PRU LIFE U.K.

Opportunity for every life journey

Empowering through inclusion

2024 Annual Report

Contents

Pru Life UK's Domestic Footprint

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

BRANCHES	GENERAL AGENCIES
184	118

as of December 31, 2024

Message from the **Chairperson**

It gives me great pleasure to present our 2024 Annual Report, which reflects a year of dynamic growth, prudent governance, and steadfast commitment to our stakeholders. Despite the fluid global economic environment, our organisation continued to demonstrate resilience and agility, underpinned by strong corporate governance, sustainable initiatives, and an unwavering dedication to bridging the financial gap for all segments of society.

Navigating the Financial Market and Macroeconomy

Throughout 2024, global equity markets rose, supported by a broad rally in technology stocks, cooling inflation, and rate cuts by central banks. In the United States, the Federal Reserve (Fed) cut rates in December, bringing its benchmark rate to 1.75% by year-end. Domestically, the Bangko Sentral ng Pilipinas (BSP) lowered policy rates by 50 basis points, aiding local market sentiment. Despite ongoing global trade tensions, the Philippine economy remained on a solid footing, achieving a 6.2% GDP growth rate. Inflation cooled to an average of 2.5% for the year, enabling a more accommodative monetary stance. The Philippine Stock Exchange Index (PSEi) closed the year up 7.3%, while the local bond market posted returns of 6.5%. The currency also performed well, appreciating by 2% against the US dollar.

Championing Corporate Governance

Strong corporate governance remains at the heart of our organisation's culture. We continued to strengthen our internal controls, compliance frameworks, and ethical standards, ensuring that every decision aligns with our core values and commitment to integrity. This steadfast approach underpins the trust that our policyholders, shareholders, and partners place in us. By maintaining transparency, accountability, and rigorous oversight, we aim to safeguard the interests of all stakeholders and reinforce our leadership position in the industry.

Commitment to Sustainable Initiatives

Sustainability is integral to our long-term vision, informing not only our product offerings but also our operational practices. This year, we expanded our sustainability partnerships, building upon the success of previous collaborations to address climate resilience, environmental protection, and inclusive economic development. Through programmes such as tree-planting drives and community-based education initiatives, we have contributed tangibly to the wellbeing of the environment and society. We also recognise that sustainable finance is central to meeting the evolving expectations of our customers and partners. Accordingly, we have introduced new investment solutions that blend financial returns with meaningful social and environmental impact, enabling policyholders to invest in a future that benefits both their families and the wider community.

Bridging the Financial Gap

Our organisation has a proud history of providing access to insurance and financial services for underserved communities. In line with our commitment to bridging the financial gap, we have broadened our Takaful offerings, extending protection solutions that are sensitive to cultural and religious considerations. This expansion is part of a broader strategy to ensure everyone is protected , whether through dedicated micro-insurance products, targeted financial literacy programmes, or tailored health and wellness solutions.

Market Review and Outlook

The multi-asset funds posted moderate returns of around 5% to 7% in 2024, buoyed by stable corporate earnings. We continue to believe that this balanced approach—combining growth-oriented strategies with capital preservation—helps clients navigate market volatility while remaining focused on long-term objectives. As we move into 2025, we anticipate a more measured pace of global economic growth, supported by careful monetary policies, improved earnings visibility, and cautious optimism across key markets. Potential further rate adjustments may arise, depending on inflation and growth data. While challenges persist—from geopolitical uncertainties to the ongoing impact of climate change—we remain confident that our prudent management, strategic foresight, and deep understanding of both local and international trends will sustain our trajectory of responsible progress.

Gratitude and Future Aspirations

Our achievements would not be possible without the steadfast support of our Board of Directors, the dedication of our management teams, the passion of our agency force, and the loyalty of our policyholders and partners. It is through their collective efforts that we can continue to innovate, adapt, and serve the diverse needs of our communities.

As we look ahead, we remain resolute in our commitment to building a more inclusive, secure, and sustainable future for all. We will stay vigilant in identifying new opportunities for growth, while firmly upholding our core principles of governance, transparency, and social responsibility. By working together, I am confident we can continue to deliver lasting value and meaningful impact across every life we touch.

On behalf of the Board, thank you for your trust and support. We look forward to another year of partnership, progress, and shared success.

Angelica Lavares
Chairperson

Message from the **President and CEO**

It is my privilege to present our Annual Report for 2024, a year in which we continued to build upon our longstanding commitment to protecting lives, promoting financial security, and creating inclusive growth opportunities across the country.

Reflecting on our strength in numbers

For four years, our organisation has ranked number one in the local insurance industry for new business annual premium equivalent (NBAPE), underscoring the unwavering trust our customers and partners place in us. We are proud to have grown our agency force to more than 39,000 dedicated professionals and to have expanded our network to over 200 branches and general agencies nationwide. Today, we insure over two million lives and approach one million policyholders, reflecting our sustained progress in reaching more Filipinos and offering them greater peace of mind.

Creating financial opportunities through inclusion

We believe that genuine inclusivity is vital to fostering long-term prosperity. Building on our Takaful journey, we have focused on extending financial protection to underserved communities, particularly in Mindanao. Our financial inclusion programmes, including the expansion of Madrasah initiatives, underscore our dedication to tailoring solutions for the diverse cultural and religious needs of our clients. Through these endeavours, we remain steadfast in our mission to ensure that every individual—regardless of background—can access the tools and knowledge necessary to secure a brighter future.

Innovating for our customers

Innovation has long been at the heart of our organisation, and this year has been no exception. We introduced payment solutions delivering premium payment convenience for policyholders. Simultaneously, the launch of the PRULink Global Tech Fund enables customers to participate in dynamic growth opportunities within the global technology sector.

Fostering employee well-being and development

Our people remain our greatest asset. In the past year, we have expanded our online training programmes, providing our teams with the tools and knowledge to excel in a rapidly changing marketplace. The opening of our PRUHouse head office has enhanced collaboration and promoted a customer-centric culture, enabling us to serve our policyholders more effectively. We have also reinforced our commitment to employee welfare through well-being initiatives and career development support, ensuring that our workforce remains motivated, resilient, and equipped to meet future challenges.

Cultivating a sustainable future

As part of our broader Sustainability strategy, we have stepped up our climate resilience approach. We have launched learning sessions and a comic book highlighting the critical intersection of climate change's growing threats to Filipinos' mental health and financial resilience. We recognise that sustainable growth requires collective action, and we will continue to collaborate with partners, communities, and stakeholders to protect the planet for generations to come.

In 2023, we laid a strong foundation by strengthening our digital platforms, investing in community-based financial literacy, and expanding philanthropic endeavours which paved the way for further innovation and inclusive growth in 2024.
Looking Ahead

In the year to come, we will persist in exploring new frontiers to protect lives and empower communities. We remain committed to bridging the protection gap, championing financial inclusion, and expanding our suite of solutions to address the evolving needs of Filipinos. Our successes are a testament to the collaborative spirit shared by our employees, partners, and stakeholders, whose unwavering support fuels our mission to be the most trusted partner and protector for every life and every future.

On behalf of the entire leadership team, I extend my heartfelt appreciation to our Board of Directors, employees, agency force, and partners for their dedication and resilience. Your continued faith in our vision inspires us to innovate, adapt, and serve with purpose.

Together, let us strive for a more inclusive, secure, and sustainable tomorrow.

Sanjay Chakrabarty
President and Chief Executive Officer

www.prulifeuk.com.ph

Purpose, Mission, Vision, and Corporate Objectives

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

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

For every life, we are partners.

- We look 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 an accelerated customer acquisition via a multichannel distribution network. To support this, the Company aims to:

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

The PruWay

Our **Values** – The PruWay

Our values shape how we show up, how we behave, how we make decisions, and how we relate to one another. They form the foundation 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 organization.
We Respect and Care for one another	We are empathetic and treat each other the way we would like to be treated. We respect differences and create an environment that is safe where everyone can be themselves.
We Deliver to our Commitments	We make responsible decisions and are accountable for our actions to all stakeholders. We are responsive and execute with excellence and integrity.

We execute with excellence, responsiveness, and integrity. By living our Values, we cultivate a culture of trust and transparency — one where people thrive, growth is sustained, and we consistently deliver the best outcomes for our people, customers, shareholders, and communities.

The Company set the following **strategic priorities** for 2024.

Enhancing Customer Experience

through seamless, frictionless interactions across customer episodes and touchpoints, supported by scalable operational excellence.

Strengthening Distribution Effectiveness

by empowering our Agency's recruitment capabilities, nurturing leaders and core agents, and expanding distribution channels through the growth of our Enterprise Business and new partnerships.

Diversifying Products

to build a well-balanced portfolio that meets the evolving needs of different customer segments, including savings, health, and protection.

Enabling through Technology

by stabilising core systems, integrating digital platforms, and automating business processes for increased efficiency.

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-Financials)

Pru Life UK emerged as the top life insurance company in terms of NBAPE for the second consecutive year reaching PHP 9.8 billion. This represents a 5-year CAGR of 5.1%. Our performance was driven by a clear understanding of our core strengths-Agency and Products and a strong customer-first mindset. This allowed us to elevate operational excellence to the next level while delivering sustainable and profitable growth.

Strengthened Distribution Effectiveness

Pru Life UK retained its position as the largest agency force in the industry, growing to 39,666 agents by the end of 2024. This was achieved by:

- Actively developing core and productive agents through dynamic training programmes
- Improving lead distribution and validation systems
- Expanding and diversifying product offerings

These initiatives resulted in 311 MDRT qualifiers, reflecting a 15% year-on-year increase. Additionally, we relaunched the PRUVenture Programme to cultivate core agency leaders, enhance productivity, and support long-term success. Our partnership distribution saw significant growth in 2024, with sales from our collaboration CIMB increasing by 63% year-on-year-rising from PHP 96 million in APE.

Operational Excellence and Customer Service

We continued to improve operational excellence to ensure optimised agent servicing. Enhancements were rolled out across key processes—Purchasing, Servicing, and Claims—and a structural review was conducted to strengthen our Contact Centre Management. This allowed for a more standardised experience across locations. We also enhanced accessibility through our digital platform, PRUServices, enabling quick access to policy details and efficient after-sales service for minor financial transactions.

Diversified Products

Pru Life UK is an industry pioneer and leader in investment-linked products (ILPs). This leadership was reinforced with the launch of our flagship solution: PRUMillion Flex – a two-pay product designed to allow for wealth accumulation while maintaining a strong protection component. Its strong performance was further supported by the Flexi Income Fund (JP Morgan Feeder Fund) – an income-paying fund that seeks to provide monthly income and long-term capital growth.

We also introduced new traditional product innovations like:

- PRULove Wealth – a single-pay endowment with guaranteed annual payouts
- PRULifetime Income – a whole life participating plan with guaranteed income from the 6th year until policy maturity, plus non-guaranteed cash dividends

Additionally we expanded our fund offerings by launching our first thematic fund, the Global Tech Navigator Fund, investing in Fidelity Funds through ATRAM Investments.

Championing People and Culture

We enhanced workplace culture by launching the head office's flexible workspace, PRUHouse. This initiative significantly improved our team's experience and productivity as we transitioned back to office life under a hybrid work model. Talent capability was elevated through new developments programmes, empowering employees to perform at their best. As a result, we achieved a 9-point increase in Employee Net Promoter Score (NPS) and a 6-point increase in Engagement Score in November.

Increasing Financial Awareness and Inclusion

We advanced our mission to promote financial inclusion through the expansion of Takaful and Islamic financial literacy initiatives As the first insurer in the Philippines to receive the Takaful Window Operator License from the Insurance Commission in November, Pru Life UK has taken a pioneering step toward serving more than seven million Muslim Filipinos. This initiative bridges the gap for Shari'ah-compliant insurance mutual guarantee-based protection model–helping ensure financial products are aligned with Islamic values while also being inclusive for both Muslim and non-Muslim populations.

We also sustained our commitment to financial literacy through the continued rollout of the Cha-Ching Programme, empowering children and families with essential money management skills. By the end of the year, we reached more than 360,000 students.

Climate Action and Sustainability

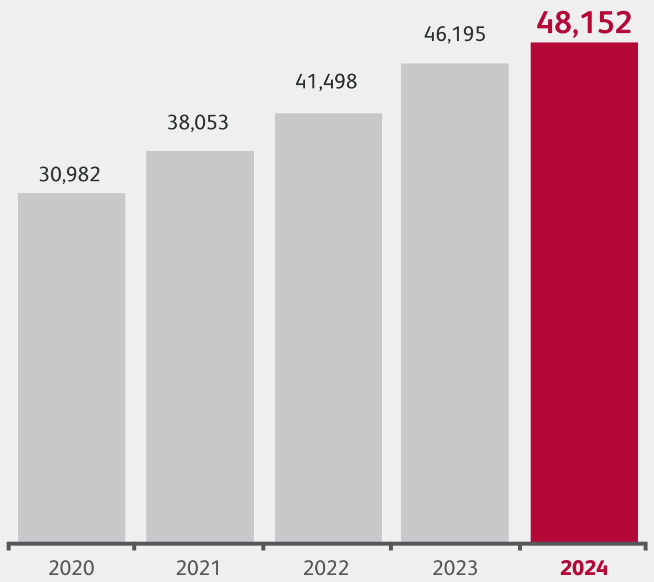
Our climate adaptation strategy remained a key priority, supported by projects such as:

- The Climate and Health Resilience Fund (CHRF) project roll-out
- Climate Change Awareness Comics
- Sustainable IT Asset Disposal, in partnership with Humble Sustainability.

These initiatives reflect our continued efforts to reduce our carbon footprint, including improvement to our PRUHouse facilities: Head Office in Taguig and branch offices in Makati.

Management's discussion and analysis

Total Net Premium Income in PhP'm

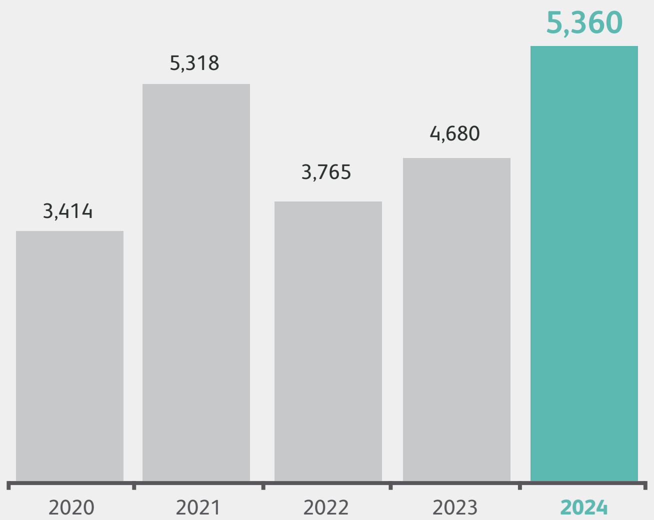


CAGR +12%

In 2024, we continued to deliver strong and sustainable growth, with premium income reaching PhP 48.2 billion. This represents a 5-year CAGR of 12%, demonstrating our consistent ability to expand our market presence and drive long-term value. Renewal premiums grew by 10% from the previous year, better than industry growth of 7%, reflecting the quality of our business.

For the 2nd consecutive year, we continued to lead the Philippine life insurance industry in terms of New Business Annual Premium Equivalent (NBAPE) in full year 2024 according to the latest Insurance Commission report. This performance underscores Pru Life UK's commitment to delivering innovative insurance solutions that cater to the evolving needs of Filipino families.

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

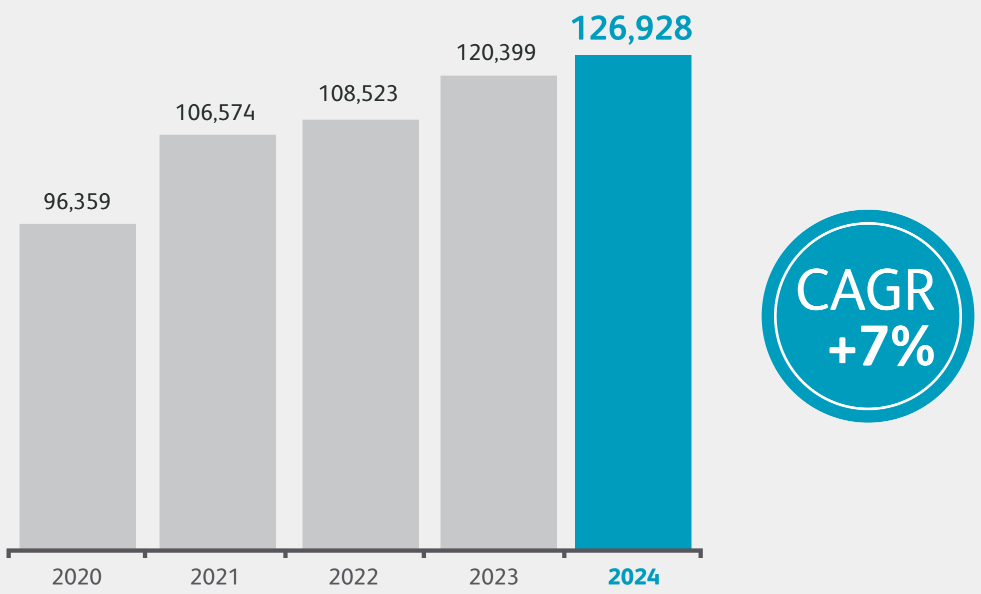


CAGR +12%

In 2024, we sustained strong financial results, reporting a net income excluding effects of short-term fluctuations in market conditions of PhP 5.4 billion, a 15% increase from the previous year's PhP 4.68 billion and reflecting a 5-year CAGR of 12%. This highlights our ability to generate sustainable profitability while navigating an evolving market landscape.

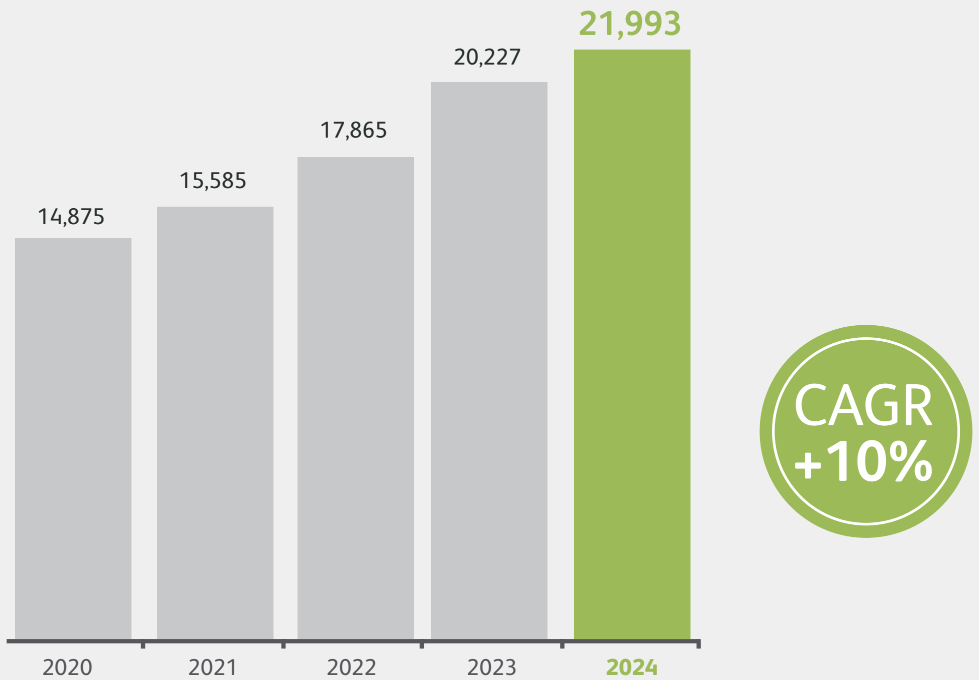
This growth was driven by a clear understanding of our strengths – our large agency force and diversified product portfolio, coupled with a customer-centric mindset that allowed us to elevate operational excellence while insuring the delivery of quality and profitable business.

Linked Funds in PhP'm



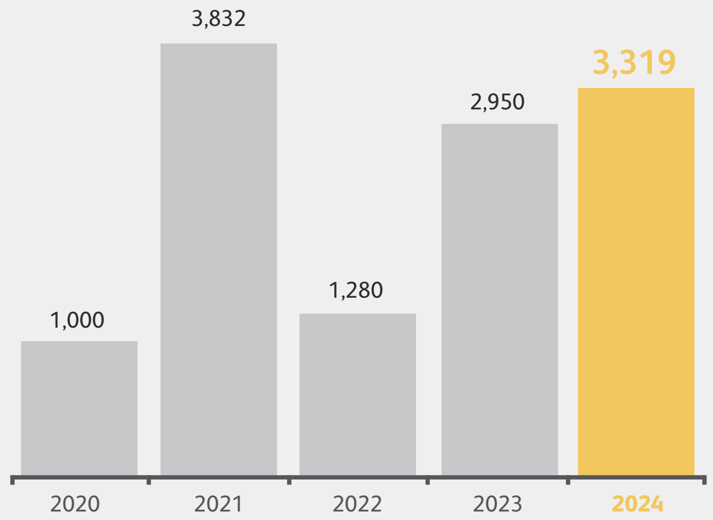
Our linked funds rose to PhP 126.9 billion in 2024, marking a 5-year CAGR of 7% and indicating the continued trust of our policyholders and the strength of our investment strategies.

Equity in PhP'm



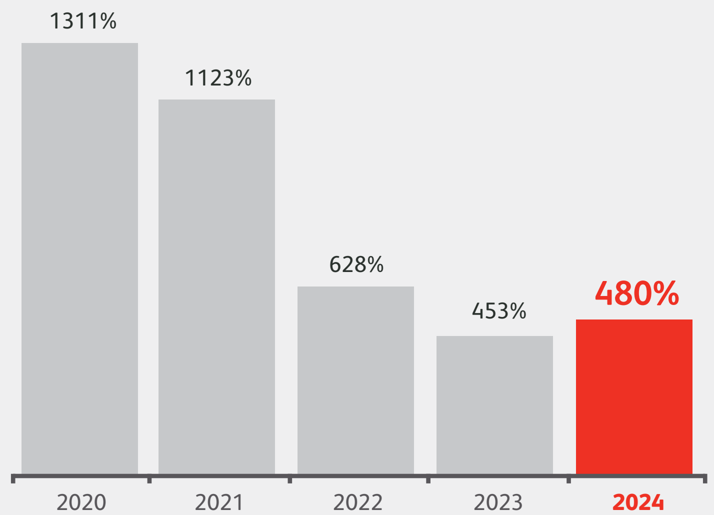
Our equity grew to PhP 22.0 billion in 2024, reflecting a 9% increase from the previous year and a 5-year CAGR of 10%. This steady growth highlights our ability to generate sustainable earnings while maintaining a solid capital position. Despite gross cash remittances to our principal shareholder, our balance sheet remained healthy and resilient in 2024.

Gross Cash Remittance in PhP'm



The Company repatriated a total of PhP 3.3 billion to its principal shareholder Prudential Corporation Holdings Limited (PCHL) in 2024, reflecting a 13% increase from the previous year and a 5-year CAGR of 35%. This underscores our consistent ability to generate strong profits and efficiently convert profits into cash, reinforcing our financial strength and strategic capital management. Cash remittances are a key reflection of our ability to generate net operating free surplus, ensuring that our business remains financially resilient while delivering value to shareholders.

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 2024 is at 480% 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 2020 have remained comfortably above this threshold.

Financial Statements

PRU LIFE INSURANCE CORPORATION OF U.K.

Financial Statements
December 31, 2024 and 2023

and

Independent Auditors' Report

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, 2024 and 2023, 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, 2024 and 2023, 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) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Maminta

Juan Carlo B. Maminta
Partner

CPA Certificate No. 115260
Tax Identification No. 210-320-399
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-132-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10465333, January 2, 2025, Makati City

April 2, 2025

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	
	2024	2023
ASSETS		
Cash and cash equivalents *(Note 7)*	**P4,832,707**	P3,168,423
Interest receivable	**171,027**	134,883
Premiums due from policyholders	**12,719**	10,822
Coverage debt receivables - net *(Note 12)*	**1,080,606**	1,200,455
Investments *(Note 8)*	**13,460,936**	12,806,297
Policy loans receivables - net *(Note 10)*	**272,303**	296,098
Reinsurance assets *(Note 13)*	**475,469**	297,304
Asset held-for-sale *(Note 9)*	**–**	194,984
Property and equipment - net *(Note 14)*	**831,276**	415,753
Right-of-use assets - net *(Note 29)*	**529,899**	285,042
Retirement assets - net *(Note 25)*	**116,654**	71,553
Deferred acquisition costs *(Note 15)*	**18,303,098**	16,713,291
Other assets *(Note 16)*	**2,821,760**	3,874,849
Total General Assets	**42,908,454**	39,469,754
Assets Held to Cover Linked Liabilities	**126,927,748**	120,398,874
	P169,836,202	P159,868,628
LIABILITIES AND EQUITY		
General Liabilities		
Accounts payable, accrued expenses and other liabilities *(Note 20)*	**P10,228,649**	P10,602,284
Claims payable *(Note 18)*	**1,279,345**	1,249,140
Reinsurance payable *(Note 19)*	**275,294**	164,159
Lease liabilities *(Notes 29)*	**611,762**	357,474
Legal policy reserves *(Note 17)*	**5,256,113**	4,238,081
Deferred tax liabilities - net *(Note 27)*	**3,263,838**	2,631,678
Total General Liabilities	**20,915,001**	19,242,816
Technical Provisions for Linked Liabilities	**126,927,748**	120,398,874
Total Liabilities	**147,842,749**	139,641,690
Equity		
Capital stock *(Notes 30)*	**500,000**	500,000
Additional paid-in capital *(Notes 30)*	**462,000**	462,000
Total paid-up capital	**962,000**	962,000
Contributed surplus	**50,386**	50,386
Revaluation reserve on available-for-sale financial assets *(Notes 8)*	**25,921**	19,921
Remeasurement reserve on retirement liability	**78,081**	50,302
Remeasurement on life insurance reserve	**(178,149)**	(156,872)
Retained earnings *(Notes 30)*	**21,055,214**	19,301,201
Total Equity	**21,993,453**	20,226,938
Total General Liabilities and Equity	**P169,836,202**	P159,868,628

See accompanying Notes to the Separate Financial Statements.

Financial statements

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

STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in thousands)

	Years Ended December 31	
	2024	2023
NET PREMIUMS		
Premiums *(Note 21)*	**P48,294,036**	P46,261,210
Premiums ceded to reinsurers *(Note 21)*	**(141,614)**	(66,570)
	48,152,422	46,194,640
OTHER REVENUE		
Policy administration fees *(Note 22)*	**2,712,122**	2,430,057
Investment income *(Note 23)*	**633,259**	1,329,586
Others - net *(Notes 9, 10, 14, 16, and 20)*	**230,776**	180,104
	3,576,157	3,939,747
BENEFITS AND CLAIMS		
Costs on premiums of variable insurance *(Note 11)*	**15,127,295**	17,480,055
Gross benefits and claims *(Note 24)*	**14,369,009**	11,168,995
Reinsurer's share of gross benefits and claims *(Note 24)*	**(98,145)**	(36,117)
Net benefits and claims incurred	**29,398,159**	28,612,933
Dividends to policyholders	**91,732**	94,478
Gross change in legal policy reserves *(Note 17)*	**989,663**	(88,752)
Net insurance benefits and claims	**30,479,554**	28,618,659
UNDERWRITING AND OTHER OPERATING EXPENSES		
Commissions, bonuses and other agents' expenses	**6,775,890**	8,055,384
Salaries, allowances and employees' benefits	**2,080,528**	1,944,779
Utilities	**1,588,472**	1,553,298
Trainings, seminars and contests	**1,050,950**	957,806
Taxes and licenses	**585,446**	424,128
Insurance taxes, licenses and fees	**499,866**	548,761
Depreciation and amortization *(Notes 14, 16 and 29)*	**495,936**	406,179
Professional fees	**476,336**	356,994
Investment management expenses	**414,717**	328,386
Advertising and marketing	**225,352**	217,705
Rent (Note 29)	**126,246**	172,074
Communications	**112,371**	133,558
Other expenses *(Note 26)*	**1,208,589**	1,392,765
Net changes of deferred acquisition costs *(Note 15)*	**(1,589,807)**	(2,154,352)
	14,050,892	14,337,465

Forward

	Years Ended December 31	
	2024	2023
INCOME BEFORE INCOME TAX EXPENSE	**P7,198,133**	P7,178,263
INCOME TAX EXPENSE *(Note 27)*	**2,125,120**	1,836,063
NET INCOME	**5,073,013**	5,342,200
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)*	**6,000**	5,600
Items that will not be reclassified to profit or loss		
Remeasurement gain (loss) on life insurance reserve *(Note 17)*	**(28,369)**	(57,876)
Income tax effect	**7,092**	14,469
	(21,277)	(43,407)
Remeasurement gain on retirement liability *(Note 25)*	**37,039**	10,612
Income tax effect	**(9,260)**	(2,654)
	27,779	7,958
Net movement of other comprehensive income	**12,502**	(29,849)
TOTAL COMPREHENSIVE INCOME	**P5,085,515**	P5,312,351

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 CHANGES IN EQUITY
(Amounts in Thousands)

	Capital Stock (Note 30)	Additional Paid-in Capital (Note 30)	Contributed Surplus	Revaluation reserve on available-for-sale financial assets (Note 8)	Remeasurement reserve on retirement liability	Remeasurement on Life Insurance Reserve	Retained Earnings Appropriated (Note 17)	Retained Earnings Unappropriated (Note 30)	Total Retained Earnings	Total Equity
Balance at January 1, 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**
Balance at January 1, 2023	P500,000	P462,000	P50,386	P14,321	P42,344	(P113,465)	P53,012	P16,855,989	P16,909,001	P17,864,587
Total Comprehensive Income										
Net income	–	–	–	–	–	–	–	5,342,200	5,342,200	5,342,200
Other comprehensive income:										
Items that may be reclassified to profit or loss *(Note 8)*	–	–	–	5,600	–	–	–	–	–	5,600
Items that will not be reclassified to profit or loss	–	–	–	–	7,958	(43,407)	–	–	–	(35,449)
Total comprehensive income	–	–	–	5,600	7,958	(43,407)	–	5,342,200	5,342,200	5,312,351
Dividends *(Note 30)*	–	–	–	–	–	–	–	(2,950,000)	(2,950,000)	(2,950,000)
Appropriation of reserves	–	–	–	–	–	–	9,332	(9,332)	–	–
Balance at December 31, 2023	P500,000	P462,000	P50,386	P19,921	P50,302	(P156,872)	P62,344	P19,238,857	P19,301,201	P20,226,938

See 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)

	Years Ended December 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax expense	P7,198,133	P7,178,263
Adjustments for:		
Net changes of deferred acquisition costs *(Note 15)*	(1,589,807)	(2,154,352)
Gross change in legal policy reserves *(Note 17)*	989,663	(88,752)
Interest income *(Note 23)*	(818,944)	(647,376)
Depreciation *(Notes 14, 16 and 29)*	495,936	406,179
Unrealized loss (gain) on valuation of investments in FVPL (Note 8)	287,226	(662,301)
Retirement expense on retirement fund (Note 25)	121,544	110,122
Gain on disposal of investments (Note 23)	(79,904)	(23,101)
Interest expense related to policies (Note 26)	42,410	39,195
Interest expense related to lease liabilities (Note 29)	24,757	30,600
Unrealized foreign exchange loss (gain) (Note 8)	(21,637)	3,192
Provision for credit and impairment losses (Notes 9, 10 and 16)	11,755	45,892
Gain on disposal of property and equipment (Note 14)	(5,705)	(1,269)
Loss on disposal of asset held for sale (Note 9)	3,976	–
	6,659,403	4,236,292
Changes in:		
Premiums due from policyholders	(1,897)	(2,106)
Coverage debt receivables	119,849	(135,375)
Reinsurance assets	(178,165)	(163,125)
Policy loans receivables	20,953	19,104
Other assets	1,021,676	(1,460,156)
Accounts payable, accrued expenses and other liabilities	(401,453)	1,850,282
Claims payable	30,205	(70,910)
Reinsurance payable	111,135	(61,877)
	7,381,706	4,212,129
Interest paid	(41,496)	(38,394)
Contributions to retirement fund *(Note 25)*	(129,606)	(127,144)
Income tax paid	(1,468,224)	(1,216,297)
Net cash provided by operating activities	5,742,380	2,830,294
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	782,800	639,347
Proceeds from disposal of investments *(Note 8)*	5,650,152	4,507,021
Proceeds from disposal of asset held-for for-sale *(Note 9)*	187,006	–
Proceeds from disposal of property and equipment *(Note 14)*	11,026	7,937
Acquisitions of investments *(Note 8)*	(6,484,476)	(6,958,762)
Acquisitions of property and equipment *(Note 14)*	(557,116)	(125,263)
Acquisitions of software costs *(Note 16)*	(114,848)	(488,860)
Net cash used in investing activities	(525,456)	(2,418,580)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid *(Note 30)*	(3,319,000)	(2,950,000)
Payment of lease liabilities *(Note 29)*	(233,640)	(224,128)
Cash used in financing activities	(3,552,640)	(3,174,128)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,664,284	(2,762,414)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,168,423	5,930,837
CASH AND CASH EQUIVALENTS AT END OF YEAR *(Note 7)*	P4,832,707	P3,168,423

See accompanying Notes to the Financial Statements.

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

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

1. Reporting Entity

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

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

The financial statements were authorized for issue by the BOD on April 2, 2025.

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 on each reporting date.

Items	Measurement bases
Financial instruments at fair value through profit or loss (FVPL)	Fair value
Available-for-sale (AFS) financial assets	Fair value
Investments in Agents' Savings Fund (ASF)	Fair value
Investments in treasury notes, shares of stocks, and other funds under "Assets held to cover linked liabilities"	Fair value
Legal policy reserves	Gross Premium Valuation (GPV) and Unearned Premiums for traditional contracts; Unearned Cost of Insurance Charges for unit-linked contracts
Retirement 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 2024. 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 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 recognize 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.

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

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

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

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

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

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

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

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

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

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

Management assessed that the insurance contracts have no derivative components.

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

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

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

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

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

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

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

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

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

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

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

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

Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between

market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As at December 31, 2024 and 2023, 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 P126.93 billion and P120.40 billion as at December 31, 2024 and 2023, respectively (see Note 11).

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

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

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

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

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

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

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

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

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

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with

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

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

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

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

Offsetting of Financial Instruments

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

Impairment of Financial Assets

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

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

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

Financial assets carried at amortized cost

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

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

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

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

AFS financial assets carried at fair value

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

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

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

Derecognition of Financial Assets and Liabilities

Financial asset

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

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

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

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

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

Investment in Subsidiary

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

- it is a wholly-owned subsidiary or is a partially-owned subsidiary of another entity and all its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the parent not presenting consolidated financial statements;
- its debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
- it did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory 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 group as held for sale if their carrying amounts will be recovered principally through a sale transaction. Such disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding the finance costs and income tax expense.

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

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

Cessation of investment in subsidiary

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

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

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

Prepayments

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

Property and Equipment

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

Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to the location and

condition for its intended use. Subsequent costs that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Company.
The cost of day-to-day servicing of an asset is recognized as an expense when incurred.

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

Estimated useful lives are as follows:

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

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

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

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

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

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

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

Software Development Costs

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

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

Impairment of Non-Financial Assets

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

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

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

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

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

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

Deferred Acquisition Costs

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

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

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

Leases

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

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

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

As a lessee

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

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

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

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

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

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

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

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

Short-term Leases and Leases of Low-value Assets

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

Equity

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

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

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

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

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

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

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

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

Revenue Recognition

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

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

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

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

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

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

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

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

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

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

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

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

Benefits, Claims and Expenses Recognition

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

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

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

Employee Benefits

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

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

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

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

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

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

Taxes

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

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under PAS 37. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at each reporting date, and any adjustment to tax payable in respect of previous years.

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow all or part of the deferred tax assets to be recovered.
Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the reporting date.

Foreign Currency Transactions

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

Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations

Financial statements

for the year. For income tax reporting purposes, foreign exchange gains or losses are treated as taxable income or deductible expenses, in the period such are realized.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Contingencies

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

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

Related Parties

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

Events After the Reporting Date

Post year-end events that provide additional information about the Company's financial position at the reporting date (adjusting events) are reflected in the 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

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2024. However, the Company has not applied the following new or amended standards in preparing these separate financial statements. The Company is currently assessing the potential impact of these on its separate financial statements.

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

Effective beginning on or after January 1, 2025

- 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.

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 derecognized 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 derecognize 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 recognize 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 recognized 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 recognized only to the extent of unrelated investors' interests in the associate or joint venture.

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 are similar. However, in the application guidance of PFRS 17, there are two key changes:

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

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

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

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

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

ii. *Level of Aggregation*

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

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

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

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

iii. Contract Boundaries

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

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

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

A substantive obligation to provide insurance contract services ends when:

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

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

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

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

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

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

iv. Measurement - Overview

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

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

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the entity expects to pay to the policyholder an amount equal to a substantial share of the fair value eturns 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 recognize as it provides insurance contract services in the future. The CSM measured on initial recognition for a group of contracts is the amount that results in no income or expenses arising from:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

vi. Measurement - Significant Judgements and Estimates

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

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

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

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

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

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

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

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

The standard requires that the risk adjustment conveys information to users of financial statements about the amount charged by the entity for the uncertainty arising from non-financial risk about the amount and timing of cash flows" but paragraph BC211(c) of the basis for conclusions notes that the Financial Accounting Standards Board (FASB) decided that a separate risk adjustment should "faithfully represent circumstances in which the entity has charged insufficient premiums for bearing the risk that the claims might ultimately exceed expected premiums". This implies that the risk adjustment need not effect 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 ending of each reporting period the CSM is released to the profit or loss based on the coverage units for the reporting period compared to the coverage units over the total remaining coverage periods.

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

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

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

vii. Presentation and Disclosure

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

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

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

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

Insurance revenue and insurance service expenses presented in profit or loss shall exclude any investment components. An entity shall not present premium information in profit or loss if that information is inconsistent with paragraph 83.
PFRS 17 recognizes that insurance contracts may provide investment-related (or investment-return) services as well as insurance services. The PFRS 17 income statement includes expected claims (as part of insurance revenue) and actual claims incurred (as part of insurance service expenses). In order to present profit arising from insurance and investment-related (or investment-return) services separately, the standard requires that at the point a claim is incurred, the investment component is identified and subtracted from the insurance revenue and from the amount paid out in order to present pure insurance revenue and expenses in the income statement. Any variance in the amount of investment component payable in the period adjusts the CSM.

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

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

viii. Transition

The standard requires PFRS 17 to be applied retrospectively the "fully retrospective approach" (FRA) unless impracticable. If 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:

  i. provides evidence of circumstances that existed on the date(s) as at which those amounts are to be recognized, measured, or disclosed; and

ii. would have been available when the financial statements for that prior period were authorized for issue from other information.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

It is to be noted that the transition approach for the asset for insurance acquisition cashflows can be distinct to the approach taken for other elements of transition. It is permitted to independently assess whether 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 recognized at transition and Groups that are recognized after the transition date.
- the portion of the insurance acquisition cashflows that are allocated to Groups of insurance contracts recognized at transition date is deducted from the CSM relating to these contracts
- the remaining portion of the insurance acquisition cashflows is recognized as an asset for the Groups of contracts that are recognized after transition date.

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

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

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

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

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

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

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

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

  i. Financial Assets - Classification

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

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

  - it is held within a business model whose objective is

to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

Impact assessment
PFRS 9 will affect the classification and measurement of financial assets held at January 1, 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 amortized cost, FVOCI or FVPL, depending on the particular circumstances. The majority of equity investments that are classified as AFS under PAS 39 will be measured at FVPL under PFRS 9. However, some of these equity investments are held for long-term strategic purposes and will be designated as at FVOCI on January 1, 2027; consequently, all fair value gains and losses will be reported in OCI, no impairment losses will be recognized in profit or loss, and no gains or losses will be reclassified to profit or loss on disposal of these investments. HTM investments and loans and receivables measured at amortized cost under PAS 39 will generally also be measured at amortized cost under PFRS 9.

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

ii. Financial Assets - Impairment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Impact assessment
The Company estimates that application of the PFRS 9 impairment requirements at January 1, 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 amortized cost, the Company does not expect material credit losses on these financial assets.

iii. Financial Liabilities

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

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

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

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

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 recognized prospectively.

Judgments

(a) Product classification

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

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

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

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

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

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

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

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

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

To facilitate Prudential's decision to exit the Trust business in the Philippines through sale of the business of the Corporation, and to transfer the Company's onshore funds to a new fund manager, the management of the Company is committed to its plan to sell and has taken sufficient steps necessary for sell, assign, transfer or dispose of all the rights, title and interests in and to all the shares held by the Company in the capital stock of PAMTC as of December 31, 2023. The Board approved the sale of investment in subsidiary on June 22, 2023. Hence, management has determined that the investment in subsidiary met the criteria as held for sale as of December 31, 2023. Subsequently, the sale was executed on September 6, 2024 (see Note 9).

the investment in subsidiary regardless, if the period to complete the sale is beyond one year. (see Note 9).

(d) Contingencies

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

(e) Uncertainties over income tax payments

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

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

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

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

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

(f) Recognition of coverage debt receivables

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

(g) 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 P1.77 billion as of December 31, 2024 (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 the incremental borrowing rate

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

The Company's lease liabilities amounted to P611.76 million and P357.47 million as of December 31, 2024 and 2023, 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 P236.92 million and P230.83 million as at December 31, 2024 and 2023, 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, 2024 and 2023 are computed under the requirements of PFRS 4. Total BEL as at December 31, 2024 and 2023 are negative and amounted to (P76.15) billion and (P75.02) billion, respectively. Accordingly, the recorded legal policy reserves which is calculated in accordance with the requirements of the Insurance Code amounting to P5.26 billion and P4.24 billion as at December 31, 2024 and 2023, respectively (see Note 17), is adequate using best estimate assumptions.

(d) Estimating impairment of financial assets

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

As at December 31, 2024 and 2023, the Company has not recognized any impairment loss on its investments (see Note 8).

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

As at December 31, 2024 and 2023, the Company has recognized allowance for credit losses on policy loans receivables - net, coverage debt receivables and other assets as disclosed Notes 10, 12 and 16, respectively.

As at December 31, 2024 and 2023, the carrying value of the Company's policy loans receivables, coverage debt receivables and advances to employees and agents amounted to P1.52 billion and P1.67 billion, respectively. Provisions for credit losses amounted to P155.98 million and P123.01 million in 2024 and 2023, respectively (see Notes 10, 12 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 recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is computed using the value in use approach. Recoverable amounts are estimated for individual assets or, if not possible, for the cash-generating unit to which the asset belongs.

The non-financial assets of the Company are composed of its deferred acquisition costs, asset held for sale / investment in a subsidiary, property and equipment, intangible assets and right-of-use assets.

The carrying value of the non-financial assets as of December 31, 2024 and 2023 are as follows:

	Notes	2024	2023
Deferred acquisition costs	15	**P18,303,098**	P16,713,291
Property and equipment - net	14	**831,276**	415,753
Software development costs - net	16	**835,957**	862,459
Right-of-use assets - net	29	**529,899**	285,042
Asset held-for-sale	9	**–**	194,984

In 2024 and 2023, the Company did not recognize any impairment losses on its property and equipment, intangible assets and right-of-use assets. The Company's recognized allowance for impairment losses on asset held-for sale amounted to nil and P334 million as of December 31, 2024 and 2023, respectively.

Further, management performed annual impairment assessment for the recognized 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 value in-use cash flow projections based on the 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 12.3% discount rate in determining the cash flows as of December 31, 2024 and 2023. 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 2024 and 2023, management determined that there is no impairment to be recognized for its deferred acquisition costs.

(f) Amortization period of deferred acquisition costs

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

As at December 31, 2024 and 2023, the carrying amount of deferred acquisition costs amounted to P18.30 billion and P16.71 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, 2024 and 2023, the Company's net retirement asset amounted to P116.65 million and P71.55 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 utilized. Any deferred tax asset will be remeasured if it might result to derecognition where the expected tax law to be enacted has a possible risk on the realization. As at December 31, 2024 and 2023, the Company recognized deferred tax assets amounting to P1.35 billion and P1.57 billion, respectively. As at December 31, 2024 and 2023, the Company assessed that future taxable profit will be available to realize any recognized deferred tax assets. Thus, there were no unrecognized deferred tax assets as of December 31, 2024 and 2023 (see Note 27).

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

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

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

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

Regulatory Framework

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

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

Capital Management

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

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

The Company manages capital through a process that determines future projected capital requirements through the development of long-term financial plans and projections that consider the impact on surplus of new businesses, profitability of in-force business and other major corporate initiatives that will affect capitalization requirements.
There were no changes made to the Company's capital base, objectives, policies and processes from previous year.

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

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

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

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

As of December 31, 2024 and 2023, 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 authorized by the IC.

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

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

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

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

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

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

The following table shows the indicative RBC ratio of the Company as at December 31, 2024 and the RBC ratio as at December 31, 2023, using the RBC2 Framework:

	2024	2023
TAC	**P8,917,034**	P8,422,308
RBC requirement	**1,856,706**	1,859,856
RBC ratio	**480%**	453%

The figures above for 2024 and 2023 are internally computed by the Company and the final amount of the RBC ratio can be determined only after the accounts of the Company have been reviewed by IC specifically as to determination of admitted and non-admitted assets as defined under the Insurance Code. As at December 31, 2024 and 2023, 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 2024 and 2023 are subject to final determination by the IC:

	2024	2023
Deferred acquisition costs *(Note 15)*	**P18,303,098**	P16,713,291
Property and equipment - net	**774,308**	372,277
Other assets	**3,112,773**	3,110,556
	P22,190,179	P20,196,124

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Advisory No. RS-2024-06 and Advisory Bo. 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.

Insurance Risk

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

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

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

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

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

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

Concentration of Insurance Risk

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

	2024	2023
Whole and term life	**P3,231,317**	P3,441,072
Endowment	**1,178,748**	47,321
Term	**4,128**	(24,349)
Accident	**21,041**	23,472
Group	**60,871**	24,974
Variable	**578,400**	509,250
Riders and others products	**181,608**	216,341
	P5,256,113	P4,238,081

Classification by Attained Age

The table below presents the concentration of legal policy reserves by attained age as at December 31, 2024 and 2023. For individual insurance, exposure is concentrated on age bracket of 55-59 in 2024 and on age bracket of 60-64 in 2023.

	2024 Individual		2023 Individual	
Attained Age	Exposure '000	Concentration (%)	Exposure '000	Concentration (%)
<20	**P29,255**	**0.56%**	P69,989	1.66%
20 - 24	**84,666**	**1.63%**	77,109	1.83%
25 - 29	**175,015**	**3.37%**	149,776	3.55%
30 - 34	**222,897**	**4.29%**	170,207	4.04%
35 - 39	**274,180**	**5.28%**	180,185	4.28%
40 - 44	**350,482**	**6.75%**	236,169	5.61%
45 - 49	**611,411**	**11.77%**	472,506	11.22%
50 - 54	**767,198**	**14.77%**	600,921	14.26%
55 - 59	**822,518**	**15.83%**	617,009	14.64%
60 - 64	**690,492**	**13.29%**	618,707	14.69%
65 - 69	**479,039**	**9.22%**	441,556	10.48%
70 - 74	**325,526**	**6.27%**	298,607	7.09%
75 - 79	**248,774**	**4.79%**	201,638	4.79%
80 +	**113,790**	**2.19%**	78,729	1.86%
Total	**P5,195,243**	**100.00%**	P4,213,108	100.00%

For group insurance, exposure is concentrated on age bracket of 30-34 in 2024 and 2023

	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%**	**P60,871**	**100%**

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

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.

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

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

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

Sensitivities

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

		2024	2023
	Changes in Assumptions/ Variables	**Impact on Income before Income Tax and Equity Increase (Decrease)**	Impact on Income before Income Tax and Equity Increase (Decrease)
		(Amounts in millions)	
Mortality and morbidity	+5%	**(P35.14)**	(P36.97)
	-5%	**35.68**	37.76
Interest rate	+ 100 basis points	**298.34**	215.83
	- 100 basis points	**(328.27)**	(237.84)
Expense	+10%	**(78.64)**	(67.57)
	-10%	**70.73**	75.58
Lapse	+10%	**(12.55)**	(8.87)
	-10%	**12.91**	10.34

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

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

Investment Risk

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

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

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

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

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

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

Financial Risk

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

- Credit Risk
- Liquidity Risk
- Market Risk

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

(a) Credit risk

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

The Company's concentration of credit risk arises mainly from its investments in government securities amounting to P67.50 billion (88.43%) and P63.45 billion (76.04%) of the Company's total financial assets (including Unit-Linked Financial Assets) as at December 31, 2024 and 2023, 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, 2024 and 2023 by classifying assets according to the Company's credit grading of counterparties.

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**	12,988,621	–	12,988,621	–	12,988,621
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	579,611	1,185,227	16,546	1,201,773
	18,597,377	2,420,708	21,018,085	853,440	21,871,525
Assets Held to Cover Linked Liabilities					
Cash and cash equivalents	1,035,965	P –	1,035,965	P –	1,035,965
Interest receivable	305,932	–	305,932	–	305,932
Receivable from life fund	601,053	–	601,053	–	601,053
Investment in debt securities	56,393,968	–	56,393,968	–	56,393,968
Other assets	1,998,013	–	1,998,013	–	1,998,013
	60,334,931	P –	60,334,931	P –	60,334,931
	P78,932,308	P2,420,708	P81,353,016	P853,440	P82,206,456

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

2023

	Neither Past Due nor Impaired				
	Investment High-grade	Non-investment Grade - Satisfactory	Total Financial Assets Neither Past Due nor Impaired	Past Due and Impaired	Total
Cash in bank and cash equivalents*	P3,167,605	P –	P3,167,605	P –	P3,167,605
Interest receivable	134,883	–	134,883	–	134,883
Coverage debt receivables	–	1,200,455	1,200,455	680,031	1,880,486
Financial assets at FVPL**	12,365,214	–	12,365,214	–	12,365,214
Premiums due from policyholders	–	10,822	10,822	–	10,822
Policy loans receivables	–	296,098	296,098	5,793	301,891
Reinsurance assets	–	297,304	297,304	–	297,304
Other assets***	721,366	1,814,944	2,536,310	11,635	2,547,945
	16,389,068	3,619,623	20,008,691	697,459	20,706,150
Assets Held to Cover Linked Liabilities					
Cash and cash equivalents	3,624,075	–	3,624,075	–	P3,624,075
Interest receivable	365,249	–	365,249	–	365,249
Receivable from life fund	719,176	–	719,176	–	719,176
Investment in debt securities	55,099,245	–	55,099,245	–	55,099,245
Other assets	2,923,311	–	2,923,311	–	2,923,311
	62,731,056	–	62,731,056	–	P62,731,056
	P79,120,124	P3,629,324	P82,749,447	P697,459	P83,437,206

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

The Company has no past due but not impaired financial assets as at December 31, 2024 and 2023.

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

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

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

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

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

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

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

(b) Liquidity risk

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

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

The tables below summarize the maturity profile of the financial assets and financial liabilities of the Company based on remaining contractual obligations or on the estimated timing of net cash flows as at December 31, 2024 and 2023:

2024

	Carrying Amount	Contractual Cash Flow Within One Year	Contractual Cash Flow 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 *(Note 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*	8,247,681	8,247,681	–	8,247,681
Lease Liabilities	611,762	185,943	171,531	357,474
Technical provision for linked liabilities *(Note 11 and 32)*	126,927,748	128,255,119	–	128,255,119
	137,341,830	138,243,382	171,531	138,414,913
Excess Liquidity	**P10,716,799**	**P11,313,645**	**(P171,531)**	**P11,142,114**

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

2023

	Carrying Amount	Contractual Cash Flow Within One Year	Contractual Cash Flow Beyond One Year	Total
Cash and cash equivalents	P3,168,423	P3,168,559	P –	P3,168,559
Investments *(Note 8)*	12,806,297	12,929,924	–	12,929,924
Premiums due from policyholders	10,822	10,822	–	10,822
Policy loans receivables - net	296,098	307,218	–	307,218
Coverage debt receivables - net	1,200,455	1,200,455	–	1,200,455
Reinsurance Assets	297,304	297,304	–	297,304
Investment in ASF	721,366	721,366	–	721,366
Receivable from Unit Linked Funds	1,625,549	1,625,549	–	1,625,549
Assets Held to Cover Linked Liabilities *(Note 11 and 32)*	120,398,874	121,635,664	–	121,635,664
	140,525,188	141,896,861	–	141,896,861
Claims payable *(Note 18 and 32)*	1,249,140	1,249,140	–	1,249,140
Reinsurance payable *(Note 19 and 32)*	164,159	164,159	–	164,159
Accounts payable, accrued expenses and other liabilities*	8,668,091	8,668,099	–	8,668,099
Lease Liabilities	357,474	204,867	406,896	611,763
Technical provision for linked liabilities *(Note 11 and 32)*	120,398,874	121,635,664	–	121,635,664
	130,837,738	131,921,929	406,896	132,328,825
Excess Liquidity	P9,687,450	P9,974,932	(P406,896)	P9,568,036

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

(c) Market risk

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

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

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

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

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

	2024	2023
Investments	**$459,795**	$460,280
Foreign exchange rate to the Philippine peso used*	**57.85**	55.37
	P26,596,842	P25,485,704

**Exchange rate used is based on Bankers Association of the Philippines foreign exchange rate as at December 27, 2024 and December 29, 2023. .*

A 2% (2023: 4%) strengthening of U.S. dollar against Philippine peso as at December 31, 2024, with all other variables remaining constant, would have affected the measurement of financial instruments denominated in U.S. dollar and increased profit before tax and equity by P0.27 billion (2023: P0.27 billion).

A 2% (2023: 4%) 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 2024 and 2023, the Company determined the reasonably possible change in foreign currency exchange rates based on the historical fluctuation of the assets denominated in U.S. dollar..

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

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

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

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

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

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

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

Currency	Changes in variables	2024		2023	
		+100 bps	-100 bps	+100 bps	-100 bps
Philippine peso	P –	(P887,002)	P994,528	(P692,527)	P775,141
U.S. dollar	–	(50,010)	57,491	(50,149)	57,887
Fair value sensitivity	P –	(P937,012)	P1,052,019	(P742,676)	P833,028

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

Currency	Changes in variables	2024		2023	
		+100 bps	-100 bps	+100 bps	-100 bps
Philippine peso	P –	(P932,892)	P1,017,171	(P907,195)	P983,734
U.S. dollar	–	(286,703)	326,408	(328,535)	374,668
Fair value sensitivity	P –	(P1,219,595)	P1,343,579	(P1,235,730)	P1,358,402

In 2024 and 2023, 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 P108.89 billion and P102.42 billion (see Note 11) as at December 31, 2024 and 2023, respectively. However, any fair value changes in these equity investments has corresponding increase or decrease in "Technical Provisions for Linked Liabilities" and will not affect the equity and profit before income tax of the Company. Thus, the Company has insignificant exposure to equity price risk.

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

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

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

The Company performed the predominance assessment and concluded that it qualified for the temporary exemption from PFRS 9. As at December 31, 2015, the Company's total carrying amount of liabilities connected with insurance amounted to P74.55 billion which represented more than 90% of its total liabilities of P76.82 billion. The Company did not subsequently reassess its eligibility for the temporary exemption from PFRS 9 as there was no change in the Company's activities for the year ended December 31, 2024.

Financial statements

The following table provides an overview of the fair values as at December 31, 2024 and 2023, 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:

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	862,292	–	–	–
Rental and other deposits	154,944	–	–	–
Investment in ASF	605,616	26,448	–	–
	20,161,899	(95,970)	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	–	165,266,228	2,112,454
	P23,918,323	(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.*

2023	Financial Assets that Meet the SPPI Criteria*		All Other Financial Assets	
	Fair Value	Fair Value Change during the Reporting Period	Fair Value	Fair Value Change during the Reporting Period
Cash in bank and cash equivalents	P3,168,423	P –	P –	P –
Interest receivable	134,884	–	–	–
Premiums due from policyholders	10,822	–	–	–
Policy loans receivables	296,098	–	–	–
Coverage debt receivables	1,200,455	–	–	–
Reinsurance Assets	297,304	–	–	–
Financial assets at FVPL	12,365,214	–	391,671	662,301
AFS financial assets	–	–	49,412	5,600
Loans and receivables	2,120,743	–	–	–
Rental and other deposits	151,585	–	–	–
Investment in ASF	721,366	42,487	–	–
	20,466,894	42,487	441,083	667,901
Assets Held to Cover Linked Liabilities				
Cash and cash equivalents	3,624,075	–	–	–
Interest receivable	365,249	–	–	–
Receivable from life fund	719,176	–	–	–
Financial assets at FVPL	–	–	157,576,728	3,426,954
Other assets	2,923,311	–	–	–
	P7,631,811	–	157,576,728	3,426,954
	P28,098,705	P42,487	P158,017,811	P4,094,855

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

The information about the credit risk exposures for financial assets with contractual terms that meet the SPPI criterion at December 31, 2024 and 2023 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 analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

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

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

2024	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at FVPL *(Note 8)*	**P5,031,774**	**P6,604,631**	**P1,766,720**	**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 assets held to cover linked liabilities *(Note 11)*	**145,826,649**	**19,439,579**	**–**	**165,266,228**
	P151,521,850	**P26,044,210**	**P1,766,720**	**P179,332,780**

2023	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at FVPL *(Note 8)*	P4,602,740	P8,154,145	P –	P12,756,885
AFS financial assets *(Note 8)*	49,412	–	–	49,412
Financial assets at FVPL under other assets *(Note 16)*	721,366	–	–	721,366
Financial assets at FVPL under assets held to cover linked liabilities *(Note 11)*	144,077,532	13,499,196	–	157,576,728
	P149,451,050	P21,653,341	P –	P171,104,391

There has been no transfer between Levels in 2024 and 2023.

7. Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash on hand	**P594**	P818
Cash in banks	**1,863,556**	2,111,585
Short-term placements	**2,968,557**	1,056,020
	P4,832,707	P3,168,423

Cash in banks earn interest at the prevailing bank deposit rates that ranged from 0.10% to 1.50% in 2024 and 2023, respectively. Short-term placements are Philippine peso and U.S. dollar time deposits with various financial institutions with maturities ranging from overnight to ten days and interest ranging from 2.30% to 3.15% and 2.30% to 3.70% per annum in 2024 and 2023, respectively.

Interest income recognized in profit or loss which is presented under "Investment income - net" amounted to P67.16 million and P61.74 million in 2024 and 2023, 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, 2024

	AFS Financial Assets	Financial Assets at FVPL	Total Investments
Cost at January 1, 2024	**P29,491**	**P12,990,726**	**P13,020,217**
Unrealized gains 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 gains (loss) recognized 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**
Unrealized gains at December 31, 2024	**P25,921**	**(P499,430)**	**(P473,509)**

December 31, 2023

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

The Company's investments consist of the following:

	2024	2023
Financial assets at FVPL		
Government bonds	**P11,068,186**	P12,212,907
Structured Notes	**1,766,720**	–
Unit investment trust fund (UITF)	**414,506**	391,671
Corporate debt securities	**153,713**	152,307
	13,403,125	12,756,885
AFS financial Assets		
Equity securities at AFS	**57,811**	49,412
	P13,460,936	P12,806,297

Interest rates range from nil to 12.5% in 2024 and 2023. Interest income recognized in profit or loss in 2024 and 2023 amounted to P751.79 million and P585.63 million, respectively.

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

	2024	2023
Balance at beginning of year	**P19,921**	P14,321
Fair value gain	**6,000**	5,600
Balance at end of year	**P25,921**	P19,921

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 organized under and in accordance with the General Banking Law and its Implementing Rules and Regulations and such other applicable laws, rules and regulations on trust corporations, and to do all other things incident thereto and necessary and proper in connection with said purposes as may be determined by the Monetary Board of the BSP. On March 12, 2019, the BSP issued the Certificate of Authority to Operate to PAMTC.

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

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

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 P194.98 million with an allowance for impairment loss of P334.26 million. The Company recognized an impairment loss on its 'Asset Held-For-Sale' amounting to P44.20 million in 2023.

The sale of PAMTC was completed last September 6, 2024 with a total purchase price of P187.01 million. The carrying amount of the asset prior to the sale as at June 30, 2024 less cost to sell is P190.98 million with allowance for impairment loss of P338.26 million. The Company recognized an impairment loss on its 'Asset Held-For-Sale' amounting to P4.00 million in profit or loss under 'Other expenses' and loss on sale of amounting to P3.97 million recognized in profit or loss under 'Others - net' under Other Revenue. As a result, as of December 31, 2024, the balance of 'Asset held-for-sale' is nil.

10. Policy Loans Receivables

This account consists of:

	2024	2023
Policy loans receivables	**P280,938**	P301,891
Allowance for impairment losses	**(8,635)**	(5,793)
	P272,303	P296,098

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

Interest income from policy loans amounted to P26.79 million and P26.92 million in 2024 and 2023, respectively, were recognized in profit or loss under 'Others' under Other Revenue.

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

	2024	2023
Balance at beginning of year	**P5,793**	P5,793
Provision for credit losses during the year	**2,842**	–
Balance at end of year	**P8,635**	P5,793

11. Assets Held to Cover Linked Liabilities

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

	2024	2023
Cash and cash equivalents	**P1,035,965**	P3,624,075
Interest receivable	**305,932**	365,249
Receivable from life fund	**601,050**	719,176
Investments in treasury notes and other funds	**165,266,228**	157,576,728
Other receivables	**2,052,860**	2,923,310
Liability to life fund and other linked funds	**(40,125,486)**	(41,211,907)
Accrued expense	**(284,696)**	(260,709)
Trade payable	**(1,924,105)**	(3,337,048)
Net assets	**P126,927,748**	P120,398,874

Investments in treasury notes and other funds are composed of:

	2024	2023
Investments in treasury notes	**P22,988,808**	P22,704,077
Investments in shares of stocks	**76,453,375**	72,033,526
Investment in other funds:		
Investment in bond fund	**16,674,415**	15,758,360
Investment in equity fund	**23,370,251**	24,091,293
Investment in offshore fund (IOF) - Bonds	**16,384,698**	16,154,528
IOF - Equities	**5,651,465**	4,554,895
UITF - Equities	**3,412,067**	1,744,673
UITF - Money Market	**346,050**	482,280
Derivative Assets (Liabilities)	**(14,901)**	53,096
Total investments	**P165,266,228**	P157,576,728

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

	2024	2023
Beginning balance	**P120,398,874**	P108,522,565
Movements during the year:		
Additions to the fund for creation of units	**36,734,124**	34,255,165
Withdrawals from the fund	**(31,259,276)**	(25,347,590)
Net fund income	**1,054,026**	2,968,734
Ending balance	**P126,927,748**	P120,398,874

Total premiums and costs from the unit-linked product for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Linked premiums *(Note 21)*	**P46,253,841**	P45,892,016
Costs on premiums of variable insurance	**(15,127,295)**	(17,480,055)
Surrenders	**(12,062,907)**	(9,193,298)
Net linked premiums	**P19,063,639**	P19,218,663

12. Coverage Debt Receivables

This account consists of:

	2024	2023
Coverage debt receivables	**P1,908,865**	**P1,880,486**
Allowance for credit losses	**(828,259)**	**(680,031)**
	P1,080,606	**P1,200,455**

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:

	2024	2023
Balance at beginning of year	**P680,031**	P559,122
Provision for credit losses during the year	**148,228**	120,909
Balance at end of year	**P828,259**	P680,031

Provision for credit losses on coverage debt receivables amounting to P148.23 million and P120.91 million in 2024 and 2023, respectively, were recognized 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:

	2024	2023
Beginning balance	**P297,304**	P134,179
Outward claims (Note 24)	**98,145**	36,117
Claimed during the year	**(312,472)**	(97,791)
Experience refund	**392,492**	224,799
Ending balance	**P475,469**	P297,304

14. Property and Equipment

The movements in this account are as follows:

2024

	Computer Equipment	Furniture, Fixtures and Equipment	Transportation Equipment	Condominium Unit	Leasehold Improvements	Office Improvement in Progress	Total
Gross Carrying Amount							
Beginning balance	P286,056	P198,708	P140,838	P10,027	P1,148,859	P124,819	P1,909,307
Additions	39,216	22,096	28,506	–	231,462	235,836	557,116
Disposals	(54,598)	(11,558)	(33,410)	–	–	–	(99,566)
Reclassification	–	–	–	–	–	–	–
Ending balance	270,674	209,246	135,934	10,027	1,380,321	360,655	2,366,857
Accumulated Depreciation and Amortization							
Beginning balance	243,717	181,248	93,560	8,890	966,139	–	1,493,554
Depreciation and amortization	25,244	8,717	20,485	414	81,412	–	136,272
Disposals	(54,531)	(10,703)	(29,011)	–	–	–	(94,245)
Reclassification	–	–	(420)	–	420	–	–
Ending balance	214,430	179,262	84,614	9,304	1,047,971	–	1,535,581
Carrying Amount							
Beginning balance	42,339	17,460	47,278	1,137	182,720	124,819	415,753
Carrying Amount							
Ending balance	P56,244	P29,984	P51,320	P723	P332,350	P360,655	P831,276

Property and equipment with carrying amount of P5.32 million were disposed and sold in 2024 with proceeds amounting to P11.03 million resulting to a net gain of P5.71 million which is part of 'Others - net' under 'Other revenue'.

2023

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

Property and equipment with carrying amount of P6.67 million were disposed and sold in 2023 with proceeds amounting to P7.94 million resulting to a net gain of P1.27 million which is part of 'Others - net' under 'Other revenue'.

Fully depreciated property and equipment still in use amounted to P375.23 million and P126.39 million as of December 31, 2024 and 2023, respectively.

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

	2024	2023
Right-of-use assets (Note 29)	P218,314	P178,494
Property and equipment	136,272	152,907
Software development costs (Note 16)	141,350	74,778
	P495,936	P406,179

15. Deferred Acquisition Costs

The movements in this account are as follows:

	2024	2023
Beginning balance	P16,713,291	P14,558,939
Movements during the year:		
Deferred expenses	3,189,613	3,665,884
Amortization of deferred acquisition costs	(1,599,806)	(1,511,532)
	1,589,807	2,154,352
Ending balance	P18,303,098	P16,713,291

Below is the breakdown of the Company's acquisition costs and operating expenses into deferred acquisition costs and operating expenses which are recognized when incurred in 2024 and 2023:

2024

	Total Acquisition Costs and Operating Expenses	Deferred Acquisition Costs	Acquisition Costs and Other Operating Expenses Recognized When Incurred
Gross acquisition costs and operating expenses	P15,640,699	P3,189,613	P12,451,086
Deferral of acquisition costs during the year	(3,189,613)	(3,189,613)	–
Amortization 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	P –	P14,050,892

2023

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

16. Other Assets

This account consists of:

	2024	2023
Software development costs - net	P835,957	P862,459
Investments in Agents' Savings Fund *(Note 20)*	605,616	721,366
Prepayments	487,576	160,515
Receivable from unit- linked funds	390,525	1,625,549
Advances to employees and agents	188,164	189,039
Nonrefundable deposits	154,944	151,585
Due from related parties *(Note 28)*	922	356
Others	174,602	175,615
	2,838,306	3,886,484
Allowance for impairment losses on advances to employees and agents	(16,546)	(11,635)
	P2,821,760	P3,874,849

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

Investments in Agent's Savings Fund (ASF) pertain to the agents' savings funds which was managed and was under the custodianship of PAMTC pursuant to an Investment Management Agreement signed by the Company and PAMTC in 2020. In October 2023, the management of the investments in ASF was already transferred to ATRAM Trust. Income (loss) from investment in ASF amounted to P26.45 million and P42.49 million in 2024 and 2023, respectively, were recognized 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 impairment losses on advances to employees and agents are as follows:

	2024	2023
Balance at beginning of year	P11,635	P9,948
Provision for impairment losses	5,035	2,105
Reversals taken up to profit or loss	(124)	(418)
Balance at end of year	P16,546	P11,635

The Company collected advances to employees and agents that have been previously written off amounting to P0.12 million and P0.42 million in 2024 and 2023, respectively.

The movements of software development costs in 2024 and 2023 are as follows:

	2024	2023
Gross Carrying Amount		
Beginning balance	P1,455,422	P966,562
Acquisitions	114,848	488,860
Ending balance	1,570,270	1,455,422
Accumulated Amortization		
Beginning balance	592,963	518,185
Amortization	141,350	74,778
Ending balance	734,313	592,963
Net Carrying Amount		
Beginning balance	862,459	448,377
Ending balance	P835,957	P862,459

17. Legal Policy Reserves

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

	2024	2023
Beginning balance	P4,238,081	P4,268,957
Gross change in reserves:		
New business	946,950	75,011
Net premiums written	69,675	70,164
Accretion of interest	186,602	174,033
Liabilities released for payments on death, surrenders and other terminations	(359,391)	(423,478)
Other movements	145,827	15,518
Total gross change in reserves (Note 24)	989,663	(88,752)
Remeasurement on life insurance reserve	28,369	57,876
Ending balance	P5,256,113	P4,238,081

The appropriated retained earnings for negative reserves amounted to P332.54 million and P62.34 million as of December 31, 2024 and 2023, respectively.

18. Claims Payable

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

	2024	2023
Beginning balance:		
Notified payable	P1,018,308	P1,042,611
IBNR	230,832	277,439
	1,249,140	1,320,050
Cash paid for claims settled during the year	(2,405,025)	(2,455,633)
Increase in liabilities	2,435,230	2,384,723
Ending balance	P1,279,345	P1,249,140
Notified claims payable	P1,042,423	P1,018,308
IBNR	236,922	230,382
	P1,279,345	P1,249,140

19. Reinsurance Payable

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

	2024	2023
Beginning balance	P164,159	P226,036
Premium ceded to reinsurers (Note 21)	309,307	291,369
Paid during the year	(198,172)	(353,246)
Ending balance	P275,294	P164,159

20. Accounts Payable, Accrued Expenses and Other Liabilities

The account consists of the following:

	2024	2023
Insurance related liabilities		
Premium suspense account	P1,195,057	P1,140,190
Dividends payable to policyholders	1,124,232	1,096,933
Agent's commission payable	741,778	723,333
Due to unit-linked funds	611,320	734,823
Premium deposit fund	11,714	12,251
	3,684,101	3,707,530
Non-insurance related liabilities		
Accrued expenses	3,432,999	3,694,137
Provident fund payable	602,654	761,028
Due to related parties (Note 28)	537,350	933,054
Income tax payable	354,364	327,460
Unearned upfront fees	206,541	263,781
Other tax payables	116,627	133,278
Withholding taxes payable	96,674	57,233
Other liabilities	1,197,339	724,783
	6,544,548	6,894,754
Total	P10,228,649	P10,602,284

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

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

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

Due to related parties account includes payables to Eastspring, Prudential 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).

Provident fund payable represents the retirement fund for agents.

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

Agent's commission payable pertains to unpaid commissions.

Unearned upfront fees pertains to the fees received from ATRAM as exclusive and sole fund manager of the Company for a five-year period as part of the Memorandum of Agreement executed last August 1, 2023. The Company recognized the upfront fees on a straight-line basis over five years. As of December 31, 2024 and 2023, the unearned upfront fees amounted to P206.54 million and P263.78 million, respectively. In 2024 and 2023, the Company recognized upfront fees amounting P57.24 and P22.42, respectively presented under 'Others - net'.

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

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

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

Others include provision for probable losses and payments to various suppliers. The Company recorded provisions for probable losses amounting to P987.97 million and P643.01 million as of December 31, 2024 and 2023, respectively.

21. Net Premiums

Gross premiums on insurance contracts:

	2024	2023
Unit-linked insurance *(Note 11)*	P46,253,841	P45,892,016
Ordinary life insurance	1,712,489	200,353
Group life insurance	270,121	108,044
Accident and health	57,585	60,797
	P48,294,036	P46,261,210

Reinsurer's share of gross premiums on insurance contracts:

	2024	2023
Unit-linked insurance	P256,856	P272,237
Ordinary life insurance	46,815	14,923
Group life insurance	5,733	4,104
Accident and health	(97)	105
	309,307	291,369
Experience refund		
Unit-linked insurance	(129,300)	(35,584)
Ordinary life insurance	(38,393)	(189,215)
	P141,614	P66,570

Net premiums on insurance contracts:

	2024	2023
Unit-linked insurance	**P46,126,285**	P45,655,363
Ordinary life insurance	**1,704,067**	374,645
Group life insurance	**264,388**	103,940
Accident and health	**57,682**	60,692
	P48,152,422	P46,194,640

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:

	2024	2023
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%**	–
Flexi Income Fund	**0.34%**	–

Policy administration fees amounted to P2.71 billion and P2.43 billion in 2024 and 2023, respectively.

23. Investment Income

The account consists of the following:

	2024	2023
Unrealized gain (loss) on valuation of investments at FVPL *(Note 8)*	**P818,944**	P647,376
Interest income	**(287,226)**	662,301
Gain (loss) on disposal of investments at FVPL *(Note 8)*	**79,904**	23,101
Foreign exchange gain (loss) *(Note 8)*	**21,637**	(3,192)
	P633,259	P1,329,586

Interest income consist of:

	2024	2023
Cash in banks *(Note 7)*	**P6,722**	P5,544
Short-term placements *(Note 7)*	**60,433**	56,198
Investments *(Note 8)*	**751,789**	585,634
	P818,944	P647,376

24. Benefits and Claims

Gross benefits and claims on insurance contracts:

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)**	**237,604**
Group life insurance	**62,444**	**(58)**	**62,386**
Accident and health	**4,371**	**(1)**	**4,370**
	P14,369,009	**(P98,145)**	**P14,270,864**

2023

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

Gross change in increase in legal policy reserves:

	2024	2023
Unit-linked insurance	**P69,148**	P36,956
Ordinary life insurance	**867,431**	(146,355)
Group life insurance	**50,830**	17,555
Accident and health	**2,254**	3,092
	P989,663	(P88,752)

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, 2024, the DB liability is more than the DC liability.

The Company's latest actuarial valuation date was as of December 31, 2024.

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

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**
	51,522	**173,066**	**(121,544)**
Included in Other Comprehensive Income			
Remeasurement gain (loss):			
Actuarial loss arising from:			
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**

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

The retirement expense under "Salaries, allowances and employees' benefits" account in profit or loss amounted to P121.54 million and P110.12 million in 2024 and 2023, respectively.

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

	2024	2023
Cash and cash equivalents	**P6.84**	P4.62
Receivables and accrued income receivable	**6,462**	5,810
Investments	**803,402**	844,966
Trust fee and other payable	**(30,140)**	(5,532)
	P779,731	P845,249

The expected contribution to the DB retirement plan in 2025 is P115.04 million.

The principal actuarial assumptions used in determining retirement asset of the Company's plan as at January 1, 2024 and 2023 are shown below:

	2024	2023
Discount rate	**6.00%**	7.25%
Future salary growth	**6.00%**	6.00%
Mortality rate	**2017 PICM**	2017 PICM
Average years of service	**6.61 years**	6.61 years

The weighted-average duration of the DBO is 16.08 years and 15.26 years in December 31, 2024 and 2023, respectively.

Discount rates used in computing for the present value of the obligation of the Company as of December 31, 2024 and 2023 are 6.00% and 7.25%, respectively.

Maturity analysis of the benefit payments:

	Retirement liability				
	Carrying amount	Contractual cash flows	Within 1 Year	Within 1-5 Years	More than5 Years
2024	**P663,077**	**P6,605,009**	**P27,056**	**P138,456**	**P6,439,835**
2023	748,169	7,075,729	43,317	209,252	6,823,160

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

	2024			
	Defined Benefit Obligation		Impact to Defined Benefit Obligation	
	Increase	Decrease	Increase (Decrease)	Decrease (Increase)
Discount rate (1% movement)	**1.00%**	**1.00%**	**(P8,585)**	**P21,675**
Future salary growth (1% movement)	**1.00%**	**1.00%**	**21,403**	**(8,628)**

	2023			
	Defined Benefit Obligation		Impact to Defined Benefit Obligation	
	Increase	Decrease	Increase (Decrease)	Decrease (Increase)
Discount rate (1% movement)	1.00%	1.00%	(P14,365)	P27,724
Future salary growth (1% movement)	1.00%	1.00%	27,397	(14,458)

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

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

26. Other Operating Expenses

The account consists of the following:

	2024	2023
Support service charges	**P544,068**	P246,956
Provisions	**348,889**	686,512
Security and janitorial	**69,527**	70,287
Representation and entertainment	**54,294**	64,925
Office supplies	**51,776**	67,443
Interest expense related to policies	**42,410**	39,195
Interest expense related to lease liabilities (Note 29)	**24,757**	30,600
Bank collection fees	**964**	72,357
IFRS 17 implementation costs	**–**	39,122
Other expenses	**71,904**	75,368
	P1,208,589	P1,392,765

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, investment in subsidiary, and other probable losses as of the reporting period.

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

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:

	2024	2023
Regular corporate income tax	**P1,322,113**	P1,296,159
Final tax	**173,015**	128,912
Current tax expense	**1,495,128**	1,425,071
Deferred tax expense	**629,992**	410,992
	P2,125,120	P1,836,063

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

	2024	2023
Income before income tax expense	**P7,198,133**	P7,178,263
Income tax using the domestic corporation tax rate	**P1,799,533**	P1,794,566
(Reductions in) additions to income tax resulting from:		
(Non-taxable gain) non-deductible loss on valuation of investments	**59,500**	(175,225)
Interest income subjected to final tax	**(31,721)**	(32,931)
Change in unamortized past service cost	**(1,689)**	(3,505)
(Non-taxable gain) non-deductible loss from disposal of investments	**(4,275)**	2,717
Non-deductible expense and others	**303,772**	250,441
	P2,125,120	P1,836,063

Below is the movement of the deferred tax assets and deferred tax liability recognized as at December 31, 2024 and 2023.

2024

	Beginning Balance	Amount Charged to Profit or Loss	Amount Recognized in Other Comprehensive Income	Ending Balance
Retirement liability	**(P21,266)**	**(P7,899)**	**(P9,260)**	**(P38,425)**
Deferred acquisition costs	**(4,178,322)**	**(397,452)**	**–**	**(4,575,774)**
Accrued expenses	**923,535**	**(65,287)**	**–**	**858,248**
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**
Unamortized past service cost	**10,584**	**54**	**–**	**10,638**
Deferred tax liabilities - net	**(P2,631,678)**	**(P629,992)**	**(P2,168)**	**(P3,263,838)**

2023

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

In 2024 and 2023, the Company opted to claim itemized deductions in determining its tax expense.

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

- Minimum corporate income tax (MCIT) rate is reverted to 2% of gross income which was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.

28. Related Party Transactions

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

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

Category/ Transaction	Year	Note	Amount of the Transaction	Due to Related Parties	Due from Related Parties (Note 16)	Investments in UITF (Note 8)	Investments in ASF (Note 16)	Terms	Conditions
Eastspring (Under Common Control)									
• Investment management	**2024**	*a*	**P88,612**	**P21,680**	**P –**	**P –**	**P –**	**30 days; noninterest - bearing**	**Unsecured**
	2023	a	P250,243	P20,570	P –	P –	P –	30 days; noninterest - bearing	Unsecured
PSA (Under Common Control)									
• IT service costs	**2024**	*b*	**(10,065)**	**–**	**–**	**922**	**–**	**30 days; noninterest - bearing**	**Unsecured**
	2023	b	112,819	17,154	–	–	–	30 days; noninterest - bearing	Unsecured
Prudence Foundation Limited (Under Common Control)									
• Cost reimbursements	**2024**	*c*	**9,393**	**8,677**	**–**	**–**	**–**	**30 days; noninterest -bearing**	**Unsecured; not impaired**
	2023	c	16,512	–	–	–	–	30 days; noninterest -bearing	Unsecured; not impaired
PAMTC (Subsidiary)									
• Allocation of expenses	**2024**	*d*	**21,305**	**–**	**–**	**–**	**–**	**30 days; noninterest -bearing**	**Unsecured; not impaired**
	2023	*d*	42,758	–	356	–	–	30 days; noninterest -bearing	Unsecured; not impaired
• Shared service fee	**2024**	*d*	**531**	**–**	**–**	**–**	**–**	**30 days; noninterest-bearing**	**Unsecured; not impaired**
	2023	*d*	4,327	–	–	–	–	30 days; noninterest-bearing	Unsecured; not impaired
• Investments in PAMTC's UITFs	**2024**	*d, 8*	**–**	**–**	**–**	**–**	**–**	**Noninterest-bearing**	**Unsecured**
	2023	*d, 8*	8,475	–	–	–	–	Noninterest-bearing	Unsecured
• Investments in ASF	**2024**	*d, 15*	**–**	**–**	**–**	**–**	**–**	**Noninterest-bearing**	**Unsecured**
	2023	*d, 15*	52,138	–	–	–	–	Noninterest-bearing	Unsecured

Forward

Category/ Transaction	Year	Note	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
• Investments management	**2024**	*d*	**P –**	**P –**	**P –**	**P –**	**P –**	**Noninterest-bearing**	**Unsecured**
	2023	*d*	9,371	10,366	–	–	–	Noninterest-bearing	Unsecured
• Investments service fee	**2024**	*d*	**–**	**–**	**–**	**–**	**–**	**Noninterest-bearing**	**Unsecured**
	2023	*d*	1,826	–	–	–	–	Noninterest-bearing	Unsecured
PCHL or Prudential Corporation Holdings Limited (Parent)									
• Support services and allocation of expenses	**2024**	*e*	**323,910**	**145,177**	**–**	**–**	**–**	**30 days; noninterest - bearing**	**Unsecured**
	2023	*e*	334,815	93,076	–	–	–	30 days; noninterest - bearing	Unsecured
PSS or Prudential Services Singapore Pte Ltd (Under Common Control)									
• IT security costs	**2024**	*f*	**282,261**	**94,915**	**–**	**–**	**–**	**30 days; noninterest - bearing**	**Unsecured**
	2023	*f*	97,953	39,720	–	–	–	30 days; noninterest - bearing	Unsecured
PEPL or Pulse Ecosystem Private Limited (Under Common Control)									
• Cost reimbursements	**2024**	*g*	**173,694**	**252,778**	**–**	**–**	**–**	**30 days; noninterest - bearing**	**Unsecured**
	2023	*g*	751,344	752,592	–	–	–	30 days; noninterest - bearing	Unsecured
Singapore - PACS or Prudential Assurance Company Singapore Pte									
• Cost reimbursements	**2024**	*h*	**17,416**	**–**	**–**	**–**	**–**	**30 days; noninterest - bearing**	**Unsecured**
	2023	*h*	22,857	9,942	–	–	–	30 days; noninterest - bearing	Unsecured
Prudential Investment Management PTE Ltd (PIM)									
• Investment Advisory	**2024**	*i*	**2,059**	**1,985**	**–**	**–**	**–**	**30 days; noninterest - bearing**	**Unsecured**
	2023	*i*	–	–	–	–	–	30 days; noninterest - bearing	Unsecured

Forward

Category/ Transaction	Year	Note	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
Prudential Technology and Services India Private Limited (PTSI)									
• IT security costs	**2024**	*j*	**P4,562**	**P4,562**	**P –**	**P –**	**P –**	**30 days; noninterest - bearing**	**Unsecured**
	2023	*j*	–	–	–	–	–	30 days; noninterest - bearing	Unsecured
Prudential (Cambodia) Life Assurance Plc									
• Cost reimbursements	**2024**	*k*	**8,535**	**7,576**	**–**	**–**	**–**	**30 days; noninterest - bearing**	**Unsecured**
	2023	*k*	–	–	–	–	–	30 days; noninterest - bearing	Unsecured
Indonesia - PT Prudential Life Assurance									
• Cost reimbursements	**2024**	*l*	**38**	**–**	**–**	**–**	**–**	**30 days; noninterest - bearing**	**Unsecured**
	2023	*l*	–	–	–	–	–	30 days; noninterest - bearing	Unsecured
TOTAL	**2024**		**P922,251**	**P537,350**	**P922**	**P –**	**P –**		
TOTAL	2023		P1,705,438	P933,054	P356	P –	P –		

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

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

b. The Company entered into a Service Level Agreement with PSA to provide infrastructure services aligned to agreed service hours and delivery performance targets. The services involve system availability and operation, service desk, network availability, back-up and recovery, change management, disaster recovery plans, system capacity, resource monitoring, among others.

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

d. Transactions with PAMTC pertain to various advances made by the Company on behalf of PAMTC for the cost incurred during the set-up of the latter. The Company also entered into a Shared Services Agreement with PAMTC, whereby the Company shall outsource labor services to PAMTC in consideration for a monthly fee for the labor and overhead charges. In 2024, the ownership of PAMTC is already transferred to a third party (see Note 9).

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

f. The Company entered into a Master Services Agreement with PSS whereby PSS will provide IT security services to the Company such as identity services & access management, data security, vulnerability management, cloud infrastructure security, network security, endpoint security, application security, cyber awareness and readiness, threat monitoring & response and emergency support.

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

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

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

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

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

l. 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 l above are wholly-owned subsidiaries of Prudential plc.

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:

	2024	2023
Short-term employee benefits	**P191,821**	P187,919
Post-employment benefits	**10,376**	8,786
	P202,197	P196,705

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:

	2024	2023
Cost		
Beginning balance	**P1,438,574**	P1,398,595
Additions	**549,502**	39,979
Derecognition and other adjustments*	**(441,307)**	–
Ending balance	**1,546,769**	1,438,574
Accumulated Depreciation		
Beginning balance	**1,153,532**	975,038
Depreciation	**218,314**	178,494
Derecognition	**(354,976)**	–
Ending balance	**1,016,870**	1,153,532
Net book value	**P529,899**	P285,042

**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:

	2024	2023
Balance at January 1	**P357,474**	P511,023
Additions	**549,502**	39,979
Interest	**24,757**	30,600
Derecognition and other adjustments*	**(86,331)**	–
Payments	**(233,640)**	(224,128)
Balance at December 31	**P611,762**	P357,474

**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 recognized in the statement of financial position:

	2024	2023
Current lease liabilities	**P204,867**	P185,943
Noncurrent lease liabilities	**406,895**	171,531
	P611,762	P357,474

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

	2024	2023
Depreciation expense of right-of-use assets	**P218,314**	P178,494
Expenses relating to short-term leases	**126,246**	172,074
Interest expense related to lease liabilities	**24,757**	30,600
	P369,317	P381,168

Shown below is the maturity of the undiscounted lease payments:

	2024	2023
Within 1 year	**P323,740**	P192,539
After one year but not more than five years	**481,150**	179,853
	P804,890	P372,392

Extension Options

Extension options are included in the Company's lease of its head office. On November 6, 2014, the Company entered into a lease contract with Mega World Corporation for office space at Uptown Bonifacio Tower 1 for a period of five (5) years commencing on September 15, 2015 subject to a 5.00% escalation effective on the third year of the lease term and compounded annually thereafter at the same rate. The lease contract was renewed on September 15, 2020 for a period of additional five (5) years. The same contract, 6th and 8th floors were pre-terminated effective September 14, 2024.

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.

Financial statements

30. Equity

The details of this account are as follows:

	2024	2023
Authorized		
Par value per share	**100**	100
Number of shares	**5,000,000**	5,000,000
Issued and Outstanding		
Number of shares	**5,000,000**	5,000,000
Capital stock	**500,000**	500,000
Additional paid-in capital	**462,000**	462,000
Total paid-up capital	**P962,000**	P962,000

On May 20, 2024, the BOD of the Company declared cash dividends amounting to P1.24 billion which shall not be remitted earlier than May 30, 2024. On May 30, 2024, the declared cash dividends of P1.24 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 P2.08 billion which shall not be remitted earlier than December 5, 2024. On December 5, 2024, the declared cash dividends of P2.08 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.

On May 22, 2023, the BOD of the Company declared cash dividends amounting to P1.6 billion which shall not be remitted earlier than May 30, 2023. On May 30, 2023, the declared cash dividends of P1.6 billion was paid to Prudential Corporation Holdings Limited. The Company submitted the corresponding post dividend distribution reportorial requirements to the IC on June 23, 2023.

On November 23, 2023, the BOD of the Company declared additional cash dividends amounting to P1.35 billion which shall not be remitted earlier than November 29, 2023. On November 29, 2023, the declared cash dividends of P1.35 billion was paid to Prudential Corporation Holdings Limited. The Company submitted the corresponding post dividend distribution reportorial requirements to the IC on December 27, 2023.

As at December 31, 2024, the Company's unappropriated retained earnings of P20.72 billion is in excess of its paid-up capital of P962.00 million. However, the Company plans to use the excess retained earnings to comply with the increasing capital and new regulatory requirements by the IC, as well as the Company's plan for new investment initiatives. The Company, being an insurance company, has special circumstances due to special reserve requirements of the IC, thus, exempted from prohibition of retaining surplus profits in excess of one hundred (100%) percent of paid-in capital stock, under Section 42 of the Revised Corporation Code of the Philippines. The exemption provision indicates that "when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is need for special reserve for probable contingencies."

31. Contingent Liabilities

In the normal course of the Company's operations, there are outstanding contingent liabilities which are not reflected in the 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, 2024 and 2023 analyzed according to when they are expected to be recovered or settled:

	2024			2023		
	Current	**Non-current**	**Total**	Current	Non-current	Total
Assets						
Cash and cash equivalents *(Note 7)*	**P4,832,707**	**P –**	**P4,832,707**	P3,168,423	P –	P3,168,423
Interest receivables	**171,027**	**–**	**171,027**	134,883	–	134,883
Investments *(Note 8)*	**13,460,936**	**–**	**13,460,936**	12,806,297	–	12,806,297
Asset held-for-sale *(Note 9)*	**–**	**–**	**–**	194,984	–	194,984
Premiums due from policyholders	**12,719**	**–**	**12,719**	10,822	–	10,822
Coverage debt receivables - net *(Note 12)*	**1,080,606**	**–**	**1,080,606**	1,200,455	–	1,200,455
Policy loans receivables - net *(Note 10)*	**272,303**	**–**	**272,303**	296,098	–	296,098
Reinsurance assets *(Note 13)*	**475,469**	**–**	**475,469**	297,304	–	297,304
Property and equipment - net *(Note 14)*	**–**	**831,276**	**831,276**	–	415,753	415,753
Right-of-use assets - net *(Note 29)*	**–**	**529,899**	**529,899**	–	285,042	285,042
Retirement assets - net *(Note 25)*	**–**	**116,654**	**116,654**	–	71,553	71,553
Deferred acquisition costs *(Note 15)*	**1,744,882**	**16,558,216**	**18,303,098**	1,599,806	15,113,485	16,713,291
Other assets - net *(Note 16)*	**2,061,200**	**760,560**	**2,821,760**	3,073,451	801,398	3,874,849
Assets held to cover linked liabilities *(Note 11)*	**126,927,748**	**–**	**126,927,748**	120,398,874	–	120,398,874
	P151,039,597	**P18,796,605**	**P169,836,202**	P143,181,397	P16,687,231	P159,868,628
Liabilities						
Legal policy reserves *(Note 17)*	**P443,448**	**P4,812,665**	**P5,256,113**	P391,643	P3,846,438	P4,238,081
Claims payable *(Note 18)*	**1,279,345**	**–**	**1,279,345**	1,249,140	–	1,249,140
Reinsurance payable *(Note 19)*	**275,294**	**–**	**275,294**	164,159	–	164,159
Deferred tax liabilities - net *(Note 27)*	**–**	**3,263,838**	**3,263,838**	–	2,631,678	2,631,678
Accounts payable, accrued expenses and other liabilities *(Note 20)*	**10,228,649**	**–**	**10,228,649**	10,602,284	–	10,602,284
Lease liabilities *(Note 29)*	**204,867**	**406,895**	**611,762**	185,943	171,531	357,474
Technical provisions for linked liabilities *(Notes 11)*	**126,927,748**	**–**	**126,927,748**	120,398,874	–	120,398,874
	P139,359,351	**P8,483,398**	**P147,842,749**	P132,992,043	P6,649,647	P139,641,690

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

In addition to the disclosures mandated under 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, 2024 (expressed in whole amounts):

A. Value Added Tax

The details of the Company's output VAT declared in 2024 are as follows:

	Paid	Accrued
Other income - shared service fees	P4,793,258	P –
Output VAT rate	12%	12%
	P575,191	P –

The Company did not claim input VAT in 2024.

B. Documentary Stamp Tax

The DST paid amounted to:

	Paid	Accrued
On life insurance policies and others	P32,410,263	P2,599,893

C. Withholding Taxes

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

	Paid	Accrued
Creditable withholding taxes	P747,462,057	P66,775,396
Final withholding taxes	587,354,829	2,787,172
Tax on compensation and benefits	318,007,505	27,111,018
	P1,652,824,391	P96,673,586

D. Taxes on Importation

The Company does not have any customs duties or tariff fees in 2024 since it does not have any importation.

E. Excise Tax

The Company does not have any excise tax in 2024 since it does not have any transactions which are subject to excise tax.

F. All Other Taxes (Local and National)

The details of the Company's paid and accrued local and national taxes in 2024 are as follows:

	Paid	Accrued
Premiums tax	P481,044,612	P119,994,192
License and permit fees	67,994,642	–
Fringe benefits tax	10,968,750	2,787,172
Real estate taxes	110,246	–
	P560,118,250	P122,781,364

G. Tax Assessments

The Company received Final Assessment Notice covering taxable year 2020 on November 14, 2024. This was considered closed as of December 31, 2024.

Combined financial statements

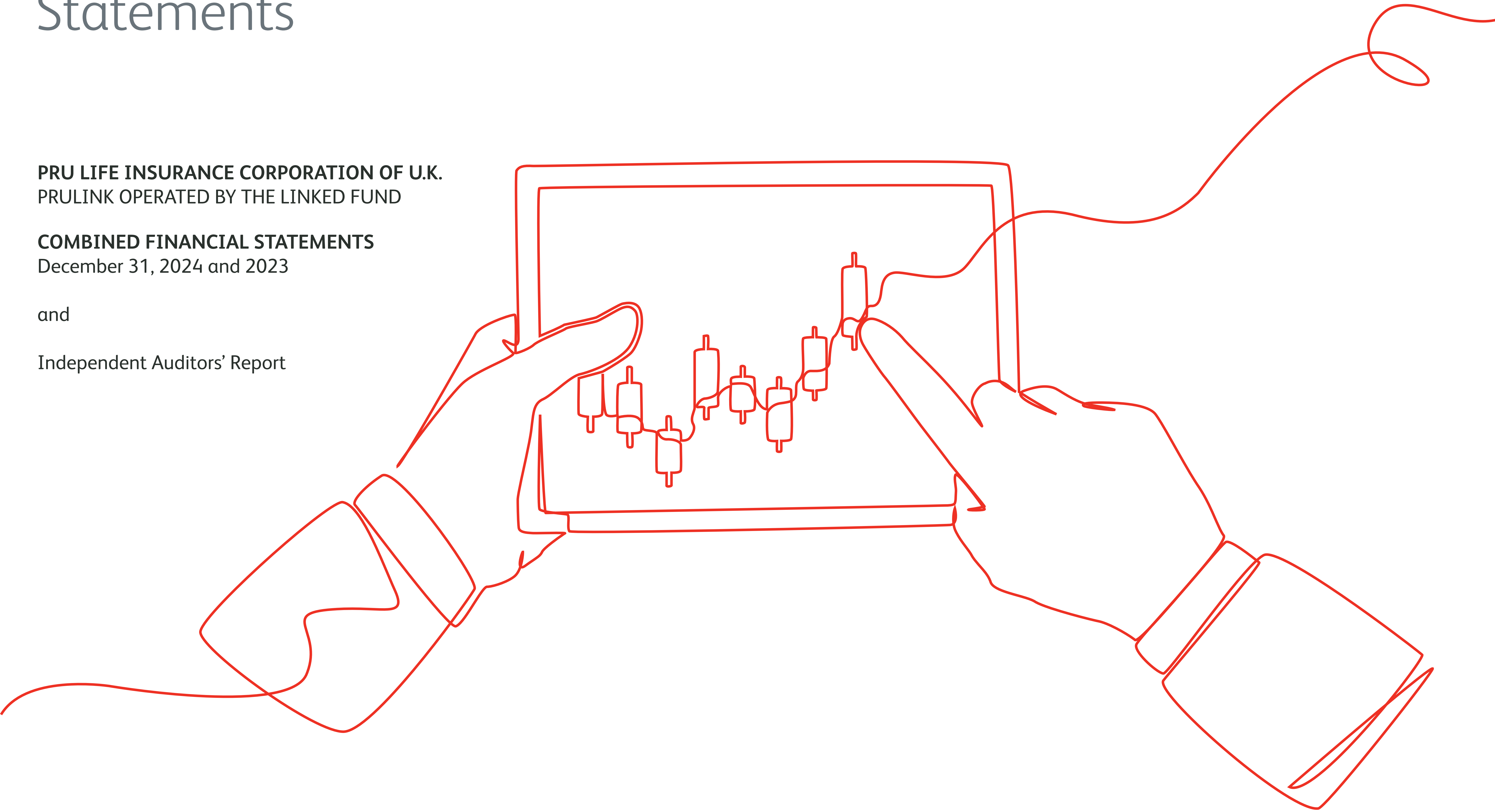
Combined Financial
Statements

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

COMBINED FINANCIAL STATEMENTS
December 31, 2024 and 2023

and

Independent Auditors' Report



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the combined financial statements of Prulink operated by the Linked Fund (the Funds) of Pru Life Insurance Corporation of U.K. (the Company), which comprise the combined statements of financial position as at December 31, 2024 and 2023, combined statements of comprehensive income, combined statements of changes in net assets attributable to unitholders 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, 2024 and 2023, 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 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 Combined Financial Statements* section of our report. We are independent of the Funds in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the combined financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

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

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

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

In preparing the combined financial statements, management is responsible for assessing the 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 Maminta

Juan Carlo B. Maminta
Partner
CPA Certificate No. 115260
Tax Identification No. 210-320-399
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-132-2023, September 12, 2023,
valid until September 11, 2026
PTR No. 10465333, January 2, 2025, Makati City

April 2, 2025

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	P8,591	P858	P1,294	P173,134	P1,342	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 *(Notes 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
Trust fees and other payable	—	—	—	—	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.

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Combined financial statements

PRU LIFE INSURANCE CORPORATION OF U.K.

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

COMBINED STATEMENTS OF ASSETS AND ACCOUNTABILITIES OF THE PRULINK OPERATED BY THE LINKED FUND AS AT DECEMBER 31, 2023 (Amounts in Thousands)

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund	Flexi Income Fund	Combined
ASSETS																			
Cash and cash equivalents (Note 7)	P36,584	P27,137	P48,529	P193,952	P1,973,741	P1,003	P14,279	P2,444	P3,671	P2,033	P71,531	P1,295	P12,161	P1,000	P7,585	P1,227,130	P—	P—	P3,624,075
Receivables *(Note 8)*	5,721	284,388	73,883	24,085	182,389	1,878	28,127	3,458	2,900	903	2,083,456	9	9,223	13,952	15,204	1,278,159	—	—	4,007,735
Investments at fair value through profit or loss *(Notes 5)*	5,111,067	18,559,868	4,382,411	18,359,616	72,033,526	482,280	16,378,970	353,623	821,920	714,497	12,026,426	116,665	1,323,707	1,744,673	784,545	4,382,934	—	—	157,576,728
	5,153,372	18,871,393	4,504,823	18,577,653	74,189,656	485,161	16,421,376	359,525	828,491	717,433	14,181,413	117,969	1,345,091	1,759,625	807,334	6,888,223	—	—	165,208,538
LIABILITIES																			
Liability to life fund and other linked funds	4,384	15,764,868	66,095	5,674	24,159,295	5,441	66,782	7,338	22,610	4,373	1,096,997	1,748	1,000	1,000	2,316	1,986	—	—	41,211,907
Accrued expenses	166	7,341	1,618	713	42,910	253	1,384	1,911	413	358	125,783	56	2,988	3,069	1,761	69,985	—	—	260,709
Trust fees and other payable	—	—	—	84,999	19,999	—	—	—	—	—	1,338,125	—	11,393	—	4,927	1,877,605	—	—	3,337,048
	4,550	15,772,209	67,713	91,386	24,222,204	5,694	68,166	9,249	23,023	4,731	2,560,905	1,804	15,381	4,069	9,004	1,949,576	—	—	44,809,664
NET ASSETS	P5,148,822	P3,099,184	P4,437,110	P18,486,267	P49,967,452	P479,467	P16,353,210	P350,276	P805,468	P712,702	P11,620,508	P116,165	P1,329,710	P1,755,556	P798,330	P4,938,647	P—	P—	P120,398,874

See Notes to the Combined Financial Statements.

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Combined financial statements

PRU LIFE INSURANCE CORPORATION OF U.K.

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

COMBINED STATEMENTS OF 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																			
Unrealized appreciation (depreciation) of investment at fair value through profit or loss *(Note 5)*	P—	(P86,810)	(P84,881)	P—	P133,486	(P4,399)	P—	P87	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 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.

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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 PROFIT OR LOSS OF THE PRULINK OPERATED BY THE LINKED FUND FOR THE YEAR ENDED DECEMBER 31, 2023 (Amounts in Thousands)

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund	Flexi Income Fund	Combined
FUND INCOME																			
Unrealized appreciation (depreciation) of investment at fair value through profit or loss	P—	P877,833	P172,884	P—	P275,573	P13,415	P—	P31,755	P42,180	P72,195	P1,591,106	P9,756	P141,027	P17,144	P91,477	P258,565	P—	P—	P3,594,910
Interest income (Notes 5 and 7)	659	964,931	223,740	3,522	93,071	7	1,684	—	—	—	3,228	—	18	7	17	2,119	—	—	1,293,003
Gain (loss) on sale of investment at fair value through profit or loss	—	(247,339)	(62,902)	—	(139,857)	6,682	—	8,744	21,766	26,969	(145,751)	446	514	2	276	(17,847)	—	—	(548,297)
Dividend income	—	—	—	—	2,180,301	—	—	—	—	—	7,112	—	—	—	—	4,862	—	—	2,192,275
Foreign exchange loss	—	—	(30,809)	—	—	—	—	(2,476)	(5,741)	(4,982)	(84,120)	(820)	—	—	—	(39,008)	—	—	(167,956)
Profit (loss) from interfund investments	269,180	(972,519)	—	340,215	(210,459)	—	573,583	—	—	—	—	—	—	—	—	—	—	—	—
	269,839	622,906	302,913	343,737	2,198,629	20,104	575,267	38,023	58,205	94,182	1,371,575	9,382	141,559	17,153	91,770	208,691	—	—	6,363,935
FUND EXPENSES																			
Management and custodian fees (Note 6)	5,777	279,124	71,742	25,635	1,691,864	2,236	56,649	6,387	17,794	14,570	262,810	2,321	24,024	22,629	12,802	43,627	—	—	2,539,991
Distribution expense	—	—	—	—	—	—	—	—	—	—	520,083	—	—	—	—	168,227	—	—	688,310
	5,777	279,124	71,742	25,635	1,691,864	2,236	56,649	6,387	17,794	14,570	782,893	2,321	24,024	22,629	12,802	211,854	—	—	3,228,301
Profit before tax	264,062	343,782	231,171	318,102	506,765	17,868	518,618	31,636	40,411	79,612	588,682	7,061	117,535	(5,476)	78,968	(3,163)	—	—	3,135,634
Final tax	132	144,933	38	704	18,614	1	337	—	—	—	2,013	—	4	1	3	120	—	—	166,900
NET FUND INCOME (LOSS)	P263,930	P198,849	P231,133	P317,398	P488,151	P17,867	P518,281	P31,636	P40,411	P79,612	P586,669	P7,061	P117,531	(P5,477)	P78,965	(P3,283)	P—	P—	P2,968,734

**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, 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.

PRU LIFE INSURANCE CORPORATION OF U.K.

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

COMBINED STATEMENTS OF CHANGES IN NET ASSETS OF THE PRULINK OPERATED BY THE LINKED FUND FOR THE YEAR ENDED DECEMBER 31, 2023 (Amounts in Thousands)

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund	Flexi Income Fund	Combined
Net assets at beginning of year	P4,922,995	P2,914,709	P4,930,034	P16,858,548	P43,988,713	P600,148	P16,316,992	P365,076	P880,769	P710,492	P13,177,849	P121,090	P891,625	P919,019	P371,756	P552,750	P—	P—	P108,522,565
Additions to the fund for creation of units	776,710	636,944	63,682	4,106,206	13,911,260	1,212	2,067,894	5,467	14,306	30,298	160,672	6,181	947,248	1,093,342	579,128	9,854,615	—	—	34,255,165
Withdrawals from the fund	(814,813)	(651,318)	(787,739)	(2,795,885)	(8,420,672)	(139,760)	(2,549,957)	(51,903)	(130,018)	(107,700)	(2,304,682)	(18,167)	(626,694)	(251,328)	(231,519)	(5,465,435)	—	—	(25,347,590)
Net additions (withdrawals) for creation of units	(38,103)	(14,374)	(724,057)	1,310,321	5,490,588	(138,548)	(482,063)	(46,436)	(115,712)	(77,402)	(2,144,010)	(11,986)	320,554	842,014	347,609	4,389,180	—	—	8,907,575
Net fund income (loss)	263,930	198,849	231,133	317,398	488,151	17,867	518,281	31,636	40,411	79,612	586,669	7,061	117,531	(5,477)	78,965	(3,283)	—	—	2,968,734
NET ASSETS AT END OF YEAR	P5,148,822	P3,099,184	P4,437,110	P18,486,267	P49,967,452	P479,467	P16,353,210	P350,276	P805,468	P712,702	P11,620,508	P116,165	P1,329,710	P1,755,556	P798,330	P4,938,647	P—	P—	P120,398,874

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	P11,020	P210,533	P7,920	(P197,724)	P24,295	P3,128	(P7,415)	P1,285,467
Adjustments for:																			
Unrealized 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)
Unrealized foreign exchange gain	—	—	(166,172)	—	—	—	—	(14,471)	(33,985)	(28,151)	(500,912)	(5,115)	—	—	—	(207,633)	—	—	(956,439)
Loss (profit) from interfund investmentss	(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 payable	—	—	—	(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)

Forward

Combined financial statements

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund*	Flexi Income Fund**	Combined
CASH FLOWS FROM INVESTING ACTIVITIES																			
Proceeds from disposal of investments	P54,082	P29,026,423	P1,401,657	P13,000	P6,859,479	P563,804	P959,830	P87,545	P211,580	P157,084	P8,906,184	P54,112	P78,856	P41,807	P92,920	P 3,882,782	P305	P—	P52,391,450
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) IN CASH 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

**Insurance Commission approved the commercial operations of the fund on June 21, 2024 as disclosed in Note 1 to the Combined Financial Statements.*
*** Insurance Commission approved the commercial operations of the fund on August 30, 2024 as disclosed in Note 1 to the Combined Financial Statements.*
See Notes to the Combined Financial Statements.

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PRU LIFE INSURANCE CORPORATION OF U.K.

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

COMBINED STATEMENTS OF CASH FLOWS OF THE PRULINK OPERATED BY THE LINKED FUND FOR THE YEAR ENDED DECEMBER 31, 2023 (Amounts in Thousands)

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund*	Flexi Income Fund**	Combined
CASH FLOWS FROM OPERATING ACTIVITIES																			
Profit before tax	P264,062	P343,782	P231,171	P318,102	P506,765	P17,868	P518,618	P31,636	P40,411	P79,612	P588,682	P7,061	P117,535	(P5,476)	P78,968	(P3,163)	P —	P—	P3,135,634
Adjustments for:																			
Unrealized depreciation (appreciation) of investment at fair value through profit or loss	—	(877,833)	(172,884)	—	(275,573)	(13,415)	—	(31,755)	(42,180)	(72,195)	(1,591,106)	(9,756)	(141,027)	(17,144)	(91,477)	(258,565)	—	—	(3,594,910)
Interest income	(659)	(964,931)	(223,740)	(3,522)	(93,071)	(7)	(1,684)	—	—	—	(3,228)	—	(18)	(7)	(17)	(2,119)	—	—	(1,293,003)
Loss (gain) on sale of investment at fair value through profit or loss	—	247,339	62,902	—	139,857	(6,682)	—	(8,744)	(21,766)	(26,969)	145,751	(446)	(514)	(2)	(276)	17,847	—	—	548,297
Dividend income	—	—	—	—	(2,180,301)	—	—	—	—	—	(7,112)	—	—	—	—	(4,862)	—	—	(2,192,275)
Unrealized foreign exchange loss	—	—	30,809	—	—	—	—	2,476	5,741	4,982	84,120	820	—	—	—	39,008	—	—	167,956
Loss (profit) from interfund investments	(269,180)	972,519	—	(340,215)	210,459	—	(573,583)	—	—	—	—	—	—	—	—	—	—	—	—
Operating loss before working capital changes	(5,777)	(279,124)	(71,742)	(25,635)	(1,691,864)	(2,236)	(56,649)	(6,387)	(17,794)	(14,570)	(782,893)	(2,321)	(24,024)	(22,629)	(12,802)	(211,854)	—	—	(3,228,301)
Changes in:																	—	—	
Receivable	(2,100)	(89,995)	—	10,224	363,157	(1,833)	(21,476)	(2,744)	558	1,277	(2,064,921)	1,321	1,546	2,009	(4,292)	(927,314)	—	—	(2,734,583)
Liability to life fund and other linked funds	(22,624)	893,333	56,233	4,674	1,546,880	4,299	51,681	5,444	19,793	1,493	1,095,488	476	—	—	1,316	1,000	—	—	3,659,486
Accrued expenses	25	1,448	22	61	9,224	187	(48)	(550)	(1,415)	(1,100)	(13,374)	4	966	1,508	945	69,879	—	—	67,782
Trust fees and other payables	(20,400)	—	—	(71,501)	(325,784)	—	(156,000)	(67)	(98)	(247)	749,324	(1,095)	1,603	—	(3,843)	1,714,343	—	—	1,886,235
	(50,876)	525,662	(15,487)	(82,177)	(98,387)	417	(182,492)	(4,304)	1,044	(13,147)	(1,016,376)	(1,615)	(19,909)	(19,112)	(18,676)	646,054	—	—	(349,381)
Payment of income tax	(132)	(144,933)	(38)	(704)	(18,614)	(1)	(337)	—	—	—	(2,013)	—	(4)	(1)	(3)	(120)	—	—	(166,900)
Net cash provided by (used in) operating activities	(51,008)	380,729	(15,525)	(82,881)	(117,001)	416	(182,829)	(4,304)	1,044	(13,147)	(1,018,389)	(1,615)	(19,913)	(19,113)	(18,679)	645,934	—	—	(516,281)

Forward

Combined financial statements

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund*	Flexi Income Fund**	Combined
CASH FLOWS FROM INVESTING ACTIVITIES																			
Proceeds from disposal of investments	P561,932	P6,939,572	P969,616	P1,151,622	P5,158,423	P335,311	P2,981,398	P83,085	P190,124	P153,061	P84,325,272	P82,555	P59,666	P25,975	P14,647	P3,115,627	P—	P—	P106,147,886
Acquisitions of investments	(515,889)	(8,404,741)	(474,487)	(2,584,422)	(13,787,588)	(197,184)	(2,789,769)	(31,718)	(73,393)	(61,885)	(81,822,975)	(69,150)	(355,768)	(848,884)	(343,443)	(7,053,807)	—	—	(119,415,103)
Interest received	666	935,871	230,624	3,556	93,264	7	1,774	—	—	—	3,228	—	18	7	17	2,119	—	—	1,271,151
Dividends received	—	—	—	—	2,099,333	—	—	—	—	—	7,112	—	—	—	—	4,862	—	—	2,111,307
Net cash (used in) provided by investing activities	46,709	(529,298)	725,753	(1,429,244)	(6,436,568)	138,134	193,403	51,367	116,731	91,176	2,512,637	13,405	(296,084)	(822,902)	(328,779)	(3,931,199)	—	—	(9,884,759)
CASH FLOWS FROM FINANCING ACTIVITIES																			
Additions to the fund for creation of units	776,710	636,944	63,682	4,106,206	13,911,260	1,212	2,067,894	5,467	14,306	30,298	160,672	6,181	947,248	1,093,342	579,128	9,854,615	—	—	34,255,165
Withdrawals from the fund	(814,813)	(651,318)	(787,739)	(2,795,885)	(8,420,672)	(139,760)	(2,549,957)	(51,903)	(130,018)	(107,700)	(2,304,682)	(18,167)	(626,694)	(251,328)	(231,519)	(5,465,435)	—	—	(25,347,590)
Net cash (used in) provided by financing activities	(38,103)	(14,374)	(724,057)	1,310,321	5,490,588	(138,548)	(482,063)	(46,436)	(115,712)	(77,402)	(2,144,010)	(11,986)	320,554	842,014	347,609	4,389,180	—	—	8,907,575
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(42,402)	(162,943)	(13,829)	(201,804)	(1,062,981)	2	(471,489)	627	2,063	627	(649,762)	(196)	4,557	(1)	151	1,103,915	—	—	(1,493,465)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	—	—	(338)	—	—	—	—	(17)	(25)	(14)	(498)	(8)	—	—	—	(8,533)	—	—	(9,433)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	78,986	190,080	62,696	395,756	3,036,722	1,001	485,768	1,834	1,633	1,420	721,791	1,499	7,604	1,001	7,434	131,748	—	—	5,126,973
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	P36,584	P27,137	P48,529	P193,952	P1,973,741	P1,003	P14,279	P2,444	P3,671	P2,033	P71,531	P1,295	P12,161	P1,000	P7,585	P1,227,130	P—	P—	P3,624,075

**Insurance Commission approved the commercial operations of the fund on June 21, 2024 as disclosed in Note 1 to the Combined Financial Statements.*
*** Insurance Commission approved the commercial operations of the fund on August 30, 2024 as disclosed in Note 1 to the Combined Financial Statements.*
See Notes to the Combined Financial Statements.

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

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF THE PRULINK OPERATED BY THE LINKED FUND
(Amounts in Thousands, except as indicated)

1. 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 there under that may vary so as to reflect investment results. The objective of Prulink (the Funds) is to provide policyholders with above average return over the medium and long-term period through both capital appreciation and income. Currently, there are sixteen funds available for investment, for which these combined financial statements have been prepared.

The Company is a wholly-owned subsidiary of Prudential Corporation Holdings Limited (Prudential). The Company's ultimate parent company is Prudential plc, an internationally diversified organisation providing life insurance and fund management services worldwide.

The Funds is composed of the following:

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

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

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

d. **Growth Fund** - a fund which seeks to 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 optimize medium- to long-term capital growth through investments in shares of stock listed in the Philippines.

f. **Money Market Fund** - a fund which seeks to provide a stable return through investment in fixed-income instruments issued by the Philippine government and short-term instruments such as deposit placements.

g. **Proactive Fund** - a fund which seeks to optimize medium- to long-term capital and income growth with emphasis on dynamic asset allocation by fund managers through investment in fixed-income securities, money market instruments, and shares of stock listed in the Philippines.

h. **Asian Local Bond Fund** - a fund structured as a feeder fund which invests in the Eastspring Investments - Asian Local Bond Fund (EI-Asian Local Bond Fund). The EI-Asian Local Bond Fund invests in a diversified portfolio consisting primarily of fixed-income / debt securities issued by Asian entities or their subsidiaries. This Fund's portfolio primarily consists of securities denominated in the various Asian currencies and aims to maximize total returns through investing in fixed-income or debt securities that are rated as well as unrated.

i. **Asia Pacific Equity Fund** - a fund structured as a feeder fund which invests in the Eastspring Investments - Asia Pacific Equity Fund, which aims to maximize long-term total return by investing primarily in equity and equity-related securities of companies which are incorporated, listed in or have their area of primary activity in the Asia Pacific ex-Japan Region. This Fund may also invest in depository receipts including American Depositary Receipts and Global Depositary Receipts, debt securities convertible into common shares, preference shares and warrants.

j. **Global Emerging Market Fund** - a fund structured as a feeder fund which invests in the Eastspring Investments - Global Emerging Markets Dynamic Fund, which aims to generate long-term capital growth through a concentrated portfolio of equities, equity-related securities, and bonds. This Fund invests primarily in securities of companies which are incorporated, or listed in, or operating principally from, or carrying on significant business in, or derive substantial revenue from, or whose subsidiaries, related or associated corporations derive substantial revenue from the emerging markets worldwide. This Fund may also invest in depository receipts including American Depositary Receipts and Global Depositary Receipts, preference shares and warrants.

k. **Cash Flow Fund** - a fund which seeks to provide investors with regular payout by investing in a diversified portfolio consisting primarily of high-yield bonds and other fixed-income/debt securities denominated in 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 maximize total return in the medium- to long-term by primarily investing in equities/equity-related securities of companies, which are incorporated, listed in, or have their area of primary activity in the Asia-Pacific region (excluding Japan) as well as fixed-income/debt securities issued by Asian entities or their subsidiaries. The Fund is invested in three (3) USD denominated and Luxembourg-domiciled Asian SICAV funds of Eastspring Investments, namely, Asia Pacific Equity Fund, Asian Local Bond Fund, and Asian Bond Fund.

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.

The Company submitted its application for the approval of the Prulink Dollar Cash Flow Fund Plus to IC on March 21, 2023 and was subsequently approved on May 5, 2023.

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. In 2022, the Managed Fund, Bond Fund (Peso), Growth Fund, Equity Fund, Proactive Fund, Equity Index Tracker Fund and Money Market Fund were managed by Pru Life UK Asset Management and Trust Corporation (PAMTC) until October to November 2023, then the fund management of these funds are transferred to ATRAM Trust Corporation (see Note 6), a local independent asset and wealth management company starting November to December 2023. The valuation and unit pricing calculation of the Funds is done by Standard Chartered Bank (SCB) in accordance with the Prudential Corporation Holdings Limited (PCHL) mandate.

On July 12, 2023, the Company received the approval letter from the IC about the transfer of Managed Fund, Bond Fund (Peso), Growth Fund, Equity Fund, and Proactive Fund from being managed by Eastspring Investments (Singapore) Limited to ATRAM Trust Corporation and in November 13, 2023, the Company received the approval letter from the IC about the transfer of Equity Index Tracker Fund and Money Market Fund from being managed by Pru Life UK Asset Management and Trust Corporation (PAMTC) to ATRAM Trust Corporation via the Investment Management Account (IMA) for professional fund management services.

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

2. Basis of Preparation

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

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

The combined financial statements of the Funds were authorized for issue by the Board of Directors (BOD) of the Company on April 2, 2025.

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, 2024 and 2023. 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, interfund transactions are not eliminated. The interfund investments under "Investments at FVPL" account not eliminated as at December 31 are as follows:

	2024	2023
Proactive Fund invested at Bond Fund (Peso) *(Note 5)*	**P8,126,132**	P7,931,920
Managed Fund invested at Bond Fund (Peso) *(Note 5)*	**4,337,052**	4,121,036
Growth Fund invested at Equity Fund *(Note 5)*	**14,840,545**	14,654,212
Proactive Fund invested at Equity Fund *(Note 5)*	**7,531,528**	8,447,050
Growth Fund invested at Bond Fund (Peso) *(Note 5)*	**4,211,231**	3,705,404
Managed Fund invested at Equity Fund *(Note 5)*	**998,178**	990,031
	P40,044,666	P39,849,653

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

	2024	2023
Liability of Equity Fund to Growth Fund	**P8,126,132**	P7,931,920
Liability of Equity Fund to Proactive Fund	**4,337,052**	4,121,036
Liability of Bond Fund (Peso) to Proactive Fund	**14,840,545**	14,654,212
Liability of Bond Fund (Peso) to Managed Fund	**7,531,528**	8,447,049
Liability of Bond Fund (Peso) to Growth Fund	**4,211,231**	3,705,404
Liability of Equity Fund to Managed Fund	**998,178**	990,031
	P40,044,666	P39,849,652

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 P601.05 million and P719.18 million as at December 31, 2024 and 2023, 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 P40.13 billion and P41.21 billion as at December 31, 2024 and 2023, 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 has been rounded off to the nearest thousands (P000s), except when otherwise indicated. Transactions in foreign currencies pertain to foreign denominated cash and cash equivalents and acquisitions and disposals of financial assets at FVPL that are translated to the functional currency using the foreign currency exchange rate prevailing at the date of transaction. These cash and cash equivalents and financial assets at FVPL are translated to Philippine peso using the foreign currency closing exchange rate prevailing at the reporting date.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognise 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 to recognise 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, 2024. 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 recognize 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 recognise at fair value on the date when the derivative contract is entered into and are subsequently remeasured at fair value. A derivative is reported as an asset when fair value is positive and as a liability when fair value is negative.

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

Non-derivative Financial Assets
The Funds initially recognizes loans and receivables on the date that they originated. All other financial assets, including assets designated at FVPL, are recognized initially on the trade date, which is the date that the Funds become a party to the contractual provisions of the instrument.

The Funds classifies non-derivative financial assets into the following categories: financial assets at FVPL, available-for-sale (AFS) financial assets, held-to-maturity (HTM) investments and loans and receivables.

As at December 31, 2024 and 2023, the Funds has no investments classified as AFS financial assets and HTM investments.

a. *Financial assets at FVPL*

A financial asset is classified at FVPL if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated at FVPL if the Funds manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Funds' documented risk management or investment strategy. Attributable transaction costs are recognized in combined statements of changes in net assets as incurred. Financial assets at FVPL are measured at fair value and changes therein, which takes into account any dividend income, are recognized in combined statements of changes in net assets.

The Funds' held for trading account consists of traded government and corporate debt securities, equity securities listed in the Philippine Stock Exchange (PSE) and investments in mutual funds. These financial assets are measured at fair value and changes therein are recognized in the combined statements of changes in net assets. Investments at FVPL amounted to P165.27 billion and P157.58 billion as at December 31, 2024 and 2023, respectively (see Note 5).

The fair value for financial instruments traded in active markets at each reporting date is based on the quoted market price, dealer price quotations or net asset value of these financial assets, without any deduction for transaction costs.

b. *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Funds' combined financial assets classified as loans and receivables comprise cash and cash equivalents, interest receivables and receivable from life fund and other receivables. As at December 31, 2024 and 2023, the Funds' combined loans and receivables amounted to P4.00 billion and P7.63 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 amortized cost
The Funds considers evidence of impairment for financial assets measured at amortized cost at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Financial assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Funds uses historical trends of the probability of default, the timing of recoveries and the amount of the loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

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

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

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

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

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

Where the Funds has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor is transferred control of the asset, the asset recognise 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 recognise when, and only when, the Funds becomes a party to the contractual provisions of the financial instrument. The Funds determines the classification of financial liabilities at initial recognition.

The Funds initially recognizes financial liabilities on the date they are originated. Financial liabilities are initially recognise 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 recognise initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Funds' other financial liabilities comprise of liability to life fund and other linked funds, accrued expenses and trade payable. As at December 31, 2024 and 2023, the Funds' other financial liabilities amounted to P42.33 billion and P44.81 billion, respectively.

Derecognition of Financial Liabilities
The Funds derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Revenue Recognition
Under PFRS 15, *Revenue from Contracts with Customers* revenue is measured based on the consideration in a contract with customer. The Company has no revenue accounted under PFRS 15.

Revenue out of scope of PFRS 15
Investment Income
Investment income consists of fair value changes of investments at FVPL, interest income from all interest-bearing investments, dividend income from stock investments and gain (loss) on sale of investment at FVPL.

Interest income for all interest-bearing financial instruments, including financial assets at FVPL, is recognized in the combined statement of changes in net assets using the effective interest method.

Gain (loss) on sale of investment at FVPL is recognized upon sale of investments when the consideration received is higher or lower than the recorded cost of the investments.

Dividend income for stock investments is recognized in the combined statements of changes in net assets when the right to receive payment is established.

Profit (loss) from interfund investments
Profit (loss) from interfund investments consists of fair value changes and realized gain or loss from interfund investments.

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

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

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

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

Expense Recognition
All expenses, including management fees and distribution expenses are recognized when incurred.

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

Contingencies
Contingent liabilities are not recognized in the combined financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic

benefits is remote. Contingent assets are not recognized in the combined financial statements but are disclosed when an inflow of economic benefits is probable.

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

Events After the Reporting Date

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

New Standards and Amendments to Standards Not Yet Adopted

A number of new and amendments to standards are effective for annual periods beginning after January 1, 2024. 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, 2025

- 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.

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 derecognized 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 derecognize 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.

  - 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 recognize 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 recognized 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 recognized 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 amortization of the CSM into income as services are provided. The Company is continuously assessing the potential impact of all other changes including accounting policy choices available under PFRS 17 on how insurance contract liabilities are measured and the impact on presentation and disclosure of the financial results in the combined financial statements. The adoption of PFRS 17 requires significant changes to the Company's accounting and reporting processes. To ensure readiness, the Company has invested on financial and actuarial technology platforms that will enhance data capture, improve actuarial models and assumptions, among others and subsequently, produce management information for financial planning and enhance business and strategic analyses.

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

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

- PFRS 9, *Financial Instruments*

  PFRS 9 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 recognize in the combined financial statements.

(a) *Classifying financial Instruments*

The Funds exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset or liability. The substance of a financial instrument, rather than its legal form, governs its classification in the separate statement of financial position. In addition, the Funds classifies assets by evaluating among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether the quoted prices are readily and regularly available and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

As at December 31, 2024 and 2023, the Funds classified its financial instruments as financial instruments at FVPL, loans and receivables, and other financial liabilities.

(b) *Determination of functional currency*

Based on the economic substance of the underlying circumstance relevant to the Funds, the functional currency of the Funds has been determined to be the Philippine peso. The Philippine peso is the currency of the primary economic environment in which the Funds operates. It is the currency that mainly influences the income and costs arising from the Funds' operations.

Estimates
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, 2024 and 2023, the Funds' financial instruments carried at fair value are classified as Level 1 and Level 2 in the fair value hierarchy.

Combined financial statements

5. Investments at Fair Value through Profit or Loss

This account as at December 31 consists of:

	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	P573,884	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

	2023																		
	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund	Flexi Income Fund	Combined
Investments in shares of stocks	P—	P—	P—	P—	P72,033,526	P—	P—	P—	P821,920	P714,497	P302,601	P62,889	P1,323,707	P1,744,673	P784,545	P544,736	P—	P—	P78,333,094
Investments in bond funds	4,121,036	—	—	3,705,404	—	—	7,931,920	—	—	—	—	—	—	—	—	—	—	—	15,758,360
Investments in equity funds	990,031	—	—	14,654,212	—	—	8,447,050	—	—	—	—	—	—	—	—	—	—	—	24,091,293
Investments in debt securities	—	18,559,868	4,382,411	—	—	482,280	—	353,623	—	—	11,685,159	53,776	—	—	—	3,823,768	—	—	39,340,885
Derivative assets (liabilities)	—	—	—	—	—	—	—	—	—	—	38,666	—	—	—	—	14,430	—	—	53,096
	P5,111,067	P18,559,868	P4,382,411	P18,359,616	P72,033,526	P482,280	P16,378,970	P353,623	P821,920	P714,497	P12,026,426	P116,665	P1,323,707	P1,744,673	P784,545	P4,382,934	P—	P—	P157,576,728

Combined financial statements

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

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	P—	P—	P157,576,728
Fair value gains (loss) recognized 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**

2023	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund	Flexi Income Fund	Combined
Fair value at January 1, 2023	P4,887,930	P17,436,724	P4,798,029	P16,586,601	P63,479,104	P600,310	P15,997,016	P366,950	P880,421	P711,477	P13,166,990	P120,680	P886,064	P904,618	P363,996	P234,511	P—	P—	P141,421,421
Fair value gains (loss) recognized in profit or loss	—	877,833	172,884	—	275,573	13,415	—	31,755	42,180	72,195	1,591,106	9,756	141,027	17,144	91,477	258,565	—	—	3,594,910
Profit (loss) from interfund investments	269,180	-972,519	—	340,215	-210,459	—	573,583	—	—	—	—	—	—	—	—	—	—	—	—
Foreign exchange gain (loss)	—	—	(30,471)	—	—	—	—	(2,459)	(5,716)	(4,968)	(83,622)	(812)	—	—	—	(30,475)	—	—	(158,523)
Purchases	515,889	8,404,741	474,487	2,584,422	13,787,588	197,184	2,789,769	31,718	73,393	61,885	81,822,975	69,150	355,768	848,884	343,443	7,053,807	—	—	119,415,103
Disposals	(561,932)	(7,186,911)	(1,032,518)	(1,151,622)	(5,298,280)	(328,629)	(2,981,398)	(74,341)	(168,358)	(126,092)	(84,471,023)	(82,109)	(59,152)	(25,973)	(14,371)	(3,133,474)	—	—	(106,696,183)
Fair value at December 31, 2023	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	P—	P—	P157,576,728

Interest rates for the years ended December 31, 2024 and 2023 ranges from nil to 9.5% for both periods.

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
2024	P—	P1,081,502	P205,033	P—	P—	P—	P—	P—	P—	P—	P—	P—	P—	P—	P—	P—	P—	P—	P1,286,535
2023	P—	P961,817	P223,268	P—	P—	P—	P—	P—	P—	P—	P—	P—	P—	P—	P—	P—	P—	P—	P1,185,085

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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:

	2024	2023
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%	—
Flexi Income Fund	0.34%	—

The management and custodian fees are as follows:

	2024	2023
Managed Fund	P6,924	P5,777
Bond Fund (Peso)	297,214	279,124
Bond Fund (Dollar)	65,495	71,742
Growth Fund	31,151	25,635
Equity Fund	1,878,729	1,691,864
Proactive Fund	58,080	2,236
Money Market Fund	2,061	56,649
Asian Local Bond Fund	6,208	6,387
Asia Pacific Equity Fund	17,148	17,794
Global Emerging Market Fund	14,874	14,570
Cash Flow Fund	234,830	262,810
Asian Balanced Fund	2,414	2,321
Global Market Navigator Fund	37,459	24,024
Equity Index Tracker Fund	42,595	22,629
Global Equity Navigator Fund	26,898	12,802
Cash Flow Fund Plus	100,255	43,627
Global Tech Navigator Fund	373	—
Flexi Income Fund	53	—
	P2,822,761	P2,539,991

7. Cash and Cash Equivalents

This account consists of:

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

2023

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund	Flexi Income Fund	Combined
Cash in banks	P1,251	P1,152	P32,041	P1,252	P1,259	P1,003	P1,250	P2,444	P3,671	P2,033	P71,531	P1,295	P12,161	P1,000	P7,585	P1,227,130	P—	P—	P1,368,058
Short-term placements	35,333	25,985	16,488	192,700	1,972,482	—	13,029	—	—	—	—	—	—	—	—	—	—	—	2,256,017
	P36,584	P27,137	P48,529	P193,952	P1,973,741	P1,003	P14,279	P2,444	P3,671	P2,033	P71,531	P1,295	P12,161	P1,000	P7,585	P1,227,130	P—	P—	P3,624,075

Cash in banks earns interest at the prevailing bank deposit rates ranging from 0.44% to 2.80% and 0.75% to 2.80% per annum in 2024 and 2023, respectively. Short-term placements are Philippine peso and U.S. dollar time deposits with various financial institutions with maturities ranging from overnight to ninety days and interest ranging from 2.50% to 2.78% and 2.80% to 3.70% per annum in 2024 and 2023, respectively.

Interest income follow:

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	P—	P—	P—	P972	P—	P20	P8	P28	P845	P—	P—	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	P—	P—	P—	P978	P—	P20	P8	P28	P845	P—	P—	P36,045

2023

	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund	Flexi Income Fund	Combined
Cash in banks	P7	P10	P8	P8	P1,022	P7	P7	P—	P—	P—	P1,177	P—	P18	P7	P17	P598	P—	P—	P2,886
Short-term placements	652	3,104	464	3,514	92,049	—	1,677	—	—	—	—	—	—	—	—	—	—	—	101,460
	P659	P3,114	P472	P3,522	P93,071	P7	P1,684	P—	P—	P—	1,177	P—	P18	P7	P17	P598	P—	P—	P104,346

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8. Receivables

This account consists of:

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	P—	P36,106	P15,825	P25,302	P156,054
Margin collateral receivable	—	—	—	—	—	—	—	—	—	—	1,083,257	—	—	—	—	793,925	—	—	P1,877,182
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

2023	Managed Fund	Bond Fund (Peso)	Bond Fund (Dollar)	Growth Fund	Equity Fund	Money Market Fund	Proactive Fund	Asian Local Bond Fund	Asia Pacific Equity Fund	Global Emerging Market Fund	Cash Flow Fund	Asian Balanced Fund	Global Market Navigator Fund	Equity Index Tracker Fund	Global Equity Navigator Fund	Cash Flow Fund Plus	Global Tech Navigator Fund	Flexi Income Fund	Combined
Trade receivables	P—	P85,000	P—	P—	P—	P1,878	P20,000	P3,458	P2,785	P903	P835,416	P—	P—	P2,315	P1,316	P—	P—	P—	P953,071
Margin collateral receivable	—	—	—	—	—	—	—	—	—	—	1,248,040	—	—	—	—	467,323	—	—	1,715,363
Receivable from life fund	5,713	8,903	—	24,044	81,559	—	8,125	—	115	—	—	9	6,236	11,637	13,888	558,947	—	—	719,176
Interest receivable	8	190,485	73,883	41	100,830	—	2	—	—	—	—	—	—	—	—	—	—	—	365,249
Other receivables	—	—	—	—	—	—	—	—	—	—	—	—	2,987	—	—	251,889	—	—	254,876
	P5,721	P284,388	P73,883	P24,085	P182,389	P1,878	P28,127	P3,458	P2,900	P903	P2,083,456	P9	P9,223	P13,952	P15,204	P1,278,159	P—	P—	P4,007,735

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.

9. Number of Units and Unit Prices

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

	2024	2023
Managed Fund	**1,582,847**	1,540,694
Bond Fund (Peso)	**1,061,173**	1,055,631
Growth Fund	**5,391,896**	5,208,429
Equity Fund	**27,417,039**	25,563,844
Proactive Fund	**7,407,839**	7,786,085
Money Market Fund	**284,084**	406,858
Global Market Navigator Fund	**1,477,930**	1,195,432
Equity Index Tracker Fund	**2,583,943**	1,569,209
Global Equity Navigator Fund	**1,252,475**	792,121
Bond Fund (Dollar)	**26,977**	31,162
Asian Local Bond Fund	**5,300**	6,006
Asia Pacific Equity Fund	**12,092**	13,678
Global Emerging Market Fund	**9,568**	10,220
Cash Flow Fund (Dollar)	**126,996**	140,063
Cash Flow Fund (Peso Hedged Share Class)	**6,432,665**	6,075,228
Asian Balanced Fund	**2,017**	2,174
Cash Flow Fund Plus (Peso)	**4,200,011**	4,276,991
Cash Flow Fund Plus (Dollar)	**11,507**	11,666
Global Tech Navigator Fund	**336,792**	—
Flexi Income Fund	**585,902**	—
	60,209,053	55,685,491

The corresponding December 31 unit prices are as follows:

	2024	2023
Unit Price in Philippine Peso		
Managed Fund	**P3.40968**	P3.34189
Bond Fund (Peso)	**3.01542**	2.93586
Growth Fund	**3.55735**	3.54930
Equity Fund	**1.94713**	1.95461
Proactive Fund	**2.11994**	2.10031
Money Market Fund	**1.21779**	1.17846
Global Market Navigator Fund	**1.27374**	1.11233
Equity Index Tracker Fund	**1.14006**	1.11875
Global Equity Navigator Fund	**1.21743**	1.00784
Cash Flow Fund (Peso Hedged Share Class)	**0.91626**	0.91139
Cash Flow Fund Plus (Peso)	**0.99725**	1.00164
Global Tech Navigator Fund	**1.05825**	—
Flexi Income Fund	**0.97223**	—
Unit Price in U.S. Dollar		
Bond Fund (Dollar)	**$2.52744**	$2.57160
Asian Local Bond Fund	**1.06861**	1.05331
Asia Pacific Equity Fund	**1.13390**	1.06356
Global Emerging Market Fund	**1.18622**	1.25949
Cash Flow Fund (Dollar)	**0.79372**	0.78424
Asian Balanced Fund	**1.01272**	0.96481
Cash Flow Fund Plus (Dollar)	**1.02772**	1.01444

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

	December 27, 2024	December 29, 2023
Unit Price in Philippine Peso		
Managed Fund	**P3.40930**	P3.34188
Bond Fund (Peso)	**3.01477**	2.93575
Growth Fund	**3.55794**	3.54964
Equity Fund	**1.94762**	1.95485
Proactive Fund	**2.12004**	2.10045
Money Market Fund	**1.21785**	1.17849
Global Market Navigator Fund	**1.28090**	1.11246
Equity Index Tracker Fund	**1.14028**	1.11886
Global Equity Navigator Fund	**1.23035**	1.00796
Cash Flow Fund (Peso Hedged Share Class)	**0.91742**	0.91194
Cash Flow Fund Plus (Peso)	**0.99956**	1.00164
Global Tech Navigator Fund	**1.05834**	—
Flexi Income Fund	**0.97226**	—
Unit Price in U.S. Dollar		
Bond Fund (Dollar)	**$2.52140**	$2.57150
Asian Local Bond Fund	**1.06692**	1.05342
Asia Pacific Equity Fund	**1.13859**	1.06368
Global Emerging Market Fund	**1.19545**	1.25963
Cash Flow Fund (Dollar)	**0.79281**	0.78433
Asian Balanced Fund	**1.01391**	0.96491
Cash Flow Fund Plus (Dollar)	**1.02717**	1.01455

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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 P56.40 billion (93.84%) and P55.10 billion (87.84%) of the Funds' total financial assets as at December 31, 2024 and 2023, 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, 2024 and 2023 by classifying assets according to the Funds' credit grading of counterparties.

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	P—	P1,035,965	P—	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	P—	P60,389,778	P—	P60,389,778

2023

	Neither Past Due nor Impaired				
	Investment High-grade	Non-investment Grade - Satisfactory	Total Financial Assets Neither Past Due nor Impaired	Past Due but not impaired	Total
Cash and cash equivalents	P3,624,075	P—	P3,624,075	P—	P3,624,075
Investments in bond funds	15,758,360	—	-15,758,360	—	15,758,360
Investments in debt securities	39,340,885	—	39,340,885	—	39,340,885
Receivables	4,007,735	—	4,007,735	—	4,007,735
	P62,731,055	P—	P62,731,055	P—	P62,731,055

The Funds has no past due but not impaired financial assets as at December 31, 2024 and 2023.

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

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

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

Past due and impaired - This pertains to the allowance for the impairment losses that the Funds recognizes due to the uncertainty of the collectability of the Funds' receivable.

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

Substantially all of the assets, including cash and cash equivalents, of the Funds are held by the SCB, Philippine Branch pursuant to a custodianship agreement entered into by the Funds with SCB, a reputable financial institution with high credit rating.

(b) Liquidity Risk

The Funds is exposed to the liquidity risk of meeting policyholders' redemptions at any time. The Funds does not hold significant financial liabilities.

The Funds' investment in equity and debenture instruments are considered to be readily realizable as they are all listed on the major stock and debt exchanges. Thus, the Funds has limited exposure to liquidity risk.

The tables below summarize the maturity profile of the financial assets and financial liabilities of the Funds based on contractual undiscounted cash flows as at December 31, 2024 and 2023.

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	P—	P—	P—	P—	P—	P1,036,174
Investments	166,593,390	—	—	—	—	—	166,593,390
Receivables	2,959,842	—	—	—	—	—	2,959,842
	170,589,406	P—	P—	P—	P—	P—	170,589,406
Liability to life fund and other linked funds (Note 2)	40,125,486	P—	P—	P—	P—	P—	40,125,486
Accrued expenses	284,696	—	—	—	—	—	284,696
Trade payable	1,924,105	—	—	—	—	—	1,924,105
	P42,334,287	P—	P—	P—	P—	P—	P42,334,287

2023

	Less than 1 year	1-2 years	>2-3 years	>3-4 years	>4-5 years	More than 5 years	Total
Cash and cash equivalents	P3,624,520	P—	P—	P—	P—	P—	P3,624,520
Investments	158,813,073	—	—	—	—	—	158,813,073
Receivables	4,007,735	—	—	—	—	—	4,007,735
	P166,445,328	P—	P—	P—	P—	P—	P166,445,328
Liability to life fund and other linked funds (Note 2)	P41,211,907	P—	P—	P—	P—	P—	P41,211,907
Accrued expenses	260,709	—	—	—	—	—	260,709
Trade payable	3,337,048	—	—	—	—	—	3,337,048
	P44,809,664	P—	P—	P—	P—	P—	P44,809,664

(c) Market risk

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

The Funds' strategies on the management of investment risk are driven by the individual Funds' investment objective (see Note 1). The Funds' market risk is managed on a daily basis by the Funds' manager in accordance with policies and procedures in place. The Funds' overall market positions are monitored on at least a quarterly basis by the Investment Committee of the Company.

Details of the nature of the Funds' investment portfolio at the reporting date are disclosed in Note 5.

Currency risk

The Funds may invest in financial instruments and enter into transactions denominated in currencies other than Philippine peso, the Funds' functional currency. Consequently, the Funds is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Funds' assets or liabilities denominated in currencies other than Philippine peso.

The Funds' most significant exposure to fluctuations in foreign currency exchange rates are its assets denominated in U.S. dollar:

	2024	2023
Short-term time deposits	$454	$298
Investments	441,794	449,824
	$442,248	$450,122
Foreign exchange rate to the Philippine peso used*	57.85	55.37
	P25,581,836	P24,923,255

**Exchange rate used is based on Bankers Association of the Philippines foreign exchange rate as at December 27, 2024 and December 29, 2023.*

A 2% and 4% strengthening of Philippine peso against the U.S. dollar as at December 31, 2024 and 2023, with all variables remaining constant, would have affected the measurement of profit before tax and equity by P493 million and P1.03 billion, respectively. A 2% and 4% weakening of the Philippine peso in relation to the U.S. dollar as at December 31, 2024 and 2023, respectively, would have an equal but opposite effect, on the basis that all other variables remain constant.

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

- *Fair Value Interest Rate Risk* - the risk that the value of a financial instrument will fluctuate because of changes in market interest rates; and

- *Cash Flow Interest Rate Risk* - the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

A significant portion of the Funds' investments in debt instruments carried at FVPL is interest-bearing. As a result, the Funds is subject to exposure to fair value interest rate risk. The Funds does not carry debt instruments with variable interest rates and, thus, are not exposed to cash flow interest rate risk.

Interest rate risk is mitigated by the Funds' manager by constructing a portfolio of debenture instruments with diversified maturities.

Any excess cash and cash equivalents of the Funds are invested in short-term time deposits with the term to maturity of up to three (3) or six (6) months.

The analysis below details the impact of changes in market interest rate to the fair value of the Funds' investment in fixed-rate debt instruments. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Changes in variables	
	100 Basis Points	**100 Basis Points**
December 31, 2024	***Increase***	***Decrease***
Currency		
Philippine peso	**(P932,892)**	**P1,017,171**
U.S. dollar	**(286,703)**	**326,408**
Fair value sensitivity	**(P1,219,595)**	**P1,343,579**

	Changes in variables	
	100 Basis Points	100 Basis Points
December 31, 2023	*Increase*	*Decrease*
Currency		
Philippine peso	(P907,195)	P983,734
U.S. dollar	(328,534)	374,668
Fair value sensitivity	(P1,235,729)	P1,358,402

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 P108.90 billion and P102.42 billion as at December 31, 2024 and 2023, respectively (see Note 5). The value of these equity securities fluctuates upon changes in market conditions.

Equity price risk is managed by the Funds' manager by constructing a diversified equity portfolio.

All of the Funds' equity investments are listed in the PSE. A 7% and 6% increase in stock prices would have increased profit before income tax and equity by P7.62 billion and P6.15 billion as at December 31, 2024 and 2023, respectively. An equal change in the opposite direction would have decreased profit before income tax and equity by an equal but opposite amount.

Fair value measurement
Many of the Funds' financial instruments are carried at fair value on the combined statements of assets and accountabilities. Usually, the fair value of the financial instruments can be reliably determined within a reasonable range of estimates. For other financial instruments, including cash and cash equivalents, interest receivables, receivable from life fund, other receivables, liability to life funds and other linked funds, accrued expenses, and trade payable, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

The recurring fair values of financial assets (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).

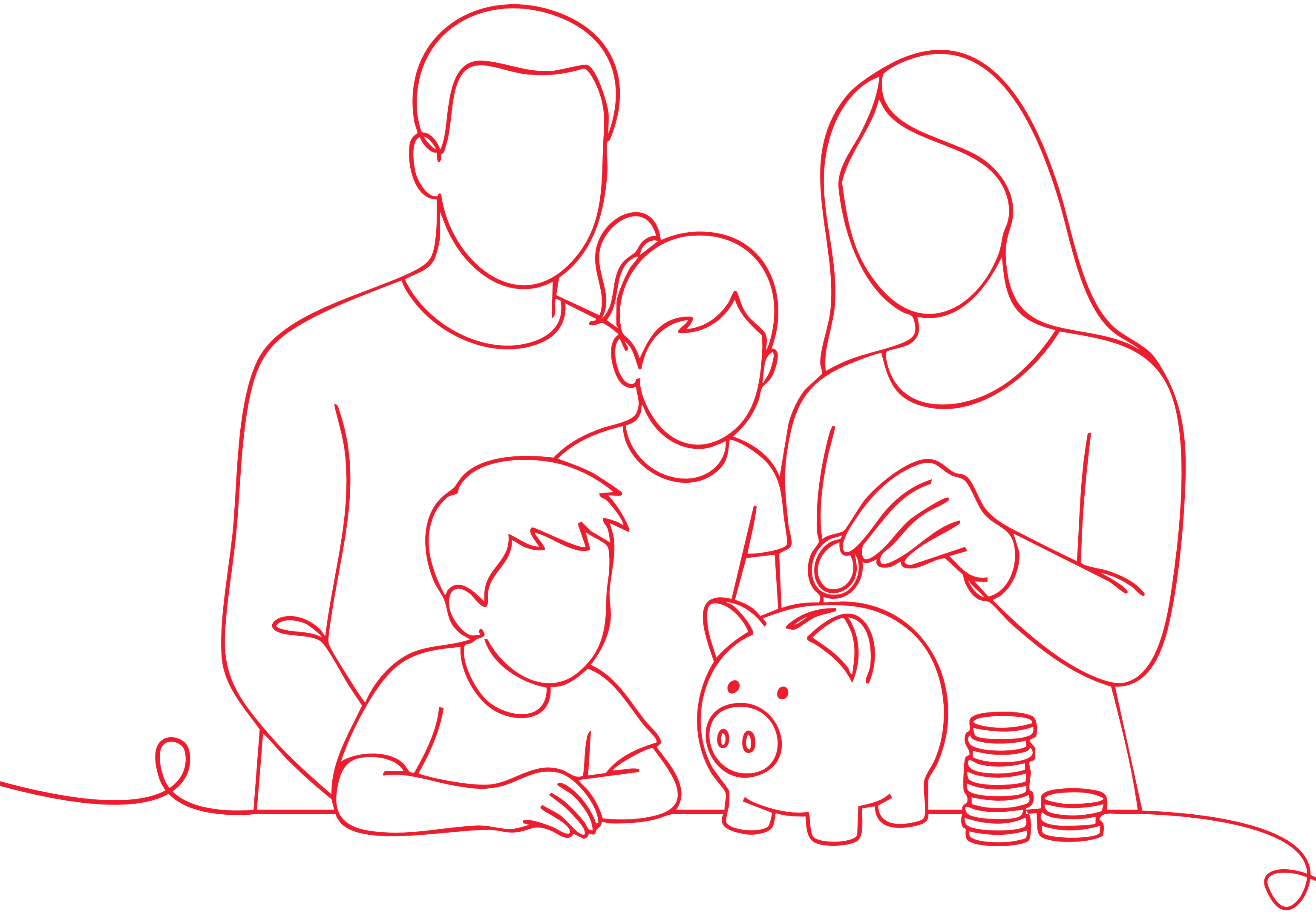
December 31, 2024

	Level 1	**Level 2**	**Total**
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**

December 31, 2023

	Level 1	Level 2	Total
Financial Assets			
Investments in shares of stocks	P78,333,094	P —	P78,333,094
Investments in bond funds	15,758,360	—	15,758,360
Investments in equity funds	24,091,293	—	24,091,293
Investments in debt securities	25,894,785	13,446,100	39,340,885
Derivative assets	—	53,096	53,096
	P144,077,532	P13,499,196	P157,576,728

The Funds has no financial instruments categorized under Level 3. Also, there has been no transfer between levels in 2024 and 2023.



Market Review

Global equity markets rose over the period, supported by a broad rally in technology stocks, cooling inflation and rate cuts by global central banks. The US Federal Reserve (Fed) cut rates by 50 basis points in September with further 25 basis-point cuts in November and December, whilst gross domestic product (GDP) growth remained solid for the year. The US market was the standout performer globally, out performing all other major regions during the period on a US dollar-basis.

US stocks received further upward support in the final quarter, following Donald Trump's victory in the US election. Sentiment was buoyed by expectations that Trump's policies would lift growth, reduce taxes and cut regulation.

Asian and Emerging Markets (EM) sold off in the final quarter, however, on the anticipation of heightened trade tensions and the implementation of tariffs by President Trump, particularly on China. In addition, a stronger US Dollar following Trump's win and expectations for slower rate cuts by the Fed in 2025, further weighed on Asia and EM.

Several Asian markets still posted strong returns for the year, despite the weakness in the final quarter, including Taiwan and China. Taiwan continued to benefit from the broader global technology strength and ongoing optimism around Artificial Intelligence whilst China rallied during the second half of the year following the announcement of a raft of stimulus measures aimed at reversing the slowdown in the broader Chinese economy.

Japanese equities were volatile, with the prospect of the Bank of Japan raising interest rates leading to a shift in market expectations, an unwind of the yen carry trade and a sharp decline in both Japanese and global equities in August, although markets quickly snapped back.

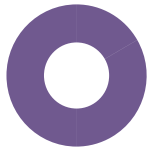
ASEAN markets performed relatively well, outperforming both Asia excluding Japan and EM, although the variance of underlying country returns was substantial. Singapore outperformed significantly and was among the best-performing markets globally, benefiting from its more defensive profile amid the ongoing tensions between the US and China, and as investors were attracted by Singapore's political stability and relative neutrality. Indonesia sold off and strongly underperformed the broader ASEAN region.

In fixed income markets, the US 10-Year Treasury yield was volatile but ended the period higher, particularly following President Trump's victory and as markets pared back expectations for rate cuts by the Fed in 2025. Credit markets posted positive returns, supported by declining inflation and generally strong growth in major markets, including the US.

Source: Bloomberg

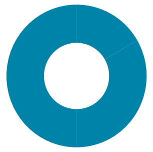
Fund Objectives

PHP-denominated funds



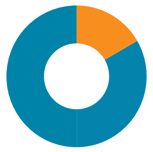
PRULink Money Market Fund

The Fund's primary objective is capital preservation. The Fund aims to provide investors a vehicle for short-term placement investing primarily in government securities, deposits in local banks or branches of foreign banks operating in the Philippines, or financial institutions in any foreign country that has at least an investment-grade credit rating from a reputable international credit rating agency. The Fund will have a maximum portfolio duration of one (1) year.



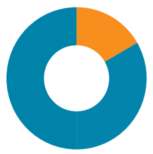
PRULink Bond Fund

The Fund seeks to achieve an optimal level of income in the medium term together with long-term capital growth through investments in fixed income securities and money market instruments.



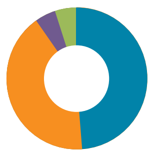
PRULink Cash Flow Fund - PHP Hedged Share Class

The Fund seeks to provide investors with regular payout by investing in a diversified portfolio consisting primarily of high-yield bonds and other fixed-income/debt securities denominated in US dollars, issued in the US market rated below BBB-, as well as fixed-income/debt securities issued by Asian entities or their subsidiaries. The Fund may, in addition, at the Fund Manager's discretion, invest up to twenty percent (20%) of its assets in dividend-yielding equities. It seeks to provide investors with a non-guaranteed payout of up to 4% per year (or up to 1.0% per quarter) based on the number of units held at the time of payout computation.



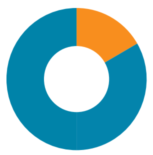
PRULink Cash Flow Fund Plus - PHP Hedged Share Class

The Fund invests in a diversified portfolio consisting primarily of high-yield bonds and other fixed-income/debt securities denominated in US dollars, issued in the US market, and rated below BBB-, as well as fixed income/debt securities issued by Asian entities or their subsidiaries. This Fund may invest up to 20% of its assets in global equities and other dividend-yielding assets. It seeks to provide investors with a non-guaranteed payout of up to 6% per year (or up to 1.5% per quarter) based on the number of units held at the time of payout computation.



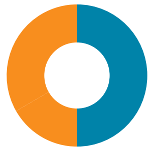
PRULink Flexi Income Fund

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, which ultimately invests in the JP Morgan Global Income Fund. The Fund may also invest up to 10% in financial instruments and other tradeable investment outlets as may be allowed by the pertinent regulatory bodies. It is subject to currency risks as a PHP-denominated unhedged share class.



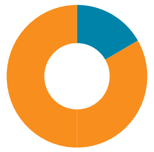
PRULink Managed Fund

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



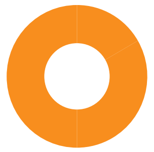
PRULink Proactive Fund

The Fund seeks to optimize medium- to long-term capital and income growth with emphasis on dynamic asset allocation by fund managers through investment in fixed-income securities, money market instruments, and shares of stock listed in the Philippine Stock Exchange.



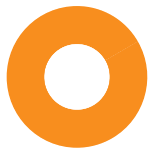
PRULink Growth Fund

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



PRULink Equity Index Tracker Fund

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

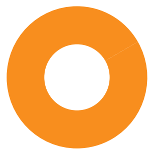


PRULink Equity Fund

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

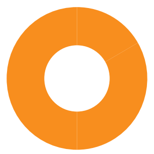
PRULink Global Market Navigator Fund - PHP Unhedged Share Class

The Fund is a multi-asset fund that aims to give better return potential by investing in a diversified pool of global assets, including equities, bonds, currencies, and cash. The Fund is subject to currency risks as a PhP unhedged share class.



PRULink Global Tech Navigator Fund

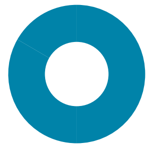
The Fund seeks to achieve long-term capital appreciation by investing all or substantially all its assets in an equity collective investment scheme that invests principally in equity securities of companies throughout the world that benefit significantly from technological advances. As a feeder fund, it invests wholly in ATRAM Global Technology Feeder Fund, which ultimately invests in Fidelity Funds - Global Technology Fund. The Fund may also invest up to 10% in financial instruments and other tradeable investment outlets as may be allowed by the pertinent regulatory bodies. It is subject to currency risks as a PHP unhedged share class.



PRULink Global Equity Navigator Fund - PHP Unhedged Share Class

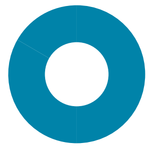
The Fund seeks to provide a combination of income and capital growth over the medium term by primarily investing in various equity markets around the world through exchange traded funds, direct equities, index futures, and derivatives. Structured as a feeder fund, the Fund invests in Global Equity Navigator Fund Class D managed by Eastspring Investments. It may also invest in fixed-income securities and money market instruments issued or guaranteed by the US government, its agencies, and instrumentalities. The Fund is subject to currency risks as a PhP unhedged share class.

USD-denominated funds



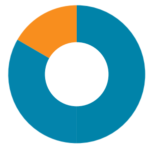
PRULink US Dollar Bond Fund

The Fund seeks to achieve an optimal level of income in the medium term together with long-term capital growth through investments in fixed income securities denominated in USD.



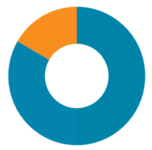
PRULink Asian Local Bond Fund

The Fund is structured as a feeder fund which invests in the Eastspring Investments – Asian Local Bond Fund (EI-Asian Local Bond Fund). The EI-Asian Local Bond Fund invests in a diversified portfolio consisting primarily of fixed income or debt securities issued by Asian entities or their subsidiaries. This Fund's portfolio primarily consists of offshore securities denominated in various Asian currencies and aims to maximize total returns through investing in fixed income or debt securities that are rated as well as unrated.



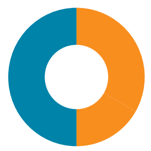
PRULink Cash Flow Fund

The Fund seeks to provide investors with regular payout by investing in a diversified portfolio consisting primarily of high-yield bonds and other fixed-income/debt securities denominated in US dollars, issued in the US market rated below BBB-, as well as fixed-income/debt securities issued by Asian entities or their subsidiaries. The Fund may, in addition, at the Fund Manager's discretion, invest up to twenty percent (20%) of its assets in dividend-yielding equities. It seeks to provide investors with a non-guaranteed payout of up to 4% per year (or up to 1.0% per quarter) based on the number of units held at the time of payout computation.



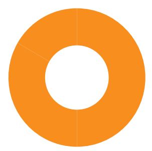
PRULink Dollar Cash Flow Fund Plus

The Fund invests in a diversified portfolio consisting primarily of high-yield bonds and other fixed-income/debt securities denominated in US dollars, issued in the US market, and rated below BBB-, as well as fixed income/debt securities issued by Asian entities or their subsidiaries. This Fund may invest up to 20% of its assets in global equities and other dividend-yielding assets. The Fund may also invest up to 20% in other bonds considered as safe-haven assets such as US Treasuries during downside or risk-off market conditions. It seeks to provide investors with a non-guaranteed payout of up to 5% per year (or up to 1.25% per quarter) based on the number of units held at the time of payout computation.



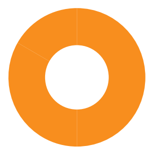
PRULink Asian Balanced Fund

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



PRULink Asia Pacific Equity Fund

The Fund is structured as a feeder fund which invests in the Eastspring Investments – Asia Pacific Equity Fund, that aims to maximize long-term total return by investing primarily in equity and equity-related securities of companies which are incorporated, listed in, or have their area of primary activity in the Asia Pacific Region (excluding Japan). This Fund may also invest in depository receipts including American Depositary Receipts and Global Depositary Receipts, debt securities convertible into common shares, preference shares, and warrants.



PRULink Global Emerging Markets Dynamic Fund

The Fund is structured as a feeder fund which invests in the Eastspring Investments – Global Emerging Markets Dynamic Fund, that aims to generate long-term capital growth through a concentrated portfolio of equities, equity related securities and bonds. This Fund invests in securities of companies which are incorporated, or listed in, or operating principally from, or carrying on significant business in, or derive substantial revenue from, or whose subsidiaries, related or associated corporations derive substantial revenue from the emerging markets worldwide. This Fund may also invest in depository receipts including American Depositary Receipts and Global Depositary Receipts, preference shares, and warrants.

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

Fund performance review

Fund Performance Review

- **PRU**Link Money Market Fund
- **PRU**Link Bond Fund
- **PRU**Link Cash Flow Fund - PHP Hedged Share Class
- **PRU**Link Cash Flow Fund Plus - PHP Hedged Share Class
- **PRU**Link Flexi Income Fund
- **PRU**Link Managed Fund
- **PRU**Link Proactive Fund
- **PRU**Link Growth Fund
- **PRU**Link Equity Index Tracker Fund
- **PRU**Link Equity Fund
- **PRU**Link Global Market Navigator Fund - PHP Unhedged Share Class
- **PRU**Link Global Tech Navigator Fund
- **PRU**Link Global Equity Navigator Fund - PHP Unhedged Share Class
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- **PRU**Link Asian Local Bond Fund
- **PRU**Link Cash Flow Fund
- **PRU**Link Dollar Cash Flow Fund Plus
- **PRU**Link Asian Balanced Fund
- **PRU**Link Asia Pacific Equity Fund
- **PRU**Link Global Emerging Markets Dynamic Fund

PRULink Money Market Fund

The first half of 2024 was defined by a recalibration of market expectations. At the start of the year, markets were pricing in six rate cuts from the US Federal Reserve, driven by hopes of a dovish pivot. However, resilient US economic data, persistent inflation, and more measured Fed communication led to a significant repricing of rate expectations. This shift put upward pressure on interest rates in Q2 as markets adjusted to a more tempered outlook.

By Q3, weaker labor market data and broadly benign inflation prompted the Fed to initiate its rate-cutting cycle with an aggressive 50-basis-point reduction. However, as the year progressed, investor focus shifted beyond the Fed to the evolving US political landscape. Markets began pricing in the growing likelihood of a Republican victory led by Donald Trump, raising concerns over potential shifts in trade policy. The prospect of protectionist measures, viewed as inflationary, contributed to a steepening of the yield curve, with long-term yields underperforming as investors demanded higher term premiums. The Fed responded by adopting a more cautious stance, assessing the potential economic impact of new policy directions on its dual mandate of price stability and employment.

Domestically, the Bangko Sentral ng Pilipinas (BSP) maintained a cautious monetary stance, taking cues from global developments. With inflation remaining within its 2–4% target range, the BSP refrained from aggressive policy actions, prioritizing stability while monitoring external risks.

Outlook

The outlook for 2025 appears more favorable for safe-haven assets, as uncertainty over trade policy—while inflationary—could weigh on global growth. The sell-off in rates observed in Q4 2024 is expected to reverse, driven by rising concerns over economic slowdowns linked to policy shifts and potential retaliatory trade measures. This environment may trigger a flight to quality, leading to a decline in long-term yields as investors seek safety.

On the local front, interest rates are likely to remain stable, with BSP continuing its data-dependent approach. However, should global uncertainties spill over into broader economic weakness, monetary policy may turn more accommodative, supporting both domestic and global yield curves.

Asset allocation

Performance

3.34%
Actual year-on-year

1.25%
Since inception
(per annum)

PhP 1.21785
Unit price
as of 2 Jan 2025

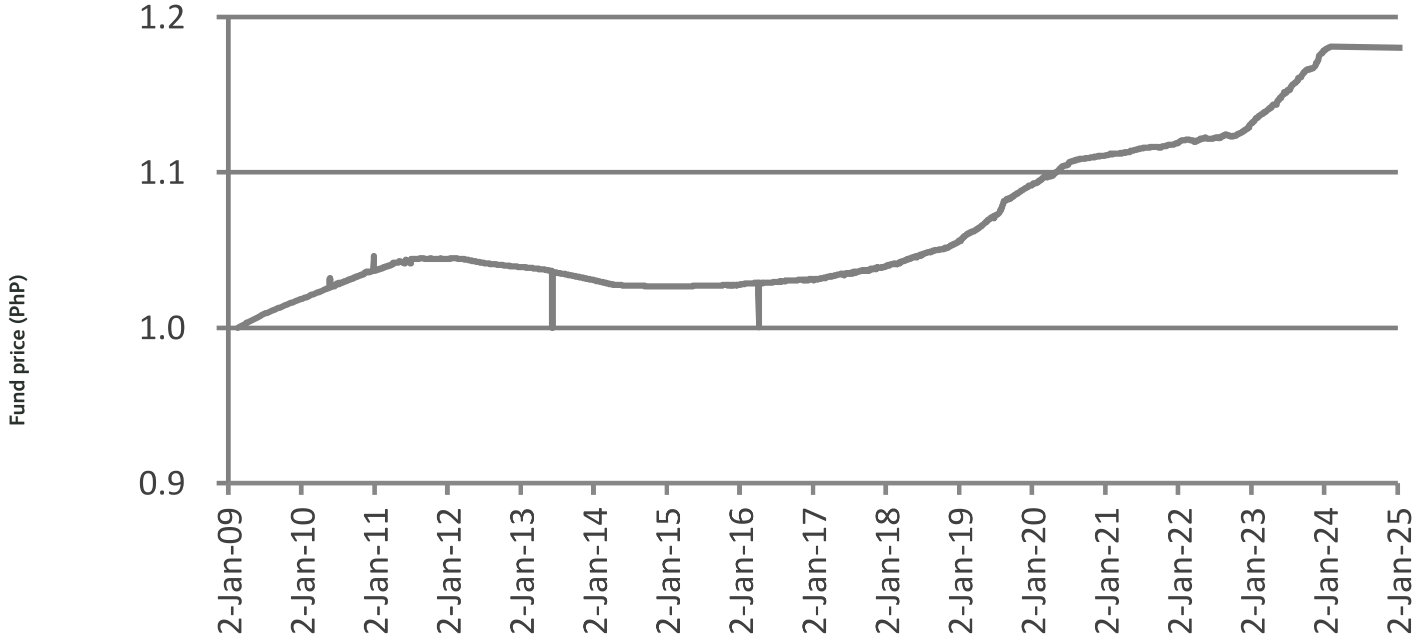
Top holdings

PRUINVEST PHP LIQUID FUND	100%

Highest and lowest unit price achieved

Highest (02 Jan 25)	1.21785
Lowest (07 Jun 13)	0.99991
Initial (17 Feb 09)	1.00000

Performance chart



PRULink Bond Fund

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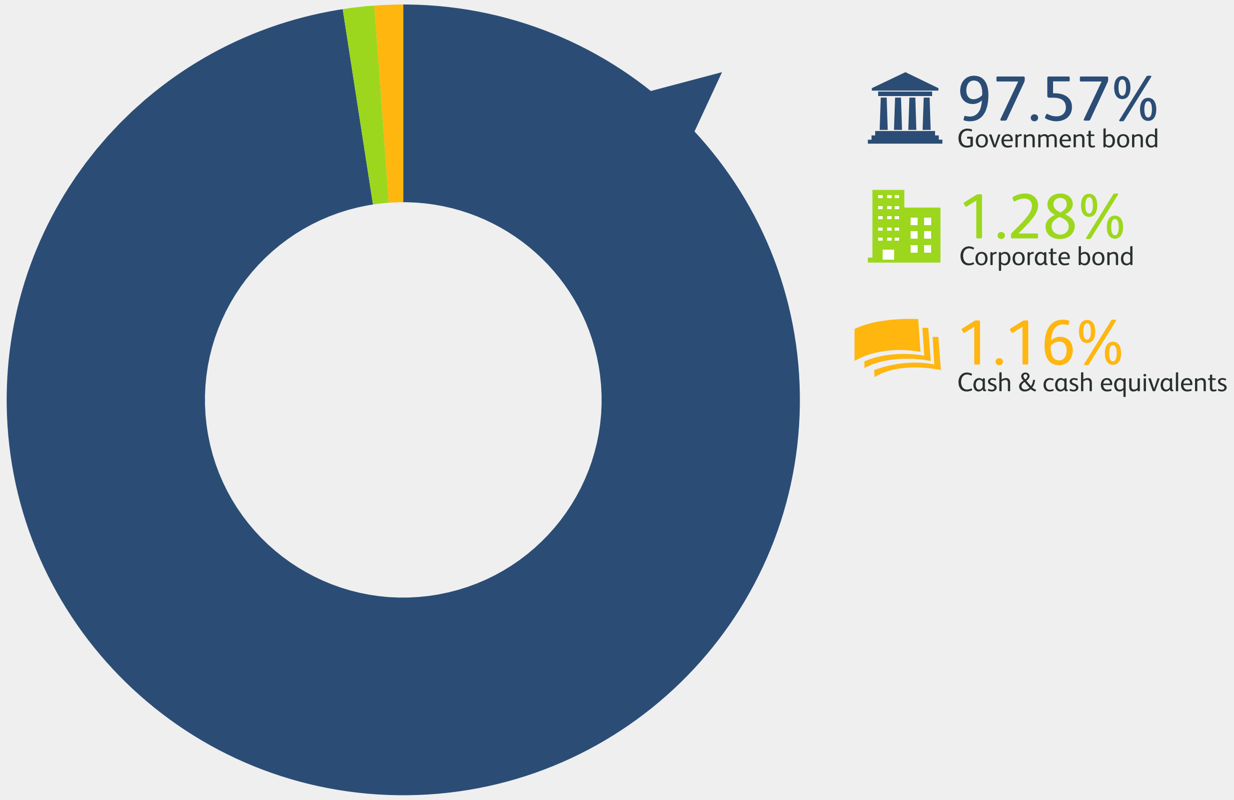
The Fund delivered strong performance in 2024, outperforming its benchmark by 31 basis points for the period ending December 31, 2024, reflecting effective duration management and tactical positioning throughout the year. The portfolio maintained a dynamic duration strategy, ending the year with a 4.78-year duration while actively shifting between neutral and overweight positions to capture market opportunities.

Asset allocation



Fund performance review

Performance

2.69%
Actual year-on-year

5.08%
Since inception
(per annum)

PhP 3.01477
Unit price
as of 2 Jan 2025

Top holdings

RPGB 6 ⅞ 05/23/44 19yrs	7.11%
RPGB 6 ¼ 02/28/29 4yrs	5.95%
RPGB 4 ⅝ 06/02/27 2yrs	4.17%
RPGB 4 ¾ 05/04/27 2yrs	3.95%
RPGB 6 ⅞ 01/10/29 4yrs	3.95%
RPGB 3 ¾ 08/12/28 4yrs	3.95%
RPGB 6 ⅛ 08/22/28 4yrs	3.87%
RPGB 8 07/19/31 7yrs	3.48%
RPGB 4 ⅞ 03/04/27 2yrs	3.45%
RPGB 3 ⅝ 04/22/28 3yrs	3.25%

Note: RPGB (Republic of the Philippines Government Bonds)

Highest and lowest unit price achieved

Highest ((20 Aug 20)	3.11410
Loswest (24 Sep 02)	1.00000
Initial (24 Sep 02)	1.00000

Performance chart

PRULink Cash Flow Fund - PHP Hedged Share Class

Global equity markets rose over the period, supported by a broad rally in technology stocks, cooling inflation and rate cuts by global central banks. The US Fed cut rates by 50 basis points in September with further 25 basis point cuts in November and December, whilst domestic gross domestic product (GDP) growth remained solid for the year. The US market was the standout performer globally, outperforming all other major regions during the period on a US Dollar basis.

US stocks received further upward support in the final quarter, following Donald Trump's victory in the US election. Sentiment was buoyed by expectations that Trump's policies would lift growth, reduce taxes and cut regulation.

Asian and Emerging Markets (EM) sold off in the final quarter, however, on the anticipation of heightened trade tensions and the implementation of tariffs by President Trump, particularly on China. In addition, a stronger US Dollar following Trump's win and expectations for slower rate cuts by the Fed in 2025, further weighed on Asia and EM.

Several Asian markets still posted strong returns for the year as a whole, despite the weakness in the final quarter, including Taiwan and China. Taiwan continued to benefit from the broader global technology strength and ongoing optimism around Artificial Intelligence, whilst China rallied during the second half of the year following the announcement of a raft of stimulus measures aimed at reversing the slowdown in the broader Chinese economy.

Japanese equities were volatile, with the prospect of the Bank of Japan raising interest rates leading to a shift in market expectations, an unwind of the yen carry trade and a sharp decline in both Japanese and global equities in August, although markets quickly snapped back.

ASEAN markets performed relatively well, outperforming both Asia excluding Japan and EM, although the variance of underlying country returns was substantial. Singapore outperformed significantly and was amongst the best performing markets globally, benefiting from its more defensive profile amid the ongoing tensions between the US and China, and as investors were attracted by Singapore's political stability and relative neutrality. Indonesia sold off and strongly underperformed the broader ASEAN region.

In fixed income markets, the US 10 Year Treasury was volatile but ended the period higher, particularly following President Trump's victory and as markets pared back expectations for rate cuts by the Fed in 2025. Credit markets posted positive returns, supported by declining inflation and generally strong growth in major markets, including the US. Amongst the top-performing fixed income sectors, US high yield bonds[1] delivered a 8.2% return, amid a declining inflation trend and stronger-than-expected US growth. USD-denominated emerging market (EM) bonds[2] were also among the top performers, gaining 6.5% overall, driven by coupons and a favourable economic backdrop. On the other hand, local currency EM bonds[3] saw negative returns due to the overall weakness of EM currencies as the USD strengthened. USD-denominated Asian credit bonds[4] also performed well, gaining 5.7% on the year, amid tightening spreads.

The Fund posted a positive absolute return in 2024, outperforming its reference index on a gross basis. The Fund's underlying active fixed income sleeves in US high yield and Asian bonds, generated positive absolute returns in USD terms. Asset allocation and security selection effects contributed positively to the Fund's relative return. Within security selection, the Fund's underlying allocations to active sleeves in US high yield and Asian bonds outperformed their respective indices.

Outlook

The global economy faces uncertainty in 2025, with the new US administration's policies under President Donald Trump playing a key role in shaping the economic landscape. Over the longer period, we anticipate higher market volatility, when considering the ambiguity surrounding the scope, timing, and sequencing of Trump's proposed policies, as there is still significant uncertainty surrounding their potential impact.

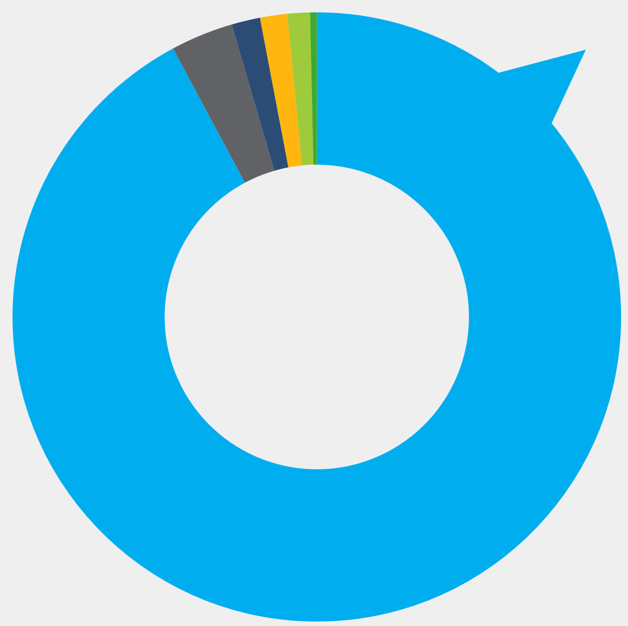
President Trump's proposed policies of tax cuts, immigration curbs and tariffs likely will lead to increased expectations for higher inflation. Yet, the Fed's monetary policy decision would likely depend on incoming data, evolving economic conditions, and the balance of risks. A rise in inflation might delay interest rate cuts, but unexpected labour market and economic weakness might lead to faster cuts. To this end, we remain cognizant of inflation risk over the near-term and also believe market price fluctuations and volatility will persist until US policy becomes clearer.

Despite US growth momentum continuing to bolster overall global growth, it is important to note that global growth momentum is expected to decelerate and the Chinese economy, a major global growth engine, has not accelerated meaningfully despite recent stimulus measures. Further, geopolitical events, such as the Syria regime change, remind us of the continued presence of geopolitical risks and volatility in the market.

Given the high level of uncertainty ahead, adopting a tactical approach is advisable, and active risk management remains as crucial as ever. The Fund will continue to remain nimble, while diversifying and making further tactical adjustments as market conditions continue to evolve.

[1] Source: ICE BofA US High Yield Constrained Index
[2] Source: J.P. Morgan EMBI Global Diversified Index
[3] Source: J.P. Morgan GBI-EM Global Diversified Index
[4] Source: J.P. Morgan Asia Credit Index (JACI)

Asset allocation



92.17% Fixed-income funds

3.32% Exchange Traded Bond Funds

1.52% Government bond

1.44% Cash & cash equivalents

1.19% Equity funds

0.36% Financials

Performance

0.60%
Actual year-on-year

-1.35%
Since inception
(per annum)

PhP 0.91742
Unit price
as of 2 Jan 2025

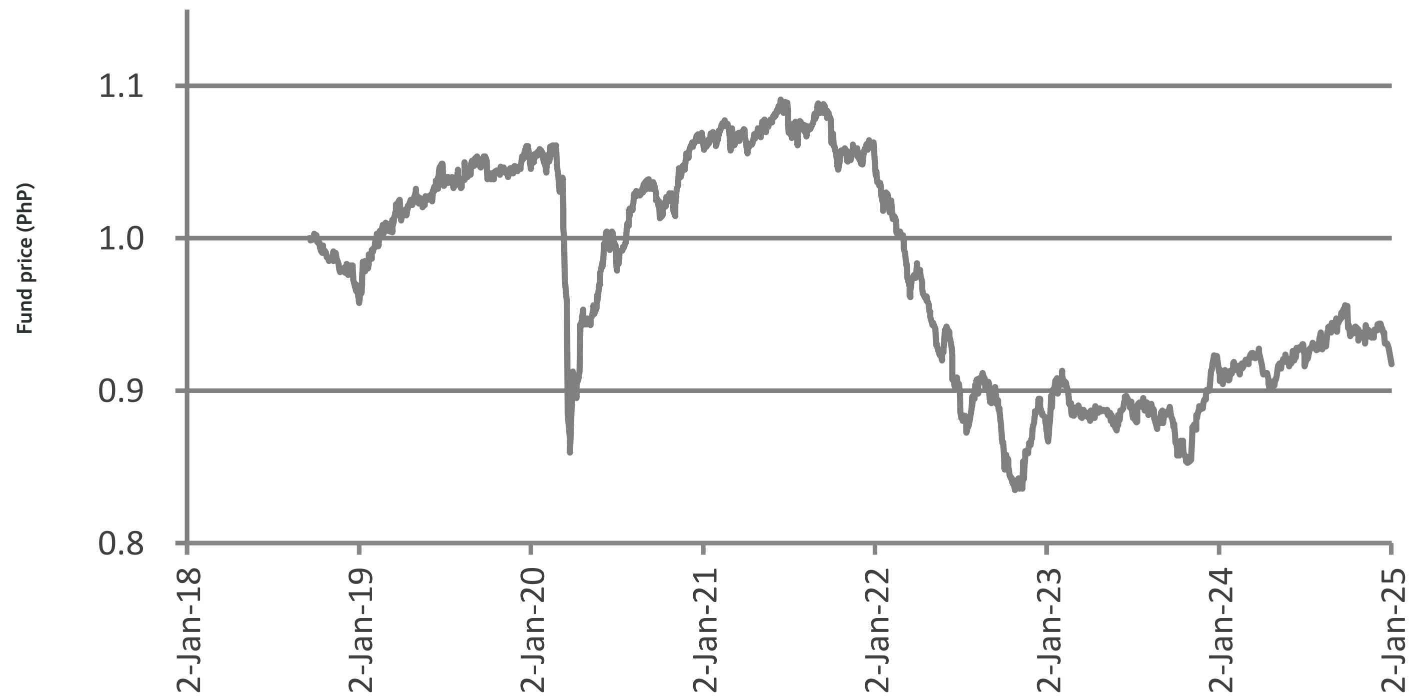
Top holdings

EASTSPRING INV US HI YLD BD D	47.30%
EASTSPRING INV ASIAN BOND D USD	44.86%
ISHARES HIGH YIELD CORP BOND UCITS ETF USD	3.32%
ITED STATES TREASURY BILL 23-JAN-2025	1.52%
USD CASH	1.44%
ISHARES S&P 500	1.19%
EASTSPRING INV ASIAN EQUITY INC D	0.36%

Highest and lowest unit price achieved

Highest (15 Jun 21)	1.09093
Lowest (25 Oct 22)	0.83478
Initial (03 Sep 18)	1.00000

Performance chart



PRULink Cash Flow Fund Plus - PHP Hedged Share Class

Global equity markets rose over the period, supported by a broad rally in technology stocks, cooling inflation and rate cuts by global central banks. The US Fed cut rates by 50 basis points in September with further 25 basis point cuts in November and December, whilst domestic GDP growth remained solid for the year. The US market was the standout performer globally, outperforming all other major regions during the period on a US Dollar basis.

US stocks received further upward support in the final quarter, following Donald Trump's victory in the US election. Sentiment was buoyed by expectations that Trump's policies would lift growth, reduce taxes and cut regulation.

Asian and Emerging Markets (EM) sold off in the final quarter, however, on the anticipation of heightened trade tensions and the implementation of tariffs by President Trump, particularly on China. In addition, a stronger US Dollar following Trump's win and expectations for slower rate cuts by the Fed in 2025, further weighed on Asia and EM.

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Outlook

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President Trump's proposed policies of tax cuts, immigration curbs and tariffs likely will lead to increased expectations for higher inflation. Yet, the Fed's monetary policy decision would likely depend on incoming data, evolving economic conditions, and the balance of risks. A rise in inflation might delay interest rate cuts, but unexpected labour market and economic weakness might lead to faster cuts. To this end, we remain cognizant of inflation risk over the near-term and also believe market price fluctuations and volatility will persist until US policy becomes clearer. Despite US growth momentum continuing to bolster overall global growth, it is important to note that global growth momentum is expected to decelerate and the Chinese economy, a major global growth engine, has not accelerated meaningfully despite recent stimulus measures. Further, geopolitical events, such as the Syria regime change, remind us of the continued presence of geopolitical risks and volatility in the market.

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[2] Source: J.P. Morgan EMBI Global Diversified Index
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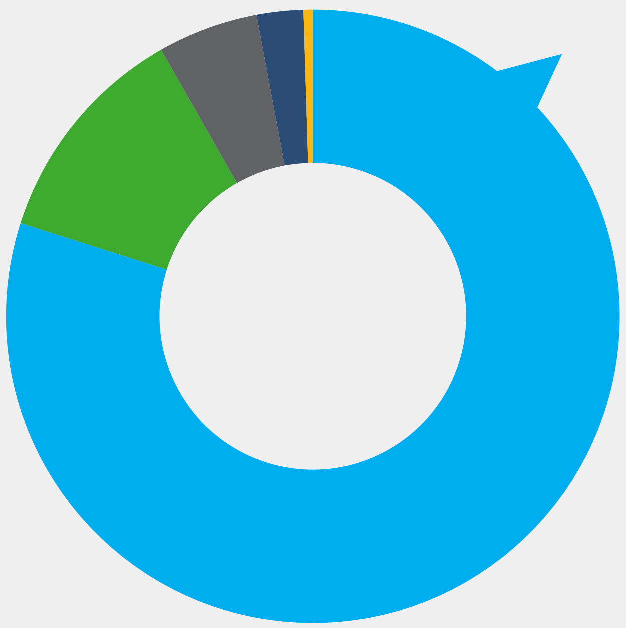
Asset allocation



79.92% Fixed-income funds
11.85% Financials
5.30% Exchange Traded Bond Funds
2.45% Government bond
0.49% Cash & cash equivalents

Performance

-0.21%
Actual year-on-year

-0.02%
Since inception
(per annum)

PhP 0.99956
Unit price
as of 2 Jan 2025

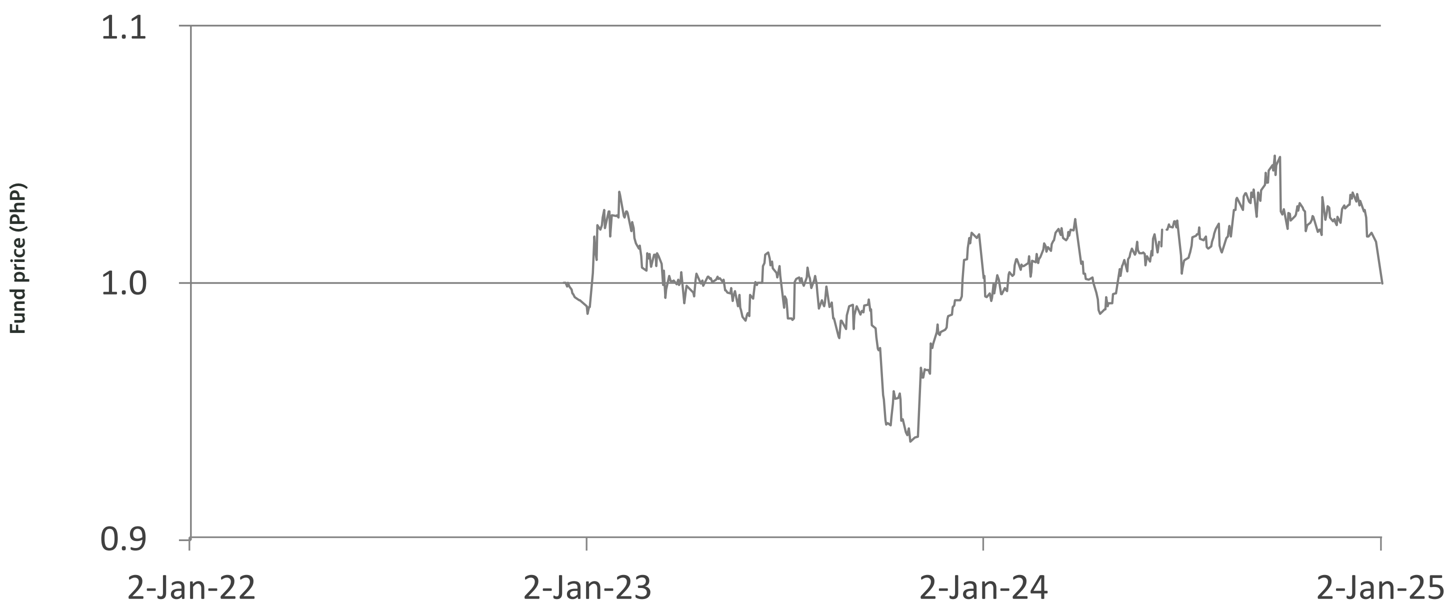
Top holdings

EASTSPRING INV US HI YLD BD D	41.28%
EASTSPRING INV ASIAN BOND D USD	38.64%
ISHARES CORE S&P 500 UCITS ETF	10.12%
ISHARES HIGH YIELD CORP BOND UCITS ETF USD	5.30%
UNITED STATES TREASURY BILL 23-JAN-2025	2.45%
XTRACKERS MSCI EUROPE UCITS ETF	1.53%
USD CASH	0.49%
XTRACKERS MSCI EMERGING MARKETS UCITS ETF	0.20%
PHP CASH	0.00%

Highest and lowest unit price achieved

Highest (25 Sep 24)	1.04897
Lowest (27 Oct 23)	0.93870
Initial (13 Dec 2022)	1.00000

Performance chart



PRULink Flexi Income Fund

December was disappointing for markets, as returns reflected the broader market sentiment, catalyzed by a hawkish US Federal Reserve (Fed) meeting. This was exacerbated by political uncertainty and profit-taking before the year-end. The Fed and European Central Bank (ECB) both delivered the expected 25 basis points (bps) rate cut. Equities delivered negative returns, with the MSCI World (local currency) index down -1.9%. Bond markets were negative, with the Target Fund returning -1.1%, as concerns about the Trump administration and the path of Fed rate cuts weighed on investor.

Contributors: Emerging market equities
Detractors: Global equities, US high yield and US government bonds

The Fund Manager marginally added to their overall equity allocation. They reduced some of their Nasdaq futures position to add to the JPMorgan Nasdaq Equity Premium Income ETF. They believe US economic exceptionalism is set to continue, but they see growth and earnings broadening out across the economy, with risks mitigated by resilient private sector balance sheets.

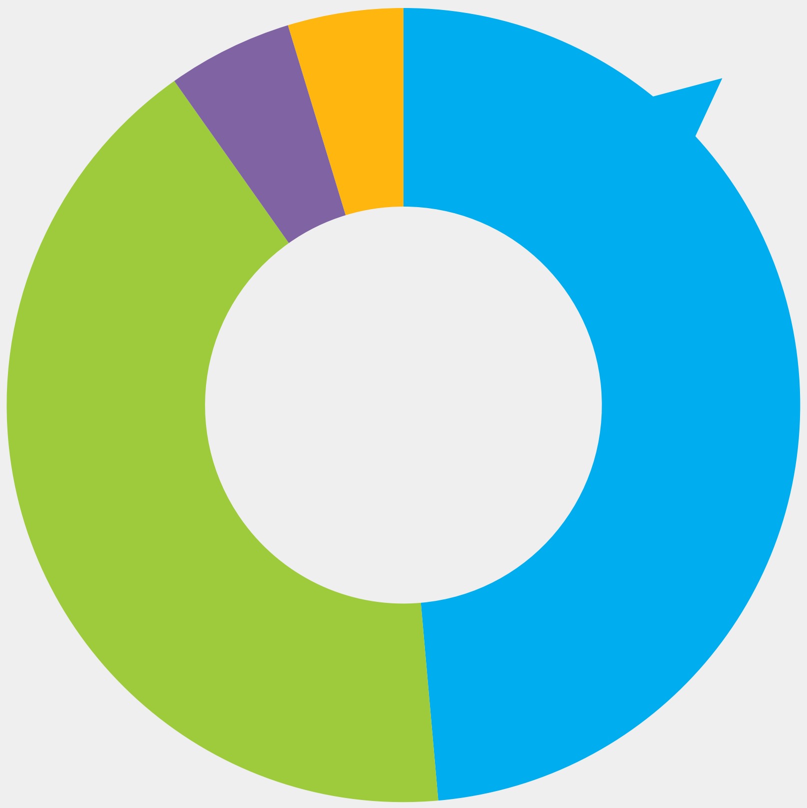
The equity portion of the portfolio detracted from overall performance in December. The Fund allocation to global equities detracted as the month saw declines driven by a hawkish stance from the Fed and increased political uncertainty.

The Fund Manager's allocation to European equities also detracted given weaker growth prospects and potential risks from US-imposed tariffs. Their emerging markets equities allocation contributed, buoyed by strong performances in Asian equities and positive sentiment from China.

The Fund Manager sees the economic cycle extending and risk assets delivering positive returns in 2025, driven by the cutting cycle and the new US administration's pro-growth policies. While risks exist, lower cross-asset correlation and cash on the sidelines, suggest markets have room to grow in 2025. The Fund Manager expects the Fed to deliver 1-2 cuts in 2025 before pausing, but as Chair Powell emphasized, decisions will be data-dependent.

Source: ATRAM's December 2024 -Key Information and Investment Disclosure Statement for ATRAM Global Multi-Asset Income Feeder Fund (the Feeder Fund) that primarily invests in JPMorgan Global Income Fund (the Target Fund)

Asset allocation



48.6% Fixed-income funds

41.6% Equity funds

5.1% Hybrid

4.7% Cash & cash equivalents

Performance

11.88%
Actual year-on-year
Feeder Fund

12.68%
Actual year-on-year
Target Fund

PhP 0.97226
Unit price
as of 2 Jan 2025

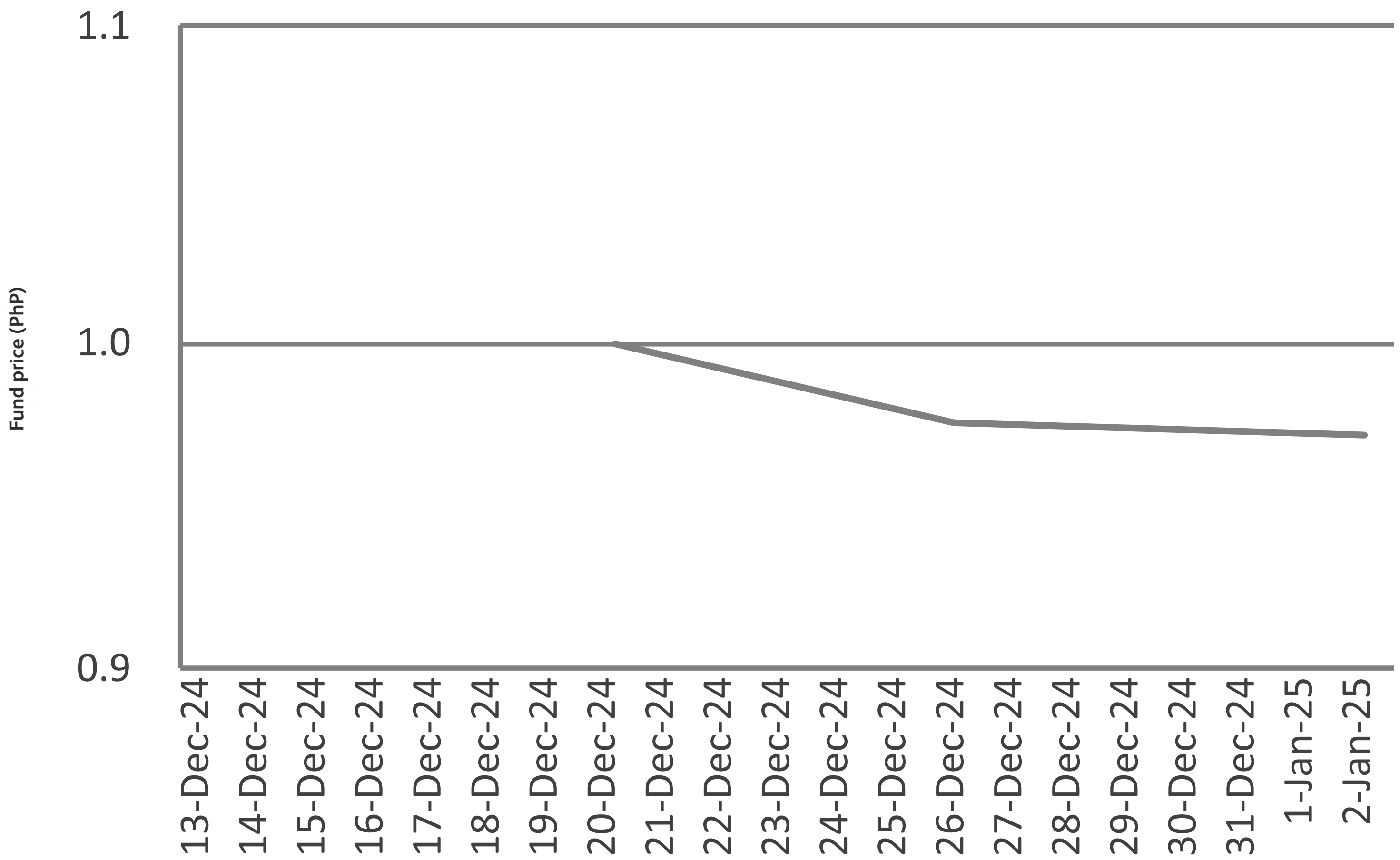
Top holdings

JPMORGAN NASDAQ EQUITY PREMIUM INCOME ACTIVE UCITS ETF	4.12%
JPMORGAN LIQUIDITY FUNDS - US DOLLAR LIQUIDITY	1.33%
MICROSOFT CORP.	1.23%
UNITED STATES OF AMERICA NOTES FIXED 4.25%	1.06%
JPMORGAN LIQUIDITY FUNDS - USD LIQUIDITY LVNAV FUND	0.76%
TAIWAN SEMICONDUCTOR MANUFACTURING CO. LTD.	0.73%
META PLATFORMS INC.	0.71%
FIDELITY NATIONAL INFORMATION SERVICES INC.	0.48%
BRED BANQUE POPULAIRE 2.89 02 JAN	0.44%
BROADCOM INC.	0.44%

Highest and lowest unit price achieved

Highest (12 Dec 24)	1.00000
Lowest (02 Jan 25)	0.97226
Initial (12 Dec 24)	1.00000

Performance chart



PRULink Managed Fund

2024 was a year marked by volatility across both equity and fixed income markets, driven by shifting interest rate expectations and evolving geopolitical risks.

The Philippine Stock Exchange Index (PSEi) closed the year at 6,528.79, gaining 1.2% in price terms and 4.1% in total return, breaking a four-year streak of declines. Market movements were heavily influenced by monetary policy expectations, with equities rallying from August to October as the BSP preemptively cut rates ahead of the US Federal Reserve. However, sentiment turned bearish in November, as investors began pricing in the impact of Donald Trump's election victory, particularly his policies on stricter immigration, fiscal spending, and trade tariffs—factors that reinforced a higher-for-longer interest rate narrative.

On the fixed income side, the year began with aggressive expectations for six Fed rate cuts, but resilient US economic data and sticky inflation led to a major repricing in Q2, pushing yields higher. The Fed ultimately initiated rate cuts in Q3, prompting a rally in global bonds. However, similar to equities, the late-year shift in expectations following Trump's win resulted in renewed selling pressure on bonds, leading to an increase in long-term yields as investors demanded higher risk premiums. Domestically, the BSP cut rates by 50 basis points in Q4, following an initial 25 basis point cut in August, as inflation cooled and allowed for a more accommodative stance.

Throughout 2024, the Growth Fund maintained a neutral strategic asset allocation of 80% equities and 20% bonds, reflecting its growth-oriented mandate. The Proactive Fund, with a balanced allocation of 50% equities and 50% bonds, remained positioned for moderate risk-adjusted returns. Meanwhile, the Managed Fund adhered to a more conservative allocation of 20% equities and 80% bonds, prioritizing stability and income generation.

Subscriptions and redemption cashflows were actively managed to maintain the Fund of Funds' strategic allocation, ensuring consistency with its long-term investment objectives. The funds continue to rely on excess returns from the underlying bond and equity components, rather than tactical shifts in asset allocation, allowing for systematic exposure to market opportunities while managing risk effectively.

Outlook

Markets in 2025 will be shaped by Trump's policy direction, global trade tensions, and monetary policy adjustments. In the near term, uncertainty surrounding trade policies and their inflationary impact may keep interest rates elevated, with central banks, including the BSP, exercising caution. However, by the second half of 2025, we expect markets to look past the initial policy shocks, recognizing that protectionist measures may serve as a negotiation tactic rather than a long-term shift in global trade. As this clarity emerges, we anticipate a resumption of monetary easing, supporting both fixed income and equity markets.

For equities, we expect subdued performance in the first half before potential foreign inflows and monetary easing act as catalysts in the latter part of the year. Our focus remains on stock selection over sector allocation, with a preference for companies exhibiting strong earnings visibility and company-specific growth drivers, which should provide resilience in a volatile environment.

For fixed income, long-term yields are expected to decline as growth concerns take precedence over inflationary risks. The BSP is expected to cut rates by at least 50 basis points, with the potential for deeper cuts if global economic conditions weaken further. Given this, duration management will remain a key strategy, with opportunities in mid-to-long tenor bonds as yields adjust lower.

Overall, 2025 presents a dynamic investment landscape, requiring a balanced and flexible approach across asset classes. While short-term uncertainty persists, the eventual monetary policy shift and market stabilization in the second half provide compelling opportunities for both fixed income and equity investors.

Asset allocation

80.48%
Fixed-income funds

18.52%
Equity funds

1.00%
Cash & cash equivalents

Performance

2.02%
Actual year-on-year

5.66%
Since inception
(per annum)

PhP 3.40930
Unit price
as of 2 Jan 2025

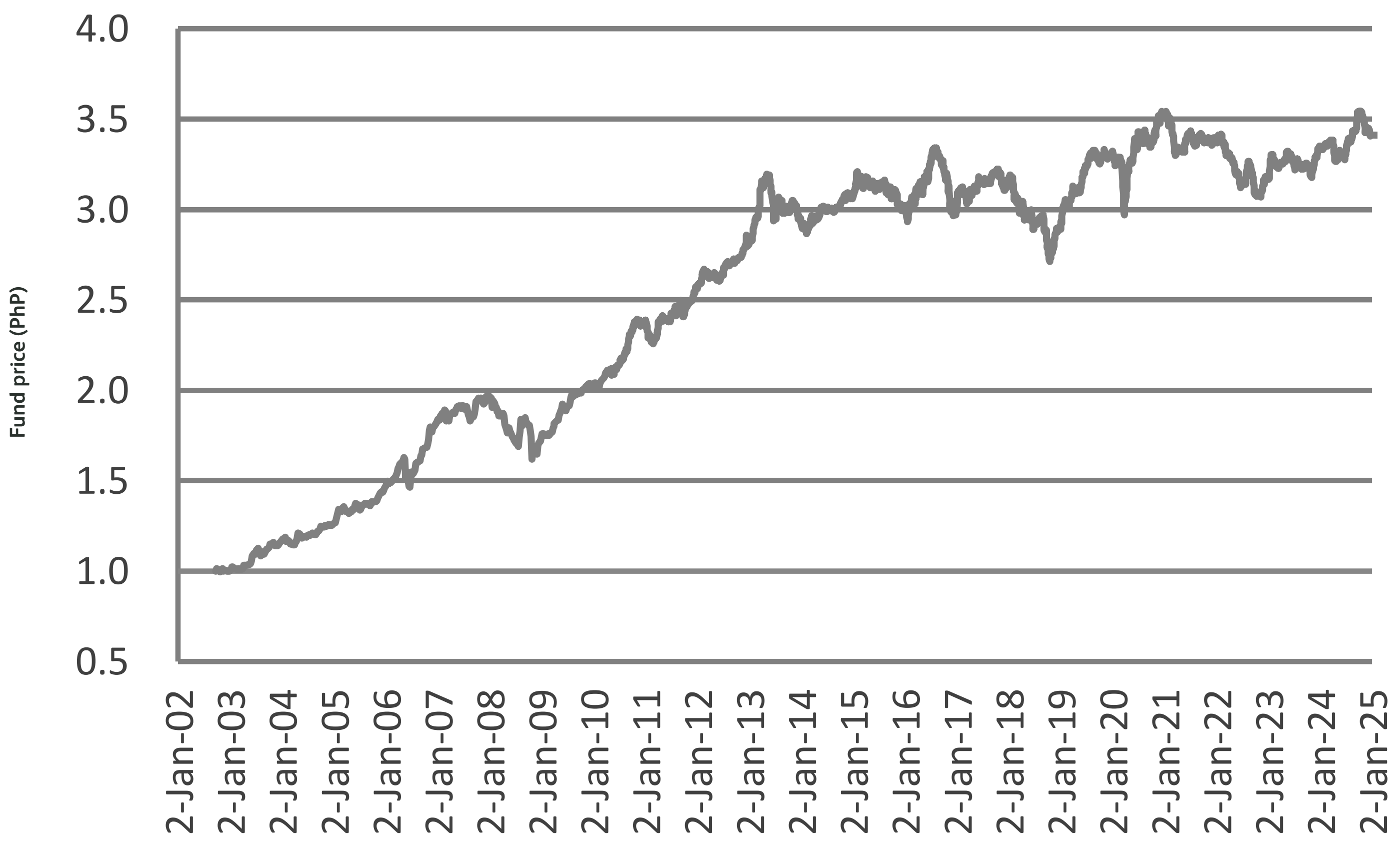
Top holdings

PRULINK BOND FUND	**80.48%**
PRULINK EQUITY FUND	**18.52%**
CASH & CASH EQUIVALENTS (PHP)	**1.00%**

Highest and lowest unit price achieved

Highest (09 Oct 24)	3.54422
Lowest (23 Oct 02)	0.99568
Initial (24 Sep 02)	1.00000

Performance chart



PRULink Proactive Fund

2024 was a year marked by volatility across both equity and fixed income markets, driven by shifting interest rate expectations and evolving geopolitical risks.

The Philippine Stock Exchange Index (PSEi) closed the year at 6,528.79, gaining 1.2% in price terms and 4.1% in total return, breaking a four-year streak of declines. Market movements were heavily influenced by monetary policy expectations, with equities rallying from August to October as the BSP preemptively cut rates ahead of the US Federal Reserve. However, sentiment turned bearish in November, as investors began pricing in the impact of Donald Trump's election victory, particularly his policies on stricter immigration, fiscal spending, and trade tariffs—factors that reinforced a higher-for-longer interest rate narrative.

On the fixed income side, the year began with aggressive expectations for six Fed rate cuts, but resilient US economic data and sticky inflation led to a major repricing in Q2, pushing yields higher. The Fed ultimately initiated rate cuts in Q3, prompting a rally in global bonds. However, similar to equities, the late-year shift in expectations following Trump's win resulted in renewed selling pressure on bonds, leading to an increase in long-term yields as investors demanded higher risk premiums. Domestically, the BSP cut rates by 50 basis points in Q4, following an initial 25-basis-point cut in August, as inflation cooled and allowed for a more accommodative stance.

Throughout 2024, the Growth Fund maintained a neutral strategic asset allocation of 80% equities and 20% bonds, reflecting its growth-oriented mandate. The Proactive Fund, with a balanced allocation of 50% equities and 50% bonds, remained positioned for moderate risk-adjusted returns. Meanwhile, the Managed Fund adhered to a more conservative allocation of 20% equities and 80% bonds, prioritizing stability and income generation.

Subscriptions and redemption cashflows were actively managed to maintain the Fund of Funds' strategic allocation, ensuring consistency with its long-term investment objectives. The funds continue to rely on excess returns from the underlying bond and equity components, rather than tactical shifts in asset allocation, allowing for systematic exposure to market opportunities while managing risk effectively.

Outlook

Markets in 2025 will be shaped by Trump's policy direction, global trade tensions, and monetary policy adjustments. In the near term, uncertainty surrounding trade policies and their inflationary impact may keep interest rates elevated, with central banks, including the BSP, exercising caution. However, by the second half of 2025, we expect markets to look past the initial policy shocks, recognizing that protectionist measures may serve as a negotiation tactic rather than a long-term shift in global trade. As this clarity emerges, we anticipate a resumption of monetary easing, supporting both fixed income and equity markets.

For equities, we expect subdued performance in the first half before potential foreign inflows and monetary easing act as catalysts in the latter part of the year. Our focus remains on stock selection over sector allocation, with a preference for companies exhibiting strong earnings visibility and company-specific growth drivers, which should provide resilience in a volatile environment.

For fixed income, long-term yields are expected to decline as growth concerns take precedence over inflationary risks. The BSP is expected to cut rates by at least 50 basis points, with the potential for deeper cuts if global economic conditions weaken further. Given this, duration management will remain a key strategy, with opportunities in mid-to-long tenor bonds as yields adjust lower.

Overall, 2025 presents a dynamic investment landscape, requiring a balanced and flexible approach across asset classes. While short-term uncertainty persists, the eventual monetary policy shift and market stabilization in the second half provide compelling opportunities for both fixed income and equity investors.

Asset allocation

51.78% Fixed-income funds

47.99% Equity funds

0.23% Cash & cash equivalents

Performance

0.93%
Actual year-on-year

4.84%
Since inception
(per annum)

PhP 2.12004
Unit price
as of 2 Jan 2025

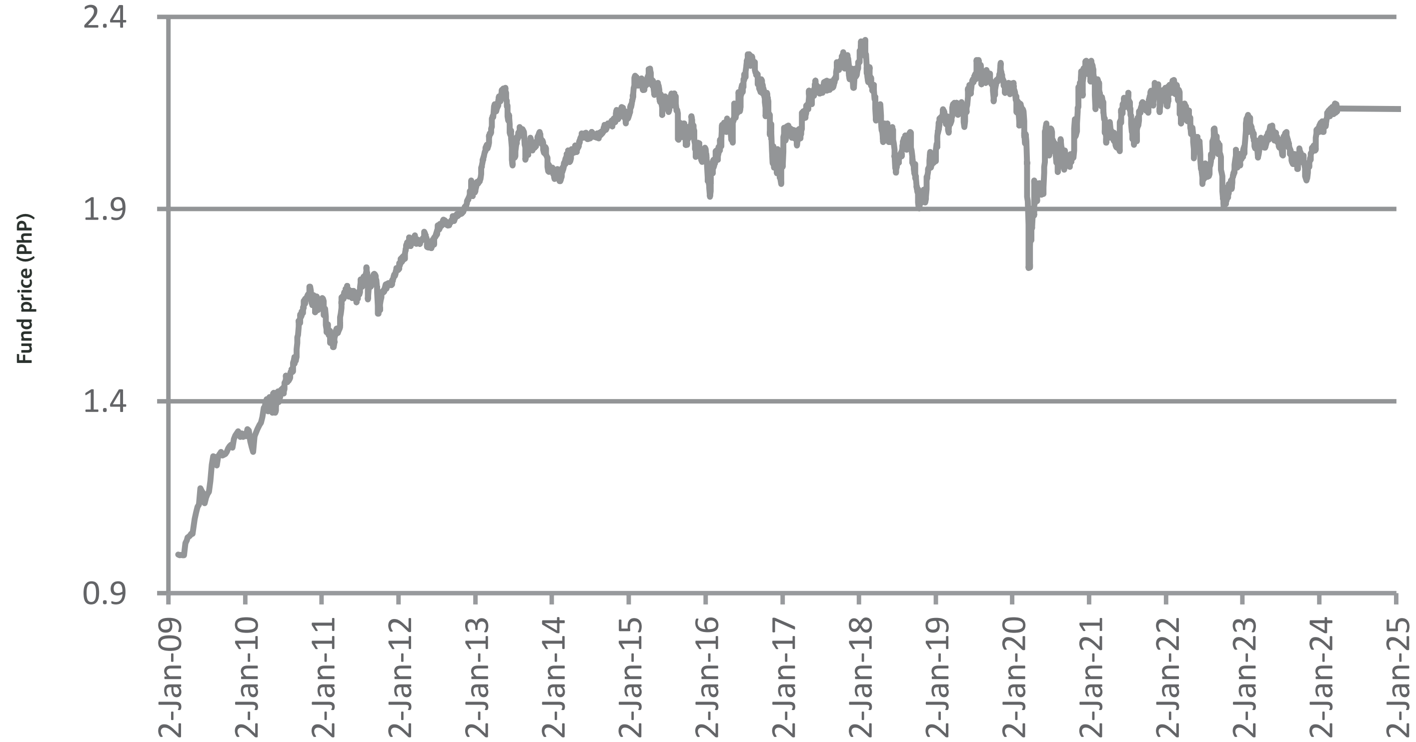
Top holdings

PRULINK BOND FUND	51.78%
PRULINK EQUITY FUND	47.99%
CASH & CASH EQUIVALENTS (PHP)	0.23%

Highest and lowest unit price achieved

Highest (30 Jan 18)	2.34008
Lowest (30 Jan 18)	0.99950
Initial (17 Feb 09)	1.00000

Performance chart



PRULink Growth Fund

2024 was a year marked by volatility across both equity and fixed income markets, driven by shifting interest rate expectations and evolving geopolitical risks.

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Overall, 2025 presents a dynamic investment landscape, requiring a balanced and flexible approach across asset classes. While short-term uncertainty persists, the eventual monetary policy shift and market stabilization in the second half provide compelling opportunities for both fixed income and equity investors.

Asset allocation

77.46%
Equity funds

21.98%
Fixed-income funds

0.56%
Cash & cash equivalents

Performance

0.23%
Actual year-on-year

6.74%
Since inception
(per annum)

PhP 3.55794
Unit price
as of 2 Jan 2025

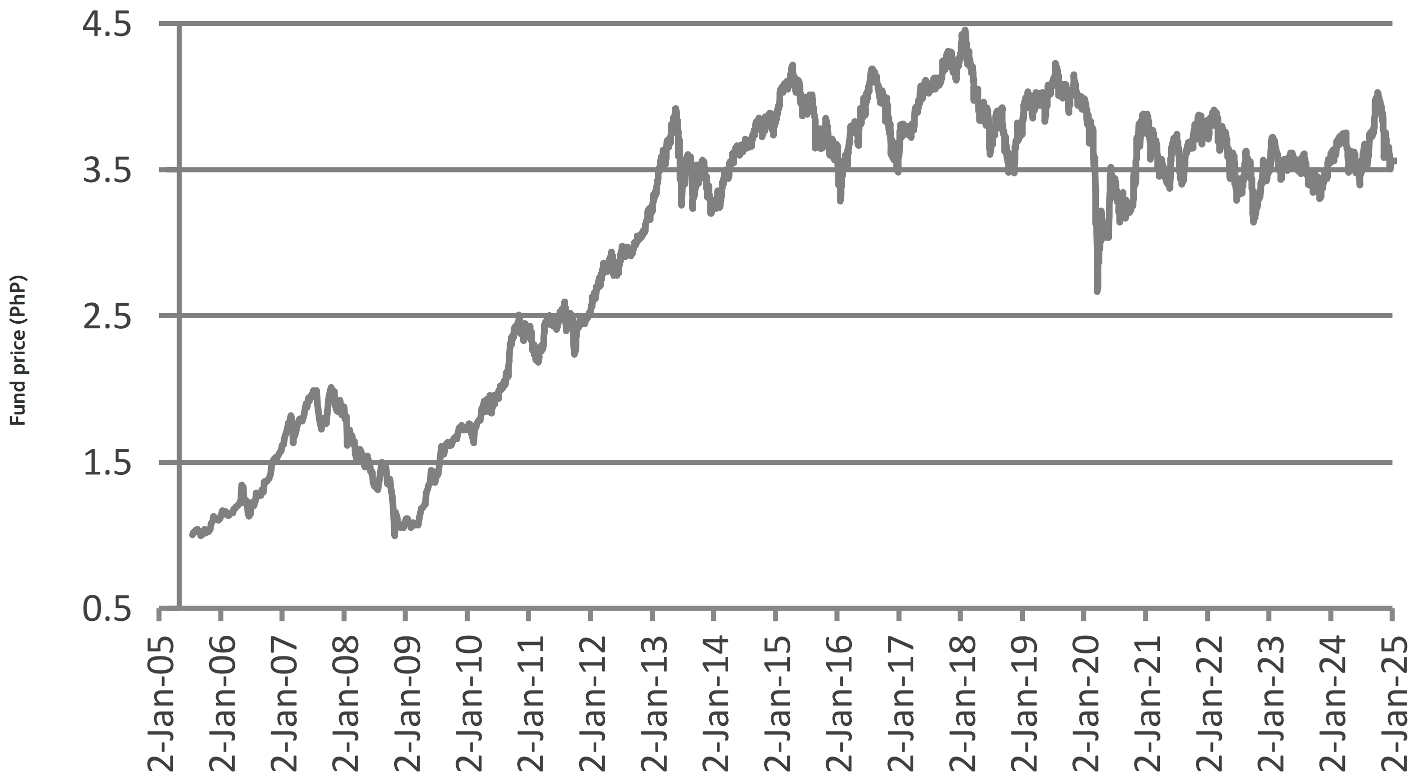
Top holdings

PRULINK EQUITY FUND	77.46%
PRULINK BOND FUND	21.98%
CASH & CASH EQUIVALENTS (PHP)	0.56%

Highest and lowest unit price achieved

Highest (22 Jul 05)	4.45577
Lowest (30 Jan 18)	0.99584
Initial (28 Oct 08)	1.00000

Performance chart



PRULink Equity Index Tracker Fund

The Philippine Stock Exchange Index (PSEi) ended 2024 at 6,528.79, up 1.2% and 4.1% on a price return and total return basis, marking an end to four straight years of decline. 2024 was a year of volatility where we saw the index peak at 7,604 in October and bottoming out at 6,158 in June. Monetary easing was initially expected in the early part of the year but was derailed by strong US economic data in April which led to a higher-for-longer narrative for the next couple of months. Rate cuts then ensued starting August where the BSP first cut rates, pre-empting the Fed. This is where the local bourse started to go up until October when investors began discounting a Trump win. Upon the official announcement of the results of the US Presidential elections in November, the market then moved south as Trump's policies of stricter immigration, fiscal spending, and tariffs all pointed to inflationary pressures. This resulted to less rate cut expectations for both the Fed and the BSP which led to another higher-for-longer narrative for the second time during the year. Inflation remained a challenge in 1H24 but eased towards the end of the year, allowing the BSP to cut rates by by 50 basis points in 4Q24 after an initial 25 basis point cut back in August. The Peso was also volatile, weakening near PHP 59/USD multiple times. While the PSEi ended 2024 on a sour note, it was still able to eke out gains on a full-year basis.

The top positive contributor to relative returns for the year was the underweight position in Emperador Inc. (EMI). The liquor company lost 12.3% in 2024 compared to the PSEi's 4.1% gain which benefitted the portfolio given its underweight position. The company lacks catalysts to entice investors as one of their main products, brandy, continues to lose market share. From around 30% market share in the spirits industry in 2019, it is now down to almost 20%, despite the growth in sector. This, along with poor liquidity, dampened investor sentiment on the name. On the other hand, the bottom contributor to relative performance was the overweight position in Ayala Land, Inc. (ALI). The Ayala property company continued lagged the index in 2024 with investors moving out of the stock due to the higher-for-longer narrative. Trump's win in November, along with the strong US economic data back in April were the two main events that triggered this narrative. ALI, along with other property developers, are negatively affected by high interest rates. Their residential developments become more expensive as mortgages are costlier with high interest rates.

Outlook

2025 will be a year of uncertainty brought about by Trump's policies and its corresponding effect on global rates and foreign exchange. On the domestic front, we expect less rate cuts because of this and a possible Peso depreciation relative to 2024 if BSP does not act. While we think the local market will remain subdued in the near term, we are more positive in 2H25 as markets will have discounted already the uncertainties from the Trump administration. Moreover, it will become evident that these tariffs are likely just a negotiating tactic in bringing other countries to acquiesce to some of Trump's asks. Monetary easing can then resume in the latter half of 2024. This is the time when emerging markets such as ours will begin to see an upside with possible foreign inflows as a catalyst. Given this, the strategy is focused more on stock selection rather than sector allocation (except for the banks). We are positive on names that have high earnings visibility and resilient earnings growth which will likely be the outperformers in a volatile environment. In addition, we are also screening for stocks that have company-specific catalysts that will drive outperformance.

Sector allocation

Performance

1.91%
Actual year-on-year

3.06%
Since inception
(per annum)

PhP 1.14028
Unit price
as of 2 Jan 2025

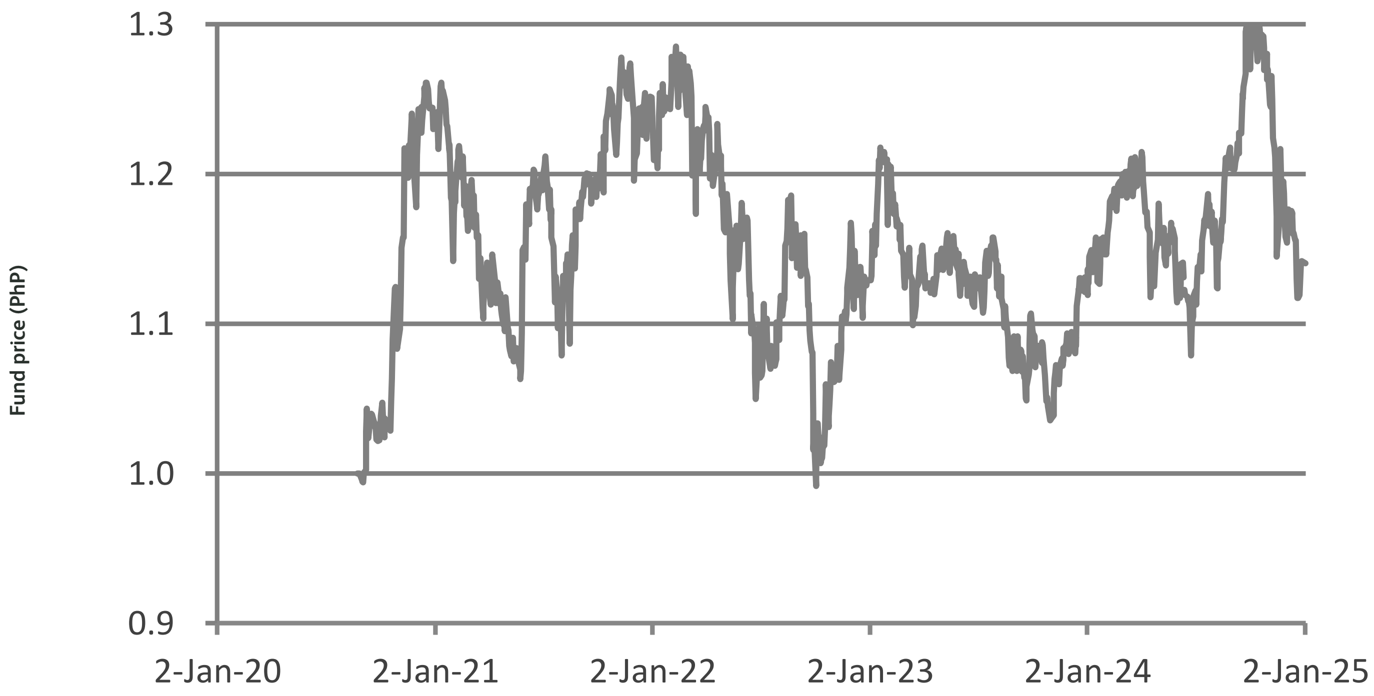
Top holdings

PRUINVEST EQUITY INDEX TRACKER FUND	100%

Highest and lowest unit price achieved

Highest (08 Oct 24)	1.31783
Lowest (03 Oct 22)	0.99157
Initial (24 Aug 2020)	1.00000

Performance chart



PRULink Equity Fund

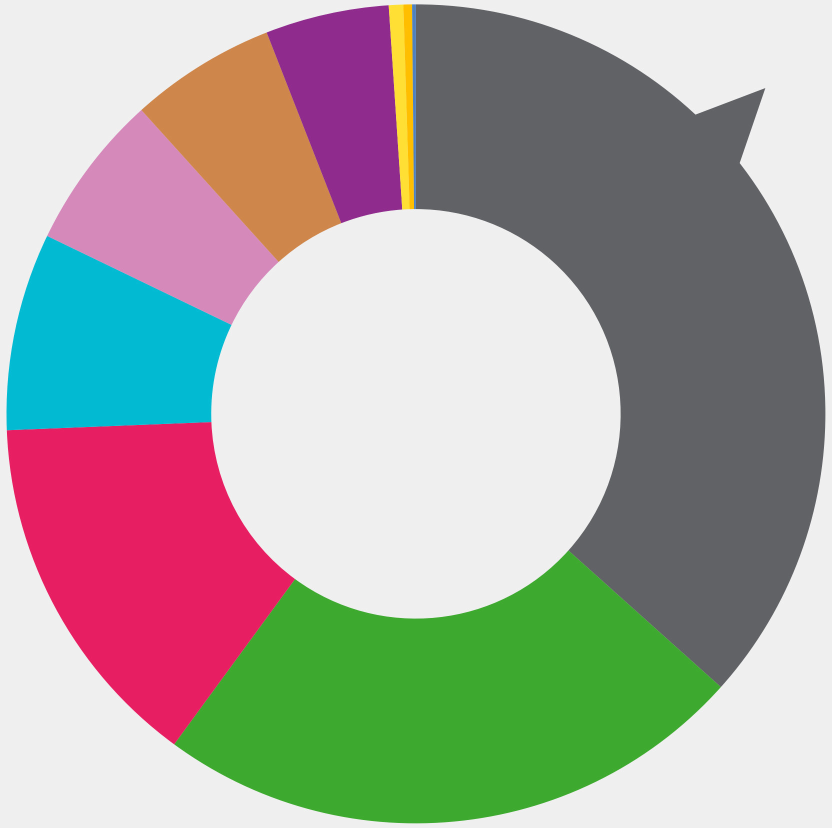
The PSEi ended 2024 at 6,528.79, up 1.2% and 4.1% on a price return and total return basis, marking an end to four straight years of decline. 2024 was a year of volatility where we saw the index peak at 7,604 in October and bottoming out at 6,158 in June. Monetary easing was initially expected in the early part of the year but was derailed by strong US economic data in April which led to a higher-for-longer narrative for the next couple of months. Rate cuts then ensued starting August where the BSP first cut rates, pre-empting the Fed. This is where the local bourse started to go up until October when investors began discounting a Trump win. Upon the official announcement of the results of the US Presidential elections in November, the market then moved south as Trump's policies of stricter immigration, fiscal spending, and tariffs all pointed to inflationary pressures. This resulted to less rate cut expectations for both the Fed and the BSP which led to another higher-for-longer narrative for the second time during the year. Inflation remained a challenge in 1H24 but eased towards the end of the year, allowing the BSP to cut rates by 50 basis points in 4Q24 after an initial 25 basis point cut back cut back in August. The Peso was also volatile, weakening near PHP 59/USD multiple times. While the PSEi ended 2024 on a sour note, it was still able to eke out gains on a full-year basis.

The top positive contributor to relative returns for the year was the underweight position in Emperador Inc. (EMI). The liquor company lost 12.3% in 2024 compared to the PSEi's 4.1% gain which benefitted the portfolio given its underweight position. The company lacks catalysts to entice investors as one of their main products, brandy, continues to lose market share. From around 30% market share in the spirits industry in 2019, it is now down to almost 20%, despite the growth in sector. This, along with poor liquidity, dampened investor sentiment on the name. On the other hand, the bottom contributor to relative performance was the overweight position in Ayala Land, Inc. (ALI). The Ayala property company continued lagged the index in 2024 with investors moving out of the stock due to the higher-for-longer narrative. Trump's win in November, along with the strong US economic data back in April were the two main events that triggered this narrative. ALI, along with other property developers, are negatively affected by high interest rates. Their residential developments become more expensive as mortgages are costlier with high interest rates.

Outlook

2025 will be a year of uncertainty brought about by Trump's policies and its corresponding effect on global rates and foreign exchange.. On the domestic front, we expect less rate cuts because of this and a possible Peso depreciation relative to 2024 if BSP does not act. While we think the local market will remain subdued in the near term, we are more positive in 2H25 as markets will have discounted already the uncertainties from the Trump administration. Moreover, it will become evident that these tariffs are likely just a negotiating tactic in bringing other countries to acquiesce to some of Trump's asks. Monetary easing can then resume in the latter half of 2024. This is the time when emerging markets such as ours will begin to see an upside with possible foreign inflows as a catalyst. Given this, the strategy is focused more on stock selection rather than sector allocation (except for the banks). We are positive on names that have high earnings visibility and resilient earnings growth which will likely be the outperformers in a volatile environment. In addition, we are also screening for stocks that have company-specific catalysts that will drive outperformance.

Sector allocation



36.63% Industrials
23.43% Financials
14.31% Real estate
7.79% Consumer staples
6.15% Consumer discretionary
5.76% Communication Services
4.88% Utilities
0.57% Energy
0.34% Cash
0.15% Materials

Performance

-0.37% Actual year-on-year

3.95% Since inception *(per annum)*

PhP1.94762 Unit price *as of 2 Jan 2025*

Top holdings

SM INVESTMENTS CORP	10.01%
INT'L CONTAINER TERMINAL SERVICES INC.	9.75%
BDO UNIBANK INC	9.48%
BANK OF THE PHILIPPINE ISLANDS	8.99%
SM PRIME HOLDINGS INC.	7.86%
AYALA CORPORATION	6.35%
AYALA LAND INC	6.29%
JOLLIBEE FOODS CORP	5.07%
METROPOLITAN BANK AND TRUST COMPANY	4.96%
MANILA ELECTRIC CO.	3.84%

Highest and lowest unit price achieved

Highest (30 Jan 18)	2.66632
Lowest (28 Oct 08)	0.42505
Initial (23 Oct 07)	1.00000

Performance chart

PRULink Global Market Navigator Fund PHP Unhedged Share Class

Global equity markets rose over the period, supported by a broad rally in technology stocks, cooling inflation and rate cuts by global central banks. The US Federal Reserve (Fed) cut rates by 50 basis points in September with further 25 basis point cuts in November and December, whilst domestic gross domestic product (GDP) growth remained solid for the year. The US market was the standout performer globally, outperforming all other major regions during the period on a US dollar-basis.

US stocks received further upward support in the final quarter, following Donald Trump's victory in the US election. Sentiment was buoyed by expectations that Trump's policies would lift growth, reduce taxes and cut regulation.

Asian and Emerging Markets (EM) sold off in the final quarter, however, on the anticipation of heightened trade tensions and the implementation of tariffs by President Trump, particularly on China. In addition, a stronger US Dollar following Trump's win and expectations for slower rate cuts by the Fed in 2025, further weighed on Asia and EM.

Several Asian markets still posted strong returns for the year as a whole, despite the weakness in the final quarter, including Taiwan and China. Taiwan continued to benefit from the broader global technology strength and ongoing optimism around Artificial Intelligence, whilst China rallied during the second half of the year following the announcement of a raft of stimulus measures aimed at reversing the slowdown in the broader Chinese economy.

Japanese equities were volatile, with the prospect of the Bank of Japan raising interest rates leading to a shift in market expectations, an unwind of the yen carry trade and a sharp decline in both Japanese and global equities in August, although markets quickly snapped back.

ASEAN markets performed relatively well, outperforming both Asia excluding Japan and EM, although the variance of underlying country returns was substantial. Singapore outperformed significantly and was the amongst the best performing markets globally, benefiting from its more defensive profile amid the ongoing tensions between the US and China, and as investors were attracted by Singapore's political stability and relative neutrality. Indonesia sold off and strongly underperformed the broader ASEAN region.

In fixed income markets, the US 10 Year Treasury yield was volatile but ended the period higher, particularly following President Trump's victory and as markets pared back expectations for rate cuts by the Fed in 2025. Credit markets posted positive returns, supported by declining inflation and generally strong growth in major markets, including the US. Amongst the top-performing fixed income sectors, US high yield bonds[1] delivered a 8.2% return, amid a declining inflation trend and stronger-than-expected US growth. USD-denominated emerging market (EM) bonds[2] were also among the top performers, gaining 6.5% overall, driven by coupons and a favourable economic backdrop. On the other hand, local currency EM bonds[3] saw negative returns due to the overall weakness of EM currencies as the USD strengthened. USD-denominated Asian credit bonds[4] also performed well, gaining 5.7% on the year, amid tightening spreads.

The Fund posted a positive absolute return in 2024. For the majority of 2024, the Fund was generally constructive on global equities and maintained an overweight equity position (relative to fixed income) for most of the year due to still resilient US economic fundamentals. The overweight in equities contributed positively as global equities generally outperformed fixed income markets during the year. Additionally, the Fund's top contributing tactical trades included: global equities (vs. US IG), Asian equities (vs. US IG), Europe equities (vs. US), EM equities (vs. US), and US HY (vs. US IG).

Outlook

The global economy faces uncertainty in 2025, with the new US administration's policies under President Donald Trump playing a key role in shaping the economic landscape. Over the longer period, we anticipate higher market volatility, when considering the ambiguity surrounding the scope, timing, and sequencing of Trump's proposed policies, as there is still significant uncertainty surrounding their potential impact.

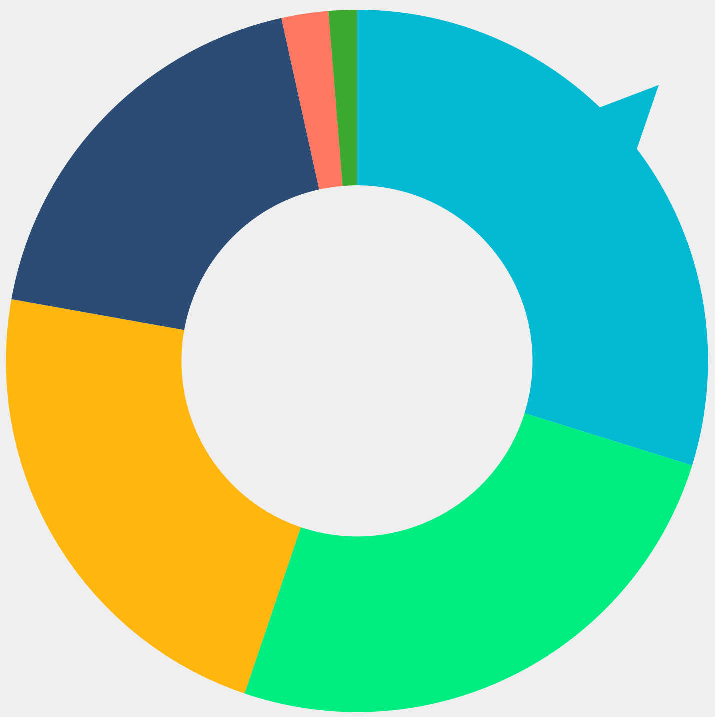
President Trump's proposed policies of tax cuts, immigration curbs and tariffs likely will lead to increased expectations for higher inflation. Yet, the Fed's monetary policy decision would likely depend on incoming data, evolving economic conditions, and the balance of risks. A rise in inflation might delay interest rate cuts, but unexpected labour market and economic weakness might lead to faster cuts. To this end, we remain cognizant of inflation risk over the near-term and also believe market price fluctuations and volatility will persist until US policy becomes clearer.

Despite US growth momentum continuing to bolster overall global growth, it is important to note that global growth momentum is expected to decelerate and the Chinese economy, a major global growth engine, has not accelerated meaningfully despite recent stimulus measures. Further, geopolitical events, such as the Syria regime change, remind us of the continued presence of geopolitical risks and volatility in the market.

Given the high level of uncertainty ahead, adopting a tactical approach is advisable, and active risk management remains as crucial as ever. The Fund will continue to remain nimble, while diversifying and making further tactical adjustments as market conditions continue to evolve.

[1] Source: ICE BofA US High Yield Constrained Index
[2] Source: J.P. Morgan EMBI Global Diversified Index
[3] Source: J.P. Morgan GBI-EM Global Diversified Index
[4] Source: J.P. Morgan Asia Credit Index (JACI)

Asset allocation



38.60% Exchange Traded Equity Funds
32.86% Equity
29.29% Equity funds
24.25% Government bond
2.79% Equity ETF
1.86% Financials

Performance

15.14%
Actual year-on-year

4.78%
Since inception
(per annum)

Php 1.28090
Unit price
as of 2 Jan 2025

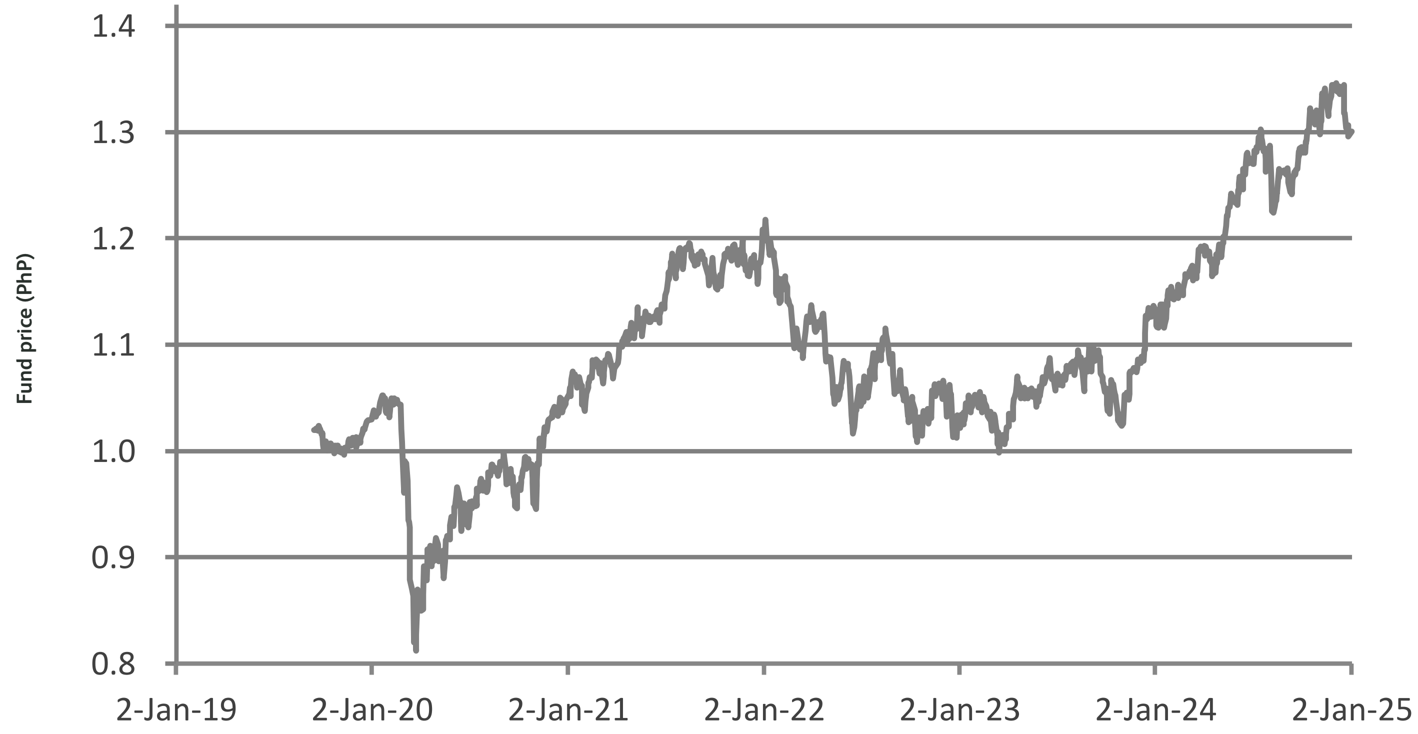
Top holdings

S&P500 EMINI MAR 25	26.70%
ISHARES $ CORP BOND ESG UCITS ETF USD ACC	17.88%
ISHARES GLOBAL AGGREGATE BD ESG UCITS ETF USD ACC	16.68%
ESI- GLOBAL MF EQ FUND CLASS D	15.35%
UNITED STATES TREASURY BILL 6-FEB-2025	12.48%
UNITED STATES TREASURY BILL 23-JAN-2025	11.77%
EASTSPRING INV GL DYN GROWTH EQ FD	7.06%
EASTSPRING INV WORLD VALUE EQUITY	6.88%
STOXX EUROPE 600 MAR 25	3.28%
FORWARD EURO	3.10%

Highest and lowest unit price achieved

Highest (04 Dec 24)	1.32613
Lowest (24 Mar 20)	0.79212
Initial (16 Sep 19)	1.00000

Performance chart



PRULink Global Equity Navigator Fund PHP Unhedged Share Class

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Asian and Emerging Markets (EM) sold off in the final quarter, however, on the anticipation of heightened trade tensions and the implementation of tariffs by President Trump, particularly on China. In addition, a stronger US Dollar following Trump's win and expectations for slower rate cuts by the Fed in 2025, further weighed on Asia and EM.

Several Asian markets still posted strong returns for the year as a whole, despite the weakness in the final quarter, including Taiwan and China. Taiwan continued to benefit from the broader global technology strength and ongoing optimism around Artificial Intelligence, whilst China rallied during the second half of the year following the announcement of a raft of stimulus measures aimed at reversing the slowdown in the broader Chinese economy.

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The Fund posted a positive absolute return in 2024.

During the year, the Fund outperformed its internal reference, the MSCI ACWI Index (USD). The investment team was constructive on global equities for the majority of 2024, primarily due to resilient US economic fundamentals amongst other factors. To this end, the Fund increased its equity risk exposure by employing various alpha overlay options-based strategies on an opportunistic basis (i.e., seeking opportunities to capture equity upside while protecting against potential downturn), which contributed to the Fund's strong absolute return. Top contributing tactical trades also included: global equities (vs. cash), emerging markets equities (vs. US equities), and China equities (vs. emerging markets equities).

Outlook

The global economy faces uncertainty in 2025, with the new US administration's policies under President Donald Trump playing a key role in shaping the economic landscape. Over the longer period, we anticipate higher market volatility, when considering the ambiguity surrounding the scope, timing, and sequencing of Trump's proposed policies, as there is still significant uncertainty surrounding their potential impact. President Trump's proposed policies of tax cuts, immigration curbs and tariffs likely will lead to increased expectations for higher inflation. Yet, the Fed's monetary policy decision would likely depend on incoming data, evolving economic conditions, and the balance of risks. A rise in inflation might delay interest rate cuts, but unexpected labour market and economic weakness might lead to faster cuts. To this end, we remain cognizant of inflation risk over the near-term and also believe market price fluctuations and volatility will persist until US policy becomes clearer.

Despite US growth momentum continuing to bolster overall global growth, it is important to note that global growth momentum is expected to decelerate and the Chinese economy, the other major global growth engine, has not accelerated meaningfully despite recent stimulus measures. Further, geopolitical events, such as the Syria regime change, remind us of the continued presence of geopolitical risks and volatility in the market. The investment team currently maintains a tactical preference for US equities over Europe and for US equities over emerging markets, due to expected tax cuts and pro-corporate policies under the Trump administration. However, protectionism, trade wars, and rising rates on stock valuations pose risks to equities in the medium-term. There is still significant uncertainty surrounding the potential impact of Trump's proposed policies on the markets. The prospects of tariffs and higher for longer US rates in the first half of 2025 may lead to sharp bouts of volatility, making active risk management crucial, and given the high level of uncertainty ahead, adopting a tactical approach is advisable. The Fund will continue to remain nimble, while diversifying and making further tactical adjustments as market conditions continue to evolve.

[1] Source: ICE BofA US High Yield Constrained Index
[2] Source: J.P. Morgan EMBI Global Diversified Index
[3] Source: J.P. Morgan GBI-EM Global Diversified Index
[4] Source: J.P. Morgan Asia Credit Index (JACI)

► Sector Allocation

40.05% Futures

38.80% Exchange Traded Funds

30.09% Cash Securities

17.53% Mutual Funds / Unit Investment Trust

11.35% Financials

0.00% Health care

► Performance

22.06%
Actual year-on-year

6.79%
Since inception
(per annum)

Php 1.23035
Unit price
as of 2 Jan 2025

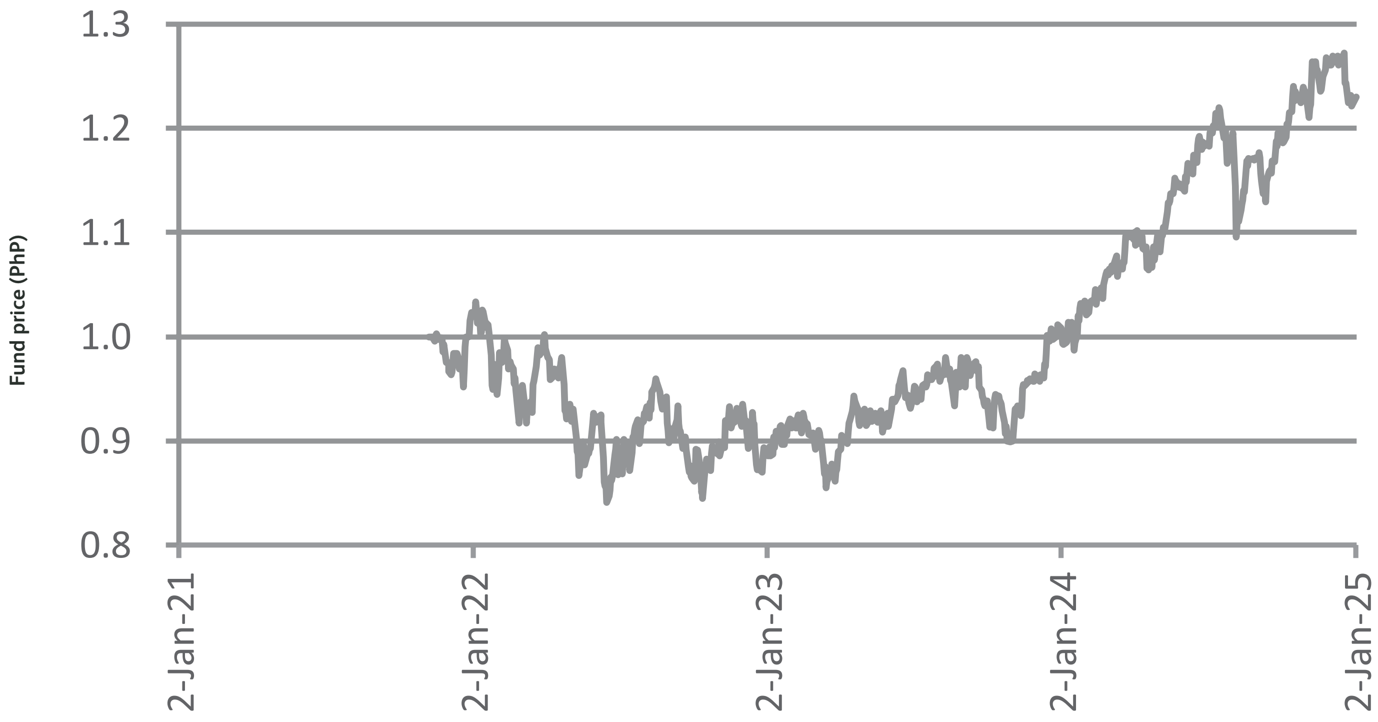
► Top holdings

S&P500 EMINI MAR 25	37.71%
UNITED STATES TREASURY BILL 23-JAN-2025	14.42%
ESI- GLOBAL MF EQ FUND CLASS D	9.80%
ISHARES MSCI USA ESG SCREENED UCITS ETF USD ACC	9.69%
ISHARES MSCI EUROPE ESG SCREENED UCITS ETF EUR ACC	9.51%
ISHARES MSCI EM IMI ESG SCREENED UCITS ETF USD	8.03%
UNITED STATES TREASURY BILL 7-JAN-202	7.98%
SPDR S&P 500 ESG SCREENED UCITS ETF USD ACC	7.68%
JPMORGAN LIQUIDITY FUNDS - US DOLLAR LIQUIDITY FUND	7.30%
UNITED STATES TREASURY BILL 6-FEB-2025	6.82%

► Highest and lowest unit price achieved

Highest (18 Dec 24)	1.27225
Lowest (17 Jun 22)	0.84085
Initial (24 Aug 2020)	1.00000

► Performance chart



PRULink US Dollar Bond Fund

Fixed income markets wrapped up 2024 on a positive note as inflation eased in most economies. The labor market tightness gradually subsided, with slower wage growth and significant progress in controlling inflation. This allowed major central banks to begin reducing policy rates. Overall, the fixed income market in 2024 was marked by higher yields, positive corporate bond returns, and a stronger performance of the US dollar.

US Treasury rates saw notable rises in intermediate and long maturities, while European and Japanese government bond yields similarly increased across their respective yield curves. In 2024, the US Federal Reserve implemented three interest rate cuts. The first was a substantial 50 basis point reduction in September, followed by two additional 25 basis point cuts in November and December. The 10-year US Treasury (UST) yield began the year at 3.91% and continued to climb, peaking at 4.65% in August. By the end of December, it had settled at around 4.58%, marking a 69 basis point increase for the year. The emerging markets (EM) USD bond market delivered strong performance, thanks to high yields and favorable global conditions. Despite this, the Philippine USD sovereign bonds experienced a slight decline of 0.23%, as reflected by the JPMorgan EMBI Global Philippines index. In contrast, Asian USD debts performed solidly, driven by several factors, including robust economic growth in the region, supportive global conditions, and attractive valuations of Asian credit.

From a macroeconomic perspective, the country saw notable improvements. The economy expanded steadily at 5.8%, driven by robust domestic demand, a resurgence in public consumption, and increased construction investment. Inflation eased to 3.2% from 6.0% in 2023, thanks to lower global commodity prices and the government's effective inflation-control measures. In December, the central bank of the Philippines lowered its target reverse repurchase rate by 25 basis points to 5.75% to support economic growth and capitalize on the moderating inflation.

During the review period, the Fund's allocation to the Asian USD bond market significantly boosted relative performance amid rising US interest rates and narrowing credit spreads. Conversely, the selection of sovereign bonds within the portfolio detracted from relative performance.

Outlook

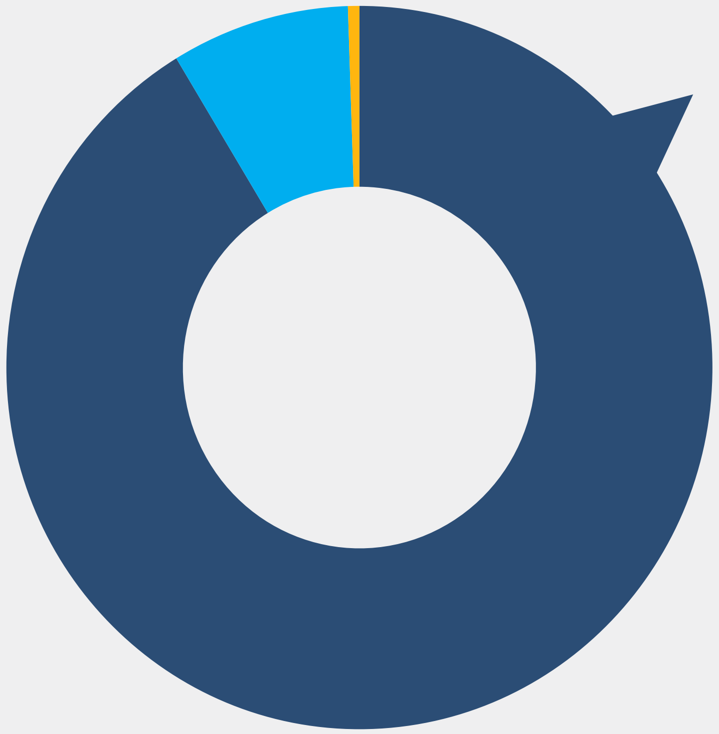
January saw global rates moving higher initially on strong US labour market data and noise around US tariffs but ended the month lower due to some reprieve from US inflation data.

Asian investment grade credit spreads in general were stable over the month, and outperformed Republic of the Philippines (ROP) bonds. Asian credits continue to offer a decent spread over ROP bonds on an aggregate basis, on top of diversification benefits. We think Asian credits can continue benefitting from positive technicals such as the continued slow bond supply in the region and offer the Fund diversification benefits, whereas the JPMorgan EMBI Global Philippines index might be more volatile as the market reacts to President Trump's plans and policies, which we think will be made a lot clearer in the next few months.

Locally, we expect growth to stabilize, with a pick-up in consumption and government spending offsetting the weakening growth momentum. That being said, we think that growth will continue to undershoot the Government and Bangko Sentral ng Pilipinas' (BSP) forecasts on average, with additional downside risks from heightened geopolitical risks and worsening outlook for global trade due to Trump's pro-tariffs approach towards trade, posing a significant downside risk to investments and net exports.

This will likely drive BSP to continue its rate cutting cycle, in spite of some upside risks to inflation and a slower Fed rate cutting cycle. This, on top of the global rate cutting cycle that has begun, affirms our view that the Fund will benefit from a long-duration position in the longer term. In the near-term, however, there is risk that global yields will remain elevated due to sticky inflation in the US and uncertainties around Trump's policies, which is expected to receive more clarity over the next 2-3 months as Trump appoints his trade advisor.

Asset allocation



91.32%
Government bonds

8.16%
Fixed-income funds

0.52%
Cash & cash equivalents

Performance

-1.95%
Actual year-on-year

4.37%
Since inception
(per annum)

USD 2.52140
Unit price
as of 2 Jan 2025

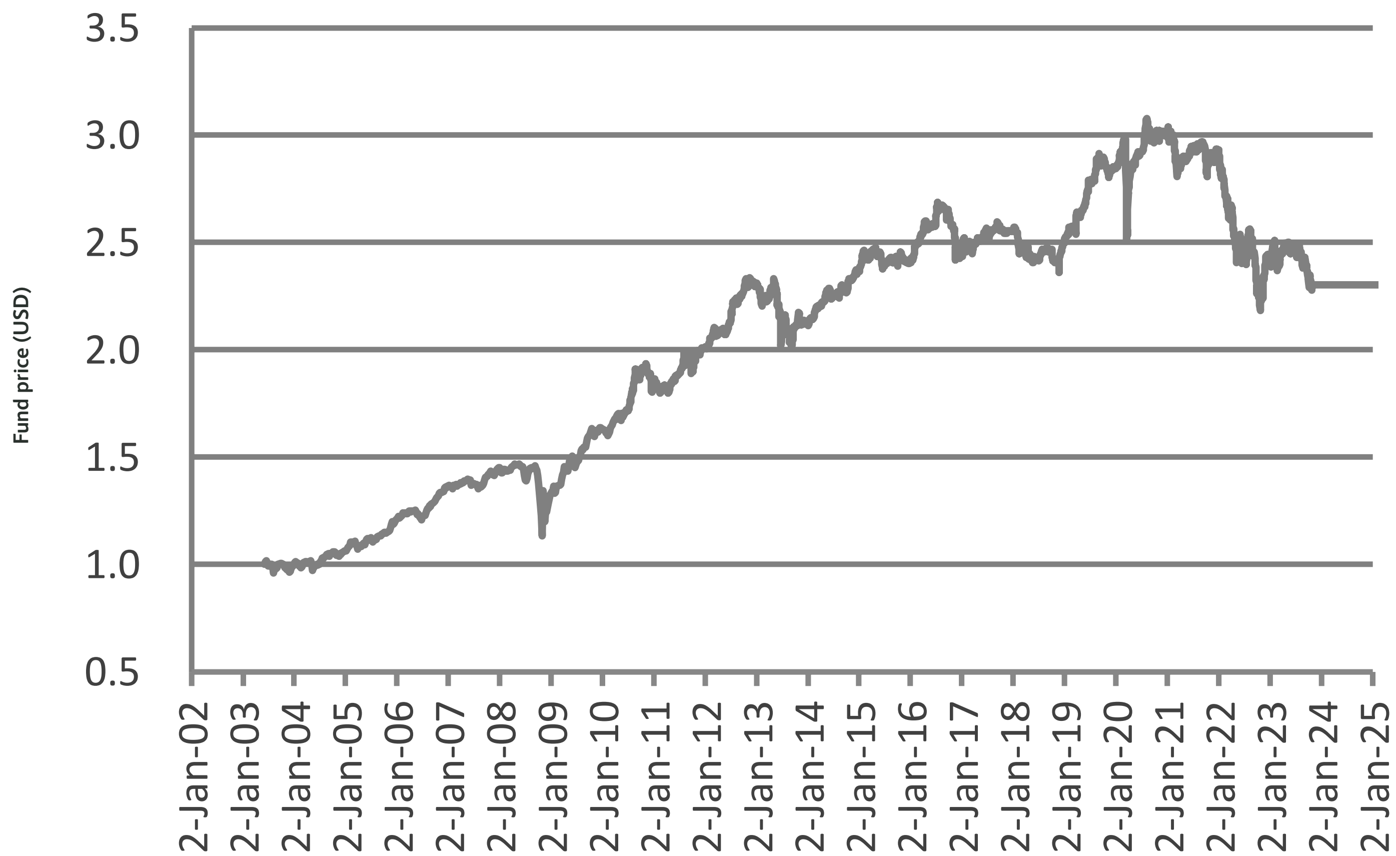
Top holdings

PHILIPPINES (REPUBLIC OF) 9.5% 2-FEB-2030	11.95%
PHILIPPINES (REPUBLIC OF) 7.75% 14-JAN-2031	11.95%
PHILIPPINES (REPUBLIC OF) 3.7% 1-MAR-2041	8.98%
EASTSPRING INV ASIAN BOND D USD	8.16%
PHILIPPINES (REPUBLIC OF) 3.7% 2-FEB-2042	8.08%
PHILIPPINES (REPUBLIC OF) 6.375% 23-OCT-2034	7.66%
PHILIPPINES (REPUBLIC OF) 3.95% 20-JAN-2040	5.98%
PHILIPPINES (REPUBLIC OF) 6.375% 15-JAN-2032	5.70%
PHILIPPINES (REPUBLIC OF) 5% 13-JAN-2037	4.85%
PHILIPPINES (REPUBLIC OF) 2.65% 10-DEC-2045	4.20%

Highest and lowest unit price achieved

Highest (12 Aug 20)	3.07860
Lowest (05 Aug 03)	0.96080
Initial (03 Jun 03)	1.00000

Performance chart



PRULink Asian Local Bond Fund

In 2024, fixed income markets ended on a high note with inflation easing in most economies. The labor market showed signs of loosening, resulting in slower wage growth. This, combined with significant progress in controlling inflation, allowed major central banks to start reducing policy rates. Overall, the fixed income market in 2024 was characterized by higher yields, positive corporate bond returns, and a stronger performance of the US dollar.

US Treasury rates experienced significant increases in intermediate and long maturities, while European and Japanese government bond yields also rose across the yield curve. In 2024, the US Federal Reserve implemented three interest rate cuts. The first was a substantial 50 basis point (bps) reduction in September, followed by two additional cuts of 25 bps each in November and December. The 10-year US Treasury (UST) yield began the year at 3.91% and climbed throughout the year, peaking at 4.65% in August before settling at around 4.58%, marking a 69 bps increase by the end of December.

In Asia, yields of domestic government bond markets had mixed outcomes, while global interest rates trended higher. The custom Markit iBoxx Asian Local Bond index increased by 2.3% over the year in USD unhedged terms. All local markets posted positive returns except Taiwan, with India and South Korea emerging as the top performers, while Taiwan saw the least gains. Overall, Asian currencies generally weakened against the US dollar, with the exceptions of the Malaysian ringgit and Hong Kong dollar, which bucked the downward trend. The Malaysian ringgit's strength was attributed to an influx of foreign investment flows.

During the review period, the portfolio's outperformance was primarily due to its overweight exposures to USD debts, as the Asian USD bond market posted a second consecutive year of gains in 2024. The portfolio's overweight exposures in South Korean Won contributed positively to relative performance, although this was partially offset by underweight duration in that currency. On the other hand, the overweight allocation in Japanese Yen and the underweight exposure to Malaysian Ringgit negatively impacted relative performance.

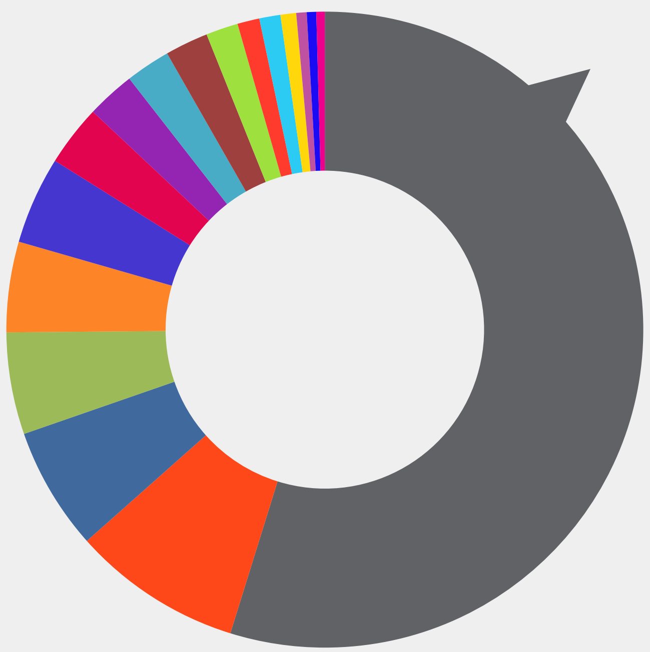
Outlook

Asian local bonds eked out marginal gains over the month of January after having been under considerable pressure over the past months amidst a stronger USD and higher UST yields induced by the spectre of tariffs and ascendency of Trump trades. Trump's promise of punitive tariffs on Chinese goods is assessed to have significant repercussions on trade dependent Asian economies, and Chinese Renminbi weakness has been presumed to be one of the most obvious responses to tariffs if they were to be imposed. President Trump's announcements post inauguration, marked by notable absence of hawkish China-speak or the announcement of tariffs he had earlier promised, triggered a relief rally in Asian currencies and bonds in general. Bearish sentiment towards Asian risk gave way to hopes that bilateral negotiations between the US and China could potentially avert an all-out trade war.

At the same time, as growth and inflation continue to moderate across most Asian economies, Asian central banks have demonstrated stronger commitment and willingness to ease monetary policy to support growth. They are also actively stabilizing foreign exchange and bond markets to manage volatility. This leads to a generally constructive backdrop for Asian local bonds in general.

With the Asian complex enjoying a brief reprieve from persistent uncertainty surrounding tariffs, a short window of opportunity has opened up for Asian local bonds to perform well, after having undervalued by 5-8% over the past 6 months. The benign risk environment would also favour moderate overweight in Asian high yielders such as India and Indonesia for carry. We have a slight preference towards Indonesian bonds because they have becoming more attractive in yield and currency terms compared to Indian bonds.

Sector allocation



Treasury	54.79%
Life insurance	8.64%
Foreign agencies	6.25%
Banking	5.18%
Oil field services	4.60%
Supranational	4.45%
Other financial institutions	3.11%
Other Real Estate Investment Trusts (REITs)	2.46%
Other Industry	2.27%
US agencies	2.19%
Tecnhology	1.63%
Other	1.12%
Consumer Cyclical Services	1.07%
Automotive	0.80%
Sovereign	0.53%
Diversified Manufacturing	0.48%
Supermarkets	0.43%

Performance

1.28%
Actual year-on-year

0.50%
Since inception
(per annum)

USD 1.06692
Unit price
as of 2 Jan 2025

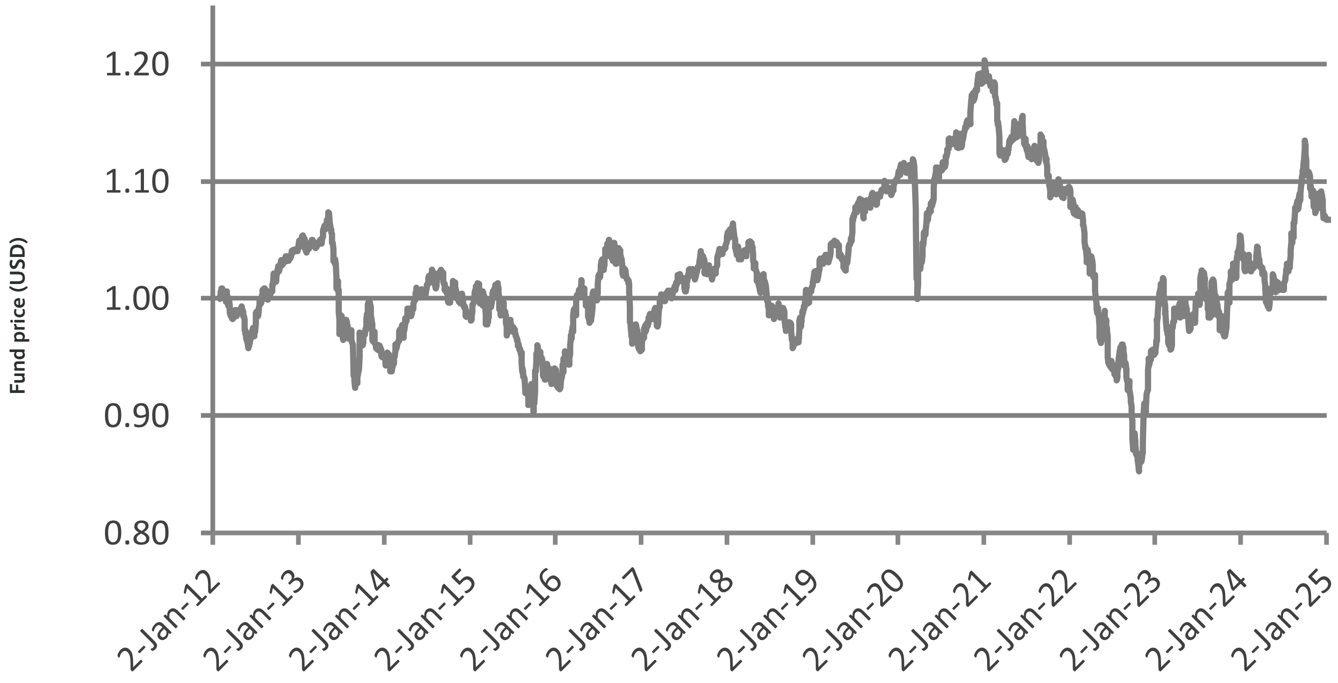
Top holdings

NDF KOREAN WON	9.86%
EZION HOLDINGS LTD 20-NOV-2024	4.60%
EZION HOLDINGS LTD 31-DEC-2079	3.11%
NIPPON LIFE INSURANCE CO 5.95% 16-APR-2054	2.23%
SINGAPORE TECHNOLOGIES TELEMEDIA PTE LTD 5.5% 31-DEC-2079	2.19%
NANYANG COMMERCIAL BANK LTD 6% 6-AUG-2034	2.11%
KEPPEL LTD 2.9% 31-DEC-2079	1.99%
CORPORACION ANDINA DE FOMENTO 7.7% 6-MAR-2029	1.86%
FORWARD JAPANESE YEN	1.80%
PHILIPPINES (REPUBLIC OF) 8% 19-JUL-2031	1.65%

Highest and lowest unit price achieved

Highest (05 Jan 21)	1.20318
Lowest (24 Oct 22)	0.85255
Initial (28 Jan 12)	1.00000

Performance chart



PRULink Cash Flow Fund

Global equity markets rose over the period, supported by a broad rally in technology stocks, cooling inflation and rate cuts by global central banks. The US Federal Reserve (Fed) cut rates by 50 basis points in September with further 25 basis point cuts in November and December, whilst gross domestic product (GDP) growth remained solid for the year. The US market was the standout performer globally, outperforming all other major regions during the period on a US Dollar basis.

US stocks received further upward support in the final quarter, following Donald Trump's victory in the US election. Sentiment was buoyed by expectations that Trump's policies would lift growth, reduce taxes and cut regulation.

Asian and Emerging Markets (EM) sold off in the final quarter, however, on the anticipation of heightened trade tensions and the implementation of tariffs by President Trump, particularly on China. In addition, a stronger US Dollar following Trump's win and expectations for slower rate cuts by the Fed in 2025, further weighed on Asia and EM.

Several Asian markets still posted strong returns for the year as a whole, despite the weakness in the final quarter, including Taiwan and China. Taiwan continued to benefit from the broader global technology strength and ongoing optimism around Artificial Intelligence, whilst China rallied during the second half of the year following the announcement of a raft of stimulus measures aimed at reversing the slowdown in the broader Chinese economy.

Japanese equities were volatile, with the prospect of the Bank of Japan raising interest rates leading to a shift in market expectations, an unwind of the yen carry trade and a sharp decline in both Japanese and global equities in August, although markets quickly snapped back.

ASEAN markets performed relatively well, outperforming both Asia excluding Japan and EM, although the variance of underlying country returns was substantial. Singapore outperformed significantly and was the amongst the best performing markets globally, benefiting from its more defensive profile amid the ongoing tensions between the US and China, and as investors were attracted by Singapore's political stability and relative neutrality. Indonesia sold off and strongly underperformed the broader ASEAN region.

In fixed income markets, the US 10 Year Treasury was volatile but ended the period higher, particularly following President Trump's victory and as markets pared back expectations for rate cuts by the Fed in 2025. Credit markets posted positive returns, supported by declining inflation and generally strong growth in major markets, including the US. Amongst the top-performing fixed income sectors, US high yield bonds[1] delivered a 8.2% return, amid a declining inflation trend and stronger-than-expected US growth. USD-denominated emerging market (EM) bonds[2] were also among the top performers, gaining 6.5% overall, driven by coupons and a favourable economic backdrop. On the other hand, local currency EM bonds[3] saw negative returns due to the overall weakness of EM currencies as the USD strengthened. USD-denominated Asian credit bonds[4] also performed well, gaining 5.7% on the year, amid tightening spreads.

The Fund posted a positive absolute return in 2024, outperforming its reference index on a gross basis. The Fund's underlying active fixed income sleeves in US high yield and Asian bonds, generated positive absolute returns in USD terms. Asset allocation and security selection effects contributed positively to the Fund's relative return. Within security selection, the Fund's underlying allocations to active sleeves in US high yield and Asian bonds outperformed their respective indices.

Outlook

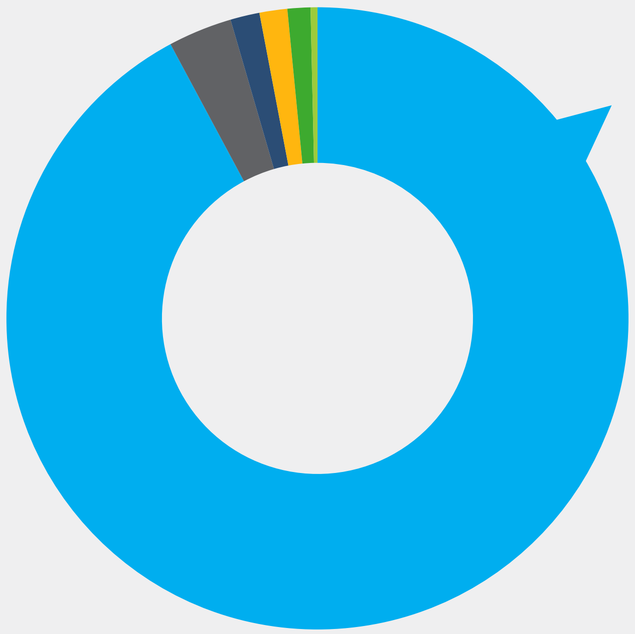
The global economy faces uncertainty in 2025, with the new US administration's policies under President Donald Trump playing a key role in shaping the economic landscape. Over the longer period, we anticipate higher market volatility, when considering the ambiguity surrounding the scope, timing, and sequencing of Trump's proposed policies, as there is still significant uncertainty surrounding their potential impact.

President Trump's proposed policies of tax cuts, immigration curbs and tariffs likely will lead to increased expectations for higher inflation. Yet, the Fed's monetary policy decision would likely depend on incoming data, evolving economic conditions, and the balance of risks. A rise in inflation might delay interest rate cuts, but unexpected labour market and economic weakness might lead to faster cuts. To this end, we remain cognizant of inflation risk over the near-term and also believe market price fluctuations and volatility will persist until US policy becomes clearer. Despite US growth momentum continuing to bolster overall global growth, it is important to note that global growth momentum is expected to decelerate and the Chinese economy, a major global growth engine, has not accelerated meaningfully despite recent stimulus measures. Further, geopolitical events, such as the Syria regime change, remind us of the continued presence of geopolitical risks and volatility in the market.

Given the high level of uncertainty ahead, adopting a tactical approach is advisable, and active risk management remains as crucial as ever. The Fund will continue to remain nimble, while diversifying and making further tactical adjustments as market conditions continue to evolve.

[1] Source: ICE BofA US High Yield Constrained Index
[2] Source: J.P. Morgan EMBI Global Diversified Index
[3] Source: J.P. Morgan GBI-EM Global Diversified Index
[4] Source: J.P. Morgan Asia Credit Index (JACI)

Asset allocation



- **92.17%** Fixed-income funds
- **3.32%** Exchange Traded Bond Funds
- **1.52%** Government bond
- **1.44%** Cash & cash equivalents
- **1.19%** Financials
- **0.36%** Equity funds

Performance

1.08%
Actual year-on-year

-2.26
Since inception
(per annum)

USD 0.79281
Unit price
as of 2 Jan 2025

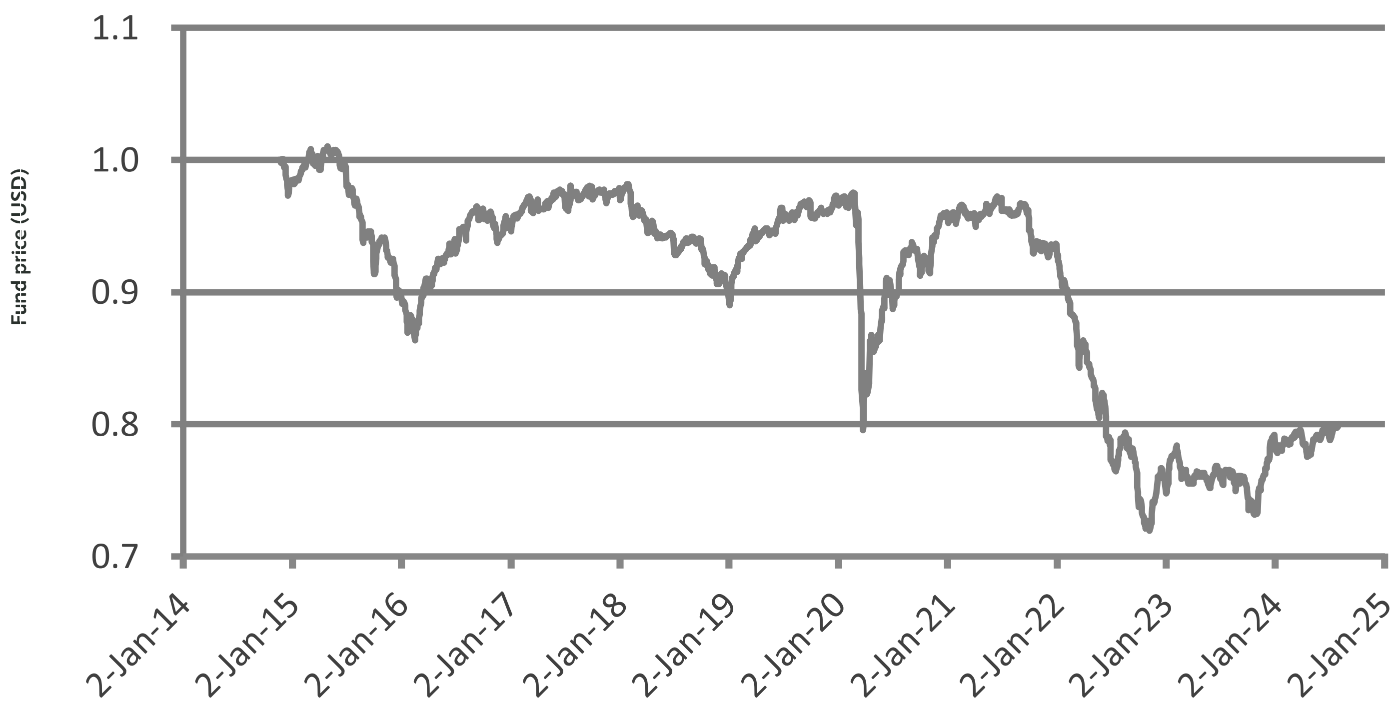
Top holdings

EASTSPRING INV US HI YLD BD D	47.30%
EASTSPRING INV ASIAN BOND D USD	44.86%
ISHARES HIGH YIELD CORP BOND UCITS ETF USD	3.32%
UNITED STATES TREASURY BILL 23-JAN-2025	1.52%
USD CASH	1.44%
ISHARES S&P 500	1.19%
EASTSPRING INV ASIAN EQUITY INC D	0.36%

Highest andv lowest unit price achieved

Highest (29 Apr 15)	1.01016
Lowest (07 Nov 22)	0.71947
Initial (17 Nov 14)	1.00000

Performance chart



PRULink Dollar Cash Flow Fund Plus

Global equity markets rose over the period, supported by a broad rally in technology stocks, cooling inflation and rate cuts by global central banks. The US Federal Reserve (Fed) cut rates by 50 basis points in September with further 25 basis point cuts in November and December, whilst gross domestic product (GDP) growth remained solid for the year. The US market was the standout performer globally, outperforming all other major regions during the period on a US Dollar basis.

US stocks received further upward support in the final quarter, following Donald Trump's victory in the US election. Sentiment was buoyed by expectations that Trump's policies would lift growth, reduce taxes and cut regulation.

Asian and Emerging Markets (EM) sold off in the final quarter, however, on the anticipation of heightened trade tensions and the implementation of tariffs by President Trump, particularly on China. In addition, a stronger US Dollar following Trump's win and expectations for slower rate cuts by the Fed in 2025, further weighed on Asia and EM.

Several Asian markets still posted strong returns for the year as a whole, despite the weakness in the final quarter, including Taiwan and China. Taiwan continued to benefit from the broader global technology strength and ongoing optimism around Artificial Intelligence, whilst China rallied during the second half of the year following the announcement of a raft of stimulus measures aimed at reversing the slowdown in the broader Chinese economy.

Japanese equities were volatile, with the prospect of the Bank of Japan raising interest rates leading to a shift in market expectations, an unwind of the yen carry trade and a sharp decline in both Japanese and global equities in August, although markets quickly snapped back.

ASEAN markets performed relatively well, outperforming both Asia excluding Japan and EM, although the variance of underlying country returns was substantial. Singapore outperformed significantly and was the amongst the best performing markets globally, benefiting from its more defensive profile amid the ongoing tensions between the US and China, and as investors were attracted by Singapore's political stability and relative neutrality. Indonesia sold off and strongly underperformed the broader ASEAN region.

In fixed income markets, the US 10 Year Treasury yield was volatile but ended the period higher, particularly following President Trump's victory and as markets pared back expectations for rate cuts by the Fed in 2025. Credit markets posted positive returns, supported by declining inflation and generally strong growth in major markets, including the US. Amongst the top-performing fixed income sectors, US high yield bonds[1] delivered a 8.2% return, amid a declining inflation trend and stronger-than-expected US growth. USD-denominated emerging market (EM) bonds[2] were also among the top performers, gaining 6.5% overall, driven by coupons and a favourable economic backdrop. On the other hand, local currency EM bonds[3] saw negative returns due to the overall weakness of EM currencies as the USD strengthened. USD-denominated Asian credit bonds[4] also performed well, gaining 5.7% on the year, amid tightening spreads.

The Fund posted a positive absolute return in 2024, outperforming its reference index on a gross basis. The Fund's underlying active fixed income sleeves in US high yield and Asian bonds, generated positive absolute returns in USD terms. Asset allocation and security selection effects contributed positively to the Fund's relative return. Within security selection, the Fund's underlying allocations to active sleeves in US high yield and Asian bonds outperformed their respective indices.

Outlook

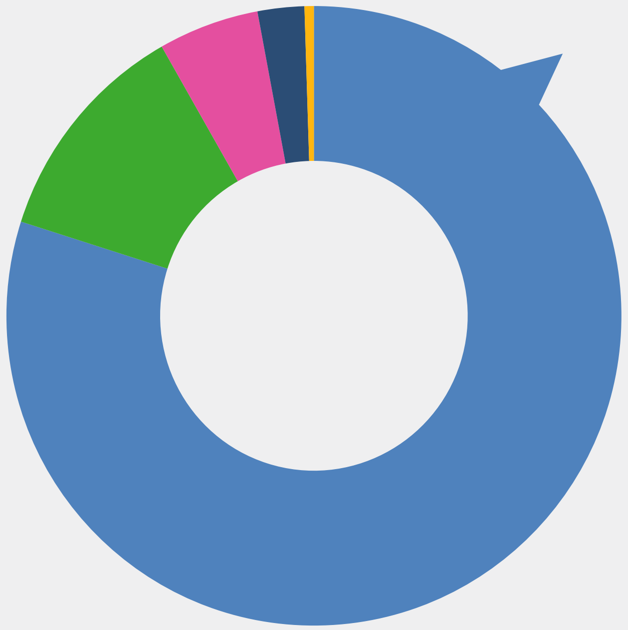
The global economy faces uncertainty in 2025, with the new US administration's policies under President Donald Trump playing a key role in shaping the economic landscape. Over the longer period, we anticipate higher market volatility, when considering the ambiguity surrounding the scope, timing, and sequencing of Trump's proposed policies, as there is still significant uncertainty surrounding their potential impact.

President Trump's proposed policies of tax cuts, immigration curbs and tariffs likely will lead to increased expectations for higher inflation. Yet, the Fed's monetary policy decision would likely depend on incoming data, evolving economic conditions, and the balance of risks. A rise in inflation might delay interest rate cuts, but unexpected labour market and economic weakness might lead to faster cuts. To this end, we remain cognizant of inflation risk over the near-term and also believe market price fluctuations and volatility will persist until US policy becomes clearer. Despite US growth momentum continuing to bolster overall global growth, it is important to note that global growth momentum is expected to decelerate and the Chinese economy, a major global growth engine, has not accelerated meaningfully despite recent stimulus measures. Further, geopolitical events, such as the Syria regime change, remind us of the continued presence of geopolitical risks and volatility in the market.

Given the high level of uncertainty ahead, adopting a tactical approach is advisable, and active risk management remains as crucial as ever. The Fund will continue to remain nimble, while diversifying and making further tactical adjustments as market conditions continue to evolve.

[1] Source: ICE BofA US High Yield Constrained Index
[2] Source: J.P. Morgan EMBI Global Diversified Index
[3] Source: J.P. Morgan GBI-EM Global Diversified Index
[4] Source: J.P. Morgan Asia Credit Index (JACI)

Asset allocation



79.92% Fixed-income funds
11.85% Financials
5.30% Exchange Traded Fund (Bonds)
2.45% Government bond
0.49% Cash & cash equivalents

Performance

1.24%
Actual year-on-year

1.91%
Since inception
(per annum)

USD 1.02717
Unit price
as of 2 Jan 2025

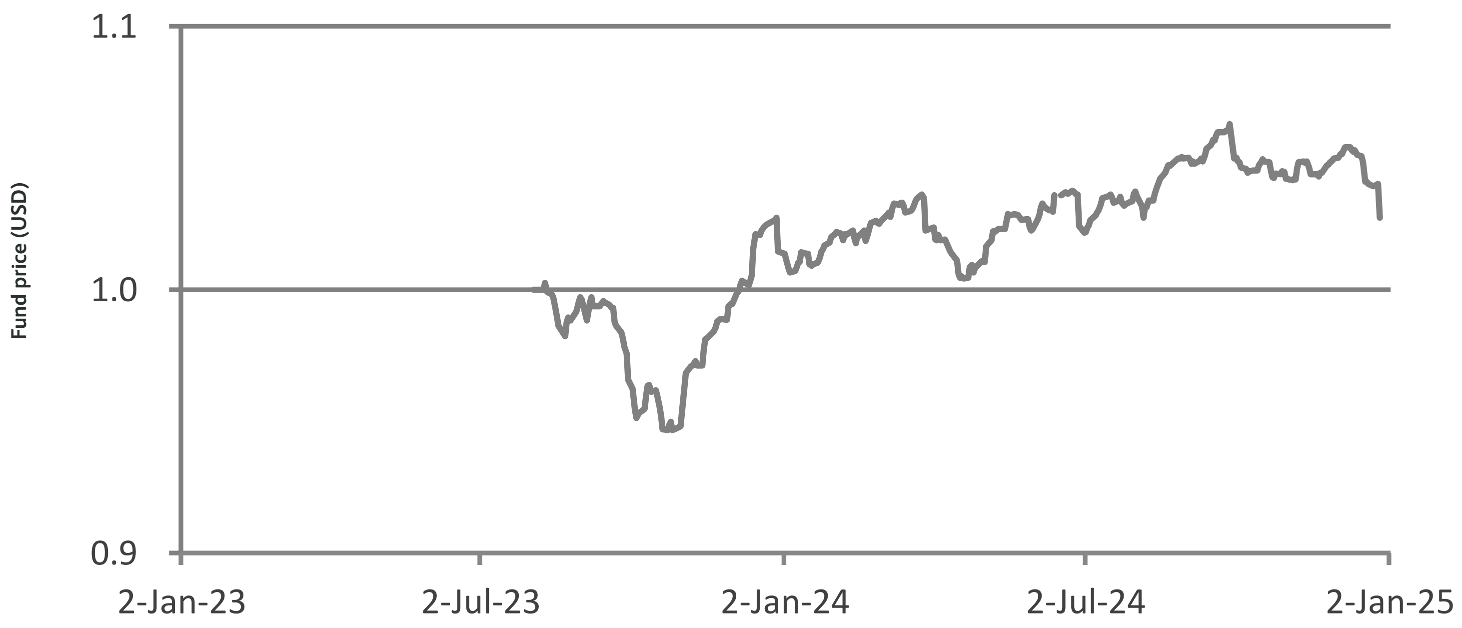
Top holdings

EASTSPRING INV US HI YLD BD D	41.28%
EASTSPRING INV ASIAN BOND D USD	38.64%
ISHARES CORE S&P 500 UCITS ETF	10.12%
ISHARES HIGH YIELD CORP BOND UCITS ETF USD	5.30%
UNITED STATES TREASURY BILL 23-JAN-2025	2.45%
XTRACKERS MSCI EUROPE UCITS ETF	1.53%
USD CASH	0.49%
XTRACKERS MSCI EMERGING MARKETS UCITS ETF	0.20%
PHP CASH	0.00%

Highest andv lowest unit price achieved

Highest (30 Sep 24)	1.06286
Lowest (27 Oct 23)	0.94669
Initial (03 Aug 2023)	1.00000

Performance chart



PRULink Asian Balanced Fund

Global equity markets rose over the period, supported by a broad rally in technology stocks, cooling inflation and rate cuts by global central banks. The US Federal Reserve (Fed) cut rates by 50 basis points in September with further 25 basis point cuts in November and December, whilst gross domestic product (GDP) growth remained solid for the year. The US market was the standout performer globally, outperforming all other major regions during the period on a US Dollar basis.

US stocks received further upward support in the final quarter, following Donald Trump's victory in the US election. Sentiment was buoyed by expectations that Trump's policies would lift growth, reduce taxes and cut regulation.

Asian and Emerging Markets (EM) sold off in the final quarter, however, on the anticipation of heightened trade tensions and the implementation of tariffs by President Trump, particularly on China. In addition, a stronger US Dollar following Trump's win and expectations for slower rate cuts by the Fed in 2025, further weighed on Asia and EM.

Several Asian markets still posted strong returns for the year as a whole, despite the weakness in the final quarter, including Taiwan and China. Taiwan continued to benefit from the broader global technology strength and ongoing optimism around Artificial Intelligence, whilst China rallied during the second half of the year following the announcement of a raft of stimulus measures aimed at reversing the slowdown in the broader Chinese economy.

Japanese equities were volatile, with the prospect of the Bank of Japan raising interest rates leading to a shift in market expectations, an unwind of the yen carry trade and a sharp decline in both Japanese and global equities in August, although markets quickly snapped back.

markets performed relatively well, outperforming both Asia excluding Japan and EM, although the variance of underlying country returns was substantial. Singapore outperformed significantly and was the amongst the best performing markets globally, benefiting from its more defensive profile amid the ongoing tensions between the US and China, and as investors were attracted by Singapore's political stability and relative neutrality. Indonesia sold off and strongly underperformed the broader ASEAN region.

In fixed income markets, the US 10 Year Treasury yield was volatile but ended the period higher, particularly following President Trump's victory and as markets pared back expectations for rate cuts by the Fed in 2025. Credit markets posted positive returns, supported by declining inflation and generally strong growth in major markets, including the US. Amongst the top-performing fixed income sectors, US high yield bonds[1] delivered a 8.2% return, amid a declining inflation trend and stronger-than-expected US growth. USD-denominated emerging market (EM) bonds[2] were also among the top performers, gaining 6.5% overall, driven by coupons and a favourable economic backdrop. On the other hand, local currency EM bonds[3] saw negative returns due to the overall weakness of EM currencies as the USD strengthened. USD-denominated Asian credit bonds[4] also performed well, gaining 5.7% on the year, amid tightening spreads.

The Fund posted a positive absolute return in 2024, slightly behind the reference index on a gross basis.

Both bonds and equities contributed positively on an absolute basis. However, the asset allocation effect and security selection effect detracted to relative return overall. Within security selection, negative relative return was driven by the underlying Asian equity sleeve which underperformed its respective benchmark.

Outlook

The global economy faces uncertainty in 2025, with the new US administration's policies under President Donald Trump playing a key role in shaping the economic landscape. Over the longer period, we anticipate higher market volatility, when considering the ambiguity surrounding the scope, timing, and sequencing of Trump's proposed policies, as there is still significant uncertainty surrounding their potential impact.

President Trump's proposed policies of tax cuts, immigration curbs and tariffs likely will lead to increased expectations for higher inflation. Yet, the Fed's monetary policy decision would likely depend on incoming data, evolving economic conditions, and the balance of risks. A rise in inflation might delay interest rate cuts, but unexpected labour market and economic weakness might lead to faster cuts. To this end, we remain cognizant of inflation risk over the near-term and also believe market price fluctuations and volatility will persist until US policy becomes clearer.

Despite US growth momentum continuing to bolster overall global growth, it is important to note that global growth momentum is expected to decelerate and the Chinese economy, a major global growth engine, has not accelerated meaningfully despite recent stimulus measures. Further, geopolitical events, such as the Syria regime change, remind us of the continued presence of geopolitical risks and volatility in the market.

Given the high level of uncertainty ahead, adopting a tactical approach is advisable, and active risk management remains as crucial as ever. The Fund will continue to remain nimble, while diversifying and making further tactical adjustments as market conditions continue to evolve.

[1] Source: ICE BofA US High Yield Constrained Index
[2] Source: J.P. Morgan EMBI Global Diversified Index
[3] Source: J.P. Morgan GBI-EM Global Diversified Index
[4] Source: J.P. Morgan Asia Credit Index (JACI)

Asset allocation

50.47% Equity funds

48.43% Fixed-income funds

1.09% Cash & cash equivalents

Performance

5.08%
Actual year-on-year

0.19%
Since inception
(per annum)

USD 1.01391
Unit price
as of 2 Jan 2025

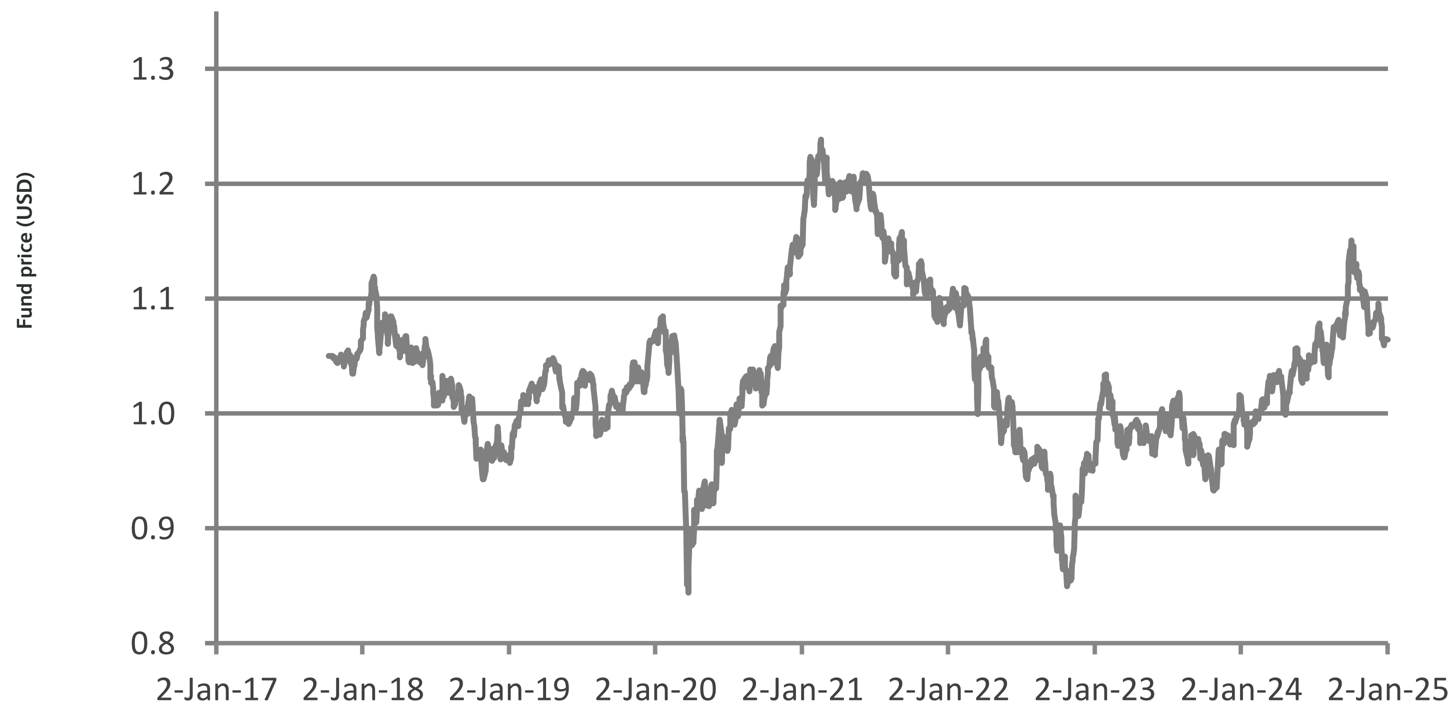
Top holdings

EASTSPRING INV ASIA PACIFIC EQUITY	50.47%
EASTSPRING INV ASIAN LCL BD D	24.87%
EASTSPRING INV ASIAN BOND D USD	23.56%
USD CASH	1.09%

Highest and lowest unit price achieved

Highest (18 Feb 21)	1.18836
Lowest (24 Mar 20)	0.79397
Initial (09 Oct 17)	1.00000

Performance chart



PRULink Asia Pacific Equity Fund

MSCI Asia Pacific rose 10.1% in 2024, above its 5% trend annual total return post global financial crisis. The gap between the best and worst performing major market (and Korea, 58%) was the largest since 2009. Over the course of the year, there were three major drawdowns and three rallies. Early in the year, Chinese equities saw substantial volatility in small caps, structured products and Quant strategies before 'national team' buying helped turn the market around and crowd in foreign buying by March. Korea followed a similar pattern, but for different reasons - unwind of overbought conditions in early January followed by unveiling of the Value-up program, which drove strength in Financials and Autos.

China momentum built from there, and for a while all major markets in Asia were doing well - with AI upside driving Taiwan and small-caps and Industrials driving India upside into elections. A brief bout of 'higher for longer' concerns in April was easily dealt with, and a second leg of the rally sustained into July. US macro conditions then rose to prominence as a sudden 'Goldilocks' rotation drove an unwind of crowded positions across AI, Momentum, Carry trades etc. This was followed by a brief recession scare in early August. But markets quickly recovered from that. Mid September saw the third major rally play out as a policy turn in China sharply raised stimulus expectations, leading to the biggest one-month rally in MSCI China since 2008. This rally stalled out by mid October and reversed somewhat as markets then focused on the US election, where a Trump win brought the third drawdown in Asian equities as markets began anticipating large-scale US tariffs on China (at least).

As reflected in both the country and sector attribution, stock selection contributed positively to strategy's relative return in 2024, driven by selections in countries such as China, Taiwan and Philippines. At a sector level, stock selection contributed most in Energy, Materials and Consumer Discretionary sectors. While at an individual stock level attribution shows stocks such as Hon Hai Precision and CNOOC added most to performance while not owning Pinduoduo also benefitted relative performance.

Over the year, we saw some detraction from performance from stocks in Korea and India including Samsung Electronics and Indusind Bank. Samsung Electronics underperformed as their execution was below expectations. Indusind Bank at 1.1x PBV stays as a higher conviction idea as we expect the ongoing asset quality downcycle in India to see a quicker recovery due to healthier borrower balance sheets.

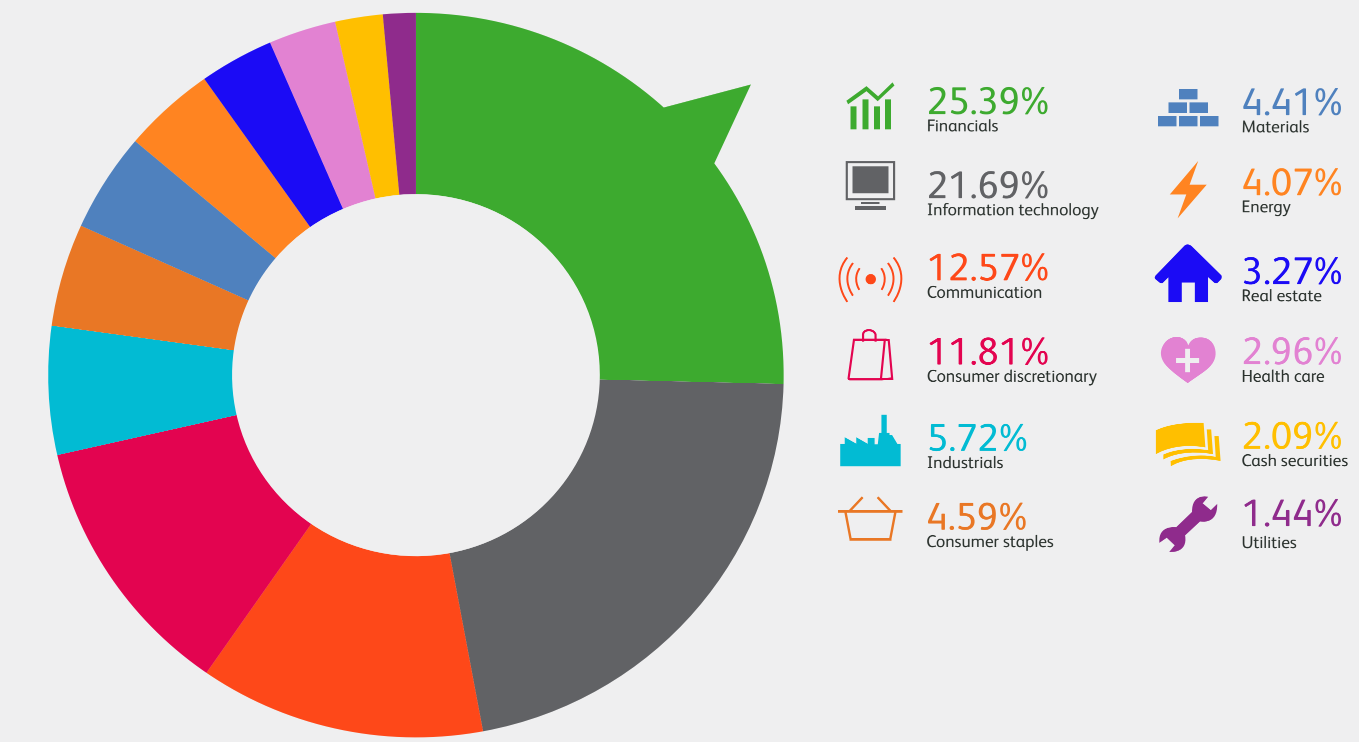
Outlook

Asia Pacific ex Japan equities are still under-owned, trading below their long-term averages at headline levels and remain very cheap relative to the developed markets of the west. The valuation dispersion within Asia Pacific ex Japan remains near to extreme levels reflecting many stock specific value opportunities. Growth and quality style stocks remain at expensive levels relative to value stocks.

As the US administration continues to surprise the market over coming months, we are likely to see more market volatility. However, there remains uncertainty as to the timing and magnitude of any new policies. Protectionist trade policies and domestic stimulus are likely to put pressure on US finances over the medium term, pushing up domestic inflation and interest rates.

Meanwhile we expect governments and corporates globally to continue to invest in infrastructure, supply chain diversification, decarbonization, and boosting consumption. Associated higher inflation and interest rates can also be supportive of real economy value stocks outperformance from here.

Sector allocation



Performance

7.04%
Actual year-on-year

1.10%
Since inception
(per annum)

USD 1.13859
Unit price
as of 2 Jan 2025

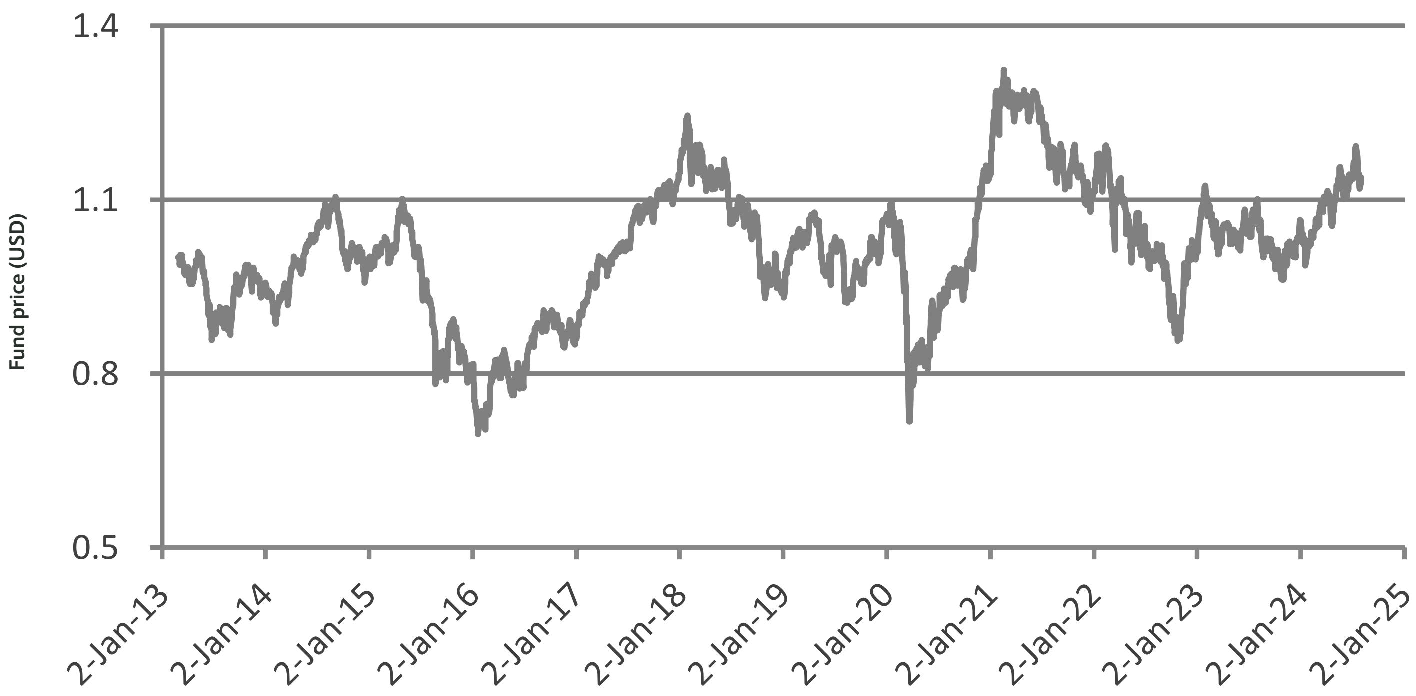
Top holdings

TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	10.13%
SAMSUNG ELECTRONICS CO LTD	4.40%
TENCENT HOLDINGS LTD	4.36%
ICICI BANK LTD	4.24%
BHP GROUP LTD	2.78%
CHINA MERCHANTS BANK CO LTD	2.77%
JD.COM INC	2.49%
CHINA MENGNIU DAIRY CO LTD	2.48%
ALIBABA GROUP HOLDING LTD	2.09%
LARGAN PRECISION CO LTD	2.07%

Highest and lowest unit price achieved

Highest (18 Feb 21)	1.32381
Lowest (22 Jan 16)	0.69551
Initial (26 Feb 13)	1.00000

Performance chart



PRULink Global Emerging Markets Dynamic Fund

The MSCI Emerging Markets Index generated full year 2024 returns of +7.5% (USD). This compares relatively poorly against the MSCI ACWI index which increased +17.49% and the MSCI World Index which rose +18.67% for the year. Driving global equity performance was the formidable performance of US equities (MSCI US +26.5%) as US exceptionalism sustained another year. The Index's 4Q saw a considerable drawdown of (-8.2%), which erased strong 3Q24 gains of +7.8% and dented full year performance. Despite the commencement of FOMC easing in 3Q and incremental monetary and fiscal stimulus in China, EM performance was volatile amidst a flurry of global (strong US Dollar, trade war concerns) and domestic (LATAM, China, Korea) concerns which were aggravated in the aftermath of Trump's victory.

LATAM equities faced a challenging year in 2024. The region took the title as the worst global performer with a (26.0%) decline, driven largely by Brazil which declined (29.77%). Argentina (off-index) was a standout market, returning +120.4% for the year, outperforming all global markets. Peru gained +16.6%, whereas Chile declined by (7.5%) and Mexico by (25.4%).

The MSCI EMEA Index rose +5.6%. Turkey continued to outperform within EMEA (4th year in a row) and was the best performing market with +17.8% returns during 2024.

For calendar year 2024, the GEM Dynamic strategy returned (-5.0% USD, Gross), underperforming the MSCI Emerging Markets Index by (-13.1%).

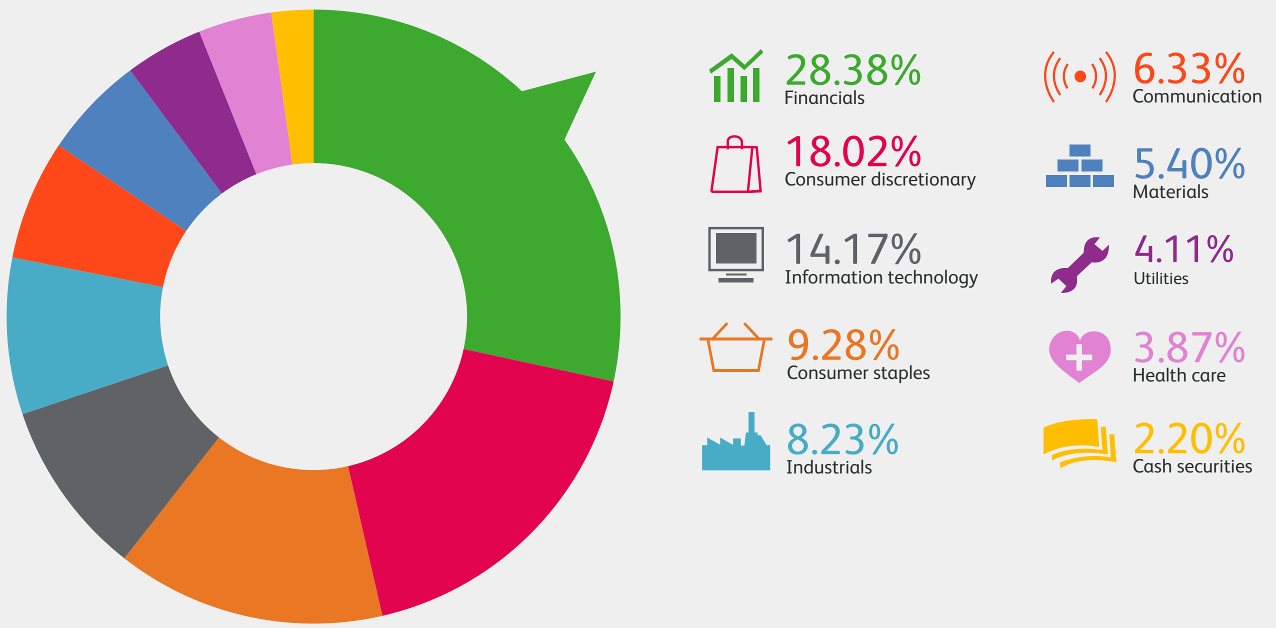
For the 4th quarter 2024, the GEM Dynamic strategy returned (-13.8%), underperforming by (-5.9%). Following several years of strong tailwinds, 2024 saw Value style headwinds that negatively impacted the portfolio's performance. Stock selection continues to be the largest driver of relative performance, with positioning in TSMC (zero weight) and holdings in Samsung and Nanya Tech being the largest detractors. While TSMC saw tailwinds from success in supplying AI chips, Samsung and Nanya Tech underperformed as their execution was below expectations. We also saw significant detraction from our stock selection in Brazil, where we have been overweight, due to weak currency, higher inflation and higher interest rates pulling the market down. We saw positive contribution from stock selection in South Africa and the Philippines. In this environment, staying true-to-style, coupled with emotional detachment and rigorous analysis remained key.

Outlook

Global emerging market equities continue to trade below their long-term historic average valuation levels and remain very cheap relative to the developed markets, particularly the US. A strong USD, geopolitical concerns, trade and tariff threats, and the negative sentiment toward China and it's decelerating economy have all weighed on asset prices within global emerging markets. In 2024 markets globally benefitted from strong momentum in winning trades, high concentration among top stocks and industries, and P/E expansion for the growthiest segments of the respective markets. In Emerging Markets, this led to extended valuations in India and Taiwan, two markets we remain underweight given our valuation discipline. Other markets such as China, Brazil, and S. Korea have been volatile and although present attractive entry valuations, we remain highly selective in finding idiosyncratic opportunities which are somewhat insulated from economic and geopolitical issues.

We continue to actively position the portfolio to benefit from mis-priced opportunities where we see a very favorable upside to downside skew. We believe valuations have become quite stretched in particular "growth and quality" segments of the investable universe and expect market rotations and reversion to the mean to positively impact the overlooked, less widely held stocks in our portfolio. Furthermore, as governments and corporations focus CAPEX on real economy sectors, supply chain diversification, decarbonization, and local consumption, coupled with sustained higher inflation and interest rates, we believe this backdrop is very supportive of value stocks and our high conviction approach to generating alpha.

Sector allocation



Performance

-5.10%	Actual year-on-year
1.67%	Since inception *(per annum)*
USD 1.19545	Unit price *as of 2 Jan 2025*

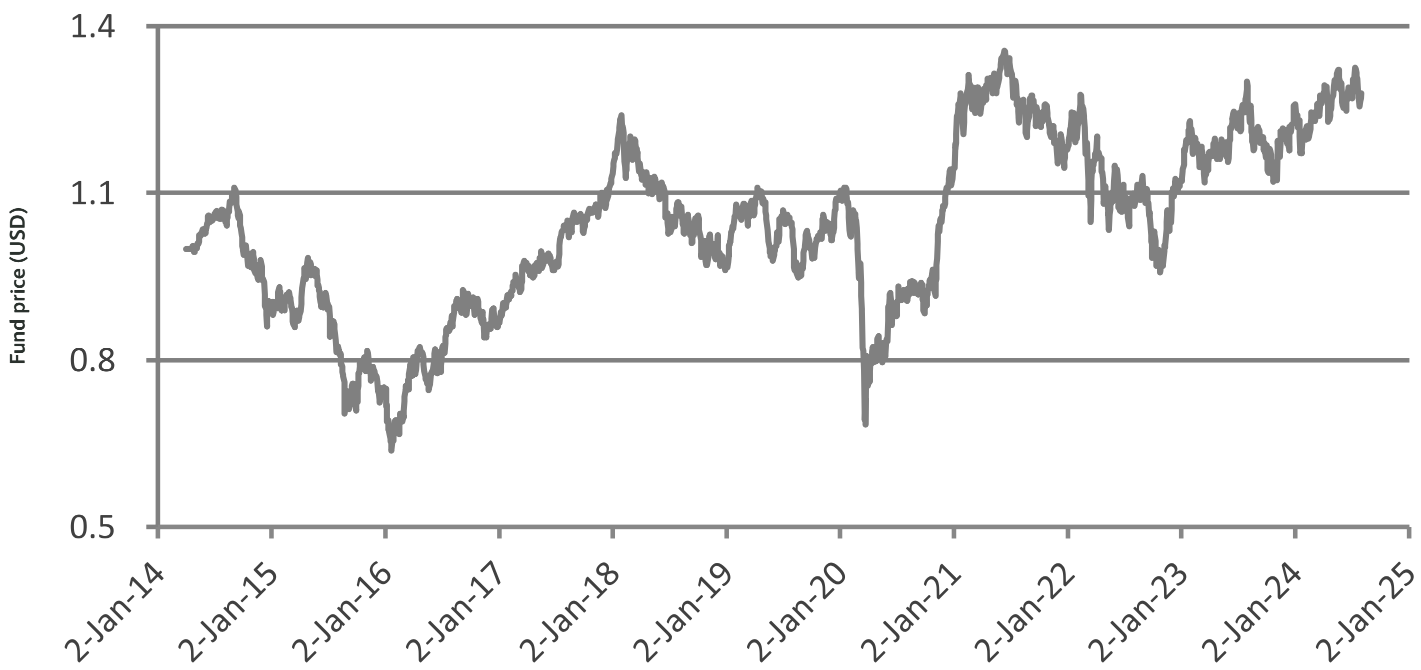
Top holdings

ALIBABA GROUP HOLDING LTD	5.32%
SAMSUNG ELECTRONICS CO LTD	4.42%
NASPERS LTD	3.96%
SINOPHARM GROUP CO LTD	2.82%
ZHEN DING TECHNOLOGY HOLDING LTD	2.81%
CHINA MERCHANTS BANK CO LTD	2.76%
ABU DHABI COMMERCIAL BANK PJS	2.67%
CHINA GAS HOLDINGS LTD	2.53%
VIPSHOP HOLDINGS LTD	2.44%
QATAR NATIONAL BANK QPSC	2.44%

Highest and lowest unit price achieved

Highest (03 Oct 24)	1.38415
Lowest (22 Jan 16)	0.63696
Initial (01 Apr 14)	1.00000

Performance chart



Investment Outlook

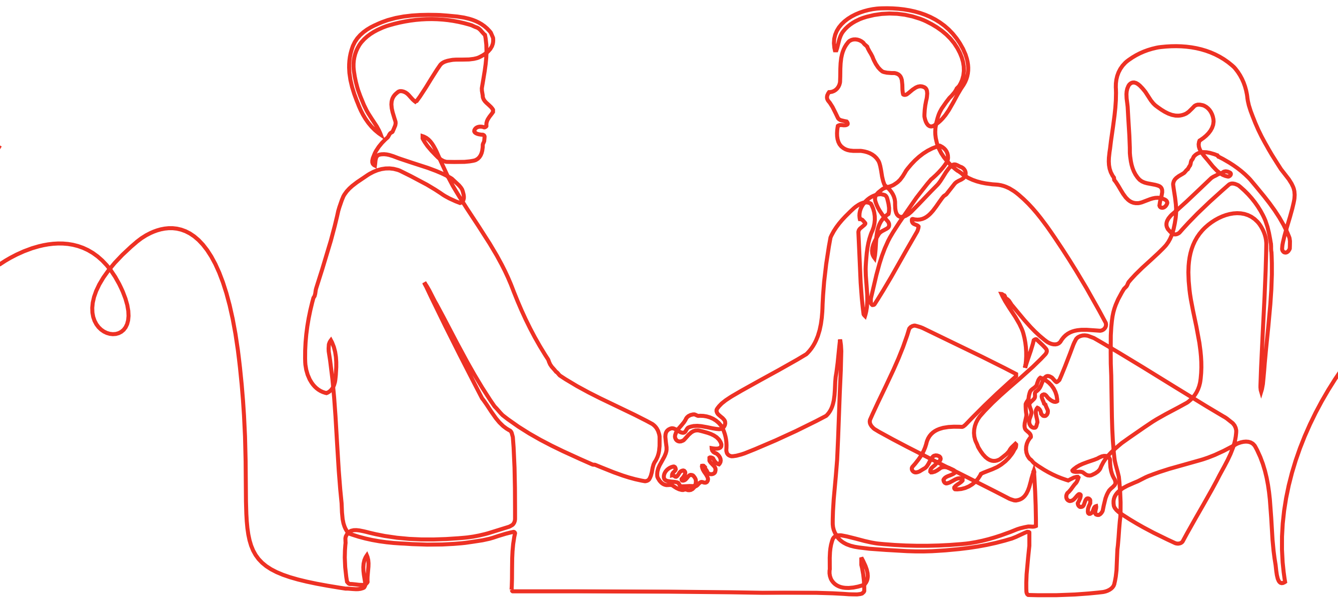
The global economy faces uncertainty in 2025, with the new US administration's policies under President Donald Trump playing a key role in shaping the economic landscape. Over the longer period, we anticipate higher market volatility, when considering the ambiguity surrounding the scope, timing, and sequencing of Trump's proposed policies as there is still significant uncertainty surrounding their potential impact.

President Trump's proposed policies of tax cuts, immigration curbs and tariffs likely will lead to increased expectations for higher inflation. Yet, the Fed's monetary policy decision would likely depend on incoming data, evolving economic conditions, and the balance of risks. A rise in inflation might delay interest rate cuts, but unexpected labour market and economic weakness might lead to faster cuts. To this end, we remain cognizant of inflation risk over the near-term and also believe market price fluctuations and volatility will persist until US policy becomes clearer.

Despite US growth momentum continuing to bolster overall global growth, it is important to note that global growth momentum is expected to decelerate and the Chinese economy, a major global growth engine, has not accelerated meaningfully despite recent stimulus measures. Further, geopolitical events, such as the Syria regime change, remind us of the continued presence of geopolitical risks and volatility in the market.

Given the high level of uncertainty ahead, adopting a tactical approach is advisable and active risk management remains as crucial as ever. The Fund will continue to remain nimble, while diversifying and making further tactical adjustments as market conditions continue to evolve.

Fund Manager's Profile



About Eastspring Investments

Eastspring Investments, part of Prudential plc, is a global asset manager with Asia at its core, offering innovative investment solutions to meet the financial needs of clients. At the heart of Eastspring is a strong connection with our shared purpose – For Every Life, For Every Future – which guides everything we do. Since our founding in 1994, we have built an unparalleled on-the-ground presence in 11 key Asian markets as well as distribution offices in North America and Europe.

Danny Tan

Head of Fixed Income
Eastspring Investments

Danny Tan is the Head of Fixed Income at Eastspring Investments Singapore and is responsible for overseeing the management of the firm's fixed income strategies.

Prior to being appointed as Head of Fixed Income in May 2022, Danny was a Senior Portfolio Manager in the Fixed Income team, responsible for managing SGD credit-focused strategies and other customized fixed income solutions for both our insurance and external institutional clients. Danny was also the team lead for the fixed income solutions sub-team.

Danny joined Eastspring Investments in February 2004. Before re-joining the Fixed Income team in 2010, Danny worked as a Portfolio Manager and Analyst in various investment teams within Eastspring, where he built up extensive investment and research experience in a wide range of asset classes including fixed income, structured credits and equities. Prior to joining Eastspring Investments, Danny was an Investment Analyst with Tecity Management, covering equity and fixed income research. In all, he has more than 23 years of investment experience.

Danny is a CFA charterholder and holds a Bachelor of Business degree in Financial Analysis (Hons) from Nanyang Technological University, Singapore.

Matthew Kok

Portfolio Manager - Fixed Income
Eastspring Investments

Matthew Kok is the lead portfolio manager of PRULink 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 Programme.

He spent two years as a Credit Analyst, covering public and private credits, as well as alternative fixed income products, before joining the Macro & Thematics team as an Investment Analyst focusing on Asia local rates.

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

Kenneth Lee

Portfolio Manager - Fixed Income
Eastspring Investments

Kenneth Lee is the backup Portfolio Manager of Prulink USD Bond Fund. He is currently responsible for the management of liability driven or solution-based strategies for insurance clients as well as select USD and SGD credit-focused strategies.
Kenneth joined Eastspring Investments in January 2015.

Prior to joining Eastspring Investments, Kenneth worked with Phillip Securities Private Limited as an Investment Analyst. He was responsible for supporting portfolio managers of discretionary and separately-managed accounts, with a focus on Southeast Asian equity markets. Kenneth has 10 years of investment experience.

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

Stephen Guo

Portfolio Manager - Multi-Asset Portfolio Solutions (MAPS) Team
Eastspring Investments

PRULink Asian Balanced Fund, PRULink Cash Flow Fund, and PRULink Cash Flow Fund Plus are managed by Stephen Guo.

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

Stephen joined Eastspring Investments as Portfolio Manager in July 2015 and collectively has 8 years of financial industry experience.

Stephen graduated from the National University of Singapore with a double degree in Bachelor of Business Administration in Finance (Hons) and Bachelor of Science in Applied Mathematics. He is also a Chartered Financial Analyst charterholder.

Steven Gray

Portfolio Manager - Equity
Eastspring Investments

PRULink Global Emerging Markets Dynamic Fund is managed by Steven Gray. He is the Head of Global Emerging Markets (GEM) and Regional Asia Value Equities at Eastspring Investments, responsible for the firm's GEM and Asia Value equity capabilities. He is also Lead Manager for the GEM Dynamic strategy.

Steven joined Eastspring Investments as Portfolio Manager in August 2012. Prior to this, Steven worked with GIC Asset Management in the Emerging Markets Non-Asia department as the Senior Vice President – Head of Equity Research managing a team of seven sector-focused analysts covering non-Asian emerging markets. Earlier on, Steven had a very successful career as a fund manager in South Africa, managing one of the largest funds in the country. He has more than 35 years of experience in the financial industry.

Steven is a Chartered Financial Analyst charterholder and holds a Bachelor of Business Science from the University of Cape Town, and a Master of Business Administration from UCT Graduate School of Business in South Africa.

Nupur Gupta

Director
Senior Portfolio Manager - Multi-Asset Portfolio Solutions (MAPS) Team
Eastspring Investments

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.

Sundeep Bihani

Portfolio Manager - Equity
Eastspring Investments

PRULink Asia Pacific Equity Fund is managed by Sundeep Bihani. Sundeep Bihani joined Eastspring Investments, in April 2008.

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

Prior to joining Eastspring Investments, Sundeep was an Equity Research Analyst for 5 years covering regional telecom stocks at Lehman Brothers. Sundeep has over 20 years of investment experience.

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

Joanna Ong

Chartered Financial Analyst
Director and Senior Portfolio Manager, MAPS Team
Eastspring Investments

The PRULink Global Equity Navigator Fund and PRULink Global Market Navigator Fund are co-managed by Nupur Gupta and Joanna Ong.

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 its inception in 2007, managing global multi-asset funds for Prudential across Asia, as well as external investment strategies.

Joanna holds a Bachelor of Accounting from Nanyang Technological University, Singapore and is a CFA charterholder.

Daniel Lau

Portfolio Manager - Equity
Eastspring Investments

Daniel is lead manager of the PRULink Equity Fund. Daniel Lau joined Eastspring Investments in June 2022 as part of the ASEAN Growth Equities team.

Daniel has over 13 years of buyside and sellside experience. Prior to joining Eastspring Investments, he spent 3 years at Franklin Templeton as a Senior Research Analyst with the Emerging Markets Equities division.

Prior to that, he was a Vice President in Morgan Stanley Research as a sellside analyst, where he was the lead sector analyst for multiple industries including ASEAN Transportation, Healthcare, Agriculture Commodities, and Indonesia Coal. Daniel has also previously worked at CIMB Research as an Equity Research Analyst.

Daniel holds a Bachelor of Business Administration from Singapore Management University.

About the ATRAM Group

The ATRAM Group (ATRAM) is a digitally-powered leading independent asset and wealth manager in the Philippines. It has established itself as a trusted and reliable partner by offering unparalleled investment solutions to clients and staying at the forefront of the industry in the Philippines. As 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 ATRAM Trust Corporation and ATR Asset Management Inc., with its headquarters located at 8 Rockwell Building, Rockwell Center, Makati City. For more information: www.atram.com.ph

Sandra Araullo

Chartered Financial Analyst
Chief Investment Officer
ATRAM

Sandra Araullo serves as the Chief Investment Officer at ATRAM, where she chairs the Firm's Investment Committee. She oversees all investment portfolio-related activities, including the formulation and implementation of strategic and tactical asset allocation decisions, fund and security selection, and market risk management for ATRAM's discretionary managed accounts across equity, fixed income, and multi-asset strategies.

With over 18 years of experience in investment management, Sandra brings a unique perspective as a scientist by training. She earned her master's degree in Physics from the University of the Philippines in 2007. Her interest in complex systems led her to pursue a career in finance. Before the 2008 global financial crisis, she began her career as an analyst and market risk manager for the trust department of one of the top local universal banks in the country.

Sandra joined ATRAM in 2010 as an equity analyst, conducting bottom-up fundamental research. She later transitioned to the fixed income side, where she performed top-down macro and market analysis and bond trading. In 2014, she was tasked with overseeing ATRAM's multi-asset portfolios while also serving as Head of ATRAM Investment's Dealing Desk. By 2016, she became Head of Multi-Asset Strategies, responsible for achieving performance and revenue growth targets for that segment of the business.

Sandra is a CFA Charterholder and served on the Board of Trustees for CFA Society Philippines from 2017 to 2019. She also currently serves as Vice President and member of the Board of Trustees for the Fund Manager's Association of the Philippines.

Lodevico Ulpo, Jr.

Chartered Financial Analyst
Financial Risk Manager
Certified Public Accountant
Head of Fixed Income and Multi-Asset
ATRAM

Lodevico Ulpo has more than 12 years of experience in the asset management industry and currently manages ATRAM's discretionary fixed income and multi-asset mandates. Prior to this, he was formerly based in Hong Kong as an Asian Credit Trader and Analyst at a Pan Asia Credit Hedge Fund covering Asia investment grade, high yield, subordinated structures, and credit market derivatives.

He was awarded rank 1 in the "Most Astute Investor in Asian Local Currency Bonds" by The Asset Benchmark Research Awards 2024 and has consistently ranked on the top 5 over the last three years.

He is a CFA Charterholder, a Certified Financial Risk Manager (FRM), and a Certified Public Accountant (CPA). Dev graduated with a Bachelor's degree in Business Administration and Accountancy and Master of Public Administration - Major in Fiscal Policy and Administration from the University of the Philippines - Diliman.

Miguel Liboro

Deputy Chief Investment Officer
ATRAM

Miguel Liboro has 15 years of experience in the fields of treasury trading and asset management. He has been with the firm for more than 11 years and currently oversees markets as Deputy CIO - fixed income and equities portfolio management as well as dealing and execution of the firm.

He completed the BAP Treasury Certification Program and was awarded was awarded rank 1 in the "Most Astute Investor in Asian Currency Bonds" by the Asset Magazine consecutively for the years 2015-2021, "Most Astute Investor in Asian G3 Bonds from 2018-2019" and Rank 3 in the Philippines (Asset Managers) - Best in Portfolio Management in Asian Local Currency Bonds 2024 from The Asset Benchmark Research's Most Astute Investors Award.

Nicanor Yumul

Certified Public Accountant
Head of Equities Strategies
ATRAM

Nicanor Yumul has over 10 years of experience in financial due diligence, equity research, and portfolio management. Prior to joining ATRAM, he started his career in Sycip Gorres Velayo & Co. (SGV)'s transaction advisory division for mergers and acquisitions.

In ATRAM, he covered various sectors, doing equity research in banking, property, conglomerates, consumer, industrials, and infrastructure space. He currently oversees the portfolio management unit for ATRAM's local equity strategies.

He graduated cum laude from the University of the Philippines – Diliman, with a bachelor's degree in business administration and accountancy. He is a Certified Public Accountant.

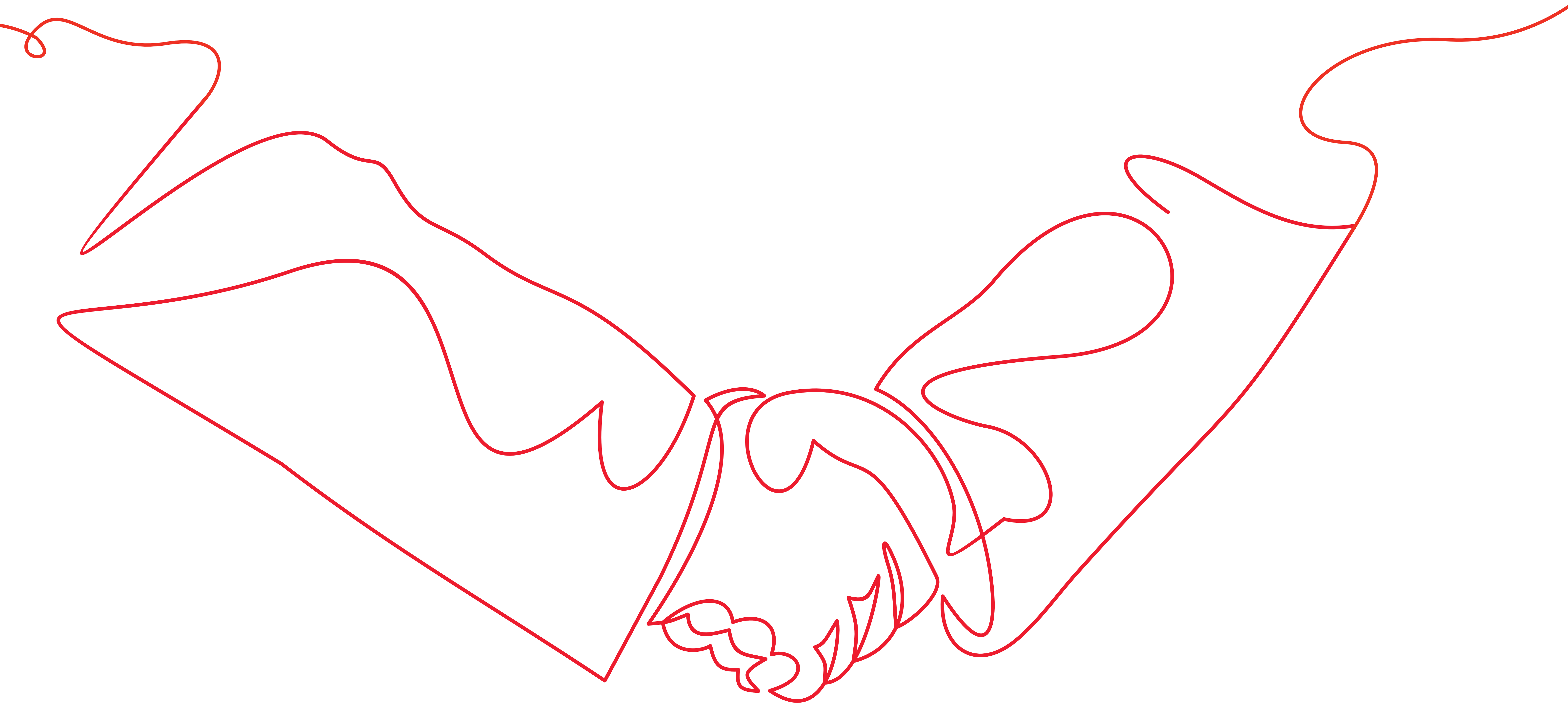
Carlos Navarro

Portfolio Manager
ATRAM

Carlos Navarro is currently a Portfolio Manager in the ATRAM Equities Team. He was previously the Portfolio Manager for Equities in the Trust Banking Group of the 2nd largest local bank in the country and has 12 years of experience in the Fund Management industry.

He holds two Master's Degrees, the first is a Master's Degree in Management with the University of Asia and the Pacific and the second is a Master's degree in Computational Finance with De La Salle University.

Corporate Governance



Corporate Governance

I. The Board of Directors

During the Annual Shareholders' Meeting of Pru Life Insurance Corporation of U.K. ("Pru Life UK") held on 08 July 2024, the following were elected as members of the Board of Directors for the year 2024 to 2025 and until their successors shall have been duly elected and qualified:

1. Angelica "Nenet" H. Lavares

Independent Chairperson

- **Committee memberships:**
  Independent Member, Audit Committee
  Independent Member, Governance, Nomination, and Sustainability Committee
  Independent Member, Risk Committee
- **Age:** 71 years old
- **Date of first appointment:**
  20 June 2019 as Director
  22 June 2023 as Chairperson
- **Length of service:** 5 years and 9 months
- **Directorships in publicly-listed companies or other Insurance Commission Regulated Entities:** Metropolitan Bank & Trust Company
- **Academic qualifications and relevant experience:**
  Angelica H. Lavares is a teaching fellow at the Institute of Corporate Directors (ICD). She also currently serves as an independent director of Metrobank Card Corporation and Inter-Asia Development Bank.

  Ms. Lavares brings with her an extensive experience in general management and legal expertise in banking and finance, real estate, manufacturing, acquisitions, international contract negotiations. She is also an expert in negotiations with various government regulatory agencies and conducts workshops for ICD on corporate governance and anti-money laundering.

  Ms. Lavares obtained her Bachelor of Arts in Psychology from St. Theresa's College in 1973. She completed her Bachelor of Laws at the University of the Philippines (1st honorable mention) in 1981 and was admitted to the Philippine Bar in the same year.

Corporate Governance

2. Sanjay Chakrabarty

Executive Board Member

- **Committee memberships:** None
- **Age:** 51 years old
- **Date of first appointment:** 1 January 2024
- **Length of service:** 1 year 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.

  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 at Citibank in 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.

3. Imelda C. Tiongson

Independent Board Member

- **Committee memberships:**
  Independent Chairperson, Risk Committee
  Independent Member, Audit Committee
  Independent Member, Related Party Transactions Committee
- **Age:** 59 years old
- **Date of first appointment:** 20 August 2020
- **Length of service:** 4 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 "Ida" Tiongson is the Vice Chairperson, 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 an Independent Director for several publicly listed companies. Additionally, she is a Trustee of Fintech Alliance.Ph and WomenbizPH, and the Chair of the Governance Committee of the Management Association of the Philippines. Ms. Tiongson is also a Senior Lecturer at the ICD and the Ateneo Graduate School of Business, and has lectured at the International Finance Corporation (IFC) of the World Bank.

  She has extensive experience in business and risk management, having worked as a traditional banker for over 22 years. She held senior executive positions with National Australia Bank and Philippine National Bank before assuming leadership of Opal in 2007.

  Ms. Tiongson was also involved in drafting key business legislation, including the Financial Rehabilitation and Insolvency Act of 2010 and the Revised Corporation Code. Moreover, she served as a committee member of the Bangko Sentral ng Pilipinas Open Finance Oversight Committee, which completed the Open Finance Governance Framework in 2024.

  Ms. Tiongson completed her Bachelor of Business in Accountancy from the Royal Melbourne Institute of Technology in Australia. She achieved a perfect score in the Accounting for Bankers exam at NAB and has taken masterclasses in Remedial Management at AIM, Blockchain and Digitalization by Terrapinn, Audit and Risk by IFC World Bank, the Kaplan Norton Balanced Scorecard, AGI–Alibaba Netpreneurship, and Data Science for Executives at AIM.

4. Wilson Wing Yiu Ma
Non-executive Board Member

- **Committee memberships**
  Non-executive Member, Remuneration Committee
- **Age:** 53 years old
- **Date of first appointment:** 22 June 2023
- **Length of service:** 1 year and 9 months
- **Directorships in publicly-listed companies or other Insurance Commission Regulated Entities:** None
- **Academic qualifications and relevant experience:**
  Wilson Wing Yiu Ma is currently a Group Director of the Strategic Business Group of Prudential Holdings, Ltd. He is currently a member of the Board of Prudential Cambodia Life Assurance and Prudential Life Assurance Laos. Mr. Ma also previously held several senior positions in Prudential's Group Office as well as in different Prudential local business units in Asia, including Acting CEO for Prudential's businesses in Laos and Myanmar. He was Regional Development Director in AXA Asia, and was Senior Actuarial Consultant in Mercer Human Resource Consulting Limited. He also previously worked as a Pharmacist in Australia.

  Mr. Ma completed his Bachelor of Commerce (Actuarial Studies) from Macquarie University in Sydney as well as Bachelor of Pharmacy in the University of Sydney.

5. Sanchit Pal Maini
Non-executive Board Member

- **Committee memberships**: Non-executive Member, Risk Committee
  Age: 48 years old
- **Date of first appointment:** 24 August 2023
- **Length of service:** 1 year and 7 months
- **Directorships in publicly-listed companies or**
- **other Insurance Commission Regulated Entities:** None
- **Academic qualifications and relevant experience:**
  Sanchit Maini is the Group Chief Financial and Sustainability Risk Officer of Prudential plc. In this role, he is responsible for all aspects of financial risk including market, credit, investment, product and insurance risks as well as sustainability risks covering ESG and climate change. 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 CRO at Max Life Insurance, India. His work experience spans various markets across Asia, the UK, 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 is an alumnus of Harvard Business School having completed its Advanced Management Program.

6. Marife B. Zamora
Independent Board Member

- **Committee memberships**
  Independent Chair, Governance, Nomination, and Sustainability Committee
  Independent Chair, Remuneration Committee
  Independent Member, Audit Committee
- **Age:** 72 years old
- **Date of first appointment:** 14 February 2022
- **Length of service:** 3 years and 1 month
- **Directorships in publicly-listed companies or other Insurance Commission Regulated Entities:**
  Willis Towers Watson Insurance Brokers Philippines, Inc.; PLDT, Inc.; Cemex Holdings Philippines Inc.
- **Academic qualifications and relevant experience:**
  Ms. Marife B. Zamora is a Board Director of PLDT, Inc; Chairman of the Board of Willis Towers Watson Insurance Brokers, Inc.; President of Arzam Logistics Inc.; Independent Board Director of Cemex Holdings Philippines Inc. and Board Director of MediaQuest Holdings Inc. She is the co-founder of the Filipina CEO Circle and the President of the University of the Philippines Sigma Delta Phi Alumnae Association.

  She was Chairman of Convergys Philippines; Managing Director for Asia Pacific, Europe, Middle East, Africa for Convergys Corporation and served as the first country manager of Convergys Philippines, setting up its first contact center in 2003 and leading its growth as the country's largest private employer. Prior to this, Ms. Zamora served as Managing Director of Headstrong Phils., a digital technology consultancy and outsourcer.

  She was with IBM Philippines where she held a number of sales, marketing, and management positions during her 18-year tenure with the company.

  Ms. Zamora studied at the College of the Holy Spirit, University of the Philippines and the University of Pennsylvania.

  She is the 3rd woman President and the 68th President of the Management Association of the Philippines. She was President of the Philippine Software Association; Vice President of the American Chamber of Commerce of the Philippines and Board Member of the Contact Center Association of the Philippines. Honors conferred on Ms. Zamora include the Asia CEO Awards 2011 Global Filipino Executive of the Year, the 'Go Negosyo' Woman STARpreneuer Award 2012, the 100 Most Influential Filipino Women in the World 2013, and UP Sigma Delta Phi Mariang Maya Award 2018.

7. Maria Cristina R. Opinion
Independent Board Member

- **Committee memberships**
  Independent Chair, Audit Committee
  Independent Member, Related Party Transactions Committee
  Independent Member, Risk Committee
- **Age:** 55 years old
- **Date of first appointment:** 14 February 2022
- **Length of service:** 3 years and 1 month
- **Directorships in publicly-listed companies or other Insurance Commission Regulated Entities:** None
- **Academic qualifications and relevant experience:**
  Ms. Teh Opinion is the President and CEO of BNEXT, Inc., a value consulting company focused on helping companies achieve and sustain their digital transformation, and is a Board Member of Acquisition Apps, Inc. Previously, she was the Group Chief Information Officer of JG Summit Holdings, Inc. and the Senior Vice President for IT of SM Investments, Corp.

  Ms. Opinion has more than thirty years of experience in Digital Transformation and Technology Innovation, encompassing Enterprise Applications, Shared Service Operations, Hybrid Infrastructure and Platforms, Cyber Security, Business Continuity, and Governance, providing enterprises with valuable solutions that provide fast and tangible results balanced with change and risk management necessary for today's digital economy.

  Ms. Opinion has a Post Graduate degree with a Master's in Business Administration and a Bachelor of Science in Mathematics from the University of the Philippines and has completed executive courses on Strategic Uses of Information Technology at the Stanford University Graduate School of Business, Palo Alto, CA and Leading Digital Business Transformation at the Institute for Management Development, Lausanne, Switzerland.

8.Francis P. Ortega

Non-executive Board Member

- **Committee memberships:** None
- **Age:** 49 years old
- **Date of first appointment:** 29 November 2024
- **Length of service:** 4 months
- **Directorships in publicly-listed companies or other Insurance Commission Regulated Entities:** None
- **Academic qualifications and relevant experience:**
  Francis Ortega is currently 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 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, majoring in Actuarial Science, and has been awarded as one of the 2015 TOTAL (The Outstanding Thomasian Alumni) awardees.

9. Herminio C. Bagro III

Independent Board Member

- **Committee memberships:**
  Independent Chair, Related Party Transactions Committee
  Independent Member, Governance, Nomination, and Sustainability Committee
  Independent Member, Remuneration Committee
  Independent Member, Risk Committee
- **Age:** 40 years old
- **Date of first appointment:** 29 November 2024
- **Length of service:** 4 months
- **Directorships in publicly-listed companies or other Insurance Commission Regulated Entities:** None
- **Academic qualifications and relevant experience:**

  Herminio ("Third") 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 startup.

  Atty. Bagro brings with him his built expertise in administrative law, legislation and policy, regulatory compliance, and related fields as a senior bureaucrat in the executive and legislative branches of government.

  Atty. Bagro is also a lecturer on constitutional law at the University of the Philippines, where he graduated with degrees in Philosophy and Law. He also has a Master of Arts Degree in Public Administration from the Maxwell School in Syracuse University, New York as a Fulbright scholar.

II. Training and continuing education programme of directors

The Board of Directors attended the following Board Education Sessions organized by Pru Life UK:

Date	Topic	Presentor
30 September 2024	Whistleblowing	**Bruce Forbes** Group Director, Global Investigations
03 October 2024	Sustainability	**Sean Borja** Quisumbing Torres **Richard Allen** Baker & McKenzie **Carmen Leung Maron** Senior Manager, Business Development, Sustainability **Utako Saoshiro** Director, Social Sustainability **Wong Zhi Ling** Director, Governance and Controls, Sustainability **Martin Collins** Senior Director, Financial and Sustainability Risk **Maricel E. Estavillo** Vice President - Sustainability
25 November 2024	Group Compliance Standards, Anti-Bribery and Corruption, and Conflict of Interest	**Joy Ann Burgos** Assistant Vice President - Sales and Group Compliance **Katrina G. de Castro** Vice President - Compliance
	Anti-Money Laundering and Terrorism Financing	**Ivy Jennifer Alabado** Assistant Vice President - AML Head **Roel de la Cruz** Senior Manager - Compliance
	Fraud Awareness	**Jezzaline Jordan** Assistant Vice President - Conduct & Fraud Investigations

III. Board meetings

For the year 2024, the Board of Directors of Pru Life UK held 12 meetings. Below are the details of the attendance of the directors in said meetings:

Meeting of the Board of Directors		Directors								
		Angelica H. Lavares	Imelda C. Tiongson	Marife B. Zamora	Maria Cristina R. Opinion	Wilson Wing Yiu Ma	Sanchit P. Maini	Sanjay Chakrabarty	Francis P. Ortega	Herminio C. Bagro III
1.	Special meeting held on 22 February 2024									
2.	Regular meeting held on 22 March 2024									
3.	Special meeting held on 16 April 2024									
4.	Special meeting held on 20 May 2024									
5.	Organizational meeting held on 08 July 2024									
6.	Special meeting held on 27 August 2024								Elected to the Board on 29 November 2024	Elected to the Board on 29 November 2024
7.	Board of Directors' Education Session held on 30 September 2024									
8.	Regular meeting held on 03 October 2024									
9.	Board of Directors' Education Session held on 03 October 2024									
10.	Special meeting held on 20 November 2024									
11.	Board of Directors' Education Session held on 25 November 2024									
12.	Regular meeting held on 19 December 2024									
Percentage of Attendance		100%	100%	100%	100%	91.6%	100%	100%	100%	100%

LEGEND Present Absent

IV. The Audit Committee

At the organizational meeting of the Board of Directors held on 08 July 2024, the following were elected as members of the Audit Committee for the year 2024 to 2025 and until their successors shall have been duly elected and qualified:

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

For 2024, the Audit Committee of Pru Life UK held eight meetings. Below are the details of the attendance of each of its members in said meetings:

Meeting of the Audit Committee		Directors			
		Marife B. Zamora	Imelda C. Tiongson	Angelica H. Lavares	Maria Cristina R. Opinion
1.	Regular meeting held on 20 March 2024				
2.	Special meeting held on 16 April 2024				
3.	Joint special meeting with the Risk and Related Party Transactions Committees held on 20 May 2024				
4.	Regular meeting held on 05 July 2024				
5.	Special meeting held on 27 August 2024				
6.	Regular meeting held on 03 October 2024				
7.	Joint special meeting of the Audit and Risk Committees held on 20 November 2024				
8.	Regular meeting held on 19 December 2024				
Percentage of Attendance		100%	100%	100%	100%

On 19 December 2024, changes to the Audit Committee for the year 2024 to 2025 were approved by the Board, as follows:

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

V. The Governance and Nomination Committee

At the organizational meeting of the Board of Directors held on 08 July 2024, the following were elected as members of the Governance, Nomination, and Sustainability Committee for the year 2024 to 2025 and until their successors shall have been duly elected and qualified:

Maria Cristina R. Opinion – Independent Chairperson
Marife B. Zamora – Independent Member
Angelica H. Lavares – Independent Member

For 2024, the Governance, Nomination, and Sustainability Committee of Pru Life UK held five meetings. Below are the details of the attendance of each of its members in said meetings:

Meeting of the Governance and Nomination Committee	Directors		
	Maria Cristina R. Opinion	Marife B. Zamora	Angelica H. Lavares
1. Regular meeting held on 20 March 2024			
2. Special meeting held on 05 July 2024			
3. Special meeting held on 27 August 2024			
4. Special meeting held on 24 October 2024			
5. Regular meeting held on 25 November 2024			
Percentage of Attendance	100%	100%	100%

On 19 December 2024, changes to the Governance, Nomination, and Sustainability Committee for the year 2024 to 2025 were approved by the Board, as follows:

Marife B. Zamora – Independent Chairman
Maria Cristina R. Opinion – Independent Member
Angelica H. Lavares – Independent Member

VI. The Related Party Transactions Committee

At the organisational meeting of the Board of Directors held on 08 July 2024, the following were elected as members of the Related Party Transactions Committee for the year 2024 to 2025 and until their successors shall have been duly elected and qualified:

Maria Cristina R. Opinion – Independent Chairperson
Imelda C. Tiongson – Independent Member
Marife B. Zamora – Independent Member

For 2024, the Related Party Transactions Committee of Pru Life UK held four meetings. Below are the details of the attendance of each of its members in said meetings:

Meeting of the Related Party Transactions Committee	Directors		
	Maria Cristina R. Opinion	Imelda C. Tiongson	Marife B. Zamora
1. Regular meeting held on 20 March 2024			
2. Joint special meeting with the Risk and Audit Committees held on 20 May 2024			
3. Special meeting held on 27 August 2024			
4. Regular meeting held on 30 September 2024			
Percentage of Attendance	100%	100%	100%

On 19 December 2024, changes to the Related Party Transactions Committee for the year 2024 to 2025 were approved by the Board, as follows:

Herminio C. Bagro III – Independent Chairperson
Imelda C. Tiongson – Independent Member
Maria Cristina R. Opinion – Independent Member

VII. The Remuneration Committee

At the organisational meeting of the Board of Directors held on 08 July 2024, the following were elected as members of the Remuneration Committee for 2024 to 2025 and until their successors shall have been duly elected and qualified:

Maria Cristina R. Opinion – Independent Chairperson
Angelica H. Lavares – Independent Member
Wilson Wing Yiu Ma – Independent Member

For 2024, the Remuneration Committee of Pru Life UK held two meetings. Below are the details of the attendance of each of its members in said two meetings:

Meeting of the Remuneration Committee	Directors		
	Maria Cristina R. Opinion	Angelica H. Lavares	Wilson Wing Yiu Ma
1. Regular Meeting held on 22 March 2024			
2. Regular Meeting held on 25 November 2024			
Percentage of Attendance	100%	100%	100%

On 19 December 2024, changes to the Remuneration Committee for the year 2024 to 2025 were approved by the Board, as follows:

Marife B. Zamora – Independent Chairperson
Wilson Wing Yiu Ma – Independent Member
Herminio C. Bagro III – Independent Member

VIII. The Risk Committee

At the organisational meeting of the Board of Directors held on 08 July 2024, the following were elected as members of the Risk Committee for the year 2024 to 2025 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
Marife B. Zamora – Independent Member

For 2024, the Risk Committee of Pru Life UK held six meetings. Below are the details of the attendance of each of its members in said meetings:

Meeting of the Risk Committee	Directors				
	Imelda C. Tiongson	Angelica H. Lavares	Marife B. Zamora	Maria Cristina R. Opinion	Sanchit Pal Maini
1. Regular meeting held on 20 March 2024					
2. Joint special meeting with the Audit and Related Party Transactions Committee held on 20 May 2024					
3. Regular meeting held on 05 July 2024					
4. Regular meeting held on 03 October 2024					
5. Joint special meeting with the Audit Committee					
6. Regular meeting held on 19 December 2024					
Percentage of Attendance	100%	100%	100%	100%	100%

On 19 December 2024, changes to the Risk Committee for the year 2024 to 2025 were approved by the Board, as follows:

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

IX. Year 2024 Annual Performance Assessments of the Board of Directors, the Individual Board Members, the Board Committees, the Chairman of the Board and the Chief Executive Officer

On a yearly basis, the directors of Pru Life UK conduct a performance assessment of the Board, members of the Board, Board Committees, the Chairman of the Board and the Chief Executive Officer. The Annual Performance Assessment is based on the requirements and recommendations of the ASEAN Corporate Governance Scorecard and the Revised Code of Corporate Governance for Insurance Commission Regulated Companies.

For 2024, the Annual Performance Assessment Form was distributed to the directors after the Regular Meeting of the Board of Directors on 19 December 2024. The Corporate Secretary received the duly accomplished forms before the Board and Board Committee meetings held on 1 and 2 April 2025. The results of the performance assessments were tallied and summarised by the Corporate Secretary and reported to and discussed by the Governance, Nomination and Sustainability Committee and the Board during their respective meetings held on 2 April 2025. Recommendations and action items based on the results of the performance assessments were likewise discussed during said meetings.

X. External auditor

The Audit Committee, at its meeting held on 05 July 2024, endorsed to the Board of Directors of Pru Life UK the appointment of SGV & Co. as external auditor for the 2024 audit year. The Board of Directors approved the appointment of SGV & Co. as external auditor for the audit year 2024 at its organizational meeting held on 08 July 2024. The shareholders ratified the appointment of SGV & Co. as the external auditor for audit year 2024 at the Annual Meeting of the Shareholders held on 08 July 2024.

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

The external auditor's fee for audit year 2024 amounts to three million nine hundred four thousand twenty six pesos (PHP 3,904,026.00), exclusive of value-added tax and out of pocket expenses.

SGV & Co. did not perform any non-audit services for Pru Life UK in 2024 and no non-audit fees were paid.

XI. Dividend policy

The number of dividends declared and paid by Pru Life UK is linked to its operating free surplus generation and determined with consideration of the following factors: (a) surplus position, (b) liquidity position, (c) solvency ratios, (d) strategic initiatives, and (e) provisions for regulatory changes.

In 2024, Pru Life UK declared and paid cash dividends of three billion three hundred nineteen million pesos (PHP 3,319,000,000.00), gross of applicable taxes.

XII. Compliance and Risk Management

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

For the year 2024, the Board of Directors conducted a review of Pru Life UK's material controls (including operational, financial and compliance controls), internal controls and risk management systems and confirmed the adequacy thereof. The RC and AC approved the 2024 Business Controls Report which demonstrated Pru Life UK's overall business controls environment including compliance, in all material respects, with the Group Governance Manual

requirements and that all material controls and risk management systems have been operating effectively throughout the year. Pru Life UK has sufficient understanding and maturity in managing enterprise-wide risks through established processes or risk identification, measurement and assessment, management and control, and monitoring and reporting.

XIII. Speak Out Confidential Helpline (Whistle Blowing Policy)

For concerns and complaints on any possible violation of rights and/or illegal and unethical behavior (including corruption), please contact the confidential helpline through the details below. All concerns or complaints and any information given will be treated in confidence. Every effort will be exerted to avoid disclosure of your identity, if that is your wish.

Speak Out	
Dial direct access number	1800-1-322-0285 (Tagalog operator)
Website	
www.prudentialspeakout.ethicspoint.com	

XIV. Code of Corporate Governance

As part of the Prudential Group, Pru Life UK is required to comply with the Group Governance Manual ("GGM"), which incorporates the Group Code of Conduct. The Business Controls Report ("BCR") focuses on the results of the annual Risk and Control Self Assessment ("RCSA"), breach and exemption reports, incidents, internal (GWIA), external (regulatory) and local reviews and actions being taken.

The BCR also included an attestation on compliance with GGM. The results of BCR were reviewed by the Chief Risk Officer prior to submission to the Executive Risk Committee for approval and endorsement to the Board Risk Committee.

XV. Remuneration Policy for Executive Directors and the Chief Executive Officer

Pru Life UK's total rewards package provides an effective mix of fixed and variable components that is geared towards rewarding contribution, performance, and value to the business. The CEO reward components support our rewards philosophy.

- Fixed component consisting of base pay to reflect market and internal value of the role and recognize individual performance (through base pay increases)
- Variable annual incentive bonus to reward individual performance based on what and how results are achieved and Pru Life UK's performance in relation to key financial and strategic metrics; this has two components
  - a cash bonus; and
  - a deferred bonus in the form of Prudential plc shares to attract and retain executives and key talent, recognize contribution to the long-term success of Prudential and create a sense of ownership.
- Benefits to supplement cash compensation and provide long term security and protection

Executive directors of Pru Life UK do not receive any remuneration for their directorship.

XVI. Fee Structure and Remuneration of Directors

The non-executive external directors* of Pru Life UK (Angelica H. Lavares, Imelda C. Tiongson, Marife B. Zamora, Maria Cristina R. Opinion, and from 29 November 2024, Herminio C. Bagro III) receive fixed directors' fees for every meeting attended and do not receive any other remuneration for their directorship in Pru Life UK. The non-executive internal directors** of Pru Life UK (Wilson Wing Yiu Ma and Sanchit P. Maini) do not receive any remuneration for their directorship in Pru Life UK. The executive directors of Pru Life UK (Sanjay Chakrabarty, and from 29 November 2024, Francis P. Ortega) do not receive any remuneration for their directorship in Pru Life UK.

Below are the details of the remuneration received by the directors of Pru Life UK for the year 2024:

Name	Classification as director	Fee structure/Remuneration as director
1. Angelica H. Lavares	Independent Non-Executive Chairman of the Board (External)	Total annual director's fee in the amount of PHP 1,126,800.00
2. Imelda C. Tiongson	Independent Non-Executive (External) Board Member	Total annual director's fee in the amount of PHP 689,400.00
3. Marife B. Zamora	Independent Non-Executive (External) Board Member	Total annual director's fee in the amount of PHP 633,800.00
4. Maria Cristina R. Opinion	Independent Non-Executive (External) Board Member	Total annual director's fee in the amount of PHP 600,300.00
5. Herminio C. Bagro	*Independent Non-Executive (External) Board Member (elected 29 November 2024)*	Total annual director's fee in the amount of PHP 50,000.00
6. Wilson Wing Yiu Ma	*Non-Executive (Internal) Board Member*	Did not receive any director's fee
7. Sanchit Pal Maini	Non-Executive (Internal) Board Member	Did not receive any director's fee
8. Sanjay Chakrabarty	*Executive Board Member*	Did not receive any director's fee
9. Francis P. Ortega	*Non-Executive (Internal) Board Member (elected 29 November 2024)*	Did not receive any director's fee

**a director who does not hold any position in Pru Life UK or its parent company, affiliates, and subsidiaries*
*** a director of Pru Life UK who is also an officer or employee of Pru Life UK's parent company, affiliates, or subsidiaries*

XVII. Related Party Transactions

A policy on Related Party Transactions (RPTs) ("RPT Policy") is in place to ensure that RPTs of Pru Life UK are only undertaken on an arm's length basis for the financial, commercial, and economic benefit of Pru Life UK and the entire group to which it belongs. The RPT Policy ensures that there are appropriate oversight and effective control systems for managing RPT exposures, to prevent situations that will lead to abuses which would be disadvantageous to Pru Life UK, its policyholders, claimants, creditors, and other stakeholders.

The term "Related Party" or "Related Parties" refers to Pru Life UK's subsidiaries, affiliates, and special purpose entities over which the company has direct or indirect control—or which exert significant influence over Pru Life UK, its Board members, officers, stockholders and related interests, and their close family members, as well as corresponding persons in affiliated companies. This shall also include such other persons or juridical entities whose interests may pose a potential conflict with the interest of Pru Life UK and hence are identified as Related Parties.

All RPTs shall be conducted in the regular course of business and not undertaken on more favourable economic terms (e.g. price, commissions, interest rates, fees, tenor, and collateral requirement) to such Related Parties than similar transactions with nonrelated parties under similar circumstances. An effective price discovery mechanism is in place to ensure that transactions are engaged under terms that promote the best interest of Pru Life UK and its stakeholders. The price discovery mechanism includes, but is not limited to, the validation procedures to determine the nature, components, and price of the services to be provided, acquiring the services of an external expert, and where applicable, opening the transaction to a bidding process, canvassing, or benchmarking, or any other applicable due diligence procedures.

Managing of conflict of interest or potential conflict of interest
Pru Life UK adopts the Group Conflict of Interest Policy. It is committed to ensuring that all related parties operate at the highest level of integrity in all their dealings and business relationships, either within or outside Pru Life UK. The members of the Board, employees, stockholders, and management shall disclose to the Board whether they directly, indirectly or on behalf of third parties, have a financial interest in any transaction or matter affecting Pru Life UK. Directors and officers with a personal interest in any transaction shall abstain from the discussion, approval and management of such transaction or matter affecting Pru Life UK.

Pru Life UK has a whistleblowing mechanism in place where employees are encouraged to communicate confidentially and without risk of reprisal, legitimate concerns about illegal, unethical or questionable RPTs.

The RPT Committee and its Responsibility
The RPT Committee is composed of three (3) members of the Board, all of whom are independent directors. The Chairman and the members of the Committee are appointed by the Board and have a term of one (1) year or until their successors are appointed by the Board.

The primary responsibilities of the RPT Committee include, among others, (1) ensuring that all RPT Transactions are carried out on an arm's length basis, (2) ensuring that appropriate disclosures are made, and/or information is provided to regulating and supervising authorities, (3) reviewing and approving annual public disclosures in accordance with the requirements of the regulator, and (4) reporting to the Board, on a regular basis, the status and aggregate exposures of Pru Life UK to each Related Party as well as the total amount of exposures to all Related Parties.

Original and Existing Exposure with the Related Parties as of December 31, 2024 (amounts in PhP millions):

Related Party	Nature	Transaction amount	Balance (as of Dec 31, 2024)	Terms	Rationale for Transaction
Eastspring Investments (Singapore) Limited	Fund management and Investment marketing services	89	22	30 days upon billing	In the normal course of business, the Company has an investment management services agreement with Eastspring, whereby the latter shall act as investment advisor to the Company on the management of both the Company's investments and the investment funds in consideration for a service fee.
Prudential Services Asia Sdn. Bhd. (PSA)	Production application systems and infrastructure support	10	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, back-up and recovery, change management, disaster recovery plans, system capacity, resource monitoring, among others.
Prudence Foundation	Cost reimbursements	9	9	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.

Related Party	Nature	Transaction amount	Balance (as of Dec 31, 2024)	Terms	Rationale for Transaction
Pru Life UK Asset Management and Trust Corporation (PAMTC)	Shared services and allocation of shared expenses	22	-	30 days upon billing	Transactions with PAMTC pertain to various advances made by the Company on behalf of PAMTC. The Company also entered into a Shared Services Agreement with PAMTC, whereby the Company shall outsource labor services to PAMTC in consideration for a fee for the labor and overhead charges.
Prudential Corporation Holdings Limited (PCHL)	Support services and advances	324	145	30 days upon billing	These pertain to advances made by PCHL on behalf of the Company for the expenses covering software licenses and maintenance, 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.
Prudential Services Singapore Pte. Ltd. (PSS)	IT security services	282	95	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 & 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.
Pulse Ecosystems Pte. Ltd.	Developing and managing the Pulse platform	174	253	30 days upon billing	These pertain to fees charged for developing and managing the Pulse platform.

Related Party	Nature	Transaction amount	Balance (as of Dec 31, 2024)	Terms	Rationale for Transaction
Prudential Investment Management Private Limited	Investment advisory services	2	2	30 days upon billing	Transactions pertain to investment advisory services.
Prudential Technology and Services India Private Limited	Support services	5	5	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	17	-	30 days upon billing	This pertains to advances made on behalf of the Company.
Prudential (Cambodia) Life Assurance Plc	Cost reimbursements	9	8	30 days upon billing	This pertains to advances made on behalf of the Company.
P.T. Prudential Life Assurance	Cost reimbursements	0.04	-	30 days upon billing	This pertains to advances made on behalf of the Company.
	Aggregate	**943**	**540**		

The material RPTs for 2024 were approved by the following members of the Board of Directors and shareholders of Pru Life UK:

Director	Shareholder
Angelica H. Lavares Imelda C. Tiongson Marife B. Zamora Maria Cristina R. Opinion Wilson Wing Yiu Ma Sanchit P. Maini Sanjay Chakrabarty	Prudential Corporation Holdings Limited Angelica H. Lavares Imelda C. Tiongson Marife B. Zamora Maria Cristina R. Opinion Wilson Wing Yiu Ma Sanchit P. Maini Sanjay Chakrabarty

Risk Management
(Key Risk)

Pru Life UK, as part of the Prudential Group ("Group"), generates customer and shareholder value by selectively taking exposure to risks which can be appropriately quantified and managed, and where the risk is adequately rewarded. The approach is to retain risks where doing so contributes to value creation, to the extent that the Company can withstand the impact of an adverse outcome, and has the necessary capabilities, expertise, processes, controls, and capital to appropriately manage the risk.

Risk Management

Pru Life UK regards risk as the uncertainty that the Company faces in successfully implementing its strategies and achieving its objectives. This includes all internal and external events, acts, or omissions that have the potential to threaten the success and survival of the Company. Pru Life UK adopts the Group Risk Framework ("GRF") which sets out the approach to managing financial and non-financial risks (as defined in the risk taxonomy) that the Company faces in its business and operational activities. It is supported by risk policies and standards. The Group Risk Frameworks outlines the risk management process components – governance, define and enable, identify and assess, manage, and monitor and report.

Governance. The Risk Governance model incorporates non-executive and executive risk governance committees.
The Board has overall accountability for the risk management and control environment of the Company. The Board Risk Committee ("BRC") supports the Board in providing leadership, direction and oversight of the Company's overall risk appetite, tolerance, and strategy. It oversees and advises the Board on the current and potential risks to the Company and monitors its effectiveness and adherence to various risk policies.
The Audit Committee ("AC") assists the Board in meeting its responsibilities for the integrity of the Company's financial reporting, including its obligations under applicable laws and regulations, for the effectiveness of Group's internal control and risk management systems, and for monitoring the effectiveness and objectivity of the internal and external auditors. The Executive Risk Committee ("ERC") is chaired by Pru Life UK Chief Executive Officer, facilitated by Pru Life UK Chief Risk Officer ("CRO"), and supported by the Senior Management Team ("SMT") as members of the Committee. The key risks that the Company is exposed to and any key issues arising from the Executive Risk Committee are required to be escalated to the BRC, AC, and an appropriate Group Head Office Risk forum.
The Pru Life UK CRO is a member of various key business decision committees. The overall effectiveness of the CRO and the risk management function are subjected to the oversight and evaluation of the Board Risk Committee.

Define and Enable. The risk governance structure is based on the principles of the 'three lines model' of the Institute of Internal Auditors (IIA). First line roles are directly focused on providing clients with product/services and include the roles of support functions. Second line roles provide independent challenge, expertise, oversight, assistance and scrutiny of risk management. Third line roles provide independent and objective assurance and advice on the adequacy and effectiveness of business processes, governance and risk management. This structure helps the Pru Life UK identify and implement processes that best assist the achievement of objectives and support a strong risk culture.

Pru Life UK promotes a responsible risk culture by a) leadership and behaviors demonstrated by Management to do the right thing, b) skills and capabilities building to support management, c) including risk management in organizational decision making (including strategy and planning), and through the motivation, performance evaluation, and renumeration of individuals, and d) embedding the Group values in the performance appraisal of individuals. It is further set via the engagement of various stakeholders within the organization to enhance the understanding of sound risk management practices and the awareness of its relevance to their roles. This includes new hire orientation of Pru Life UK risk management practices, risk management modules and infographics distributed to all employees, and specific training sessions to all employees, targeted functions or groups, executive members, and Board members.

The Risk Appetite Statements and Limits defines the extent to which Pru Life UK is willing to take risk in pursuit of its objective to create customer and shareholder value, taking into account its interests. It is defined by a number of risk appetite statements, operationalized through measures such as limits and thresholds, triggers, and indicators, which are reviewed at least annually and monitored regularly. Financial risk limits are defined based on stresses on liquidity, local statutory capital requirements as well as defined limits on counterparty credit exposure. There is no appetite for significant and material losses (direct or indirect) or breaches suffered as a result of failing to develop, implement, and monitor appropriate risk mitigation measures and controls to manage major financial models. Non-financial risk triggers and hard limits are adopted from the Group Non-Financial Risk Appetite Framework. Pru Life UK accepts a degree of non-financial risk exposure as an outcome of the chosen business activities and strategies.

Identify and Assess. Risk identification refers to the set of processes used to identify and maintain up-to-date records of all risks faced by the Company over varying time horizons. Pru Life UK employs both a top-down and bottom-up approach in identifying emerged and emerging risks. When assessing risk, the likelihood of a risk occurring and the impact on the business are measured. This should include consideration of any additional capabilities the business needs and any milestones for the development of these capabilities that should be set. For instance, Pru Life UK conducts an Own Risk and Solvency Assessment (ORSA) process to monitor the solvency position and assess available capital necessary to support solvency requirements in stress and scenario tests, and documents such assessments in ORSA reports.

The GRF and associated policies help shape Pru Life UK's decision making and conduct as a business. Risk information should form an integral part of key business decisions. Risk-based decision making is the incorporation of risk information and considerations in decisions. This includes impacts on capital, liquidity, other financial risks, and non-financial risks. Eight core process areas where risk-based decision making, or risk-related considerations must be incorporated are: 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, renumeration. The outcome of the risk assessments should provide a forward-looking view that enables the prioritization of appropriate management actions to mitigate the most material risks.

Manage. Risk management is the ongoing process involving the three lines (i.e., first line as risk-taking and management, second line as risk and control oversight, and third line as independent assurance) to ensure risks are monitored and managed in line with Pru Life UK's risk appetite and that appropriate controls are defined, and actions are taken in a timely manner. By doing so, Pru Life UK aims to maintain operational resilience and its commitments to customers and stakeholders and avoid material adverse financial loss or impact on the company's reputation.

Monitor and Report. Risk monitoring and reporting enables the Risk Committees, senior management and relevant stakeholders to understand what the most material risks are and if they are being managed within risk appetite to make informed decisions. Monitoring and reporting can be in the form of management information which provides relevant, accurate, relative magnitude, and a timely view of risk.

Key Risk Exposure and Mitigating Actions

Risks from investments could arise from uncertainty of investment returns, including fluctuation in equity prices and interest rates, credit downgrades and default of credit instruments. Unit-linked products are exposed to market risk, as the revenue is linked to performance of funds under management. Traditional products are exposed to interest rate risks arising from asset-liability duration mismatch. Mitigating actions include establishing clear market risk-taking policies, risk appetite statements and limits, reporting of the regular management information, appropriate strategic asset allocation which matches the liabilities profile, and the investment performance oversight provided by the Investment Committee.

Risks arising from products offered and in force policies include adverse actual experience relative to expected: i) mortality or morbidity claims, ii) policy persistency, or iii) incurred expenses in acquiring and administering the policies. The risks are mainly mitigated by robust governance and oversight on the product development and approval process, adequate distributor training and compliant sales process, appropriate underwriting and claim process, responsive customer service, appropriate risk mitigation or risk-transfer arrangements, adequate repricing mechanism, appropriate strategic asset allocation, investment performance monitoring, disciplined expense management, policy conservation activities, regular experience monitoring and deep-dive reviews.

Risks on business operations could arise from a) the failure to comply with the ever-evolving regulatory and legislative requirements, b) business disruption due to non-delivery of service engagement by material third party providers, c) technology risk such as inadequate controls in information security, data privacy, and other technology domains like software engineering, infrastructure, project management and transformation, and data governance, d) transformation and implementation risk of strategic initiatives, e) conduct risk, f) people risk, g) operations and process control breakdown risk, and h) sustainability risk. The risks are mainly mitigated by a sound and effective operational risk management framework, regular review, update, and exercise of the different business continuity plans and business continuity strategies, robust compliance processes and culture, timely and insightful management information on key operational, technology, information security, data privacy, risk and control assessments, scenario analysis, internal and external incidents reporting, and deep dive reviews.

Executive Committee

As of 31 December 2024, the Board of Directors and the Management Committee of Pru Life UK were composed of the following person:

Board of Directors

1. **Angelica H. Lavares** - Independent Chairperson
2. **Sanjay Chakrabarty** - Executive Board Member
3. **Imelda C. Tiongson** - Independent Board Member
4. **Wilson Wing Yiu Ma** - Non-executive Board Member
5. **Sanchit Pal Maini** - Non-executive Board Member
6. **Marife B. Zamora** - Independent Board Member
7. **Maria Cristina R. Opinion** - Independent Board Member
8. **Francis P. Ortega** - Executive Board Member
9. **Herminio C. Bagro III** - Independent Board Member

Executive Committee

1. **Sanjay Chakrabarty** - President and Chief Executive Officer
2. **Wei Lee Koh** - Executive Vice President & Chief Distribution Officer
3. **Smriti Bhargava** - Executive Vice President & Chief Transformation Officer
4. **Francis P. Ortega** - Executive Vice President and Chief Financial Officer
5. **Rozanne D. Magararu** - Senior Vice President & Chief Customer and Marketing Officer
6. **Rashelle H. Cejo** - Senior Vice President and Chief Human Resources Officer
7. **Paul Anthony P. Mandal** - Senior Vice President & Chief Legal and Sustainability Officer
8. **Glolibeth L. Villahermosa** - Senior Vice President and Chief Actuary
9. **Rina Isabel A. Velasquez** - Senior Vice President and Chief Risk Officer

Sanjay Chakrabarty

President & Chief Executive Officer

Mr. Chakrabarty has deep knowledge of the banking and insurance sectors, having worked across multiple Asian markets for the past 26 years.

He has been with Prudential since 2014 and has worked as the CEO of Prudential Cambodia and Prudential's Cambodia-Laos-Myanmar Hub. In these roles, he has successfully led a cross-markets team, implementing several strategic initiatives with material impact in all three markets.

Driving innovation and growth, Mr. Chakrabarty reinstated Prudential's Cambodia business to #1 position in the market. He is deeply committed to driving a customer-centric approach, and to creating a culture of excellence that attracts and retains the best talent.

He started his career with Citibank, India, in 1997. He has also worked for Citibank in Japan and Korea between 2004-2014, heading several functions spanning risk and business. At Prudential, he has served as CEO of Prudential Vietnam Finance Company and as Chief Commercial Officer at Prudential Vietnam. Before moving to Cambodia with Prudential in 2020, he also spent time as Deputy CEO and Head of Consumer Banking at Orient Commercial Joint Stock Bank in Vietnam.

Mr. Chakrabarty holds a Master's degree in Statistics from the Indian Statistical Institute and enjoys reading history in his free time.

Executive committee

Wei Lee Koh

Executive Vice President & Chief Distribution Officer

Wei Lee Koh brings extensive experience and a proven track record in the life insurance industry.

He has held senior management positions at insurance companies in Singapore, Hong Kong, and Malaysia.

His comprehensive experience in Distribution Management, Marketing, and Product Management spans across Asia.

Before joining Pru Life UK, he was the CEO of Singlife Financial Advisers Singapore, where he led the entire financial advisory business. Prior to this, he held key leadership roles in Business Development & Product Marketing at Prudential Corporation Asia in Hong Kong.

Mr. Koh holds an MBA from the University of Adelaide, Australia, and completed the Marketing Management Program at the Wharton School of the University of Pennsylvania.

Smriti Bhargava

Executive Vice President & Chief Transformation Officer

Smriti Bhargava has a 17-year career in the insurance industry, beginning at ICICI Prudential in India in 2006.

Before joining Pru Life UK, Smriti led successful digital convergence across three countries, creating an efficient and scalable model as Chief Transformation Officer of Prudential Cambodia Life Assurance and the Cambodia-Laos-Myanmar Hub (CLM Hub).

She has diverse experience in actuarial science, data analytics, and technology-driven transformation, which has driven customer growth and expanded the market reach of Prudential CLM.

Ms. Bhargava holds a degree in Mathematics from Lady Shri Ram College in Delhi, India.

Francis P. Ortega

Executive Vice President & Chief Financial Officer

Francis Ortega is currently Pru Life UK's Executive Vice President and Chief Financial Officer. He joined the company as Head of Pricing and Product Development in 2007 and led the development of its long line of innovative and profitable products.

He has also helped manage the agency compensation structure and set up the distribution agreement for several bank partners. In 2011, he ascended to the role of Chief Actuary and oversaw all areas of the actuarial function which covers financial reporting, pricing, research, and risk management. He was appointed as Chief Financial Officer in 2019 leading both the Actuarial and Finance operations.

Mr. Ortega is a Fellow of the Actuarial Society of the Philippines and the Life Management Institute. His more than 25 years of experience in the life insurance industry began with a large multinational life insurance company where he gained experience in various actuarial roles prior to joining Pru Life UK. He graduated Cum Laude from the University of Santo Tomas with a Bachelor's degree in Mathematics, major in Actuarial Science, and has been awarded as one of the 2015 TOTAL (The Outstanding Thomasian Alumni) awardees.

Rozanne D. Magararu

Senior Vice President & Chief Customer & 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.

Rashelle H. Cejo

Senior Vice President & 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.

Paul Anthony P. Mandal

Senior Vice President & Chief Legal and Sustainability Officer

Paul Anthony Mandal has 25 years of experience in the financial sector, with 20 years dedicated to the insurance industry.

His expertise spans beyond Legal Advisory and Litigation to include Corporate Governance, Compliance, Operations, and Agency Training. He has been actively involved in numerous Corporate Social Responsibility activities, ranging from community building and human rights to financial literacy programs.

He holds a Juris Doctor degree from the Ateneo Law School and a Bachelor of Science in Business Economics from the University of the Philippines.

Mr. Mandal is a former officer of the Life Insurance Claims Association of the Philippines (LICAP).

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.

Rina A. Velasquez

Senior Vice President & Chief Risk Officer

Rina Velasquez has over 20 years of experience working in multinational life insurance companies in the areas of product development and pricing, valuation, financial reporting and experience studies, and corporate planning. Prior to joining Pru Life UK, she was Chief Actuary at FWD, and VP and Actuary at Manulife and Philamlife. She joined the Company in 2018 as Vice President for Operational and Enterprise Risk Management and was appointed in 2019 as Senior Vice President & Chief Risk Officer.

Ms. Velasquez is a Fellow of the Actuarial Society of the Philippines and the Life Office Management Institute. She holds a Bachelor of Science degree in Statistics from the University of the Philippines - Diliman.

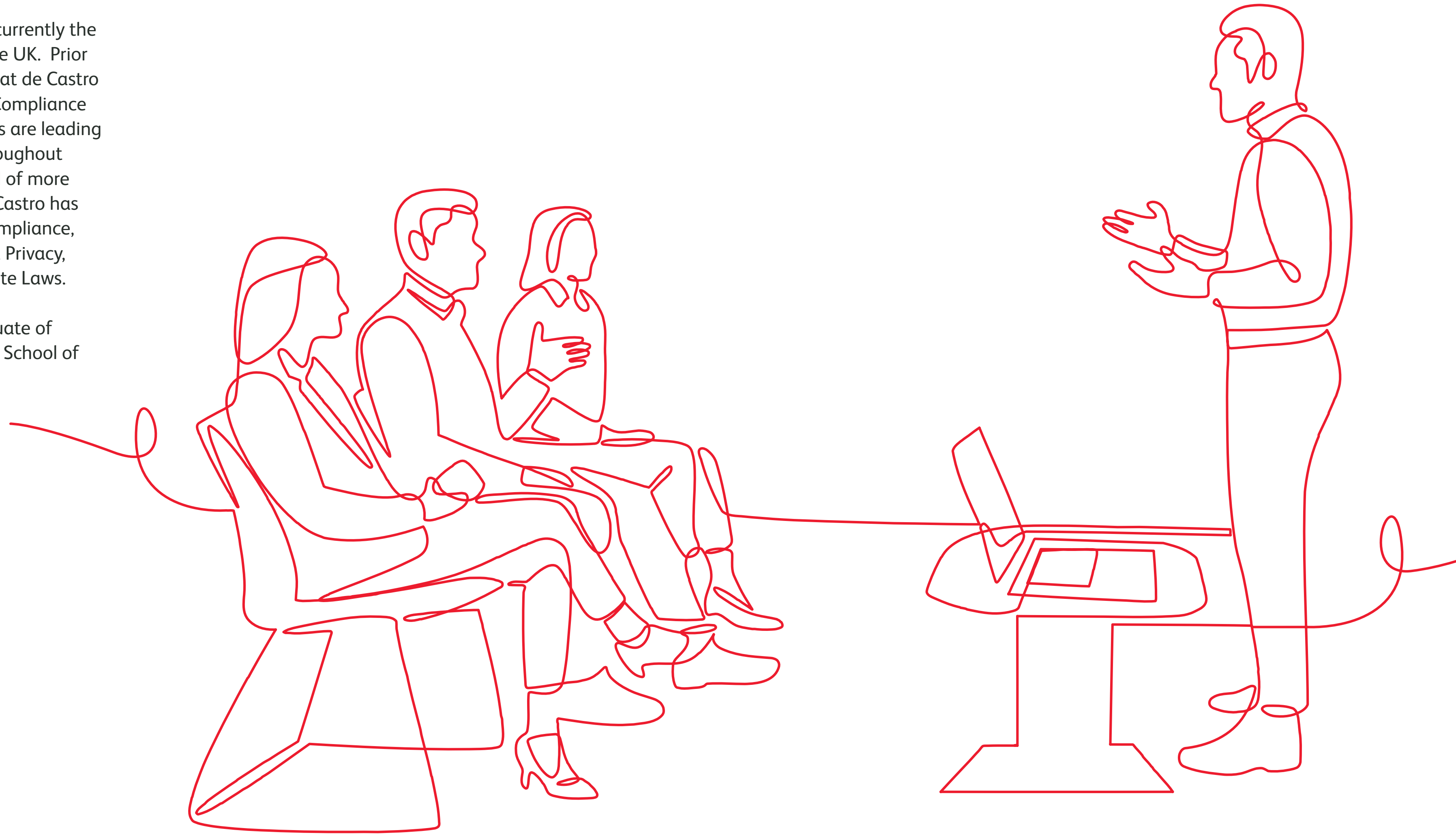
Katrina G. De Castro

Chief Compliance Officer and Head of Government Relations

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.

Executive committee



Corporate Officers

ADIGUE, Arabelle
Vice President - Partnership Distribution

ALVIOR, Daisy
Vice President - Talent & Organization Development

ANTENOR-CRUZ, Sheila Regina
Vice President - Finance Transformation

BACOSA, Marie Grace
Vice President - Rewards

BANTAYAN, Paul Adrian
Vice President - Digital Media Marketing

BAUTISTA, Ma. Agnes
Vice President - Customer Obsession Tribe Leader

BELGICA, Robert Ian
Head of Data Engineering and Analytics

BUSTALINO, Rosa Alexandra
Vice President - Customer Obsession Tribe Leader

CATAMBACAN, Mark Anthony
Head of Technology Operations

CELESTINO, Jordan
Head of Contact Center

DALUPANG, Mark Angelo
Vice President and Sector Head

DE CASTRO, Katrina
Vice President - Compliance

DE GUZMAN, Montini
Vice President - Business Process Development and Partnership Initiatives

DEE, Garen
Vice President & Chief Product Officer

ESTAVILLO, Maricel
Vice President - Government Relations

GARCIA, Blesila
Vice President - Distribution Expansion

GOCHINGCO, Mark Phillip
Vice President - Agency Growth

KARO, Maria Perpetua Palmyra
Vice President - Agency Compensation and Rewards

KATINDOY, Elaine
Vice President - PRU Academy

KINTANAR, Ma. Xenas
Vice President & Sector Head

LUCERO, Mar. Michael III
Vice President - Head of Applications

LUSANCO, Alma Kristine
Head of Customer Onboarding and Claims

MAGPANTAY, Edwin
Vice President - Financial Controller

MARAÑO, Ma. Cecilia
Vice President - Corporate Performance Management

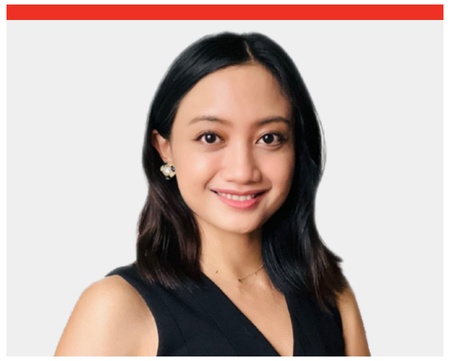
MENDOZA, Cynthia
Vice President - Leads and In-Force Management

MENDOZA, Ma. Donna
Vice President - Legal

MERCADO, Diana Lynn
Vice President - Agent Activation and Productivity, PRU Premier & Industry Recognition and General Agencies

MORAL, Jones Leopoldo
Vice President & Sector Head

PACHECO, Jerry
Vice President - Agency Operations



PUREZA, Iris Dawn
Vice President - Financial Reporting and Tax

RABANO, Virginia
Head of Customer Benefits

RAMOS, Lemuel
Vice President - Corporate Project Management

SANTOS, Jennifer May
Vice President and Sector Head

SEBASTIAN, Marian
Vice President and Sector Head

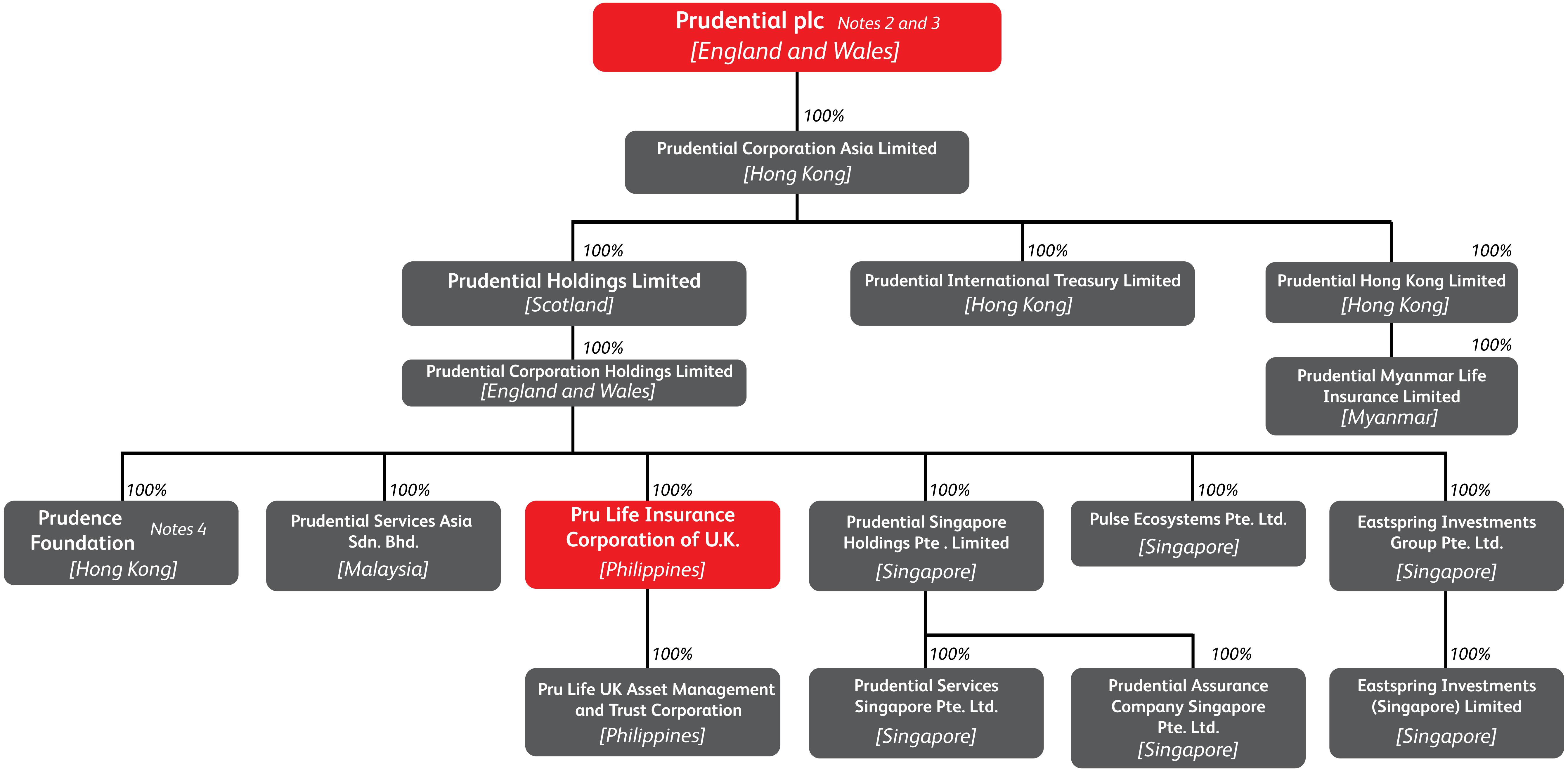
ZERNA, Sheila May
Vice President - Business Development

Shareholding Structure

Shareholding structure
and group corporate structure

Position as at 31 December 2024

Holding structure for Pru Life Insurance Corporation of U.K. and its related parties



Notes:

1. The place of incorporation of each company is being indicated in square brackets above.

2. Prudential plc is a public limited company incorporated in England and Wales, which is listed on the Stock Exchanges in London, Hong Kong, Singapore and New York.

3. Refer to the public information available, BlackRock, Inc and NorgesBank (they are non-prudential entities and institutional investors) hold 5.08% and 3.10% interest respectively in Prudential plc.

4. Prudence Foundation, a company limited by guarantee.

5. The shares held by Pru Life Insurance Corporation of U.K. in Pru Life UK Asset Management and Trust Corporation have been transferred to ATRAM Investment Management Partners Corp. by virtue of a Deed of Sale awaiting release of the Certificate Authorizing Registration from the Bureau of Internal Revenue..

-The above chart only shows ordinary shares. Preference shares are excluded.