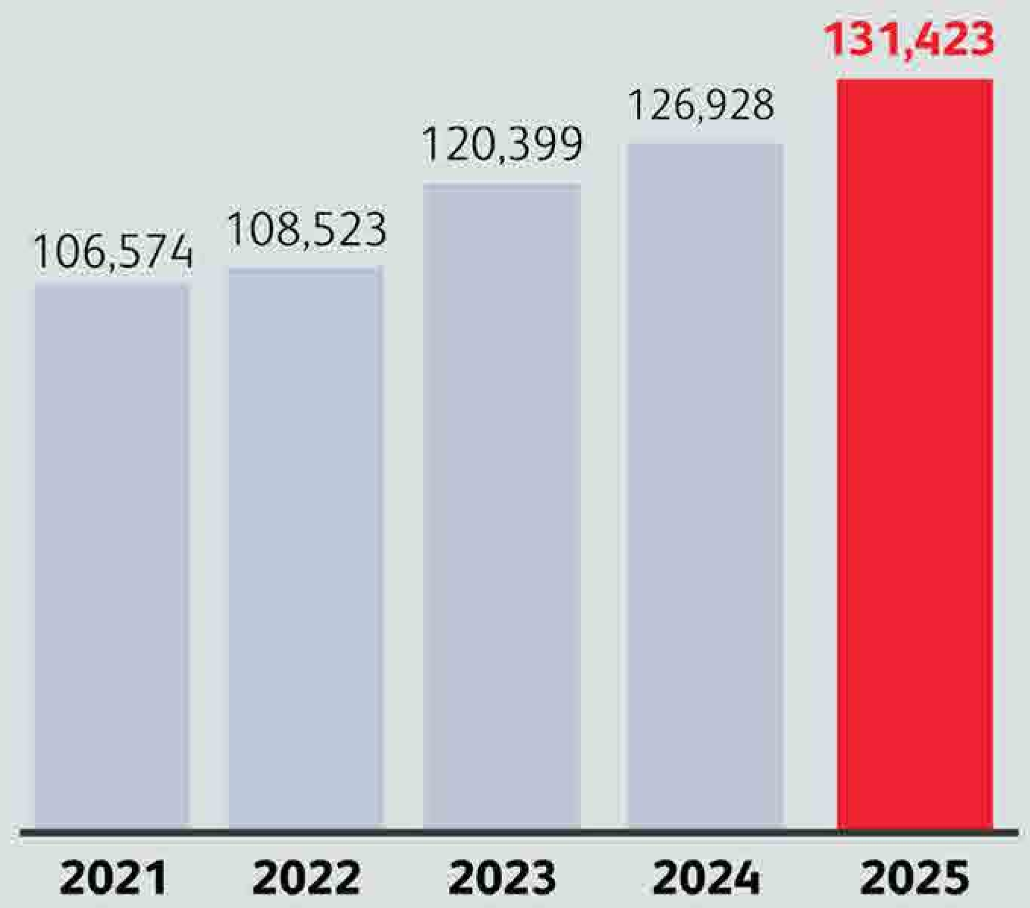
Shareholders' Equity in PHP'm



CAGR +12%

The Company's shareholders' equity, based on audited financial statements, increased to PhP 24.3 billion in 2025, reflecting a 12% five-year CAGR and continued accumulation of retained earnings from strong operating performance.

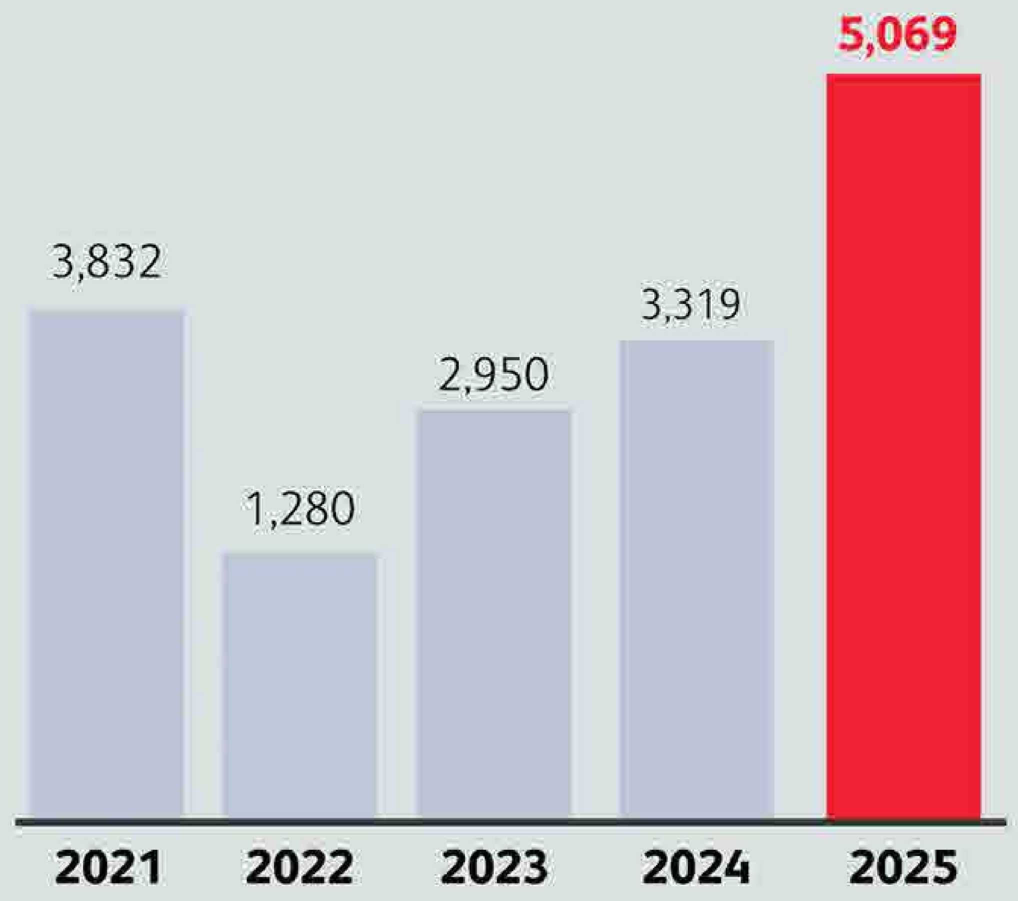
Linked Funds in PHP'm



CAGR +5%

In 2025, Linked Funds grew by 4% to PhP 131.4 billion, supported by PhP 7.4 billion in net inflows, partly offset by unfavourable market movements. Growth during the year was moderated by a more challenging macroeconomic environment; however, Linked Funds remained resilient, reflecting continued policyholder participation and disciplined fund management.

Gross Cash Remittance in PHP'm

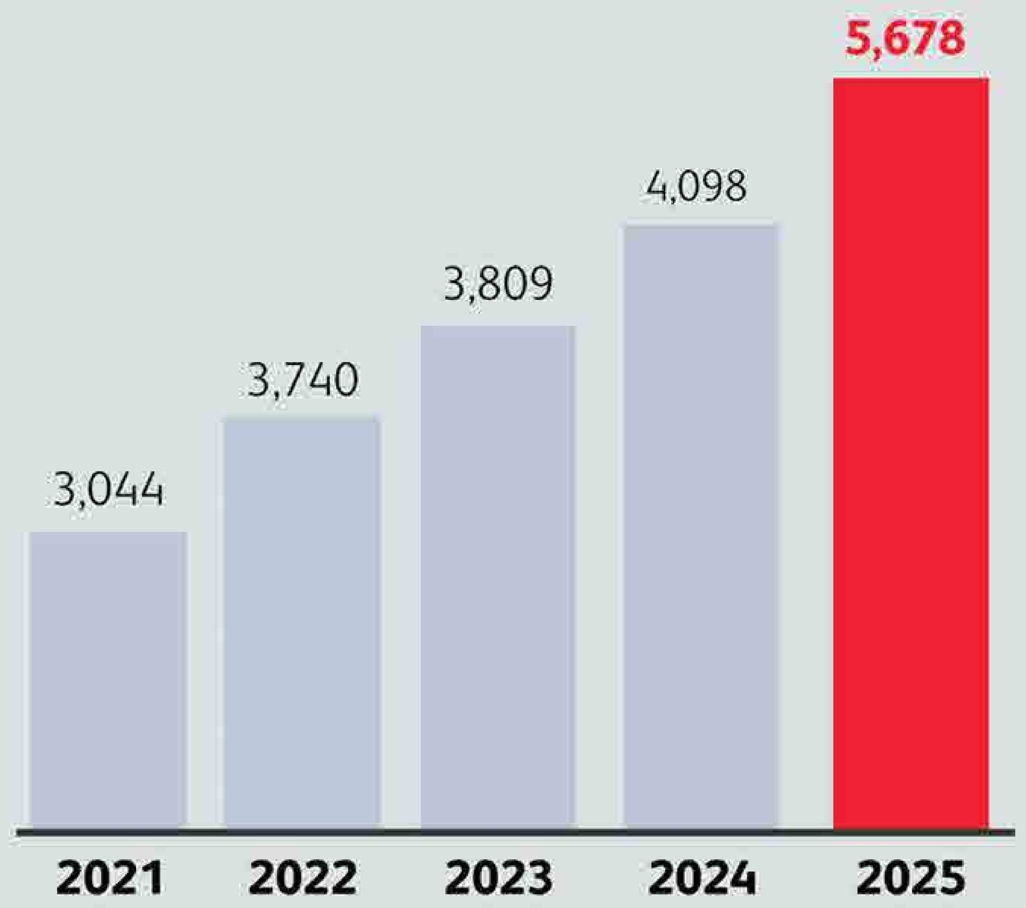


CAGR +7%

In 2025, the Company reported a substantial increase in gross cash remittances, with total cash remitted to its principal shareholder rising to PhP 5.1 billion, significantly higher than the prior year. This reflects the Company's strong cash generation for the year, supported by improved profitability, disciplined capital management, and effective conversion of earnings into operating free surplus.

The higher level of remittances underscores the Company's continued financial resilience and its ability to create and return value to shareholders while maintaining a sound capital position to support future growth.

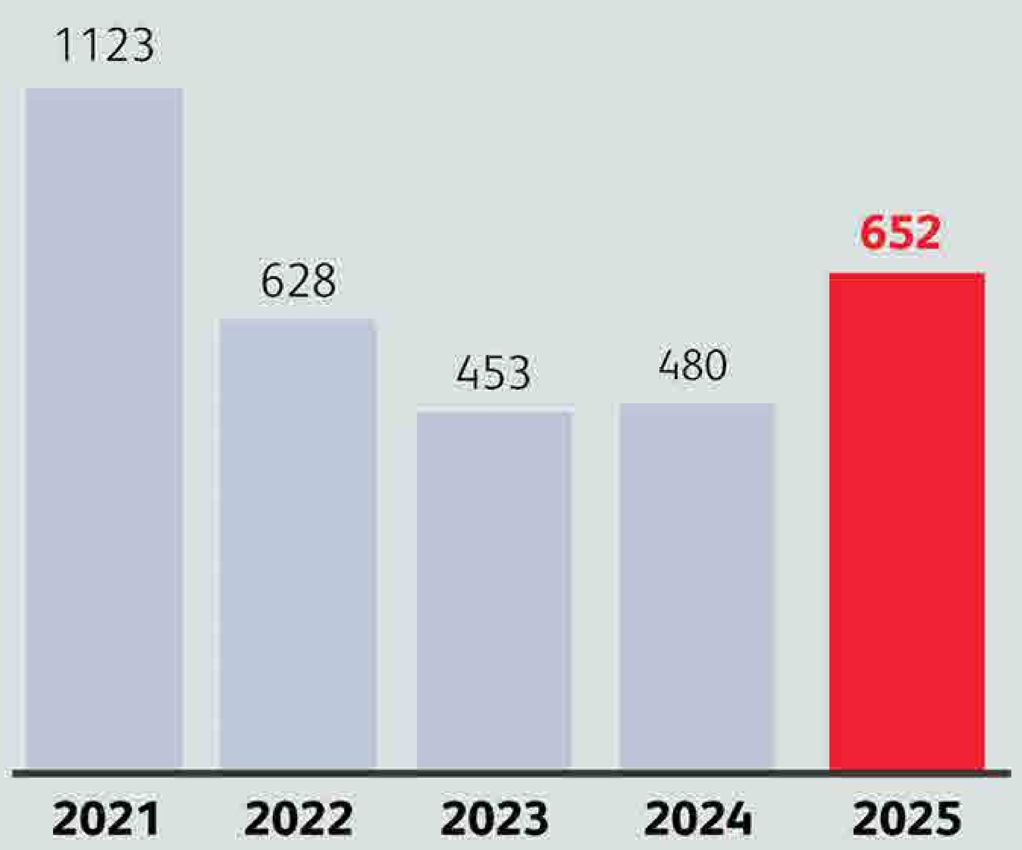
Net Worth in PHP'm



CAGR +17%

In 2025, the Company's Net Worth, based on Submitted Annual Statements to the Insurance Commission, increased to PHP 5.7 billion, reflecting a 17% five-year CAGR. This was driven by strong operating performance, achieved despite significantly higher cash remittances and a more challenging market environment, underscoring the Company's continue capital strength and financial resilience.

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.

The RBC ratio as of 2025 is at 652%% which is above the minimum regulatory threshold of 125%, indicating the Company's strong solvency position and the ability to cushion against financial and operational risks. In addition, our yearly RBC ratios since 2021 have remained comfortably above this threshold.

Financial Statements

Financial Statements

INDEPENDENT AUDITOR'S REPORT

The Stockholders and Board of Directors
Pru Life Insurance Corporation of U.K.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pru Life Insurance Corporation of U.K. (a wholly-owned subsidiary of Prudential Corporation Holdings Limited) (the Company), which comprise the statements of financial position as at December 31, 2025 and 2024, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the financial statements of public interest entities in the Philippines. We have also 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 Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Juan Carlo B. Maminta
Partner

CPA Certificate No. 115260
Tax Identification No. 210-320-399
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 115260-SEC (Group A)
Valid to cover audit of 2020 to 2024 financial statements,
with extension up to audit of 2025 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-132-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10765079, January 2, 2026, Makati City

March 27, 2026

PRU LIFE INSURANCE CORPORATION OF U.K.
(A Wholly-Owned Subsidiary of Prudential Corporation Holdings Limited)
STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	December 31	
	2025	**2024**
ASSETS		
Cash and cash equivalents (Note 7)	**P4,045,887**	P4,832,707
Interest receivable	**219,665**	171,027
Premiums due from policyholders	**392,772**	12,719
Coverage debt receivables - net (Note 12)	**978,922**	1,080,606
Investments (Note 8)	**16,385,966**	13,460,936
Policy loans receivables - net (Note 10)	**273,109**	272,303
Reinsurance assets (Note 13)	**571,083**	475,469
Property and equipment - net (Note 14)	**894,870**	831,276
Right-of-use assets - net (Note 29)	**477,994**	529,899
Retirement assets - net (Note 25)	**85,170**	116,654
Deferred acquisition costs (Note 15)	**19,888,136**	18,303,098
Other assets (Note 16)	**2,943,598**	2,821,760
Total General Assets	**47,157,172**	42,908,454
Assets Held to Cover Linked Liabilities (Note 11)	**131,422,897**	126,927,748
	P178,580,069	P169,836,202
LIABILITIES AND EQUITY		
General Liabilities		
Accounts payable, accrued expenses and other liabilities (Note 20)	**P9,987,905**	P10,228,657
Claims payable (Note 18)	**1,174,237**	1,279,345
Reinsurance payable (Note 19)	**301,435**	275,294
Lease liabilities (Notes 29)	**522,074**	611,762
Legal policy reserves (Note 17)	**6,779,631**	5,256,113
Deferred tax liabilities - net (Note 27)	**4,057,181**	3,263,830
Total General Liabilities	**22,822,463**	20,915,001
Technical Provisions for Linked Liabilities (Note 11)	**131,422,897**	126,927,748
Total Liabilities	**154,245,360**	147,842,749
Equity		
Capital stock (Note 30)	**500,000**	500,000
Additional paid-in capital (Note 30)	**462,000**	462,000
Total paid-up capital	**962,000**	962,000
Contributed surplus	**50,386**	50,386
Revaluation reserve on available-for-sale financial assets (Note 8)	**26,321**	25,921
Remeasurement reserve on retirement liability	**36,059**	78,081
Remeasurement on life insurance reserve	**(140,948)**	(178,149)
Retained earnings (Note 30)	**23,400,891**	21,055,214
Total Equity	**24,334,709**	21,993,453
Total Liabilities and Equity	**P178,580,069**	P169,836,202

PRU LIFE INSURANCE CORPORATION OF U.K.
(A Wholly-Owned Subsidiary of Prudential Corporation Holdings Limited)
STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

	December 31	
	2025	**2024**
NET PREMIUMS		
Premiums (Note 21)	**P53,043,276**	P48,294,036
Premiums ceded to reinsurers (Note 21)	**(203,046)**	(141,614)
	52,840,230	48,152,422
OTHER REVENUE		
Policy administration fees (Note 22)	**2,368,683**	2,712,122
Investment income (Note 23)	**1,075,224**	633,259
Others - net (Notes 9, 10, 14, 16, and 20)	**209,214**	230,776
	3,653,121	3,576,157
BENEFITS AND CLAIMS		
Costs on premiums of variable insurance (Note 11)	**18,117,759**	15,127,295
Gross benefits and claims (Note 24)	**14,805,782**	14,369,009
Reinsurer's share of gross benefits and claims (Note 24)	**(90,228)**	(98,145)
Net benefits and claims incurred	**32,833,313**	29,398,159
Dividends to policyholders	**80,463**	91,732
Gross change in legal policy reserves (Note 17)	**1,573,119**	989,663
Net insurance benefits and claims	**34,486,895**	30,479,554
UNDERWRITING AND OTHER OPERATING EXPENSES (Note 15)	**12,446,130**	14,050,892
INCOME BEFORE INCOME TAX EXPENSE	**9,560,326**	7,198,133
INCOME TAX EXPENSE (Note 27)	**2,145,649**	2,125,120
NET INCOME	**7,414,677**	5,073,013
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified to profit or loss		
Net gain on fair value changes of available-for-sale financial assets (Note 8)	**400**	6,000
Items that will not be reclassified to profit or loss		
Remeasurement gain (loss) on life insurance reserve (Note 17)	**49,601**	(28,369)
Income tax effect	**(12,400)**	7,092
	37,201	(21,277)
Remeasurement gain (loss) on retirement liability (Note 25)	**(56,030)**	37,039
Income tax effect	**14,008**	(9,260)
	(42,022)	27,779
Net movement of other comprehensive income	**(4,421)**	12,502
TOTAL COMPREHENSIVE INCOME	**P7,410,256**	P5,085,515

PRU LIFE INSURANCE CORPORATION OF U.K.
(A Wholly-Owned Subsidiary of Prudential Corporation Holdings Limited)
STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)

	Capital Stock (Note 30)	Additional Paid Capital (Note 30)	Contributed Surplus	Revaluation reserve on available-for-sale financial assets (Note 8)	Remeasurement reserve on retirement liability	Remeasurement on Life Insurance Reserve	Retained Earnings Appropriated (Note 17)	Retained Earnings Unappropriated (Note 30)	Total Retained Earnings	Total Equity
Balance at January 1, 2025	**P500,000**	**P462,000**	**P50,386**	**P25,921**	**P78,081**	**P(178,149)**	**P332,535**	**P20,722,679**	**P21,055,214**	**P21,993,453**
Total Comprehensive Income										
Net income	—	—	—	—	—	—	—	**7,414,677**	**7,414,677**	**7,414,677**
Other comprehensive income:										
Items that may be reclassified to profit or loss (Note 8)	—	—	—	**400**	—	—	—	—	—	**400**
Items that will not be reclassified to profit or loss	—	—	—	—	**(42,022)**	**37,201**	—	—	—	**(4,821)**
Total comprehensive income	—	—	—	**400**	**(42,022)**	**37,201**	—	**7,414,677**	**7,414,677**	**7,410,256**
Dividends (Note 30)	—	—	—	—	—	—	—	**(5,069,000)**	**(5,069,000)**	**(5,069,000)**
Appropriation of reserves	—	—	—	—	—	—	**596,676**	**(596,676)**	—	-
Balance at December 31, 2025	**P500,000**	**P462,000**	**P50,386**	**P26,321**	**P36,059**	**(P140,948)**	**P929,211**	**P22,471,680**	**P23,400,891**	**P24,334,709**
Balance at January 1, 2024	P500,000	P462,000	P50,386	P19,921	P50,302	(P156,872)	P62,344	P19,238,857	P19,301,201	P20,226,938
Total Comprehensive Income										
Net income	—	—	—	—	—	—	—	5,073,013	5,073,013	5,073,013
Other comprehensive income:										
Items that may be reclassified to profit or loss (Note 8)	—	—	—	6,000	—	—	—	—	—	6,000
Items that will not be reclassified to profit or loss	—	—	—	—	27,779	(21,277)	—	—	—	6,502
Total comprehensive income	—	—	—	6,000	27,779	(21,277)	—	5,073,013	5,073,013	5,085,515
Dividends (Note 30)	—	—	—	—	—	—	—	(3,319,000)	(3,319,000)	(3,319,000)
Appropriation of reserves	—	—	—	—	—	—	270,191	(270,191)	—	—
Balance at December 31, 2024	P500,000	P462,000	P50,386	P25,921	P78,081	(P178,149)	P332,535	P20,722,679	P21,055,214	P21,993,453

PRU LIFE INSURANCE CORPORATION OF U.K.
(A Wholly-Owned Subsidiary of Prudential Corporation Holdings Limited)
STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Years Ended December 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax expense	**P9,560,326**	P7,198,133
Adjustments for:		
Net changes of deferred acquisition costs (Note 15)	**(1,585,038)**	(1,589,807)
Gross change in legal policy reserves (Note 17)	**1,573,119**	989,663
Interest income (Note 23)	**(917,780)**	(818,944)
Depreciation (Notes 14, 15, 16 and 29)	**658,122**	495,936
Retirement expense on retirement fund (Note 25)	**106,491**	121,544
Gain on disposal of investments (Note 23)	**(85,438)**	(79,904)
Unrealised loss (gain) on valuation of investments in FVPL (Note 8)	**(64,480)**	287,226
Interest expense related to policies (Note 26)	**42,866**	42,410
Interest expense related to lease liabilities (Note 29)	**37,134**	24,757
Unrealised foreign exchange gain (Note 8)	**(7,526)**	(21,637)
Provision for credit and impairment losses (Notes 9, 10 and 16)	**4,251**	11,755
Gain on disposal of property and equipment (Note 14)	**(1,919)**	(5,705)
Loss on disposal of asset held for sale (Note 9)	**—**	3,976
	9,320,128	6,659,403
Changes in:		
Premiums due from policyholders	**(380,053)**	(1,897)
Coverage debt receivables	**101,684**	119,849
Reinsurance assets	**(95,614)**	(178,165)
Policy loans receivables	**(806)**	20,953
Other assets	**(241,301)**	1,021,676
Accounts payable, accrued expenses and other liabilities	**(134,351)**	(401,453)
Claims payable	**(105,108)**	30,205
Reinsurance payable	**26,141**	111,135
	8,490,720	7,381,706
Interest paid related to policies	**(42,318)**	(41,496)
Contributions to retirement fund (Note 25)	**(131,037)**	(129,606)
Income tax paid	**(1,457,639)**	(1,468,224)
Net cash provided by operating activities	**P6,859,726**	P5,742,380
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**P869,142**	P782,800
Proceeds from disposal of investments (Note 8)	**6,208,032**	5,650,152
Proceeds from disposal of property and equipment (Note 14)	**13,073**	11,026
Proceeds from disposal of asset held for sale (Note 9)	**—**	187,006
Acquisitions of investments (Note 8)	**(8,975,218)**	(6,484,476)
Acquisitions of property and equipment (Note 14)	**(295,743)**	(557,116)
Acquisitions of software costs (Note 16)	**(177,848)**	(114,848)
Net cash used in investing activities	**(P2,358,562)**	(P525,456)

	Years Ended December 31	
	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid (Note 30)	**(5,069,000)**	(3,319,000)
Payment of lease liabilities (Note 29)	**(218,984)**	(233,640)
Cash used in financing activities	**(5,287,984)**	(3,552,640)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(786,820)**	1,664,284
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**4,832,707**	3,168,423
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**P4,045,887**	P4,832,707

See accompanying Notes to the Financial Statements.

PRU LIFE INSURANCE CORPORATION OF U.K.
(A Wholly-Owned Subsidiary of Prudential Corporation Holdings Limited)
STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

1. Reporting Entity

Pru Life Insurance Corporation of U.K. (a wholly-owned subsidiary of Prudential Corporation Holdings Limited) (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on January 17, 1996, primarily to engage in the business of life insurance. The Company started commercial operations in September 1996. On September 11, 2002, the Insurance Commission (IC) approved the Company's license to sell variable unit-linked insurance, a life insurance product which is linked to investment funds. The Company has a Certificate of Authority No. 2025/17-R issued by the IC to transact in life insurance business until December 31, 2027.

On October 15, 2024, the SEC approved the amendment of the Company's Articles of Incorporation (AOI) to include the Takaful Window operation as part of its secondary purpose, as approved by the Board of Directors (BOD) and Shareholders on July 08, 2024. On November 04, 2024, IC issued the Company with the license as Takaful Window Operator. The Company launched its first Takaful product namely PRUTerm Lindungi last May 19, 2025.

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 organisation providing life insurance and fund management services worldwide. Prudential plc was incorporated in the United Kingdom and has primary listing in the London Stock Exchange and secondary listings in Hong Kong, New York and Singapore Stock Exchanges.

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

2. Basis of Preparation of the Financial Statements

Statement of Compliance

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

The financial statements were authorised for issue by the BOD on March 27, 2026.

In 2025, the Company changed the presentation of underwriting and other operating expenses from a classification by nature to a classification by function. This change provides more relevant and reliable information, aligning with the Company's accounting policy on deferred acquisition costs. To ensure consistency and comparability, the comparative information has been restated to conform to the current presentation. This change is made in accordance with the requirements of Philippine Accounting Standard (PAS) 1, Presentation of Financial Statements.

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

Basis of Measurement

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

Items	Measurement bases
Financial instruments at fair value through profit or loss (FVPL)	Fair value
Available-for-sale (AFS) financial assets	Fair value
Investments in Agents' Savings Fund (ASF)	Fair value
Investments in treasury notes, shares of stocks, and other funds under "Assets held to cover linked liabilities"	Fair value
Legal policy reserves	Gross Premium Valuation (GPV) and Unearned Premiums for traditional contracts; Unearned Cost of Insurance Charges for unit-linked contracts
Retirement asset (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 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. Material Accounting Policy Information

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

Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2025. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the Company's financial statements.

- Amendments to PAS 21, Lack of exchangeability

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information

Insurance Contracts

Product Classification

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

Investment contracts are those contracts that transfer significant financial risk but can also transfer insignificant insurance risk. Financial risk is the risk of a possible future change in one (1) or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, a credit rating or credit index or other variable, provided in the case of a non-financial 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;
  - realised or an unrealised 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 recognised under dividends payable to policyholders account which is included in "Accounts payable, accrued expenses and other liabilities" account in the statement of financial position.

Conventional long-term insurance contracts

These contracts insure events associated with human life (for example, death or survival) over a long duration. Premiums are recognised as revenue when they become payable by the policyholder. Benefits are recognised 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 recognised under "Legal policy reserves" for policies that are in-force as of each reporting date. Using GPV, the liability is determined as the sum of the present value of future benefits and expenses less the present value of future gross premiums arising from the policy discounted at appropriate risk-free discount rate. For this purpose, the expected future cash flows were determined using the best estimate assumptions with appropriate margin for adverse deviation from the expected experience. The liability is based on assumptions as to mortality, morbidity, lapse or persistency, non-guarantee benefits, and expenses. The present value of liabilities is determined using the discount rate approved by the IC with appropriate margin for adverse deviation.

Unit-linked insurance contracts

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

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

Management assessed that the insurance contracts have no derivative components.

As allowed by PFRS 4, Insurance Contracts, the Company chose not to unbundle the investment portion of its unit-linked products.

Legal policy reserves

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

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

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

Liability adequacy tests

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

Reinsurance

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

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

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders. Premiums and claims are presented on gross basis for ceded reinsurance.

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

Receivables and payables related to insurance contracts
Receivables and payables are recognised 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 recognises the impairment loss in profit or loss.

Financial Instruments

Date of recognition

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

Initial recognition

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

Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

'Day 1' difference

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

Financial instruments at FVPL

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

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

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

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

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

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

As at December 31, 2025 and 2024, the Company does not have any financial asset designated by management as financial instruments at FVPL.

The Company's technical provisions for linked liabilities classified as financial liabilities at FVPL amounted to PHP 131.42 billion and PHP 126.93 billion as at December 31, 2025 and 2024, respectively (see Note 11).

AFS financial assets

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

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

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

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

Loans and receivables

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

After initial measurement, the loans and receivables are subsequently measured at amortised cost using the effective interest rate method, less allowance for credit and impairment losses. Amortised 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 amortisation is included under 'Investment income' in profit or loss. The losses arising from impairment of such loans and receivables are recognised as 'Provision for credit and impairment losses' under 'Underwriting and other operating expenses' in profit or loss.

Other financial liabilities

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

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

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

This accounting policy relates to the Company statements of financial position captions:

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

Classification of Financial Instruments Between Debt and Equity

A financial instrument is classified as debt if it has a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company; or

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

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

Investment in Subsidiary

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

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

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

Investment in Subsidiary Classified as Asset Held for Sale

Measurement and presentation of disposal group

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

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

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

Cessation of investment in subsidiary

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

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

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

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

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

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

No depreciation is recognised 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 amortisation are written off.

An item of property and equipment is derecognised 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 derecognised.

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 recognised as intangible asset. All other costs of developing and maintaining computer software are recognised as expense when incurred. Software development costs are recognised under 'Other assets' (see Note 16).

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

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

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

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

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

For non-financial assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised 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 recognised.

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

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

Subsequent to initial recognition, deferred acquisition costs are amortised 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 amortisation 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 recognised in profit or loss. Deferred acquisition costs are also considered in the liability adequacy test for each reporting period. Deferred acquisition costs are derecognised when the related contracts are either pre-terminated or have matured before the end of amortisation 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 wil be used.

As a lessee

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

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

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

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of office and parking space that have a lease term of 12 months or less and leases of low-value assets. The Company classifies leases as low value assets in when the value of the lease is less than or equal to 250,000. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Equity
Capital stock

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

Additional paid-in capital (APIC)

APIC pertains to the amount that the Company received in excess of the par value of capital stock.

Contributed surplus

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

Revaluation reserve on available-for-sale financial assets

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

Remeasurement reserve on retirement liability

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

Remeasurement on life insurance reserve

This represents the increase or decrease of the legal policy 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 recognised:

Premiums

Premiums arising from insurance contracts are recognised 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 recognised 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 recognised 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 recognised 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 statement of financial position.

Investment gain or loss

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

Upfront fees

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

Interest income for all interest-bearing financial instruments, including financial assets measured at FVPL, is recognised 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 recognises 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 recognised 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 recognised 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 recognised 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 recognised when incurred (except those classified as acquisition costs – refer to the accounting policy on 'Deferred acquisition costs').

Employee Benefits
Retirement benefits

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

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

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

Remeasurements of the net DB liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised 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 recognised immediately in profit or loss. The Company recognises 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 recognised 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 recognised in profit or loss except to the extent that it relates to a business combination, or items recognised 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 recognised 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 realisation 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 recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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 utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised 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 realised 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 realised.

Provisions
A provision is recognised 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 recognised as finance cost.

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

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

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

Takaful Window Operation
The Company maintains proper segregation of funds to ensure compliance with Shari'ah and regulatory requirements namely Participants' Risk Fund (PRF) and Tabarru' Fund which are used to pay Family Takaful benefits, claims, and related liabilities and Participants' Investment Fund (PIF) which represents participants' individual investment accounts; and Shareholders' Fund (SHF) which represents the Company's own assets, liabilities, income, and expenses (see Note 33).

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 financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

Standards issued but not yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, Classification and Measurement of Financial Instruments

  The amendments clarify that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

  The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.

  The Company has met the relevant criteria and has applied temporary exemption from PFRS 9 for annual periods before January 1, 2027. Consequently, the Company will apply PFRS 9 for the first time on January 1, 2027 concurrent with PFRS 17.

- Annual Improvements to PFRS Accounting Standards -Volume 11

  The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

  - Amendments to PFRS 1, Hedge Accounting by a First-time Adopter

    The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

  - Amendments to PFRS 7, Gain or Loss on Derecognition
    The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

  - Amendments to PFRS 9
    - Lessee Derecognition of Lease Liabilities
      The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognise any resulting gain or loss in profit or loss.
      Transaction Price

    - The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15 Revenue from Contracts with Customers' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

  - Amendments to PFRS 10, Determination of a 'De Facto Agent'
    The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

  - Amendments to PAS 7, Cost Method
    The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'

- PFRS 18, Presentation and Disclosure in Financial Statements

  The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:
  - Required totals, subtotals and new categories in the statement of profit or loss
  - Disclosure of management-defined performance measures
  - Guidance on aggregation and disaggregation

- PFRS 19, Subsidiaries without Public Accountability

  The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS accounting standards. The application of the standard is optional for eligible entities.

Deferred effectivity

- Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

To be Adopted January 1, 2027

- PFRS 17, Insurance Contracts. PFRS 17

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

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

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

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

  On February 14, 2025, the FSRSC approved the amendment to PFRS 17 Insurance Contracts that further defers the date of initial application by an additional two (2) years, to annual periods beginning on or after January 1, 2027. This will provide more time for the insurance industry to fully prepare and assess the impact of adopting the said standard.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2027, with full retrospective application from the transition date is required. The transition date is the beginning of the annual reporting period immediately preceding the date of initial application. If it is impracticable to apply PFRS 17 retrospectively for a group of insurance contracts, the Company must apply either the modified retrospective approach or the fair value approach. Early application is permitted.

i. Identifying Contracts in the Scope of PFRS 17

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

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

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

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

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

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

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

ii. Level of Aggregation

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

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

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

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

ii. Contract Boundaries

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

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

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

A substantive obligation to provide insurance contract services ends when:

- the entity has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- both of the following criteria are satisfied:

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

Reinsurance Contracts

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

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

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

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

iv. Measurement - Overview

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

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

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

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

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

Premium allocation approach (PAA)

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

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

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

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

v. Measurement - Life Contracts

Insurance contracts and investment contracts with DPF

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

The estimates of future cash flows that have been adjusted for the time value of money and financial risk (PFRS 17 Best-Estimate Liability (BEL)) is calculated on a best-estimate and (broadly) market consistent basis. We note that the PFRS 17 BEL can be calculated using either a direct (i.e., PV outgo - PV income) or indirect approach (i.e., underlying item less the variable fee), we consider these to be equally technically correct. PFRS17 outlines that for insurance contracts that qualify for VFA, that for insurance contracts with direct participation features, the entity's obligation to the policyholder is effectively the difference between the value of the underlying item and the variable fee (termed the indirect approach).

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

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

The CSM as defined in PFRS 17 is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the entity will recognise as it provides insurance contract services in the future. The CSM measured on initial recognition for a group of contracts is the amount that results in no income or expenses arising from:

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

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

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

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

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

Reinsurance contracts

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

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

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

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

    A. the loss recognised on the underlying insurance contracts; and
    B. the percentage of claims on the underlying insurance contracts the entity expects to recover from the group of accounting reinsurance contracts held.

An entity shall establish (or adjust) a loss-recovery component of the asset for remaining coverage for a group of accounting reinsurance contracts held depicting the recovery of losses recognised. Where only a portion of underlying contracts in an onerous Group are reinsured, the entity shall apply a systematic and rational method of allocation to determine what portion of these losses is eligible for a loss-recovery. The loss-recovery component determines the amounts that are presented in profit or loss as reversals of recoveries of losses from reinsurance contracts held and are consequently excluded from the allocation of premiums paid to the reinsurer.

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

Insurance acquisition cash flows

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

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

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

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

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

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

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

vi. Measurement - Significant Judgements and Estimates

Estimates of future cash flows

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

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

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

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

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

Discount rates

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

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

Risk adjustments for non-financial risk

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

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

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

As the Company has no single policy that quantitatively defines the compensation required for risk, so it is necessary to consider a range of sources. Given the requirement for a statistical measurement of the risk adjustment, the compensation required for risk needs to be defined in terms of a confidence level. It is proposed to use a Value at Risk approach (VaR) because it is simpler, better aligned to disclosure requirements, and is expected to be less volatile compared to a Cost of Capital Approach (CoC).

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

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

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

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

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

vii. Presentation and Disclosure

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

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

An entity shall present in profit or loss insurance revenue arising from the groups of insurance contracts issued. Insurance revenue shall depict the provision of coverage and other services arising from the group of insurance contracts. An entity shall present in profit or loss insurance service expenses arising from a group of insurance contracts issued, comprising incurred claims (excluding repayments of investment components), other incurred insurance service expenses and other amounts as described in paragraph 103(b).

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

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

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

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

vii. Transition

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

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

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

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

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

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

Insurance contracts, reinsurance contracts and investment contracts with DPF

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

For a particular prior period, it is impracticable to apply a change in an accounting policy retrospectively or to make a retrospective restatement to correct an error if the effects of the retrospective application or retrospective restatement are not determinable.

- the retrospective application or retrospective restatement requires assumptions about what management's intent would have been in that period; or
- the retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that:
    - provides evidence of circumstances that existed on the date(s) as at which those amounts are to be recognised, measured, or disclosed; and
    - would have been available when the financial statements for that prior period were authorised for issue from other information.

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

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

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

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

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

Modified retrospective approach

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

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

Reinsurance of onerous underlying contracts

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

Fair value approach

Under the fair value approach, the CSM at the transition date is the difference between the fair value of the Group of contracts at that date (determined in accordance with PFRS 13) and the fulfilment cash flows (BEL + RA) measured at that date. This method applies to Groups under the general model or VFA. Fair value on transition follows the Grouping requirements set out in the standard, which can be summarised as:

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

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

No guidance is provided in the standard as to how the assessment of whether a contract is onerous would be done using “reasonable and supportable information available at the transition date.” In the absence of specific guidance, it is interpreted that the assessment should be conducted by comparing the fair value and the fulfilment cash flows, in the same way as the CSM is set when using the fair value approach for transition. Similarly, no guidance is provided in the standard on how to assess which of the two profitable buckets contracts in a portfolio should be part of. In the absence of reasonable and supportable information (e.g., determination of a transaction price at a level below the portfolio) it is expected that a single profitability bucket will be used, however, this will need to be justified on a case-by-case basis.

Insurance acquisition cash flows

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

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

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

Modified retrospective approach

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

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

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

Fair value approach

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

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

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

The Company will apply PFRS 17 for the first time on January 1, 2027. This standard will bring significant changes to the accounting for insurance and reinsurance contracts and financial instruments and are expected to have a material impact on the Company’s financial statements in the period of initial application.

Impact assessment

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

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

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

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

PFRS 9, *Financial Instruments.*

PFRS 9 replaces PAS 39, Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after January 1, 2018. The Company has met the relevant criteria and has applied the temporary exemption from PFRS 9 for annual periods before January 1, 2027. Consequently, the Company will apply PFRS 9 for the first time on January 1, 2027 concurrent with PFRS 17.

1. **Financial Assets - Classification**

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

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

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

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

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

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

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

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

   Impact assessment

   PFRS 9 will affect the classification and measurement of financial assets held at January 1, 2027 as follows.

   Most underlying items of participating contracts and certain other financial investments are designated as at FVPL under PAS 39. They will also be measured at FVPL under PFRS 9. Derivative assets, which are generally classified as held-for-trading and measured at FVPL under PAS 39, will also be measured at FVPL under PFRS 9. Debt investments that are classified as AFS under PAS 39 may, under PFRS 9, be measured at amortised cost, FVOCI or FVPL, depending on the particular circumstances. The majority of equity investments that are classified as AFS under PAS 39 will be measured at FVPL under PFRS 9. However, some of these equity investments are held for long-term strategic purposes and will be designated as at FVOCI on January 1, 2027; consequently, all fair value gains and losses will be reported in OCI, no impairment losses will be recognised in profit or loss, and no gains or losses will be reclassified to profit or loss on disposal of these investments. HTM investments and loans and receivables measured at amortised cost under PAS 39 will generally also be measured at amortised cost under PFRS 9.

   Since majority of the Company's financial assets are measured at fair value both before and after transition to PFRS 9, the new classification requirements are not expected to have a material impact on the Company's total equity as at January 1, 2027.

2. **Financial Assets - Impairment**

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

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

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

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

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

When determining whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company will consider reasonable and supportable information that is relevant and available without undue cost or effort. This will include both qualitative and quantitative information and analysis based on the Company's experience, expert credit assessment and forward-looking information. As a backstop, the Company will consider that a significant increase in credit risk occurs not later than when an asset is more than 30 days past due.

Measurement of ECL

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

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

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

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

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

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

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

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

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

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

Impact assessment

The Company estimates that application of the PFRS 9 impairment requirements at January 1, 2027 will not result to a material ECL as majority of the Company's investment securities are measured at FVPL both before and after transition to PFRS 9. For financial assets measured at amortised cost, the Company does not expect material credit losses on these financial assets.

3. Financial Liabilities

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

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

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

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

4. Significant Accounting Judgments and Estimates

In preparing the 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 recognised prospectively.

Judgments

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

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

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

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

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

d. *Uncertainties over income tax payments*
The Company applies significant judgement in identifying uncertainties over income tax treatments.

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

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

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

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

e. *Recognition of coverage debt receivables*
The Company applies significant judgement in identifying uncertainties over income tax treatments.

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

f. *Fair value of financial instruments*
The Company enters into an investment in structured notes with the underlying asset is based on a foreign currency local government bind with hypothetical cross-currency swap component and a fair value of PHP 4.10 billion and PHP 1.77 billion as of December 31, 2025 and as of December 31, 2024, respectively (see Note 8).

Management applies valuation technique to determine the fair value of the structured notes. Valuation techniques are used to determine the fair values which are validated and periodically reviewed by qualified independent personnel. To the extent practicable, the model uses only observable data, however areas such as the hypothetical cross-currency swaps and unwind costs require management to develop estimates and assumptions. Changes in assumptions about these factors could affect the reported fair value of the structured notes. The Company uses judgments to select variety of methods and make assumptions that are mainly based on market conditions existing as of the end of each reporting period.

Estimates

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

The Company's lease liabilities amounted to PHP 522.07 million and PHP 611.76 million as of December 31, 2025 and 2024, respectively (see Note 29).

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

Claims estimation by the Company considers many factors such as industry average mortality or morbidity experience, with adjustments to reflect Company's historical experience. These liabilities form part of the Company's IBNR which amounted to P156.28 million and P236.92 million as at December 31, 2025 and 2024, respectively (see Note 18).

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

The liability adequacy test was performed using current best estimates on interest, mortality, lapsation and expenses. The net present value of future net liabilities or best estimate liabilities (BEL) as at December 31, 2025 and 2024 are computed under the requirements of PFRS 4. Total BEL as at December 31, 2025 and 2024 are negative and amounted to (PHP 83.16) billion and (PHP 76.15) billion, respectively. Accordingly, the recorded legal policy reserves which is calculated in accordance with the requirements of the Insurance Code amounting to PHP 6.78 billion and PHP 5.26 billion as at December 31, 2025 and 2024, respectively (see Note 17), is adequate using best estimate assumptions.

d. *Estimating impairment of financial assets*
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, 2025 and 2024, the Company has recognised allowance for credit losses on policy loans receivables - net, coverage debt receivables and other assets as disclosed Notes 10, 12 and 16, respectively.

As at December 31, 2025 and 2024, the carrying value of the Company's policy loans receivables, coverage debt receivables and advances to employees and agents amounted to PHP 1.48 billion and PHP 1.52 billion, respectively. Provisions for credit losses amounted to PHP 4.25 million and PHP 7.75 million in 2025 and 2024, respectively (see Notes 10 and 16).

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

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

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

The non-financial assets of the Company are composed of its deferred acquisition costs, asset held for sale / investment in a subsidiary, property and equipment, intangible assets and right-of-use assets. The carrying value of the non-financial assets as of December 31, 2025 and 2024 are as follows:

	Notes	2025	2024
Deferred acquisition costs	15	**P19,888,136**	P18,303,098
Property and equipment - net	14	**894,870**	831,276
Software costs - net	16	**720,745**	835,957
Right-of-use assets - net	29	**477,994**	529,899

In 2025 and 2024, the Company did not recognise any impairment losses on its property and equipment, intangible assets and right-of-use assets.

Further, management performed annual impairment assessment for the recognised deferred acquisition costs by computing the recoverable amount of the cash generating unit (CGU) and comparing it to the carrying value of the deferred acquisition costs. The recoverable amount was based on future profit for its in force insurance contracts as of the end of the reporting periods. The cash flows are most sensitive to the discount rate and the profit for the insurance contracts. Management applied 12.08% and 12.30% discount rate in determining the cash flows as of December 31, 2025 and 2024, respectively. Profit from insurance contacts is based on the contractual terms of the insurance policies and uses assumptions similar to the required reserves for insurance companies which are periodically reviewed by management. In 2025 and 2024, management determined that there is no impairment to be recognised for its deferred acquisition costs.

f. *Amortisation period of deferred acquisition costs*
The amortisation 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 amortised over 10 years while unit linked regular premium are amortised over 15 years. The recoverability of the deferred acquisition costs is reviewed annually to ensure that the period of amortisation 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 amortisation period.

As at December 31, 2025 and 2024, the carrying amount of deferred acquisition costs amounted to 19.89 billion and 18.30 billion, respectively (see Note 15).

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

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

As at December 31, 2025 and 2024, the Company's net retirement asset amounted to 85.17 million and 116.65 million, respectively (see Note 25).

h. *Recoverability of deferred tax assets*
The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. 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 realisation. As at December 31, 2025 and 2024, the Company recognised deferred tax assets amounting to 0.95 billion and 1.35 billion, respectively. As at December 31, 2025 and 2024, the Company assessed that future taxable profit will be available to realise any recognised deferred tax assets. Thus, there were no unrecognised deferred tax assets as of December 31, 2025 and 2024 (see Note 27).

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

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

The Company has established 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 capitalisation requirements, and risk-based capital (RBC) requirements to minimise 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 capitalisation requirements.
There were no changes made to the Company's capital base, objectives, policies and processes from the previous year.

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

On January 13, 2015, the IC issued Circular Letter No. 2015-02-A clarifying the minimum capitalisation and net worth requirements of new and existing insurance companies in the Philippines. All domestic life and non-life insurance companies duly licensed by the IC must have a net worth of at least 250.00 million by December 31, 2013.

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

Net worth	Compliance Date
550,000,000	December 31, 2016
900,000,000	December 31, 2019
1,300,000,000	December 31, 2022

As of December 31, 2025 and 2024, the Company has complied with the minimum net worth requirement.

RBC requirements

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

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

In 2016, the IC issued Circular Letter No. 2016-68, Amended Risk-Based Capital (RBC2) Framework, pursuant to Section 437 of the Amended Insurance Code. The RBC ratio shall be calculated as Total Available Capital (TAC) divided by the RBC requirement. TAC is the aggregate of Tier 1 and Tier 2 capital minus deductions, subject to applicable limits and determinations. Tier 1 Capital represents capital that is fully available to cover losses of the insurer at all times on a going-concern and winding up basis (e.g. Capital Stock, Statutory Deposit, Capital Stock Subscribed, Contributed Surplus, etc.). Tier 2 Capital does not have the same high quality characteristics of Tier 1 capital, but can provide an additional buffer to the insurer [e.g. Reserve for Appraisal Increment – Property and Equipment, Remeasurement Gains (Losses) on Retirement Pension Asset (Obligation)]. Tier 2 Capital shall not exceed 50% of Tier 1 Capital.

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

A. The RBC ratio is less than 125% but is not below 100%
B. The RBC ratio has decreased over the past year
C. The difference between RBC ratio and the decrease in the RBC ratio over the past-year is less than 100%

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

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

The following table shows the indicative RBC ratio of the Company as at December 31, 2025 and the RBC ratio as at December 31, 2024, using the RBC2 Framework:

	2025	2024
TAC	**P11,906,003**	P13,112,288
RBC requirement	**1,825,718**	1,970,691
RBC ratio	**652%**	665%

The figures above for 2025 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 2024 are based on final amount reviewed by IC. As at December 31, 2025 and 2024, 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 statement of financial position. The amounts of assets below for 2025 are subject to final determination by the IC while the figures above for 2024 are based on final amount reviewed by IC:

	2025	2024
Deferred acquisition costs (Note 15)	**P19,888,136**	P18,303,097
Property and equipment - net	**772,726**	774,753
Other assets	**2,656,304**	3,362,537
	P23,317,166	P22,440,387

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

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

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

Reserves as of December 31, 2018, which prescribes the use of PHP BVAL Reference rates from Bloomberg for Philippine Peso policies.

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

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

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

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

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

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

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

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

Circular Letter No. 2020-103, Amendment to Section 1 of Circular Letter No. 2020-60 dated 15 May 2020 on "Regulatory Relief on Net Worth Requirements and Guidelines on the Implementation of Amended Risk-Based Capital (RBC2) Framework for Calendar Year 2020"

All insurance companies already compliant with the net worth requirements as of December 31, 2019 under Section 194 of the Insurance Code of the Philippines, as amended by Republic Act No. 10607, that are adversely affected by the crisis are required to comply with CL No. 2016-68 (Amended Risk-Based Capital Framework) and Revised Regulatory Intervention (RBC ratio) as follows:

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

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

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

Circular Letter No. 2024-04, Revised Framework on the Accreditation of External Auditors. Through this rule, the IC revised the rules and regulations that shall govern the accreditation and delisting of External Auditors of ICREs to ensure that the External Auditors consistently adhere to audit in compliance with quality control standards and understand the operations and risk exposures of ICREs, including their IC-regulated subsidiaries and affiliates engaged in allied and related services.

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

Advisory No. RS-2024-06 and Advisory No. RS-2024-13, Conduct of Quantitative Impact Assessment (QIA) Relative to the Application of PFRS 17- Insurance Contracts. These advisories require insurance and professional reinsurance companies to submit the accomplished QIA template on or before the specified due dates.

Circular Letter No. 2014-13, Consolidated Guidelines for Takaful Window Operation. This rule provides Guidelines that will apply to all existing and licensed insurance companies that will set up a Takaful window. It also outlines the definition of terms, compliance with Shari'ah rules and principles, governance policy, requirements to secure authority to operate Takaful Window Operation, guidelines on Takaful contracts, solvency and capital adequacy requirements, reporting standards, reserve liabilities, guidelines on investments and complaint handling.
Circular Letter No. 2026-06, Financial Reporting Framework (FRF) for Takaful Window Operations. This circular supplements the Circular Letter No. 2014-13, Consolidated Guidelines for Takaful Window Operation Title IX – Reporting Standards and Title X – Audited Financial Statements and Circular Letter No. 2016-65, Financial Reporting Framework Under Section 189 of the Amended Insurance Code (Republic Act No. 10607). It includes guidelines on Annual Statement preparation and standard chart of accounts for Takaful Window Operation.

Insurance Risk

The Company issues contracts that transfer insurance risk. This section summarises 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):

	2025	2024
Whole and term life	**P2,655,698**	P3,231,317
Endowment	**3,275,265**	1,178,748
Term	**13,658**	4,128
Accident	**18,614**	21,041
Group	**61,119**	60,871
Variable	**612,036**	578,400
Riders and other products	**143,241**	181,608
	P6,779,631	P5,256,113

Classification by attained age
The table below presents the concentration of legal policy reserves by attained age as at December 31, 2025 and 2024. For individual insurance, exposure is concentrated on age bracket of 50-54 in 2025 and on age bracket of 55-59 in 2024.

2025					
	Neither Past Due nor Impaired				
Credit Risk	Investment High-grade	Non-investment Grade - Satisfactory	Total Financial Assets Neither Past Due nor Impaired	Past Due and Impaired	Total
Cash in bank and cash equivalents*	P4,045,380	P—	P4,045,380	P—	P4,045,380
Interest receivable	219,665	—	219,665	—	219,665
Coverage debt receivables	—	978,922	978,922	930,815	1,909,737
Financial assets at FVPL**	16,327,603	—	16,327,603	—	16,327,603
Premiums due from policyholders	—	392,772	392,772	—	392,772
Policy loans receivables	—	273,109	273,109	8,635	281,744
Reinsurance assets	—	571,083	571,083	—	571,083
Other assets***	617,903	724,721	1,342,624	20,797	1,363,421
	P21,210,551	P2,940,607	P24,151,158	P960,247	P25,111,405
Assets Held to Cover Linked Liabilities					
Cash and cash equivalents	P671,586	P—	P671,586	P—	P671,586
Interest receivable	308,245	—	308,245	—	308,245
Receivable from life fund	720,357	—	720,357	—	720,357
Investment in debt securities	53,033,282	—	53,033,282	—	53,033,282
Other receivables	395,867	—	395,867	—	395,867
	55,129,337	—	55,129,337	—	55,129,337
	P76,339,888	P2,940,607	P79,280,495	P960,247	P80,240,742

For group insurance, exposure is concentrated on age bracket of 30-34 in 2025 and 2024.

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2025				
Group				
	Gross of Reinsurance		Net Reinsurance	
Attained Age	Exposure '000	Concentration (%)	Exposure '000	Concentration (%)
20 – 24	P395	0.65%	P395	0.65%
25 - 29	6,273	10.26%	6,273	10.26%
30 - 34	31,167	50.99%	31,167	50.99%
35 - 39	7,335	12.00%	7,335	12.00%
40 - 44	6,495	10.63%	6,495	10.63%
45 - 49	4,600	7.53%	4,600	7.53%
50 - 54	2,918	4.77%	2,918	4.77%
55 - 59	1,619	2.65%	1,619	2.65%
60 +	318	0.52%	318	0.52%
Total	P61,120	100.00%	P61,120	100.00%

2024				
Group				
	Gross of Reinsurance		Net Reinsurance	
Attained Age	Exposure '000	Concentration (%)	Exposure '000	Concentration (%)
20 - 24	P704	1.16%	P704	1.16%
25 - 29	7,028	11.55%	7,028	11.55%
30 - 34	29,186	47.93%	29,186	47.93%
35 - 39	6,955	11.43%	6,955	11.43%
40 - 44	6,008	9.87%	6,008	9.87%
45 - 49	4,253	6.99%	4,253	6.99%
50 - 54	3,200	5.26%	3,200	5.26%
55 - 59	2,184	3.59%	2,184	3.59%
60 +	1,353	2.22%	1,353	2.22%
Total	P60,871	100.00%	P60,871	100.00%

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

(a) *Risk-free discount rates refer to the rates used in determining the value of life insurance liabilities.* The value of life insurance liabilities is determined as the sum of the present value of future benefits and expenses, less the present value of future gross premiums arising from the policy discounted at the appropriate discount rates. The discount rates used are in accordance with rates stipulated in Annexes A and B of the IC Circular Letter No. 2025-03 dated 22 January 2025, where rates are based on the PhP BVAL reference rates for peso-denominated contracts and international yield curve from Bloomberg for USD-denominated contracts, with matching duration.

(a) *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.

(a) *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.

(a) *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.

		2025	2024
	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%	(38.32)	(35.14)
	-5%	38.87	35.68
Interest rate	+ 100 basis points	499.47	298.34
	- 100 basis points	(552.73)	(328.27)
Expense	+10%	(107.41)	(78.64)
	-10%	99.01	70.73
Lapse	+10%	(38.62)	(12.55)
	-10%	33.81	12.91

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.

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

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

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

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

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

Financial Risk

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

- *Credit Risk*
- *Liquidity Risk*
- *Market Risk*

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

(a) Credit Risk

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

The Company's concentration of credit risk arises mainly from its investments in government securities amounting to 65.26 billion (81.51%) and 67.50 billion (88.43%) of the Company's total financial assets (including Unit-Linked Financial Assets) as at December 31, 2025 and 2024, respectively. Financial assets exposed to credit risk other than investments include, but are not limited to, cash and cash equivalents, receivables, reinsurance assets, and other financial assets.

The table below provides information regarding the credit risk exposure of the Company as at December 31, 2025 and 2024 by classifying assets according to the Company's credit grading of counterparties.

2025	Neither Past Due nor Impaired				
	Investment High-grade	Non-investment Grade - Satisfactory	Total Financial Assets Neither Past Due nor Impaired	Past Due and Impaired	Total
Cash in bank and cash equivalents*	P4,045,380	P—	P4,045,380	P—	P4,045,380
Interest receivable	219,665	—	219,665	—	219,665
Coverage debt receivables	—	978,922	978,922	930,815	1,909,737
Financial assets at FVPL**	16,327,603	—	16,327,603	—	16,327,603
Premiums due from policyholders	—	392,772	392,772	—	392,772
Policy loans receivables	—	273,109	273,109	8,635	281,744
Reinsurance assets	—	571,083	571,083	—	571,083
Other assets***	617,903	724,721	1,342,624	20,797	1,363,421
	21,210,551	2,940,607	24,151,158	960,247	25,111,405
Assets Held to Cover Linked Liabilities					
Cash and cash equivalents	671,586	—	671,586	—	671,586
Interest receivable	308,245	—	308,245	—	308,245
Receivable from life fund	720,357	—	720,357	—	720,357
Investment in debt securities	53,033,282	—	53,033,282	—	53,033,282
Other receivables	395,867	—	395,867	—	395,867
	55,129,337	—	55,129,337	—	55,129,337
	P76,339,888	P2,940,607	P79,280,495	P960,247	P80,240,742

2024	Neither Past Due nor Impaired				
	Investment High-grade	Non-investment Grade - Satisfactory	Total Financial Assets Neither Past Due nor Impaired	Past Due and Impaired	Total
Cash in bank and cash equivalents*	P4,832,113	P—	P4,832,113	P—	P4,832,113
Interest receivable	171,027	—	171,027	—	171,027
Coverage debt receivables	—	1,080,606	1,080,606	828,259	1,908,865
Financial assets at FVPL**	12,988,619	—	12,988,619	—	12,988,619
Premiums due from policyholders	—	12,719	12,719	—	12,719
Policy loans receivables	—	272,303	272,303	8,635	280,938
Reinsurance assets	—	475,469	475,469	—	475,469
Other assets***	605,616	563,065	1,168,681	16,546	1,185,227
	18,597,375	2,404,162	21,001,537	853,440	21,854,977
Assets Held to Cover Linked Liabilities					
Cash and cash equivalents	1,035,965	—	1,035,965	—	1,035,965
Interest receivable	305,932	—	305,932	—	305,932
Receivable from life fund	601,053	—	601,053	—	601053
Investment in debt securities	56,393,971	—	56,393,971	—	56,393,971
Other receivables	2,052,860	—	2,052,860	—	2,052,860
	60,389,781	—	60,389,781	—	60,389,781
	P78,987,156	P2,404,162	P81,391,318	P853,440	P82,244,758

** Excluding petty cash*
*** Excluding equity securities*
**** Excluding withholding tax receivables, software costs, nonrefundable deposits and prepayments*

The Company has no past due but not impaired financial assets as at December 31, 2025 and 2024.

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 recognises 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 on the right summarise the maturity profile of the financial assets and financial liabilities of the Company based on remaining estimated timing of net cash flows as at December 31, 2025 and 2024:

Financial Statements

2025		Contractual Cash Flow		
	Carrying Amount	Within One Year	Beyond One Year	Total
Cash and cash equivalents	P4,045,887	P4,046,130	P—	P4,046,130
Investments (Note 8)	16,385,966	16,595,280	—	16,595,280
Premiums due from policyholders	392,772	392,772	—	392,772
Policy loans receivables – net	273,109	283,218	—	283,218
Coverage debt receivables – net	978,922	978,922	—	978,922
Reinsurance assets	571,083	571,083	—	571,083
Investment in ASF	617,903	617,903	—	617,903
Receivable from unit-linked funds	520,930	520,930	—	520,930
Assets Held to Cover Linked Liabilities (Notes 11 and 32)	131,422,897	132,803,081	—	132,803,081
	155,209,469	156,809,319	—	156,809,319
Claims payable (Note 18 and 32)	1,174,237	1,174,237	—	1,174,237
Reinsurance payable				
(Notes 19 and 32)	301,435	301,435	—	301,435
Accounts payable, accrued expenses and other liabilities*	7,588,886	7,588,886	—	7,588,886
Lease liabilities	522,074	62,717	461,272	523,989
Technical provision for linked liabilities (Notes 11 and 32)	131,422,897	132,803,081	—	132,803,081
	141,009,529	141,930,356	461,272	142,391,628
Excess Liquidity	P14,199,940	P14,878,963	(P461,272)	P14,417,691

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

2024		Contractual Cash Flow		
	Carrying Amount	Within One Year	Beyond One Year	Total
Cash and cash equivalents	P4,832,707	P4,833,482	P—	P4,833,482
Investments (Note 8)	13,460,936	13,621,159	—	13,621,159
Premiums due from policyholders	12,719	12,719	—	12,719
Policy loans receivables - net	272,303	282,332	—	282,332
Coverage debt receivables - net	1,080,606	1,080,606	—	1,080,606
Reinsurance Assets	475,469	475,469	—	475,469
Investment in ASF	605,616	605,616	—	605,616
Receivable from Unit Linked Funds	390,525	390,525	—	390,525
Assets Held to Cover Linked Liabilities (Notes 11 and 32)	126,927,748	128,255,119	—	128,255,119
	148,058,629	149,557,027	—	149,557,027
Claims payable (Note 18 and 32)	1,279,345	1,279,345	—	1,279,345
Reinsurance payable (Note 19 and 32)	275,294	275,294		275,294
Accounts payable, accrued expenses and other liabilities*	8,247,672	8,247,672	—	8,247,672
Lease Liabilities	611,762	323,740	481,150	804,890
Technical provision for linked liabilities (Notes 11 and 32)	126,927,748	128,255,119	—	128,255,119
	137,341,821	138,381,170	481,150	138,862,320
Excess Liquidity	P10,716,808	P11,175,857	(P481,150)	P10,694,707

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

(c) Market Risk

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

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

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

Currency risk
Currency risk is the risk that changes in foreign exchange rates will affect the fair values or cash flow of a recognised 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:

	2025	2024
Investments	$484,679	$459,795
Foreign exchange rate to the Philippine peso used*	58.79	57.85
	28,494,278	26,596,842

**Exchange rate used is based on Bankers Association of the Philippines foreign exchange rate as at December 29, 2025 and December 27, 2024.*

A 3% (2024: 2%) strengthening of U.S. dollar against Philippine peso as at December 31, 2025, 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 ☒0.85 million (2024: 0.53 million).

A 3% (2024: 2%) 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 2025 and 2024, 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:

		2025		2024	
Currency	Changes in Variables	+100 bps	-100 bps	+100 bps	-100 bps
Philippine peso	—	(1,138,249)	1,279,496	(887,002)	994,528
U.S. dollar	—	(49,774)	56,432	(50,010)	57,491
Fair value sensitivity	—	(1,188,023)	1,335,928	(937,012)	1,052,019

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:

		2025		2024	
Currency	Changes in Variables	+100 bps	-100 bps	+100 bps	-100 bps
Philippine peso	—	(1,097,848)	1,202,695	(932,892)	1,017,171
U.S. dollar	—	(253,002)	286,579	(286,703)	326,408
Fair value sensitivity	—	(1,350,850)	1,489,274	(1,219,595)	1,343,579

In 2025 and 2024, 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 116.32 billion and P108.89 billion (see Note 11) as at December 31, 2025 and 2024, respectively. However, any fair value changes in these equity investments has corresponding increase or decrease in "Technical Provisions for Linked Liabilities" and will not affect the equity and profit before income tax of the Company. Thus, the Company has insignificant exposure to equity price risk.

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

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

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

The Company performed the predominance assessment and concluded that it qualified for the temporary exemption from PFRS 9. As at December 31, 2015, the Company's total carrying amount of liabilities connected with insurance amounted to 74.55 billion which represented more than 90% of its total liabilities of 76.82 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, 2025.

The following table provides an overview of the fair values as at December 31, 2025 and 2024, 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:

2025				
	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	P4,045,887	P—	P—	P—
Interest receivable	219,665	—	—	—
Premiums due from policyholders	392,772	—	—	—
Policy loans receivables	273,109	—	—	—
Coverage debt receivables	978,922	—	—	—
Reinsurance Assets	571,083	—	—	—
Financial assets at FVPL	12,288,001	(32,211)	4,097,965	96,691
AFS financial assets	—	—	58,361	400
Loans and receivables	746,219	—	—	—
Investment in ASF	—	—	617,903	31,870
	20,133,561	(341)	4,156,326	97,091
Assets Held to Cover Linked Liabilities				
Cash and cash equivalents	671,586	—	—	—
Interest receivable	308,245	—	—	—
Receivable from life fund	720,357	—	—	—
Financial assets at FVPL	—	—	169,329,696	(4,718,922)
Other assets	395,867	—	—	—
	2,096,055	—	169,329,696	(4,718,922)
	P22,229,616	(P341)	P173,486,022	(P4,621,831)

**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.*

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2024				
	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	P4,832,707	P—	P—	P—
Interest receivable	171,027	—	—	—
Premiums due from policyholders	12,719	—	—	—
Policy loans receivables	272,303	—	—	—
Coverage debt receivables	1,080,606	—	—	—
Reinsurance Assets	475,469	—	—	—
Financial assets at FVPL	11,694,216	(122,418)	1,766 ,720	(164,807)
AFS financial assets	—	—	57,809	6,000
Loans and receivables	589,989	—	—	—
Investment in ASF	—	—	605,616	26,448
		—	1,824,529	(158,807)
Assets Held to Cover Linked Liabilities				
Cash and cash equivalents	851,426	—	—	—
Interest receivable	305,932	—	—	—
Receivable from life fund	601,053	—	—	—
Financial assets at FVPL	-	—	165,266,228	2,112,454
Other assets	1,998,013	—	—	—
	3,756,424	0	165,266,228	2,112,454
	P23,491,076	(P95,970)	P167,090,757	P1,953,647

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, 2025 and 2024 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.

For structured notes valued under Level 3, the Company employs valuation technique to determine the fair value. To the extent practicable, the model uses only observable data, however areas such the unwind costs and hypothetical cross-currency swap require management to develop estimates and assumptions. Significant increases (decreases) in market price per unit of the underlying security would result in a significantly higher (lower) fair value of the structured notes.

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).

2025				
	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at FVPL (Note 8)	P5,605,593	P6,624,045	P4,097,965	P16,327,603
AFS financial assets (Note 8)	58,363	—	—	58,363
Financial assets at FVPL under other assets (Note 16)	617,903	—	—	617,903
Financial assets at FVPL under asset held to cover linked liabilities (Note 11)	160,145,159	9,184,537	—	169,329,696
	P166,427,018	P15,808,582	P4,097,965	P186,333,565

2024				
	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at FVPL (Note 8)	P5,031,774	P6,604,631	P4,766,720	P13,403,125
AFS financial assets (Note 8)	57,811	—	—	57,811
Financial assets at FVPL under other assets (Note 16)	605,616	—	—	605,616
Financial assets at FVPL under asset held to cover linked liabilities (Note 11)	145,826,649	19,439,579	—	165,266,228
	P151,521,850	P26,044,210	P4,766,720	P179,332,780

• *There has been no transfer between Levels in 2025 and 2024.*

7. Cash and Cash Equivalents

This account consists of:

	2025	2024
Cash on hand	**P507**	P594
Cash in banks	**2,100,537**	1,863,556
Short-term placements	**1,944,843**	2,968,557
	P4,045,887	P4,832,707

Cash in banks earn interest at the prevailing bank deposit rates that ranged from nil to 0.75% and 0.10% to 1.50% in 2025 and 2024, respectively. Short-term placements are Philippine peso and U.S. dollar time deposits with various financial institutions with maturities ranging from overnight to one hundred eighty days and overnight to ten days and interest ranging from 1.85% to 3.20% and 2.30% to 3.15% per annum in 2025 and 2024, respectively.

Interest income recognised in profit or loss which is presented under "Investment income - net" amounted to 82.63 million and 67.16 million in 2025 and 2024, respectively (see Note 23).

8. Investments

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

December 31, 2025			
	AFS Financial Assets	Financial Assets at FVPL	Total Investments
Cost at January 1, 2025	P31,890	P13,902,555	P13,934,445
Unrealised gains (loss) at January 1, 2025	25,921	(499,430)	(473,509)
Fair value at January 1, 2025	57,811	13,403,125	13,460,936
Fair value gains recognised in:			
Profit or loss (Note 23)	—	64,480	64,480
Other comprehensive income	400	—	400
Foreign exchange gain (Note 23)	—	7,526	7,526
Purchases	152	8,975,066	8,975,218
Disposals	—	(6,122,594)	(6,122,594)
Fair value at December 31, 2025 (Notes 6)	58,363	16,327,603	16,385,966
Cost at December 31, 2025	32,042	16,755,027	16,787,069
Unrealised gains (loss) at December 31, 2025	P26,321	(P427,424)	(P401,103)

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December 31, 2025			
	AFS Financial Assets	Financial Assets at FVPL	Total Investments
Cost at January 1, 2024	P29,491	P12,990,726	P13,020,217
Unrealised gains (loss) at January 1, 2024	19,921	(233,841)	(213,920)
Fair value at January 1, 2024	49,412	12,756,885	12,806,297
Fair value gain (loss) recognised in:			
Profit or loss (Note 23)	—	(287,226)	(287,226)
Other comprehensive income	6,000	—	6,000
Foreign exchange gain (Note 23)	—	21,637	21,637
Purchases	2,399	6,482,077	6,484,476
Disposals	—	(5,570,248)	(5,570,248)
Fair value at December 31, 2024 (Notes 6)	57,811	13,403,125	13,460,936
Cost at December 31, 2024	31,890	13,902,555	13,934,445
Unrealised gains (loss) at December 31, 2024	P25,921	(P499,430)	(P473,509)

The Company's investments consist of the following:

	2025	2024
Financial assets at FVPL		
Government bonds	**P12,229,638**	P11,068,186
Structured notes	**4,097,965**	1,766,720
Unit investment trust fund (UITF)	**—**	414,506
Corporate debt securities	**—**	153,713
	16,327,603	13,403,125
AFS financial assets		
Equity securities at AFS	**58,363**	57,811
	P16,385,966	P13,460,936

Interest rates range from 2.88% to 9.25% and 2.88% 12.5% in 2025 and 2024, respectively. Interest income recognised in profit or loss in 2025 and 2024 amounted to 835.15 million and 751.79 million, respectively.

The roll-forward analysis of the fair value reserve on AFS financial assets is as follows:

	2025	2024
Balance at beginning of year	**P25,921**	P19,921
Fair value gain	**400**	6,000
Balance at end of year	**P26,321**	P25,921

9. Asset Held-for-Sale

The Monetary Board of the Bangko Sentral ng Pilipinas (BSP), in its Resolution No. 778 dated May 11, 2018, has approved the establishment of Pru Life UK Asset Management and Trust Corporation (PAMTC). PAMTC was incorporated and registered with the Philippine SEC on November 26, 2018, primarily to carry and engage in trust business activities, other fiduciary business and investment management activities; to have and exercise all authority and powers, to do and perform all acts, and to transact all business which may legally be done by trust corporations organised 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 2nd Floor Uptown Parade 2, 36th Street, Fort Bonifacio, Taguig City Fourth District, Philippines.

In 2018, the Company made a capital infusion to PAMTC amounting to 360.25 million. On December 24, 2022, the company made an additional capital infusion to PAMTC of 169.00 million. The Company recognised an impairment loss on its investment in subsidiary 290.06 million in 2022.

The unimpaired capital of PAMTC is below the minimum required unimpaired capital set by the BSP. In relation to the noncompliance with the minimum capital requirements, PAMTC had consultations with the BSP as early as fourth quarter of 2022 to evaluate the strategies and alternatives regarding its plan to exit the trust business, and anticipates that the implementation of these outcomes will be carried out in phases and is expected to go beyond the next twelve (12) months.
On June 22, 2023, the Board of Directors (BOD) of the Company approved PAMTC's plan to divest its portfolio of trust accounts and funds managed, administered, and/or held as trustee by PAMTC and to divest the shares of the Company. In line with PAMTC's plan, an auction process was initiated to identify interested buyers of its trust business.

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

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

Consequently, the investment in PAMTC initially classified as an investment in subsidiary was reclassified as an asset held for sale as the result of the Company's plan to sell its 100% ownership interest in PAMTC to AIMP in 2024. The carrying amount of the asset classified as held for sale as at December 31, 2023 is 194.98 million with an allowance for impairment loss of 334.26 million. The Company recognised an impairment loss on its 'Asset Held-For-Sale' amounting to 44.20 million in 2023.

The sale of PAMTC was completed last September 6, 2024 with a total purchase price of 187.01 million. The carrying amount of the asset prior to the sale as at June 30, 2024 less cost to sell is 190.98 million with allowance for impairment loss of 338.26 million. The Company recognised an impairment loss on its 'Asset Held-For-Sale' amounting to 4.00 million in profit or loss under 'Other expenses' and loss on sale of amounting to 3.98 million recognised in profit or loss under 'Others - net' under Other Revenue in 2024. As a result, as of December 31, 2025 and 2024, the balance of 'Asset held-for-sale' is nil.

10. Policy Loans Receivables

This account consists of:

	2025	2024
Policy loans receivables	P281,744	P280,938
Less allowance for credit losses	(8,635)	(8,635)
	P73,109	P272,303

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 xof issuance. These may be in the form of a cash loan applied by the policyholder or automatic policy loan to cover premiums due on the policy.

Interest income from policy loans amounted to 25.52 million and 26.79 million in 2025 and 2024, respectively, were recognised in profit or loss under 'Others' under Other Revenue.

The Company provides an allowance for policy loans and the related capitalised interest periodically to reflect the estimated realisable value of the receivables as at each reporting date. The roll forward analysis of the allowance for credit losses on policy loans receivable is as follows:

	2025	2024
Balance at beginning of year	P8,635	P5,793
Provision for credit losses during the year	-	2,842
Balance at end of year	P8,635	P8,635

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 recognised 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 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.

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:

	2025	2024
Cash and cash equivalents	P671,586	P1,035,965
Interest receivable	308,245	305,932
Receivable from life fund	720,357	601,050
Investments in treasury notes and other funds	169,329,696	165,266,228
Other receivables	395,867	2,052,860
Liability to life fund and other linked funds	(39,369,687)	(40,125,486)
Accrued expense	(284,634)	(284,696)
Trade payable	(348,533)	(1,924,105)
Net assets	P131,422,897	P126,927,748

Investments in treasury notes and other funds are composed of:

	2025	2024
Investments in treasury notes	P 22,776,759	P 22,988,808
Investments in shares of stocks	74,538,754	76,453,375
Investment in other funds:		
Investment in bond fund	16,015,853	16,674,415
Investment in equity fund	23,127,384	23,370,251
Investment in offshore fund (IOF) - bonds	13,898,251	16,384,698
IOF - equities	10,187,914	5,651,465
UITF - equities	8,469,614	3,412,067
UITF - money market	342,419	346,050
Derivative liabilities	(27,252)	(14,901)
Total investments	P 169,329,696	P 165,266,228

The roll-forward of the assets held to cover linked liabilities are as follows:

	2025	2024
Beginning balance	P 126,927,748	P 120,398,874
Movements during the year:		
Additions to the fund for creation of units	52,596,015	36,734,124
Withdrawals from the fund	(45,187,624)	(31,259,276)
Net fund income (loss)	(2,913,242)	1,054,026
Ending balance	P131,422,897	P 126,927,748

Total premiums and costs from the unit-linked product for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Linked premiums (Note 21)	P49,152,959	P46,253,841
Costs on premiums of variable insurance	(18,117,759)	(15,127,295)
Surrenders	(12,169,063)	(12,062,907)
Net linked premiums	P18,866,137	P19,063,639

12. Coverage Debt Receivables

This account consists of:

	2025	2024
Coverage debt receivables	P1,909,737	P1,908,865
Allowance for credit losses	(930,815)	(828,259)
	P978,922	P1,080,606

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

	2025	2024
Balance at beginning of year	P828,259	P680,031
Movement of allowance for credit losses during the year	102,556	148,228
Balance at end of year	P930,815	P828,259

Provision for credit losses on coverage debt receivables amounting to 102.56 million and 148.23 million in 2025 and 2024, respectively, were recognised in profit or loss. The movement of allowance for credit losses on coverage debt receivable is presented as a change under 'Premiums'.

13. Reinsurance Assets

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

	2025	2024
Beginning balance	P475,469	P297,304
Outward claims (Note 24)	90,228	98,145
Claimed during the year	(101,999)	(312,472)
Experience refund	107,385	392,492
Ending balance	P571,083	P475,469

14. Property and Equipment

The movements in this account are as follows:

2025	Computer Equipment	Furniture, Fixtures and Equipment	Transportation Equipment	Condominium Unit	Leasehold Improvements
Gross Carrying Amount					
Beginning balance	P270,674	P209,246	P135,934	P10,027	P1,380,321
Additions	99,173	1,661	35,997	—	47,155
Disposals	(20,874)	(703)	(77,130)	—	—
Reclassification	—	18,482	—	—	428,621
Ending balance	348,973	228,686	94,801	10,027	1,856,097
Accumulated Depreciation and Amortisation					
Beginning balance	214,430	179,262	84,614	9,304	1,047,971
Depreciation and amortisation	33,501	10,985	19,180	414	156,915
Disposals and other adjustments	(20,791)	(642)	(66,120)	—	—
Ending balance	227,140	189,605	37,674	9,718	1,204,886
Carrying Amount					
Beginning balance	56,244	29,984	51,320	723	332,350
Carrying Amount					
Ending balance	P121,833	P39,081	P57,127	P309	P651,211

Property and equipment with carrying amount of 11.70 million were disposed and sold in 2025 with proceeds amounting to 13.07 million resulting to a net gain of -1.92 million which is part of 'Others - net' under 'Other revenue'.

	2025	2024
Right-of-use assets (Note 29)	P144,067	P218,314
Property and equipment	220,995	136,272
Software development costs (Note 16)	293,060	141,350
	P658,122	P495,936

15. Deferred Acquisition Costs

The movements in this account are as follows:

	2025	2024
Beginning balance	P18,303,098	P16,713,291
Movements during the year:		
Deferral of acquisition costs during the year	3,329,921	3,189,613
Amortisation of deferred acquisition costs	(1,744,883)	(1,599,806)
	1,585,038	1,589,807
Ending balance	P19,888,136	P18,303,098

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

2025	Total Acquisition Costs and Operating Expenses	Deferred Acquisition Costs	Acquisition Costs and Other Operating Expenses Recognised When Incurred
Gross acquisition costs and operating expenses	P14,031,168	P3,329,921	P10,701,247
Deferral of acquisition costs during the year	(3,329,921)	(3,329,921)	—
Amortisation of deferred acquisition costs during the year	1,744,883	—	1,744,883
Net changes of deferred acquisition costs	(1,585,038)	(3,329,921)	1,744,883
Net acquisition costs and operating expenses	P12,446,130	P—	P12,446,130

2024	Total Acquisition Costs and Operating Expenses	Deferred Acquisition Costs	Acquisition Costs and Other Operating Expenses Recognised When Incurred
Gross acquisition costs and operating expenses	P15,640,699	P3,189,613	P12,451,086
Deferral of acquisition costs during the year	(3,189,613)	(3,189,613)	—
Amortisation of deferred acquisition costs during the year	1,599,806	—	1,599,806
Net changes of deferred acquisition costs	(1,589,807)	(3,189,613)	1,599,806
Net acquisition costs and operating expenses	P14,050,892	—	P14,050,892

Gross acquisition and operating expenses consist of the following:

	2025	2024
Commissions, bonuses and other agents' expenses	P6,494,498	P6,775,890
Salaries, allowances and employees' benefits	1,744,938	2,080,528
Utilities	1,459,434	1,588,472
Trainings, seminars and contests	1,044,496	1,050,950
Depreciation and amortisation (Notes 14, 16 and 29)	658,122	495,936
Insurance taxes, licenses and fees	425,753	499,866
Investment management expenses	408,987	414,717
Professional fees	294,871	585,446
Advertising and marketing	204,060	476,336
Communications	88,527	225,352
Rent (Note 29)	77,769	112,371
Taxes and licenses	72,364	126,246
Other expenses (Note 26)	1,057,349	1,208,589
	P14,031,168	P15,640,699

16. Other Assets

This account consists of:

	2025	2024
Software costs - net	P720,745	P835,957
Investments in Agents' Savings Fund (ASF) *(Note 20)*	617,903	605,616
Prepayments	571,017	487,576
Receivable from unit-linked funds	520,930	390,525
Advances to employees and agents	223,633	188,164
Nonrefundable deposits	145,264	154,944
Due from related parties (Note 28)	955	922
Others	163,948	174,602
	2,964,395	2,838,306
Allowance for credit losses on advances to employees and agents	(20,797)	(16,546)
	P2,943,598	P2,821,760

Software costs mainly consist of costs for the major enhancements in the policy administration system used by the Company. These assets are amortised on a straight-line basis over five (5) years.

In October 2023, the management of the investments in ASF was transferred to ATRAM Trust. Income (loss) from investment in ASF amounted to 31.87 million and 26.45 million in 2025 and 2024, respectively, were recognised in profit or loss under 'Others - net'.

Prepayments consist of prepaid rent, insurance, and licenses and fees paid to agents.

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

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 Prudential Services Asia (PSA) (see Note 28).

Other items consist mainly of office supplies and corporate giveaways, income tax withheld, and other receivables.
The rollforward analysis for allowance for credit losses on advances to employees and agents are as follows:

	2025	2024
Balance at beginning of year	P16,546	P11,635
Provision for credit losses	5,653	5,035
Reversals taken up to profit or loss	(1,402)	(124)
	4,251	4,911
Balance at end of year	P20,797	P16,546

The Company collected advances to employees and agents that have been previously written off amounting to 1.40 million and 0.12 million in 2025 and 2024, respectively.

The movements of software costs in 2025 and 2024 are as follows:

	2025	2024
Gross Carrying Amount		
Beginning balance	P1,570,270	P1,455,422
Acquisitions	177,848	114,848
Ending balance	1,748,118	1,570,270
Accumulated Amortisation		
Beginning balance	734,313	592,963
Amortisation	293,060	141,350
Ending balance	1,027,373	734,313
Net Carrying Amount		
Beginning balance	835,957	862,459
Ending balance	P720,745	P835,957

17. Legal Policy Reserves

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

	2025	2024
Beginning balance	P5,256,113	P4,238,081
Gross change in reserves:		
New business	1,412,991	946,950
Net premiums written	267,549	69,675
Accretion of interest	243,184	186,602
Liabilities released for payments on death, surrenders and other terminations	(362,657)	(359,391)
Other movements	12,052	145,827
Total gross change in reserves (Note 24)	1,573,119	989,663
Remeasurement on life insurance reserve	(49,601)	28,369
Ending balance	P6,779,631	P5,256,113

The appropriated retained earnings for negative reserves amounted to 929.21 million and ₱332.54 million as of December 31, 2025 and 2024, respectively.

18. Claims Payable

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

	2025	2024
Beginning balance:		
Notified payable	P1,042,423	P1,018,308
IBNR	236,922	230,832
	1,279,345	1,249,140
Cash paid for claims settled during the year	(2,966,645)	(2,405,025)
Increase in liabilities	2,861,537	2,435,230
Ending balance	1,174,237	1,279,345
Notified claims payable	1,017,962	1,042,423
IBNR	156,275	236,922
	P1,174,237	P1,279,345

19. Reinsurance Payable

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

	2025	2024
Beginning balance	P275,295	P64,159
Premium ceded to reinsurers *(Note 21)*	310,431	309,307
Paid during the year	(284,291)	(198,172)
Ending balance	P301,435	P275,294

20. Accounts Payable, Accrued Expenses and Other Liabilities

The account consists of the following:

	2025	2024
Insurance related liabilities		
Premium suspense account	P1,359,877	P1,195,057
Dividends payable to policyholders	1,157,653	1,124,232
Due to unit-linked funds	729,709	611,320
Agent's commission payable	712,148	741,778
Premium deposit fund	11,282	11,714
	3,970,669	3,684,101
Non-insurance related liabilities		
Accrued expenses	1,969,157	3,432,999
Trade payable	900,000	—
Due to related parties (Note 28)	695,184	537,350
Provident fund payable	670,168	602,654
Withholding taxes payable	513,811	96,674
Income tax payable	247,415	354,364
Unearned upfront fees	149,301	206,541
Other tax payables	132,795	116,627
Other liabilities	739,405	1,197,347
	6,017,236	6,544,556
Total	P9,987,905	P10,228,657

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

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

Due to unit-linked fund pertains to the investment portion of premiums received from the policyholders that are yet to be invested in the separately identifiable funds.
Agent's commission payable pertains to unpaid commissions.

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.

Accrued expenses primarily consist of performance and incentive bonuses payable. This also includes accruals for various operating expenses.
Provident fund payable represents the retirement fund for agents.

Due to related parties account includes payables to Eastspring, Prudential Corporation Holdings Limited (PCHL), Prudential Services Singapore (PSS), Pulse Ecosystem Private Limited (PEPL), Prudence Foundation Limited, Prudential Investment Management (PIM), Prudential Technology and Services India Private Limited (PTSI) and Prudential (Cambodia) Life Assurance Plc. (see Note 28).

Withholding tax payable pertains to the taxes withheld that are due to the government.
Unearned upfront fees pertains to the fees received from ATRAM as exclusive and sole fund manager of the Company for a five-year period as part of the Memorandum of Agreement executed last August 1, 2023. The Company recognised the upfront fees on a straight-line basis over five years. As of December 31, 2025 and 2024, the unearned upfront fees amounted to 149.30 million and ₱206.54 million, respectively. In 2025 and 2024, the Company recognised upfront fees amounting -57.24, presented under 'Others - net'.

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

Others include provision for probable losses and payments to various suppliers. The Company recorded provisions for probable losses amounting to 264.41 million and 987.97 million as of December 31, 2025 and 2024, respectively.

21. Net Premiums

Gross premiums on insurance contracts:

	2025	2024
Unit-linked insurance (Notes 11 and 12)	P49,152,959	P46,253,841
Ordinary life insurance	3,525,575	1,712,489
Group life insurance	311,171	270,121
Accident and health	53,571	57,585
	P53,043,276	P48,294,036

Reinsurer's share of gross premiums on insurance contracts:

	2025	2024
Unit-linked insurance	P286,445	P256,856
Ordinary life insurance	15,335	46,815
Group life insurance	8,651	5,733
Accident and health	—	(97)
	310,431	309,307
Experience refund		
Unit-linked insurance	(60,661)	(129,300)
Ordinary life insurance	(46,724)	(38,393)
	P203,046	P141,614

Net premiums on insurance contracts:

	2025	2024
Unit-linked insurance	P48,927,175	P46,126,285
Ordinary life insurance	3,556,964	1,704,067
Group life insurance	302,520	264,388
Accident and health	53,571	57,682
	P52,840,230	P48,152,422

22. Policy Administration Fees

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

	2025	2024
Managed Fund	1.79%	1.79%
Bond Fund (Philippine peso)	1.53%	1.53%
Bond Fund (U.S. dollar)	1.53%	1.53%
Growth Fund	2.25%	2.25%
Equity Fund	2.25%	2.25%
Proactive Fund	2.25%	2.25%
Money Market Fund	0.50%	0.50%
Asian Local Bond Fund	1.80%	1.80%
Asia Pacific Equity Fund	2.05%	2.05%
Global Emerging Fund	2.05%	2.05%
Cash Flow Fund (U.S. dollar)	1.95%	1.95%
Cash Flow Fund (Philippine peso)	1.95%	1.95%
Asian Balanced Fund	1.95%	1.95%
Global Market Navigator Fund	2.25%	2.25%
Equity Index Tracker Fund	1.75%	1.75%
Global Equity Navigator Fund	2.25%	2.25%
Peso Cash Flow Fund Plus	1.95%	1.95%
Dollar Cash Flow Fund Plus	1.95%	1.95%
Global Tech Navigator Fund	0.80%	0.80%
Flexi Income Fund	0.34%	0.34%

Policy administration fees amounted to 2.37 billion and 2.71 billion in 2025 and 2024, respectively.

23. Investment Income

The account consists of the following:

	2025	2024
Interest income (Notes 7 and 8)	P917,780	P818,944
Unrealised gain (loss) on valuation of investments at FVPL (Note 8)	64,480	(287,226)
Gain on disposal of investments at FVPL	85,438	79,904
Foreign exchange gain (loss) (Note 8)	7,526	21,637
	P1,075,224	P633,259

Interest income consists of:

	2025	2024
Cash in banks (Note 7)	P3,228	P6,722
Short-term placements (Note 7)	79,401	60,433
Investments (Note 8)	835,151	751,789
	P917,780	P818,944

24. Benefits and Claims

Gross benefits and claims on insurance contracts:

2025	Gross Benefits and Claims	Reinsurers' Share of Gross Benefits and Claims	Net
Unit-linked insurance	P14,611,931	(P79,041)	P14,532,890
Ordinary life insurance	161,895	(7,477)	161,895
Group life insurance	27,888	(3,709)	24,179
Accident and health	4,068	(1)	4,068
	P14,805,782	(P90,228)	P14,715,554

2024	Gross Benefits and Claims	Reinsurers' Share of Gross Benefits and Claims	Net
Unit-linked insurance	P14,061,780	(P95,276)	P13,966,504
Ordinary life insurance	240,414	(2,810)	240,414
Group life insurance	62,444	(58)	62,386
Accident and health	4,371	(1)	4,371
	P14,369,009	(P98,145)	P14,270,864

Gross change in increase in legal policy reserves:

	2025	2024
Unit-linked insurance	P33,636	P69,148
Ordinary life insurance	1,541,852	867,431
Group life insurance	59	50,830
Accident and health	4,068	2,254
	P1,573,119	P989,663

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, 2025, the DB liability is more than the DC liability.

Effective June 20, 2025, the Company amended its retirement plan to revise the optional retirement age from 55 years old to 50 years old for eligible employees. The amendment allows qualified employees to opt for early retirement subject to the terms and conditions of the revised retirement plan. The change in retirement age is treated as a plan amendment and was accounted for in accordance with PAS 19, Employee Benefits. Any resulting past service cost arising from the plan amendment was recognised in profit or loss in the period in which the amendment was made.

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

2025	FVPA	DBO	Net Defined Benefit Asset (Note 16)
Balance at January 1, 2025	P779,731	P663,077	P116,654
Included in Profit or Loss			
Current service cost	—	103,745	(103,745)
Interest cost (income)	49,436	42,424	7,012
Past service cost		9,758	(9,758)
	49,436	155,927	(106,491)
Included in Other Comprehensive Income			
Remeasurement gain (loss):			
Actuarial gain (loss) arising from: Financial assumptions	—	(10,026)	10,026
Experience adjustment	—	38,254	(38,254)
Return on plan assets excluding interest income	(27,802)	—	(27,802)
	(27,802)	28,228	(56,030)
Others			
Contributions paid by the employer	131,037	—	131,037
Benefits paid	(127,849)	(127,849)	—
Transfers	—	—	—
	3,188	(127,849)	131,037
Balance at December 31, 2025	P804,553	P719,383	P85,170

2024	FVPA	DBO	Net Defined Benefit Asset (Note 16)
Balance at January 1, 2024	P819,722	P748,169	P71,553
Included in Profit or Loss			
Current service cost	—	125,853	(125,853)
Interest cost (income)	51,522	47,213	4,309
	41,522	173,066	(121,544)
Included in Other Comprehensive Income			
Remeasurement gain (loss):			
Actuarial gain (loss) arising from: Financial assumptions			
Experience adjustment	—	(36,332)	36,332
Return on plan assets excluding interest income	707	—	707
	707	(36,332)	37,039
Others			
Contributions paid by the employer	129,606	—	129,606
Benefits paid	(221,826)	(221,826)	—
Transfers	—	—	—
	(92,220)	(221,826)	129,606
Balance at December 31, 2024	P779,731	P663,077	P116,654

The retirement expense under "Salaries, allowances and employees' benefits" account in profit or loss amounted to 106.49 million and 121.54 million in 2025 and 2024, respectively.

The Company's plan assets - net consist of the following:

	2025	2024
Cash and cash equivalents	P8	P7
Receivables and accrued income receivable	8,522	6,462
Investments	812,762	803,402
Trust fee and other payable	(16,739)	(30,140)
	P804,553	P779,731

The expected contribution to the DB retirement plan in 2026 is 126.50 million.

The principal actuarial assumptions used in determining retirement asset of the Company's plan as at January 1, 2025 and 2024 are shown below:

	2025	2024
Discount rate	6.25%	6.00%
Future salary growth	5.00%	6.00%
Mortality rate	2017 PICM	2017 PICM
Average years of service	6.51 years	6.61 years

The weighted-average duration of the DBO is 11.68 years and 16.08 years in December 31, 2025 and 2024, respectively.

Discount rates used in computing for the present value of the obligation of the Company as of December 31, 2025 and 2024 are 6.25% and 6.00%, respectively.

Maturity analysis of the benefit payments:

	Retirement Liability				
	Carrying Amount	Contractual Cash Flow	Within 1 Year	Within 1 - 5 Years	More than 5 Years
2025	**719,383**	**7,041,554**	**35,891**	**174,243**	**6,831,421**
2024	663,077	6,605,347	27,056	138,456	6,439,835

2025				
	Defined Benefit Obligation		Impact to Defined Benefit Obligation	
	Increase	Decrease	Increase (Decrease)	Decrease (Increase)
Discount rate (1% movement)	**1.00%**	**1.00%**	**(2,430)**	**7.051**
Future salary growth (1% movement)	1.00%	1.00%	7,082	(2,449)

2024				
	Defined Benefit Obligation		Impact to Defined Benefit Obligation	
	Increase	Decrease	Increase (Decrease)	Decrease (Increase)
Discount rate (1% movement)	**1.00%**	**1.00%**	**(8, 585)**	**21, 675**
Future salary growth (1% movement)	1.00%	1.00%	21, 403	(8, 628)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown. These DB plans expose the Company to actuarial risks, such as longevity risk, interest rate risk, and market (investment) risk.

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

26. Other Operating Expenses

The account consists of the following:

	2025	2024
Support service charges	**P648,638**	P563,401
Provisions	**117,597**	348,889
Representation and entertainment	**60,427**	54,294
Security and janitorial	**58,109**	69,527
Interest expense related to policies	**42,866**	42,410
Interest expense related to lease liabilities (Note 29)	**37,134**	24,757
Office supplies	**28,421**	51,776
Bank collection fees	**8,712**	964
Other expenses	**55,445**	52,571
	P1,057,349	P1,208,589

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

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

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

27. Income Taxes

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

	2025	2024
Regular corporate income tax	**P1,206,611**	P1,322,113
Final tax	**144,079**	173,015
Current tax expense	**1,350,690**	1,495,128
Deferred tax expense	**794,959**	629,992
	P2,145,649	P2,125,120

	2025	2024
Income before income tax expense	**P9,560,324**	P7198,133
Income tax using the domestic corporation tax rate	**2,390,081**	1,799,533
(Reductions in) additions to income tax resulting from:		
(Non-taxable gain) non-deductible loss on valuation of investments	**(33,595)**	59,500
Interest income subjected to final tax	**(85,366)**	(31,721)
Change in unamortised past service cost	**—**	(1,689)
(Non-taxable gain) non-deductible loss from disposal of investments	**—**	(4,275)
Non-deductible expense and others	**(125,471)**	303,772
	P2,145,649	P2,125,120

Deferred tax assets from previous years have been fully recognised in 2025 and 2024 as it was deemed probable that future taxable profit will be available against which the Company can utilise the benefits from.

Below is the movement of the deferred tax assets and deferred tax liability recognised as at December 31, 2025 and 2024.

2025	Beginning Balance	Amount Charge to Profit or Loss	Amount Recognized in Other Comprehensive Income	Ending Balance
Retirement liability	(P29,164)	(P6,136)	P14,008	(P21,292)
Deferred acquisition costs	(4,585,035)	(386,999)	—	(4,972,034)
Accrued expenses	858,256	(387,259)	—	470,997
Agent's commission	185,443	(7,406)	—	178,037
Provident fund payable	150,662	16,880	—	167,542
Allowance for credit and impairment losses	6,295	1,063	—	7,358
IBNR	59,228	(20,159)	—	39,069
Remeasurement on life insurance reserve	59,382	—	(12,400)	46,982
PFRS 16-related expenses	20,465	(9,445)	—	11,020
Unamortised past service cost	10,638	4,502	—	15,140
Deferred tax liabilities – net	**(P3,263,830)**	**(P794,959)**	**P1,608**	**(P4,057,181)**

2024	Beginning Balance	Amount Charge to Profit or Loss	Amount Recognized in Other Comprehensive Income	Ending Balance
Retirement liability	(P1,266)	P1,362	(P9,260)	(P29,164)
Deferred acquisition costs	(4,178,322)	(406,713)	—	(4,585,035)
Accrued expenses	923,543	(65,287)	—	858,256
Agent's commission	180,832	4,611	—	185,443
Provident fund payable	190,256	(39,594)	—	150,662
Allowance for credit and impairment losses	146,397	(140,102)	—	6,295
IBNR	57,706	1,522	—	59,228
Remeasurement on life insurance reserve	52,290	—	7,092	59,382
PFRS 16-related expenses	6,310	14,155	—	20,465
Unamortised past service cost	10,584	54	—	10,638
Deferred tax liabilities - net	(P2,631,670)	(P629,992)	(P2,168)	(P3,263,830)

In 2025 and 2024, the Company opted to claim itemised deductions in determining its tax expense.

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28. Related Party Transactions

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

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

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

Category/Transaction	Year	Year	Amount of the Transaction	Due to Related Parties	Due from Related Parties *(Note 16)*	Investments in UITF *(Note 8)*	Investments in ASF *(Note 16)*	Terms	Conditions
Eastspring (Under Common Control)									
• Investment management	2025	*a*	P90,101	P21,680	P—	P—	P—	30 days; noninterest - bearing	Unsecured
	2024	*a*	88,612	21,680	—	—	—	30 days; noninterest - bearing	Unsecured
PSA (Under Common Control)									
• IT service costs	2025	*b*	15,803	—	955	—	-	30 days; noninterest - bearing	Unsecured
	2024	*b*	(10,065)	—	922	—	-	30 days; noninterest - bearing	Unsecured
Prudence Foundation Limited (Under Common Control)									
Cost reimbursements	2025	*c*	11,816	11,816	—	—	—	30 days; noninterest - bearing	Unsecured
	2024	*c*	9,393	8,677	—	—	—	30 days; noninterest - bearing	Unsecured
PAMTC (Note 9)									
Allocation of expenses	2025		-	—	—	—	—	30 days; noninterest - bearing	Unsecured
	2024		21,305	—	—	—	—	30 days; noninterest - bearing	Unsecured
(Forward)									
Shared service fee	2025		-	—	—	—	—	30 days; noninterest - bearing	Unsecured
	2024		531	—	—	—	—	30 days; noninterest - bearing	Unsecured
PCHL or Prudential Corporation Holdings Limited (Parent)									
Support services and allocation of expenses	2025	*d*	980,106	509,196	—	—	—	30 days; noninterest - bearing	Unsecured
	2024	*d*	323,910	145,177	—	—	—	30 days; noninterest - bearing	Unsecured
PSS or Prudential Services Singapore Pte Ltd (Under Common Control)									
IT security costs	2025	*e*	302,261	99,746	—	—	—	30 days; noninterest - bearing	Unsecured
	2024	*e*	282,261	94,915	—	—	—	30 days; noninterest - bearing	Unsecured
PEPL or Pulse Ecosystem Private Limited (Under Common Control)									
Cost reimbursements	2025	*f*	6,806	6,806	—	—	—	30 days; noninterest - bearing	Unsecured
	2024	*f*	173,694	252,778	—	—	—	30 days; noninterest - bearing	Unsecured
Singapore - PACS or Prudential Assurance Company Singapore Pte									
Cost reimbursements	2025	*g*	1,455	—	—	—	—	30 days; noninterest - bearing	Unsecured
	2024	*g*	17,416	—	—	—	—	30 days; noninterest - bearing	Unsecured
Prudential Investment Management PTE Ltd (PIM)									
Investment Advisory	2025	*h*	5,217	1,271	—	—	—	30 days; noninterest - bearing	Unsecured
	2024	*h*	2,059	1,985	—	—	—	30 days; noninterest - bearing	Unsecured
Prudential Technology and Services India Private Limited (PTSI)									
IT security costs	2025	*i*	P33,255	P38,671	—	—	—	30 days; noninterest - bearing	Unsecured
	2024	*i*	P4,562	P4,562	—	—	—	30 days; noninterest - bearing	Unsecured
Prudential (Cambodia) Life Assurance Plc.									
Cost reimbursements	2025	*j*	P47	P3,953	P—	P—	—	30 days; noninterest - bearing	Unsecured
	2024	*j*	8,535	7,576	—	—	—	30 days; noninterest - bearing	Unsecured
Indonesia - PT Prudential Life Assurance									
Cost reimbursements	2025	*k*	—	—	—	—	—	30 days; noninterest - bearing	Unsecured
	2024	*k*	38	—	—	—	—	30 days; noninterest - bearing	Unsecured
TOTAL	2025		1,446,867	695,185	955	—	—		
TOTAL	2024		P922,251	P537,350	P922	—	—		

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

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

a. 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.

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

a. 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.

b. 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.

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

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

a. Transactions with PIM pertains to Investment Advisory Services to the Company.

a. Transactions with PTSI pertains to support of projects and strategic initiatives of the Company.

a. Transactions with PCLA pertain to advances made by the PCLA on behalf of the Company.

a. Transactions with Indonesia - PT Prudential Life Assurance pertain to advances made by the affiliate on behalf of the Company.

The entities from a to c and e to k above are wholly-owned subsidiaries of Prudential plc. The related party transactions with PAMTC are prior to the sale to AIMP as disclosed in Note 9.

Compensation of Key Management Personnel

Key Management Personnel (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:

	2025	2024
Short-term employee benefits	P115,153	P191,821
Post-employment benefits	8,354	10,376
	P123,507	P202,197

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

Transactions with the DB plan

The plan does not hold shares in the Company and the only transaction with the plan relate to the contributions paid which is managed by third-party (see Note 25).

29. Leases

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

Right-of-Use Assets

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

	2025	2024
Cost		
Beginning balance	P1,546,769	P1,438,574
Additions	158,387	549,502
Derecognition and other adjustments*	(929,883)	(441,307)
Ending balance	775,273	1,546,769
Accumulated Depreciation		
Beginning balance	1,016,870	1,153,532
Depreciation	144,067	218,314
Derecognition	(863,658)	(354,976)
Ending balance	297,279	1,016,870
Net book value	P477,994	P529,899

**Other lease contract adjustments pertain to reduction in office floor space, as mutually agreed upon by management and lessor during the reporting period.*

Lease Liability

The carrying amount of lease liability follows:

	2025	2024
Balance at January 1	P611,762	P357,474
Additions	158,387	549,502
Interest	37,134	24,757
Derecognition and other adjustments*	(66,225)	(86,331)
Payments	(218,984)	(233,640)
Balance at December 31	P522,074	P611,762

**Other lease contract adjustments pertain to reduction in office floor space, as mutually agreed upon by management and lessor during the reporting period.*

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

	2025	2024
Current lease liabilities	P198,664	P204,867
Noncurrent lease liabilities	323,410	406,895
	P522,074	P611,762

The following are the amounts recognised in the statement of income:

	2025	2024
Depreciation expense of right-of-use assets	P144,067	P218,314
Expenses relating to short-term leases	77,769	126,246
Interest expense related to lease liabilities	37,134	24,757
	P258,970	P369,317

Shown below is the maturity of the undiscounted lease payments:

	2025	2024
Within 1 year	P62,717	P323,740
After one year but not more than five years	461,272	481,150
	P523,989	P804,890

Extension Options

The extension option of this lease is exercisable by the Company by notice to the lessor not later than 180 days prior to the expiration of the initial lease term.

Leases for branches are for a period of three (3) to five (5) years. None of the leases include contingent rentals and restrictions.

30. Equity

The details of this account are as follows:

	2025	2024
Authorised		
Par value per share	P100	P100
Number of shares	5,000,000	5,000,000
Issued and Outstanding		
Number of shares	5,000,000	5,000,000
Capital stock	500,000	500,000
Additional paid-in capital	462,000	462,000
Total paid-up capital	P962,000	P962,000

On May 22, 2025, the BOD of the Company declared cash dividends amounting to 2.30 billion which shall not be remitted earlier than May 29, 2025. On May 29, 2025, the declared cash dividends of 2.30 billion was paid to Prudential Corporation Holdings Limited. The Company submitted the corresponding post dividend distribution reportorial requirements to the IC on June 9, 2025.

On November 27, 2025, the BOD of the Company declared additional cash dividends amounting to ₱2.77 billion which shall not be remitted earlier than December 4, 2025. On December 4, 2025, the declared cash dividends of 2.77 billion was paid to Prudential Corporation Holdings Limited. The Company submitted the corresponding post dividend distribution reportorial requirements to the IC on December 19, 2025.

On May 20, 2024, the BOD of the Company declared cash dividends amounting to 1.24 billion which shall not be remitted earlier than May 30, 2024. On May 30, 2024, the declared cash dividends of 1.24 billion was paid to Prudential Corporation Holdings Limited. The Company submitted the corresponding post dividend distribution reportorial requirements to the IC on June 28, 2024.

On November 20, 2024, the BOD of the Company declared additional cash dividends amounting to ₱2.08 billion which shall not be remitted earlier than December 5, 2024. On December 5, 2024, the declared cash dividends of 2.08 billion was paid to Prudential Corporation Holdings Limited. The Company submitted the corresponding post dividend distribution reportorial requirements to the IC on December 20, 2024.

As at December 31, 2025, the Company's unappropriated retained earnings of 22.47 billion is in excess of its paid-up capital of 962.00 million. However, the Company plans to use the excess retained earnings to comply with the increasing capital and new regulatory requirements by the IC, as well as the Company's plan for new investment initiatives. The Company, being an insurance company, has special circumstances due to special reserve requirements of the IC, thus, exempted from prohibition of retaining surplus profits in excess of one hundred (100%) percent of paid-in capital stock, under Section 42 of the Revised Corporation Code of the Philippines. The exemption provision indicates that "when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is need for special reserve for probable contingencies."

31. Contingent Liabilities

In the normal course of the Company's operations, there are outstanding contingent liabilities which are not reflected in the financial statements. The management of the Company does not anticipate losses that will materially affect the financial statements as a result of these contingencies.

32. Maturity Profile of Assets and Liabilities

The following table presents all assets and liabilities as at December 31, 2025 and 2024 analyzed according to when they are expected to be recovered or settled:
financial statements as a result of these contingencies.

	2025			2024		
	Current	Non-current	Total	Current	Non-current	Total
Assets						
Cash and cash equivalents (Note 7)	P4,045,887	P—	P 4,045,887	P4,832,707	P—	P4,832,707
Interest receivables	219,665	—	219,665	171,027	—	171,027
Investments (Note 8)	16,385,966	—	16,385,966	13,460,936	—	13,460,936
Premiums due from policyholders	392,772	—	392,772	12,719	—	12,719
Coverage debt receivables - net (Note 12)	978,922	—	978,922	1,080,606	—	1,080,606
Policy loans receivables - net (Note 10)	273,109	—	273,109	272,303	—	272,303
Reinsurance assets (Note 13)	571,083	—	571,083	475,469	—	475,469
Property and equipment - net (Note 14)	—	894,870	894,870	—	831,276	831,276
Right-of-use assets - net (Note 29)	—	477,994	477,994	—	529,899	529,899
Retirement assets - net (Note 25)	—	85,170	85,170	—	116,654	116,654
Deferred acquisition costs (Note 15)	1,937,543	17,950,593	19,888,136	1,744,882	16,558,216	18,303,098
Other assets - net (Note 16)	2,265,601	677,997	2,943,598	2,061,200	760,560	2,821,760
Assets held to cover linked liabilities (Note 11)	131,422,897	—	131,422,897	126,927,748	—	126,927,748
	158,493,445	20,086,624	178,580,069	151,039,597	18,796,605	169,836,202
Liabilities						
Legal policy reserves (Note 17)	464,504	6,315,127	6,779,631	443,448	4,812,665	5,256,113
Claims payable (Note 18)	1,174,237	—	1,174,237	1,279,345	—	1,279,345
Reinsurance payable (Note 19)	301,435	—	301,435	275,294	—	275,294
Deferred tax liabilities - net (Note 27)	—	4,057,181	4,057,181	—	3,263,838	3,263,838
Accounts payable, accrued expenses and other liabilities (Note 20)	9,987,905	—	9,987,905	10,228,649	—	10,228,649
Lease liabilities (Note 29)	198,664	323,410	522,074	204,867	406,895	611,762
Technical provisions for linked liabilities ⊠(Notes 11)	131,422,897	—	131,422,897	126,927,748	—	126,927,748
	P143,549,642	P10,695,718	P154,245,360	P139,359,351	P8,483,398	P147,842,749

33. Supplementary Information Required by the Bureau of Internal Revenue (BIR) based on Revenue Regulation No. 15-2010

The following table presents all assets and liabilities as at December 31, 2025 and 2024 analyzed according to when they are expected to be recovered or settled:
financial statements as a result of these contingencies.

In addition to the disclosures mandated under PFRS Accounting Standards, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the 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 financial statements which were prepared in accordance with PFRS Accounting Standards.

The following is the tax information required for the taxable year ended December 31, 2025 (expressed in whole amounts):

A. Value Added Tax

The details of the Company's output VAT declared in 2025 are as follows:

	Paid	Accrued
Other income - shared service fees and other fees	P1,675,249,455	P567,069,657
Output VAT rate	12%	12%
	P201,029,935	P68,048,359

The Company did not claim input VAT in 2025.

B. Documentary Stamp Tax

The DST paid amounted to:

	Paid	Accrued
On life insurance policies and others	P23,039,330	P1,749,754

C. Withholding Taxes

The amount of withholding taxes paid and accrued for the period 2024 amounted to:

	Paid	Accrued
Creditable withholding taxes	P723,579,118	P60,473,064
Final withholding taxes	485,821,565	445,107,357
Final Withholding VAT	13,424,684	3,209,076
Tax on compensation and benefits	297,856,435	5,021,303
	P1,520,681,802	P513,810,800

D. Taxes on Importation

The Company does not have any customs duties or tariff fees in 2025 since it does not have any importation.

E. Excise Tax

The Company does not have any excise tax in 2025 since it does not have any transactions which are subject to excise tax.

F. Taxes on Importation

The details of the Company's paid and accrued local and national taxes in 2025 are as follows:

	Paid	Accrued
Premiums tax	-452,852,817	-111,245,746
License and permit fees	59,892,757	—
Fringe benefits tax	9,671,401	3,099,466
Real estate taxes	166,299	—
	-522,583,274	-114,345,212

G. Tax Assessments

The Company received Notice of Discrepancy (NOD) from the Regular Large Taxpayers Audit Division (RLTAD) covering taxable year 2021. The assessment is ongoing as of December 31, 2025.

Combined Financial Statements

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the 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 financial position as at December 31, 2025 and 2024, combined statements of comprehensive income, combined statements of changes in net assets attributable to unit holders and combined statements of cash flows for the years then ended, and notes to the combined financial statements, including material accounting policy information.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with the basis of preparation as described in Note 2 to the combined financial statements.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 2 to the combined financial statements, which discusses the basis of preparation of the combined financial statements. Accordingly, the accompanying combined financial statements were prepared for the information and use of the management and Board of Directors of Pru Life Insurance Corporation of U.K. and for submission to the Insurance Commission. As a result, the combined financial statements may not be suitable for other purposes.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of preparation as described in Note 2 to the combined financial statements, and for such internal control as management determines is necessary to enable the preparation of the combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is responsible for assessing the Funds' 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 Funds or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' 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 Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

SYCIP GORRES VELAYO & CO.

Juan Carlo B. Maminta
Partner

CPA Certificate No. 115260
Tax Identification No. 210-320-399
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 115260-SEC (Group A)
Valid to cover audit of 2020 to 2024 financial statements,
with extension up to audit of 2025 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-132-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10765079, January 2, 2026, Makati City

March 27, 2026

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, 2025 (Amounts in Thousands)

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund	Flexi Income Fund	Combined
ASSETS																			
Cash and cash equivalents (Note 7)	P9,925	P71,948	P12,223	P14,119	P119,268	P1,002	P2,557	P2,177	P4,803	P1,994	P150,048	P1,396	P9,497	P1,001	P19,942	P 247,686	P247,686	P1,000	P671,586
Receivables (Note 8)	12,155	218,838	63,639	59,556	155,169	407	70,000	60	365	570	89,811	—	7,295	43,514	47,046	139,939	139,939	387,602	1,424,469
Investments at fair value through profit or loss (Note 5)	5,851,551	19,516,533	3,605,640	18,633,351	74,538,754	342,419	14,658,335	313,752	907,702	786,412	10,161,823	141,353	2,674,789	4,145,955	2,945,881	5,781,787	5,781,787	1,863,630	169,329,696
	5,873,631	19,807,319	3,681,502	18,707,026	74,813,191	343,828	14,730,892	315,989	912,870	788,976	10,401,682	142,749	2,691,581	4,190,470	3,012,869	6,169,412	6,169,412	2,252,232	171,425,751
LIABILITIES																			
Liability to life fund and other linked funds	1,000	16,018,352	11,352	45,533	23,138,296	1,380	92,264	2,690	4,538	3,159	41,101	1,340	1,437	1,000	1,000	3,245	3,245	1,000	39,369,687
Accrued expenses	165	7,438	1,413	707	42,448	42	1,304	1,942	456	395	107,477	68	5,853	7,041	6,410	90,824	90,824	8,823	284,634
Trade and other payabless	5,500	110,000	—	—	31,310	—	—	75	179	65	89,368	—	5,499	—	21,968	84,569	84,569	—	348,533
	6,665	16,135,790	12,765	46,240	23,212,054	1,422	93,568	4,707	5,173	3,619	237,946	1,408	12,789	8,041	29,378	178,638	178,638	9,823	40,002,854
NET ASSETS	P5,866,966	P3,671,529	P3,668,737	P18,660,786	P51,601,137	P342,406	P14,637,324	P311,282	P907,697	P785,357	P10,163,736	P141,341	P2,678,792	P4,182,429	P2,983,491	P5,990,774	P5,990,774	P2,242,409	P131,422,897

See Notes to the Combined Financial Statements.

PRU LIFE INSURANCE CORPORATION OF U.K.
(A Wholly-Owned Subsidiary of Prudential Corporation Holdings Limited)
COMBINED STATEMENTS OF ASSETS AND ACCOUNTABILITIES
OF THE PRULINK OPERATED BY THE LINKED FUND
AS AT DECEMBER 31, 2024 (Amounts in Thousands)

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund	Flexi Income Fund	Combined
ASSETS																			
Cash and cash equivalents (Note 7)	P39,133	P230,658	P27,455	P81,342	P259,732	P1,002	P43,047	P 8,591	P858	P1,294	P173,134	P 1,342	P1,384	P1,001	P11,488	P152,504	P1,000	P1,000	P1,035,965
Receivables (Note 8)	23,871	201,548	70,548	49,728	126,359	91	11,248	28	4,233	6,025	1,137,364	330	8,055	31,278	24,475	830,031	87,797	346,833	2,959,842
Investments at fair value through profit or loss (Note 5)	5,335,230	19,454,482	3,856,265	19,051,776	76,453,375	346,049	15,657,660	329,613	793,427	656,647	11,618,822	118,207	1,875,524	2,919,446	1,507,085	4,799,997	268,801	223,822	165,266,228
	5,398,234	19,886,688	3,954,268	19,182,846	76,839,466	347,142	15,711,955	338,232	798,518	663,966	12,929,320	119,879	1,884,963	2,951,725	1,543,048	5,782,532	357,598	571,655	169,262,035
LIABILITIES																			
Liability to life fund and other linked funds	1,000	16,676,911	8,275	1,000	23,371,303	1,137	5,997	8,516	4,914	7,040	22,422	1,320	1,105	1,000	1,000	10,546	1,000	1,000	40,125,486
Accrued expenses	230	9,889	1,900	982	57,507	52	1,792	1,986	491	408	125,456	70	1,277	4,881	1,027	75,537	188	1,023	284,696
Trade and other payabless	—	—	—	—	26,000	—	—	123	—	—	1,057,443	320	83	—	16,226	823,910	—	—	1,924,105
	1,230	16,686,800	10,175	1,982	23,454,810	1,189	7,789	10,625	5,405	7,448	1,205,321	1,710	2,465	5,881	18,253	909,993	1,188	2,023	42,334,287
NET ASSETS	P5,397,004	P3,199,888	P3,944,093	P19,180,864	P53,384,656	P345,953	P15,704,166	P327,607	P793,113	P656,518	P11,723,999	P118,169	P1,882,498	P2,945,844	P1,524,795	P4,872,539	P356,410	P569,632	P126,927,748

See Notes to the Combined Financial Statements.

Combined Financial Statements

PRU LIFE INSURANCE CORPORATION OF U.K.
(A Wholly-Owned Subsidiary of Prudential Corporation Holdings Limited)
COMBINED STATEMENTS OF PROFIT OR LOSS OF THE PRULINK
OPERATED BY THE LINKED FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (Amounts in Thousands)

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund	Flexi Income Fund	Combined
FUND INCOME																			
Unrealised appreciation (depreciation) of investment at fair value through profit or loss (Note 5)	P—	P201,306	P263,281	P—	(P7,015,166)	P10,651	P—	P12,974	P178,560	P170,010	P254,157	P18,227	P339,248	(P133,869)	P442,747	P226,346	P232,461	P80,145	(P4,718,922)
Interest income (Notes 5 and 7)	438	1,150,207	181,398	1,046	7,692	9	635	—	2	—	2,386	—	25	8	41	2,020	—	—	1,345,907
Gain (loss) on sale of investment at fair value through profit or loss	—	188,042	(101,692)	—	263,825	4,201	—	16,163	49,212	53,661	584,466	6,034	21,994	(1,408)	11,750	136,211	193	20	1,232,672
Dividend income	—	—	—	—	2,669,712	—	—	—	—	—	22,174	—	—	—	—	32,475	—	54,930	2,779,291
Foreign exchange loss (Note 5)	—	—	58,154	—	—	—	—	5,078	14,668	12,673	165,756	2,295	—	—	—	96,919	—	—	355,543
Profit (loss) from interfund investments	137,862	(790,200)	—	(950,509)	1,791,539	—	(188,692)	—	—	—	—	—	—	—	—	—	—	—	—
	138,300	749,355	401,141	(949,463)	(2,282,398)	14,861	(188,057)	34,215	242,442	236,344	1,028,939	26,556	361,267	(135,269)	454,538	493,971	232,654	135,095	994,491
FUND EXPENSES																			
Management and custodian fees (Note 6)	6,805	303,626	57,954	29,419	1,819,432	1,661	55,888	5,801	16,856	14,782	218,038	2,524	48,901	62,194	47,793	105,259	7,990	3,794	2,808,717
Distribution expense	—	—	—	—	—	—	—	—	—	—	434,509	—	—	—	—	322,108	—	54,930	811,547
	6,805	303,626	57,954	29,419	1,819,432	1,661	55,888	5,801	16,856	14,782	652,547	2,524	48,901	62,194	47,793	427,367	7,990	58,724	3,620,264
Profit (loss) before tax	131,495	445,729	343,187	(978,882)	(4,101,830)	13,200	(243,945)	28,414	225,586	221,562	376,392	24,032	312,366	(197,463)	406,745	66,604	224,664	76,371	(2,625,773)
Final tax	88	279,466	137	209	1,538	2	127	—	—	—	5,719	—	5	2	8	168	—	—	287,469
NET FUND INCOME (LOSS)	P131,407	P166,263	P343,050	(P979,091)	(P4,103,368)	P13,198	(P244,072)	P28,414	P225,586	P221,562	P370,673	P24,032	P312,361	(P197,465)	P406,737	P66,436	P224,664	P76,371	(P2,913,242)

**The Funds has no other comprehensive income items*

See Notes to the Combined Financial Statements.

Combined Financial Statements

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

COMBINED STATEMENTS OF PROFIT OR LOSS OF THE PRULINK
OPERATED BY THE LINKED FUND
FOR THE YEAR ENDED DECEMBER 31, 2024 (Amounts in Thousands)

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund	Flexi Income Fund	Combined
FUND INCOME																			
Unrealised appreciation (depreciation) of investment at fair value through profit or loss (Note 5)	P—	(P86,810)	(P84,881)	—	P133,486	(P4,399)	P—	87	P38,171	(P51,534)	P496,941	P4,591	P234,603	P32,214	P207,557	P239,853	P3,494	(P7,362)	P1,156,011
Interest income (Notes 5 and 7)	1,772	1,089,020	205,487	4,102	19,048	8	1,264	—	—	—	3,828	—	20	8	28	3,955	—	—	1,328,540
Gain (loss) on sale of investment at fair value through profit or loss	—	39,075	(105,683)	—	(834,996)	19,522	—	11,798	35,580	29,770	72,215	3,728	13,369	2,453	17,037	(47,245)	7	—	(743,370)
Dividend income	—	—	—	—	2,169,813	—	—	—	—	—	3,133	—	—	—	—	19,624	—	971	2,193,541
Foreign exchange loss (Note 5)	—	—	166,172	—	—	—	—	14,471	33,985	28,151	500,912	5,115	—	—	—	207,633	—	—	956,439
Profit (loss) from interfund investments	108,140	(436,075)	—	53,160	56,885	—	217,890	—	—	—	—	—	—	—	—	—	—	—	—
	109,912	605,210	181,095	57,262	1,544,236	15,131	219,154	26,356	107,736	6,387	1,077,029	13,434	247,992	34,675	224,622	423,820	3,501	(6,391)	4,891,161
FUND EXPENSES																			
Management and custodian fees (Note 6)	6,924	297,214	65,495	31,151	1,878,729	2,061	58,080	6,208	17,148	14,874	234,830	2,414	37,459	42,595	26,898	100,255	373	53	2,822,761
Distribution expense	—	—	—	—	—	—	—	—	—	—	482,692	—	—	—	—	299,270	—	971	782,933
	6,924	297,214	65,495	31,151	1,878,729	2,061	58,080	6,208	17,148	14,874	717,522	2,414	37,459	42,595	26,898	399,525	373	1,024	3,605,694
Profit (loss) before tax	102,988	307,996	115,600	26,111	(334,493)	13,070	161,074	20,148	90,588	(8,487)	359,507	11,020	210,533	(7,920)	197,724	24,295	3,128	(7,415)	1,285,467
Final tax	354	225,313	66	820	3,810	2	253	—	—	—	642	—	4	2	6	169	—	-	231,441
NET FUND INCOME (LOSS)	P102,634	P82,683	P115,534	P25,291	(P338,303)	P13,068	P160,821	P20,148	P90,588	(P8,487)	P358,865	P11,020	P210,529	(P7,922)	P197,718	P24,126	P3,128	(P7,415)	P1,054,026

**The Funds has no other comprehensive income items*

See Notes to the Combined Financial Statements.

PRU LIFE INSURANCE CORPORATION OF U.K.
(A Wholly-Owned Subsidiary of Prudential Corporation Holdings Limited)
COMBINED STATEMENTS OF CHANGES IN NET ASSETS
OF THE PRULINK OPERATED BY THE LINKED FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (Amounts in Thousands)

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund	Flexi Income Fund	Combined
Net assets at beginning of year	P5,397,004	P3,199,888	P3,944,093	P19,180,864	P53,384,656	P345,953	P15,704,166	P327,607	P793,113	P656,518	P11,723,999	P118,169	P1,882,498	P2,945,844	P1,524,795	P4,872,539	P356,410	P569,632	P126,927,748
Additions to the fund for creation of units	1,492,842	1,005,818	63,215	4,207,828	14,099,770	15,756	1,895,594	9,378	29,388	50,451	81,822	7,020	1,648,829	1,867,651	1,635,485	20,604,200	2,241,216	1,639,752	52,596,015
Withdrawals from the fund	(1,154,287)	(700,440)	(681,621)	(3,748,815)	(11,779,921)	(32,501)	(2,718,364)	(54,117)	(140,390)	(143,174)	(2,012,758)	(7,880)	(1,164,896)	(433,601)	(583,526)	(19,552,401)	(235,586)	(43,346)	(45,187,624)
Net additions (withdrawals) for creation of units	338,555	305,378	(618,406)	459,013	2,319,849	(16,745)	(822,770)	(44,739)	(111,002)	(92,723)	(1,930,936)	(860)	483,933	1,434,050	1,051,959	1,051,799	2,005,630	1,596,406	7,408,391
Net fund income (loss)	131,407	166,263	343,050	(979,091)	(4,103,368)	13,198	(244,072)	28,414	225,586	221,562	370,673	24,032	312,361	(197,465)	406,737	66,436	224,664	76,371	(2,913,242)
NET ASSETS AT END OF YEAR	P5,866,966	P3,671,529	P3,668,737	P18,660,786	P51,601,137	P342,406	P14,637,324	P311,282	P907,697	P785,357	P10,163,736	P141,341	P2,678,792	P4,182,429	P2,983,491	P5,990,774	P2,586,704	P2,242,409	P131,422,897

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, 2024 (Amounts in Thousands)

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund	Flexi Income Fund	Combined
Net assets at beginning of year	P5,148,822	P3,099,184	P4,437,110	P18,486,267	P49,967,452	P479,467	P16,353,210	P350,276	P805,468	P712,702	P11,620,508	P116,165	P1,329,710	P1,755,556	P798,330	P4,938,647	P—	P—	P120,398,874
Additions to the fund for creation of units	1,167,618	757,928	101,798	4,180,837	14,286,173	9,456	1,994,754	7,102	42,417	52,462	1,020,473	5,068	1,239,361	1,551,083	1,004,491	9,158,838	359,657	577,342	37,516,858
Withdrawals from the fund	(1,022,070)	(739,907)	(710,349)	(3,511,531)	(10,530,666)	(156,038)	(2,804,619)	(49,919)	(145,360)	(100,159)	(1,275,847)	(14,084)	(897,102)	(352,873)	(475,744)	(9,249,072)	(6,375)	(295)	(32,042,010)
Net additions (withdrawals) for creation of units	145,548	18,021	(608,551)	669,306	3,755,507	(146,582)	(809,865)	(42,817)	(102,943)	(47,697)	(255,374)	(9,016)	342,259	1,198,210	528,747	(90,234)	353,282	577,047	5,474,848
Net fund income (loss)	102,634	82,683	115,534	25,291	(338,303)	13,068	160,821	20,148	90,588	(8,487)	358,865	11,020	210,529	(7,922)	197,718	24,126	3,128	(7,415)	1,054,026
NET ASSETS AT END OF YEAR	P5,397,004	P3,199,888	P3,944,093	P19,180,864	P53,384,656	P345,953	P15,704,166	P327,607	P793,113	P656,518	P11,723,999	P118,169	P1,882,498	P2,945,844	P1,524,795	P4,872,539	P356,410	P569,632	P126,927,748

See Notes to the Combined Financial Statements.

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Combined Financial Statements

PRU LIFE INSURANCE CORPORATION OF U.K.
(A Wholly-Owned Subsidiary of Prudential Corporation Holdings Limited)
COMBINED STATEMENTS OF CASH FLOWS OF THE PRULINK OPERATED BY THE LINKED FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (Amounts in Thousands)

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund	Flexi Income Fund	Combined
CASH FLOWS FROM OPERATING ACTIVITIES																			
Profit before tax	P131,495	P445,729	P343,187	(P978,882)	(P4,101,830)	P13,200	(P243,945)	P28,414	P225,586	P221,562	P376,392	P24,032	P312,366	(P197,463)	P406,745	P66,604	P224,664	P76,371	(P2,625,773)
Adjustments for:																			
Unrealised depreciation (appreciation) of investment at fair value through profit or loss	—	(201,306)	(263,281)	—	7,015,166	(10,651)	—	(12,974)	(178,560)	(170,010)	(254,157)	(18,227)	(339,248)	133,869	(442,747)	(226,346)	(232,461)	(80,145)	4,718,922
Interest income	(438)	(1,150,207)	(181,398)	(1,046)	(7,692)	(9)	(635)	—	(2)	—	(2,386)	—	(25)	(8)	(41)	(2,020)	—	—	(1,345,907)
Loss (gain) on sale of investment at fair value through profit or loss	—	(188,042)	101,692	—	(263,825)	(4,201)	—	(16,163)	(49,212)	(53,661)	(584,466)	(6,034)	(21,994)	1,408	(11,750)	(136,211)	(193)	(20)	(1,232,672)
Dividend income	—	—	—	—	(2,669,712)	—	—	—	—	—	(22,174)	—	—	—	—	(32,475)	—	(54,930)	(2,779,291)
Unrealised foreign exchange loss	—	—	(58,154)	—	—	—	—	(5,078)	(14,668)	(12,673)	(165,756)	(2,295)	—	—	—	(96,919)	—	—	(355,543)
Loss (profit) from interfund investments	(137,862)	790,200	—	950,509	(1,791,539)	—	188,692	—	—	—	—	—	—	—	—	—	—	—	—
Operating loss before working capital changes	(6,805)	(303,626)	(57,954)	(29,419)	(1,819,432)	(1,661)	(55,888)	(5,801)	(16,856)	(14,782)	(652,547)	(2,524)	(48,901)	(62,194)	(47,793)	(427,367)	(7,990)	(58,724)	(3,620,264)
Changes in:																			
Receivables	11,706	(5,391)	(983)	(9,851)	(37,685)	(316)	(58,765)	(32)	3,868	5,455	1,047,553	330	760	(12,236)	(22,571)	690,092	(40,706)	(33,543)	1,537,685
Liability to life fund and other linked funds	—	(658,559)	3,077	44,533	(233,007)	243	86,267	(5,826)	(376)	(3,881)	18,679	20	332	—	—	(7,301)	—	—	(755,799)
Accrued expenses	(65)	(2,451)	(487)	(275)	(15,059)	(10)	(488)	(44)	(35)	(13)	(17,979)	(2)	4,576	2,160	5,383	15,287	1,640	7,800	(62)
Trust fees and other payablesss	5,500	110,000	—	—	5,310	—	—	(48)	179	65	(968,075)	(320)	5,416	—	5,742	(739,341)	—	—	(1,575,572)
	10,336	(860,027)	(56,347)	4,988	(2,099,873)	(1,744)	(28,874)	(11,751)	(13,220)	(13,156)	(572,369)	(2,496)	(37,817)	(72,270)	(59,239)	(468,630)	(47,056)	(84,467)	(4,414,012)
Payment of income tax	(88)	(279,466)	(137)	(209)	(1,538)	(2)	(127)	—	—	—	(5,719)	—	(5)	(2)	(8)	(168)	—	—	(287,469)
Net cash provided by (used in) operating activities	10,248	(1,139,493)	(56,484)	4,779	(2,101,411)	(1,746)	(29,001)	(11,751)	(13,220)	(13,156)	(578,088)	(2,496)	(37,822)	(72,272)	(59,247)	(468,798)	(47,056)	(84,467)	(4,701,481)
CASH FLOWS FROM INVESTING ACTIVITIES																			
Proceeds from disposal of investments	367,660	103,373,672	878,268	767,388	14,117,805	71,850	1,875,826	85,970	194,233	189,180	7,780,000	45,697	102,812	86,835	59,070	5,703,499	24,546	6,608	135,730,919
Acquisitions of investments	(746,119)	(103,836,575)	(408,096)	(1,299,472)	(17,162,986)	(53,368)	(1,065,193)	(35,929)	(66,145)	(82,633)	(5,321,034)	(42,309)	(540,835)	(1,448,621)	(1,043,369)	(6,229,794)	(1,983,120)	(1,566,251)	(142,931,849)
Interest received	448	1,138,308	189,290	1,069	7,763	9	648	—	2	—	2,386	—	25	8	41	2,020	—	—	1,342,017
Dividends received	—	—	—	—	2,678,516	—	—	—	—	—	22,174	—	—	—	—	32,475	—	47,704	2,780,869
Net cash (used in) provided by investing activities	(378,011)	675,405	659,462	(531,015)	(358,902)	18,491	811,281	50,041	128,090	106,547	2,483,526	3,388	(437,998)	(1,361,778)	(984,258)	(491,800)	(1,958,574)	(1,511,939)	(3,078,044)
CASH FLOWS FROM FINANCING ACTIVITIES																			
Additions to the fund for creation of units	1,492,842	1,005,818	63,215	4,207,828	14,099,770	15,756	1,895,594	9,378	29,388	50,451	81,822	7,020	1,648,829	1,867,651	1,635,485	20,604,200	2,241,216	1,639,752	52,596,015
Withdrawals from the fund	(1,154,287)	(700,440)	(681,621)	(3,748,815)	(11,779,921)	(32,501)	(2,718,364)	(54,117)	(140,390)	(143,174)	(2,012,758)	(7,880)	(1,164,896)	(433,601)	(583,526)	(19,552,401)	(235,586)	(43,346)	(45,187,624)
Net cash (used in) provided by financing activities	338,555	305,378	(618,406)	459,013	2,319,849	(16,745)	(822,770)	(44,739)	(111,002)	(92,723)	(1,930,936)	(860)	483,933	1,434,050	1,051,959	1,051,799	2,005,630	1,596,406	7,408,391
NET INCREASE (DECREASE) INCASH AND CASH EQUIVALENTS	(29,208)	(158,710)	(15,428)	(67,223)	(140,464)	—	(40,490)	(6,449)	3,868	668	(25,498)	32	8,113	—	8,454	91,201	—	—	(371,134)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	—	—	196	—	—	—	—	35	77	32	2,412	22	—	—	—	3,981	—	—	6,755
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	39,133	230,658	27,455	81,342	259,732	1,002	43,047	8,591	858	1,294	173,134	1,342	1,384	1,001	11,488	152,504	1,000	1,000	1,035,965
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	P9,925	P71,948	P12,223	P14,119	P119,268	P1,002	P2,557	P2,177	P4,803	P1,994	P150,048	P1,396	P9,497	P1,001	P19,942	P247,686	P1,000	P1,000	P671,586

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, 2024 (Amounts in Thousands)

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund	Flexi Income Fund	Combined
CASH FLOWS FROM OPERATING ACTIVITIES																			
Profit before tax	P102,988	P307,996	P115,600	P26,111	(P334,493)	P13,070	P161,074	P20,148	P90,588	(P8,487)	P359,507	11,020	P210,533	(P7,920)	P197,724	P24,295	P3,128	(P7,415)	P1,285,467
Adjustments for:																			
Unrealised depreciation (appreciation) of investment at fair value through profit or loss	—	86,810	84,881	-	(133,486)	4,399	—	(87)	(38,171)	51,534	(496,941)	(4,591)	(234,603)	(32,214)	(207,557)	(239,853)	(3,494)	7,362	(1,156,011)
Interest income	(1,772)	(1,089,020)	(205,487)	(4,102)	(19,048)	(8)	(1,264)	—	—	—	(3,828)	—	(20)	(8)	(28)	(3,955)	—	—	(1,328,540)
Loss (gain) on sale of investment at fair value through profit or loss	—	(39,075)	105,683	—	834,996	(19,522)	—	(11,798)	(35,580)	(29,770)	(72,215)	(3,728)	(13,369)	(2,453)	(17,037)	47,245	(7)	—	743,370
Dividend income	—	—	—	—	(2,169,813)	—	—	—	—	—	(3,133)	—	—	—	—	(19,624)	—	(971)	(2,193,541)
Unrealised foreign exchange loss	—	—	(166,172)	—	—	—	—	(14,471)	(33,985)	(28,151)	(500,912)	(5,115)	—	—	—	(207,633)	—	—	(956,439)
Loss (profit) from interfund investments	(108,140)	436,075	—	(53,160)	(56,885)	—	(217,890)	—	—	—	—	—	—	—	—	—	—	—	—
Operating loss before working capital changes	(6,924)	(297,214)	(65,495)	(31,151)	(1,878,729)	(2,061)	(58,080)	(6,208)	(17,148)	(14,874)	(717,522)	(2,414)	(37,459)	(42,595)	(26,898)	(399,525)	(373)	(1,024)	(3,605,694)
Changes in:																			
Receivables	(18,146)	86,407	(552)	(25,659)	(3,937)	1,787	16,890	3,430	(1,333)	(5,122)	946,092	(321)	1,168	(17,326)	(9,271)	448,128	(87,797)	(345,862)	988,576
Liability to life fund and other linked funds	(3,384)	912,043	(57,820)	(4,674)	(787,992)	(4,304)	(60,785)	1,178	(17,696)	2,667	(1,074,575)	(428)	105	—	(1,316)	8,560	1,000	1,000	(1,086,421)
Accrued expenses	64	2,548	282	269	14,597	(201)	408	75	78	50	(327)	14	(1,711)	1,812	(734)	5,552	188	1,023	23,987
Trust fees and other payablesss	—	—	—	(84,999)	6,001	—	—	123	—	—	(280,682)	320	(11,310)	—	11,299	(1,053,695)	—	—	(1,412,943)
	(28,390)	703,784	(123,585)	(146,214)	(2,650,060)	(4,779)	(101,567)	(1,402)	(36,099)	(17,279)	(1,127,014)	(2,829)	(49,207)	(58,109)	(26,920)	(990,980)	(86,982)	(344,863)	(5,092,495)
Payment of income tax	(354)	(225,313)	(66)	(820)	(3,810)	(2)	(253)	—	—	—	(642)	—	(4)	(2)	(6)	(169)	—	—	(231,441)
Net cash provided by (used in) operating activities	(28,744)	478,471	(123,651)	(147,034)	(2,653,870)	(4,781)	(101,820)	(1,402)	(36,099)	(17,279)	(1,127,656)	(2,829)	(49,211)	(58,111)	(26,926)	(991,149)	(86,982)	(344,863)	(5,323,936)
CASH FLOWS FROM INVESTING ACTIVITIES																			
Proceeds from disposal of investments	54,082	29,026,423	1,401,657	13,000	6,859,479	563,804	959,830	87,545	211,580	157,084	8,906,184	54,112	78,856	41,807	92,920	3,882,782	305	—	52,391,450
Acquisitions of investments	(170,105)	(30,404,847)	(901,078)	(652,000)	(11,923,953)	(412,450)	(20,630)	(37,547)	(75,388)	(92,902)	(7,432,292)	(42,277)	(382,701)	(1,181,913)	(590,866)	(3,901,861)	(265,605)	(231,184)	(58,719,599)
Interest received	1,768	1,085,453	209,374	4,118	19,353	8	1,253	—	—	—	3,828	—	20	8	28	3,955	—	—	1,329,166
Dividends received	—	—	—	—	2,229,475	—	—	—	—	—	3,133	—	—	—	—	19,624	—	—	2,252,232
Net cash (used in) provided by investing activities	(114,255)	(292,971)	709,953	(634,882)	(2,815,646)	151,362	940,453	49,998	136,192	64,182	1,480,853	11,835	(303,825)	(1,140,098)	(497,918)	4,500	(265,300)	(231,184)	(2,746,751)
CASH FLOWS FROM FINANCING ACTIVITIES																			
Additions to the fund for creation of units	1,167,618	757,928	101,798	4,180,837	14,286,173	9,456	1,994,754	7,102	42,417	52,462	1,020,473	5,068	1,239,361	1,551,083	1,004,491	9,158,838	359,657	577,342	37,516,858
Withdrawals from the fund	(1,022,070)	(739,907)	(710,349)	(3,511,531)	(10,530,666)	(156,038)	(2,804,619)	(49,919)	(145,360)	(100,159)	(1,275,847)	(14,084)	(897,102)	(352,873)	(475,744)	(9,249,072)	(6,375)	(295)	(32,042,010)
Net cash (used in) provided by financing activities	145,548	18,021	(608,551)	669,306	3,755,507	(146,582)	(809,865)	(42,817)	(102,943)	(47,697)	(255,374)	(9,016)	342,259	1,198,210	528,747	(90,234)	353,282	577,047	5,474,848
NET INCREASE (DECREASE) INCASH AND CASH EQUIVALENTS	2,549	203,521	(22,249)	(112,610)	(1,714,009)	(1)	28,768	5,779	(2,850)	(794)	97,823	(10)	(10,777)	1	3,903	(1,076,883)	1,000	1,000	(2,595,839)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	—	—	1,175	—	—	—	—	368	37	55	3,780	57	—	—	—	2,257	—	—	7,729
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	36,584	27,137	48,529	193,952	1,973,741	1,003	14,279	2,444	3,671	2,033	71,531	1,295	12,161	1,000	7,585	1,227,130	—	—	3,624,075
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	P39,133	P230,658	P27,455	P81,342	P259,732	P1,002	P43,047	P8,591	P858	P1,294	P173,134	P1,342	P1,384	P1,001	P11,488	P152,504	P1,000	P1,000	P1,035,965

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. Organisation 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 thereunder 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 eighteen 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 organisation providing life insurance and fund management services worldwide.

The Funds is composed of the following:

a. Managed Fund - a fund which seeks to optimise medium- to long-term capital and income growth through investment in fixed-income securities, money market instruments and shares of stock listed in the Philippine Stock Exchange.

b. Bond Fund (Peso) - a fund which seeks to achieve an optimal level of income in the medium-term together with long-term capital growth through investments in fixed-income securities and money market instruments.

c. Bond Fund (Dollar) - a fund which seeks to achieve an optimal level of income in the medium-term together with long-term capital growth through investments in fixed-income securities denominated in US dollar (USD).

d. Growth Fund - a fund which seeks to optimise 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 optimise 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 optimise 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 Fundinvests 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 maximise 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 maximise 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 USD, issued in the US market rated below BBB-, as well as fixed-income/debt securities issued by Asian entities or their subsidiaries. The Fund may, in addition, at the Fund Manager's discretion, invest up to 20% of its assets in dividend-yielding equities.

l. Asian Balanced Fund - a fund which aims to maximise total return in the medium- to long-termby primarily investing in equities/equity-related securities of companies, which are incorporated, listed in, or have their area of primary activity in the Asia-Pacific region (excluding Japan) as well as fixed-income/debt securities issued by Asian entities or their subsidiaries. The Fund is invested in three (3) USD denominated and Luxembourg-domiciled Asian SICAV funds of Eastspring Investments, namely, Asia Pacific Equity Fund, Asian Local Bond Fund, and Asian Bond Fund.

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 - a fund which seeks to achieve investment returns that track the performance of the Philippine Stock Exchange Composite Index (PSEi) by investing in a diversified portfolio of stocks comprising the PSEi in the same weights as the index.

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.

p. Cash Flow Fund Plus - this fund seeks to provide a regular payout by investing in a diversified portfolio consisting primarily of high yield bonds and other fixed income/debt securities denominated in US dollars, issued in the US market rated below BBB- as well as fixed income/debt securities issued by Asian entities or their subsidiaries. The Fund may also invest up to 20% of its assets in global equities and other dividend-yielding assets.

q. Global Tech Navigator Fund - this fund seeks to achieve long-term capital appreciation by investing all or substantially all of its assets in an equity collective investment scheme that invests principally in equity securities of companies throughout the world that derive or benefit significantly from technological advances and improvements.

The Company submitted its application for the approval of the Global Tech Navigator Fund to IC on May 29, 2024 and was subsequently approved on June 21, 2024.

r. Flexi Income Fund – this fund seeks to achieve income and long-term capital growth by investing in a global multi-asset target fund primarily invested in global equities, debt and short-term securities.

The Company submitted its application for the approval of the Flexi Income Fund to IC on July 22, 2024 and was subsequently approved
on August 30, 2024.

Investment activities of all Funds, except for Managed Fund, Bond Fund (Peso), Growth Fund, Equity Fund, Proactive Fund, Equity Index Tracker Fund, Money Market Fund, Global Tech Navigator Fund and Flexi Income Fund are managed by Eastspring Investments (Singapore) Limited (see Note 6), an entity under common control with the Company. The valuation and unit pricing calculation of the Funds is done by Standard Chartered Bank (SCB) in accordance with the Prudential Corporation Holdings Limited (PCHL) mandate.

On July 23, 2023, and November 13, 2023, the Company transferred the management of the following funds, respectively: the Managed Fund, Bond Fund (Peso), Growth Fund, Equity Fund, and Proactive Fund; and the Equity Index Tracker Fund and Money Market Fund to ATRAM Trust Corporation via the Investment Management Account (IMA) for professional fund management services.

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

2. Basis of Preparation

Basis of Accounting
The combined financial statements have been prepared to present the combined statements of assets and accountabilities, combined statements of profit or loss, combined statements of changes in net assets and combined statements of cash flows of the Funds. The financial information used in presenting these combined financial statements is based on the combined financial statements of individual linked funds.

The accompanying combined financial statements were prepared for the information and use of the Board of Directors and management of Pru Life Insurance Corporation of U.K. and for submission to the Insurance Commission.

The combined financial statements of the Funds were authorised for issue by the Board of Directors (BOD) of the Company on March 27, 2026.

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 (PFRS) Accounting Standards. The combined financial statements have been prepared on the historical cost basis, except for investments at fair value through profit or loss (FVPL) which are measured at fair value.

The Funds' financial assets and liabilities are measured at fair value as of December 31, 2025 and 2024. For the purpose of the presentation of the combined financial statements, the Funds' financial assets and financial liabilities are classified as current with maturity of within one year.

Basis of Combination
The combined financial statements are prepared for a group of commonly controlled funds under the Company. Where each of the Fund have been under common control but do not form a separate legal entity, the combined financial statements can be presented on a combined or aggregated basis. The fundamental difference between combined and consolidated financial statements is that there are no controlling financial interests present between or among the combined Funds.

For the purpose of the combined financial statements, inter-fund transactions are not eliminated. The inter-fund investments under "Investments at FVPL" account not eliminated as at December 31 are as follows:

	2025	2024
Proactive Fund invested at Bond Fund (Peso) (Note 5)	**P7,412,669**	P8,126,132
Managed Fund invested at Bond Fund (Peso) (Note 5)	**4,654,761**	4,337,052
Growth Fund invested at Bond Fund (Peso) (Note 5)	**3,948,423**	4,211,231
Proactive Fund invested at Equity Fund (Note 5)	**7,245,666**	7,531,528
Managed Fund invested at Equity Fund (Note 5)	**1,196,790**	998,178
Growth Fund invested at Equity Fund (Note 5)	**14,684,928**	14,840,545
	P39,143,237	P40,044,666

The inter-fund liabilities taken up as part of "Liability to life fund and other linked funds" account not eliminated as at December 31 are as follows:

	2025	2024
Liability of Bond Fund (Peso) to Proactive Fund	**P7,412,669**	P8,126,132
Liability of Bond Fund (Peso) to Managed Fund	**4,654,761**	4,337,052
Liability of Bond Fund (Peso) to Growth Fund	**3,948,423**	4,211,231
Liability of Equity Fund to Proactive Fund	**7,245,666**	7,531,528
Liability of Equity Fund to Managed Fund	**1,196,790**	998,178
Liability of Equity Fund to Growth Fund	**14,684,928**	14,840,545
	P39,143,237	P40,044,666

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 PHP 720.36 million and PHP 601.05 million as at December 31, 2025 and 2024, 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 PHP 39.37 billion and PHP 40.13 billion as at December 31, 2025 and 2024, respectively.

Functional and Presentation Currency

The combined financial statements are presented in Philippine peso, which is the Funds' functional currency. All financial information presented in Philippine peso have been rounded off to the nearest thousands (000s), except when otherwise indicated. Transactions in foreign currencies pertain to foreign denominated cash and cash equivalents and acquisitions and disposals of financial assets at FVPL that are translated to the functional currency using the foreign currency exchange rate prevailing at the date of transaction. These cash and cash equivalents and financial assets at FVPL are translated to Philippine peso using the foreign currency closing exchange rate prevailing at the reporting date.

Use of Estimates and Judgments

The preparation of the combined financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised 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 recognised in the combined financial statements are described in Note 4.

3. Material Accounting Policy Information

The Funds consistently applied to the individual funds the following accounting policies to all periods presented in these combined financial statements. The amendments to standards effective 2024 are not applicable to the Funds' combined financial statements.

Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that The Funds has adopted the following new accounting pronouncements starting January 1, 2025. Adoption of these pronouncements did not have any significant impact on the Funds' financial position or performance unless otherwise indicated.

- Amendments to PAS 1, Classification of Liabilities as Current or Non-current

  The amendments clarify:

  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PFRS 16, Lease Liability in a Sale and Leaseback

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognise any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7 and PFRS 7, Disclosures: Supplier Finance Arrangements

  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Financial Instruments

Derivative Financial Assets

Derivative financial instruments are initially recognised at fair value on the date when the derivative contract is entered into and are subsequently remeasured at fair value. A derivative is reported as an asset when fair value is positive and as a liability when fair value is negative.

The Cash Flow Fund - Peso Hedged Share Class and Cash Flow Fund Plus – Peso Hedged Share Class hold derivative financial instrument to manage its foreign currency risk exposures through non-deliverable forward (NDF) contracts.

Non-derivative Financial Assets

The Funds initially recognises loans and receivables on the date that they originated. All other financial assets, including assets designated at FVPL, are recognised 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, 2025 and 2024, 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 recognised 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 recognised in combined statements of changes in net assets.

The Funds' held for trading account consists of traded government and corporate debt securities, equity securities listed in the Philippine Stock Exchange (PSE) and investments in mutual funds. These financial assets are measured at fair value and changes therein are recognised in the combined statements of changes in net assets. Investments at FVPL amounted to 169.33 billion and 165.27 billion as at December 31, 2025 and 2024, 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.

a. *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 recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised 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 receivables. As at December 31, 2025 and 2024, the Funds' combined loans and receivables amounted to P1.42 billion and P2.96 billion, respectively.

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 amortised cost
The Funds considers evidence of impairment for financial assets measured at amortised 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 use historical trends of the probability of default, the timing of recoveries and the amount of the loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised 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 recognised in the combined statement of changes in net assets and reflected in an allowance account against financial assets measured at amortised cost. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised 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 recognised.

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 recognised 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 PFRS Accounting Standards, such as in the case of any realised gains or losses arising from the Funds' trading activities.

Derecognition of Financial Assets
The Funds derecognises 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 recognised 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 recognised 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 recognises financial liabilities on the date they are originated. Financial liabilities are initially recognised 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 recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised 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 payables. As at December 31, 2025 and 2024, the Funds' other financial liabilities amounted to 40.00 billion and 42.33 billion, respectively.

Derecognition of Financial Liabilities
The Funds derecognises 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 Funds 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 recognised in the combined statement of changes in net assets using the effective interest method.

Gain (loss) on sale of investment at FVPL is recognised 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 recognised in the combined statements of changes in net assets when the right to receive payment is established.

Profit (loss) from inter-fund investments
Profit (loss) from inter-fund investments consists of fair value changes and realised gain or loss from inter-fundinvestments.

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 have determined it is acting as a principal, the Funds recognises 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 recognised 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 recognised when incurred.

Taxation
Dividend and interest income received by the Funds may be subject to withholding tax imposed in the country of origin. Interest income from interest-bearing investments is recorded gross of final tax.

Contingencies
Contingent liabilities are not recognised 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 recognised in the combined financial statements but are disclosed when an inflow of economic benefits is probable.

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

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

New Standards and Amendments to Standards Not Yet Adopted
A number of new and amendments to standards are effective for annual periods beginning after January 1, 2025. However, The Funds has not applied these new standards and amendments to standards in preparing these combined financial statements. The Funds is currently assessing the potential impact of these on its combined financial statements.

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, Classification and Measurement of Financial Instruments

  The amendments clarify that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

  The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.

- Annual Improvements to PFRS Accounting Standards—Volume 11

  The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

  - Amendments to PFRS 1, Hedge Accounting by a First-time Adopter

  - The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

- The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

- Amendments to PFRS 9
  - Lessee Derecognition of Lease LiabilitiesThe amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognise any resulting gain or loss in profit or loss.
  - Transaction Price
    The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15 Revenue from Contracts with Customers' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

- Amendments to PFRS 10, Determination of a 'De Facto Agent' The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

- Amendments to PAS 7, Cost Method
  The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

Effective beginning on or after January 1, 2027
- PFRS 18, Presentation and Disclosure in Financial Statements
  - The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:

  - Required totals, subtotals and new categories in the statement of profit or loss
  - Disclosure of management-defined performance measures
  - Guidance on aggregation and disaggregation

- PFRS 19, Subsidiaries without Public Accountability
  The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS accounting standards. The application of the standard is optional for eligible entities

Deferred effectivity
- Amendments to PFRS 10, *Consolidated Financial Statements, and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

To be Adopted January 1, 2027
- PFRS 17, Insurance Contracts
  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, Insurance Contracts. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

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

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

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

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

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

Impact assessment
The Company does not intend to early adopt PFRS 17. The Company continues its assessment of the implications of this standard and expects that it will have a significant impact on the Company's combined financial statements as the requirements of the new standard are complex and requires application of significant judgments and estimates. Specifically, the establishment of CSM (or the unearned profits) on in-force insurance contracts will result in adjustments in insurance contract liabilities and corresponding movements in equity upon transition.

Subsequently, the Company expects changes in the timing and recognition of the profits via amortisation of the CSM into income as services are provided. The Company is continuously assessing the potential impact of all other changes including accounting policy choices available under PFRS 17 on how insurance contract liabilities are measured and the impact on presentation and disclosure of the financial results in the combined financial statements.

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

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

A reliable estimate of the impact to the Company's combined financial statements arising from the initial application of PFRS 17 is not yet available as implementation is still in progress which includes enhancements to the Company's actuarial and accounting systems and updating of the accounting manual and operating controls.

- PFRS 9, Financial Instruments

  PFRS 9 replaces Philippine Accounting Standard (PAS) 39 and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

  Applying PFRS 9 with PFRS 4 Insurance Contracts (Amendments to PFRS 4) provide a temporary exemption from PFRS 9, where an entity is permitted to defer application of PFRS 9 in 2018 and continue to apply PAS 39 if it has not applied PFRS 9 before and its activities are predominantly connected with insurance. The Company is permitted to apply the temporary exemption for annual reporting periods beginning before January 1, 2027. Accordingly, the Funds availed the temporary exemption and deferred application of PFRS 9.

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 recognise in the combined financial statements.

- *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, 2025 and 2024, the Funds classified its financial instruments as financial instruments at FVPL, loans and receivables, and other financial liabilities.

- *Determination of functional currency*

  Based on the economic substance of the underlying circumstance relevant to the Funds, the functional currency of The Funds have 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, 2025 and 2024, the Funds' financial instruments carried at fair value are classified as Level 1 and Level 2 in the fair value hierarchy (see Note 10).

PRULIFE 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)

5. Investments at Fair Value through Profit or Loss

The Funds' investments consist of the following:

2025

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund	Flexi Income Fund	Combined
Investments in shares of stocks	P—	P—	P—	P—	P74,538,754	P—	P—	P—	P907,702	P786,412	P1,606,761	P74,142	P2,674,789	P4,145,955	P2,945,881	P1,192,227	P2,460,029	P1,863,630	P93,196,282
Investments in bond funds	4,654,761	—	—	3,948,423	—	—	7,412,669	—	—	—	—	—	—	—	—	—	—	—	16,015,853
Investments in equity funds	1,196,790	—	—	14,684,928	—	—	7,245,666	—	—	—	—	—	—	—	—	—	—	—	23,127,384
Investments in debt securities	—	19,516,533	3,605,640	—	—	342,419	—	313,752	—	—	8,569,034	67,211	—	—	—	4,602,841	—	—	37,017,430
Derivative assets (liabilities)	—	—	—	—	—	—	—	—	—	—	(13,972)	—	—	—	—	(13,281)	—	—	(27,253)
	P5,851,551	P19,516,533	P3,605,640	P18,633,351	P74,538,754	P342,419	P14,658,335	P313,752	P907,702	P786,412	P10,161,823	P141,353	P2,674,789	P4,145,955	P2,945,881	P5,781,787	P2,460,029	P1,863,630	P169,329,696

2024

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund	Flexi Income Fund	Combined
Investments in shares of stocks	P—	P—	P—	P—	P76,453,375	P—	P—	P—	P793,427	P656,647	P182,447	P62,449	P1,875,524	P2,919,446	P1,507,085	P1,573,884	P268,801	P223,822	P85,516,907
Investments in bond funds	4,337,052	—	—	4,211,231	—	—	8,126,132	—	—	—	—	—	—	—	—	—	—	—	16,674,415
Investments in equity funds	998,178	—	—	14,840,545	—	—	7,531,528	—	—	—	—	—	—	—	—	—	—	—	23,370,251
Investments in debt securities	—	19,454,482	3,856,265	—	—	346,049	—	329,613	—	—	11,444,275	55,758	—	—	—	4,233,114	—	—	39,719,556
Derivative assets (liabilities)	—	—	—	—	—	—	—	—	—	—	(7,900)	—	—	—	—	(7,001)	—	—	(14,901)
	P5,335,230	P19,454,482	P3,856,265	P19,051,776	P76,453,375	P346,049	P15,657,660	P329,613	P793,427	P656,647	P11,618,822	P118,207	P1,875,524	P2,919,446	P1,507,085	P4,799,997	P268,801	P223,822	P165,266,228

Reconciliation of the fair value of the investments at the beginning and end of the year is shown below.

2025

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund	Flexi Income Fund	Combined
Fair value at January 1, 2025	P5,335,230	P19,454,482	P3,856,265	P19,051,776	P76,453,375	P346,049	P15,657,660	P329,613	P793,427	P656,647	P11,618,822	P118,207	P1,875,524	P2,919,446	P1,507,085	P4,799,997	P268,801	P223,822	P165,266,228
Fair value gains (loss) recognised in profit or loss	—	201,306	263,281	—	(7,015,166)	10,651	—	12,974	178,560	170,010	254,157	18,227	339,248	(133,869)	442,747	226,346	232,461	80,145	(4,718,922)
Profit (loss) from interfund investments	137,862	(790,200)	—	(950,509)	1,791,539	—	(188,692)	—	—	—	—	—	—	—	—	—	—	—	—
Foreign exchange gain (loss)	—	—	57,958	—	—	—	—	5,043	14,591	12,641	163,344	2,273	—	—	—	92,938	—	—	348,788
Purchases	746,119	103,836,575	408,096	1,299,472	17,162,986	53,368	1,065,193	35,929	66,145	82,633	5,321,034	42,309	540,835	1,448,621	1,043,369	6,229,794	1,983,120	1,566,251	142,931,849
Disposals	(367,660)	(103,185,630)	(979,960)	(767,388)	(13,853,980)	(67,649)	(1,875,826)	(69,807)	(145,021)	(135,519)	(7,195,534)	(39,663)	(80,818)	(88,243)	(47,320)	(5,567,288)	(24,353)	(6,588)	(134,498,247)
Fair value at December 31, 2025	P5,851,551	P19,516,533	P3,605,640	P18,633,351	P74,538,754	P342,419	P14,658,335	P313,752	P907,702	P786,412	P10,161,823	P141,353	P2,674,789	P4,145,955	P2,945,881	P5,781,787	P2,460,029	P1,863,630	P169,329,696

2024

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund	Flexi Income Fund	Combined
Fair value at January 1, 2024	P5,111,067	P18,559,868	P4,382,411	P18,359,616	P72,033,526	P482,280	P16,378,970	P353,623	P821,920	P714,497	P12,026,426	P116,665	P1,323,707	P1,744,673	P784,545	P4,382,934	—	—	P157,576,728
Fair value gains (loss) recognised in profit or loss	—	(86,810)	(84,881)	—	133,486	(4,399)	—	87	38,171	(51,534)	496,941	4,591	234,603	32,214	207,557	239,853	3,494	(7,362)	1,156,011
Profit (loss) from interfund investments	108,140	(436,075)	—	53,160	56,885	—	217,890	—	—	—	—	—	—	—	—	—	—	—	—
Foreign exchange gain (loss)	—	—	164,997	—	—	—	—	14,103	33,948	28,096	497,132	5,058	—	—	—	205,376	—	—	948,710
Purchases	170,105	30,404,847	901,078	652,000	11,923,953	412,450	20,630	37,547	75,388	92,902	7,432,292	42,277	382,701	1,181,913	590,866	3,901,861	265,605	231,184	58,719,599
Disposals	(54,082)	(28,987,348)	(1,507,340)	(13,000)	(7,694,475)	(544,282)	(959,830)	(75,747)	(176,000)	(127,314)	(8,833,969)	(50,384)	(65,487)	(39,354)	(75,883)	(3,930,027)	(298)	—	(53,134,820)
Fair value at December 31, 2024	P5,335,230	P19,454,482	P3,856,265	P19,051,776	P76,453,375	P346,049	P15,657,660	P329,613	P793,427	P656,647	P11,618,822	P118,207	P1,875,524	P2,919,446	P1,507,085	P4,799,997	P268,801	P223,822	P165,266,228

Interest rates for the years ended December 31, 2025 and 2024 ranges from 1.65% to 9.5% and nil to 9.5%, respectively.

Interest income is shown below:

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund	Flexi Income Fund	Combined
2025	—	P1,135,953	P180,581	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	P1,316,534
2024	—	P1,081,502	P205,033	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	P1,286,535

6. Management and Custodian 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:

	2025	2024
Managed Fund	1.79%	1.79%
Bond Fund (Peso)	1.53%	1.53%
Bond Fund (Dollar)	1.53%	1.53%
Growth Fund	2.25%	2.25%
Equity Fund	2.25%	2.25%
Proactive Fund	2.25%	2.25%
Money Market Fund	0.50%	0.50%
Asian Local Bond Fund	1.80%	1.80%
Asia Pacific Equity Fund	2.05%	2.05%
Global Emerging Market Fund	2.05%	2.05%
Cash Flow Fund	1.95%	1.95%
Asian Balanced Fund	1.95%	1.95%
Global Market Navigator Fund	2.25%	2.25%
Equity Index Tracker Fund	1.75%	1.75%
Global Equity Navigator Fund	2.25%	2.25%
Cash Flow Fund Plus	1.95%	1.95%
Global Tech Navigator Fund	0.80%	0.80%
Flexi Income Fund	0.34%	0.34%

The management and custodian fees are as follows:

	2025	2024
Managed Fund	P6,805	P6,924
Bond Fund (Peso)	303,626	297,214
Bond Fund (Dollar)	57,954	65,495
Growth Fund	29,419	31,151
Equity Fund	1,819,432	1,878,729
Proactive Fund	55,888	58,080
Money Market Fund	1,661	2,061
Asian Local Bond Fund	5,801	6,208
Asia Pacific Equity Fund	16,856	17,148
Global Emerging Market Fund	14,782	14,874
Cash Flow Fund	218,038	234,830
Asian Balanced Fund	2,524	2,414
Global Market Navigator Fund	48,901	37,459
Equity Index Tracker Fund	62,194	42,595
Global Equity Navigator Fund	47,793	26,898
Cash Flow Fund Plus	105,259	100,255
Global Tech Navigator Fund	7,990	373
Flexi Income Fund	3,794	53
	P2,808,717	P2,822,761

7. Cash and Cash Equivalents

This account consists of:

2025

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund	Flexi Income Fund	Combined
Cash in banks	P1,001	P1,002	P1,224	P13,117	P56,081	P1,002	P1,001	P2,177	P4,803	P 1,994	P150,048	P1,396	P9,497	P1,001	P19,942	P247,686	P1,000	P1,000	P502,857
Short-term placements	8,924	70,946	10,999	14,119	63,187	—	1,556	—	—	—	—	—	—	—	—	—	—	—	168,729
	P9,925	P71,948	P12,223	P14,119	P119,268	P1,002	P2,557	P2,177	P4,803	P 1,994	P150,048	P1,396	P9,497	P1,001	P19,942	P247,686	P1,000	P1,000	P671,586

2024

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund	Flexi Income Fund	Combined
Cash in banks	P1,251	P1,166	P1,204	P1,253	P1,253	P1,002	P1,251	P8,591	P858	P1,294	P173,134	P1,342	P1,384	P1,001	P11,488	P152,504	P1,000	P1,000	P361,976
Short-term placements	37,882	229,492	26,251	80,089	258,479	—	41,796	—	—	—	—	—	—	—	—	—	—	—	673,989
	P39,133	P230,658	P27,455	P81,342	P259,732	P1,002	P43,047	P8,591	P858	P1,294	P173,134	P1,342	P1,384	P1,001	P11,488	P152,504	P1,000	P1,000	P1,035,965

PRULIFE INSURANCE CORPORATION OF U.K.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS OF THE PRULINK OPERATED BY THE LINKED FUND

(Amounts in Thousands, except as indicated)

Cash in banks earns interest at the prevailing bank deposit rates ranging from 0.44% to 2.80% per annum in 2025 and 2024. Short-term placements are Philippine peso and U.S. dollar time deposits with various financial institutions with maturities ranging from overnight to five days and from overnight to ninety days and interest ranging from 1.85% to 2.40% and 2.50% to 2.78% per annum in 2025 and 2024, respectively.

Interest income is shown below:

2025

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund	Flexi Income Fund	Combined
Cash in banks	P8	P12	P—	P8	P 14	P9	P8	—	P2	—	P1,030	—	P25	P8	P41	P928	—	—	P2,093
Short-term placements	430	14,242	817	1,038	7,678	—	627	—	—	—	—	—	—	—	—	—	—	—	24,832
	P438	P14,254	P817	P1,046	P 7,692	P9	P635	—	P2	—	P1,030	—	P25	P8	P41	P928	—	—	P26,925

2024

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund	Flexi Income Fund	Combined
Cash in banks	P8	P58	P10	P10	P29	P8	P10	—	—	—	P972	—	P20	P8	P28	P845	—	—	P2,006
Short-term placements	1,764	7,460	444	4,092	19,019	—	1,254	—	—	—	6	—	—	—	—	—	—	—	34,039
	P1,772	P7,518	P454	P4,102	P19,048	P8	P1,264	—	—	—	P978	—	P20	P8	P28	P845	—	—	P36,045

8. Receivables

This account consists of:

2025

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund	Flexi Income Fund	Combined
Trade receivables	P—	P5,500	P—	P40,000	P46,475	P161	P70,000	P51	P19	P570	P—	P—	P438	P5,248	P—	P12,346	P19,883	P12,185	P212,876
Margin collateral receivable	—	—	—	—	—	—	—	—	—	—	89,414	—	—	—	—	82,353	—	—	171,767
Receivable from life fund	12,153	7,387	1,534	19,554	76,706	246	—	9	346	—	397	—	5,028	38,266	38,732	44,159	108,620	367,220	720,357
Interest receivable	2	205,951	62,105	2	31,988	—	—	—	—	—	—	—	—	—	—	—	—	8,197	308,245
Other receivables	—	—	—	—	—	—	—	—	—	—	—	—	1,829	—	8,314	1,081	—	—	11,224
	P12,155	P218,838	P63,639	P59,556	P155,169	P407	P70,000	P60	P365	P570	P89,811	—	P7,295	P43,514	P47,046	P139,939	P128,503	P387,602	P1,424,469

2024

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund	Flexi Income Fund	Combined
Trade receivables	P13,000	P—	P—	P13,000	P—	P24	P—	P21	P4,067	P5,754	P39,180	P330	P105	P3,340	—	P36,106	P15,825	P25,302	P156,054
Margin collateral receivable	—	—	—	—	—	—	—	—	—	—	1,083,257	—	—		—	793,925	—	—	1,877,182
Receivable from life fund	10,859	7,496	552	36,703	85,496	67	11,235	7	166	271	1,295	—	7,950	27,938	18,483	—	71,972	320,560	601,050
Interest receivable	12	194,052	69,996	25	40,863	—	13	—	—	—	—	—	—	—	—	—	—	971	305,932
Other receivables	—	—	—	—	—	—	—	—	—	—	13,632	—	—	—	5,992	—	—	—	19,624
	P23,871	P201,548	P70,548	P49,728	P126,359	P91	P11,248	P28	P4,233	P6,025	P1,137,364	P330	P8,055	P31,278	P24,475	P830,031	P87,797	P346,833	P2,959,842

The Funds has entered into collateral arrangements in relation to its derivative transactions, which permit sale or re-pledging of underlying collateral presented as 'Margin collateral receivable' under 'Receivables' in the statement of financial position. Margin collateral receivable earns interest ranging from 3.64% to 4.33% and 4.33% to 5.33% per annum in 2025 and 2024, respectively.

Interest income is shown below:

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund	Flexi Income Fund	Combine
2025	—	—	—	—	—	—	—	—	—	—	P1,092	—	—	—	—	—	—	—	P1,092
2024	—	—	—	—	—	—	—	—	—	—	P3,110	—	—	—	—	—	—	—	P3,110

9. Number of Units and Unit Price

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

	2025	2024
Managed Fund	**P1,680,817**	P11,582,847
Bond Fund (Peso)	**1,160,090**	1,061,173
Growth Fund	**5,523,783**	5,391,896
Equity Fund	**28,645,514**	27,417,039
Proactive Fund	**7,015,034**	7,407,839
Money Market Fund	**270,212**	284,084
Global Market Navigator Fund	**1,836,136**	1,477,930
Equity Index Tracker Fund	**3,895,142**	2,583,943
Global Equity Navigator Fund	**2,052,290**	1,252,475
Bond Fund (Dollar)	**22,874**	26,977
Asian Local Bond Fund	**4,612**	5,300
Asia Pacific Equity Fund	**10,561**	12,092
Global Emerging Market Fund	**8,427**	9,568
Cash Flow Fund (Dollar)	**103,892**	126,996
Cash Flow Fund (Peso Hedged Share Class)	**5,509,841**	6,432,665
Asian Balanced Fund	**2,005**	2,017
Cash Flow Fund Plus (Peso)	**4,838,023**	4,200,011
Cash Flow Fund Plus (Dollar)	**18,465**	11,507
Global Tech Navigator Fund	**2,000,740**	336,792
Flexi Income Fund	**2,202,140**	585,902
	P66,800,598	P60,209,053

	2025	2024
Unit Price in U.S Dollar		
Bond Fund (Dollar)	$ 2.72812	$ 2.52744
Asian Local Bond Fund	1.14816	1.06861
Asia Pacific Equity Fund	1.46188	1.13390
Global Emerging Market Fund	1.58520	1.18622
Cash Flow Fund (Dollar)	0.81052	0.79372
Asian Balanced Fund	1.19939	1.01272
Cash Flow Fund Plus (Dollar)	1.03592	1.02772

The corresponding December 31 unit prices are as follows:

	2025	2024
Unit Price in Philippine Peso		
Managed Fund	3.49054	3.40968
Bond Fund (Peso)	3.16487	3.01542
Growth Fund	3.37826	3.55735
Equity Fund	1.80137	1.94713
Proactive Fund	2.08656	2.11994
Money Market Fund	1.26717	1.21779
Global Market Navigator Fund	1.45893	1.27374
Equity Index Tracker Fund	1.07376	1.14006
Global Equity Navigator Fund	1.45374	1.21743
Cash Flow Fund (Peso Hedged Share Class)	0.94593	0.91626
Cash Flow Fund Plus (Peso)	1.00590	0.99725
Global Tech Navigator Fund	1.29287	1.05825
Flexi Income Fund	1.01829	0.97223

The corresponding December 31 unit prices are as follows:

	Dec 29, 2025	Dec 27, 2024
Unit Price in Philippine Peso		
Managed Fund	3.49050	3.40930
Bond Fund (Peso)	3.16470	3.01477
Growth Fund	3.37858	3.55794
Equity Fund	1.80159	1.94762
Proactive Fund	2.08668	2.12004
Money Market Fund	1.26721	1.21785
Global Market Navigator Fund	1.45905	1.28090
Equity Index Tracker Fund	1.07386	1.14028
Global Equity Navigator Fund	1.45671	1.23035
Cash Flow Fund (Peso Hedged Share Class)	0.94770	0.91742
Cash Flow Fund Plus (Peso)	1.00707	0.99956
Global Tech Navigator Fund	1.29293	1.05834
Flexi Income Fund	1.01831	0.97226
Unit Price in U.S. Dollar		
Bond Fund (Dollar)	$2.72810	$2.52140
Asian Local Bond Fund	1.14645	1.06692
Asia Pacific Equity Fund	1.45901	1.13859
Global Emerging Market Fund	1.58330	1.19545
Cash Flow Fund (Dollar)	0.81054	0.79281
Asian Balanced Fund	1.19768	1.01391
Cash Flow Fund Plus (Dollar)	1.03549	1.02717

PRULIFE 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)

10. Financial Instruments - Fair Values and Risk Management

The nature and extent of the financial instruments outstanding at the reporting date and the risk management policies employed by the Funds are discussed below.

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

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

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

The Funds invests in equity and debt instruments as dictated by the Funds' investment management strategy. Asset allocation is determined by the Funds' manager who manages the distribution of the assets to achieve the investment objectives. Divergence from target asset allocations and the composition of the Funds' portfolio is monitored by the Investment Committee.

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

Financial risk
The Funds has significant exposure to the following financial risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

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

a. *Credit risk*
Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Funds. The Funds is exposed to credit risk primarily through its cash and cash equivalents, interest receivables, receivable from life fund, investment in debt securities and other receivables. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date.

The Funds' investment in debt securities classified as investments at FVPL consists primarily of government securities. As these are direct obligations of their respective governments, these are generally considered to be free of credit risk.

The Funds' concentration of credit risk arises mainly from its investments in government securities amounting to 53.03 billion (96.20%) 56.39 billion (93.38%) of the Funds' total financial assets as at December 31, 2025 and 2024, respectively. Financial assets exposed to credit risk other than investments include, but are not limited to, cash and cash equivalents, receivables, and other financial assets.

The table below provides information regarding the credit risk exposure of the Funds as at December 31, 2025 and 2024 by classifying assets according to the Funds' credit grading of counterparties.

2025	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	P671,586	—	P671,586	—	**P671,586**
Investments in bond funds	16,015,853	—	16,015,853	—	**16,015,853**
Investments in debt securities	37,017,430	—	37,017,430	—	**37,017,430**
Receivables	1,424,469	—	1,424,469	—	**1,424,469**
	P55,129,338	—	P55,129,338	—	**P 5,129,338**

2024	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	P1,035,965	—	P1,035,965	—	**P1,035,965**
Investments in bond funds	16,674,415	—	16,674,415	—	**16,674,415**
Investments in debt securities	39,719,556	—	39,719,556	—	**39,719,556**
Receivables	2,959,842	—	2,959,842	—	**2,959,842**
	P60,389,778	—	P60,389,778	—	**P60,389,778**

The Funds has no past due but not impaired financial assets as at December 31, 2025 and 2024.

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 recognises 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*
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 realisable as they are all listed on the major stock and debt exchanges. Thus, The Funds has limited exposure to liquidity risk.

The tables below summarise the maturity profile of the financial assets and financial liabilities of the Funds based on contractual undiscounted cash flows as at December 31, 2025 and 2024.

2025	Less than 1 Year	1 - 2 Years	>2 - 3 Years	>3 - 4 Years	>4 - 5 Years	More Than 5 Years	Total
Cash and cash equivalents	P671,617	—	—	—	—	—	P671,617
Investments	170,709,857	—	—	—	—	—	170,709,857
Receivables	1,424,469	—	—	—	—	—	1,424,469
	172,805,943	—	—	—	—	—	172,805,943
Liability to life fund and other linked funds (Note 2)	39,369,687	—	—	—	—	—	39,369,687
	284,634	—	—	—	—	—	284,634
Trade payables	348,533	—	—	—	—	—	348,533
	P40,002,854	—	—	—	—	—	P40,002,854

2024	Less than 1 Year	1 - 2 Years	>2 - 3 Years	>3 - 4 Years	>4 - 5 Years	More Than 5 Years	Total
Cash and cash equivalents	P1,036,174	—	—	—	—	—	P1,036,174
Investments	166,593,390	—	—	—	—	—	166,593,390
Receivables	2,959,842	—	—	—	—	—	2,959,842
	170,589,406	—	—	—	—	—	170,589,406
Liability to life fund and other linked funds (Note 2)	40,125,486	—	—	—	—	—	40,125,486
	284,696	—	—	—	—	—	284,696
Trade payables	1,924,105	—	—	—	—	—	1,924,105
	P42,334,287	—	—	—	—	—	P42,334,287

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

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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:

	2025	2024
Short-term time deposits	$187	$454
Investments	464,691	441,794
	$464,878	$442,248
Foreign exchange rate to the Philippine peso used*	58.79	57.85
	P27,330,178	P25,584,047

*Exchange rate used is based on Bankers Association of the Philippines foreign exchange rate as at December 29, 2025 and December 27, 2024.

A 3% and 2% strengthening of Philippine peso against the U.S. dollar as at December 31, 2025 and 2024, with all variables remaining constant, would have affected the measurement of profit before tax and equity by 820 million and 512 million, respectively. A 3% and 2% weakening of the Philippine peso in relation to the U.S. dollar as at December 31, 2025 and 2024, respectively, would have an equal but opposite effect, on the basis that all other variables remain constant.

Interest rate risk

There are two types of interest rate risk:

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

A significant portion of the Funds' investments in debt instruments carried at FVPL is interest-bearing. As a result, the Funds is subject to exposure to fair value interest rate risk. The Funds does not carry debt instruments with variable interest rates and, thus, are not exposed to cash flow interest rate risk.

Interest rate risk is mitigated by the Funds' manager by constructing a portfolio of debenture instruments with diversified maturities.

Any excess cash and cash equivalents of the Funds are invested in short-term time deposits with the term to maturity of up to three (3) or six (6) months.

The analysis below details the impact of changes in market interest rate to the fair value of the Funds' investment in fixed-rate debt instruments. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Changes in Variables	
December 31, 2025	100 Basis Points Increase	100 Basis Points Decrease
Currency		
Philippine peso	(1,097,848)	1,202,695
U.S. dollar	(253,002)	286,579
Fair value sensitivity	(1,350,850)	1,489,274

	Changes in Variables	
December 31, 2025	100 Basis Points Increase	100 Basis Points Decrease
Currency		
Philippine peso	(932,892)	1,017,171
U.S. dollar	(286,703)	326,408
Fair value sensitivity	(1,219,595)	1,343,579

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 116.30 billion and 108.90 billion as at December 31, 2025 and 2024, respectively (see Note 5). The value of these equity securities fluctuates upon changes in market conditions.

Equity price risk is managed by the Funds' manager by constructing a diversified equity portfolio.

All of the Funds' equity investments are listed in the PSE. A 6% and 7% increase in stock prices would have increased profit before income tax and equity by 6.98 billion and 7.62 billion as at December 31, 2025 and 2024, respectively. An equal change in the opposite direction would have decreased profit before income tax and equity by an equal but opposite amount.

Fair value measurement

Many of the Funds' financial instruments are carried at fair value on the combined statements of assets and accountabilities. Usually, the fair value of the financial instruments can be reliably determined within a reasonable range of estimates. For other financial instruments, including cash and cash equivalents, interest receivables, receivable from life fund, other receivables, liability to life funds and other linked funds, accrued expenses, and trade payables, 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 (liabilities) 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:

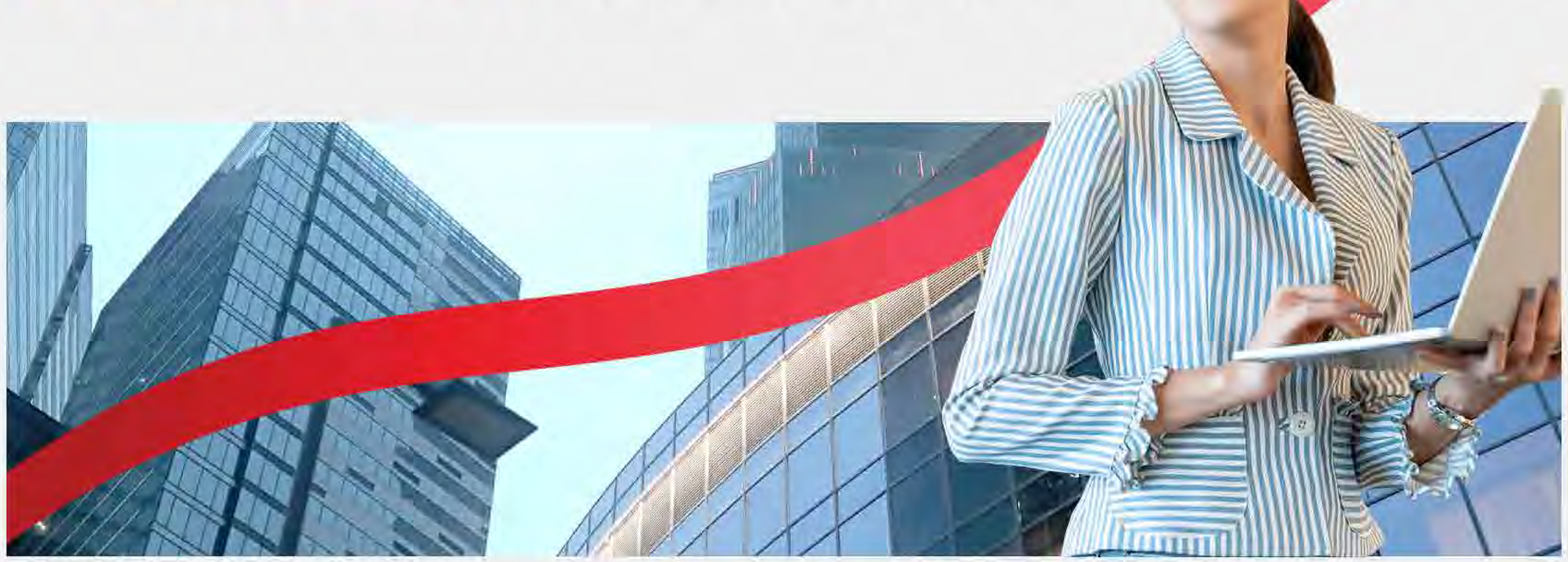
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	December 31, 2025		
	Level 1	Level 2	Level 3
Financial Assets (Liabilities)			
Investments in shares of stocks	P93,196,282	P—	P93,196,282
Investments in bond funds	16,015,853	—	16,015,853
Investments in equity funds	23,127,384	—	23,127,384
Investments in debt securities	7,100,259	29,917,170	37,017,429
Derivative assets (liabilities)	—	(27,252)	(27,252)
	P139,439,778	P 29,889,918	P169,329,696

	December 31, 2024		
	Level 1	Level 2	Level 3
Financial Assets (Liabilities)			
Investments in shares of stocks	P85,516,907	P—	P85,516,907
Investments in bond funds	16,674,415	—	16,674,415
Investments in equity funds	23,370,251	—	23,370,251
Investments in debt securities	20,265,076	19,454,480	39,719,556
Derivative assets (liabilities)	—	(14,901)	(14,901)
	P145,826,649	P19,439,579	P165,266,228

The Funds has no financial instruments categorised under Level 3. Also, there has been no transfer between levels in 2025 and 2024.

MARKET REVIEW



Global markets delivered a broad-based rally in 2025, with positive returns across nearly all major asset classes for the first time since the pandemic. Resilient risk appetite prevailed despite ongoing global trade frictions and persistent U.S. policy uncertainty. Markets experienced a brief setback in April following the "Liberation Day" tariff announcement, which triggered trade-related concerns and prompted the U.S. Federal Reserve (Fed) to begin easing policy. By year-end, the Fed had delivered three consecutive 25-basis-point cuts in the final quarter, bringing the federal funds rate down to 3.50%–3.75%.

Equities led performance. Global equities gained 22.9%, supported by broad-based earnings growth, sustained optimism around artificial intelligence (AI), strong semiconductor exports, and a shift towards more accommodative monetary policy. U.S. equities rose 17.8%, recovering from the April tariff-related shock as the AI investment cycle matured into tangible earnings growth, particularly among large technology firms. European equities surged 36.3%, driven by strong earnings, easing inflation, rising defence spending, and improved U.S.–EU trade relations, though sentiment moderated towards year-end.

Emerging market equities climbed 34.4%, outperforming developed markets. Latin America stood out, with Chile and Colombia benefiting from resilient domestic demand. Asia-Pacific ex-Japan returned 30.2%, led by South Korea, Taiwan, and China. ASEAN markets gained 17.0%, lagging broader Asia and emerging markets; Malaysia, Thailand, the Philippines, and Singapore advanced, while Indonesia declined.

At the country level, Korean equities surged 100.8%, among the strongest performances globally, supported by a boom in semiconductor exports, record overall exports, and meaningful regulatory reforms. Taiwanese equities gained 39.8%, driven by strong corporate earnings, AI-related foreign inflows, and rising export orders. Chinese equities rose 31.4%, led by strong performance in the first three quarters, as improving investor confidence, a U.S.–China trade agreement, AI-related fund inflows, and increased retail participation supported markets.

Fixed income markets also staged a recovery. U.S. Treasury yields declined across most maturities, reflecting easing inflation and expectations of Fed rate cuts. The two-year yield fell 78 bps to 3.47%, while the 10-year yield declined 40 bps to 4.18%; the 30-year yield edged higher to 4.84%, resulting in a modest re-steepening of the curve. The U.S. Dollar Index recorded one of its steepest annual declines in decades, as narrowing rate differentials, fiscal and trade uncertainty, and shifting global capital flows weighed on the greenback.

Against this backdrop, global aggregate bonds returned 8.2%, while U.S. Treasuries and U.S. aggregate bonds gained 6.2% and 7.3%, respectively. Corporate credit remained well supported, with U.S. investment-grade spreads narrowing slightly to 0.79%. U.S. high-yield bonds returned 8.5%, led by BB-rated issues. Emerging market sovereign debt rose 14.3%, one of the strongest performances within global fixed income, supported by spread compression, a weaker U.S. dollar, and robust demand for higher-yielding assets.

A defining theme of 2025 was the maturation of the AI investment cycle. What began as speculative positioning evolved into sustained capital expenditure and earnings growth, particularly in infrastructure-related segments, driving a re-rating of AI-linked assets. Japan also emerged as a key destination for capital, supported by corporate governance reforms and a revitalised manufacturing base. Gold delivered strong performance, reinforcing its role as a strategic hedge amid elevated geopolitical risk and continued central bank demand, while alternative assets contributed to portfolio resilience as macro uncertainty re-emerged.

Domestically, the Philippine economy entered 2025 with expectations of recovery following a period of elevated inflation. While consumption benefited from early disinflation, investment activity weakened materially over the course of the year. A turning point came when corruption investigations linked to public infrastructure spending led to a pause in government construction activity—a key growth driver in recent years.

As a result, economic momentum slowed, with gross domestic product (GDP) growth moderating to 3.0% in the fourth quarter and averaging 4.4% for the year, down from 5.7% in 2024. Monetary policy responded accordingly, with the Bangko Sentral ng Pilipinas cutting policy rates by 125 basis points to 4.5%. While easing supported domestic liquidity, it contributed to currency volatility. The peso initially strengthened but later depreciated as rate differentials with the U.S. widened and investor confidence softened.

Local markets reflected these dynamics. Philippine fixed income benefited from policy easing, particularly at the front end of the curve, while equities declined 7.2% for the year, weighed down by weaker growth expectations.

Overall, 2025 marked a year of recovery and re-alignment across global markets. Easing inflation, supportive monetary policy, and the maturation of structural themes—particularly artificial intelligence—drove strong returns across most asset classes, while regional divergences reflected differing policy paths and domestic conditions. Together, these forces shaped a year marked by recovery, selectivity, and structural change.

Sources: ATRAM Group; Eastspring Investments

Fund Performance Review

Fund Performance Review

PRULink Asian Local Bond Fund

Objective

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/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 maximise total returns through investing in fixed-income or debt securities that are rated as well as unrated.

Performance

7.44%
Year-on-year Return

1.14633
Price (as of Jan 2, 2026)

Top Holdings

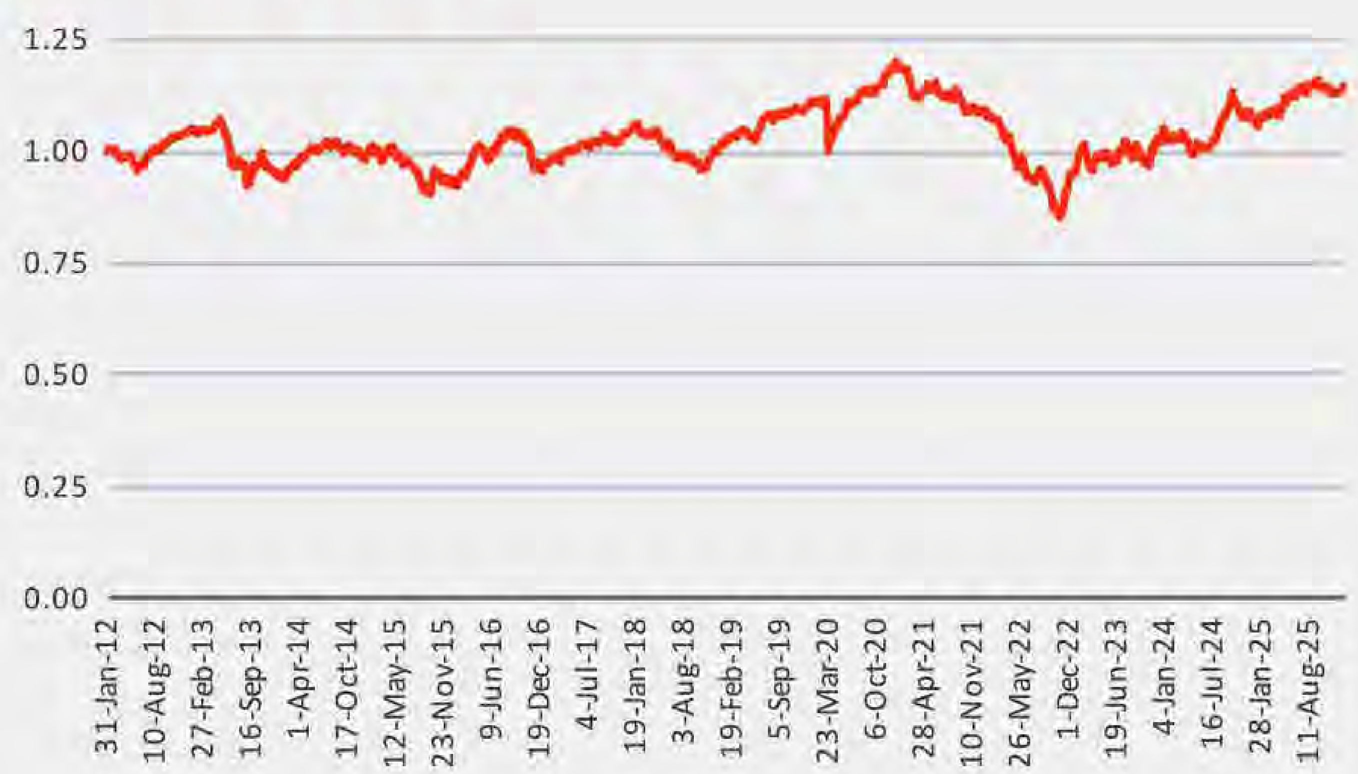
NDF KOREAN WON	10.48%
EZION HOLDINGS LTD 20-NOV-2024	4.69%
EZION HOLDINGS LTD 31-DEC-2079	3.17%
Forward SINGAPORE DOLLAR	2.81%
INDIA (REPUBLIC OF) 7.09% 5-AUG-2054	2.56%
USD CASH	2.45%
SINGAPORE TECHNOLOGIES TELEMEDIA PTE LTD 5.5% 31-DEC-2079	2.26%
NIPPON LIFE INSURANCE CO 5.95% 16-APR-2054	2.22%
BANGKOK BANK PUBLIC CO LTD (HONG KONG BRANCH) 6.056% 25-MAR-2040	2.18%
KEPPEL LTD 2.9% 31-DEC-2079	2.06%

Highest and lowest unit price achieved

Highest	(05 Jan 21)	1.20318
Lowest	(24 Oct 22)	0.85255
Initial	(28 Jan 12)	1.00000

Asset Allocation

Performance Chart



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

Commentary

In 2025, global fixed income markets delivered a positive total return of ~8.4% in U.S. dollar terms. Broad bond indices benefited from falling yields, which were driven by moderating inflation and expectations of central bank rate cuts.

US Treasury yields declined from their early-year highs and settled at lower levels by year-end, signalling improved market stability. The two-year yield fell 82bps y-o-y to 3.47%, while the 10-year yield ended the year at 4.17%. Meanwhile, the U.S. Dollar Index clocked one of its steepest annual declines in decades in 2025, as narrowing interest rate differentials amid expected and actual Federal Reserve (Fed) rate cuts, fiscal and trade policy uncertainty, and shifting global capital flows away from dollar-denominated assets weakened demand for the greenback and boosted alternative currencies.

Most Asian central banks eased policy as inflation cooled and growth slowed, led by broad rate cuts in India and Southeast Asia, while China provided targeted support and Japan stood out by continuing gradual rate hikes on firm inflation and wage growth. Local bond yields increased in Japan and South Korea but declined marginally in China and India. Inflation generally moderated or remained low across key Asian and emerging economies such as India, China, Indonesia, the Philippines, South Korea, Hong Kong and Taiwan.

The Markit iBoxx Asian Local Bond Index rose to 7.7% in USD terms in 2025. South Korea and China recorded the steepest declines, while Indonesia and Singapore led the gains. Currency performance across the region was mixed, the Indonesian rupiah and Singapore dollar (SGD) appreciated the most, whereas the South Korean won and the Chinese yuan saw the largest depreciation.

Over the past year, the portfolio's allocation to USD-denominated bonds served as a significant driver of performance, primarily through beneficial curve positioning and spread selection, while the carry component also contributed positively to overall returns. However, currency movements in the USD acted as a headwind and detracted from gains. Additionally, the portfolio's underweight exposure to Malaysian and Hong Kong bonds partially offset some of the advantages realised from other active positions, limiting the full extent of performance enhancement during the period.

Outlook

Asian central banks have largely maintained an accommodative stance, however, most of them have turned cautious on cutting rates and chosen to resort to other macroprudential measures to maintain system liquidity. Inflation in the region continues to stay benign, and real yields remain high as nominal yields remain largely stable. We believe central banks will ensure sufficient liquidity to support growth, and there remains policy space to ease further should conditions warrant, especially in the high-yielding markets. The main risk for these markets will likely be fiscal and duration supply concerns, which typically impact the long ends of the respective yield curves more.

Meanwhile, the Fed's resumption of rate cuts from early-December provides additional policy room for regional central banks to follow suit without jeopardising macro stability. Continued easing by the Fed should also gradually erode the USD's carry advantage. After several months of consolidation in Asian currencies, the environment appears conducive for a resumption of appreciation trends going into the new year. Against this backdrop, we continue to maintain a bias to increase short USD positions on bouts of USD strength.

PRULink Cash Flow Fund-Peso Hedged Share Class

Objective

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 U.S. dollars, issued in the U.S. 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.

Performance

3.39%
Year-on-year Return

0.94852
Price (as of Jan 2, 2026)

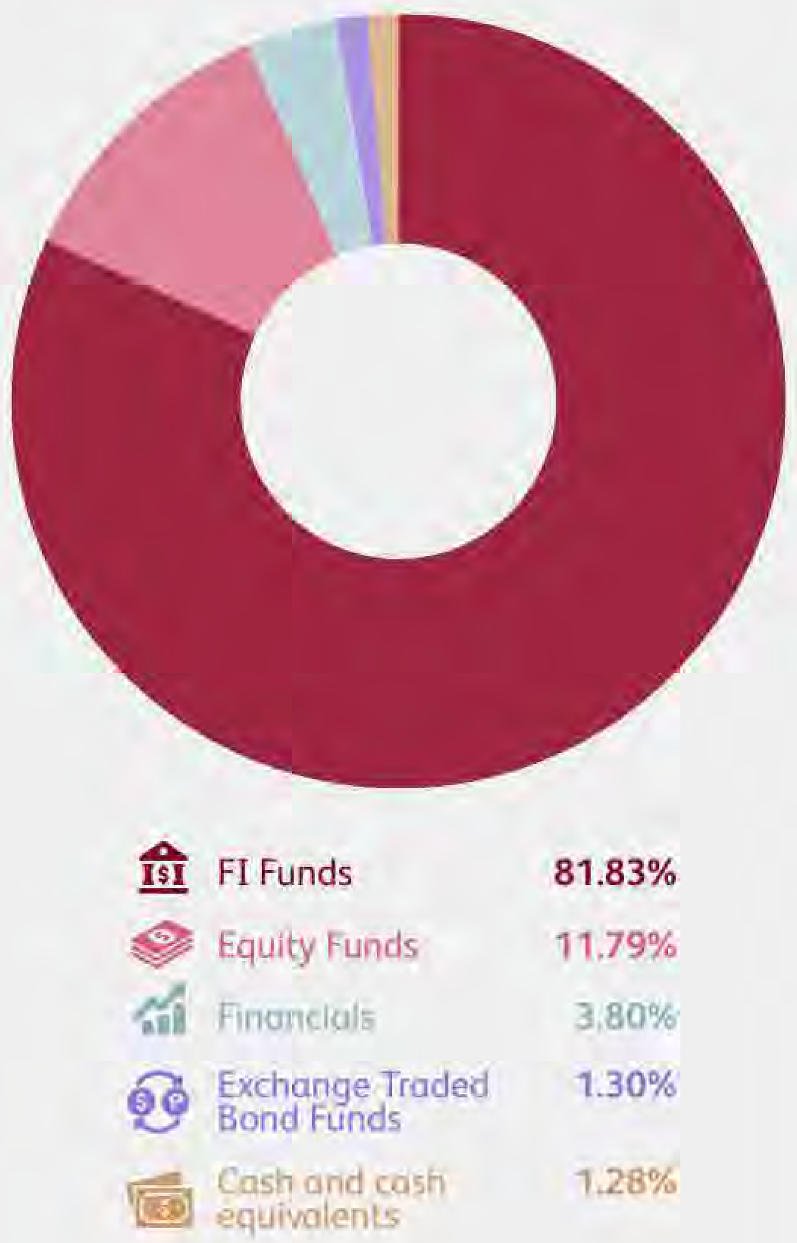
Top Holdings

EASTSPRING INV ASIAN BOND D USD	47.04%
EASTSPRING INV US HI YLD BD D	34.79%
EASTSPRING INV GLBL LOW VOLATIL EQ	10.65%
ISHARES S&P 500	3.80%
ISHARES US TREASURY BOND ETF	1.30%
USD CASH	1.28%
EASTSPRING INV ASIAN EQUITY INC D	1.14%

Highest and lowest unit price achieved

Highest	15-Jun-2021	1.09093
Lowest	25-Oct-2022	0.83478
Initial	3-Sep-2018	1.00000

Asset Allocation



Performance Chart

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

Commentary

In 2025, global markets staged a broad-based rally as resilient risk appetite prevailed, driving positive returns across nearly all major asset classes for the first time since the pandemic—even in the face of ongoing global trade challenges and persistent U.S. policy uncertainty. A sharp tariff shock in April, known as the 'Liberation Day' tariffs announcement, triggered a temporary market downturn and trade-related concerns, prompting the Federal Reserve (the "Fed") to initiate a series of interest rate cuts. Over the course of the year, the Fed delivered three consecutive 25 bps cuts in the final quarter, bringing the federal funds rate down to the 3.50%–3.75% range by the end of 2025.

Global equities ended 2025 strongly with a 22.9% gain, supported by broad-based earnings growth, sustained optimism around artificial intelligence, surging semiconductor exports, and a shift towards more accommodative monetary policy. U.S. equities rose 17.8% despite the April market shock from Liberation Day tariffs announcements. The surge was fuelled by an AI-driven investment cycle, resulting in record capital expenditures and rapid earnings growth, particularly among the top seven information technology companies. Europe equities surged 36.3% on the back of strong earnings, easing inflation, rising defence spending, and improved U.S.–EU trade relations; however, markets turned more cautious towards year-end.

Emerging markets equities climbed 34.4%, outpacing their developed markets counterpart. Latin America stood out as Chile and Colombia, in particular, benefited from resilient domestic demand. While in Asia-Pacific ex-Japan, the region delivered a robust 30.2% return, with South Korea, Taiwan, and China leading the rally. The ASEAN markets posted a 17.0% gain, yet underperformed the broader Asian and emerging market regions, with Malaysia, Thailand, the Philippines, and Singapore recording advances while Indonesia declined.

Korean equities delivered an exceptional 100.8% return in 2025, ranking among the year's leading performers. This stellar growth was underpinned by a surge in semiconductor exports, record-breaking overall export figures, and the implementation of meaningful regulatory reforms. Meanwhile, Taiwanese equities recorded an impressive 39.8% gain, supported by strong corporate earnings, AI-driven foreign inflows, and a sharp increase in export orders. Chinese equities rose 31.4% overall, driven by a strong performance in the first three quarters, which saw a 29.2% increase. This growth was fuelled by increased investor confidence in the country's economic recovery, a U.S.–China trade agreement, AI-driven fund inflows and increased retail investor participation.

U.S. Treasury yields across key maturities generally declined in 2025, driven in part by expectations of Fed rate cuts and easing inflation pressure. The two-year yield declined 78 basis points to 3.47%, while the 10-year yield ended at 4.18%, down 40 basis points. The 30-year yield deviated from the trend, increasing by 6 basis points to close at 4.84%. Front-end Treasury yields fell faster than long-end yields, modestly re-steepening the two-year/10-year curve, as markets priced in the Fed easing alongside expectations of a growth recovery. Meanwhile, the U.S. Dollar Index (DXY) clocked one of its steepest annual declines in decades in 2025, as narrowing interest rate differentials amid expected and actual Fed rate cuts, fiscal and trade policy uncertainty, and shifting global capital flows away from dollar-denominated assets weakened demand for the greenback and boosted alternative currencies.

Against this backdrop, global aggregate bonds returned 8.2%, while U.S. Treasuries and U.S. aggregate bonds observed returns of 6.2% and 7.3%, respectively. Broad bond indices generally benefited from falling yields, which were driven by moderating inflation and expectations of central bank rate cuts. The U.S. corporate credit spread, as measured by the ICE BofA U.S. Corporate Option-Adjusted Spread (OAS), narrowed slightly to 0.79% by the end of 2025, down from 0.81% at the end of 2024, indicating sustained demand for corporate credit amid stable fundamentals. U.S. high-yield bonds posted a gain of 8.5%, as the BB-rated segment outperformed, largely bolstered by the decline in the 10-year Treasury yield. In emerging markets, EM sovereign debt markets rose 14.3%, reflecting one of the strongest performances among global fixed income sectors. This strong outcome was driven by broad spread compression across EM sovereign debt, supportive global interest-rate dynamics, a weakening U.S. dollar, and strong investor demand for higher-yielding hard-currency assets.

The Fund posted a positive absolute return (in USD) in 2025, outperforming its reference index on a gross basis. The Fund's increased cash holdings during early April (i.e., Liberation Day) were a drag to relative performance, as markets subsequently rebounded rapidly following the 90-day tariff truce. However, for the remainder of the second half of 2025, the Fund increased its tactical equity positioning and generated a strong active return of 1.2%.

Outlook

2026 is likely to feature softer growth in the United States and Europe, largely offset by fiscal and monetary policy stimulus in Asia. In the U.S., we expect total real gross domestic product (GDP) growth to moderate in 2026. We believe that the anticipated slowdown in employment growth and the steadily rising cost of tariffs will be increasing drags on gross domestic product (GDP) growth in 2026.

2025 has demonstrated that markets can defy expectations, climbing to record highs even as volatility persisted. Looking ahead, 2026 looks set to start with a constructive backdrop for Asia and Emerging Markets (EMs), supported by fiscal and monetary stimulus, and policy favouring a weaker U.S. dollar. These factors create tailwinds for economic growth and asset markets.

However, the current backdrop comes with challenges. Geopolitical risks, elevated asset valuations in the U.S. and rising concentration risks in equity markets could trigger sharp market movements. Additional headwinds include potential U.S. dollar strength, housing vulnerabilities in Asia and lingering trade policy uncertainty.

Amid uncertainty over trade policy and the USD's path and traditional equity–bond correlations proving less reliable, we believe that diversified streams of tactical alpha, hedging and defensive strategies can build portfolio resilience.

PRULink Cash Flow Fund

▶ Objective

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.

▶ Performance

2.21%
Year-on-year Return

0.81033
Price (as of Jan 2, 2026)

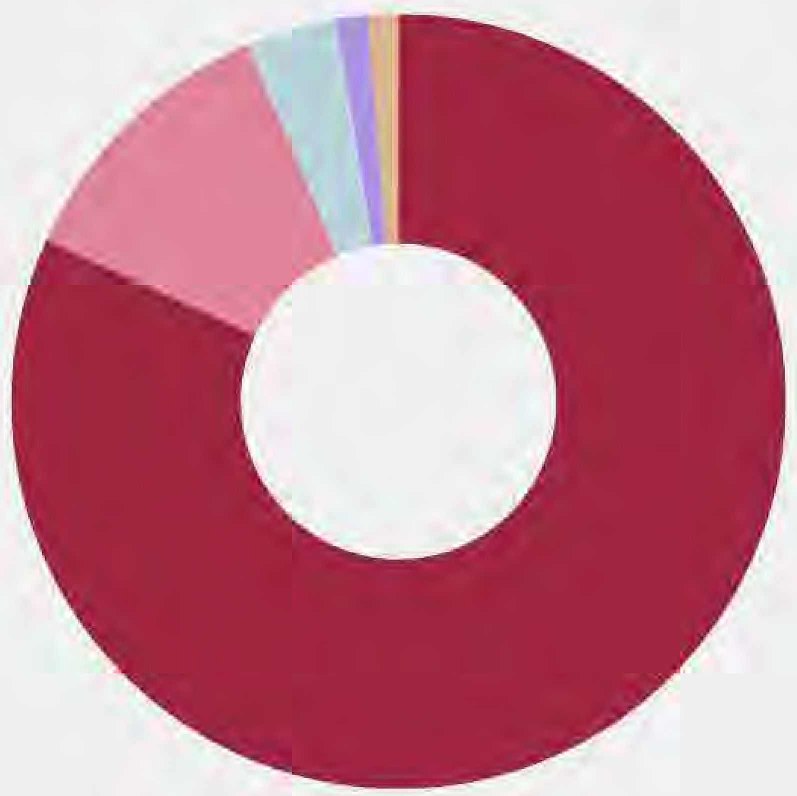
▶ Top Holdings

EASTSPRING INV ASIAN BOND D USD	47.04%
EASTSPRING INV US HI YLD BD D	34.79%
EASTSPRING INV GLBL LOW VOLATIL EQ	10.65%
ISHARES S&P 500	3.80%
ISHARES US TREASURY BOND ETF	1.30%
USD CASH	1.28%
EASTSPRING INV ASIAN EQUITY INC D	1.14%

▶ Highest and lowest unit price achieved

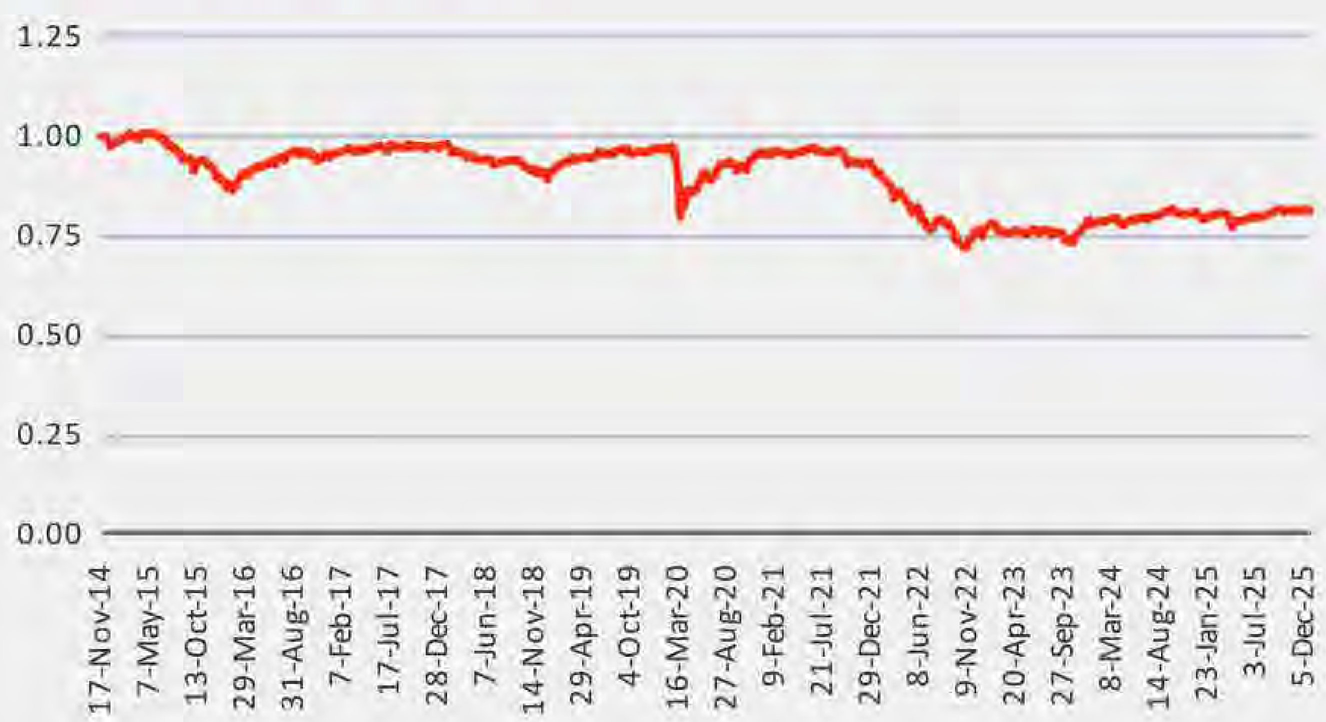
Highest	29-Apr-2015	1.01016
Lowest	7-Nov-2022	0.71947
Initial	17-Nov-2014	1.00000

▶ Asset Allocation



FI Funds	81.83%
Equity Funds	11.79%
Financials	3.80%
Exchange Traded Bond Funds	1.30%
Cash and cash equivalents	1.28%

▶ Performance Chart



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▶ Commentary

In 2025, global markets staged a broad-based rally as resilient risk appetite prevailed, driving positive returns across nearly all major asset classes for the first time since the pandemic—even in the face of ongoing global trade challenges and persistent U.S. policy uncertainty. A sharp tariff shock in April, known as the 'Liberation Day' tariffs announcement, triggered a temporary market downturn and trade-related concerns, prompting the Federal Reserve (the "Fed") to initiate a series of interest rate cuts. Over the course of the year, the Fed delivered three consecutive 25 bps cuts in the final quarter, bringing the federal funds rate down to the 3.50%–3.75% range by the end of 2025.

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Emerging markets equities climbed 34.4%, outpacing their developed markets counterpart. Latin America stood out as Chile and Colombia, in particular, benefited from resilient domestic demand. While in Asia-Pacific ex-Japan, the region delivered a robust 30.2% return, with South Korea, Taiwan, and China leading the rally. The ASEAN markets posted a 17.0% gain, yet underperformed the broader Asian and emerging market regions, with Malaysia, Thailand, the Philippines, and Singapore recording advances while Indonesia declined.

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U.S. Treasury yields across key maturities generally declined in 2025, driven in part by expectations of Fed rate cuts and easing inflation pressure. The two-year yield declined 78 basis points to 3.47%, while the 10-year yield ended at 4.18%, down 40 basis points. The 30-year yield deviated from the trend, increasing by 6 basis points to close at 4.84%. Front-end Treasury yields fell faster than long-end yields, modestly re-steepening the two-year/10-year curve, as markets priced in the Fed easing alongside expectations of a growth recovery. Meanwhile, the U.S. Dollar Index (DXY) clocked one of its steepest annual declines in decades in 2025, as narrowing interest rate differentials amid expected and actual Fed rate cuts, fiscal and trade policy uncertainty, and shifting global capital flows away from dollar-denominated assets weakened demand for the greenback and boosted alternative currencies.

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The Fund posted a positive absolute return (in USD) in 2025, outperforming its reference index on a gross basis. The Fund's increased cash holdings during early April (i.e., Liberation Day) were a drag to relative performance, as markets subsequently rebounded rapidly following the 90-day tariff truce. However, for the remainder of the second half of 2025, the Fund increased its tactical equity positioning and generated a strong active return of 1.2%.

▶ Outlook

2026 is likely to feature softer growth in the United States and Europe, largely offset by fiscal and monetary policy stimulus in Asia. In the U.S., we expect total real gross domestic product (GDP) growth to moderate in 2026. We believe that the anticipated slowdown in employment growth and the steadily rising cost of tariffs will be increasing drags on gross domestic product (GDP) growth in 2026.

2025 has demonstrated that markets can defy expectations, climbing to record highs even as volatility persisted. Looking ahead, 2026 looks set to start with a constructive backdrop for Asia and Emerging Markets (EMs), supported by fiscal and monetary stimulus, and policy favouring a weaker U.S. dollar. These factors create tailwinds for economic growth and asset markets.

However, the current backdrop comes with challenges. Geopolitical risks, elevated asset valuations in the U.S. and rising concentration risks in equity markets could trigger sharp market movements. Additional headwinds include potential U.S. dollar strength, housing vulnerabilities in Asia and lingering trade policy uncertainty.

Amid uncertainty over trade policy and the USD's path and traditional equity–bond correlations proving less reliable, we believe that diversified streams of tactical alpha, hedging and defensive strategies can build portfolio resilience.

PRULink Cash Flow Fund Plus-Peso Hedged Share Class

Objective

The Fund invests in a diversified portfolio consisting primarily of high-yield bonds and other fixed-income/debt securities denominated in U.S. dollars, issued in the U.S. market, and rated below BBB-, as well as fixed income/debt securities issued by Asian entities or their subsidiaries. This Fund may invest up to 20% of its assets in global equities and other dividend-yielding assets. It seeks to provide investors with a non-guaranteed payout* of up to 6% per year (or up to 1.5% per quarter) based on the number of units held at the time of payout computation.

Performance

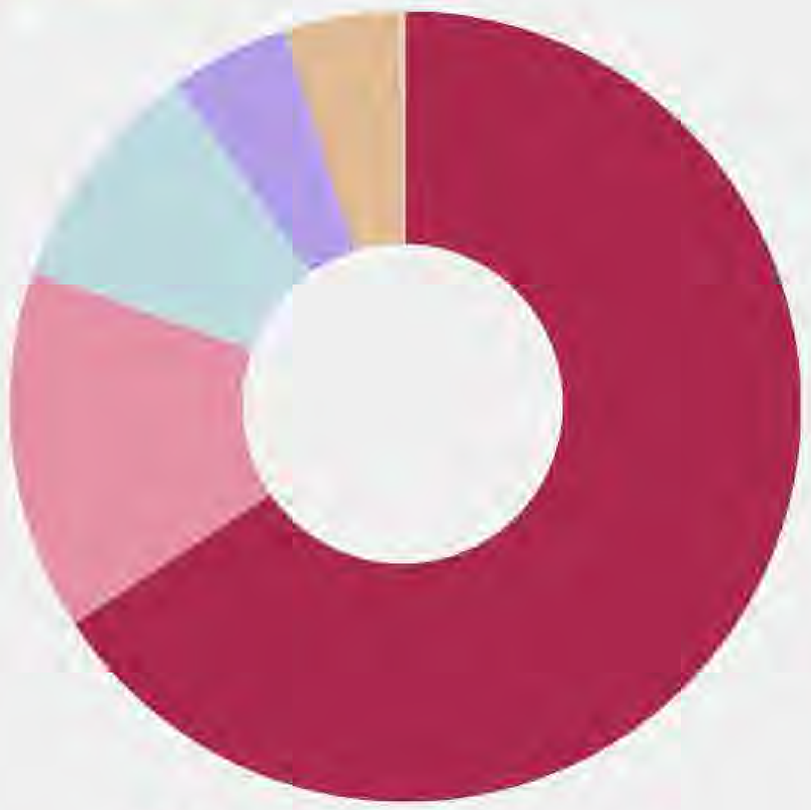
0.84%
Year-on-year Return

1.00795
Price (as of Jan 2, 2026)

Top Holdings

EASTSPRING INV ASIAN BOND D USD	38.79%
EASTSPRING INV US HI YLD BD D	26.97%
ISHARES CORE S&P 500 UCITS ETF	10.18%
EASTSPRING INV GLBL LOW VOLATIL EQ	4.81%
USD CASH	4.81%
ISHARES HIGH YIELD CORP BOND UCITS ETF USD	4.75%
ISHARES $ TREASURY BD 1-3YR UCITS ETF USD DIST	3.95%
XTRACKERS MSCI EUROPE UCITS ETF	3.50%
XTRACKERS MSCI EMERGING MARKETS UCITS ETF	1.08%
ISHARES USD TREASURY BOND 7-10YR UCITS ETF	0.98%

Asset Allocation



FI Funds	65.76%
Financials	14.77%
Exchange Traded Bond Funds	9.67%
Equity Funds	4.81%
Cash and cash equivalents	4.81%
Government Bond	0.18%

Highest and lowest unit price achieved

Highest	25-Sep-2024	1.04897
Lowest	27-Oct-2023	0.9387
Initial	13-Dec-2022	1.00000

Performance Chart

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Commentary

In 2025, global markets staged a broad-based rally as resilient risk appetite prevailed, driving positive returns across nearly all major asset classes for the first time since the pandemic—even in the face of ongoing global trade challenges and persistent U.S. policy uncertainty. A sharp tariff shock in April, known as the 'Liberation Day' tariffs announcement, triggered a temporary market downturn and trade-related concerns, prompting the Federal Reserve (the "Fed") to initiate a series of interest rate cuts. Over the course of the year, the Fed delivered three consecutive 25 bps cuts in the final quarter, bringing the federal funds rate down to the 3.50%–3.75% range by the end of 2025.

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Emerging markets equities climbed 34.4%, outpacing their developed markets counterpart. Latin America stood out as Chile and Colombia, in particular, benefited from resilient domestic demand. While in Asia-Pacific ex-Japan, the region delivered a robust 30.2% return, with South Korea, Taiwan, and China leading the rally. The ASEAN markets posted a 17.0% gain, yet underperformed the broader Asian and emerging market regions, with Malaysia, Thailand, the Philippines, and Singapore recording advances while Indonesia declined.

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The Fund posted a positive absolute return in 2025, but underperformed its reference index on a gross basis (in USD). April 2025 was the Fund's largest underperforming month. As the Fund reduced its equity exposure immediately following the Liberation Day tariff announcement (which we assessed at the time to be more adverse for global growth than expected), the Fund's increased cash holdings at the time were a drag to relative performance as markets subsequently rebounded rapidly following the 90-day tariff truce, which saw a rapid rebound in market sentiment.

Outlook

2026 is likely to feature softer growth in the United States and Europe, largely offset by fiscal and monetary policy stimulus in Asia. In the U.S., we expect total real gross domestic product (GDP) growth to moderate in 2026. We believe that the anticipated slowdown in employment growth and the steadily rising cost of tariffs will be increasing drags on gross domestic product (GDP) growth in 2026.

2025 has demonstrated that markets can defy expectations, climbing to record highs even as volatility persisted. Looking ahead, 2026 looks set to start with a constructive backdrop for Asia and Emerging Markets (EMs), supported by fiscal and monetary stimulus, and policy favouring a weaker U.S. dollar. These factors create tailwinds for economic growth and asset markets.

However, the current backdrop comes with challenges. Geopolitical risks, elevated asset valuations in the U.S. and rising concentration risks in equity markets could trigger sharp market movements. Additional headwinds include potential U.S. dollar strength, housing vulnerabilities in Asia and lingering trade policy uncertainty.

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PRULink Cash Flow Fund Plus

Objective

The Fund invests in a diversified portfolio consisting primarily of high-yield bonds and other fixed-income/debt securities denominated in US dollars, issued in the US market, and rated below BBB-, as well as fixed income/debt securities issued by Asian entities or their subsidaries. This Fund may invest up to 20% of its assets in global equities and other dividend-yielding assets. The Fund may also invest up to 20% on other bonds considered as safe-haven assets such as US Treasuries during downside or risk-off market conditions. It seeks to provide investors with a non-guaranteed payout of up to 5% per year (or yup to 1.25% per quarter) based on the number of units held at the time of payout computation.

Performance

0.80%
Year-on-year Return

1.03537
Price (as of Jan 2, 2026)

Top Holdings

EASTSPRING INV ASIAN BOND D USD	38.79%
EASTSPRING INV US HI YLD BD D	26.97%
ISHARES CORE S&P 500 UCITS ETF	10.18%
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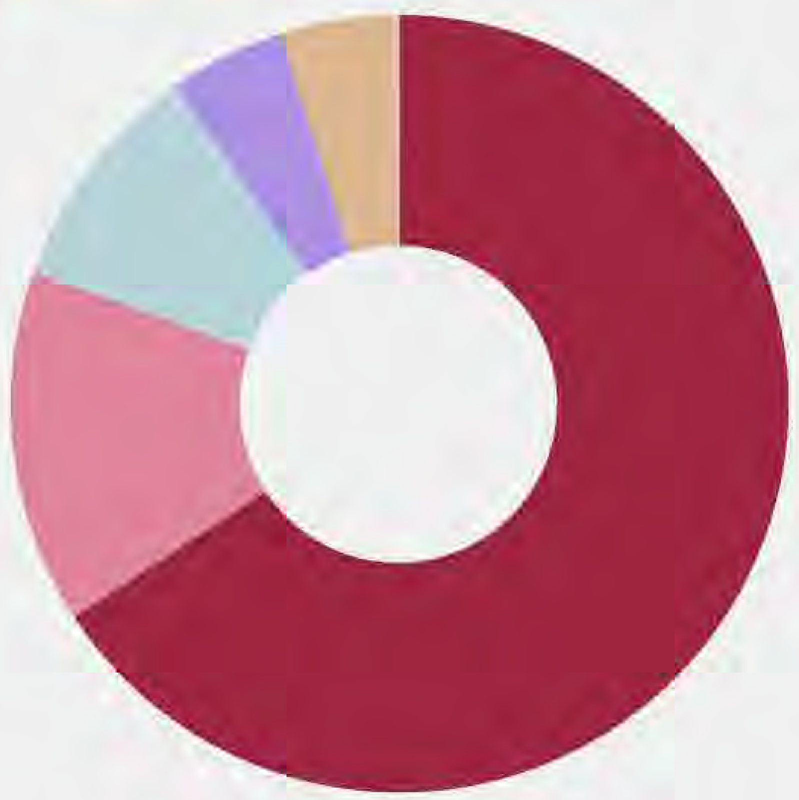
Asset Allocation



FI Funds	65.76%
Financials	14.77%
Exchange Traded Bond Funds	9.67%
Equity Funds	4.81%
Cash and cash equivalents	4.81%
Government Bond	0.18%

Highest and lowest unit price achieved

Highest	30-Sep-2024	1.06286
Lowest	27-Oct-2023	0.94669
Initial	3-Aug-2023	1.00000

Performance Chart

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Commentary

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Outlook

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Amid uncertainty over trade policy and the USD's path and traditional equity–bond correlations proving less reliable, we believe that diversified streams of tactical alpha, hedging and defensive strategies can build portfolio resilience.

PRULink US Dollar Bond Fund

Objective

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.

Performance

8.12%
Year-on-year Return

2.7262
Price (as of Jan 2, 2026)

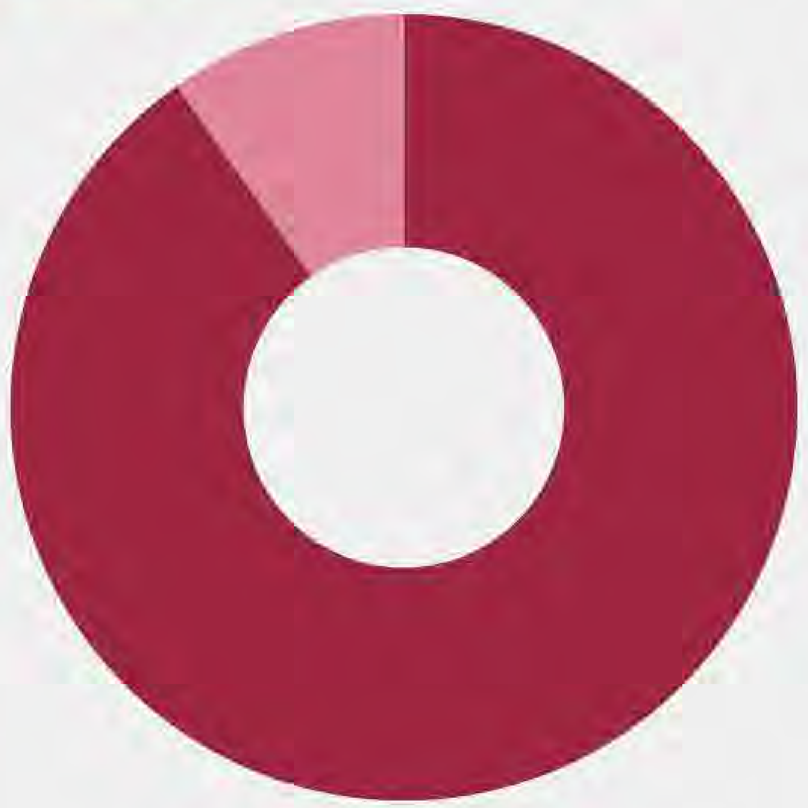
Top Holdings

PHILIPPINES (REPUBLIC OF) 7.75% 14-JAN-2031	13.44%
EASTSPRING INV ASIAN BOND D USD	9.74%
PHILIPPINES (REPUBLIC OF) 3.7% 2-FEB-2042	9.26%
PHILIPPINES (REPUBLIC OF) 9.5% 2-FEB-2030	9.16%
PHILIPPINES (REPUBLIC OF) 3.7% 1-MAR-2041	9.08%
PHILIPPINES (REPUBLIC OF) 6.375% 23-OCT-2034	8.73%
PHILIPPINES (REPUBLIC OF) 3.95% 20-JAN-2040	6.64%
PHILIPPINES (REPUBLIC OF) 6.375% 15-JAN-2032	6.47%
PHILIPPINES (REPUBLIC OF) 2.95% 5-MAY-2045	3.51%
PHILIPPINES (REPUBLIC OF) 3.2% 6-JUL-2046	3.31%

Highest and lowest unit price achieved

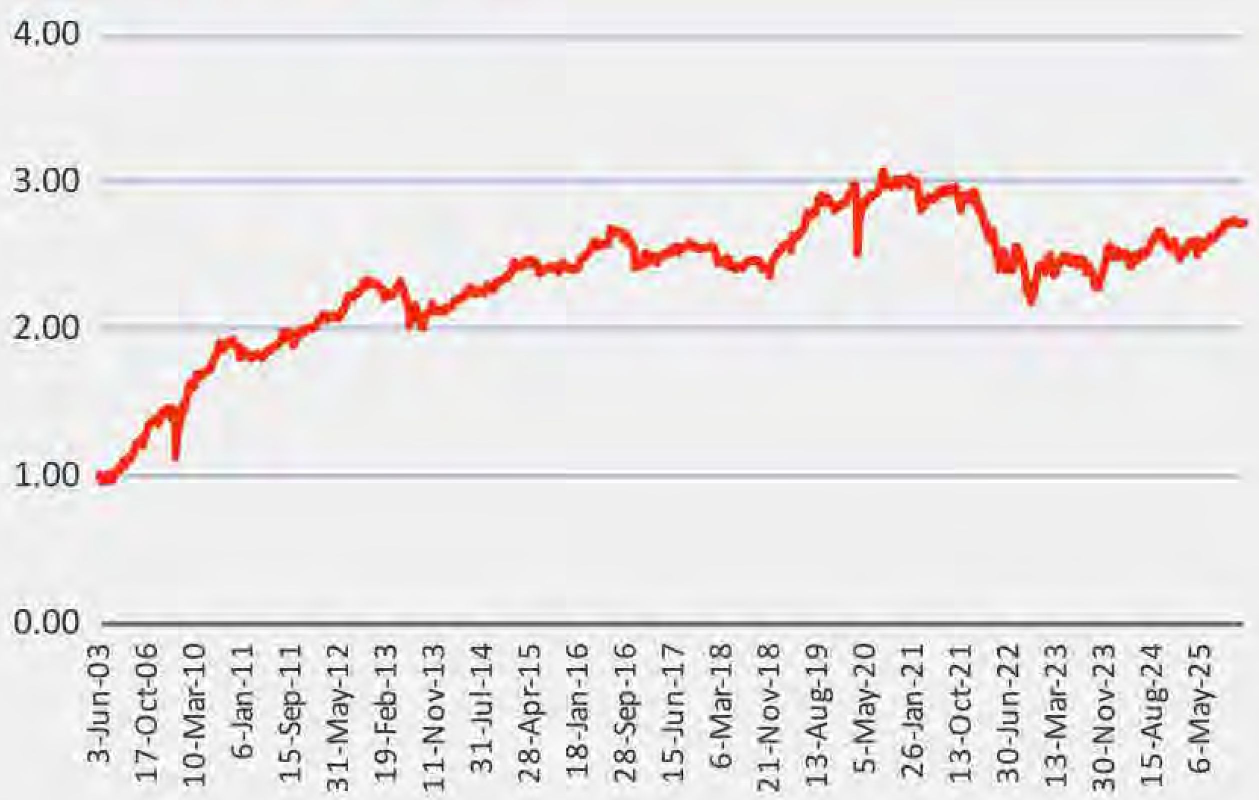
Highest	12-Aug-2020	3.0786
Lowest	5-Aug-2003	0.9608
Initial	3-Jun-2003	1.00000

Asset Allocation



Government Bond	90.21%
Fixed Income Funds	9.74%
Cash and cash equivalents	0.06%

Performance Chart



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

Commentary

In 2025, global fixed income markets delivered a positive total return of ~8.4% in U.S. dollar terms. Broad bond indices benefited from falling yields, which were driven by moderating inflation and expectations of central bank rate cuts.

U.S. Treasury yields declined from their early-year highs and settled at lower levels by year-end, signalling improved market stability. The two-year yield fell 82bps y-o-y to 3.47%, while the 10-year yield ended the year at 4.17%. Meanwhile, the U.S. Dollar Index clocked one of its steepest annual declines in decades in 2025, as narrowing interest rate differentials amid expected and actual Federal Reserve (Fed) rate cuts, fiscal and trade policy uncertainty, and shifting global capital flows away from dollar-denominated assets weakened demand for the greenback and boosted alternative currencies.
The JP Morgan EMBI Global Diversified Index rose 14.3%, marking strong performance in the EM USD bond market due to spread compression, favourable interest rates, a weaker dollar, and high demand for hard-currency assets. Philippine USD sovereign bonds also returned positively, while Asian USD debt benefited from lower U.S. rates and tighter credit spreads.

In November, annual inflation moderated, largely influenced by reduced costs in food and non-alcoholic beverages, though housing and utility prices saw an uptick. The trade deficit also narrowed during the month, reaching its smallest level since February, as exports experienced robust growth, particularly in electronic products, gold, and bananas, with Hong Kong and the U.S. remaining key destinations. At the same time, imports declined, mainly due to a marked decrease in purchases of mineral fuels and lubricants, with China continuing as the leading supplier but imports from Indonesia falling significantly.

During the review period, the portfolio's allocations to Asian credits and its overweight position in long-dated Philippine USD government bonds were notable contributors to performance, while exposures to shorter maturities partially offset these gains.

Outlook

The U.S. Treasury curve steepened in the month of December on the back of higher expectations of the Fed turning more dovish while the long end underperformed due to concerns around fiscal balances and inflation. Risk sentiment was mixed during the month, but Asian credit spreads in general tightened as sentiment improved in the second half of the month and led to the outperformance of Asian credits despite risk-free yields underperforming slightly. ROPs did not do well during the month due to higher Treasury yields and idiosyncratic risk factors such as doubts over the Philippines' growth and the anti-corruption initiatives.

We think Asian credits will continue benefiting from positive technicals such as the continued moderate bond supply in the region and offer the Fund diversification and higher carry. Locally, we expect growth to slow given the political risks surrounding the anti-graft efforts. The The Banko Sentral ng Pilipinas (BSP) has indeed responded with a rate cut in December as per our expectations, but it signalled it is very close to the end of the rate-cutting cycle. In our view, while there is still room for BSP to cut rates, it will be highly dependent on the anti-graft developments and its impact on growth. On the U.S. rates front, labour markets are expected to continue a downtrend, and we expect the Fed to resume rate cuts especially if the new Fed Chairman belongs more to the dovish camp, although this seems quite priced in by the markets at the moment. This affirms our view that the Fund will benefit from a long-duration position over a longer term. Overall, we think it makes sense to add duration on spikes in yields but avoid the ultra-long end at current levels due to steepening risks. We remain cautious of short-term volatility and maintain our allocation to Asian credits (for diversification and greater carry) and stay slightly overweight while adding opportunistically.

PRULink Asia Pacific Equity Fund

▶ Objective

The Fund is structured as a feeder fund which invests in the Eastspring Investments – Asia Pacific Equity Fund, which aims to maximise long-term total return by investing primarily in equity and equity-related securities of companies which are incorporated, listed, 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.

▶ Performance

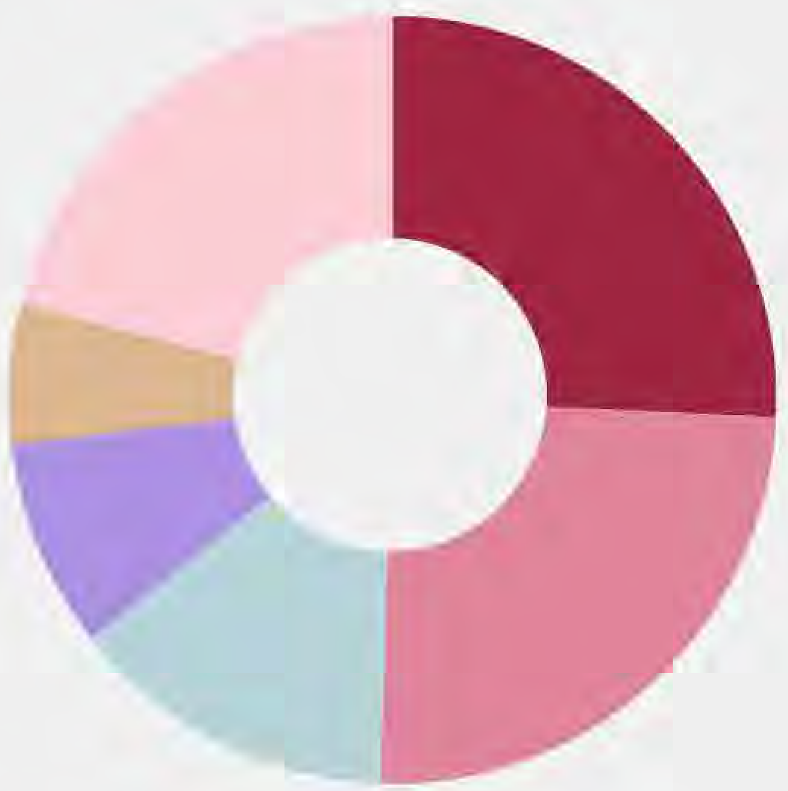
31.22%
Year-on-year Return

1.49405
Price (as of Jan 2, 2026)

▶ Top Holdings

TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	10.28%
SAMSUNG ELECTRONICS CO LTD	6.66%
ALIBABA GROUP HOLDING LTD	4.61%
TENCENT HOLDINGS LTD	3.76%
ICICI BANK LTD	2.64%
BHP GROUP LTD	2.46%
AIA GROUP LTD	2.40%
AXIS BANK LTD	2.39%
SK HYNIX INC	2.39%
RELIANCE INDUSTRIES LTD	2.23%

▶ Asset Allocation

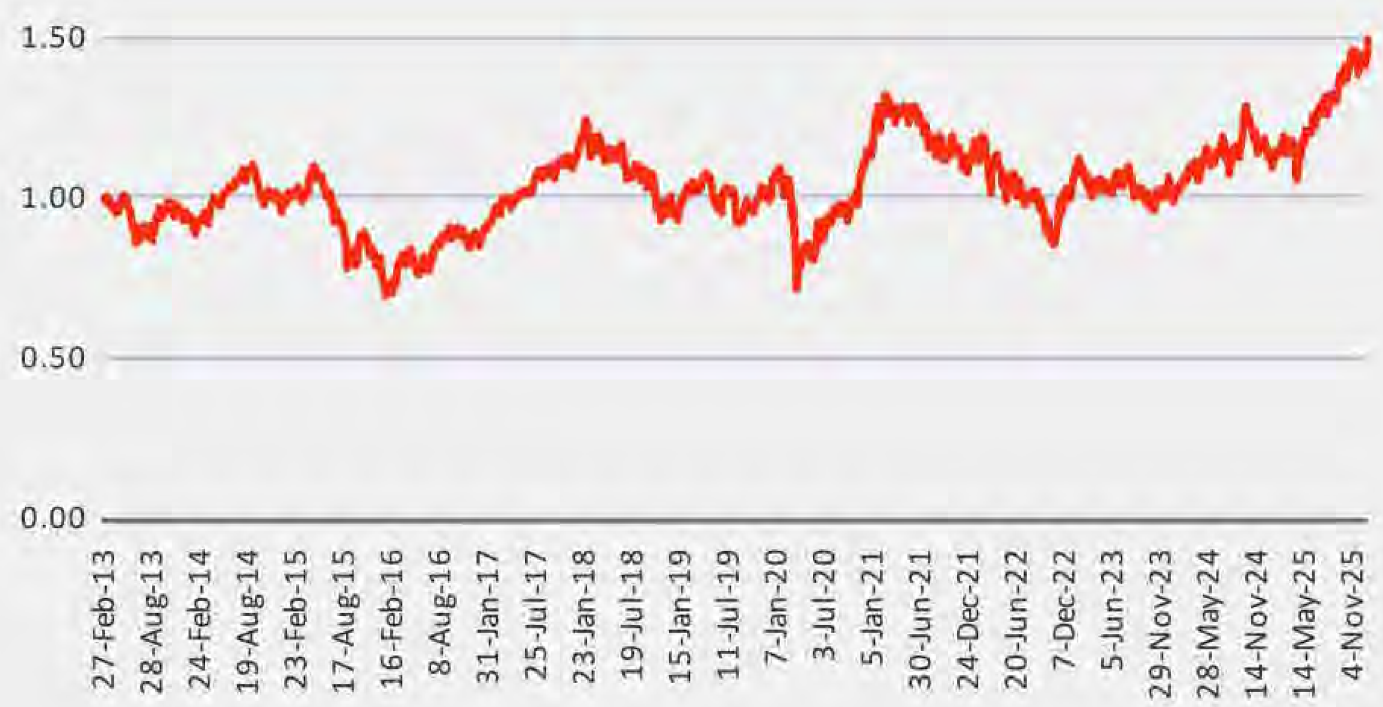


Financials	25.72%
Information Technology	24.78%
Consumer Discretionary	13.84%
Communication	8.79%
Energy	5.90%
Others	20.97%

▶ Highest and lowest unit price achieved

Highest	2-Jan-2026	1.49405
Lowest	22-Jan-2016	0.69551
Initial	26-Feb-2013	1.00000

▶ Performance Chart



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

▶ Commentary

Asia Pacific equities delivered a strong performance in 2025, with the MSCI Asia Pacific Index posting its best annual return in several years, supported by improving earnings momentum, easing financial conditions, and renewed investor confidence across the region. Market performance was marked by elevated volatility and significant dispersion between countries, reflecting shifting macro narratives, policy developments, and valuation differences.

China and Korea were among the strongest performers. Chinese equities benefited from a combination of policy support, improving liquidity conditions, and a recovery in investor sentiment, particularly in technology-related sectors. Korean equities rebounded sharply as corporate governance reforms gained traction and earnings momentum improved, especially in semiconductors, autos, and financials. Taiwan also performed well, driven by sustained global demand for AI-related hardware and semiconductors.

In contrast, India lagged regional peers as elevated valuations and a moderation in earnings growth weighed on returns despite resilient domestic fundamentals. Periodic market drawdowns occurred during the year, largely driven by concerns around global trade policy, U.S. political developments, and crowded positioning in growth themes, but these were generally short-lived and followed by renewed rallies. Overall, the investment environment in 2025 was characterised by strong headline returns alongside heightened volatility, reinforcing the importance of active country and stock selection in navigating divergent regional outcomes.

At the stock level, overweight positions in Samsung Electronics, CSPC Pharmaceutical, and Nanya Technology contributed positively to the Fund's relative performance. Samsung Electronics added the most value, supported by improved investor confidence in its technology leadership following successful testing of its HBM4 chips, which strengthened expectations for future supply wins. CSPC Pharmaceutical also contributed meaningfully as its share price rose on positive sentiment surrounding the sales ramp-up of new products and the value of its innovative pipeline, underpinned by strong fundamentals. In addition, the Fund's overweight position in Nanya Technology benefited from the ongoing conventional DRAM upcycle, with expectations of further re-rating as DRAM average selling prices accelerate.

At the stock level, the Fund's overweight position in China Mengniu Dairy detracted from relative performance as the share price declined amid short-term market concerns over intensifying competition within the sector. ICICI Bank also detracted as Indian banking stocks came under pressure following interest rate cuts, which weighed on sector sentiment. In addition, PVR Inox underperformed due to an uneven film release schedule and weaker-than-expected performance of both Bollywood and Hollywood titles.

▶ Outlook

Looking into 2026, the opportunity set in Asia remains compelling for bottom-up investors as fundamentals across the region continue to improve. Valuations within the value segment of the market are deeply attractive, and with fiscal easing and corporate reforms underway, the environment is increasingly supportive of stock-specific re-ratings rather than broad macro-led moves. Monetary easing across Asia is set to enhance liquidity, strengthen balance-sheet health, and improve access to funding—factors that directly benefit well-capitalised companies with strong cash-flow durability.

Meanwhile, Asia's 4.8% gross domestic product (GDP) GDP growth outlook is underpinned by targeted fiscal support in technology, transportation, and biotechnology, creating a rich pipeline of industry-level catalysts that bottom-up investors can exploit through differentiated stock selection. Although consumption trends remain uneven, improving domestic demand provides selective opportunities in companies with robust pricing power, efficient cost structures, and clear market-share pathways.

Importantly, the region's ongoing AI infrastructure build-out is driving sustained upgrades to earnings expectations in semiconductors, electronics, power equipment, and battery supply chains, offering multi-year compounding potential for franchises tied to this structural trend. In aggregate, the outlook favours fundamental investors who can distinguish between companies merely benefiting from macro momentum and those with durable competitive advantages positioned to compound value through the next phase of Asia's growth cycle.

PRULink Global Emerging Markets Dynamic Fund

Objective

The Fund is 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, listed, operating principally from, carrying on significant business in, deriving 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.

Performance

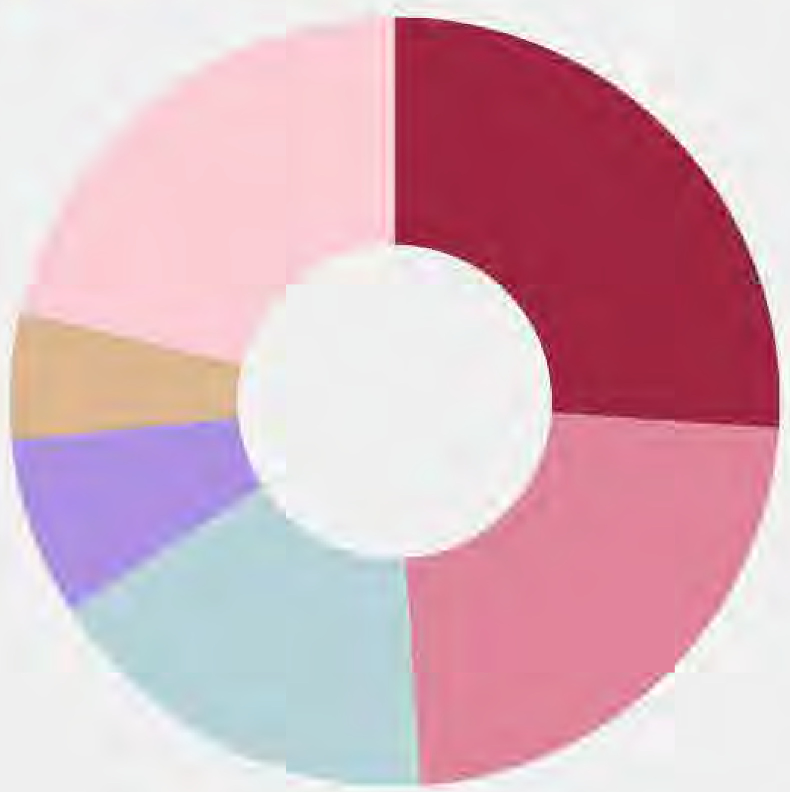
35.01%
Year-on-year Return

1.61392
Price (as of Jan 2, 2026)

Top Holdings

SAMSUNG ELECTRONICS CO LTD	8.37%
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	6.67%
ALIBABA GROUP HOLDING LTD	4.21%
SAUDI NATIONAL BANK	3.09%
NASPERS LTD	2.79%
CHINA MERCHANTS BANK CO LTD	2.66%
VIPSHOP HOLDINGS LTD	2.34%
HON HAI PRECISION INDUSTRY CO LTD	2.32%
ABSA GROUP LTD	2.23%
JOYY INC	2.10%

Asset Allocation



Financials	26.10%
Information Technology	22.82%
Consumer Discretionary	16.98%
Consumer Staples	7.48%
Industrials	5.39%
Others	21.23%

Highest and lowest unit price achieved

Highest	2-Jan-2026	1.61392
Lowest	22-Jan-2016	0.63696
Initial	1-Apr-2014	1.00000

Performance Chart

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

Commentary

Emerging Markets (EM) delivered strong performance over the past year despite ongoing tariff volatility and shifting trade policies. From a bottom-up perspective, company-level adaptability, resilient balance sheets, and improving operational trends were the key drivers of returns. Across regions, fundamentals were supported by China's resilience and AI-related innovation, Korea's reform-led corporate momentum, India's steady domestic earnings base, Taiwan and Asian exporters' tech-driven demand strength, Latin America's (LatAm) robust commodity-linked cash flows, and Central and Eastern Europe, Middle East, and Africa's (CEEMEA) gradually improving operating environment, while the Gulf Cooperation Council (GCC) lagged.

Corporates across EM responded pragmatically to supply chain reconfigurations, cost pressures, and regulatory adjustments, while mid-year Fed easing helped stabilise funding conditions. Technology-linked firms in North Asia benefited from AI-related infrastructure build-out; commodity producers in LatAm saw strong free cash flow dynamics; and selective improvement in CEEMEA macro anchors supported better corporate sentiment. Precious metals producers also enjoyed material earnings uplift amid surging gold and silver prices.

After a year supported by tailwinds such as a weaker USD, falling rates, rising capex, and accelerating AI investment, these drivers are set to carry into 2026, while Emerging Markets continue to offer attractive valuations and remain meaningfully under-represented in client portfolios.

The Global Emerging Markets (GEM) Dynamic strategy's outperformance in 2025 was driven predominantly by strong bottom-up stock selection. The largest contributors were Samsung Electronics and Alibaba, both benefiting from robust fundamentals supported by accelerating demand for AI-related technologies. Samsung saw strong momentum across the memory and semiconductor cycle, while Alibaba continued to recover on improving operational execution and strengthening prospects in its cloud and AI-exposed businesses.

On the negative side, the most significant detractor was the underweight in SK Hynix, which rallied sharply on near-term strength in the memory upcycle. Hapvida was the second-largest detractor, reflecting weaker-than-expected earnings delivery and operational challenges. Additional stock-level weakness came from several holdings in the Philippines and Indonesia, where company-specific earnings disappointments weighed on performance.

Outlook

From a fundamental and valuation-driven perspective, Emerging Markets are entering 2026 with improving momentum. After a long stretch of underperformance versus Developed Markets, key structural headwinds, most notably USD strength, EPS dilution, and the drag from China, are finally beginning to ease. At the same time, EM valuations remain compelling, trading at a meaningful discount to DM at a moment when global investors are increasingly seeking to diversify away from concentrated U.S. exposures. Macro tailwinds are also strengthening.

Historically, EM has outperformed during periods of softer USD and monetary easing, and both of these conditions are becoming more supportive as we move into 2026. This backdrop creates an attractive environment for selective alpha generation, with particularly strong opportunities emerging in Brazil, Indonesia, and Mexico, where cyclical recovery, policy reforms, and attractive valuations converge. Value-oriented areas such as consumer sectors, financials, and small- to mid-cap companies are also well placed to benefit as market leadership broadens beyond mega-cap growth. Still, EM remains exposed to global trade uncertainties, making disciplined valuation work and active stock selection essential.

With fundamentals turning up, earnings quality improving, and structural themes such as AI adoption and capex recovery increasingly reflected in bottom-up corporate trends, we see a constructive path forward for EM investors and a favourable setup for long-term value creation.

PRULink Global Equity Navigator Fund

▶ Objective

The Fund seeks to provide a combination of income and capital growth over the medium term by primarily investing in various equity markets around the world through exchange-traded funds, direct equities, index futures, and derivatives. Structured as a feeder fund, the Fund invests in the 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 U.S. government, its agencies, and instrumentalities.

▶ Performance

18.70%
Year-on-year Return

1.46041
Price (as of Jan 2, 2026)

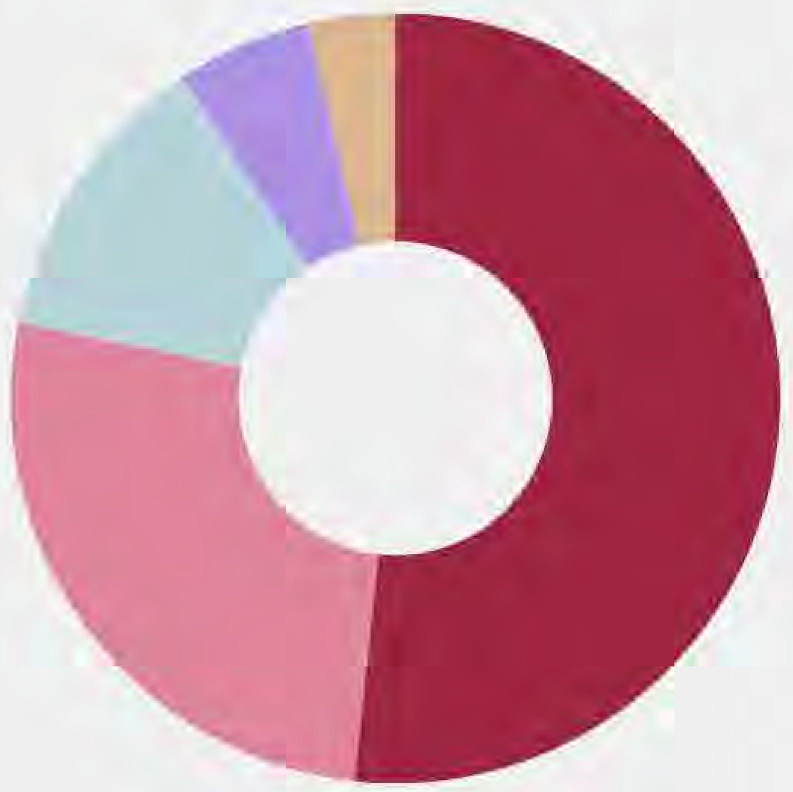
▶ Top Holdings

EASTSPRING INV WORLD VALUE EQUITY	25.67%
EASTSPRING INV GL DYN GROWTH EQ FD	16.49%
ESI- GLOBAL MF EQ FUND CLASS D	9.53%
ISHARES MSCI EUROPE ESG SCREENED UCITS ETF EUR ACC	5.70%
XTRACKERS MSCI USA SWAP UCITS	5.32%
ISHARES CORE MSCI EM IMI UCITS ETF USD (ACC)	2.94%
ISHARES CORE MSCI JAPAN IMI UCITS ETF	2.08%
ISHARES MSCI CANADA UCITS ETF USD (ACC)	1.19%
ISHARES CORE MSCI PACIFIC EX JAPAN UCITS ETF	0.98%
MAR26 HCTH6 C @ 6100.0	0.08%

▶ Highest and lowest unit price achieved

Highest	12-Dec-2025	1.46066
Lowest	17-Jun-2022	0.84085
Initial	8-Nov-2021	1.00000

▶ Asset Allocation



Equity Funds	51.70%
Equity	26.43%
Financials	12.51%
Exchange Traded Funds (Equities)	5.70%
Others	4.77%

▶ Performance Chart

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

▶ Commentary

In 2025, global markets staged a broad-based rally as resilient risk appetite prevailed, driving positive returns across nearly all major asset classes for the first time since the pandemic—even in the face of ongoing global trade challenges and persistent U.S. policy uncertainty. A sharp tariff shock in April, known as the 'Liberation Day' tariffs announcement, triggered a temporary market downturn and trade-related concerns, prompting the Federal Reserve (the "Fed") to initiate a series of interest rate cuts. Over the course of the year, the Fed delivered three consecutive 25 bps cuts in the final quarter, bringing the federal funds rate down to the 3.50%–3.75% range by the end of 2025.

Global equities ended 2025 strongly with a 22.9% gain, supported by broad-based earnings growth, sustained optimism around artificial intelligence, surging semiconductor exports, and a shift towards more accommodative monetary policy. U.S. equities rose 17.8% despite the April market shock from Liberation Day tariffs announcements. The surge was fuelled by an AI-driven investment cycle, resulting in record capital expenditures and rapid earnings growth, particularly among the top seven information technology companies. European equities surged 36.3% on the back of strong earnings, easing inflation, rising defence spending, and improved U.S.–EU trade relations; however, markets turned more cautious towards year-end.

Emerging market equities climbed 34.4%, outpacing their developed market counterparts. Latin America stood out as Chile and Colombia, in particular, benefited from resilient domestic demand. While in Asia-Pacific ex-Japan, the region delivered a robust 30.2% return, with South Korea, Taiwan, and China leading the rally. The ASEAN markets posted a 17.0% gain, yet underperformed the broader Asian and emerging market regions, with Malaysia, Thailand, the Philippines, and Singapore recording advances while Indonesia declined.

Korean equities delivered an exceptional 100.8% return in 2025, ranking among the year's leading performers. This stellar growth was underpinned by a surge in semiconductor exports, record-breaking overall export figures, and the implementation of meaningful regulatory reforms. Meanwhile, Taiwanese equities recorded an impressive 39.8% gain, supported by strong corporate earnings, AI-driven foreign inflows, and a sharp increase in export orders. Chinese equities rose 31.4% overall, driven by a strong performance in the first three quarters, which saw a 29.2% increase. This growth was fuelled by increased investor confidence in the country's economic recovery, a U.S.–China trade agreement, AI-driven fund inflows, and increased retail investor participation.

U.S. Treasury yields across key maturities generally declined in 2025, driven in part by expectations of Fed rate cuts and easing inflation pressure. The two-year yield declined 78 basis points to 3.47%, while the 10-year yield ended at 4.18%, down 40 basis points. The 30-year yield deviated from the trend, increasing by 6 basis points to close at 4.84%. Front-end Treasury yields fell faster than long-end yields, modestly re-steepening the two-year/10-year curve, as markets priced in the Fed easing alongside expectations of a growth recovery. Meanwhile, the U.S. Dollar Index (DXY) clocked one of its steepest annual declines in decades in 2025, as narrowing interest rate differentials amid expected and actual Fed rate cuts, fiscal and trade policy uncertainty, and shifting global capital flows away from dollar-denominated assets weakened demand for the greenback and boosted alternative currencies.

Against this backdrop, global aggregate bonds returned 8.2%, while U.S. Treasuries and U.S. aggregate bonds observed returns of 6.2% and 7.3%, respectively. Broad bond indices generally benefited from falling yields, which were driven by moderating inflation and expectations of central bank rate cuts. The U.S. corporate credit spread, as measured by the ICE BofA U.S. Corporate Option-Adjusted Spread (OAS), narrowed slightly to 0.79% by the end of 2025, down from 0.81% at the end of 2024, indicating sustained demand for corporate credit amid stable fundamentals. U.S. high-yield bonds posted a gain of 8.5%, as the BB-rated segment outperformed, largely bolstered by the decline in the 10-year Treasury yield. In emerging markets, EM sovereign debt markets rose 14.3%, reflecting one of the strongest performances among global fixed income sectors. This strong outcome was driven by broad spread compression across EM sovereign debt, supportive global interest-rate dynamics, a weakening U.S. dollar, and strong investor demand for higher-yielding hard-currency assets.

The Fund posted a positive absolute return in 2025 in gross terms (USD). During the year, the Fund underperformed its internal reference, the MSCI ACWI Index (USD). An early-year tactical reduction in equity beta, in anticipation of adverse U.S. tariff announcements and heading into Liberation Day tariff announcements, caused the portfolio to miss out on the initial market rally following the 90-day tariff "pause", which detracted from overall performance. However, in the second half of the year, the portfolio maintained a tactical overweight to equity beta, guided by positive internal indicators such as valuation, technical, and fundamental factors. As equity markets sustained a strong rally, this overweight exposure contributed positively, allowing the portfolio to enhance its absolute performance by year-end.

▶ Outlook

2026 is likely to feature softer growth in the United States and Europe, largely offset by fiscal and monetary policy stimulus in Asia. In the U.S., we expect total real gross domestic product (GDP) growth to moderate in 2026. We believe that the anticipated slowdown in employment growth and the steadily rising cost of tariffs will be increasing drags on gross domestic product (GDP) growth in 2026.

2025 has demonstrated that markets can defy expectations, climbing to record highs even as volatility persisted. Looking ahead, 2026 looks set to start with a constructive backdrop for Asia and Emerging Markets (EMs), supported by fiscal and monetary stimulus, and policy favouring a weaker U.S. dollar. These factors create tailwinds for economic growth and asset markets.

However, the current backdrop comes with challenges. Geopolitical risks, elevated asset valuations in the U.S. and rising concentration risks in equity markets could trigger sharp market movements. Additional headwinds include potential U.S. dollar strength, housing vulnerabilities in Asia, and lingering trade policy uncertainty.

As financial markets advance through stages of uncertainty, tactical positioning and nimbleness will be key in this market environment, in addition to prudent downside risk management. Despite higher valuations at the moment, we believe it may be too early to be outright bearish on risk assets such as global equities. Although we acknowledge that higher valuation levels will become headwinds to future returns, macroeconomic fundamentals remain supportive in our view; Fed cuts, plus some further easing in both DM and Asia, should accelerate monetary policy momentum into early 2026.

PRULink Asian Balanced Fund

Objective

The Fund aims to maximise 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 U.S. dollar-denominated and Luxembourg-domiciled Asian SICAV funds of Eastspring Investments, namely, the Asia Pacific Equity Fund, the Asian Local Bond Fund, and the Asian Bond Fund.

Performance

19.60%
Year-on-year Return

1.21261
Price (as of Jan 2, 2026)

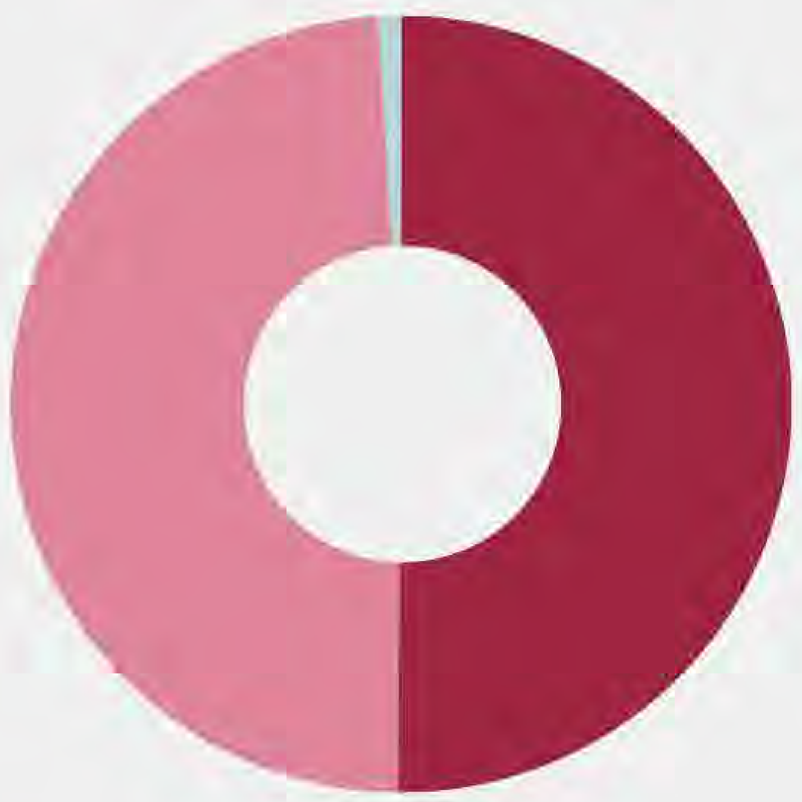
Top Holdings

EASTSPRING INV ASIA PACIFIC EQUITY	50.14%
EASTSPRING INV ASIAN BOND D USD	24.48%
EASTSPRING INV ASIAN LCL BD D	24.42%
USD CASH	0.96%

Highest and lowest unit price achieved

Highest	2-Jan-2026	1.21261
Lowest	24-Mar-2020	0.79397
Initial	9-Oct-2017	1.00000

Asset Allocation



Equity Funds	50.14%
Fixed Income Funds	48.90%
Cash and cash equivalents	0.96%

Performance Chart

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

Commentary

In 2025, global markets staged a broad-based rally as resilient risk appetite prevailed, driving positive returns across nearly all major asset classes for the first time since the pandemic—even in the face of ongoing global trade challenges and persistent U.S. policy uncertainty. A sharp tariff shock in April, known as the 'Liberation Day' tariffs announcement, triggered a temporary market downturn and trade-related concerns, prompting the Federal Reserve (the "Fed") to initiate a series of interest rate cuts. Over the course of the year, the Fed delivered three consecutive 25 bps cuts in the final quarter, bringing the federal funds rate down to the 3.50%–3.75% range by the end of 2025.

Global equities ended 2025 strongly with a 22.9% gain, supported by broad-based earnings growth, sustained optimism around artificial intelligence, surging semiconductor exports, and a shift towards more accommodative monetary policy. U.S. equities rose 17.8% despite the April market shock from Liberation Day tariffs announcements. The surge was fuelled by an AI-driven investment cycle, resulting in record capital expenditures and rapid earnings growth, particularly among the top seven information technology companies. European equities surged 36.3% on the back of strong earnings, easing inflation, rising defence spending, and improved U.S.–EU trade relations; however, markets turned more cautious towards year-end.

Emerging market equities climbed 34.4%, outpacing their developed market counterparts. Latin America stood out as Chile and Colombia, in particular, benefited from resilient domestic demand. While in Asia-Pacific ex-Japan, the region delivered a robust 30.2% return, with South Korea, Taiwan, and China leading the rally. The ASEAN markets posted a 17.0% gain, yet underperformed the broader Asian and emerging market regions, with Malaysia, Thailand, the Philippines, and Singapore recording advances while Indonesia declined.

Korean equities delivered an exceptional 100.8% return in 2025, ranking among the year's leading performers. This stellar growth was underpinned by a surge in semiconductor exports, record-breaking overall export figures, and the implementation of meaningful regulatory reforms. Meanwhile, Taiwanese equities recorded an impressive 39.8% gain, supported by strong corporate earnings, AI-driven foreign inflows, and a sharp increase in export orders. Chinese equities rose 31.4% overall, driven by a strong performance in the first three quarters, which saw a 29.2% increase. This growth was fuelled by increased investor confidence in the country's economic recovery, a U.S.–China trade agreement, AI-driven fund inflows, and increased retail investor participation.

U.S. Treasury yields across key maturities generally declined in 2025, driven in part by expectations of Fed rate cuts and easing inflation pressure. The two-year yield declined 78 basis points to 3.47%, while the 10-year yield ended at 4.18%, down 40 basis points. The 30-year yield deviated from the trend, increasing by 6 basis points to close at 4.84%. Front-end Treasury yields fell faster than long-end yields, modestly re-steepening the two-year/10-year curve, as markets priced in the Fed easing alongside expectations of a growth recovery. Meanwhile, the U.S. Dollar Index (DXY) clocked one of its steepest annual declines in decades in 2025, as narrowing interest rate differentials amid expected and actual Fed rate cuts, fiscal and trade policy uncertainty, and shifting global capital flows away from dollar-denominated assets weakened demand for the greenback and boosted alternative currencies.

Against this backdrop, global aggregate bonds returned 8.2%, while U.S. Treasuries and U.S. aggregate bonds observed returns of 6.2% and 7.3%, respectively. Broad bond indices generally benefited from falling yields, which were driven by moderating inflation and expectations of central bank rate cuts. The U.S. corporate credit spread, as measured by the ICE BofA U.S. Corporate Option-Adjusted Spread (OAS), narrowed slightly to 0.79% by the end of 2025, down from 0.81% at the end of 2024, indicating sustained demand for corporate credit amid stable fundamentals. U.S. high-yield bonds posted a gain of 8.5%, as the BB-rated segment outperformed, largely bolstered by the decline in the 10-year Treasury yield. In emerging markets, EM sovereign debt markets rose 14.3%, reflecting one of the strongest performances among global fixed income sectors. This strong outcome was driven by broad spread compression across EM sovereign debt, supportive global interest-rate dynamics, a weakening U.S. dollar, and strong investor demand for higher-yielding hard-currency assets.

The Fund posted a positive absolute return in 2025, outperforming its reference index on a gross basis (in USD). Both bonds and equities contributed positively on an absolute basis. The Fund had a positive security selection effect. Within security selection, the positive relative return was driven by the underlying active Asian fixed income and Asian equity sleeves, which outperformed their respective benchmarks (in USD).

Outlook

2026 is likely to feature softer growth in the United States and Europe, largely offset by fiscal and monetary policy stimulus in Asia. In the U.S., we expect total real gross domestic product (GDP) growth to moderate in 2026. We believe that the anticipated slowdown in employment growth and the steadily rising cost of tariffs will be increasing drags on gross domestic product (GDP) growth in 2026.

2025 has demonstrated that markets can defy expectations, climbing to record highs even as volatility persisted. Looking ahead, 2026 looks set to start with a constructive backdrop for Asia and Emerging Markets (EMs), supported by fiscal and monetary stimulus, and policy favouring a weaker U.S. dollar. These factors create tailwinds for economic growth and asset markets.

However, the current backdrop comes with challenges. Geopolitical risks, elevated asset valuations in the U.S. and rising concentration risks in equity markets could trigger sharp market movements. Additional headwinds include potential U.S. dollar strength, housing vulnerabilities in Asia, and lingering trade policy uncertainty.

Amid uncertainty over trade policy and the USD's path, and with traditional equity–bond correlations proving less reliable, we believe that diversified streams of tactical alpha, hedging, and defensive strategies can build portfolio resilience.

PRULink Global Market Navigator Fund

Objective

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

Performance

14.33%
Year-on-year Return

1.4645
Price (as of Jan 2, 2026)

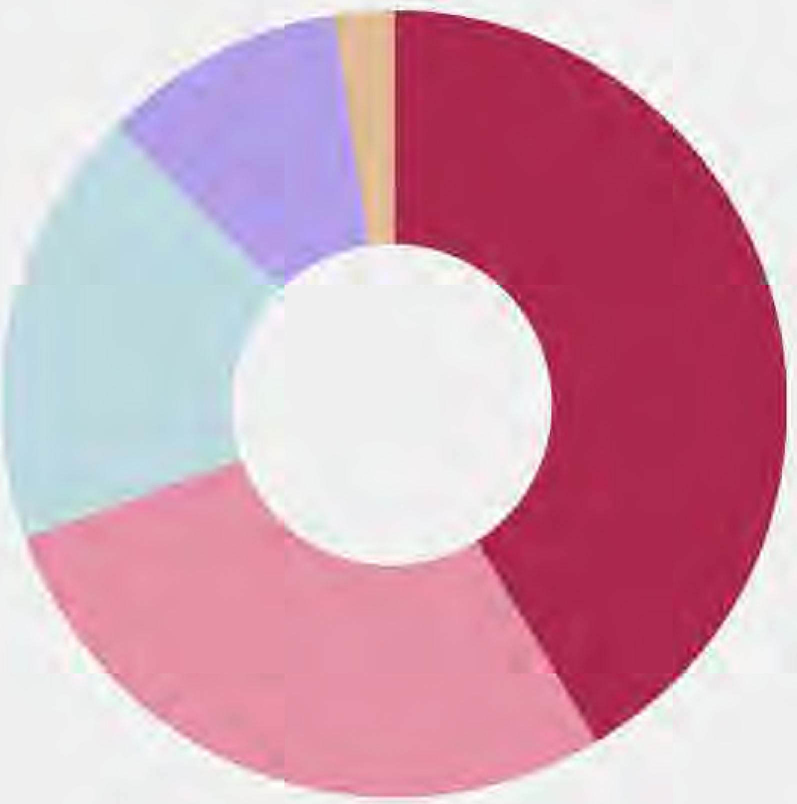
Top Holdings

ESI- GLOBAL MF EQ FUND CLASS D	15.10%
S&P500 EMINI MAR 26	13.50%
ISHARES CORE GL AGGREGATE BD UCITS ETF USD DIS	10.35%
ISHARES GLOBAL AGGREGATE BD ESG UCITS ETF USD ACC	10.03%
ISHARES III PLC - ISHARES BARCAP EMERG MKT LCL GVT BND	7.80%
EASTSPRING INV GL DYN GROWTH EQ FD	7.17%
EASTSPRING INV WORLD VALUE EQUITY	7.15%
XTRACKERS II GLOBAL AGGREGATE BOND UCITS ETF	7.12%
XTRACKERS USD HIGH YLD CORPORATE BOND UCITS ETF D1	6.57%
UNITED STATES TREASURY BILL 3-FEB-2026	6.43%

Highest and lowest unit price achieved

Highest	2-Jan-2026	1.4645
Lowest	24-Mar-2020	0.79212
Initial	16-Sep-2019	1.00000

Asset Allocation



Exchange Traded Funds (Equities)	43.74%
Equity Funds	29.42%
Equity	19.16%
Equity ERF	10.29%
Others	2.60%

Performance Chart

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

Commentary

In 2025, global markets staged a broad-based rally as resilient risk appetite prevailed, driving positive returns across nearly all major asset classes for the first time since the pandemic—even in the face of ongoing global trade challenges and persistent U.S. policy uncertainty. A sharp tariff shock in April, known as the 'Liberation Day' tariffs announcement, triggered a temporary market downturn and trade-related concerns, prompting the Federal Reserve (the "Fed") to initiate a series of interest rate cuts. Over the course of the year, the Fed delivered three consecutive 25 bps cuts in the final quarter, bringing the federal funds rate down to the 3.50%–3.75% range by the end of 2025.

Global equities ended 2025 strongly with a 22.9% gain, supported by broad-based earnings growth, sustained optimism around artificial intelligence, surging semiconductor exports, and a shift towards more accommodative monetary policy. U.S. equities rose 17.8% despite the April market shock from Liberation Day tariffs announcements. The surge was fuelled by an AI-driven investment cycle, resulting in record capital expenditures and rapid earnings growth, particularly among the top seven information technology companies. European equities surged 36.3% on the back of strong earnings, easing inflation, rising defence spending, and improved U.S.–EU trade relations; however, markets turned more cautious towards year-end.

Emerging market equities climbed 34.4%, outpacing their developed market counterparts. Latin America stood out as Chile and Colombia, in particular, benefited from resilient domestic demand. While in Asia-Pacific ex-Japan, the region delivered a robust 30.2% return, with South Korea, Taiwan, and China leading the rally. The ASEAN markets posted a 17.0% gain, yet underperformed the broader Asian and emerging market regions, with Malaysia, Thailand, the Philippines, and Singapore recording advances while Indonesia declined.

Korean equities delivered an exceptional 100.8% return in 2025, ranking among the year's leading performers. This stellar growth was underpinned by a surge in semiconductor exports, record-breaking overall export figures, and the implementation of meaningful regulatory reforms. Meanwhile, Taiwanese equities recorded an impressive 39.8% gain, supported by strong corporate earnings, AI-driven foreign inflows, and a sharp increase in export orders. Chinese equities rose 31.4% overall, driven by a strong performance in the first three quarters, which saw a 29.2% increase. This growth was fuelled by increased investor confidence in the country's economic recovery, a U.S.–China trade agreement, AI-driven fund inflows, and increased retail investor participation.

U.S. Treasury yields across key maturities generally declined in 2025, driven in part by expectations of Fed rate cuts and easing inflation pressure. The two-year yield declined 78 basis points to 3.47%, while the 10-year yield ended at 4.18%, down 40 basis points. The 30-year yield deviated from the trend, increasing by 6 basis points to close at 4.84%. Front-end Treasury yields fell faster than long-end yields, modestly re-steepening the two-year/10-year curve, as markets priced in the Fed easing alongside expectations of a growth recovery. Meanwhile, the U.S. Dollar Index (DXY) clocked one of its steepest annual declines in decades in 2025, as narrowing interest rate differentials amid expected and actual Fed rate cuts, fiscal and trade policy uncertainty, and shifting global capital flows away from dollar-denominated assets weakened demand for the greenback and boosted alternative currencies.

Against this backdrop, global aggregate bonds returned 8.2%, while U.S. Treasuries and U.S. aggregate bonds observed returns of 6.2% and 7.3%, respectively. Broad bond indices generally benefited from falling yields, which were driven by moderating inflation and expectations of central bank rate cuts. The U.S. corporate credit spread, as measured by the ICE BofA U.S. Corporate Option-Adjusted Spread (OAS), narrowed slightly to 0.79% by the end of 2025, down from 0.81% at the end of 2024, indicating sustained demand for corporate credit amid stable fundamentals. U.S. high-yield bonds posted a gain of 8.5%, as the BB-rated segment outperformed, largely bolstered by the decline in the 10-year Treasury yield. In emerging markets, EM sovereign debt markets rose 14.3%, reflecting one of the strongest performances among global fixed income sectors. This strong outcome was driven by broad spread compression across EM sovereign debt, supportive global interest-rate dynamics, a weakening U.S. dollar, and strong investor demand for higher-yielding hard-currency assets.

The Fund posted a positive absolute return in 2025, but underperformed its reference, the 60% MSCI ACWI (Net Total Return) / 40% Bloomberg Global Aggregate (Total Return), on a gross basis (in USD). An early-year tactical underweight in global equities, in anticipation of adverse U.S. tariff announcements and heading into Liberation Day tariff announcements, caused the portfolio to miss out on the initial market rally following the 90-day tariff "pause", which detracted from relative performance. However, in the second half of the year, the portfolio maintained a tactical overweight in equities, guided by positive internal indicators such as valuation, technical, and fundamental factors.

As equity markets sustained a strong rally, this overweight exposure contributed positively, allowing the portfolio to enhance its absolute performance by year-end.

Outlook

2026 is likely to feature softer growth in the United States and Europe, largely offset by fiscal and monetary policy stimulus in Asia. In the U.S., we expect total real gross domestic product (GDP) growth to moderate in 2026. We believe that the anticipated slowdown in employment growth and the steadily rising cost of tariffs will be increasing drags on gross domestic product (GDP) growth in 2026.

2025 has demonstrated that markets can defy expectations, climbing to record highs even as volatility persisted. Looking ahead, 2026 looks set to start with a constructive backdrop for Asia and Emerging Markets (EMs), supported by fiscal and monetary stimulus, and policy favouring a weaker U.S. dollar. These factors create tailwinds for economic growth and asset markets.

However, the current backdrop comes with challenges. Geopolitical risks, elevated asset valuations in the U.S. and rising concentration risks in equity markets could trigger sharp market movements. Additional headwinds include potential U.S. dollar strength, housing vulnerabilities in Asia, and lingering trade policy uncertainty.

Amid uncertainty over trade policy and the USD's path, and with traditional equity–bond correlations proving less reliable, we believe that diversified streams of tactical alpha, hedging, and defensive strategies can build portfolio resilience.

PRULink Money Market Fund

▶ Objective

The Fund 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.

▶ Performance

4.10%
Year-on-year Return

1.2678
Price (as of Jan 2, 2026)

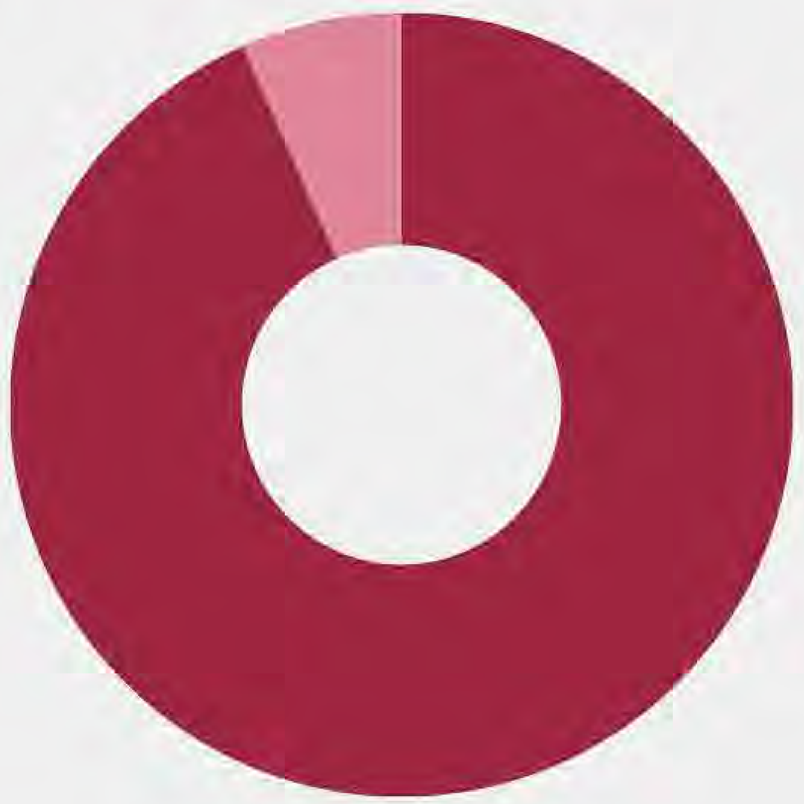
▶ Top Holdings

ATRAM PHP LIQUID FUND	100%

▶ Highest and lowest unit price achieved

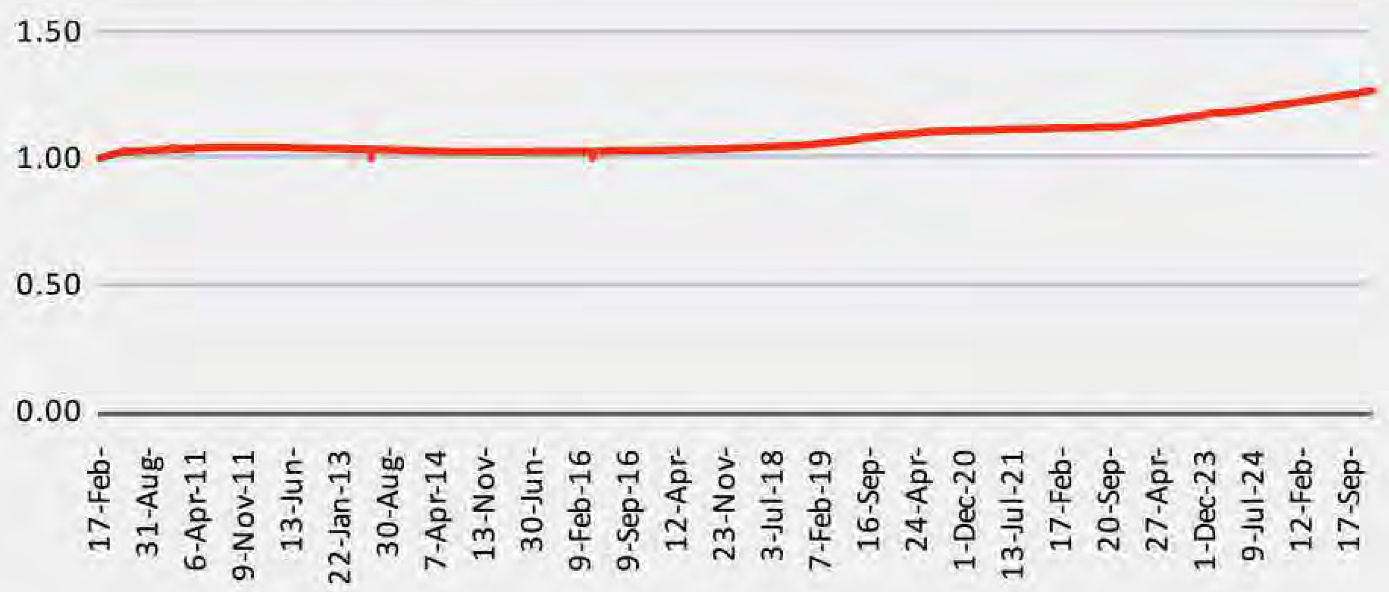
Highest	2-Jan-2026	1.2678
Lowest	7-Jun-2013	0.99991
Initial	17-Feb-2009	1.00000

▶ Asset Allocation



Government Bond	93.34%
Cash and cash equivalents	6.66%

▶ Performance Chart



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

▶ Commentary

2025 was a volatile but ultimately constructive year for Philippine rates, as the market benefited from a sustained monetary policy tailwind that supported total returns despite periodic risk-off episodes and supply-related swings. The Bangko Sentral ng Pilipinas (BSP) delivered 125 bps of policy cuts, driving a bull-steepening in the yield curve as short- to medium-term rates repriced more aggressively to the easing cycle.

Performance was strongest in the short- to medium-tenor segment, where carry, roll-down, and policy repricing combined to generate meaningful outperformance. In contrast, the 10Y+ sector, particularly 15–25Y, underperformed, with yields edging higher amid duration supply pressure and weaker marginal demand for long-end risk.

To reiterate, 2025 was a volatile but favourable year for PH rates as the BSP delivered 125 bps of cuts that drove a bull-steepening curve, supporting strong outperformance in short- to mid-tenors, while the 15–25Y long end lagged due to persistent duration supply pressure.

▶ Outlook

For 2026, we see three factors driving returns:

Monetary policy tailwind is fading. The BSP has signalled that the cutting cycle is near completion and is shifting to a wait-and-see stance—implying less structural support for duration and a more volatile rates environment.

Supply is the key pressure point (5–10Y). With heavy issuance concentrated in the belly, we prefer to anchor core exposure in the 2–3Y front end, where steep curve roll-down remains attractive while limiting drawdown risk from supply-driven duration repricing; we stay selectively invested in intermediates.

Long-end value is real, but timing matters. We acknowledge the long end's compelling yield pick-up versus policy rate and front-end rates, but remain tactical, adding duration only after supply is digested and the curve cheapens, i.e. when sell-offs create better entry levels.

PRULink Peso Bond Fund

▶ Objective

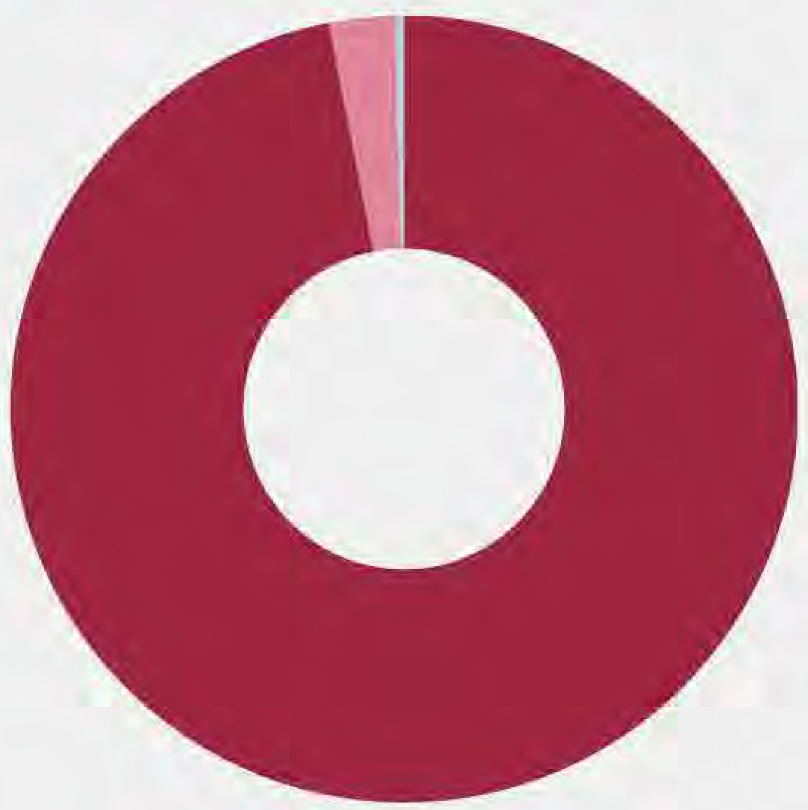
The Fund seeks to achieve an optimal level of income in the medium term, together with long-term capital growth, through investments in fixed-income securities and money market instruments.

▶ Performance

5.01%
Year-on-year Return

3.16596
Price (as of Jan 2, 2026)

▶ Asset Allocation



Government	96.92%
Corporate	2.72%
Cash and cash equivalents	0.36%

▶ Top Holdings

RPGB 5 ¾ 03/07/28 2yrs	17.83%
RPGB 3 ⅝ 04/22/28 3yrs	13.22%
RPGB 6 ¼ 02/28/29 3yrs	5.45%
RPGB 6 ¼ 03/22/28 3yrs	5.28%
RPGB 6 ⅞ 01/10/29 3yrs	4.90%
RPTB 0 02/11/26 157days	4.31%
RPGB 6 ½ 05/19/29 4yrs	4.19%
RPGB 6 ⅛ 08/22/28 3yrs	3.87%
RPGB 3 ¾ 08/12/28 3yrs	2.97%
RPGB 8 ⅝ 09/06/27 2yrs	2.89%

▶ Highest and lowest unit price achieved

Highest	5-Dec-2025	3.18171
Lowest	24-Sep-2002	1.00000
Initial	24-Sep-2002	1.00000

▶ Performance Chart

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Fund Performance Review

▶ Commentary

2025 was a volatile but ultimately constructive year for Philippine rates, as the market benefited from a sustained monetary policy tailwind that supported total returns despite periodic risk-off episodes and supply-related swings. The Bangko Sentral ng Pilipinas (BSP) delivered 125 bps of policy cuts, driving a bull-steepening in the yield curve as short- to medium-term rates repriced more aggressively to the easing cycle.

Performance was strongest in the short- to medium-tenor segment, where carry, roll-down, and policy repricing combined to generate meaningful outperformance. In contrast, the 10Y+ sector, particularly 15–25Y, underperformed, with yields edging higher amid duration supply pressure and weaker marginal demand for long-end risk.

To reiterate, 2025 was a volatile but favourable year for PH rates as the BSP delivered 125 bps of cuts that drove a bull-steepening curve, supporting strong outperformance in short- to mid-tenors, while the 15–25Y long end lagged due to persistent duration supply pressure.

▶ Outlook

For 2026, we see three factors driving returns:

Monetary policy tailwind is fading. The BSP has signalled that the cutting cycle is near completion and is shifting to a wait-and-see stance—implying less structural support for duration and a more volatile rates environment.

Supply is the key pressure point (5–10Y). With heavy issuance concentrated in the belly, we prefer to anchor core exposure in the 2–3Y front end, where steep curve roll-down remains attractive while limiting drawdown risk from supply-driven duration repricing; we stay selectively invested in intermediates.

Long-end value is real, but timing matters. We acknowledge the long end's compelling yield pick-up versus policy rate and front-end rates, but remain tactical, adding duration only after supply is digested and the curve cheapens, i.e. when sell-offs create better entry levels.

PRULink Flexi Income Fund

Objective

The Fund seeks to achieve income and long-term capital growth by investing all or substantially all its assets in a collective investment scheme that invests primarily in global equities, debt, and short-term securities. The Fund seeks to provide investors with a non-guaranteed monthly payout. As an investment-linked fund, it invests wholly in the ATRAM Global Multi-Asset Income Feeder Fund – PHP Share Class (the Feeder Fund), which ultimately invests in the JP Morgan Global Income Fund (the Target Fund). The Feeder Fund may also invest up to 10% in financial instruments and other tradeable investment outlets as may be allowed by the pertinent regulatory bodies.

Performance

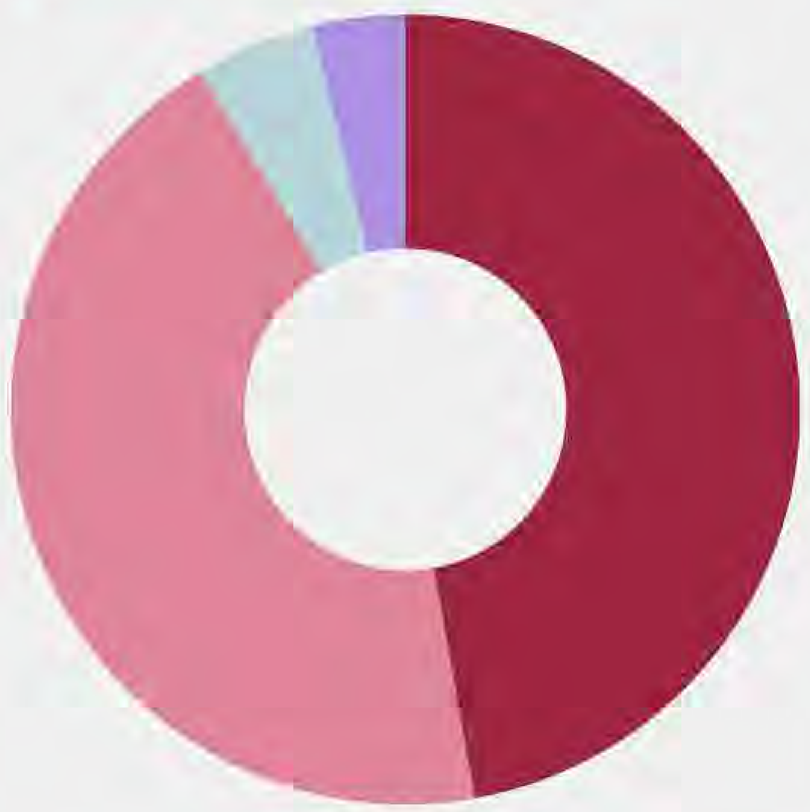
5.21%
Year-on-year Return

1.02293
Price (as of Jan 2, 2026)

Top Holdings

JPM NASDAQ EQUITY PREMIUM INCOME ACTIVE UCITS ETF	6.80%
Microsoft	1.30%
Taiwan Semiconductor	1.30%
ASML	0.60%
Broadcom	0.50%
Walt Disney	0.50%
Fidelity National Information	0.50%
Safran	0.50%
ABBVIE	0.40%
Munich Re	0.40%

Asset Allocation



Equity	47.20%
Fixed Income Funds	44.10%
Others	4.90%
Cash	3.80%

Highest and lowest unit price achieved

Highest	13-Nov-25	1.03351
Lowest	10-Apr-2025	0.90184
Initial	12-Dec-2024	1.00000

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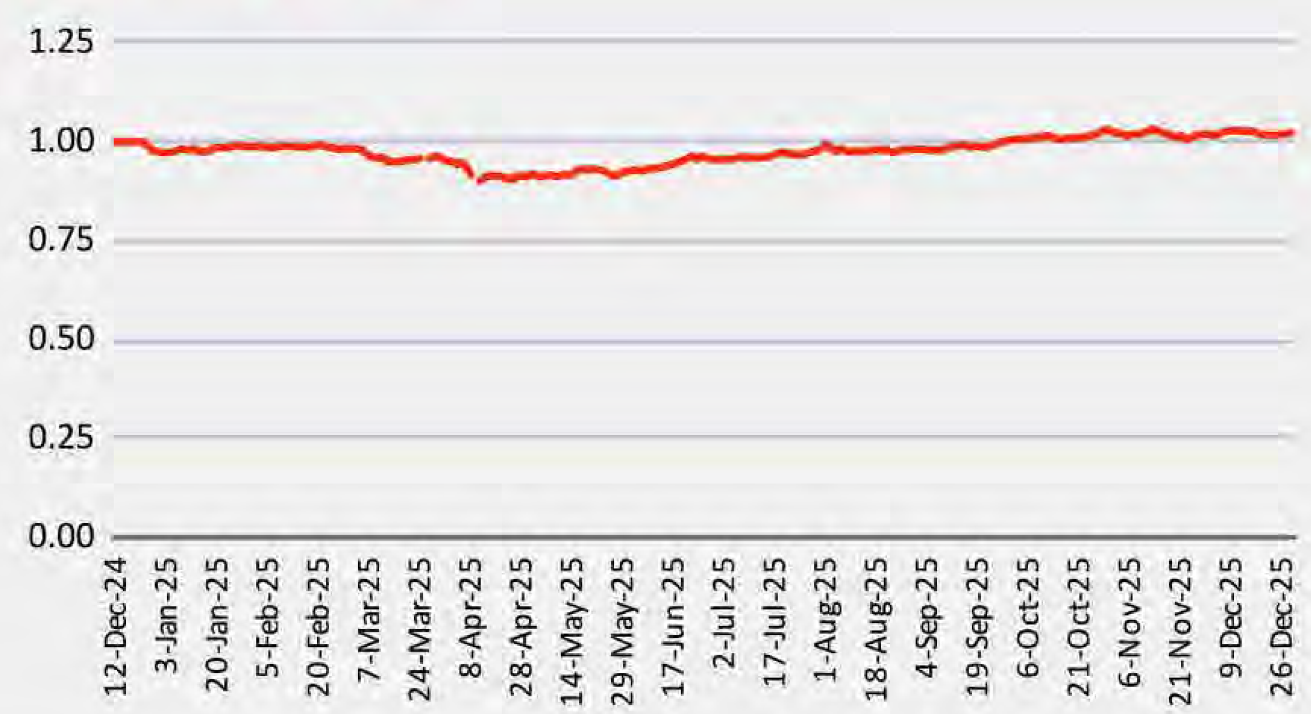
Performance Chart



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

Commentary

The year 2025 was characterised by persistent volatility and shifting sentiment across global equity and fixed income markets, as investors navigated evolving trade policy, geopolitical tensions, and diverging central bank actions. Despite these challenges, risk appetite improved into year-end, and 2025 marked the first year since the pandemic in which all major asset classes delivered positive returns.

The Fund's equity allocation contributed positively to overall performance, led by its allocation to global equities, driven by strong earnings and an improving economic and policy outlook, with additional support from fading trade policy uncertainty. Its allocation to U.S. equities, via Nasdaq futures and physical holdings, also contributed, supported by increased business confidence from fiscal policy developments, easing trade tensions, and a resilient macro environment. Its allocation to emerging market equities also contributed, fuelled by China's stimulus measures, the extension of the U.S.–China trade truce, AI enthusiasm, and favourable developments in countries such as Korea, Taiwan, and Argentina. Elsewhere, the Fund's allocation to European equities contributed positively.

The Fund's fixed income allocation also contributed positively to overall performance. Its allocation to high-yield credit delivered the largest positive contribution, supported by strong investor demand, attractive yields, robust fundamentals, low default rates, and the asset class's resilience amid periods of volatility. Its duration positioning, expressed via U.S. Treasuries futures, also contributed, benefiting from falling yields as market focus shifted from inflation to growth risks and as Fed policy expectations evolved amid easing inflation. Meanwhile, the Fund's allocation to emerging market debt contributed positively, driven by a weaker U.S. dollar, attractive relative valuations, solid technicals, and improving global growth prospects. Its allocation to non-agency securitised assets also contributed, supported by strong fundamentals and issuance outperforming 2024 levels.

2026 Outlook

The Fund Manager continues to expect a modest acceleration of the global economy in 2026, fuelled by rising investment, improving consumer sentiment, and the delayed impact of policy easing. Cooling inflation helps to extend the cycle, but late-cycle dynamics are clear. U.S. inflation will likely peak in the next few months, and they see scope for one to two further Fed rate cuts in 1H26. A disinflationary impulse continues in the rest of the world. Internationally, they see upside risks for European growth, given supportive policy and improving sentiment, and hold a positive outlook for Emerging Markets.

The Fund Manager's constructive economic outlook, predicated on rising investment and the delayed tailwind of easier financial conditions, calls for a pro-risk tilt. They hold conviction in equities, while maintaining a neutral to slightly modest stance on credit and duration. They are more constructive on U.S. equities due to their expectation that a healthy growth environment will support revenues and profits, valuations that have modestly declined, and their belief that demand for AI will remain strong. In credit, they remain neutral, preferring emerging market debt and would look to add risk during periods of spread widening, given their positive macro view.

PRULink Managed Fund

▶ Objective

The Fund seeks to optimize medium to long-term capital and income growth through investment in fixed-income securities, money market instruments and shares of stock listed in the Philippine Stock Exchange.

▶ Performance

2.74%
Year-on-year Return

3.50269
Price (as of Jan 2, 2026)

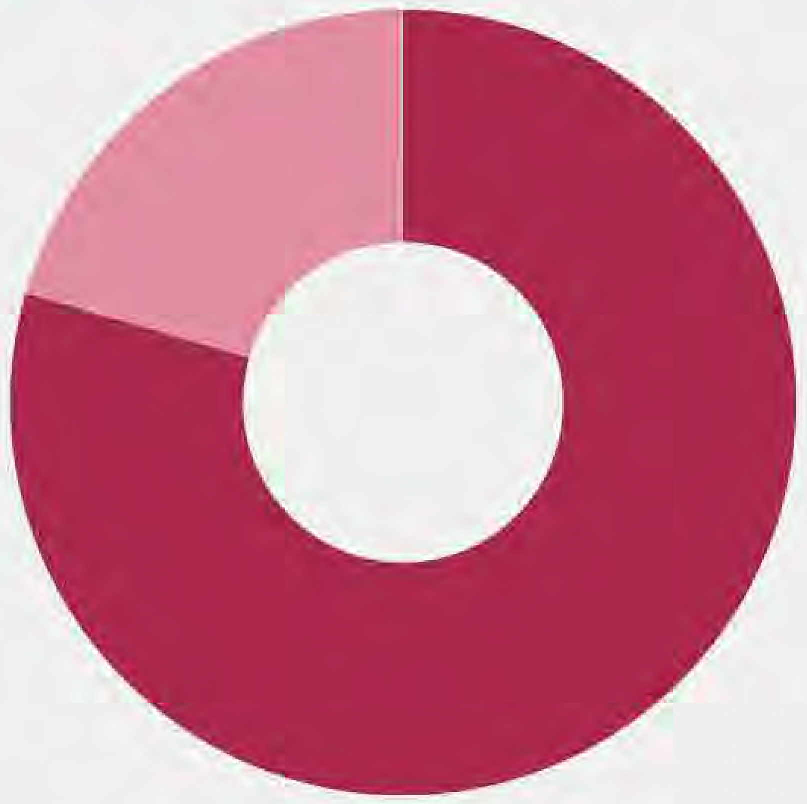
▶ Top Holdings

PRULINK BOND FUND	79.48%
PRULINK EQUITY FUND	20.44%
CASH & CASH EQUIVALENTS (PHP)	0.08%

▶ Highest and lowest unit price achieved

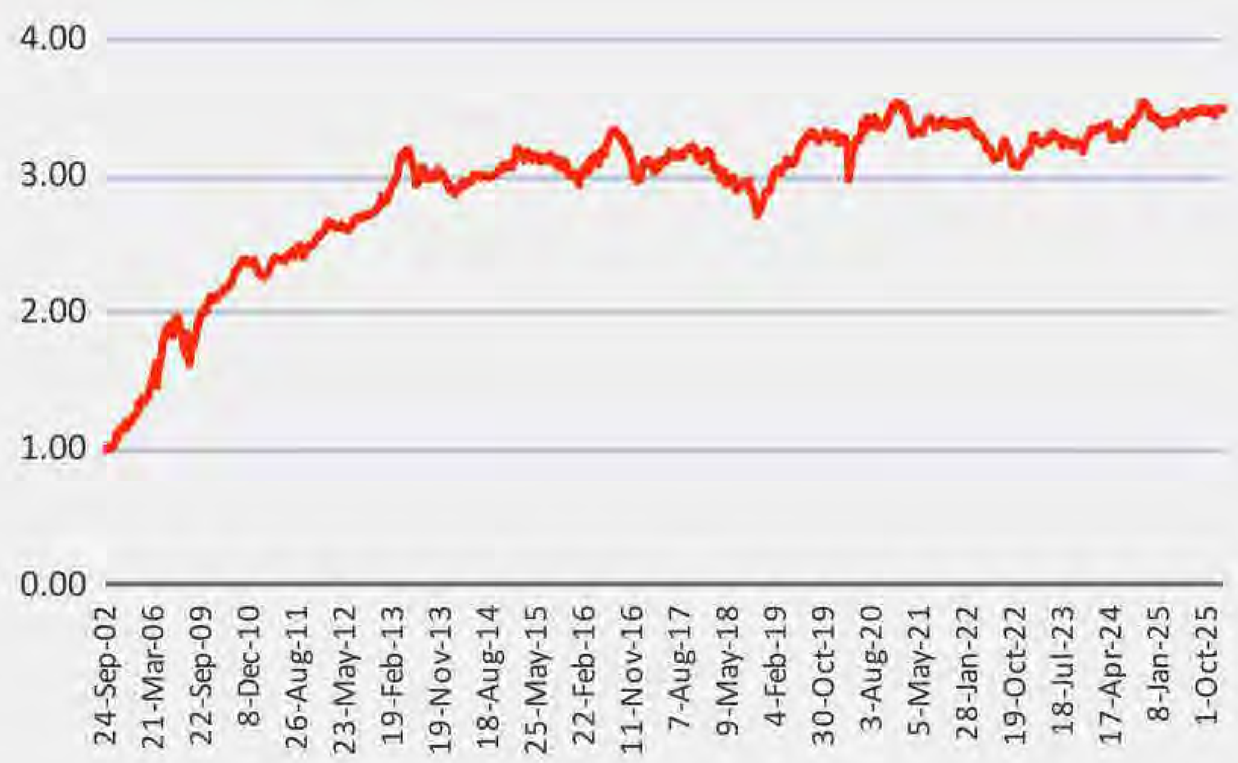
Highest	9-Oct-2024	3.54422
Lowest	23-Oct-2002	0.99568
Initial	24-Sep-2002	1.00000

▶ Asset Allocation



Fixed Income Funds	79.48%
Equity Funds	20.44%
Cash and cash equivalents	0.08%

▶ Performance Chart



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▶ Commentary

Philippine markets navigated a challenging environment in 2025 as easing inflation and monetary support were offset by weak growth momentum, geopolitical risks, and a major domestic confidence shock. We entered the year overweight in Philippine fixed income and shifted to a neutral asset allocation in early February as we took advantage of the market pullback when the Philippine Stock Exchange index (PSEi) reached the 5,900 level. The decision to maintain a neutral stance for the remainder of the year reflected heightened uncertainty stemming from Trump-era tariff risks, escalating conflict in the Middle East, and a large local corruption scandal. While the Bangko Sentral ng Pilipinas's (BSP) aggressive easing improved financial conditions, the transmission to risk assets remained uneven. Heading into 2026, macro risks remain elevated as geopolitical tensions and oil supply concerns raise inflation and stagflation risks, supporting our decision to keep asset allocation neutral for now.

Philippine fixed income delivered a volatile but constructive performance in 2025, supported by 125 bps of BSP rate cuts that drove a bull-steepening of the yield curve. Short- to mid-tenor bonds outperformed as carry, roll-down, and policy repricing were most effective, while the long end lagged amid persistent duration supply pressure. In 2026, the rates environment is expected to be more range-bound as the BSP adopts a wait-and-see stance and supply dynamics play a larger role in driving returns. Front-end tenors continue to offer attractive risk-adjusted carry, while intermediate and long-duration exposure warrants a selective and tactical approach.

Philippine equities ended 2025 with a 7.3% decline, significantly underperforming regional peers amid weak earnings, fiscal uncertainty, and sustained foreign outflows. A mid-year recovery driven by easing inflation and policy support proved short-lived as disappointing growth data and a major corruption scandal undermined investor confidence.

▶ Outlook

The equity outlook for 2026 is expected to remain uneven, with continued sluggishness in the first half due to delayed government spending and cautious private sector activity. Conditions should improve in the second half as low base effects support headline growth and macro visibility improves. Despite attractive valuations below 10 times forward earnings, a sustained re-rating will likely require clearer catalysts, reinforcing a cautious stance on equities.

PRULink Proactive Fund

▶ Objective

The Fund seeks to optimise medium to long-term capital and income growth, with an 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.

▶ Performance

-0.80%
Year-on-year Return

2.10315
Price (as of Jan 2, 2026)

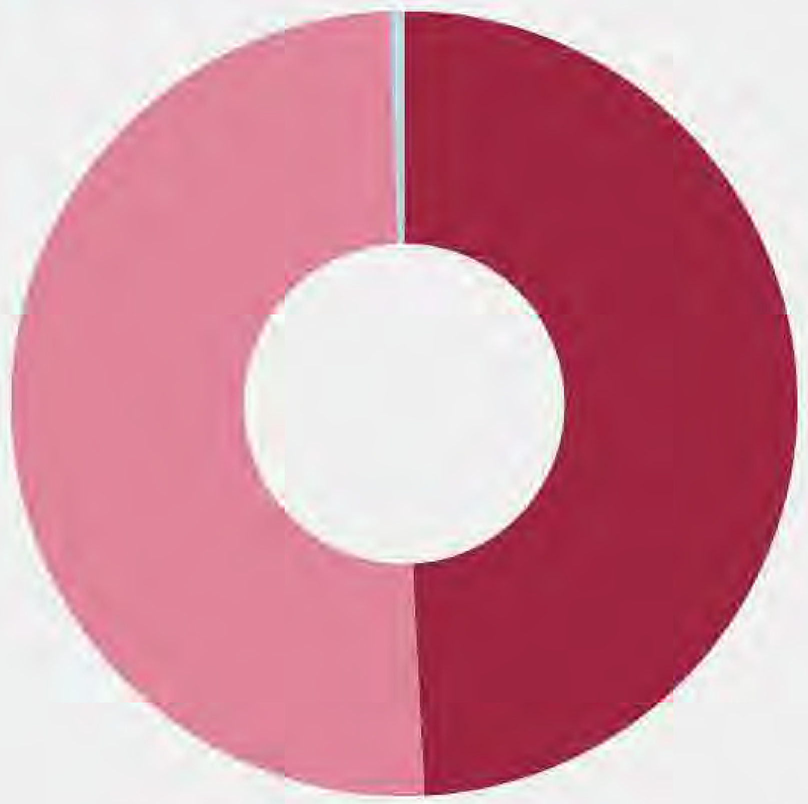
▶ Top Holdings

PRULINK BOND FUND	50.19%
PRULINK EQUITY FUND	49.19%
CASH & CASH EQUIVALENTS (PHP)	0.62%

▶ Highest and lowest unit price achieved

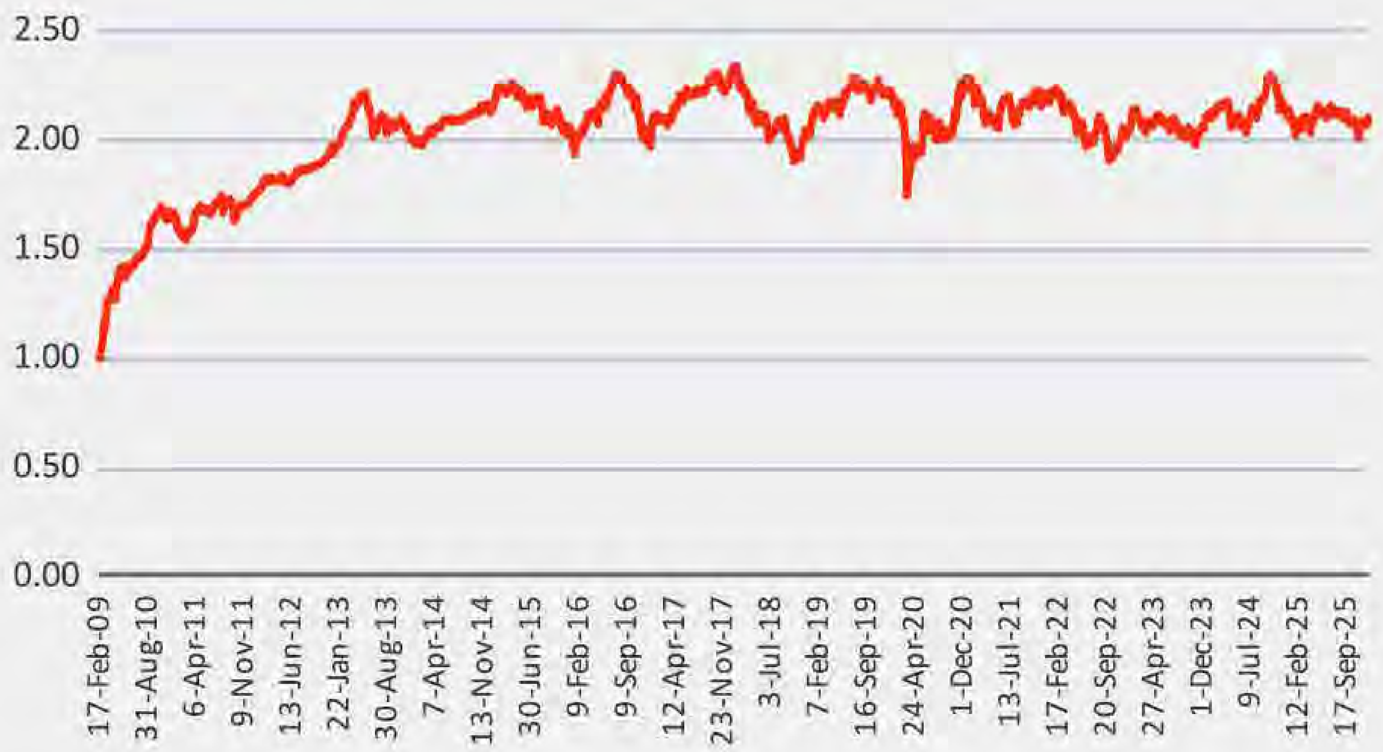
Highest	30-Jan-2018	2.34008
Lowest	3-Mar-2009	0.9995
Initial	17-Feb-2009	1.00000

▶ Asset Allocation



Fixed Income Funds	50.19%
Equity Funds	49.19%
Cash and cash equivalents	0.62%

▶ Performance Chart



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Fund Performance Review

▶ Commentary

Philippine markets navigated a challenging environment in 2025 as easing inflation and monetary support were offset by weak growth momentum, geopolitical risks, and a major domestic confidence shock. We entered the year overweight in Philippine fixed income and shifted to a neutral asset allocation in early February as we took advantage of the market pullback when the Philippine Stock Exchange index (PSEi) reached the 5,900 level. The decision to maintain a neutral stance for the remainder of the year reflected heightened uncertainty stemming from Trump-era tariff risks, escalating conflict in the Middle East, and a large local corruption scandal. While the Bangko Sentral ng Pilipinas's (BSP) aggressive easing improved financial conditions, the transmission to risk assets remained uneven. Heading into 2026, macro risks remain elevated as geopolitical tensions and oil supply concerns raise inflation and stagflation risks, supporting our decision to keep asset allocation neutral for now.

Philippine fixed income delivered a volatile but constructive performance in 2025, supported by 125 bps of BSP rate cuts that drove a bull-steepening of the yield curve. Short- to mid-tenor bonds outperformed as carry, roll-down, and policy repricing were most effective, while the long end lagged amid persistent duration supply pressure. In 2026, the rates environment is expected to be more range-bound as the BSP adopts a wait-and-see stance and supply dynamics play a larger role in driving returns. Front-end tenors continue to offer attractive risk-adjusted carry, while intermediate and long-duration exposure warrants a selective and tactical approach.

Philippine equities ended 2025 with a 7.3% decline, significantly underperforming regional peers amid weak earnings, fiscal uncertainty, and sustained foreign outflows. A mid-year recovery driven by easing inflation and policy support proved short-lived as disappointing growth data and a major corruption scandal undermined investor confidence.

▶ Outlook

The equity outlook for 2026 is expected to remain uneven, with continued sluggishness in the first half due to delayed government spending and cautious private sector activity. Conditions should improve in the second half as low base effects support headline growth and macro visibility improves. Despite attractive valuations below 10 times forward earnings, a sustained re-rating will likely require clearer catalysts, reinforcing a cautious stance on equities.

PRULink Growth Fund

Objective

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

Performance

-3.87%
Year-on-year Return

3.42035
Price (as of Jan 2, 2026)

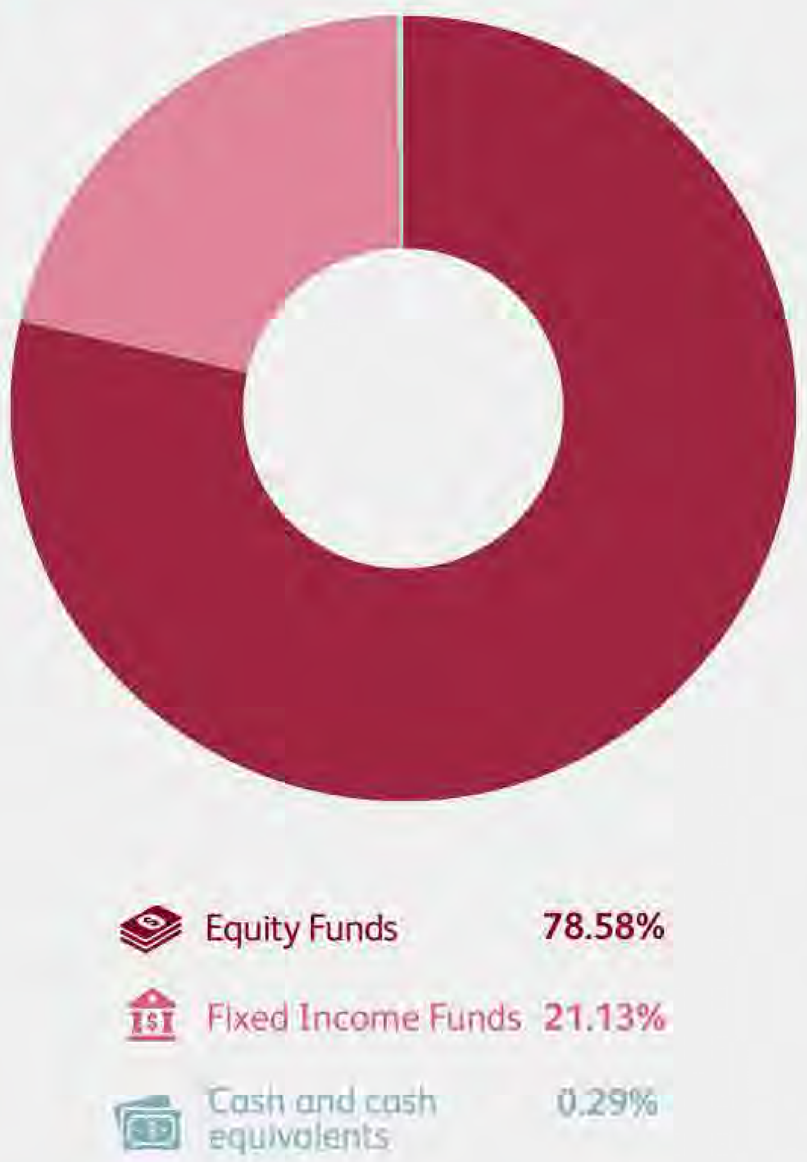
Top Holdings

PRULINK EQUITY FUND	78.58%
PRULINK BOND FUND	21.13%
CASH & CASH EQUIVALENTS (PHP)	0.29%

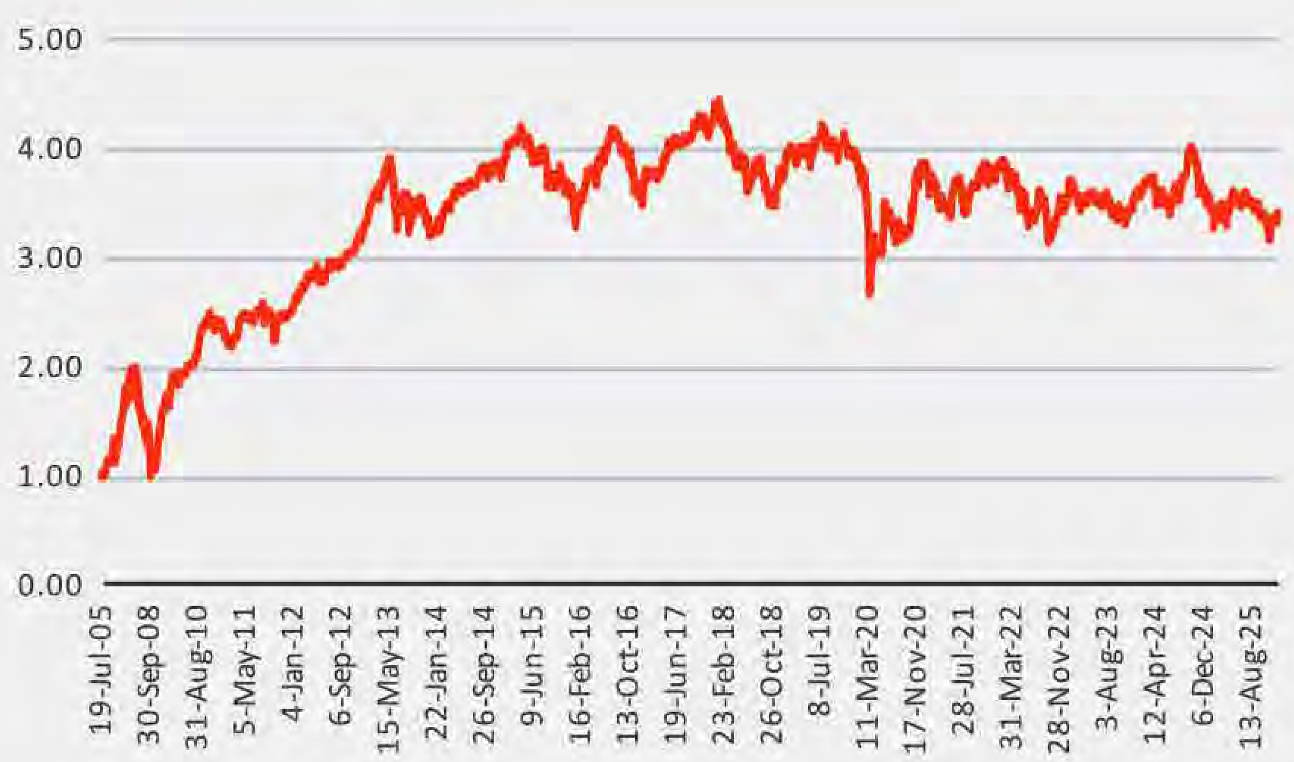
Highest and lowest unit price achieved

Highest	30-Jan-2018	4.45577
Lowest	28-Oct-2008	0.99584
Initial	22-Jul-2005	1.00000

Asset Allocation



Performance Chart



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Commentary

Philippine markets navigated a challenging environment in 2025 as easing inflation and monetary support were offset by weak growth momentum, geopolitical risks, and a major domestic confidence shock. We entered the year overweight in Philippine fixed income and shifted to a neutral asset allocation in early February as we took advantage of the market pullback when the Philippine Stock Exchange index (PSEi) reached the 5,900 level. The decision to maintain a neutral stance for the remainder of the year reflected heightened uncertainty stemming from Trump-era tariff risks, escalating conflict in the Middle East, and a large local corruption scandal.

While the Bangko Sentral ng Pilipinas's (BSP) aggressive easing improved financial conditions, the transmission to risk assets remained uneven. Heading into 2026, macro risks remain elevated as geopolitical tensions and oil supply concerns raise inflation and stagflation risks, supporting our decision to keep asset allocation neutral for now.

Philippine fixed income delivered a volatile but constructive performance in 2025, supported by 125 bps of BSP rate cuts that drove a bull-steepening of the yield curve. Short- to mid-tenor bonds outperformed as carry, roll-down, and policy repricing were most effective, while the long end lagged amid persistent duration supply pressure. In 2026, the rates environment is expected to be more range-bound as the BSP adopts a wait-and-see stance and supply dynamics play a larger role in driving returns. Front-end tenors continue to offer attractive risk-adjusted carry, while intermediate and long-duration exposure warrants a selective and tactical approach.

Philippine equities ended 2025 with a 7.3% decline, significantly underperforming regional peers amid weak earnings, fiscal uncertainty, and sustained foreign outflows. A mid-year recovery driven by easing inflation and policy support proved short-lived as disappointing growth data and a major corruption scandal undermined investor confidence.

Outlook

The equity outlook for 2026 is expected to remain uneven, with continued sluggishness in the first half due to delayed government spending and cautious private sector activity. Conditions should improve in the second half as low base effects support headline growth and macro visibility improves. Despite attractive valuations below 10 times forward earnings, a sustained re-rating will likely require clearer catalysts, reinforcing a cautious stance on equities.

PRULink Equity Fund

▶ Objective

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

▶ Performance

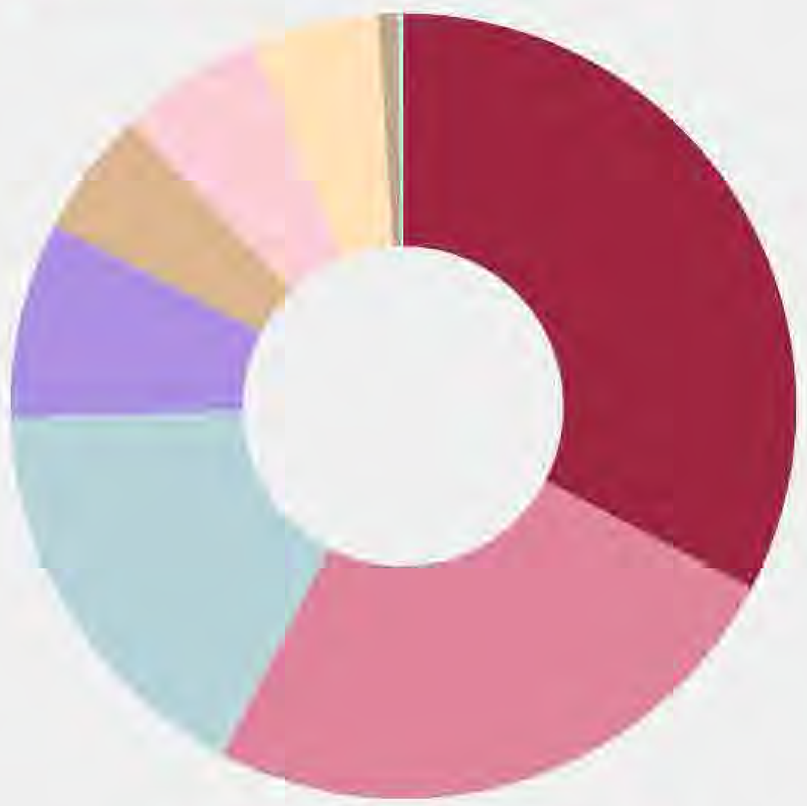
-6.05%
Year-on-year Return

1.82974
Price (as of Jan 2, 2026)

▶ Top Holdings

INT'L CONTAINER TERMINAL SERVICES INC.	9.82%
SM INVESTMENTS CORP.	9.40%
BDO UNIBANK INC.	9.02%
BANK OF THE PHILIPPINE ISLANDS	8.48%
SM PRIME HOLDINGS INC.	8.12%
AYALA LAND INC.	7.16%
MANILA ELECTRIC CO.	5.20%
METROPOLITAN BANK AND TRUST COMPANY	4.86%
JOLLIBEE FOODS CORP.	4.48%
AYALA CORPORATION	4.16%

▶ Asset Allocation

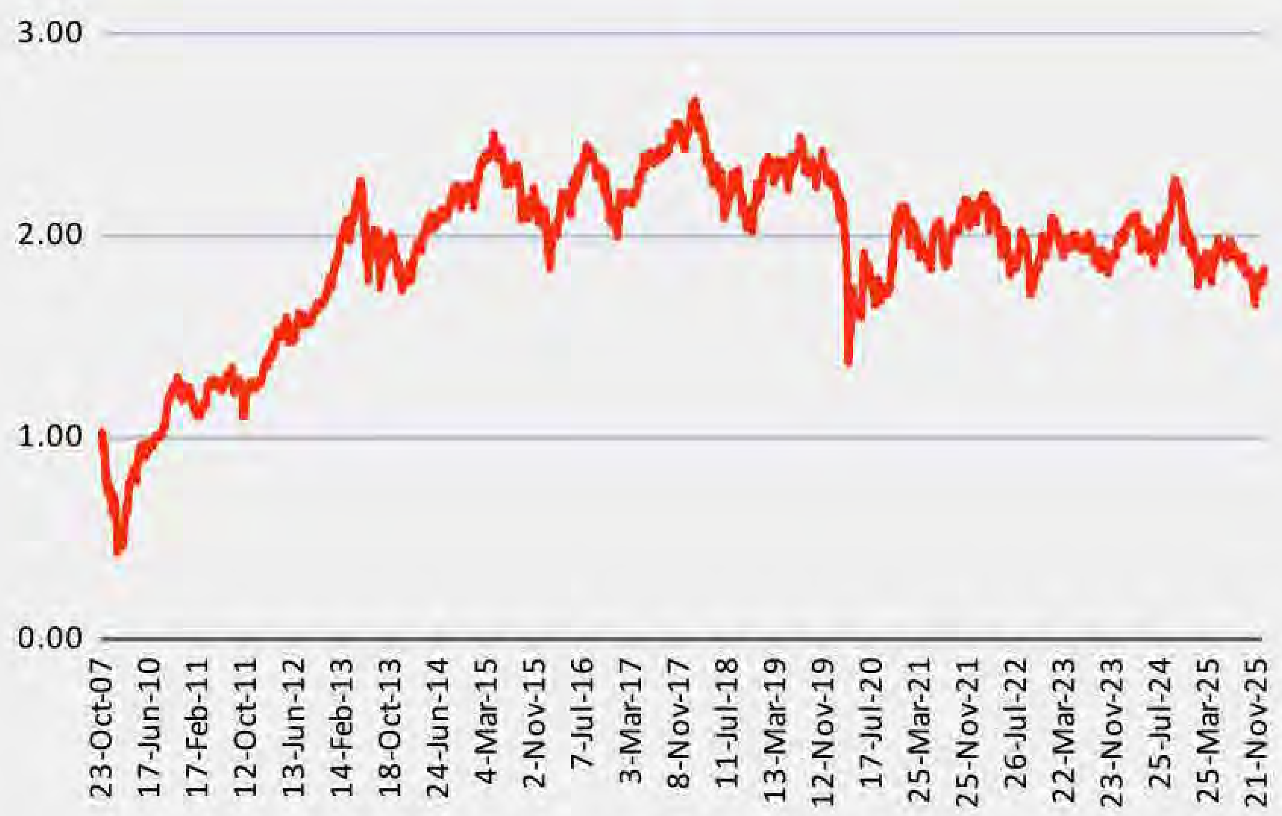


Industrials	32.67%
Financials	24.91%
Real Estate	16.95%
Consumer Staples	8.08%
Consumer Discretionary	5.19%
Utilities	5.93%
Communication Services	5.21%
Energy	0.82%
Cash	0.22%

▶ Highest and lowest unit price achieved

Highest	30-Jan-2018	2.66632
Lowest	28-Oct-2008	0.42505
Initial	23-Oct-2007	1.00000

▶ Performance Chart



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

▶ Commentary

The Philippine Stock Exchange index (PSEi) concluded 2025 with a 7.3% year-on-year decline, significantly underperforming its Asian peers, most of which posted double-digit gains. The year began under pressure from a "higher-for-longer" rate narrative, rebalancing outflows, and concerns over Trump-era tariffs. While cooling inflation and a pivot in monetary policy fuelled a mid-Q2 recovery back to the 6,500 level, the rally was short-lived as disappointing Q1 gross domestic product and corporate earnings quickly dampened sentiment.

By late Q3, the market was further rattled by a 1-trillion ($17bn) corruption scandal involving national flood control projects. This development severely impacted domestic growth projections and weighed on investor confidence. Following weak Q3 results, the index hit multi-year lows in November before year-end bargain-hunting managed to halve the year-to-date loss from its -14.8% trough. Foreign investors remained net sellers for the eighth consecutive year, with December's accelerated outflows bringing the full-year 2025 total to $873 million.

Key Contributor/Detractor

The top contributor to relative performance was our underweight position in SM Investments Corporation, which declined 22.2% year-on-year versus the PSEi decline of 7.3%. The underwhelming performance of its property and retail segments dragged sentiment on the stock, as residential oversupply caused underperformance in its key subsidiary, SM Prime Holdings, Inc. On the flip side, the retail segment remained under pressure for the majority of the year as downtrading among consumers remained prevalent given periods of elevated inflation in 2023 to 2024.

The top drag to relative performance was our underweight position in International Container Terminal Services, Inc., which jumped 46.9% versus the PSEi decline of 7.3%. The stock remained a strong performer as it was able to secure new concessions and tariff adjustments throughout the year. In addition, the firm was also able to withstand headwinds from geopolitical tensions and volatile environments, which endeared it to investors.

▶ Outlook

We expect 2026 to be a "tale of two halves", with a sluggish start followed by a stronger recovery.

H1 2026 (Sluggish): Growth will likely be hampered by a carry-over slowdown in government spending—a direct fallout from the corruption scandal that stalled projects in late 2025. We anticipate a single 25 bps rate cut from both the BSP and the U.S. Fed during this period.

H2 2026 (Recovery): The second half should fare better as favourable "low base effects" from 2025's poor performance kick in.

Investment Strategy: While domestic valuations remain attractive at below 10x forward P/E, "cheap" can become

PRULink Global Tech Navigator Fund

▶ Objective

The Fund seeks to achieve long-term capital appreciation by investing all or substantially all its assets in a collective investment scheme that invests principally in global equity securities that benefit significantly from technological advances and improvements. As an investment-linked fund, it invests wholly in the ATRAM Global Technology Feeder Fund (the "Feeder Fund"), which ultimately invests in Fidelity Funds – Global Technology Fund (the "Target Fund"). The Feeder Fund may also invest up to 10% in financial instruments and other tradable investment outlets as may be allowed by the pertinent regulatory bodies. It is subject to currency risks as a PhP unhedged share class.

▶ Performance

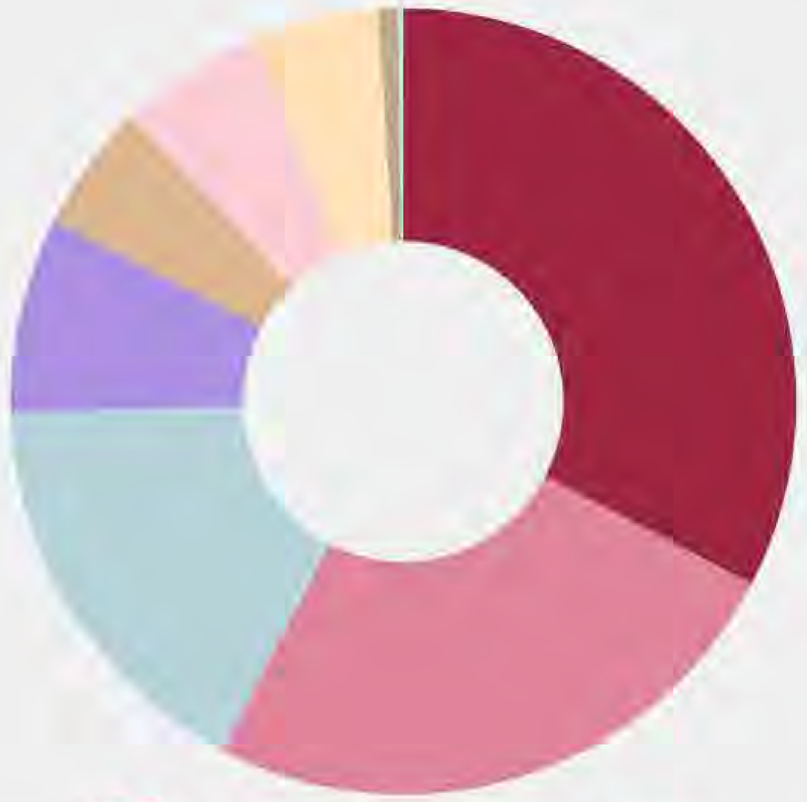
22.09%
Year-on-year Return

1.29217
Price (as of Jan 2, 2026)

▶ Top Holdings

TAIWAN SEMICONDUCTOR MFG CO LTD	8.20%
MICROSOFT	5.60%
APPLE INC	4.80%
ALPHABET INC	4.50%
AMAZON.COM INC	3.70%
SAMSUNG ELECTRONICS CO LTD	2.90%
ERICSSON	2.70%
ACCENTURE PLC	2.50%
ASML HOLDING NV	2.40%
SALESFORCE INC	2.30%

▶ Asset Allocation



Information Technology	67.10%
Communication Services	12.00%
Consumer Discretionary	8.60%
Industrials	4.10%
Financials	4.00%
Real Estate	2.5%
Energy	1.30%
Consumer Staples	0.10%

▶ Highest and lowest unit price achieved

Highest	29-Oct-2025	1.32099
Lowest	10-Apr-2025	0.87945
Initial	23-Aug-2024	1.00000

▶ Performance Chart

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

▶ Commentary

During the year, global equities advanced despite a pronounced bout of volatility in the spring, when escalating trade and geopolitical tensions briefly drove a sharp risk-off move, before markets recovered as earnings proved more resilient than feared and investor sentiment stabilised. Within the information technology sector, semiconductors and semiconductor equipment remained the leading subsector performers, while software and IT services substantially lagged. AI-led growth optimism continued to support market momentum in semiconductor and hardware companies, which have significantly benefited from elevated AI-related capex from hyperscalers. Although these companies experienced strong drawdowns in April when tariffs were initially announced, and again in November when the market became cautious about elevated valuations, they continued to post robust full-year returns and led market performance. By contrast, software and IT services significantly lagged due to broad-based negative sentiment across the subsectors amid fears of AI-led business disruption.

Major detractors for the year included the lack of exposure to AI-focused semiconductor majors Nvidia and Broadcom. Nvidia continued to deliver strong results as sustained investment by hyperscalers translated into robust earnings. However, its FY26 revenue estimates broadly remained unchanged through the year despite its Blackwell cycle and hyperscaler investments. Meanwhile, not holding another semiconductor group, Broadcom, further hurt relative returns. Its shares were supported by broader AI enthusiasm, given its perceived role in Alphabet's TPU manufacturing. However, a meaningful part of its business is legacy software, which lacks growth, while its semiconductor segment is heavily dependent on a few large customers such as Alphabet and Apple, both of which have alternatives.

The fund's EM-focused exposure contributed to returns. Chinese e-commerce major Alibaba was a leading contributor as it reported quarterly results that beat estimates, supported by growth in its cloud business and AI initiatives. Samsung Electronics was another leading contributor. Its shares rebounded in 2025 amid a semiconductor up-cycle, AI-driven memory demand and strong execution across both its memory and device businesses. Meanwhile, the fund's top holding, TSMC, the world's largest semiconductor manufacturer, also contributed to returns. Its shares continued to benefit from heightened production of AI processors, driven by sustained global demand for advanced semiconductor technologies as the AI theme remained a strong tailwind.

▶ 2026 Outlook

Looking ahead to 2026, the Fund Manager remains cautious on the AI capex theme that has dominated technology markets. Signs of cyclical over-earning, stretched valuations and overly optimistic sentiment suggest that current levels of investment may be difficult to sustain. Recent "circular" AI deals - where equity stakes, chip supply and cloud-rental arrangements recycle capital within a small group of ecosystem players - further underline concerns about sustainability. This reinforces the fund's disciplined and valuation-aware stance, particularly given the narrow market leadership and high capital intensity underpinning recent performance. They expect AI adoption to continue to grow structurally, but this does not necessarily imply that AI capex will grow in line with usage.

Despite these risks, the opportunity set across technology remains broad. Hyperscale cloud businesses continue to represent core long-term holdings, supported by durable growth drivers and strong competitive positioning. In software and IT services - areas that have experienced significant derating due to fears of AI disruption - the Fund Manager sees more opportunity than risk. Incumbent platforms, supported by established customer bases and embedded workflows, are well positioned to integrate and monetise AI capabilities, creating attractive entry points across the segment.

Outside of AI, the Fund Manager also maintains a constructive view on digital media content and distribution platforms, including music and video-game ecosystems. These businesses exhibit resilient demand patterns and offer compelling risk/reward in a more uncertain macro environment. Beyond these areas, it continues to identify both high-quality compounders and selectively deep-value opportunities across payment services and banking IT solutions. Analogue semiconductors also offer upside potential after an elongated downcycle.

In summary, while the market narrative remains heavily focused on AI, the Fund Manager believes that the technology sector is far more diverse. Against a backdrop of elevated dispersion, it continues to find a wide range of attractive opportunities across structurally supported, resilient and undervalued areas of the market.

PRULink Equity Index Tracker Fund

▶ Objective

The Fund 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.

▶ Performance

-4.55%
Year-on-year Return

1.08842
Price (as of Jan 2, 2026)

▶ Top Holdings

ATRAM EQUITY INDEX TRACKER FUND	100%

▶ Highest and lowest unit price achieved

Highest	8-Oct-2024	1.31
Lowest	14-Nov-2025	0.98956
Initial	24-Aug-2020	1.00000

▶ Asset Allocation

▶ Performance Chart

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

▶ Commentary

Market Review

The Philippine Stock Exchange index (PSEi) concluded 2025 with a 7.3% year-on-year decline, significantly underperforming its Asian peers, most of which posted double-digit gains. The year began under pressure from a "higher-for-longer" rate narrative, rebalancing outflows, and concerns over Trump-era tariffs. While cooling inflation and a pivot in monetary policy fueled a mid-Q2 recovery back to the 6,500 level, the rally was short-lived as disappointing Q1 GDP and corporate earnings quickly dampened sentiment.

By late Q3, the market was further rattled by a 1-trillion ($17bn) corruption scandal involving national flood control projects. This development severely impacted domestic growth projections and weighed on investor confidence. Following weak Q3 results, the index hit multi-year lows in November before year-end bargain-hunting managed to halve the YTD loss from its -14.8% trough. Foreign investors remained net sellers for the eighth consecutive year, with December's accelerated outflows bringing the FY2025 total to $873million.

▶ Outlook

We expect 2026 to be a "tale of two halves," with a sluggish start followed by a stronger recovery.
1. H1 2026 (Sluggish): Growth will likely be hampered by a carry-over slowdown in government spending—a direct fallout from the corruption scandal that stalled projects in late 2025. We anticipate a single 25 bps rate cut from both the BSP and the US Fed during this period.

2. H2 2026 (Recovery): The second half should fare better as favorable "low base effects" from 2025's poor performance kick in.
Investment Strategy: While domestic valuations remain attractive at below 10x forward P/E, "cheap" can become a permanent state without a clear catalyst. Consequently, we advocate for a disciplined stock selection approach rather than broad market exposure.

INVESTMENT OUTLOOK

The global economy entered 2026 on a path toward gradual normalization, supported by easing inflation pressures and steady growth. This trajectory, however, has been disrupted by geopolitical tensions in the Middle East, with higher energy prices emerging as the key transmission channel to inflation. Unlike crude oil, price increases in refined products tend to unwind more slowly, creating more persistent inflationary pressure and constraining the pace of monetary easing.

Against this backdrop, central banks are likely to remain cautious and firmly data-dependent, led by the U.S. Federal Reserve. The U.S. economy continues to show resilience, with growth holding up and labor market conditions softening only modestly. While inflation has eased from its peaks, it remains elevated enough to reinforce a late-cycle environment marked by tight financial conditions and sustained support for the U.S. dollar.

These developments are unfolding at a time when several economies entered 2026 with unresolved structural challenges. Earlier strength in risk assets and local currencies was driven largely by portfolio inflows rather than a broad improvement in domestic fundamentals, limiting the durability of the rally. The resurgence in energy prices now compounds these vulnerabilities. With disruptions around the Strait of Hormuz and constrained global supply chains, Brent crude is expected to remain in the USD 90–100 per barrel range over the next six months, keeping inflation risks tilted to the upside.

For the Philippines, the implications are increasingly challenging. Inflation is likely to gravitate beyond the upper end of BSP's target range of 2-4%, while the trade deficit could widen to around 4–5% of gross domestic product due to higher import costs—particularly for energy. These pressures are magnified by the country's persistent triple-deficit dynamics, limited fiscal flexibility amid subdued infrastructure momentum, and ongoing governance and confidence issues that continue to weigh on investor sentiment.

As a result, policy flexibility has narrowed. The Bangko Sentral ng Pilipinas carries pressures in an environment characterized by elevated global interest rates and a structurally strong U.S. dollar. The **policy bias has therefore shifted from accommodation toward a more cautious pause.**

Recent developments underscore the fragility of the global normalization narrative. Inflation dynamics are increasingly influenced by supply-side shocks that are less responsive to conventional monetary tools, raising uncertainty around growth and policy paths. In this more complex and volatile environment, disciplined diversification remains critical. Stable income strategies, selective exposure to real assets, and carefully chosen equities—anchored by strong balance sheets and pricing power—are likely to play an essential role in managing risk and navigating the remainder of 2026.

Sources: ATRAM Group; Eastspring Investments

FUND MANAGERS' PROFILE

EASTSPRING INVESTMENTS

Eastspring Investments, part of Prudential plc, is a global asset manager with Asia at its core, offering innovative investment solutions to meet the financial needs of clients.

At the heart of Eastspring is a strong connection with our shared purpose - For Every Life, For Every Future - which guides everything we do.

Since our founding in 1994, we have built an unparalleled on-the-ground presence in 10 key Asian markets as well as distribution offices in North America and Europe.

Danny Tan

CFA, Head of Fixed Income

Danny Tan is the Head of Fixed Income at Eastspring Singapore and is responsible for overseeing the management of the firm's fixed income strategies.

Prior to being appointed as Head of Fixed Income in May 2022, Danny was a Senior Portfolio Manager in the Fixed Income team, responsible for managing SGD credit-focused strategies and other customised fixed income solutions for both our insurance and external institutional clients. Danny was also the team lead for the fixed income solutions sub-team.

Danny joined Eastspring Investments in February 2004. Before re-joining the Fixed Income team in 2010, Danny worked as a Portfolio Manager and Analyst in various investment teams within Eastspring, where he built up extensive investment and research experience in a wide range of asset classes including fixed income, structured credit and equities. Prior to joining Eastspring Investments, Danny was an Investment Analyst with Tecity Management, covering equity and fixed income research. In all, he has more than 23 years of investment experience.

Danny is a CFA charterholder and holds a Bachelor of Business degree in Financial Analysis (Hons) from Nanyang Technological University, Singapore.

Matthew Kok

Portfolio Manager, Fixed Income

Matthew Kok is the lead portfolio manager of Prulink USD Bond Fund. He is currently responsible for the management of Philippines USD strategy and SGD Cash strategies.

Matthew joined Eastspring Investments in March 2018, under Eastspring's Graduate Development Program.
He spent 2 years as a Credit Analyst, covering public and private credits, as well as alternative fixed income products, before joining the Macro & Thematics team as an Investment Analyst focusing on Asia local rates.
Matthew graduated from National University of Singapore in January 2018 with a Bachelor of Business Administration (Hons) degree majoring in Finance.

Kenneth Lee

CFA, Portfolio Manager, Fixed Income

Kenneth Lee is the backup Portfolio Manager of Prulink USD Bond Fund. He is currently responsible for the management of liability driven or solution-based strategies for insurance clients as well as select USD and SGD credit-focused strategies.

Kenneth joined Eastspring Investments, the Asian asset management business of Prudential plc, in January 2015.

Prior to joining Eastspring Investments, Kenneth worked with Phillip Securities Private Limited as an Investment Analyst. He was responsible for supporting portfolio managers of discretionary and separately-managed accounts, with a focus on Southeast Asian equity markets. Kenneth has 10 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.

Steven Grey

CFA, MBA, Portfolio Manager, Equity

Prulink GEM Dynamic Fund is managed by Steven Gray. Steven Gray is the Head of Global Emerging Markets (GEM) and Regional Asia Value Equities at Eastspring Investments, responsible for the firm's GEM and Asia Value equity capabilities. He is also Lead Manager for the GEM Dynamic strategy.

Steven joined Eastspring Investments as Portfolio Manager in August 2012. Prior to joining Eastspring Investments, Steven worked with GIC Asset Management in the Emerging Markets Non-Asia department as the Senior Vice President – Head of Equity Research managing a team of 7 sector-focused analysts covering non-Asian emerging markets. Earlier on, Steven had a very successful career as a fund manager in South Africa, managing one of the largest funds in the country. Steven has more than 35 years of financial industry experience.

Steven is a CFA charterholder and holds a Bachelor of Business Science from the University of Cape Town, and a Master of Business Administration from UCT Graduate School of Business in South Africa.

Joanna Ong

CFA, Director, Senior Portfolio Manager, Multi-Asset Portfolio Solutions (MAPS)

Joanna Ong joined Eastspring Investments as Credit Manager in the Fixed Income team in June 2000. Joanna is a Senior Portfolio Manager and is a key member involved in the management of several of our global multi-asset funds. Joanna has been a senior member of the multi-asset team since 2007, managing global multi-asset funds for Prudential across Asia, as well as external investment strategies. Joanna holds a Bachelor of Accounting from Nanyang Technological University, Singapore and is a CFA charterholder.

Sundeep Bihani

PGDM, ACA, Portfolio Manager, Equity

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

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

Prior to joining Eastspring Investments, Sundeep was an Equity Research Analyst for 5 years covering regional telecom stocks at Lehman Brothers. Sundeep has over 20 years of investment experience.

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

Nupur Gupta

Director, Senior Portfolio Manager, Multi-Asset Portfolio Solutions (MAPS)

Nupur Gupta joined Eastspring Investments as Director, in May 2019. She is a Senior Portfolio Manager and the head of the Total Return & Income Strategies in the MAPS team. She is responsible for the investment strategy, asset allocation and performance of several of the firm's global multi-asset funds. Nupur also conducts specialised research for alpha-generating derivative strategies. Nupur frequently shares her views on global markets in the media. Nupur holds an M.Phil in Economics from Nuffield College, University of Oxford, and a bachelor's degree in economics from the London School of Economics and Political Science.

FUND MANAGERS' PROFILE

ATRAM

The ATRAM Group (ATRAM) is the leading independent asset and wealth manager in the Philippines. It has established itself as a trusted and reliable partner by offering unparalleled investment solutions to clients and staying at the forefront of the industry.

As a multi-awarded asset management company, ATRAM strives to deliver exceptional results and personalized solutions tailored to clients' unique needs. ATRAM remains steadfast in pushing boundaries to redefine the industry by offering innovative products and services.

ATRAM operates through ATR Asset Management, Inc. (AAMI) for mutual funds and ATRAM Trust Corporation (ATC) for UITFs, trust, and investment management services. Through these entities, they offer a full range of retail, institutional, fund management, and advisory investment solutions. Its headquarters is located in the 8 Rockwell Building, Rockwell Center, Makati City.

For more information: www.atram.com.ph

Vince Daffon

Chief Investment Officer – Portfolio Management

J. Vincent Ramirez Daffon is a highly accomplished investment professional with 28 years of experience in portfolio management, treasury, and capital markets across leading Philippine and international financial institutions. His career spans senior leadership roles in insurance, banking, and investment management, where he has consistently delivered strong portfolio performance, prudent risk management, and strategic asset allocation outcomes across fixed income, derivatives, and multi-asset portfolios. He holds a Master of Business Administration and has been recognized among the Philippines' most astute investors, reflecting his strong investment acumen and industry leadership.

As Chief Investment Officer – Portfolio Management of ATRAM, he is responsible for setting and executing the firm's overall investment strategy, overseeing portfolio construction, risk management, and performance across asset classes. He leads portfolio management teams to ensure disciplined investment processes, regulatory compliance, and sustainable long-term value creation for clients and stakeholders.

Lodevico Ulpo Jr.

CFA, FRM, CPA Head of Multi-Asset and Fixed Income

Lodevico Ulpo Jr., CFA, FRM, CPA is the Head of Multi-Asset and Fixed Income at ATRAM, where he leads the firm's multi-asset and fixed income investment platform. He brings over a decade of buy-side experience spanning asset management, fixed income and credit research, and global macro strategies, including prior roles in Hong Kong with a Pan-Asia credit hedge fund and a private multi-family office before joining ATRAM. Since assuming his current role in 2019, he has progressed to senior portfolio leadership, reflecting deep expertise in portfolio construction, risk management, and relative-value investing across market cycles.

In his current role, he oversees the management of ATRAM's multi-asset and fixed income portfolios, covering strategies such as total return, credit, income, index-oriented mandates, and bespoke investment solutions. He is responsible for strategic asset allocation, portfolio risk management, and investment performance, while leading teams of portfolio managers, traders, and analysts to deliver consistent, risk-adjusted returns aligned with ATRAM's investment philosophy and client objectives.

Nicanor Yumul

Head of Equity

Nicanor Yumul is the Vice President and Head of Equity at ATRAM, bringing over a decade of experience in equity research and portfolio management within the Philippine asset management industry. He has built his career at ATRAM, progressing from Equity Analyst to Portfolio Manager and senior leadership roles, with a strong foundation in financial analysis and market research developed earlier at SGV & Co., a member firm of EY. His professional background reflects deep expertise in equity investing, market analysis, and disciplined portfolio construction.

In his current role, he leads ATRAM's equity investment function, overseeing equity portfolio strategy, stock selection, and risk management across local equity mandates. He is responsible for guiding investment positioning, monitoring market developments, and ensuring consistent, risk-adjusted performance aligned with ATRAM's investment philosophy, while providing market insights to support client engagement, product development, and broader investment decision-making.

Brian Dy, CFA

CFA. Senior Equity Portfolio Manager

Brian Dy, CFA is the Senior Equities Portfolio Manager at ATRAM, bringing over 15 years of experience in equity research, portfolio management, and fundamental investment analysis. He has built a diverse career across asset management, banking, and venture capital, with prior roles at Sun Life of Canada (Philippines), SB Equities, First Metro Investment Corporation, Kickstart Ventures, and VU Venture Partners. A CFA charter holder, he is recognised for his strong expertise in equity valuation, capital markets, and investment strategy. In his current role, he leads the management of equity portfolios, overseeing investment strategy, stock selection, and risk management across client mandates. He is responsible for driving portfolio performance through disciplined fundamental research, monitoring market and sector developments, and aligning equity strategies with institutional and retail client objectives.

CORPORATE GOVERNANCE

I. The Board of Directors

1. Angelica "Nenet" H. Lavares

Independent Chairperson

- **Committee memberships:**
  Independent Member, Audit Committee
  Independent Member, Governance, Nomination, and Sustainability Committee
  Independent Member, Risk Committee
- **Age:** 72 years old
- **Date of first appointment:**
  20 June 2019 as Director
  22 June 2023 as Chairperson
- **Length of service:** 6 years and 9 months
- **Directorships in publicly listed companies or other Insurance Commission regulated entities:**
  Metropolitan Bank & Trust Company
- **Academic qualifications and relevant experience:**

Angelica H. Lavares is a teaching fellow at the Institute of Corporate Directors ("ICD"). She also currently serves as an independent director of Metrobank Card Corporation and Inter-Asia Development Bank.

Ms. Lavares brings with her extensive experience in general management and legal expertise in banking and finance, real estate, manufacturing, acquisitions, and international contract negotiations. She is also an expert in negotiations with various government regulatory agencies and conducts workshops for ICD on corporate governance and anti-money laundering.

Ms. Lavares obtained her Bachelor of Arts in Psychology from St. Theresa's College in 1973. She completed her Bachelor of Laws at the University of the Philippines (First Honorable Mention) in 1981 and was admitted to the Philippine Bar in the same year.

2. Sanjay Chakrabarty

Executive Board Member

- **Committee memberships:** None
- **Age:** 52 years old
- **Date of first appointment:** 1 January 2024
- **Length of service:** 2 years and 3 months
- **Directorships in publicly listed companies or other Insurance Commission regulated entities:** None
- **Academic qualifications and relevant experience:**

Sanjay Chakrabarty is Pru Life UK's President & Chief Executive Officer ("CEO").

Mr. Chakrabarty has deep knowledge of the banking and insurance sectors, having worked across multiple Asian markets for the past 26 years.

He has been with Prudential since 2014 and has worked as the CEO of Prudential Cambodia and Prudential's Cambodia-Laos-Myanmar Hub. In these roles, he has successfully led a cross-markets team, implementing several strategic initiatives with material impact in all three markets.

He started his career with Citibank, India, in 1997. He has also worked for Citibank in Japan and Korea between 2004 and 2014, heading several functions spanning risk and business. At Prudential, he has served as CEO of Prudential Vietnam Finance Company and as Chief Commercial Officer at Prudential Vietnam. Before moving to Cambodia with Prudential in 2020, he also spent time as Deputy CEO and Head of Consumer Banking at Orient Commercial Joint Stock Bank in Vietnam.

Mr. Chakrabarty holds a master's degree in Statistics from the Indian Statistical Institute and enjoys reading history in his free time.

3. Imelda "Ida" C. Tiongson

Independent Board Member

- **Committee memberships:**
  Independent Chairperson, Risk Committee
  Independent Member, Audit Committee
  Independent Member, Related Party Transactions Committee
- **Age:** 60 years old
- **Date of first appointment:** 20 August 2020
- **Length of service:** 5 years and 7 months
- **Directorships in publicly listed companies or other Insurance Commission regulated entities:**
  Xurpas, Inc.
  Raslag Corporation
- **Academic qualifications and relevant experience:**

Imelda C. Tiongson is a Trustee and Teaching fellow of the Institute of Corporate Directors ("ICD") and is the President/Chief Executive Officer of Opal Portfolio Investments (SPV-AMC), Inc. ("Opal"). She currently serves as Independent Director of Xurpas, Inc., Trustee of Fintech Alliance.Ph, Fintech Association of the Philippines, and the Philippine Deposit Insurance Corporation, and Vice Chair of the Management Association of the Philippines Governance Committee. She is also a Senior Lecturer at the ICD and the Ateneo Graduate School of Business and has lectured at IFC Worldbank. In 2022, she became a member of the Bangko Sentral ng Pilipinas Open Finance Oversight Committee, in charge of the Open Finance framework with the aim of boosting financial inclusion.

Ms. Tiongson has extensive experience in business and risk management, having been a traditional banker for over 22 years, holding senior executive positions with National Australia Bank and Philippine National Bank, until moving to head Opal in 2007. She was also involved in drafting various business laws, such as the Financial Rehabilitation and Insolvency Act of 2010 and the Revised Corporation Code.

Ms. Tiongson completed her Bachelor of Business in Accountancy degree at Royal Melbourne Institute of Technology in Australia and took masterclasses in Remedial Management at AIM, Blockchain/Digitalisation by Terrapin, Audit and Risk by IFC World Bank, Kaplan Norton Balanced Scorecard and AGI -Alibaba Netrepreneurship.

4. Kenneth Joseph Rappold Jr.

Non-executive Board Member

- **Committee memberships:** Non-executive Member, Remuneration Committee
- **Age:** 56 years old
- **Date of first appointment:** 26 June 2025
- **Length of service:** 9 months
- **Directorships in publicly listed companies or other Insurance Commission regulated entities:** None
- **Academic qualifications and relevant experience:**

Kenneth Joseph Rappold Jr. is currently the Chief Transformation Officer and member of the Group Executive Committee of Prudential plc. Prior to joining Prudential, Mr. Rappold was Manulife Asia's Chief Financial Officer for five years, responsible for Finance, Strategy and Business Development across 10 Asian markets. Prior to this, he was Aviva Asia's Regional Chief Financial Officer based in Singapore and held senior finance roles for seven years with AIA in Hong Kong, Thailand and Korea.

Mr. Rappold holds a Master's degree in Accounting from the University of Texas at Austin and a Master's degree in Applied Economics from Johns Hopkins University. Mr. Rappold is a Chartered Financial Analyst (CFA®) charterholder, a licensed US Certified Public Accountant (CPA), a Certified Financial Risk Manager (FRM) and is a Fellow, Life Management Institute (FLMI). Additionally, Mr. Rappold is a Certified Professional Coach with the International Coaching Federation.

5. Sanchit Pal Maini

Non-executive Board Member

- **Committee memberships:** Non-executive Member, Risk Committee
- **Age:** 49 years old
- **Date of first appointment:** 24 August 2023
- **Length of service:** 2 years and 7 months
- **Directorships in publicly listed companies or other Insurance Commission regulated entities:** None
- **Academic qualifications and relevant experience:**

Sanchit Pal Maini is the Group Chief Financial and Sustainability Risk Officer of Prudential plc. In this role, he is responsible for all aspects of financial risk including market, credit, investment, product and insurance risks as well as sustainability risks covering environmental, social, and governance (ESG) and climate change. Mr. Maini is also the Risk Business Partner for the Strategic Business Group covering Prudential markets in Malaysia, Indonesia, the Philippines, Cambodia-Laos-Myanmar hub, India and Africa. He joined Prudential in 2016.

Prior to joining Prudential, he was Asia Head of Actuarial and Products at Aviva and has served as Chief Actuary and Chief Risk Officer at Max Life Insurance, India. His work experience spans various markets across Asia, the UK, the US and France.

Mr. Maini is a Fellow of the Institute of Actuaries of Australia, India and Singapore (FIAA, FIAI, FSAS) and a Chartered Enterprise Risk Actuary (CERA). He holds the Qualified Risk Director designation from the DCRO Institute and an alumnus of Harvard Business School having completed its Advanced Management Program.

6. Marife B. Zamora

Independent Board Member

- **Committee memberships:**
  Independent Chairperson, Governance, Nomination, and Sustainability Committee
  Independent Chairperson, Remuneration Committee
  Independent Member, Audit Committee
- **Age:** 73 years old
- **Date of first appointment:** 14 February 2022
- **Length of service:** 4 years and 1 month
- **Directorships in publicly listed companies or other Insurance Commission regulated entities:**
  Willis Towers Watson Insurance Brokers Philippines, Inc.
  Cemex Holdings Philippines Inc.
  SM Investments Corporation
- **Academic qualifications and relevant experience:**

Marife B. Zamora is the Chair of the Board of Willis Towers Watson Insurance Brokers, Inc., President of Arzam Logistics Inc., Independent Board Director of Cemex Holdings Philippines Inc., Independent Director of SM Investments Corporation and Board Director of MediaQuest Holdings Inc., Smart Communications, Inc., and Digitel Mobile Philippines. She is the co-founder of the Filipina CEO Circle and former President of the University of the Philippines Sigma Delta Phi Alumnae Association.

She was Chair of Convergys Philippines; Managing Director for Asia Pacific, Europe, the Middle East and Africa for Convergys Corporation and served as the first country manager of Convergys Philippines, setting up its first contact centre in 2003 and leading its growth as the country's largest private employer. Prior to this, Ms. Zamora served as Managing Director of Headstrong Philippines, a digital technology consultancy and outsourcer. She was with IBM Philippines, where she held a number of sales, marketing, and management positions during her 18-year tenure with the company.

Ms. Zamora studied at the College of the Holy Spirit, University of the Philippines and the University of Pennsylvania.

She is the third woman President and the 68th President of the Management Association of the Philippines. She was President of the Philippine Software Association, Vice-President of the American Chamber of Commerce of the Philippines, and Board Member of the Contact Center Association of the Philippines. Honors conferred on Ms. Zamora include the Asia CEO Awards 2011 Global Filipino Executive of the Year, the 'Go Negosyo' Woman STARpreneuer Award 2012, the 100 Most Influential Filipino Women in the World 2013, and UP Sigma Delta Phi Mariang Maya Award 2018.

7. Maria "Teh" Cristina R. Opinion

Independent Board Member

- **Committee memberships:**
  Independent Chairperson, Audit Committee
  Independent Member, Related Party Transactions Committee
  Independent Member, Risk Committee
- **Age:** 56 years old
- **Date of first appointment:** 14 February 2022
- **Length of service:** 4 years and 1 month
- **Directorships in publicly listed companies or other Insurance Commission regulated entities:** None
- **Academic qualifications and relevant experience:**
  Maria Cristina R. Opinion is the President and Chief Executive Officer of BNEXT, Inc., a value consulting company focused on helping companies achieve and sustain their digital transformation, and is a Board Member of Acquisition Apps, Inc. and an Independent Director of the Lhuillier Pawncos Group. Previously, she was the Group Chief Information Officer of JG Summit Holdings, Inc. and the Senior Vice President for IT of SM Investments Corporation.

  Ms. Opinion has more than thirty years of experience in digital transformation and technology innovation, encompassing enterprise applications, shared service operations, hybrid infrastructure and platforms, cybersecurity, business continuity, and governance, providing enterprises with valuable solutions that provide fast and tangible results balanced with change and risk management necessary for today's digital economy.

  Ms. Opinion has a postgraduate degree with a Master's degree in Business Administration and a Bachelor of Science in Mathematics from the University of the Philippines and has completed executive courses on Strategic Uses of Information Technology at Stanford University Graduate School of Business, Palo Alto, CA, and Leading Digital Business Transformation at the Institute for Management Development, Lausanne, Switzerland.

8. Francis P. Ortega

Executive Board Member

- **Committee memberships:** None
- **Age:** 50 years old
- **Date of first appointment:** 29 November 2024
- **Length of service:** 1 year and 2 months (until 15 January 2026)
- **Directorships in publicly listed companies or other Insurance Commission regulated entities:** None
- **Academic qualifications and relevant experience:**
  Francis Ortega was Pru Life UK's Executive Vice President and Chief Financial Officer and a member of its Board of Directors. 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 cover 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, majoring in Actuarial Science, and was awarded as one of the 2015 TOTAL (The Outstanding Thomasian Alumni) awardees.

9. Herminio "Third" C. Bagro III

Independent Board Member

- **Committee memberships:**
  Independent Chairperson, Related Party Transactions Committee
  Independent Member, Governance, Nomination, and Sustainability Committee
  Independent Member, Remuneration Committee
  Independent Member, Risk Committee
- **Age:** 41 years old
- **Date of first appointment:** 29 November 2024
- **Length of service:** 1 year and 4 months
- **Directorships in publicly listed companies or other Insurance Commission regulated entities:** None
- **Academic qualifications and relevant experience:**
  Herminio Bagro III is an experienced public sector manager and legal counsel to Senators and Cabinet Secretaries across four administrations. He is currently the Country Representative for the Philippines at the US–ASEAN Business Council, partner at FLO Attorneys-at-Law, and is a co-founder of Twala, a blockchain-secured Filipino digital identity and solutions start-up.

  Mr. Bagro brings with him his expertise in administrative law, legislation and policy, regulatory compliance, and related fields as a senior bureaucrat in the executive and legislative branches of government.

  Mr. Bagro is a lecturer on Constitutional Law at the University of the Philippines, where he graduated with degrees in Philosophy and Law. He was admitted to the Bar in 2010. He also has a Master of Arts degree in Public Administration from the Maxwell School at Syracuse University, New York, as a Fulbright scholar.

II. Training and continuing education program for directors

The Board of Directors attended the following board education sessions organised by Pru Life UK:

Date	Topic	Presenter
29 August 2025	Life Insurance Operations	Victor Español, Insurance Institute of Asia and the Pacific
29 August 2025	Related Party Transactions and Conflicts of Interest	Atty. Katrina De Castro

Prudential Group-affiliated Directors (Sanjay Chakrabarty, Kenneth Rappold, Sanchit Maini, and Francis Ortega) are required to complete mandatory training courses on Group Compliance Standards, anti-bribery and corruption, conflicts of interest, anti-money laundering and terrorism financing, and Speak Out/whistleblowing.

III. Board Meetings

For the year 2025, the Board of Directors of Pru Life UK held 7 meetings. Below are the details of the directors' attendance at said meetings:

	Meeting of the Board of Directors	Directors									
		Angelica H. Lavares	Imelda C. Tiongson	Marife B. Zamora	Maria Cristina R. Opinion	Wilson Wing Yiu Ma	Kenneth Rappold Jr.	Sanchit P. Maini	Sanjay Chakrabarty	Francis O. Ortega	Hermino C. Bagro III
1	Regular meeting held on 2 April 2025						*Elected on 26 June 2025*				
2	Special meeting held on 22 May 2025										
3	Organisational meeting held on 26 June 2025										
4	Regular meeting held on 18 September 2025					*Resigned on 26 June 2025*					
5	Strategy Workshop held on 26 November 2025										
6	Regular meeting held on 27 November 2025										
7	Special meeting held on 9 December 2025										
	Percentage of Attendance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

LEGEND	Present	Absent

IV. The Audit Committee

At the organisational meeting of the Board of Directors held on 26 June 2025, the following were elected as members of the Audit Committee for the year 2025–2026 and until their successors shall have been duly elected and qualified:

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

For 2025, the Audit Committee of Pru Life UK held six meetings. Below are the details of the each member's attendance at said meetings:

	Meeting of the Audit Committee	Directors			
		Maria Cristina R. Opinion	Imelda C. Tiongson	Angelica H. Lavares	Marife B. Zamora
1	Regular meeting held on 1 April 2025				
2	Joint special meeting with the Risk, Audit and Related Party Transactions Committees held on 22 May 2025				
3	Regular meeting held on 19 June 2025				
4	Special meeting held on 14 August 2025				
5	Regular meeting held on 18 September 2025				
6	Regular meeting held on 26 November 2025				
	Percentage of Attendance	100%	100%	100%	100%

LEGEND	Present	Absent

V. The Governance, Nomination, and Sustainability Committee

At the organisational meeting of the Board of Directors held on 26 June 2025, the following were elected as members of the Governance, Nomination, and Sustainability Committee for the year 2025–2026 and until their successors shall have been duly elected and qualified:

Marife B. Zamora – Independent Chairperson
Angelica H. Lavares – Independent Member
Herminio C. Bagro III – Independent Member

For 2025, the Governance, Nomination, and Sustainability Committee of Pru Life UK held five meetings. Below are the details of each member's attendance at said meetings:

Meeting of the Governance, Nomination, and Sustainability Committee		Directors		
		Marife B. Zamora	Angelica H. Lavares	Herminio C. Bagro III
1	Regular meeting held on 2 April 2025	Present	Present	Present
2	Regular meeting held on 19 June 2025	Present	Present	Present
3	Special meeting held on 27 June 2025	Present	Present	Present
4	Regular meeting held on 28 August 2025	Present	Present	Present
5	Regular meeting held on 26 November 2025	Present	Present	Present
Percentage of Attendance		**100%**	**100%**	**100%**

LEGEND	**Present**	**Absent**

VI. The Related Party Transactions Committee

At the organisational meeting of the Board of Directors held on 26 June 2025, the following were elected as members of the Related Party Transactions Committee for the year 2025–2026 and until their successors have been duly elected and qualified:

Herminio C. Bagro III – Independent Chairperson
Maria Cristina R. Opinion – Independent Member
Imelda C. Tiongson – Independent Member

For 2025, the Related Party Transactions Committee of Pru Life UK held three meetings. Below are the details of each member's attendance at said meetings:

Meeting of the Related Party Transactions Committee		Directors		
		Herminio C. Bagro III	Maria Cristina R. Opinion	Imelda C. Tiongson
1	Regular Meeting held on 1 April 2025	Present	Present	Present
2	Joint Special Meeting of the Risk, Audit and Related Party Transactions Committees held on 22 May 2025	Present	Present	Present
3	Regular Meeting held on 26 August 2025	Present	Present	Present
Percentage of Attendance		**100%**	**100%**	**100%**

LEGEND	**Present**	**Absent**

VII. The Remuneration Committee

At the organisational meeting of the Board of Directors held on 26 June 2025, the following were elected as members of the Remuneration Committee for 2025–2026 and until their successors shall have been duly elected and qualified:

Maria Cristina R. Opinion – Independent Chairperson
Kenneth Rappold – Non-Executive Member
Herminio C. Bagro III – Independent Member

For 2025, the Remuneration Committee of Pru Life UK held two meetings. Below are the details of each member's attendance at said two meetings:

Meeting of the Remuneration Committee		Directors			
		Maria Cristina R. Opinion	Herminio C. Bagro III	Wilson Wing Yiu Ma	Kenneth Rappold Jr
1	Regular Meeting held on 2 April 2025				*Appointed on 26 June 2025*
2	Regular Meeting held on 27 November			*Resigned on 26 June 2025*	
Percentage of Attendance		**100%**	**100%**	**100%**	**100%**

LEGEND	Present	Absent

VIII. The Risk Committee

At the organisational meeting of the Board of Directors held on 26 June 2025, the following were elected as members of the Risk Committee for the year 2025–2026 and until their successors shall have been duly elected and qualified:

Imelda C. Tiongson – Independent Chairperson
Sanchit Pal Maini – Non-Executive Member
Angelica H. Lavares – Independent Member
Maria Cristina R. Opinion – Independent Member
Herminio C. Bagro III – Independent Member

For 2025, the Risk Committee of Pru Life UK held five meetings. Below are the details of each member's attendance at said meetings:

Meeting of the Risk Committee		Directors				
		Imelda C. Tiongson	Sanchit Pal Maini	Angelica H. Lavares	Maria Cristina R. Opinion	Herminio C. Bagro III
1	Regular meeting held on 1 March 2025					
2	Special meeting held on 22 May 2025					
3	Regular meeting held on 20 June 2025					
4	Regular meeting held on 26 August 2025					
5	Regular meeting held on 26 November 2025					
Percentage of Attendance		**100%**	**100%**	**100%**	**100%**	**100%**

LEGEND	Present	Absent

IX. Year 2025 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 an annual basis, the Board of Directors of Pru Life UK undertakes a performance assessment of the Board, individual directors, board committees, the Chairman of the Board, and the Chief Executive Officer. The Annual Performance Assessment is conducted in accordance with the requirements and recommendations of the ASEAN Corporate Governance Scorecard and the Revised Code of Corporate Governance for Insurance Commission-regulated companies.

For 2025, the Annual Performance Assessment Form was distributed to the Directors following the Regular Meeting of the Board held on 27 November 2025. The duly accomplished forms were received by the Corporate Secretary prior to the Board and Board Committee meetings held on 23, 24, and 27 March 2026. The results were collated and summarised by the Corporate Secretary and were reported to and discussed by the Board Committees (including the Governance, Nomination and Sustainability Committee) and the Board during their respective meetings. Recommendations and action items arising from the performance assessment results were discussed during these meetings.

X. External auditor

The Audit Committee, at its meeting on 19 June 2025, endorsed to the Board of Directors the appointment of SGV & Co. as external auditor for audit year 2025. The Board approved the appointment at its organisational meeting on 26 June 2025, which was subsequently ratified by the shareholders at the Annual Meeting of Shareholders held on the same date.

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

The external auditor's fee for audit year 2025 amounts to three million nine hundred ninety-nine thousand one hundred twenty-seven pesos (PhP 3,999,127.00), exclusive of value-added tax and out-of-pocket expenses.

SGV & Co. did not perform any non-audit services for Pru Life UK in 2025, and no non-audit fees were paid.

XI. Dividend policy

The amount of dividends declared and paid by Pru Life UK is linked to its operating free surplus generation, taking into account the following factors: (a) surplus position, (b) liquidity position, (c) solvency ratios, (d) strategic initiatives, and (e) provisions for regulatory changes.

In 2025, Pru Life UK declared and paid cash dividends of five billion sixty-nine million pesos (PhP 5,069,000,000.00), gross of applicable taxes.

XII. Compliance and Risk Management

The Audit Committee (AC) and Risk Committee (RC) assist the Board of Directors in the exercise of its risk oversight responsibilities. The AC focuses on the integrity of financial reporting, the effectiveness of internal controls, and the performance and independence of internal and external auditors, while the RC has primary responsibility for overseeing the Company's risk management framework, including the identification and assessment of material risks and the effectiveness of the risk management and internal control systems. The Committees review relevant reports from Management, internal audit, and external parties, including matters relating to risk exposures, control effectiveness, breaches of risk limits, and regulatory developments. Risk oversight is supported by Management, including the Chief Executive Officer, the Chief Risk Officer, the Compliance Officer, the Risk and Compliance function, and the executive-level Risk Committee. Risk management and compliance matters form part of the standing agenda of both the AC and RC.

For the year 2025, the Board of Directors conducted a review of Pru Life UK's material controls (including operational and compliance controls), internal controls and risk management systems and confirmed the adequacy thereof. The Board of Directors acknowledged the Business Controls Report of Pru Life UK, sponsored by the Chief Executive Officer and noted by the Executive Risk Committee, for the year 2025 which demonstrated Pru Life UK's compliance, in all material respects, with the risk management policies and that material controls and risk management systems have been operating effectively throughout the year with areas identified for continued management focus.

XIII. Speak Out Confidential Helpline (Whistleblowing Policy)

Concerns or complaints regarding any actual or suspected violation of rights, or illegal or unethical conduct, including corruption, may be reported through the confidential helpline below. All concerns and information provided will be treated in strict confidence, and every reasonable effort will be made to protect the identity of the reporting individual should anonymity be requested.

Speak Out	
Dial direct access number	1800-1-322-0285 (Tagalog operator)
Website	
www.prudentialspeakout.ethicspoint.com	

XIV. Code of Corporate Governance

As a member of the Prudential Group, Pru Life UK complies with the Group Governance Manual (GGM), which incorporates the Group Code of Business Conduct. In support of this, the Company prepares a Business Controls Report (BCR) covering the results of the annual Risk and Control Self-Assessment (RCSA), breach and exemption reporting, incidents, and internal (GWIA), external (regulatory), and group and local risk and compliance reviews, together with corresponding management actions. The BCR also includes an attestation of compliance with the GGM. The report is reviewed by the Chief Risk Officer and approved by the Executive Risk Committee and the Board of Directors prior to submission to the Prudential Group.

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 recognise 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, recognise contribution to the long-term success of Prudential and create a sense of ownership.
- Benefits to supplement cash compensation and provide long-term security and protection

Executive directors of Pru Life UK do not receive any remuneration for their directorship.

XVI. Fee Structure and Remuneration of Directors

The non-executive external directors* of Pru Life UK (Angelica H. Lavares, Imelda C. Tiongson, Marife B. Zamora, Maria Cristina R. Opinion, and Herminio C. Bagro III) receive fixed directors' fees for each meeting attended and do not receive any other remuneration for their directorship in the Company.

The non-executive internal directors** of Pru Life UK (Kenneth Rappold and Sanchit P. Maini) and the executive directors of Pru Life UK (Sanjay Chakrabarty and Francis Ortega) do not receive any remuneration for their directorship in the Company.

Below are the details of the remuneration received by the directors of Pru Life UK for the year 2025:

Name	Classification as director	Fee structure/Remuneration as director
Angelica H. Lavares	Independent Non-Executive Chairman of the Board (External)	Total annual director's fee in the amount of Php 1,241,100.
Imelda C. Tiongson	Independent Non-Executive (External) Board Member	Total annual director's fee in the amount of Php 1,241,100.
Marife B. Zamora	Independent Non-Executive (External) Board Member	Total annual director's fee in the amount of Php 548,100.
Maria Cristina R. Opinion	Independent Non-Executive (External) Board Member	Total annual director's fee in the amount of Php 588,050.
Herminio C. Bagro	Independent Non-Executive (External) Board Member	Total annual director's fee in the amount of Php 423,000.
Kenneth Rappold	Non-Executive (Internal) Board Member (elected 26 June 2025)	Did not receive any director's fee
Sanchit Pal Maini	Non-Executive (Internal) Board Member	Did not receive any director's fee
Sanjay Chakrabarty	Executive Board Member	Did not receive any director's fee
Francis P. Ortega	Executive (Internal) Board Member	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 is 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, shareholders 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 interests 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 favourable 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 interests 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 conflicts of interest or potential conflicts 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, shareholders, 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 transactions or matters 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 Responsibilities

The RPT Committee is composed of three (3) members of the Board, all of whom are independent directors. The Chair 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 regulatory and supervisory 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 exposure 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 at December 31, 2025 (amounts in PhP millions):

Related Party	Nature	Transaction amount	Balance (as of Dec 31, 2025)	Terms	Rationale for Transaction
Eastspring Investments (Singapore) Limited	Fund management and Investment marketing services	90	24	30 days upon billing	In the normal course of business, the Company has an investment management services agreement with Eastspring, whereby the latter shall act as investment adviser to the Company on the management of both the Company's investments and the investment funds in consideration of a service fee.
Prudential Services Asia Sdn. Bhd. (PSA)	Production application systems and infrastructure support	16	1	30 days upon billing	The Company entered into a Service Level Agreement with PSA to provide infrastructure services aligned to agreed service hours and delivery performance targets. The services involve system availability and operation, service desk, network availability, backup and recovery, change management, disaster recovery plans, system capacity, resource monitoring, among other things.

Prudence Foundation	Cost reimbursements	12	12	30 days upon billing	These pertain to advances made by Pru Life UK on behalf of Prudence Foundation for activities related to corporate social responsibility in the Philippines.
Prudential Corporation Holdings Limited (PCHL)	Support services and advances	980	509	30 days upon billing	These pertain to advances made by PCHL on behalf of the Company for the expenses covering software licences and maintenance, among other things. 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.
Prudential Services Singapore Pte. Ltd. (PSS)	IT security services	302	100	30 days upon billing	Pru Life UK entered into a Master Services Agreement with PSS whereby PSS will provide IT security services to the Company such as identity services and access management, data security, vulnerability management, cloud infrastructure security, network security, endpoint security, application security, cyber awareness and readiness, threat monitoring and response and emergency support.
Pulse Ecosystems Pte. Ltd.	Developing and managing the Pulse platform	7	7	30 days upon billing	These pertain to fees charged for developing and managing the Pulse platform.
Prudential Investment Management Private Limited	Investment advisory services	5	1	30 days upon billing	Transactions pertain to investment advisory services.
Prudential Technology and Services India Private Limited	Support services	33	39	30 days upon billing	Transactions pertain to services to support the Company on technology development and data analytics.
Prudential Assurance Company Singapore (Pte) Limited	Cost reimbursements	1	-	30 days upon billing	This pertains to advances made on behalf of the Company.
Prudential (Cambodia) Life Assurance Plc	Cost reimbursements	1	4	30 days upon billing	This pertains to advances made on behalf of the Company.
P.T. Prudential Life Assurance	Cost reimbursements	-	-	30 days upon billing	This pertains to advances made on behalf of the Company.
Aggregate		1,447	697		

The material RPTs for 2025 were approved by the following members of the Board of Directors and the shareholders of Pru Life UK:

Director	Shareholder
Angelica H. Lavares Imelda C. Tiongson Marife B. Zamora Maria Cristina R. Opinion Sanchit P. Maini Sanjay Chakrabarty Kenneth Joseph Rappold Jr Herminio C. Bagro III Francis P. Ortega	Prudential Corporation Holdings Limited Angelica H. Lavares Imelda C. Tiongson Marife B. Zamora Maria Cristina R. Opinion Sanchit P. Maini Sanjay Chakrabarty Kenneth Joseh Rappold Jr Herminio C. Bagro III Francis P. Ortega

Risk Management
(Key Risk)

Key Risks

Pru Life UK ("Company"), as part of the Prudential Group ("Group"), creates value for customers and shareholders by selectively taking on risks which can be appropriately quantified and managed, and rewarded. The Company seeks to retain risks that support value creation, to the extent that the Company can withstand adverse outcomes, and has the necessary capabilities, expertise, processes, controls, and capital to manage the risks effectively.

Risk Management Approach

Pru Life UK defines risk as the uncertainty that the Company faces in successfully implementing its strategies and achieving its objectives. This includes internal and external events, acts, or omissions that may adversely impact the performance, financial position, or sustainability of the Company.

The Company adopts the Group Risk Framework ("GRF") which sets out the approach to managing financial and non-financial risks as defined in the Group risk taxonomy. The framework is supported by Group and local risk policies and standards and comprises the following core components: governance, define and enable, identify and assess, manage, and monitor and report.

Governance. The Company operates a structured risk governance model comprising both non-executive and executive risk governance committees. The Board has overall accountability for the Company's risk management and control environment. The Board Risk Committee ("BRC") supports the Board by providing leadership, direction, and oversight over the Company's overall risk appetite, tolerance, and strategy. It oversees current and emerging risks and monitors the effectiveness of risk management practices and adherence to relevant risk policies.

The Audit Committee ("AC") assists the Board in fulfilling its responsibilities for the integrity of the Company's financial reporting, compliance with applicable laws and regulations, and the effectiveness of internal control and risk management systems. It also oversees the independence and effectiveness of the internal and external auditors.

The Executive Risk Committee ("ERC") is chaired by the Company's Chief Executive Officer, facilitated by the Chief Risk Officer ("CRO"), and supported by the Senior Management Team as members of the Committee. Material risks and key issues identified by the ERC are escalated to the BRC, AC, and appropriate Group risk forums. The CRO is a member of key business decision-making committees and the effectiveness of the risk management function and CRO role is subject to oversight and evaluation by the BRC.

Define and Enable. The Company's risk governance structure is aligned to the Institute of Internal Auditors (IIA) 'three lines model'. The first line is responsible for risk taking and day-to-day risk management across business and support functions. The second line provides independent oversight, challenge and specialist risk expertise. The third line provides independent assurance over the adequacy and effectiveness of governance, risk management, and internal controls. This structure supports effective accountability and strong risk culture across the organization.

Pru Life UK promotes a responsible risk culture through leadership behaviours that encourage doing the right thing. Continuous capability building and the integration of risk considerations into strategy and decision-making are promoted. Risk management is embedded into performance management and remuneration, and Group values are reflected in individual performance assessments. Risk awareness is further reinforced through employee onboarding, regular communications, training programmes, and engagement with the Board and senior management.

The Company's Risk Appetite Statements and Limits define the level and type of risk it is willing to accept in pursuit of its strategic objectives and value creation for customers and shareholders. These are articulated through risk appetite statements and measures, including limits, thresholds, triggers, and indicators, which are reviewed at least annually and monitored regularly.

Financial risk limits are established based on stress scenarios for liquidity, local statutory capital requirements and counterparty credit exposures. The Company has no appetite for significant or material losses arising from the failure to design, implement, or monitor appropriate risk mitigation measures and controls. Non-financial risk triggers and limits are aligned to the Group Non-Financial Risk Appetite Framework. While the Company accepts a level of non-financial risk inherent in its business activities, such risks are managed within defined tolerance.

Identify and Assess. Risk identification and assessment processes are designed to capture both current and emerging risks over multiple time horizons. The Company applies a combination of a top-down and bottom-up approach in identifying risks by assessing their likelihood and potential impacts and evaluating the adequacy of existing controls and capabilities.

The Company conducts an Own Risk and Solvency Assessment (ORSA) to evaluate its solvency position and capital adequacy under a range of stress and scenario analyses. The outcomes of the assessments are documented in ORSA reports and inform capital planning and risk management decisions.

The GRF and supporting policies guide decision-making and conduct across the business. Risk-based decision-making involves the systematic consideration of financial and non-financial risks, including capital, and liquidity impacts in eight core process areas: strategic and business planning and performance management, strategic decisions, mergers and acquisitions, capital management, investment strategy, risk management including risk transfer strategy, product development and pricing, stakeholder management, and remuneration. Risk assessments are forward-looking and support the prioritisation of management actions to address the most material risks.

Manage. Risk management is the ongoing process involving the three lines of defence to ensure that risks are managed in line with the Company's risk appetite. Appropriate controls are defined, monitored, and enhanced with timely actions taken to address identified weakness. Through this approach, Pru Life UK aims to maintain operational resilience, meet its obligations to customers and stakeholders, and avoid material adverse financial loss or reputational damage.

Monitor and Report. Risk monitoring and reporting enables the Board, risk committees, senior management and relevant stakeholders to receive timely and reliable information on the Company's risk profile and whether risks are being managed within risk appetite. Management information is designed to be relevant, accurate, and proportionate, supporting informed decision-making and effective oversight.

Key Risk Exposure and Mitigating Actions

Investment risks may arise from uncertainty in investment returns, including movements in equity prices and interest rates, credit rating downgrades and defaults. Unit-linked products are exposed to market risk, as the revenue is linked to the performance of funds under management. Traditional products are exposed to interest rate risk arising from asset-liability duration mismatch. These risks are mitigated through clearly defined market risk policies, risk appetite statements and limits, regular management reporting, strategic asset allocation aligned to liabilities profile, and the investment oversight provided by the Investment Committee.

Product and in-force policy risks include adverse experience relative to assumptions relating to mortality or morbidity, policy persistency, and expenses. These risks are mitigated through robust product governance, disciplined product development and approval processes, distributor training and compliant sales practices, appropriate underwriting and claims management, responsive customer service, experience monitoring, repricing mechanisms, expense management, and risk mitigation and/or risk transfer arrangements.

Operational risks may arise from regulatory and legislative changes, reliance on third-party service providers, technology and information security weaknesses, data privacy risks, transformation and change initiatives, conduct risk, people risk, process and control failures, and sustainability-related risks. These risks are mitigated through an effective operational risk management framework, strong compliance culture and processes, business continuity planning and testing, timely management information, scenario analysis, and regular internal and external incident reporting and reviews.

Executive COMMITTEE

As of 31 December 2025, the Board of Directors and the Management Committee of Pru Life UK were composed of the following persons:

Board of Directors

1. **Angelica H. Lavares** – Independent Chairperson
2. **Sanjay Chakrabarty** – Executive Board Member
3. **Imelda C. Tiongson** – Independent Board Member
4. **Kenneth Joseph Rappold Jr.** – Non-executive Board Member
5. **Sanchit Pal Maini** – Non-executive Board Member
6. **Marife B. Zamora** – Independent Board Member
7. **Maria "Teh" Cristina R. Opinion** – Independent Board Member
8. **Francis P. Ortega** – Executive Board Member
9. **Herminio "Third" C. Bagro III** – Independent Board Member

Executive Committee

1. **Sanjay Chakrabarty** – President and Chief Executive Officer
2. **Francis P. Ortega** – Executive Vice President and Chief Financial Officer (ao 15 January 2026)
3. **Julien Fey** – Senior Vice President and Chief Strategy Officer (ao 14 January 2026)
4. **Glolibeth L. Villahermosa** – Senior Vice President and Chief Actuary
5. **Kristine A. Lusanco – De Monteverde** – Senior Vice President and Chief Operations Officer
6. **Johnny Chow** – Senior Vice President and Chief Risk Officer (ao 30 October 2025)
7.**Rozanne D. Magararu** – Senior Vice President and Chief Customer and Marketing Officer (ao 28 February 2026)
8.**Rashelle H. Cejo** – Senior Vice President and Chief Human Resources Officer (ao 14 April 2026)
9. **Atty. Calvin L. Kohchet-Chua** – Senior Vice President and Chief Legal, Government Relations, and Sustainability Officer

Sanjay Chakrabarty

President and Chief Executive Officer

Mr. Chakrabarty has deep knowledge of the banking and insurance sectors, having worked across multiple Asian markets for the past 26 years.

He has been with Prudential since 2014 and has worked as the CEO of Prudential Cambodia and Prudential's Cambodia-Laos-Myanmar Hub. In these roles, he has successfully led a crossmarkets team, implementing several strategic initiatives with material impact in all three markets.

Driving innovation and growth, Mr. Chakrabarty reinstated Prudential's Cambodia business to #1 position in the market. He is deeply committed to driving a customer-centric approach, and to creating a culture of excellence that attracts and retains the best talent.

He started his career with Citibank, India, in 1997. He has also worked for Citibank in Japan and Korea between 2004-2014, heading several functions spanning risk and business. At Prudential, he has served as CEO of Prudential Vietnam Finance Company and as Chief Commercial Officer at Prudential Vietnam. Before moving to Cambodia with Prudential in 2020, he also spent time as Deputy CEO and Head of Consumer Banking at Orient Commercial Joint Stock Bank in Vietnam.

Mr. Chakrabarty holds a Master's degree in Statistics from the Indian Statistical Institute and enjoys reading history in his free time.

Francis P. Ortega

Executive Vice President and Chief Financial Officer

Francis Ortega 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.

Julien Fey

Senior Vice President and Chief Strategy Officer

Julien Fey brings over two decades of experience and a dynamic leadership that has consistently driven growth and innovation across digital, marketing, distribution, and partnership development.

His career spans key roles at Prudential Assurance Company Singapore, Prudential Thailand, and, Group Agency in Hong Kong, where he played a pivotal role in onboarding major partnerships, launching digital platforms, and enhancing lead generation processes to develop a modern, digitally-enabled distribution model.

Among his many achievements, Julien led initiatives that significantly boosted lead conversion and sales, overseeing a department that generated over 2 million qualified leads, contributing to remarkable improvements in overall performance.

Beyond Prudential, Julien has crafted strategic business plans across Asia and helped expand insurance telematics services in Europe. His expertise in data analytics led to the development of emergency response solutions, and he co-founded a venture focused on automotive technical data innovations.

Kristine A. Lusanco - De Monteverde

Senior Vice President and Chief Operations Officer

Alma Kristine "Tin" De Monteverde has more than a decade of experience with Pru Life UK, building a strong track record in operations leadership across New Business, Underwriting, and Claims through her hands-on management approach and deep institutional knowledge.

As Senior Vice President and Chief Operations Officer, Tin leads the ongoing evolution of Life Operations' operating framework, strengthening governance, cost stewardship, and end-to-end execution to improve service outcomes and overall customer experience.

A homegrown leader and member of the Executive Committee, Ms. De Monteverde is recognised for her dedication and significant contributions to the organisation, and continues to play a critical role in advancing Pru Life UK's operational capabilities and long-term growth agenda.

Rozanne D. Magararu

Senior Vice President and Chief Customer and Marketing Officer

Rozanne Magararu brings over 20 years of expertise in the life insurance sector, where she has been a key driver of change and innovation.

She spearheaded the development and launch of the first e-commerce insurance mobile app in the Philippines with Singlife. This platform revolutionised the way customers purchase insurance, offering a seamless digital experience and making insurance products more accessible and convenient.

She also held senior positions at AIA and AXA, where she led key areas such as Customer Strategy, Product Management, and Branding & Communications. Her leadership has been marked by initiatives that significantly improved customer experience, operational efficiency, and organisational growth.

Ms. Magararu holds a double degree in Political Science and Management of Financial Institutions from De La Salle University.

Excutive Committee

Rashelle H. Cejo

Senior Vice President and Chief Human Resources Officer

Rashelle Cejo has over 25 years of Human Resources experience with various leading companies. She has held senior leadership roles at RELX Reed Elsevier and LexisNexis, where she led People and Business strategies across Asia. She headed the establishment of three major shared services centers for Manulife Financial, Reed Elsevier, and Cisive Philippines, significantly enhancing transformational initiatives and operational excellence.

She holds advanced certifications in Chief Human Resources Officer Leadership from the Asian Institute of Management (2024) and Enterprising Leadership from Harvard University (2022).

Ms. Cejo earned her Bachelor's Degree in Legal Management from the University of Santo Tomas and has pursued studies in law.

Atty. Calvin L. Kohchet-Chua

Senior Vice President and Chief Legal, Government Relations, and Sustainability Officer

Atty. Calvin Kohchet-Chua has over 25 years of distinguished leadership experience in legal affairs, regulatory compliance, corporate governance, and government relations across the insurance, financial services, and business process outsourcing sectors.

As Chief Legal, Government Relations, and Sustainability Officer, he oversees the company's legal and regulatory affairs, government relations strategy, and sustainability initiatives. A member of the Executive Committee, he plays a key role in strengthening governance frameworks, managing regulatory and emerging risks, and advancing strategic and sustainability priorities.

Atty. Kohchet-Chua holds a Bachelor of Laws and a Bachelor of Science in Business Administration from the University of the Philippines. He is a Fellow of the Institute of Corporate Directors and actively contributes to industry organisations, including the Philippine Life Insurance Association and the Integrated Bar of the Philippines.

Glolibeth L. Villahermosa

Senior Vice President and Chief Actuary

Glolibeth Villahermosa has over 25 years of extensive experience in different fields of actuarial work. Her experience spans product development and pricing, capital management and valuation, corporate planning and client advisory.

As Chief Actuary, she has oversight on internal and external reporting, risk management, valuation and risk models, experience analysis, inforce portfolio management and assumptions setting. As a member of the Executive Committee, she guides the formation and execution of strategic initiatives, provides advice on current and emerging risks, and drives opportunities for growth.

Ms. Villahermosa is a Fellow of the Actuarial Society of the Philippines and holds a Masters degree in Mathematics from the University of the Philippines – Diliman.

Johnny Chow

Senior Vice President and Chief Risk Officer

Johnny Chow brings extensive leadership experience in enterprise risk management, strategic risk oversight, and regulatory compliance across global financial services markets.

As Chief Risk Officer, he leads the company's Risk and Compliance function, strengthening risk management frameworks to support sustainable growth and strategic decision-making. Reporting directly to the President and CEO, he plays a critical role in managing enterprise-wide risks, safeguarding governance standards, and aligning local risk strategies with Group priorities.

Johnny is serving in his capacity under a short-term assignment from the Group Head Office. Prior to his appointment, Johnny served as Senior Director of Risk Management at Prudential plc, where he led thematic reviews of Group top risks and strategic transactions, and supported shareholder-side risk management for the China joint venture business. His deep expertise, collaborative leadership style, and commitment to excellence underpin his contributions to strengthening organisational resilience and advancing long-term value.

Katrina G. De Castro

Senior Vice President and Chief Compliance Officer

Atty. Katrina G. de Castro is currently the Compliance Officer of Pru Life UK. Prior to joining Pru Life UK, Atty. Kat de Castro was the Head of Legal and Compliance of BDO Life. Both companies are leading in the field of insurance. Throughout her career spanning a period of more than a decade, Atty. Kat de Castro has specialized in Regulatory Compliance, Corporate Governance, Data Privacy, AML, Insurance and Corporate Laws.

Atty. Kat de Castro is a graduate of Ateneo de Manila University School of Law in 2006.

CORPORATE OFFICERS

Rishi Advani
Vice President - Compliance Projects and Initiatives

Daisy Alvior
Vice President - Talent & Organization Development

Sheila Regina Antenor-Cruz
Vice President - Finance Transformation

Marie Grace Bacosa
Vice President - Compliance Projects and Initiatives

Princess Charm Balingit
Senior Vice President and Chief Investment Officer

Ma. Agnes Bautista
Vice President - Agency Recruitment
and Distribution Expansion

Priyadarshi Bhattacharya
Vice President - Architecture and Platform Service

Cheryl Doreen Bueno
Vice President – Agency Compensation and Rewards

Kathryn Cajucom
Vice President - Brand and Integrated Marketing
Communications

Corporate Officers

Mark Anthony Catambacan
Vice President - Technology Operations

Jordan Celestino
Vice President - Transformation

Mark Angelo Dalupang
Vice President and Sector Head

Katrina De Castro
Senior Vice President and Chief Compliance Officer

Montini De Guzman
Vice President -Agency Strategy and Operations

Garen Dee
Vice President and Chief Product Officer

Maricel Estavillo
Vice President - Takaful and Sustainability

Mark Phillip Gochingco
Vice President - Partnership Distribution

Maria Perpetua Palmyra Karo
Vice President - Partnership Distribution Finance
and Operations Head

Elaine Katindoy
Vice President - PRU Academy

Maria Xenas Kintanar
Vice President and Sector Head

Mar. Michael III Lucero
Vice President - Applications

Edwin Magpantay
Vice President - Financial Controller

Maria Cecilia Maraño
Vice President - Corporate Performance Management

Ma. Donna Mendoza
Corporate Secretary and Vice President - Legal

Diana Lynn Mercado
Vice President - Agent Activation and Productivity, and General Agencies

Jones Leopoldo Moral
Vice President -General Agencies

Angelo Peña
Vice President - Operations Governance and Change Management

Iris Dawn Pureza
Vice President - Financial Reporting and Tax

Virginia Rabano
Vice President -Customer Payment Management

Lemuel Ramos
Vice President -High Agency Impact

Maria Theresa Rivera
Vice President - PRU Premiere / Industry Recognition

Jennifer May Santos
Vice President - Agency Growth and National Sales Director

Vanessa Santos
Vice President – Inorganic Growth

Jessica Faye Tan
Vice President – Digital & MarTech

Veronica Blanche Tan
Vice President - Strategic Initiatives

Mohammad Masroor Tabish
Vice President - Engineering and Data

Marian Sebastian
Vice President and Sector Head

Elmer Valoria
Vice President - Customer Servicing

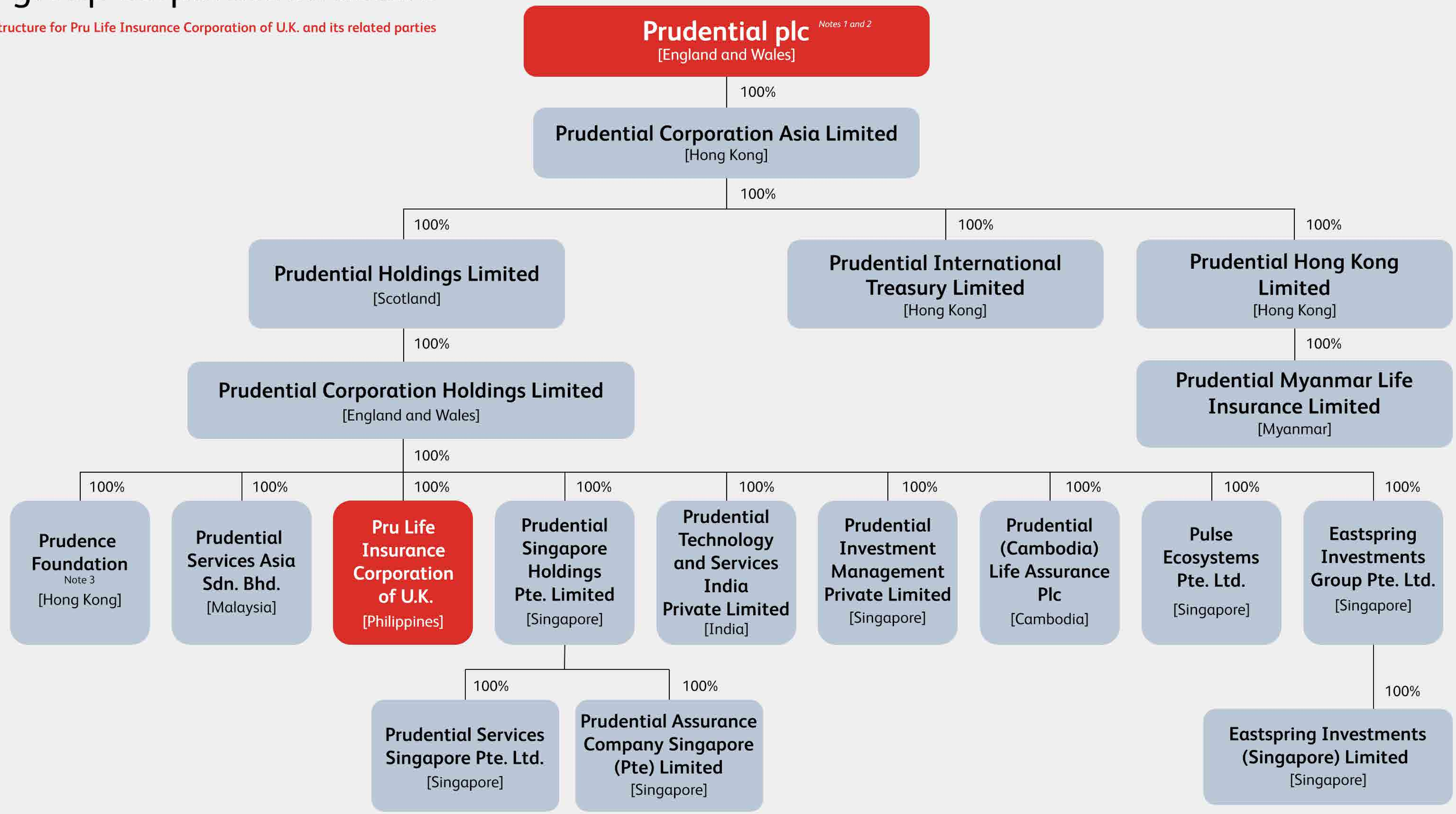
Arthur Francis Valencia
Vice President – Strategy and Market Intelligence

Sheila May Zerna
Vice President - Investment and Finance Operations

Risk Management

Shareholding structure and group corporate structure

Holding Structure for Pru Life Insurance Corporation of U.K. and its related parties



Notes:

1. 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.
2. Refer to the 2024 Annual Report of Prudential plc, BlackRock, Inc and NorgesBank (they are non-prudential entities and institutional investors) hold 5.08% and 4.21% interest respectively in Prudential plc.
3. Prudence Foundation, a company limited by guarantee.

-The place of incorporation of each company is being indicated in square brackets above.
-The above chart only shows ordinary shares. Preference shares are excluded.