

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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Company Name

P	H	I	L	I	P	P	I	N	E		B	R	I	T	I	S	H		A	S	S	U	R	A	N	C	E		
C	O	.	,			I	N	C	.																				

Principal Office (No./Street/Barangay/City/Town)Province)

1	1	T	H		F	L	O	O	R		P	A	C	I	F	I	C		S	T	A	R						
B	U	I	L	D	I	N	G		M	A	K	A	T	I		A	V	E	N	U	E		C	O	R	N	E	R
G	I	L		P	U	Y	A	T	,		M	A	K	A	T	I		C	I	T	Y							

Form Type

A	A	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address

info@philbritish.com

Company's Telephone Number/s

8890-4051

Mobile Number

N/A

No. of Stockholders

19

Annual Meeting
Month/Day

April/24

Fiscal Year
Month/Day

December/31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Ian Philippe W. Cuyegkeng

Email Address

iancuyegkeng@philbritish.com

Telephone Number/s

8890-4051

Mobile Number

N/A

Contact Person's Address

11Th Floor Pacific Star Building, Makati Avenue Corner Gil Puyat Avenue, Makati City
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Note 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 : All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

2024

AUDITED FINANCIAL STATEMENTS

PHILIPPINE BRITISH ASSURANCE CO., INC.

December 31, 2024 and 2023

R. R. TAN AND ASSOCIATES
Certified Public Accountants

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

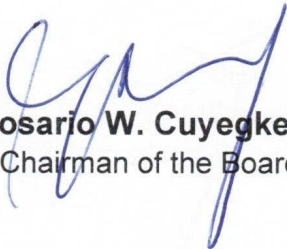
The management of **PHILIPPINE BRITISH ASSURANCE CO., INC.** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

R.R. TAN AND ASSOCIATES, CPAS, the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, has expressed their opinion on the fairness of presentation upon completion of such audit.



Rosario W. Cuyegkeng
Chairman of the Board



Ian Philippe W. Cuyegkeng
President



Milagros O. Diaz
Treasurer

Signed this 20th day of March 2025

Philippine British Assurance Company, Inc.

11th floor, Pacific Star Building, Sen Gil Puyat Avenue
Cor. Makati Avenue Brgy Bel-Air, Makati City

Globe – 09171523323
Smart – 09989606885

Tel. No. 8890 - 4051

info@philbritish.com
www.philbritish.com

Report of Independent Public Accountants

The Board of Directors and Stockholders
PHILIPPINE BRITISH ASSURANCE CO., INC.
11th floor Pacific Star Building,
Makati Avenue Corner Gil Puyat Avenue,
Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **PHILIPPINE BRITISH ASSURANCE CO., INC.** (the Company), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of income, 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 a summary of material accounting policies.

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 Standard. (PFRSs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our 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 PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on the Supplementary Information Required Under Revenue Regulations (RR) 15-2010 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information disclosed in Note 32 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

R. R. TAN AND ASSOCIATES, CPAs

By: **DOMINGO A. DAZA, JR**

Partner

CPA Certificate No. 109993

Tax Identification No. 203-917-449

PTR No. 3040539, January 07, 2025, Pasig City

BIR Accreditation No. 07-100512-002-2022, valid until September 14, 2025

PRC-BOA Reg. No. 0132/P-001 valid until August 13, 2027

IC Accreditation No. 109993-IC, valid for the audit of 2020 to 2024 financial statements

March 20, 2025

Pasig City

R. R. Tan & Associates, CPAs

Unit 1705, Antel Global Corporate Center, Doña Julia Vargas Avenue, Ortigas Center, Pasig City 1605

PHILIPPINE BRITISH ASSURANCE CO., INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

ASSETS	Notes	2024	2023
Cash and cash equivalents	8 P	206,339,255 P	290,471,257
Short-term investments	9	6,425,006	6,229,989
Financial assets	10		
Fair value through profit or loss (FVPL)		121,853,387	-
Available-for-sale (AFS)		549,451,150	687,030,326
Held-to-maturity (HTM)		1,031,028,785	924,165,795
Loans and receivables		28,963,390	3,999,152
Insurance receivables - net	11	940,786,255	765,555,736
Reinsurance assets	12	506,826,042	316,874,967
Investment properties	13	321,996,634	283,494,667
Property and equipment - net	14	336,805,985	332,775,428
Deferred acquisition costs	15	259,786,908	227,312,189
Accrued income	16	18,721,912	17,417,131
Other assets	17	33,755,664	29,442,865
TOTAL ASSETS		P 4,362,740,373 P	3,884,769,502
LIABILITIES AND EQUITY			
Reserve for unearned premiums	18 P	1,197,604,870 P	1,097,104,725
Insurance claims payable	19	767,928,919	614,057,121
Reinsurance liabilities	21	25,602,634	11,050,628
Deferred reinsurance commission	15	19,644,688	12,084,764
Accounts payable and other liabilities	20	437,234,895	379,670,618
Deferred tax liability - net	30	34,016,101	25,720,234
Pension liability	29	11,552,379	10,814,279
Total Liabilities		2,493,584,486	2,150,502,369
EQUITY			
Share Capital	22		
Issued and outstanding		649,500,000	580,000,000
Subscribed and paid		-	29,500,000
Contributed surplus		84,175,439	84,175,439
Retained earnings - December 31	22		
Appropriated retained earnings		530,000,000	435,000,000
Unappropriated retained earnings		503,150,091	513,107,952
Revaluation reserve on:			
Property and equipment	14	102,806,573	93,676,183
AFS financial assets	10	(2,688,052)	(3,478,657)
Remeasurement gains on pension liability	29	2,211,836	2,286,216
Total Equity		1,869,155,887	1,734,267,133
TOTAL LIABILITIES AND EQUITY		P 4,362,740,373 P	3,884,769,502

See accompanying notes to financial statements

PHILIPPINE BRITISH ASSURANCE CO., INC.
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<i>Notes</i>	2024	2023
REVENUES			
Gross premiums earned	24	P 2,412,348,509	P 2,244,680,549
Reinsurers' share of gross earned premiums	24	(527,237,803)	(513,334,156)
Net insurance revenue		1,885,110,706	1,731,346,393
Investment income and other income	25	134,153,266	121,284,708
Unrealized fair value gain on investment properties	6,13	24,221,967	68,955,423
Commission income	27	38,568,038	40,656,697
		2,082,053,977	1,962,243,221
CLAIMS, LOSSES AND ADJUSTMENT EXPENSES			
Insurance claims, losses and adjustment expenses paid - net of salvages and recoveries	19,26	1,249,320,666	1,228,240,207
Paid insurance claims, losses and adjustment expenses recovered from reinsurers	19,26	(70,332,926)	(219,228,915)
Changes in insurance claims payable	26	153,871,798	(140,091,287)
Changes in reinsurers' share of claims, losses and adjustment expenses	26	(174,863,452)	219,958,198
Other underwriting expenses		17,205,377	22,681,391
		1,175,201,463	1,111,559,594
COSTS AND EXPENSES			
Commission expense	27	504,209,990	436,119,053
General and administrative expenses	28	288,839,525	249,203,355
Provision for impairment losses	11	-	377,656
Interest expense	31	195,718	249,418
		793,245,233	685,949,482
INCOME BEFORE INCOME TAX EXPENSE		113,607,281	164,734,145
INCOME TAX EXPENSE	30	28,565,142	38,071,300
PROFIT FOR THE YEAR		P 85,042,139	P 126,662,845

See accompanying notes to financial statements

PHILIPPINE BRITISH ASSURANCE CO., INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<i>Notes</i>	2024	2023
PROFIT FOR THE YEAR		P 85,042,139	P 126,662,845
OTHER COMPREHENSIVE INCOME			
Amount to be reclassified to profit or loss in subsequent periods:			
Fair value changes in AFS investments	<i>10</i>	6,298,793	(5,201,708)
Transferred to profit and loss	<i>10</i>	(5,508,188)	(24,124,847)
		790,605	(29,326,555)
Amount not to be reclassified to profit or loss in subsequent periods:			
Revaluation of property and equipment	<i>14</i>	12,173,853	124,901,577
Effect of deferred tax		(3,043,463)	(31,225,394)
		9,130,390	93,676,183
Remeasurement gain on pension liability	<i>29</i>	(99,173)	180,143
Effect of deferred tax	<i>29</i>	24,793	(45,036)
		(74,380)	135,107
		9,846,615	64,484,735
TOTAL COMPREHENSIVE INCOME		P 94,888,754	P 191,147,580

See accompanying notes to financial statements

PHILIPPINE BRITISH ASSURANCE CO., INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Share Capital <i>(Note 22)</i>		Deposit for future stock subscription <i>(Note 22)</i>	Contributed Surplus	Revaluation reserve on <i>(Note 10)</i>		Property and Equipment <i>(Note 6)</i>	Remeasurement Loss on Defined Benefit Obligation <i>(Note 29)</i>	Retained Earnings <i>(Note 22)</i>			Total
	Issued and Outstanding	Subscribed and Paid			Financial Assets <i>(Note 10)</i>	Appropriated			Unappropriated			
Balances, January 1, 2024	P 580,000,000	P 29,500,000	P -	P 84,175,439	P (3,478,657)	P	P 93,676,183	P 2,286,216	P 435,000,000	P 513,107,952	P 1,734,267,133	
Issuance During the Year	69,500,000	(29,500,000)	-	-	-	-	-	-	-	-	40,000,000	
Appropriation during the year	-	-	-	-	-	-	-	-	530,000,000	(530,000,000)	-	
Release of appropriation during the year	-	-	-	-	-	-	-	-	(435,000,000)	435,000,000	-	
Comprehensive income for the year	-	-	-	-	790,605		9,130,390	(74,380)	-	85,042,139	94,888,754	
Balances, December 31, 2024	P 649,500,000	P -	P -	P 84,175,439	P (2,688,052)	P	P 102,806,573	P 2,211,836	P 530,000,000	P 503,150,091	P 1,869,155,887	

									Revaluation reserve on		Remeasurement	Retained Earnings (Note 22)								
	Share Capital (Note 22)		Deposit for future stock subscription (Note 22)	Contributed Surplus	Available-for-Sale Financial Assets (Note 10)		Property and Equipment (Note 6)	Loss on Defined Benefit Obligation (Note 29)		Appropriated	Unappropriated	Total								
	Issued and Outstanding	Subscribed and Paid																		
Balances, January 1, 2023	P	530,000,000	P	-	P	60,000,000	P	84,175,439	P	25,847,898	P	-	P	2,151,109	P	-	P	821,445,107	P	1,523,619,553
Issuance During the Year		50,000,000		29,500,000		(60,000,000)		-		-		-		-		-		-		19,500,000
Appropriation during the year		-		-		-		-		-		-		-		435,000,000		(435,000,000)		-
Comprehensive income for the year		-		-		-		-		(29,326,555)		93,676,183		135,107		-		126,662,845		191,147,580
Balances, December 31, 2023	P	580,000,000	P	29,500,000	P	-	P	84,175,439	P	(3,478,657)	P	93,676,183	P	2,286,216	P	435,000,000	P	513,107,952	P	1,734,267,133

PHILIPPINE BRITISH ASSURANCE CO., INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax expense	P	113,607,281	P 164,734,145
Adjustments for:			
Provision for:			
Reserve for unearned premiums - net		85,412,523	123,359,003
Depreciation	14	20,593,426	13,797,841
Impairment loss	11	-	377,656
IBNR and other reserves		(184,388,864)	292,901,190
Pension expense	29	638,927	669,738
Amortization of deferred acquisition cost - net	15	(24,914,795)	(52,008,227)
Amortization of premium of AFS and HTM investments, net of discounts	10	(421,903)	(416,760)
Unrealized fair value gain on investment properties	13	(24,221,967)	(68,955,423)
Loss on disposal of property and equipment	25	7,738	5,714
(Gain) loss on sale of available-for-sale securities	10	(20,118,646)	(89,207,600)
Interest expense	31	195,718	249,418
Interest income	25	(90,145,543)	(84,096,533)
Dividend income	25	(10,589,419)	(5,903,518)
Operating Income before Working Capital Changes		(134,345,524)	295,506,644
Decrease (Increase) in Operating Assets:			
Insurance receivables		(148,093,487)	62,684,642
Loans and receivables		(27,137,032)	4,398,420
Other assets		(4,312,800)	(3,078,402)
Increase (Decrease) in Operating Liabilities:			
Accounts payable and other liabilities		58,478,894	28,089,543
Reinsurance liabilities		14,552,006	(22,520,280)
Insurance claims payable		163,397,210	(213,034,278)
Cash provided by operations		(77,460,733)	152,046,289
Income taxes paid, including final taxes		(23,290,116)	(42,975,636)
Net Cash Provided by Operating Activities		(100,750,849)	109,070,653
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale/maturities of:			
Short-term investment		6,229,989	6,053,432
Financial assets			
Available-for-sale		462,378,692	394,326,596
Held-to-maturity		125,489,426	242,945,222
Loans and receivables		122,398,624	-
Property and equipment		591,501	-
Acquisitions of:			
Short-term investment		(6,425,006)	(6,229,989)
Financial assets:			
FVPL	10	(121,853,387)	-
Available-for-sale	10	(303,896,775)	(78,776,314)
Held-to-maturity	10	(231,930,513)	(527,552,691)
Loans and receivables		(147,362,862)	-
Property and equipment	14	(12,668,287)	(185,549,183)
Investment property	13	(14,280,000)	(90,336,245)
Interest and dividend received		99,430,181	84,663,989
Net Cash Used in Investing Activities		(21,898,417)	(160,455,183)
CASH FLOWS FROM FINANCING ACTIVITIES			
Amortization of lease liability:			
Principal		(1,287,018)	(1,434,862)
Interest	31	(195,718)	(249,418)
Proceeds of share capital subscription	22	40,000,000	19,500,000
Net Cash Provided by in Financing Activities		38,517,264	17,815,720
NET INCREASE (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(84,132,002)	(33,568,810)
CASH AND CASH EQUIVALENTS, JANUARY 1		290,471,257	324,040,067
CASH AND CASH EQUIVALENTS, DECEMBER 31	P	206,339,255	P 290,471,257

See accompanying notes to financial statements

PHILIPPINE BRITISH ASSURANCE CO., INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

1. Corporate Information

Philippine British Assurance Co., Inc. (the Company), a corporation duly organized and existing under the laws of the Republic of the Philippines, was registered with the Philippine Securities and Exchange Commission (SEC) on April 19, 1960. On November 26, 2010, the Company renewed its registration with the SEC on the 50th year in the business as prescribed by the law.

The Company is engaged in the business of nonlife insurance, indemnifying others against loss, damage or liability arising from unknown or contingent events. It includes lines such as fire and allied lines, motor vehicle, casualty, surety marine cargo, marine hull, comprehensive liability insurance and allied risks, and/or such other insurance coverage allied with and incident to the aforementioned lines, except life insurance.

The Company is accredited by the Insurance Commission as at December 31, 2023 with CA No. 2022/60-R

The registered office address of the Company is 11th floor Pacific Star Building, Makati Avenue Corner Gil Puyat Avenue, Makati City.

The financial statements of the Company as at and for the years ended December 31, 2024 and 2023 were authorized for issue by the Board of Directors on March 20, 2025.

2. Statement of Compliance and Basis of Preparation and Presentation

Statement of Compliance

The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council and SEC pronouncements.

Basis of Financial Statement Preparation and Presentation

The accompanying financial statements have been prepared on a historical cost basis except for financial assets which are fair value through profit or loss and available-for-sale, investment properties and condominium units included under Property and equipment – net which are carried at fair values.

The financial statements are presented in Philippine Peso and all values represent absolute amount except as otherwise indicated.

The Company presents its statements of financial position broadly in order of liquidity. An analysis regarding recovery or settlement of assets and liabilities within twelve months after the end of the reporting period (current) is presented in the Note 31.

3. Changes in Accounting Policies and Disclosures

New Accounting Standards and Amendments to Existing Standards Effective as of January 1, 2024

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments to PFRS effective beginning January 1, 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 financial statements of the Company.

Amendments to PAS 1, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

The amendments clarify paragraphs 69 to 76 of PAS 1, Presentation of Financial Statements, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- 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

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The Company is currently assessing the impact the amendments will have on current practice.

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

The amendments clarify that the liability that arises from a sale and leaseback transaction, that satisfies the requirements of PFRS 15, Revenue from Contracts with Customers, to be accounted for as a sale, is a lease liability to which PFRS 16 applies and give rise to a right-of-use asset. For the subsequent measurement, the seller-lessee shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying this subsequent measurement does not prevent the seller-lessee from recognizing any gain or loss relating to the partial or full termination of lease. Any gain or loss to the partial or full termination of the lease does not relate to the right of use retained but to the right of use terminated.

Amendments to PAS 7 and PFRS 7, Supplier Finance Arrangements

The amendments added disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

The amendments are effective for annual periods beginning on or after January 1, 2024 with earlier adoption permitted. The amendments are not expected to have an impact on the Company's financial statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Early application is permitted. The amendments are not expected to have a material impact on the Company's financial statements.

New Accounting Standard, Amendments to Existing Standards and Interpretations Effective Subsequent to December 31, 2024

The standards, amendments and interpretations which have been issued but not yet effective as at December 31, 2024 are disclosed below. Except as otherwise indicated, the Company does not expect the adoption of the applicable new and amended PFRS to have a significant impact on its financial position or performance.

Effective beginning on or after January 1, 2025

Amendments to PAS 1, 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. The amendments are not expected to have a material impact on the Company's financial statements.

Effective beginning on or after January 1, 2026

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

The amendments clarify that a financial liability is 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 expected adoption will not materially affect the Company.

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*
 - a) *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.
 - b) *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.

The expected adoption of these amendments will not materially affect the Company.

Effective beginning on or after January 1, 2027

PFRS17, Insurance Contracts

PFRS 17 replaces PFRS 4 Insurance Contracts for annual periods beginning on or after 1 January 2027. The Company will apply PFRS 17 starting January 1, 2027 with full comparative figures for 2024. A transition team has been created for this purpose to ascertain the impact of transition.

Premium Allocation Approach

The measurement model to calculate the Liability for Remaining claims (LRC) will be the Premium Allocation Approach (PAA). This approach is most appropriate since most of the Company's coverage period is one year or less. For insurance contracts with coverage exceeding one year, PAA

will be applied only if it can be demonstrated that using the PAA would produce a measurement that is a reasonable approximation of the general model. Acquisition cash flows will be expensed as incurred. Discounting and Risk adjustment will not be applied unless the group of contracts is onerous.

Liability for Incurred Claims

Liability for Incurred Claims (LIC) will comprise the present value of future cash flows and the risk adjustments that incorporates all of the available information about the fulfillment cash flows in a way that is consistent with observable market information.

Level of aggregation

PFRS 17 requires an entity to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined first by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together and are established at initial recognition. No group may contain contracts issued more than one year apart. No group may contain contracts issued more than one year apart. The Company has defined groups of insurance and reinsurance contracts issued based on its product lines and underwriting year. The expected profitability of these portfolios at inception is determined based on the existing actuarial valuation models which take into consideration existing and new business.

Onerous group of contracts

The Company issues some contracts before the coverage period starts and the premium becomes due. The Company will determine whether any contracts issued from a group of onerous contracts before the earlier of the beginning of the coverage period and the date when the first payment from a policyholder in the group is due. The Company looks at facts and circumstances to identify if a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognized
- Environmental factors, e.g., a change in market experience or regulations

Changes to presentation and disclosure

For presentation purposes, the Company will aggregate insurance contracts issued and reinsurance contracts held based on portfolios and these will be presented separately in the statement of financial position. The presentation of the insurance revenue account and statement of other comprehensive income will require separate presentation of insurance revenue and service expenses, insurance finance income or expenses and income or expenses from reinsurance contracts held change. There will no longer be items such as gross, net or earned premiums or net claims incurred shown on the insurance revenue account. The Company will also provide disaggregated qualitative information about significant judgements, and changes in those judgements, when applying the standard.

As of December 31, 2024, the full impact of adopting PFRS 17 is not currently estimable.

The Company will apply PFRS 17 by on or after January 1, 2027.

Deferred effectivity

PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets* between an Investor and its Associate or Joint Venture. These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

These amendments are originally effective from annual periods beginning on or after January 1, 2016. This mandatory adoption date was later on deferred indefinitely pending the final outcome of

the IASB's research project on International Accounting Standards 28. Adoption of these amendments when they become effective will not have any impact on the financial statements.

4. Summary of Material Accounting Policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash with original maturities of three months or less that are subject to insignificant risk of changes in value.

Short-term Investments

These are short-term cash investments with original maturities of more than three months but less than one year.

Financial Instruments

Date of Recognition

Financial assets and financial liabilities are recognized in the statements of financial position of the Company when it becomes a party to the contractual provisions of the instrument.

Initial Recognition

All financial assets and financial liabilities are initially recognized at fair value. Except for financial assets and financial liabilities at FVPL, the initial measurement of these financial instruments includes transaction costs.

Determination of Fair Value

The fair value for instruments traded in active market at the reporting date is based on their quoted market price. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate techniques or comparison to similar instruments for which market observable prices exists.

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instruments or based on a valuation technique, the Company recognizes the difference between the transaction price and fair value in the statement of comprehensive income unless it qualifies for recognition as some other type of asset.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Classification of Financial Instruments

The Company classifies financial assets into the following categories, (i) At fair value through profit or loss (FVPL), (ii) Available-for-sale, (iii) Held-to-maturity and (iv) Loans and receivable. 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 or liabilities incurred 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.

- Financial Assets and Financial Liabilities at FVPL
Financial assets and financial liabilities at FVPL include financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial

recognition as at FVPL. After initial recognition, financial assets and financial liabilities at FVPL are carried at fair value.

Financial asset and financial liability are classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- It is part of an identified portfolio of financial instruments that the Company manages together and has recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets that is managed and its performance is evaluated on a fair value basis.
- It forms part of a contract containing one or more embedded derivatives.

As of December 31, 2024, and 2023, financial assets under this category amounted to P121,853,387 and nil, respectively.

- Available-for-sale (AFS)

AFS are non-derivative financial assets that are either designated on this category or not classified in any of the other categories. Subsequent to initial recognition, AFS assets are carried at fair value in the statement of financial position. Changes in the fair value are recognized directly in equity account as "*Revaluation reserve on AFS financial assets*". Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in equity is included in profit or loss for the period.

As of December 31, 2024, and 2023, financial assets under this category amounted to P549,451,150 and P687,030,326, respectively.

- Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by considering any discount or premium on acquisition and fees that are integral parts of the effective interest rate.

Included under this category are the company's cash and cash equivalents, insurance receivables, reinsurance assets, due from employees, other receivables, security deposits.

- Held-to-maturity (HTM)

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturities wherein the Company has the positive intention and ability to hold to maturity. After initial measurement, HTM assets are carried at amortized cost using the effective interest method, less impairment in value. Amortized cost is calculated by considering any discount or premium on acquisition and fees that are integral parts of the effective interest rate. Any changes to the carrying amount of the investment are recognized in statements of income.

As of December 31, 2024, and 2023, financial assets under this category amounted to P1,031,028,785 and P924,165,795, respectively.

- Other Financial Liabilities

Issued financial instruments or their components, which are not designated as at FVPL are classified as other financial liabilities where the substance of the contractual arrangement

results in the Company having an obligation either to deliver cash or another financial asset to the holder, or 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. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by considering any discount or premium on the issue and fees that are integral parts of the effective interest rate. Any effects of restatement of foreign currency-denominated liabilities are recognized in the statement of comprehensive income.

Included under this category are insurance claims payable, reinsurance liabilities, accounts payable and other liabilities.

Reclassification of Financial Assets

A financial asset is reclassified out of the FVPL category when the following conditions are met:

- (i) the financial asset is no longer held for the purpose of selling or repurchasing it the near future; and,
- (ii) there is a rare situation

A financial asset that is reclassified out of the FVPL category is reclassified at its fair value on the date of reclassification. Any gain or loss already recognized in the statement of income is not reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortized cost, as applicable.

Impairment of Financial Assets

The Company assesses at each end of the reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(i) Assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost 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 financial asset's original effective interest rate. The amount of the loss is recognized in the profit and loss accounts.

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 profit and loss accounts, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

(ii) Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument 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 current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets are subject to impairment review at each end of the reporting period. Impairment loss is recognized when there is objective evidence such as significant financial difficulty of the issuer/obligor, significant or prolonged decline in market prices and adverse economic indicators that the recoverable amount of an asset is below its carrying amount.

Derecognition of Financial Instruments

Financial Assets

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

- the rights 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.
- the Company has transferred its rights 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 the control of the asset.

Where the Company has transferred its rights 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 original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or 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 de-recognition 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.

Accounting Policies for Insurance and Reinsurance Contracts

Insurance Contract

Insurance contract is an agreement under which one party (the insurer), accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured events) adversely affects the policyholder.

Contract classification

The Company issues short-term insurance contracts categorized as (i) Casualty, (ii) Property, (iii) Guaranty and (iv) Short - duration life accident insurance.

Casualty insurance contracts protect the assured against the risk of causing them harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. Property insurance contracts mainly compensate the Company's assured for damages suffered to their properties or for the value of property lost. Short-duration accident insurance protects the assured from the consequences of events such as death or disability. An insurance contract remains in force at the inception date of policy until its maturity regardless of number of claims reported and for as long as the coverage is sufficient.

Insurance Receivables

These include amounts due to and from agents, brokers and insurance contract holders which comprise the balance of uncollected policy premiums and reinsurance premiums from reinsurers arising from reinsurance contracts measured at amortized cost, using the effective interest method.

Reinsurance

The Company assumes and cedes (Treaty and Facultative) insurance risk in the normal course of business. Reinsurance assets primarily include balances due from both insurance and reinsurance companies for ceded insurance liabilities. Premiums on reinsurance assumed are recognized as revenue in the same manner as they would be if the reinsurance were considered as direct business, considering the product classification of the reinsured business.

Amounts recoverable from reinsurers that relate to paid and unpaid claims and claim adjustment expenses are classified as assets. Reinsurance receivables and the related liabilities are reported separately.

An impairment review is performed on all reinsurance assets when an indication of impairment occurs. Reinsurance assets are impaired only if there is objective evidence that the Company may not receive the amounts due to it under the terms of the contract and that it can be measured reliably.

Reinsurance assets and liabilities are derecognized when the contractual rights are extinguished or expired.

Deferred Acquisition Costs

Commissions and other expenses directly attributable to the production and renewal of insurance contracts are deferred in proportion to premium revenue recognized. Deferred acquisition costs are amortized over the life of the policy in which it was incurred.

Deferred acquisition costs are reviewed at each reporting date and the carrying value is written down to the recoverable amount.

Reserve for Unearned Premiums and Reinsurance Premiums

Reserve for unearned premiums is calculated on the following basis:

- (i) Reserves for unearned premium are calculated using the 24th method based on gross premiums written. Under the 24th method, it is assumed that the average date of issue of all policies written during any one month is the middle of that month.
- (ii) Reserve for unearned premiums on inward treaties is taken up based on the dates the statement is received.

Reserve for reinsurance premium represents the portion of reinsurance premiums ceded computed in the same manner as the reserve for unearned premiums.

The changes in reserve for unearned premiums and reinsurance premiums are reported in the statements of income.

Claim Cost Recognition

Liabilities for unpaid claim costs and claim adjustment expenses relating to insurance contracts are accrued when insured events occur.

The liabilities for unpaid claims are based on the estimated ultimate cost of settling the claims. The method of determining such estimates and establishing reserves are continually reviewed and updated. Changes in estimates of claim cost resulting from continuous review process and differences between estimates and payments for claims are recognized as income or expense of the period in which the estimates are changed or payments are made.

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim. The Company may also have the right to pursue third parties for payment of some or all costs.

Estimates of salvage recoveries are included as a reduction in the measurement of the insurance liability for claims, and salvage property is recognized in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as deduction in the measurement of the insurance liability for claims and are recognized in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

Share in recoveries on claims are evaluated in terms of the estimated realizable values of the salvage recoverable. Recoveries on claims are recognized in profit or loss and expenses in the period the recoveries are determined. Recoverable amounts are presented as part of Reinsurance assets.

Options and Guarantees

Options and guarantees within insurance are treated as derivative financial instruments which are closely related to the host insurance contracts and are therefore not separated subsequently.

Investment Properties

Investment properties consist of properties that are held to earn rentals or for capital appreciation or both and that is not occupied by the company. Investment properties are initially measured at cost, including transaction costs.

After initial recognition, investment property is measured at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. A gain or loss arising from a change in fair value is recognized in profit or loss for the period in which it arise.

Investment property is derecognized when either it has been disposed of, or when the investment property is permanently withdrawn or sold and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner-occupation or the commencement of an operating lease to another party. If owner-occupied property becomes an investment property, the Company accounts for such property up to the date of the change in use. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or the commencement of development with a view to sale. Transfers from investment property are recorded using the carrying amount of the investment property as at the date of change in use.

Property and Equipment

Property and equipment, except Condominium units are initially recognized at cost including the costs to get the property ready for its intended use. Subsequent to initial recognition, property and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Condominium units are measured at their revalued amounts, less accumulated depreciation and impairment losses recognized after the date of the revaluation. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation surplus is credited to the revaluation surplus included in the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss, in which case the increase is recognized in profit or loss. Depreciation is computed on a straight-line method over the estimated useful lives of the depreciable assets as follows:

Condominium units	20 years
Condominium improvements	10 years
EDP Equipment	5-10 years
Furniture, fixtures and equipment	10 years
Transportation equipment	5 years
Leasehold improvements	10 years
Right-of-use-asset	Lease term

An asset's residual value, useful life and depreciation method are reviewed periodically to ensure that the period, residual value and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Expenditures for additions, major improvements and renewals are capitalized while minor repairs and maintenance are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in the statement of income for the period.

When the carrying amount of an asset is greater than its estimated recoverable amount, the cost is written down immediately to its recoverable amount. Fully depreciated assets are retained in the accounts until they are no longer in use.

Impairment of Non-financial Assets

The Company's investment properties and property and equipment are subject to impairment testing. All other individual asset or cash generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less cost to sell and value in use, based on an internal discounted cash flow evaluation. Impairment loss is charged pro-rata to the other assets in the cash generating unit.

All assets are subsequently reassessed for indication that an impairment loss previously recognized may no longer exists and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

Insurance Claims Payable

Liabilities for claims is calculated as the sum of Outstanding claims reserve, claims handling expense, and Incurred but not reported claims (IBNR), with Margin for Adverse Deviation (MfAD). At end of each reporting period, liability adequacy tests are performed, to ensure the adequacy of liabilities for claims.

In calculating IBNR, the following primary reserving methodologies were applied in the valuation process:

- Incurred Chain Ladder/Loss Development Approach
- Paid Chain Ladder/Development Method
- Bornhuetter-Ferguson Incurred Approach
- Bornhuetter-Ferguson Paid Approach

The Actuary determines the appropriateness of the methodology considering the characteristics of the data available. The Actuary also assesses the reliability of the expected loss ratios by obtaining estimates from various sources, such as underwriters, the business plan, market statistics, or from a historic view of profitability and loss ratios. In valuing the claims liabilities, the Actuary also considers other factors such as, but not limited to, varying expense structure in run-off situations, large losses arising from significant past events, operational changes in claims management, underwriting changes such as business mix and premium rate changes, changes in reinsurance program, changes in claims handling process, and external conditions.

To ensure sufficiency of reserves, the Actuary conducts a back-testing exercise by comparing actual and expected experience based on previous valuations. Claim liabilities also include MfAD to allow for inherent uncertainty of the best estimate.

Premium Reserves

Premium reserves refer to all future claim payments arising from future events after the valuation date that are insured under unexpired policies for losses, as well as expenses for policy management and claims settlement, and is computed as the higher of the UPR and URR at a designated level of confidence, on both gross and net of reinsurance basis.

UPR is the reserve for that portion of the premium received which is attributable to a period of risk falling beyond the valuation date, and is recognized as revenue over the period of the policy using the 24th method. URR is an estimate of the total liability (including expenses), at a designated level of confidence, in respect of the risk after the valuation date of policies written prior to that date including expenses for policy management and claims settlement costs. In estimating URR, the Company adopted the loss ratio approach by multiplying the UPR with loss ratios adjusted by considering all potential future payments including but not limited to future claims payments, retrocession costs, unallocated loss adjustment expense and ongoing policy administration costs arising from the unearned portion of premium collected. A computation is performed to determine whether the URR required is greater or less than the UPR.

In performing the test for premium liabilities, the Unearned Risk Reserve (URR) is compared to the Unearned Premium Reserve (UPR). If the URR is greater than the UPR, the excess is set up as an additional premium liability on top of the UPR.

Accounts Payable and Accrued Expenses

Accounts payables are liabilities for goods or services that have been received or provided and have been invoiced or formally agreed with the supplier. Accounts payables are non-interest bearing and are stated at their original invoice amount since the effect of discounting is immaterial.

Accruals are liabilities for goods or services that have been received or provided but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees.

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 uses the definition of a lease in PFRS 16.

As a Lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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 of 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 end of the lease term unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset which is determined on the same basis as those of property and equipment. In addition, the 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, and 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 payment that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual 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, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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 used a number of practical expedients when applying PFRS 16 to leases previously classified as operating leases under PAS 17. In particular, the Company:

- Did not recognized right-of-use assets and liabilities for leases for which the lease term ends within 12 months from the date of initial application;
- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term.

Short-term Leases and Leases of Low-value Assets

The Company has elected not to recognize right-of-use assets and lease liabilities for the leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a Lessor

When the Company acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Company made an overall assessment of whether the lease transferred substantially the entire risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease is a finance lease; if not, then it was an operating lease. As part of this assessment, the Company considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

Leases where the Company does not transfer substantially all of the risks and rewards of ownership of the asset are classified as operating leases. Rental income is recognized on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Equity

Share capital is determined at par value of shares that have been issued.

Contributed surplus represent additional contribution of stockholders to the Company in compliance with the requirement of the Insurance Commission.

Retained earnings include all current and prior period results of operations as disclosed in the Statements of Income.

Revaluation reserve comprises changes in fair value of Available-for-sale financial assets and revaluation of Property and equipment.

In accordance with the amended Insurance Code, dividend declaration or distribution from accumulated profits remaining on hand can only be made after retaining unimpaired the following:

- The entire paid-up capital stock;
- The net worth required under Section 194;
- The solvency required;
- The legal reserve fund required; and
- A sum sufficient to pay all net losses reported or in the course of settlement and all liabilities for expenses and taxes.

Revenue Recognition

Revenue is recognized only when the Company satisfies a performance obligation by transferring control of the promised services to the customer. Revenue is measured at the transaction price which the entity expects to be entitled in exchange for a good or service. The following specific revenue recognition criteria must also be met before revenue is recognized.

Premiums

Premiums from short duration insurance contracts are recognized as revenue over the period of the contracts using the 24th method. The portion of the premiums written that relate to the unexpired periods of the policies at end of the reporting periods are accounted for as “*Reserve for Unearned Premiums*” and presented in the liability section of the statement of financial position. The reinsurance premiums ceded that pertains to the unexpired period as at reporting dates are accounted for as “*Reserve for reinsurance premium*” and lodge under “*Reinsurance assets*” account in the statements of financial position. The net changes in these accounts between reporting dates are credited or charged against income for the year.

Commission

Reinsurance commissions are recognized as revenue over the period of the contracts. The portion of commissions that relates to the unexpired periods of the policies at the reporting date is accounted for as “*Deferred commission income*” in the liabilities section of the statement of financial position.

Interest income

Interest income from bank deposits, special savings account, fair value through profit or loss, available-for-sale investments, loans and receivable and held-to-maturity investment is recognized as interest accrues considering the effective yield on the related asset.

Dividend income

Dividend income is recognized when the right to receive dividends is established.

Realized gains and losses

Realized gains and losses on the sale of property and equipment are calculated as the difference between net sales proceeds and the net book value. Realized gains and losses on the sale of AFS financial assets are calculated as the difference between net sales proceeds and the original cost net of accumulated impairment losses. Realized gains and losses are recognized in profit or loss when the sale transaction occurred.

Cost and Expense Recognition

Claims and losses

Claims and losses consist of benefits and claims paid to insured, which include changes in the valuation of insurance liabilities. It further includes internal and external adjustment expenses that are directly related to the processing and settlement of claims. Amounts receivable in respect of

salvage and subrogation are also considered. Insurance claims are recorded on the basis of notifications received.

Claims expenses (including those incurred but not reported) are based on the estimated ultimate cost of settling these claims. The method of determining such estimates and establishing reserve are continually reviewed and updated. Changes in estimates of claims cost resulting from the continuous review process and differences between estimates and payments for claims are recognized as income or expense in the period the estimates are made.

Share in recoveries of claim are evaluated in terms of the estimated realizable values of the salvage or recoveries. Recoveries on settled claims are recognized in profit or loss in the period the recoveries are determined. Recoveries on the unsettled claims are recorded as reinsurance recoverable on losses shown as part of reinsurance assets.

Acquisition cost

Cost that vary with and primarily related to the acquisition of new and renewal insurance contracts such as commissions, certain underwriting, and policy issue cost and inspection fees are deferred and charged to expense in proportion to the premium revenue recognized. Unamortized acquisition costs are shown in the statement of financial position as deferred acquisition cost.

Reinsurance commission

Commissions paid to cedants are deferred and are included in deferred acquisition cost, subject to the same amortization method as that of acquisition costs.

Expense recognition

Expenses are decreases in economic benefits in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

Income Taxes

Current tax liabilities are measured at the amount expected to be paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantially enacted as at the end of the reporting period.

Deferred tax assets and liabilities are recognized using the balance sheet liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized for all deductible temporary differences and the carry-forward of unused tax losses to the extent that it is probable that taxable profit will be available against which the deferred tax asset can be utilized. Deferred tax liabilities are recognized for all taxable differences between the tax basis of the liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates expected to apply to the periods when the asset is realized or the liability is settled.

The carrying amount of deferred tax asset is reviewed at each end of the reporting period 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.

Deferred taxes relating to items recognized directly in equity are reported in other comprehensive income and not in the statement of income.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the statement of income. Only changes in deferred tax assets or liabilities that relate to a change in value of asset or liabilities are charged or credited directly to equity.

Pension Cost

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the

present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit cost comprises the following:

- a) Service cost
- b) Net interest on the net defined benefit liability or asset; and
- c) Re-measurements of net defined benefit liability or asset

Service cost which includes current service cost, past service cost and gains or losses on non-routine settlements is recognized as expense in profit or loss. Past service cost is recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Foreign Currency Transactions and Translations

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (*the functional currency*). The financial statements are presented in Philippine Peso, the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency at exchange rates prevailing at the time of transaction. Foreign currency gains and losses resulting from settlement of such transaction and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Provisions

Provisions are recognized when present obligation will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example legal disputes for onerous contract.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at end of the reporting period, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain, as a separate asset at an amount not exceeding the balance of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. In addition, long term provisions are discounted at their present values, where time value of money is material.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements.

Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent asset, hence, are not recognized in the financial statements.

Contingencies

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

Events After End of the Reporting Period

Post year-end events that provide additional information about the Company's financial position at the end of the reporting period (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.

5. Significant Accounting Judgments and Estimates

The Company makes estimates and assumptions that affect the reported amounts of the assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

The following judgments were applied which have the most significant effect on the amounts recognized in the financial statements.

Product classification

All the Company's existing products are insurance contracts as defined in PFRS 4. Insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or where at inception of the contract the level of insurance risk may be significant over time. The significance of insurance risk is dependent on both the probability of an insurance event and the magnitude of its potential effect. 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.

Classification of investments

In classifying its investments, the Company follows the guidance of PAS 39. In making the judgment, the Company evaluates its intention, marketability of the instrument and its ability to hold the investments until maturity.

The classification of investments as at December 31, 2024 and 2023 are as follows:

		2024		2023
Fair value through profit or loss	P	121,853,387	P	-
Available-for-sale		549,451,150		687,030,326
Held-to-maturity		1,031,028,785		924,165,795
Loans and receivables		28,963,390		3,999,152

Distinguishing investment properties and owner-occupied properties

The Company determines whether a property qualifies as an investment property. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the delivery of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property.

Investment properties, as of December 31, 2024 and 2023, amounted to P321,996,634 and P283,494,667, respectively.

Based on the foregoing requirements, the Company determined that DFSS amounted to nil in 2024 and 2023.

Estimates

The key assumptions concerning the future and other key sources of estimation of uncertainty at reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Determination of fair value of financial assets

The fair value for assets traded in active market at the reporting date is based on their quoted market price. For all other assets not listed in an active market, the fair value is determined by using appropriate techniques or comparison to similar instruments for which market observable prices exists.

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instruments or based on a valuation technique, the Company recognizes the difference between the transaction price and fair value in the statements of income unless it qualifies for recognition as some other type of asset.

Determining the appraised value of investment properties and property and equipment

The Company determines the appraised value of its investment property and Property and equipment through the use of an independent appraisers. The appraisers value the property through the use of market approach for land and cost approach for Building. The description of these methodologies is described in Note 6.

As of December 31, 2024, and 2023, Investment properties and Property and equipment carried at fair values and revalued amount are as follows:

		2024		2023
Investment Properties	P	321,996,634	P	283,494,667
Property and equipment:				
Condominium units		307,740,067		304,565,333

Estimating allowance for impairment of financial assets

The Company maintains allowance for probable loss at a level considered adequate to provide for potential uncollectible accounts. The level of allowance for doubtful accounts is evaluated by management on the basis of factors affecting collectability of the financial assets. In addition, a review of the accounts designed to identify accounts to be provided with allowance, is made on a continuing basis.

Estimating useful lives of property and equipment

The Company reviews annually the estimated useful lives of property and equipment, based on the period on which the assets are expected to be available for use. It is possible that future results of operation could be materially affected by changes in these estimates. A reduction in the estimated useful lives of property and equipment would increase recorded depreciation and decrease the related asset account.

Property and equipment, net of accumulated depreciation and impairment losses, amounted to P336,805,985 and P332,775,428, as at December 31, 2024 and 2023, respectively. (See Note 14)

Deferred tax asset

The Company reviews the carrying amounts of deferred tax asset at each reporting date and reduces the deferred tax asset 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 asset to be utilized.

Estimating of pension liability

The determination of pension liability and pension expense is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rates. Such estimates are subject to significant uncertainty. In accordance with PAS 19, actual results that differ from the Company's assumptions are recognized immediately in OCI in the period in which they arise.

While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may affect the pension liability.

The carrying value of net pension benefit obligation as of December 31, 2024 and 2023 amounted to P11.6 million and P10.8 million, respectively (see Note 29)

Valuation of insurance

Estimates have to be made at the reporting date for both the expected ultimate cost of both claims reported and claims IBNR. It can take a significant period of time before the ultimate claim cost can be established with certainty and for some types of policies, IBNR claims form the majority of the claims provision. At each reporting date, prior year claims estimates are reassessed for adequacy and changes made are charged to profit or loss.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques such as Chain Ladder method and Bornhuetter-Ferguson method based on paid and reported claims information.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years, but can also be further analyzed by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

As at December 31, 2024 and 2023, the carrying values of provision for IBNR including CHE and MfAD amounted to P329,082,937 and P338,608,348, respectively.

6. Fair Value Measurement

(i) Financial instruments

The fair value of financial instruments and their carrying amounts is as follows:

	2024		2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Category of financial instruments				
FVPL	P 121,853,387	P 121,853,387	-	-
AFS	549,451,150	549,451,150	687,030,326	687,030,326
HTM	1,031,028,785	1,040,234,544	924,165,795	924,487,940
Loans and receivable	28,963,390	28,963,390		
Cash and cash equivalents	206,339,255	206,339,255	290,471,257	290,471,257
Short term investments	6,425,006	6,425,006	6,229,989	6,229,989
Insurance and reinsurance balances receivable	1,353,036,518	1,353,036,518	1,002,942,546	1,002,942,546
Other loans and receivables	28,963,390	28,963,390	3,999,152	3,999,152
Security deposit	10,702,574	10,702,574	16,997,073	16,997,073
Security fund	48,439	48,439	48,439	48,439
Other financial liabilities				
Insurance claims payable	767,928,919	767,928,919	614,057,121	614,057,121
Accounts payable and other liabilities	193,355,816	193,355,816	136,865,706	136,865,706
Reinsurance liabilities	25,602,634	25,602,634	11,050,628	11,050,628

The fair value hierarchy of the Company's financial instruments are summarized in the tables below.

	2024			
	Fair Value	Level 1	Level 2	Level 3
Financial instruments measured at fair value				
FVPL	P 121,853,387	P 121,853,387	P -	P -
AFS				
Government securities	221,565,493	221,565,493	-	-
Corporate debt securities	133,790,181	133,790,181	-	-
Quoted equity securities	90,433,878	90,433,878	-	-
Unquoted equity securities	103,661,598	-	-	103,661,598
Financial instruments for which fair value is disclosed				
HTM				
Government securities	712,487,784	712,487,784	-	-
Corporate securities	327,746,760	327,746,760	-	-

	2023			
	Fair Value	Level 1	Level 2	Level 3
Financial instruments measured at fair value				
AFS				
Government securities	P 280,697,464	P 280,697,464	P -	P -
Corporate debt securities	165,525,564	165,525,564	-	-
Quoted equity securities	197,306,488	197,306,488	-	-
Money market fund	17,930,810	-	17,930,810	-
Unquoted equity securities	25,570,000	-	-	25,570,000
Financial instruments for which fair value is disclosed				
HTM				
Government securities	583,834,237	583,834,237	-	-
Corporate securities	340,653,703	340,653,703	-	-

The Company measures fair value of financial assets using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- **Level 1**
Inputs are quoted in active market for identical assets that the entity can access at the measurement date.

Included in Level 1 category are assets and liabilities that are measured in whole or in part by reference to published quotes in an active market.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.
- **Level 2**
Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- **Level 3**
Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Fair values were determined as follows:

- *Cash and cash equivalents, short-term investments*– the fair values are approximately the carrying amounts due to short-term nature.
- *Quoted debt securities (government and corporate)* – the fair values were determined from the published references from Philippine Dealing System or third party information.
- *Quoted equity securities* - the fair values were determined from the published prices from Philippine Stock Exchange.
- *Unquoted AFS investment* – valuation technique using significant observable inputs. Where valuation technique is not representative of fair values, the acquisition cost is used as fair value.
- *Money market funds* – The fair value was determined via Net Asset Value per share/units. These are calculated by dividing the fair value of net assets over the total number of shares/units issued.

- *Receivables, deposits and other financial liabilities* - Due to their short duration, the carrying amounts of Receivables, deposits and other financial liabilities in the statement of financial position are considered to be reasonable approximation of their fair values.

(ii) *Non-Financial Assets*

Investment Properties

On December 5, 2024 and March 18, 2025, the certain investment properties in Makati, Parañaque and Quezon city were appraised by an independent firm of appraisers. The fair value was determined in accordance with the prevailing market prices as at December 31, 2024.

The methodologies used to determine fair values are as follows:

- *Market Approach* – a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.
- *Cost Approach* – an approach that estimates the current reproduction cost of the improvements then deducting accrued depreciation from all sources, and adding the value of the land.

The highest and best use of investment properties is residential utility, commercial utility, and residential-farm utility.

The appraisals resulted to the recognition of unrealized gain on fair value adjustment of investment property of P24.2M in 2024 and P68.9M in 2023. Fair value is determined using the Market approach under the level 3 of the fair value hierarchy. The highest and best use of these properties is commercial utility. The carrying value of this account amounted to P321,996,634 and P283,494,667 as of December 31, 2024 and 2023, respectively.

The highest and best use of investment properties is commercial utility.

Properties located in Cabanatuan, Naga, Pamplona and Angeles were appraised in 2021 with aggregate fair value of P25.9 million. The Company does not expect significant changes in fair value as of December 31, 2024. The highest and best use of these investment properties is commercial utility, residential utility, commercial utility, and residential-farm utility.

The description of valuation techniques and inputs used in determining the fair value of investment property as of December 31, 2024 is as follows:

Property location	Property description		2024	2023
Parañaque, Metro Manila	Land only	Fair value	P 88,310,500	P 87,202,000
		Adjustment factors:		
		External Factor	-5%	-5%
		Internal Factor		
		Location	-	-
		Size	+3% to +10%	+3% to +10%
		Accessibility	+3% to +10%	+3% to +10%
		Algebraic Sum of internal factor	+3% to +10%	+3% to +10%
Cabanatuan City, Nueva Ecija	Land only	Fair value	P 11,652,000	P 11,652,000
		Adjustment factors:		
		External Factor	-5%	-5%
		Internal Factor		
		Location	+10% to +20%	+10% to +20%
		Size	+5% to +20%	+5% to +20%
		Accessibility	+10% to +20%	+10% to +20%
		Algebraic Sum of internal factor	+25% to +60%	+25% to +60%
Naga City, Camarines Sur	Land only	Fair value	P 6,624,000	P 6,624,000
		Adjustment factors:		
		External Factor	-5%	-5%
		Internal Factor		
		Size	-5%	-5%
		Facilities and Utilities	-	-
		Algebraic Sum of internal factor	-5%	-5%
Pamplona, Camarines Sur	Land only	Fair value	P 5,400,000	P 5,400,000
		Adjustment factors:		
		External Factor	-5% to -20%	-5% to -20%
		Internal Factor		
		Location	+20% to -20%	+20% to -20%
		Size	+8% to +20%	+8% to +20%
		Use	-	-
		Algebraic Sum of internal factor	+20% to +28%	+20% to +28%
Angeles City, Pampanga	Land only	Fair value	P 2,191,000	P 2,191,000
		Adjustment factors:		
		External Factor	-5%	-5%
		Internal Factor		
		Location	+20%	+20%
		Size	-11% to -5%	-11% to -5%
		Improvements	+20%	+20%
		Accessibility	+20%	+20%
		Algebraic Sum of internal factor	+49% to +55%	+49% to +55%
Makati City	Condominium Units	Fair value	P 159,263,000	P 153,137,667
		Adjustment factors:		
		External Factor	-10%	-10%
		Internal Factor	-	-
		Location	-5%	-5%
		Size	0% to +15%	0% to +15%
		Algebraic Sum of internal factor	0% to +15%	0% to +15%
Quezon City	Land only	Fair value	P 17,996,400	
		Adjustment factors:		
		External Factor	-10%	
		Internal Factor	-	
		Location	0%	
		Size	0% to +2%	
		Algebraic Sum of internal factor	0% to +2%	

The estimated fair value of improvements on Parañaque property was estimated using the cost approach. The approach involves estimating the cost to reproduce or replace the improvements at current prices and using current standards of materials and design. Accrued depreciation in value arising from wear and tear, functional obsolescence and other external factors, are deducted. The fair value is estimated at P30.5 million as of December 31, 2024.

Condominium units (included under Property and Equipment)

On February 19, 2024, the Company's Condominium unit was appraised by an independent firm of appraiser. The appraisal resulted to the recognition of revaluation increment of P93.7 million in 2023, net of deferred income tax. Fair value is determined using the Market approach under the level 3 of the fair value hierarchy. The highest and best use of these properties is commercial, its current use. The assigned value for condominium units was estimated using the Market Approach.

The description of valuation techniques and inputs used in determining the fair value of investment property as of December 31, 2024 as follows:

Property location	Property description	2024	2023
Makati City	Condominium Units		
	Fair value	P 307,740,067	P 304,565,333
	Adjustment factors:		
	External Factor	-10%	-10%
	Internal Factor	-	-
	Location	-5%	-5%
	Size	3% to +3%	0% to +15%
	Algebraic Sum of internal factor	-3% to +2%	0% to +15%

Had the condominium units been carried at cost, its carrying amount would amount to P179.6 million in 2024 and 2023, respectively.

7. Management of Insurance Risk, Financial Risk and Capital

Insurance risk

The risk under any one 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.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated.

Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques. Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Internally, the Company manages its risks through its underwriting strategy and reinsurance arrangements.

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured events.

The concentration of insurance claims as at December 31, 2024 and 2023 is as follows:

	2024			2023		
	Gross	Share of Reinsurer	Net Liability	Gross	Share of Reinsurer	Net Liability
Fire	P 561,463,672	P 391,432,361	P 170,031,311	P 382,376,935	P 195,958,281	P 186,418,654
Motor	142,002,012	2,544,036	139,457,976	131,780,172	18,071,576	113,708,596
Personal accident	9,307,069	1,218,492	8,088,577	15,514,385	821,913	14,692,472
Marine	13,179,910	1,817,341	11,362,569	28,891,927	5,878,549	23,013,378
Engineering	9,625,813	3,911,904	5,713,909	17,510,209	6,168,593	11,341,616
Hull	2,726,600	2,256,820	469,780	6,565,213	5,470,894	1,094,319
Surety	219,416	66,050	153,366	571,610	863	570,747
Miscellaneous	29,404,427	9,003,259	20,401,168	30,846,670	5,016,142	25,830,528
	P 767,928,919	P 412,250,262	P 355,678,656	P 614,057,121	P 237,386,810	P 376,670,310

Financial Risk

The Company is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are credit risk, liquidity risk and market risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risk that the Company primarily faces due to the nature of its investments and liabilities is interest rate risk.

Credit Risk

Credit risk is risk due to uncertainty in a counterparty's (also called an obligor) ability to meet its obligation.

Credit risk limit is also used to manage credit exposure which specifies exposure credit limit for each intermediary depending on the size of its portfolio and its ability to meet its obligation based on past experience.

Key areas where the Company is exposed to credit risk are:

- Reinsurers' share of insurance premiums,
- Amounts due from reinsurers on claims already paid,
- Amounts due from insurance contract holders, and
- Amounts due from insurance intermediaries

Exposure

The table below shows the gross maximum exposure to credit risk of the Company as at December 31, 2024 and 2023.

	2024	2023
Cash and cash equivalents*	P 167,012,979	P 252,261,401
Short-term investments	6,425,006	6,229,989
Financial Asset		
FVPL	121,853,387	-
AFS	549,451,150	687,030,326
HTM	1,031,028,785	914,506,000
Loans and receivables	28,963,390	3,999,152
Insurance receivables	947,380,072	772,290,460
Reinsurance assets	412,250,262	237,386,811
Accrued investment income	18,721,912	17,417,131
Security deposit	10,702,574	16,997,073
Security fund	48,439	48,439
	P 3,293,837,956	P 2,908,166,782

*Excludes cash on hand of P39,326,276 in 2024 and P38,209,856 in 2023.

The Company uses the following risk mitigation policies to reduce credit risks:

- Cash in banks and short-term investments are deposited and placed with reputable commercial and universal banks in the Philippines. Moreover, all bank deposits are automatically covered up to a certain amount from Philippine Deposit Insurance Corporation.
- Financial assets that are HTM are debt securities issued and guaranteed by the Philippine government which are considered risk free. HTM investments are lodge under Philippine Depository & Trust Corporation.
- The Company's equity investments classified as AFS are mostly stocks belonging to Philippine Stock Exchange Index (PSEi) with regular trading transaction in the Philippine Stock Exchange. Other AFS investment includes government securities in local currencies and in Investment Management Accounts.
- Insurance balances of brokers and agents have a maximum age of 90 days. Commissions are released only upon full remittance of premiums. Reinsurance arrangements are placed only with reputable reinsurers at industry acceptable terms.
- Accrued investment income is collectible in subsequent period. Interest proceeds are either rolled over to principal balance or credited to savings account.

Credit Quality

The credit quality of group of financial assets are as follows:

(i) Cash-in-bank, cash equivalents and short-term investments

Substantial portion of the Company's Cash-in-banks, Cash equivalents and Short-term investments are maintained in universal and commercial banks thereby limiting the credit risk. Limits are placed on thrift and lower-tiered banks. This is consistent with Company's internal policy on deposit maintenance. Cash-in-bank, cash equivalents and short-term investments classified by type of banks are as follows:

		2024	2023
Universal banks	P	159,461,336	P 245,259,948
Commercial banks		5,909,132	4,283,862
Thrift and rural banks		1,642,511	2,717,591
	P	167,012,979	P 252,261,401

(ii) Fair Value through profit or loss, Available-for-sale and Held-to-maturity Investments

The credit risk on investments represents the risk of actual default of the issuer. This risk is managed through limits which considers the type of credit exposure, credit quality and, where needed, maturity, and through regular monitoring and early warning systems. Investment exposures and limits are monitored on a regular basis.

The limits are defined by the following categories:

- Limits on government securities is guided by the existing circulars issued by the Insurance Commission;
- Limits on corporate bonds are based on certain criteria such as total corporate bonds exposure as a percentage of the portfolio, limits by sector based on the credit ratings; currency and monitoring of concentrated exposure;

The credit rating applied by the Company is based on the best available rating from Moody's, Fitch and Standard & Poor's. For specific exposure types, other rating agencies can be used such as AM Best for reinsurance counterparties.

The table below provides information on the credit quality of investments.

	December 31, 2024									
	Rated									
	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-				Unrated	Total	
Debt securities - Local currency										
Fixed-rated treasury bonds	P	-	P	-	P	-	P	686,665,952	P 686,665,952	
Retail treasury bonds		-	-	-		-		204,524,855	204,524,855	
Corporate bonds	319,480,984	-	-	-				3,000,000	322,480,984	
Debt securities - Foreign currency										
ROP bonds		-	-	-		-		38,922,486	38,922,486	
Equity securities	323,891,528	-	-	-		-		103,591,598	427,483,126	
	P643,372,512	P	-	P	-	P	-	P1,036,704,891	P1,680,077,403	
	December 31, 2023									
	Rated									
	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-				Unrated	Total	
Debt securities - Local currency										
Fixed-rated treasury bonds	P	-	P	-	P	-	P	848,133,463	P 848,133,463	
Retail treasury bonds		-	-	-		-		-	-	
Corporate bonds	481,805,564	-	-	-		-		30,790,000	512,595,564	
Equity securities	208,412,911	-	-	-		-		32,394,388	240,807,299	
	P690,218,475	P	-	P	-	P	-	P 911,317,851	P1,601,536,326	

(i) *Insurance, reinsurance and other receivables*

Credit risk on Insurance, reinsurance and other receivables reflects possible losses due to unexpected default or deterioration in the credit standing of counterparties and debtors. The scope of credit risk alleviation includes risk-mitigating contracts on reinsurance arrangements and setting up maximum credit terms with agents.

Credit risk can arise also due to the purchase of reinsurance or other risk mitigation contracts. The Company minimizes this risk through policies on counterparty selection, collateral requirements and diversification. This risk is mitigated through close monitoring of outstanding counterparty default positions. Diversification and avoidance of low rated exposures are key elements in the mitigation of this risk.

The Company also limits its exposure to credit losses from its reinsurance business by entering into master netting arrangements with counterparties. Master netting arrangements do not generally result in an offset of assets and liabilities in the Statement of financial position, as transactions are usually settled on a gross basis. However, the credit risk associated with favorable contracts (asset position) is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are settled on a net basis. The Company maintains a normal credit term of 90 days for insurance balances receivable. Past due are those accounts which are outstanding beyond 90 days.

Exposure to credit risk on other receivable is low considering that these receivables is collected through salary deduction or deducted from the commissions due to them, as the case maybe. These counterparties have a good credit standing with no history of default. Credit risk on Security deposits is minimal since a significant portion of which can be applied to cover rentals due.

Impairment for specific credit risk is established if there is objective evidence that Company will not be able to collect all amounts due in accordance with contractual terms. The amount of the impairment is the difference between the carrying amount and the recoverable amount. Conditions for write-off may be that the debtor's bankruptcy proceedings have been

reached and and/or guarantors are insolvent, all normal recovery efforts have been exhausted, or the economic loss period (i.e., the period within which all expenses will exceed the recoverable amount) has been reached.

The aging analysis of Receivables, reinsurance and other receivables that are not impaired are as follows:

		2024						
		No. of days past due						Total
		30 days	60 days	90 days	180 days			
Due from agents and brokers	P	271,439,727	P209,774,570	P144,039,098	P73,946,214	P	699,199,609	
Due from ceding companies		4,322,800	5,403,501	44,308,704	-		54,035,005	
Reinsurance recoverable on							-	
paid losses		3,616,192	10,848,575	166,331,348	-		180,796,115	
Other receivable		47,685,302					47,685,302	
	P	327,064,021	P 226,026,646	P 354,679,150	P 73,946,214	P	981,716,031	
		2023						
		No. of days past due						Total
		30 days	60 days	90 days	180 days			
Due from agents and brokers	P	208,260,505	P166,284,417	P114,177,126	P65,520,535	P	554,242,583	
Due from ceding companies		3,350,003	4,187,504	34,337,532	-		41,875,039	
Reinsurance recoverable on								
paid losses		3,073,411	9,220,232	141,365,440			153,659,083	
Other receivable		21,416,283	-	-	-		21,416,283	
	P	236,100,202	P 179,692,153	P 289,880,098	P 65,520,535	P	771,192,988	

The table below provides information on the concentration of credit risk as of December 31 by type of financial assets:

		December 31, 2024							
		Cash & cash equivalents	Short-term investments	Available-for-sale	Held-to-maturity	Receivables			Total
Insurance	P	-	P	-	P	-	P1,298,863,347	P	1,298,863,347
Financial institutions		167,012,979	6,425,006	114,169,187	3,000,000	-			290,607,172
Government		-	-	221,565,493	708,547,800	-			930,113,293
Holding companies		-	-	42,543,237	85,583,385	-			128,126,623
Property		-	-	97,055,349	130,947,599	-			228,002,948
Oil, power and energy		-	-	40,637,810	95,950,000	-			136,587,810
ICT		-	-	24,286,360	2,000,000	-			26,286,360
Food and beverage		-	-	207,770	5,000,000	-			5,207,770
Services and others		-	-	8,985,944		-			8,985,944
	P	167,012,979	P 6,425,006	P 549,451,150	P1,031,028,785	P 1,298,863,347	P	3,052,781,267	

	December 31, 2023						
	Cash & cash equivalents	Short-term investments	Available- for-sale	Held-to maturity	Receivables	Total	
Insurance	P -	P -	P -	P -	P 962,254,475	P 962,254,475	
Financial institutions	252,261,401	6,229,989	25,404,380	607,723,937	-	891,619,707	
Government	-	-	280,697,463	179,649,222	-	460,346,685	
Holding companies	-	-	21,836,471	64,022,636	-	85,859,107	
Property	-	-	60,143,921	59,470,000	-	119,613,921	
Oil, power and energy	-	-	20,201,677	2,000,000	-	22,201,677	
ICT	-	-	2,087,708	5,000,000	-	7,087,708	
Food and beverage	-	-	-	5,000,000	-	5,000,000	
Services and others	-	-	276,658,706	6,300,000	-	282,958,706	
	P 252,261,401	P 6,229,989	P 687,030,326	P 929,165,795	P 962,254,475	P 2,836,941,986	

Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of a contractual obligation; or insurance liability falling due for payment earlier than expected; or inability to generate cash inflows as anticipated.

Liquidity risk is a risk due to uncertain liquidity. An institution may suffer liquidity problem when its credit rating falls. The Company is also exposed to liquidity risk if markets on which it depends on are subject to loss of liquidity.

Contractual maturities of financial assets and liabilities as at December 31, 2024 and 2023 are presented below:

	Contractual maturities				
	< 1 year	> 1 year < 5 years	>5 years	Total	
2024 (In thousand)					
Financial assets that are :					
Cash and cash equivalents	P 167,013	P -	P -	P 167,013	
Short-term investments	6,425	-	-	6,425	
AFS	355,355	-	-	355,355	
HTM	1,031,028	-	-	1,031,028	
Loans and receivable	28,963	-	-	28,963	
Insurance receivables	947,380	-	-	947,380	
Reinsurance assets	412,250	-	-	412,250	
Accrued investment income	18,722	-	-	18,722	
Surety losses recoverable	-	-	-	-	
Security fund	48	-	-	48	
Financial liabilities that are:					
Insurance claims payable	767,929	-	-	767,929	
Accounts payable and other liabilities	136,866	-	-	136,866	
Reinsurance liabilities	25,603	-	-	25,603	

2023 (In thousand)	Contractual maturities			Total
	< 1 year	> 1 year < 5 years	>5 years	
Financial assets that are :				
Cash and cash equivalents	P 252,261	P -	P -	P 252,261
Short-term investments	6,230	-	-	6,230
AFS	687,030	-	-	687,030
HTM	91,090	380,566	442,850	914,506
Loans and receivable	3,999	-	-	3,999
Insurance receivables	772,290	-	-	772,290
Reinsurance assets	237,387	-	-	237,387
Accrued investment income	17,417	-	-	17,417
Security deposit	16,997	-	-	16,997
Security fund	48	-	-	48
Financial liabilities that are:				
Insurance claims payable	614,057	-	-	614,057
Accounts payable and other liabilities	136,866	-	-	136,866
Reinsurance liabilities	11,051	-	-	11,051

It is unusual for a Company primarily transacting insurance business to predict the requirements of funding with absolute certainty as the theory of probability is applied in insurance contracts to ascertain the likely provision and time period when such liabilities will require settlement. The amount and maturities in respect of insurance liabilities are thus based on management's best estimate and on statistical techniques and past experience.

Market Risk

Market risk is the risk of change in fair value of financial instruments from fluctuation in foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

Market risk is the risk to an institution's financial condition from volatility in the price movements of the assets contained in a portfolio. Market risk represents what the Company would lose from price volatilities. Market risk can be measured as the potential gain or loss in a position or portfolio that is associated with a price movement of a given probability over a specified time horizon.

The Company manages market risk by evenly distributing capital among investment instruments, sectors and geographical areas.

The Company structures the levels of market risk it accepts through a sound market risk policy based on specific guidelines. This policy constitutes certain limits on exposure of investments mostly with top-rated banks, which are selected on the basis of the bank's credit ratings, capitalization and quality servicing being rendered to the Company. Also, the said policy includes diversification benchmarks of investment portfolio to different investment types duly approved by the IC, asset allocation reporting and portfolio limit structure. Moreover, control of relevant market risks can be addressed through compliance reporting of market risk exposures to the IC, regular monitoring and review of the Company's investment performance and upcoming investment opportunities for pertinence and changing environment.

Sensitivity analysis of market risk exposures follows:

i. Currency risk

No foreign currency forward contracts are outstanding as at December 31, 2024 and 2023 to hedge the foreign currency accounts.

The carrying values of financial assets exposed to currency risk at the end of reporting period are as follows:

	2024		2023	
	Phil. Peso	US \$	Phil. Peso	US \$
Cash and cash equivalents	P 9,523,816	\$ 164,644	P 35,927,593	\$ 648,864
ROP bonds	38,922,486	672,876	37,294,701	644,735
Accrued interest	489,575	8,464	582,612	10,522

* The exchange rate used was P57.845 in 2024 and P55.37 in 2023 to US \$ 1.00.

As of December 31, 2024 and 2023 the sensibility analyses on foreign currency risk is insignificant.

ii. Interest rate risk

The Company's exposure to risk for changes in market interest rates relates primarily to the debt instrument which are subject to variable interest rates. The Company follows prudent policies in managing its exposures to interest rate fluctuations, and constantly monitors assets.

The Company's exposure to interest rate risk is as follows:

Security	2024			2023		
	Face value	Coupon rate	Re-pricing	Face value	Coupon rate	Re-pricing
Retail treasury bond	P 216,280,000	3.70% to 6.25%	fixed	P 343,530,000	2.375% to 6.25%	fixed
Fixed rate treasury note	659,286,000	3.375% to 10.25%	fixed	464,606,000	2.375% to 10.25%	fixed
ROP bonds	584,816,000	3.375% to 8.00%	fixed	567,436,000	3.375% to 9.25%	fixed
Corporate bonds	458,420,000	3.52% to 8.03%	fixed	515,530,000	2.5 % to 8.03%	fixed
Time deposit	82,290,543	2.50% to 6.10%	monthly/ quarterly	190,494,556	1.4% to 6.25%	monthly/ quarterly

The sensitivity analyses have been determined based on the exposure to interest rates for debt instrument subject to repricing. Given that the interest rate increases or decreases by 200 basis point will not have a material effect on it investment income.

iii. Price risk

The sensitivity analysis for equity risk illustrates how changes in the fair value of equity securities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual equity issuer, or factors affecting all similar equity securities traded in the market.

Management monitors movements of equity price on a monthly basis by assessing the expected changes in the different portfolio due to parallel movements of a 10% increase or decrease in the Philippine stock exchange index (PSEi).

With all other variables held constant, a 10% movement in the stock exchange would result in an impact on equity of P30 million in 2024 and P29 million in 2023. This does not affect income since changes in fair value of AFS investments are taken to equity.

iv. Operational risk

Operational risk is the risk of loss from system failure, human error, fraud or external events. When controls fail to perform, operational risk can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risk but initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage risk. Controls include effective segregation of duties, access controls, authorization and reconciliation procedures, staff education and assessment processes. Business risk such as changes in environment, technology and industry are monitored through the Company's strategic planning and budgeting processes.

Capital management

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in economic conditions and risk characteristics of the Company's activities and externally imposed capital requirements.

The company regards the following as the capital it manages as at December 31, 2024 and 2023.

	2024	2023
Share capital		
Issued and outstanding	P 649,500,000	P 580,000,000
Subscribed and paid	-	29,500,000
Contributed surplus	84,175,439	84,175,439
Revaluation reserve	100,118,521	90,197,526
Retained earnings	1,033,150,091	948,107,952
	P 1,866,944,051	P 1,731,980,917

Net worth Requirement

Externally imposed capital requirements are set and regulated by the Insurance Commission (IC). The requirements are put in place to ensure sufficient solvency margins. Further objectives are set by the Company to maintain a strong credit rating and healthy capital ratios in order to support its business objectives and maximize shareholders value.

Pursuant to IC Circular No. 2015-02-A, dated January 13, 2015 issued on the basis of Republic Act 10607 known as the Revised Insurance code, domestic insurance companies under the supervision of IC must have a net worth of at least P250 million by December 31, 2013. The minimum net worth of a particular company shall remain unimpaired at all times and shall increase to the amounts as follows:

	Minimum network	Compliance date
P	900,000,000	December 31, 2019
	1,300,000,000	December 31, 2022

Insurance Memorandum Circular 22-2008 further clarified that the paid-up capital should remain intact and unimpaired at all times, the statements of financial position should show that the net worth is at least equal to the actual paid up capital.

As at December 31, 2024 and 2023, the Company is in compliance with the required minimum paid-up capital. The statutory net worth is based on Regulatory Accounting Policies and may be determined only after the accounts of the Company have been examined by the IC.

Risk-Based Capital Requirement

The IC has adopted a three (3) pillar risk-based approach to solvency which comprise the following:

- Quantitative requirements in relation to the calculation of capital requirements and recognition of eligible capital;
- Governance and risk management requirement tht consists of supervisory review process which may include a supervisory adjustment to capital; and
- Disclosure requirement designed to encourage market discipline

The minimum RBC ratio is set at 100% which are required to be maintained at all times. Failure to meet the minimum RBC ratio shall subject the Company to the corresponding regulatory intervention which has been defined at various levels as follows:

- Company Action Event – the RBC is less than 100% but not below 75%, the Company is required to identify the conditions that contributed to the event and will provide

corrective actions that company intend to take including future projections of financial position and analysis of operations.

- Regulatory Action Event – the RBC is less than 75% but not below 50%, the Company is submit an RBC plan and IC will perform an examination of the Company including its RBC plan.
- Authorized and Mandatory Control Event – the RBC is less than 50%, the IC is required to place Company under regulatory control.

The RBC ratio is calculated as Total Available Capital divided by the RBC requirement. TAC shall include the (i) paid-up capital, (ii) other capital surplus and (iii) Special surplus funds to the extent authorized by IC.

Internal calculations of RBC ratio as at December 31, 2024 and 2023 revealed the following:

	2024	2023
Total Available Capital	P 1,848,103,963	P 1,708,414,110
RBC requirement	369,168,365	321,373,351
RBC ratio	501%	532%

The computation of RBC is based on the regulatory accounting policy in accordance the Philippine Insurance Code. The RBC can be determined only after the accounts of the Company have been examined by the IC.

8. Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash on hand	P 39,326,276	P 38,209,856
Cash in banks	91,147,440	67,996,834
Cash equivalents	75,865,539	184,264,567
	P 206,339,255	P 290,471,257

Cash on hand consists of petty cash fund, claims fund, commission fund, postage stamps fund and revolving fund.

Cash in bank and cash equivalents earn interest at an annual interest rates ranging from 0.23% to 6.10% in 2024 and 0.23% to 6.25% in 2023. Interest income earned on these deposits amounted to P6,921,921 in 2024 P11,291,603 in 2023. (See Note 25)

9. Short-term Investments

This account consists of time deposit with the maturity of more than three months but less than one year from the date acquired. As of December 31, 2024, and 2023, the balance of short-term investment amounted to P6,425,006 and P6,229,989, respectively.

Short-term investments earn interest at annual interest rates ranging from 3.30% to 10.25% in 2024 and 3.0% to 10.25% in 2023. Interest income earned on these investments amounted to P63,010 in 2024 and P58,498 in 2023. (See Note 25)

10. Financial Assets

The reconciliation of the carrying amounts of financial assets at the beginning and end of the year is as follows:

		As of December 31, 2024					
		FVPL	AFS	HTM	Loans & Receivable	Total	
Gross carrying value							
Balance at the beginning of year	P	-	P 687,030,326	P 924,165,795	P 3,999,152	P 1,615,195,273	
Additions		121,853,387	303,896,775	231,930,513	147,362,862	805,043,537	
Disposal/Maturity		-	(442,266,556)	(125,489,426)	(122,398,624)	(690,154,606)	
Amortization of premium/discount		-	-	421,903	-	421,903	
Changes in fair value		-	790,605	-	-	790,605	
Balance at the end of the year	P	121,853,387	P 549,451,150	P 1,031,028,785	P 28,963,390	P 1,731,296,712	

		As of December 31, 2023			
		AFS	HTM	Loans & Receivable	Total
Gross carrying value					
Balance at the beginning of year	P	942,699,565	P 639,141,566	P 9,036,022	P 1,590,877,153
Additions		78,776,314	527,552,691	6,418,716	612,747,721
Disposal/Maturity		(305,118,998)	(242,945,222)	(11,455,586)	(559,519,806)
Amortization of premium/discount		-	416,760	-	416,760
Changes in fair value		(29,326,555)	-	-	(29,326,555)
Balance at the end of the year	P	687,030,326	P 924,165,795	P 3,999,152	1,615,195,273

Financial assets at Fair Value through Profit or Loss (FVPL)

Investment that are designated at FVPL as of December 31, 2024 represents equity securities, debt instruments, and mutual funds amounting to ₱121.9 million. These investments are measured at fair value. Fair value is determined in manner described in Note 6.

Mark-to-market gain on these investments amounted to ₱14,610,459 in 2024 reported in the Statement of income.

Available-for-sale financial assets

The breakdown of this account is as follows:

	2024	2023
Acquisition cost		
Government securities	P 220,181,622	P 279,675,756
Corporate debt securities	136,491,039	168,991,039
Money market fund	-	18,150,219
Quoted equity securities	91,804,944	203,621,969
Unquoted equity securities	103,661,598	20,070,000
	552,139,203	690,508,983
Change in fair value		
Government securities	1,383,871	1,021,708
Corporate debt securities	(2,700,858)	(3,465,475)
Money market fund	-	(219,409)
Quoted equity securities	(1,371,066)	(6,315,481)
Unquoted equity securities	-	5,500,000
	(2,688,053)	(3,478,657)
	P 549,451,150	P 687,030,326

Realized gains on these investments reported in the statements of income are as follows:

		2024		2023
Interest (see Note 25)	P	28,734,407	P	30,905,424
Dividends (see Note 25)		10,589,419		5,903,518
Gain on sale (see Note 25)		5,508,188		24,124,847

The reconciliation of unrealized fair value gains (losses) are as follows:

		2024		2023
Balance at beginning of year	P	(3,478,657)	P	25,847,898
Fair value gains(losses) taken to:				
Other comprehensive income (OCI)		26,385,356		(5,201,708)
Profit and loss				
Gain on sale		(20,118,646)		(24,124,847)
Balance at end of year	P	2,788,052	P	(3,478,657)

Unquoted equity securities are as follows:

		2024		2023
ProCredit Pte. Ltd.	P	53,591,598	P	-
ARQCapital Two Holdings, Inc.		50,000,000		-
FIST-AMC, Inc.		-		25,500,000
Others		70,000		70,000
	P	103,661,598	P	25,570,000

- ProCredit Pte. Ltd. is a company incorporated under the laws of Singapore. The Company subscribed to 257,893 shares at subscription price of US \$ 3.3735 per share. ProCredit Pte Ltd. holds interest in in financing company based in Singapore.
- ARQCapital Two Holdings, Inc. is a company incorporated in the Philippines. On July 1, 2024, the Company subscribed to 2 million preferred shares at subscription price of ₱25 per share. ARQCapital Two Holdings, Inc. provides business loans to SMEs in the Philippines.
- FIST AMC, Inc or Philippine Recovery Platform I FIST-AMC, INC, is a company organized in accordance with Republic Act No. 11523 or the Financial Institution Strategic Transfer Act (FIST Act). As such, this Company is into the business of investing and selling the non-performing assets of financial institution. In December 2024, the Company redeemed all its investment in FIST AMC where a gain of ₱7 million was realized.

Held-to-Maturity (HTM) Investments

Investments classified as HTM are as follows:

		2024		2023
Government securities	P	697,616,000	P	567,436,000
Corporate bonds		322,460,000		347,070,000
		1,020,076,000		914,506,000
Unamortized discount/premium		10,952,785		9,659,795
	P	1,031,028,785	P	924,165,795

Government securities has a maximum term of 15 years with coupons rates ranging from 3.37% to 10.25% in 2024 and 2.375% to 10.25% in 2023. As of December 31, 2024, Government securities with face value of P337,890,000 are deposited with the Insurance Commission in accordance with the provision of the Insurance Code as security for the benefit of the policyholders and creditors of the Company.

Corporate bonds are issued by various private corporations for a period ranging from 2 year to 15 years and bears interest at the rate of 3.52% to 8.03% in 2024 and 2.5% to 8.03 in 2023, payable quarterly or semi-annually.

The net changes in unamortized premium/discount charged/credited to interest income amounted to P1,292,990 in 2024 and P416,760 in 2023.

Interest income realized on HTM investments amounted to P53,235,996 in 2024 and P41,841,009 in 2023. (See Note 25)

The maturity profile of this account is presented below:

	2024	2023
Due within 12 months	P 52,476,000	P 91,090,000
Due after 1 year but less than 5 years	540,580,000	380,566,000
Due beyond five years	427,020,000	442,850,000
	P1,020,076,000	P 914,506,000

Loans and receivable

The breakdown of this account is as follows:

	2024	2023
Due from FIST-AMC, Inc.	P 27,934,066	P -
Other receivables	882,489	2,392,938
Real estate mortgage receivable	146,835	1,606,214
	P 28,963,390	P 3,999,152

Due from FIST-AMC represents the proceeds for the redemption of Investment in FIST-AMC. This is subsequently collected in January 2025.

The maturity profile of Real estate mortgage loan receivable as at December 31, 2024 and 2023 is as follows:

	2024	2023
Due in:		
12 months	P 146,835	P 1,459,379
More than 12 months	-	146,835
	P 146,835	1,606,214

Due from employees are advances which are subject to liquidation. Other receivable includes receivable from trust funds and social security system.

11. Insurance Receivables - Net

The breakdown of this account is as follows:

	2024	2023
Due from agents and brokers	P 705,816,970	P 571,208,581
Reinsurance recoverable on paid losses	180,796,115	153,659,083
Due from ceding companies	54,035,005	41,875,039
Funds held by ceding companies	6,731,982	5,547,757
	947,380,072	772,290,460
Allowance for impairment losses	(6,593,817)	(6,734,724)
	P 940,786,255	P 765,555,736

Premium receivables have an average term 90 days to 120 days. Premium receivables represent premiums on written policies.

Reinsurance recoverable on paid losses pertains to the Company's receivables from the reinsurers for their share on the losses paid by the Company.

Due from ceding companies and reinsurers pertains to premiums collectible resulting from treaty and facultative acceptances from ceding companies.

Funds held by ceding companies pertain to the portion of the premium withheld by ceding companies in accordance with the reinsurance contracts.

There is no concentration of credit risk with respect to insurance receivables, as the Company has a diverse base of agents, brokers and reinsurers.

The movement in allowance for impairment losses as of December 31, 2024 and 2023 is as follows:

	2024	2023
Balance, beginning of the year	P 6,734,724	P 6,368,525
Provision	-	377,656
Accounts written-off	(140,908)	(11,457)
Balance, ending of the year	P 6,593,817	P 6,734,724

12. Reinsurance Assets

This account consists of:

	2024	2023
Reserve for reinsurance premium (see Note 18)	P 94,575,779	P 79,488,157
Reinsurance recoverable on unpaid losses (see Note 19)	412,250,262	237,386,810
	P 506,826,042	P 316,874,967

As of December 31, 2024 and 2023, management believes that reinsurance assets are fully recoverable and that no impairment loss is necessary.

13. Investment Properties

The details of investment properties are as follows:

2024			Lots		Land and Building		Condominium units		Total
Acquisition cost									
Balance at beginning of year	P	25,867,000	P	104,490,000	P	153,137,667	P	283,494,667	
Acquisitions during the year		14,280,000		-		-		14,280,000	
Fair value increase (See Note 6)		3,720,000		14,376,500		6,125,467		24,221,967	
Balance at end of year	P	43,867,000	P	118,866,500	P	159,263,134	P	321,996,634	

2023			Lots		Land and Building		Condominium units		Total
Acquisition cost									
Balance at beginning of year	P	25,867,000	P	98,336,000	P	-	P	124,203,000	
Acquisitions during the year		-		-		90,336,244		90,336,244	
Fair value increase (See Note 6)		-		6,154,000		62,801,423		68,955,423	
Balance at end of year	P	25,867,000	P	104,490,000	P	153,137,667	P	283,494,667	

14. Property and Equipment - Net

The breakdown of this account is as follows:

2024		Condominium units		Condominium Improvement		EDP Equipment		Transportation Equipment		Fixtures and Equipment		Leasehold Improvements		Right-of-Use-Asset		Total
Costs																
At January 1, 2024	P	304,565,333	P	-	P	103,289,746	P	9,027,318	P	8,247,644	P	13,363,302	P	3,982,833	P	442,476,176
Additions		-		6,959,782		2,895,244		-		1,731,517		1,081,744		-		12,668,287
Revaluation (See Note 6)		12,182,533		-		-		-		-		-		372,401		12,554,934
Disposal/Derecognition		-		-		-		(1,439,567)		(1,817,410)		-		(361,553)		(3,618,530)
At December 31, 2024		316,747,866		6,959,782		106,184,990		7,587,751		8,161,751		14,445,046		3,993,681		464,080,867
Accumulated depreciation and impairment losses																
At January 1, 2024		-		-		88,530,544		7,842,256		5,050,599		6,651,587		1,625,761		109,700,747
Provisions		9,007,799		582,666		7,839,425		128,819		881,639		1,063,484		1,089,594		20,593,426
Disposal/Derecognition		-		-		-		(1,439,567)		(1,218,171)		-		(361,553)		(3,019,291)
At December 31, 2024		9,007,799		582,666		96,369,969		6,531,508		4,714,067		7,715,071		2,353,802		127,274,882
Net Carrying Value																
At December 31, 2024	P	307,740,067	P	6,377,116	P	9,815,021	P	1,056,243	P	3,447,684	P	6,729,975	P	1,639,879	P	336,805,985

2023		Condominium units		EDP Equipment		Transportation Equipment		Furniture, Fixtures and Equipment		Leasehold Improvements		Right-of-Use-Asset		Total
Costs														
At January 1, 2023	P	-	P	100,985,982	P	7,825,085	P	7,197,768	P	12,078,964	P	3,396,105	P	131,483,904
Additions		179,663,756		2,303,764		1,202,233		1,095,093		1,284,338		-		185,549,184
Revaluation (See Note 6)		124,901,577		-		-		-		-		-		124,901,577
Lease inception		-		-		-		-		-		1,754,523		1,754,523
Disposal		-		-		-		(45,217)		-		(1,167,795)		(1,213,012)
At December 31, 2023		304,565,333		103,289,746		9,027,318		8,247,644		13,363,302		3,982,833		442,476,175
Accumulated depreciation and impairment losses														
At January 1, 2023		-		78,073,460		7,797,576		4,399,705		5,651,422		1,186,041		97,108,204
Provisions		-		10,457,084		44,680		688,397		1,000,165		1,607,515		13,797,841
Disposal		-		-		-		(37,503)		-		(1,167,795)		(1,205,298)
At December 31, 2023		-		88,530,544		7,842,256		5,050,599		6,651,587		1,625,761		109,700,747
Net Carrying Value														
At December 31, 2023	P	304,565,333	P	14,759,202	P	1,185,062	P	3,197,045	P	6,711,715	P	2,357,072	P	332,775,428

Depreciation of property and equipment charged to operations amounted to P20,593,426 in 2024 and P13,797,841 in 2023. (see Note 28)

15. Deferred Acquisition Costs and Deferred Reinsurance Commission

Movements of this account during the year are as follows:

		Deferred acquisition cost	Deferred reinsurance commision	Net DAC
2024				
Balances, beginning	P	227,312,189	P 12,084,764	P 215,227,425
Net changes in acquisition cost (see Note 27)		32,474,719	7,559,924	24,914,796
	P	259,786,908	P 19,644,688	P 240,142,221
		Deferred acquisition cost	Deferred reinsurance commision	Net DAC
2023				
Balances, beginning	P	179,610,970	P 16,391,772	P 163,219,198
Net changes in acquisition cost (see Note 27)		47,701,219	(4,307,008)	52,008,227
	P	227,312,189	P 12,084,764	P 215,227,425

As at December 31, 2024 and 2023, management believes that deferred acquisition cost are fully recoverable and that no impairment loss is necessary.

16. Accrued Income

The breakdown of this account is as follows:

	2024	2023
Accrued interest receivable on:		
Held-to-maturity investment	P 14,873,023	P 11,857,309
Available-for-sale-financial asset	3,748,887	4,897,667
Cash and cash equivalents	68,500	552,274
Short-term investments	31,502	21,924
Dividend receivable	-	87,957
	P 18,721,912	P 17,417,131

17. Other Assets

This account consists of:

	2024	2023
Security deposit	P 10,702,574	P 16,997,073
Prepayments	23,004,651	12,397,353
Security fund	48,439	48,439
	P 33,755,664	P 29,442,865

The description of these accounts is as follows:

- Security deposits consist mainly of rental and utility deposits in relation to the Company's rental of office space and bid deposits in compliance with bidding agreements.
- Prepayments represent deferred input VAT pertaining to 12% indirect tax paid by the Company in the course of the Company's trade or business on local purchase of services and capital goods. These are available for offset against output VAT in subsequent periods.

- Security fund was created under Section 365 of Presidential Decree (PD) No. 612 as amended under PD No. 1640, to be used for payment of allowed claims against insolvent insurance companies. The balance of the fund represents the Company's contribution to the fund. The balance of the fund earns interest at rates determined by the IC annually.

18. Reserve for Unearned Premiums

The analysis of this account is as follows:

	2024			2023		
	Direct business	Ceded	Net	Direct business	Ceded	Net
Balances, January 1	P 1,097,104,725	P 79,488,157	P 1,017,616,568	P 976,624,580	P 82,367,015	P 894,257,565
Policies written						
during the year	2,512,848,654	542,325,426	1,970,523,228	2,365,160,694	510,455,298	1,854,705,396
Premiums earned						
during the year	(2,412,348,509)	(527,237,803)	(1,885,110,706)	(2,244,680,549)	(513,334,156)	(1,731,346,393)
Balances, December 31	P 1,197,604,870	P 94,575,779	P 1,103,029,090	P 1,097,104,725	P 79,488,157	P 1,017,616,568

In accordance with IC circular 2016-67, Premium liabilities for each class of business shall be determined as the higher of Unearned Premium Reserve (UPR) and Unexpired Risk Reserve (URR). UPR is calculated using the 24th method for all classes of business, on a gross of reinsurance basis. URR is calculated as the best estimate of future obligation, expenses for policy management and claims settlement cost. URR may be estimated as the unearned premium for each class of business multiplied by ultimate loss ratio and adjusted for future expenses.

The actuarial valuation result for premium liabilities for the year ended December 31, 2024 and 2023 is as follows:

	Gross		Net	
	2024	2023	2024	2023
UPR (a)	P 1,197,604,870	P 1,097,104,725	P 1,103,029,090	P 1,017,616,568
URR (b)				
Best Estimate of Future Obligation	568,623,000	520,715,000	517,969,000	465,356,000
Maintenance Expense	55,060,000	52,053,000	55,060,000	52,053,000
Claims Handling Expense	4,301,000	16,497,000	4,301,000	16,497,000
Margin for Adverse Deviation	151,216,669	139,209,165	97,932,357	90,356,638
URR (b)	779,200,669	728,474,165	675,262,357	624,262,638
Premium Liability (whichever is higher between a and b)	P 1,197,604,870	P 1,097,104,725	P 1,103,029,090	P 1,017,616,568

19. Insurance Claims Payable

Outstanding claims will become payable and materialize into claims paid when the amounts of insured losses suffered by policyholders were ascertained and agreed, without any contractual maturity date. The timing of future cash outflow arising from the provision is not ascertainable but is likely to fall within 3 years.

The provision is sensitive to many factors such as interpretation of circumstances, judicial decisions, economic conditions, climatic changes and is subject to uncertainties such as:

- Uncertain as to whether an event has occurred which would give rise to a policyholder suffering an insured loss;
- Uncertainty as to the extent of policy coverage and limits applicable; and
- Uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring.

The analysis of this account is shown below:

	2024			2023		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Balances, January 1	P 614,057,121	237,386,811	P 376,670,310	P 754,148,408	P 457,345,009	P 296,803,399
Claims and losses incurred - net of recoveries	1,156,954,464	107,747,378	1,049,207,086	815,302,921	(173,146,283)	988,449,204
Provision for incurred but not reported claims	246,238,000	137,449,000	108,789,000	272,846,000	172,417,000	100,429,000
Claims and losses paid - net of reinsurer's share	(1,249,320,666)	(70,332,926)	(1,178,987,740)	(1,228,240,208)	(219,228,915)	(1,009,011,293)
	P 767,928,919	P 412,250,263	P 355,678,656	P 614,057,121	P 237,386,811	P 376,670,310

In accordance with IC circular 2016-67, claims liabilities for both direct business, assumed treaty and reinsurance business shall be calculated as the sum of outstanding claims reserve, claims handling expense and IBNR.

Claims handling expense was computed on a net insurance basis using the Kittle's Refinement to the Classical Paid-to-Paid Ratio Method that explicitly recognized that claims handling expense is incurred as claims are reported, even if no loss payments are made.

MfAD is included to allow the inherent uncertainty of the best estimate of the policy reserves and to consider the variability of claims experience with a class of business, the diversification between classes of business and conservatism in the best estimate. MfAD is set to 100% as of December 31, 2024 and 2023.

The actuarial valuation result for Claims liabilities for the year ended December 31, 2024 and 2023 is as follows:

	Gross		Net of Reinsurance	
	2024	2023	2024	2023
Outstanding Claims Reserve	P 438,845,982	P 275,448,772	P 208,906,781	P 236,766,277
Claims Handling Expense	867,000	1,016,000	867,000	1,016,000
IBNR	246,238,000	272,846,000	108,789,000	100,429,000
MfAD	81,977,937	64,746,349	37,115,875	38,459,033
	P 767,928,919	P 614,057,121	P 355,678,656	P 376,670,310

20. Accounts Payable and Other Liabilities

This account consists of:

	2024	2023
Taxes payable	P 158,615,372	P 176,657,075
Commissions payable	155,337,940	98,810,266
Access fees payable	18,741,105	13,062,464
Accounts payable	17,733,308	22,534,895
Lease liability (see Note 31)	1,543,463	2,458,081
Other liabilities	85,263,707	66,147,837
	P 437,234,895	P 379,670,618

The terms and conditions of these accounts are as follows:

- Taxes payable consists of documentary stamp tax, output tax, premium tax and other taxes that are usually paid and remitted on the following month.
- Commissions payable are liabilities to brokers and agents for uncollected premiums. The amounts are settled within 12 months.

- Access fees payable are liabilities to network and dental access fees for the rights to the facilities of their accredited hospitals.
- Accounts payable are liabilities for supplies and services that have been provided. The amounts are due and demandable.
- Other liabilities represent government dues which are usually paid and remitted on the following month after the reporting date.

Management believes that the carrying amounts are the reasonable approximation of their fair values as at December 31, 2024 and 2023.

21. Reinsurance Liabilities

The movements of this account are as follows:

	2024		2023	
Balance at the beginning	P	11,050,628	P	33,570,908
Additions		542,325,426		510,455,299
Reductions		(527,773,420)		(532,975,579)
Balance at the end of year	P	25,602,634	P	11,050,628

22. Equity

Share capital

(i) Issued and Outstanding

The Company's share capital is as follows:

	2024		2023	
	Shares	Amount	Shares	Amount
Authorized - P10.00				
par value per share	80,000,000	P 800,000,000	80,000,000	P 800,000,000
Issued and outstanding				
Balance at beginning of the year	58,000,000	580,000,000	53,000,000	P 530,000,000
Issued during the year	6,950,000	69,500,000	5,000,000	50,000,000
Balance at the end of year	64,950,000	P 649,500,000	58,000,000	P 580,000,000

In a meeting held on September 9, 2022, stockholders representing at least two-thirds (2/3) of the outstanding share capital approved the increase in authorized share capital from P600 million divided into 60 million shares at par value of P10 each to P800 million divided into 80 million shares at par value of P10 each. Stockholders subscribed to 5 million shares or a total par value of P50 million shares to such increase. The required payment for the subscription amounting to P12.5 was satisfied through conversion of Deposit for future subscription (DFSS) for the same amount. The SEC approval for application to increase authorized capital together with the conversion of DFSS was sought on February 3, 2023. Full payment of the subscription was made on November 17, 2023 amounting to P37.5 million through conversion of DFSS for the same amount.

(ii) Subscribed and Paid

On November 20, 2023 stockholders subscribed to 2.95 million shares at P10 per share. Payment for the said subscription was satisfied through a combination of cash payment

amounting to P19.5 million received on December 1, 2023 and conversion of DFSS amounting to P10 million. These were issued in 2024.

Appropriated Retained Earnings

At the special meeting held on December 20, 2024, the BOD approved the appropriation of the following to be taken out against the Unappropriated Retained earnings as of December 31, 2023.

Purchase of possible office condominium for selected branches	P 60,000,000
Renovation of selected branches offices	20,000,000
Purchase/investment in financial assets	400,000,000
Purchase of IT equipments, hardwares and softwares	50,000,000
	P 530,000,000

The timeline for the above appropriation is within 1-2 years.

On the same date, the BOD authorized the release of previously appropriated Retained earnings to Unappropriated Retained earnings amounting to ₱435 million.

23. Insurance Contracts – Terms, Assumption and Sensitivities

Terms and Condition

The major classes of general insurance written by the Company include motor, property, casualty, marine and engineering. Risks under these policies usually cover 12-month duration.

For general insurance contracts, claims provisions (comprising provisions for claims reported by policyholders and IBNR claims) are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred and are estimated based on known facts at the reporting date.

The provisions are reviewed quarterly as part of a regular ongoing process as claims experience develops; certain claims are settled and further claims are reported. Outstanding claims provisions are not discounted for the time value of money.

The measurement process primarily includes projections of future claims through the use of historical experience statistics. In certain cases, where there is a lack of reliable historical data on which to estimate claims development, relevant benchmarks of similar business are used in developing claims estimates. Claims provisions are separately analyzed by geographical area and class of business. In addition, claims are usually assessed by loss adjusters.

Assumptions

The principal assumption underlying the estimates is the Company's past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example once off occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key assumptions includes variation in interest rate, delays in settlement and changes in foreign currency rates.

Sensitivities

The general insurance claims provision is sensitive to the above key assumptions. The sensitivity of certain assumptions such as legislative change, uncertainty in the estimation process, etc., is not possible to quantify. Furthermore, because of delays that arise between occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claim provisions are not known with certainty at the reporting date.

Consequently, the ultimate liabilities will vary as a result of subsequent developments. Differences resulting from reassessments of the ultimate liabilities are recognized in subsequent financial statements.

The analysis below is performed for a reasonable possible movement in key assumptions with all other assumptions held constant, on the statement of comprehensive income. 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, assumption changes had to be done on an individual basis. It should also be stressed that these assumptions are nonlinear and larger or smaller impacts cannot easily be gleaned from these results.

The figures shown below demonstrate the effect of a 5% variation in loss ratio in determining the estimated ultimate liabilities.

% change in loss ratio	Impact on income				Impact on equity			
		2024		2023		2024		2023
+5%	P	58,760,073	P	86,567,320	P	44,070,055	P	64,925,490
-5%		(58,760,073)		(86,567,320)		(44,070,055)		(64,925,490)

Loss Development Table

Loss development table for the year 2024 and 2023, gross and net of the reinsurer's share is as follows:

	Gross Insurance Contract Liabilities in 2024													
	2014 and prior		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total	
Estimate of Ultimate Claim Cost														
At the End of Accident Year	P341,147,618	P 103,044,101	P 414,934,912	P 243,827,943	P 186,309,818	P429,781,016	P684,217,435	P 608,208,305	P 934,699,816	P 982,980,958	P1,324,720,523	P 1,324,720,523		
One Year Later	685,070,949	162,946,469	550,145,708	285,938,019	348,114,040	594,428,306	696,621,882	919,459,016	984,125,844	1,033,585,727			1,033,585,727	
Two Years Later	773,073,659	178,663,722	562,726,212	307,785,472	356,578,934	624,203,652	699,215,274	899,107,574	990,782,167				990,782,167	
Three Years Later	784,172,073	180,644,215	563,847,155	309,427,280	361,410,663	630,038,328	684,459,661	921,528,656					921,528,656	
Four Years Later	785,327,912	181,971,486	563,950,863	309,421,380	362,346,384	634,072,278	688,589,130						688,589,130	
Five Years Later	785,701,158	182,398,528	563,928,509	309,421,380	363,444,747	637,869,082							637,869,082	
Six Years Later	785,716,762	182,398,528	563,928,509	309,421,380	363,833,654								363,833,654	
Seven Years Later	785,716,762	182,398,528	563,928,509	309,421,380									309,421,380	
Eight Years Later	785,716,762	182,398,528	563,928,509										563,928,509	
Nine Years Later	785,716,762	182,398,528											182,398,528	
Ten Years Later	785,716,762												785,716,762	
Total	785,716,762	182,398,528	563,928,509	309,421,380	363,833,654	637,869,082	688,589,130	921,528,656	990,782,167	1,033,585,727	1,324,720,523		7,802,374,117	
Cumulative Payments to Date	785,716,762	182,398,528	514,858,116	309,421,380	362,950,208	637,869,082	688,589,130	908,157,474	985,576,265	987,819,638	671,088,614		7,034,445,197	
Liability Recognized in the														
Statements of Financial Position	P	-	P	-	P 49,070,393	P	-	P	-	P 13,371,182	P 5,205,901	P 45,766,089	P 653,631,909	P 767,928,919

	Gross Insurance Contract Liabilities in 2023																							
Accident Year	2013 and prior		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total											
Estimate of Ultimate Claim Cost																								
At the End of Accident Year	P110,504,905	P 230,642,713	P 103,044,101	P 414,934,912	P 243,827,943	P186,309,818	P429,781,016	P 684,217,435	P 608,208,305	P 934,699,816	P 982,980,958	P 982,980,958												
One Year Later	142,973,478	542,097,471	162,946,469	550,145,708	285,938,019	348,114,040	594,428,306	696,621,882	919,459,016	984,125,844			984,125,844											
Two Years Later	223,255,438	549,818,221	178,663,722	562,726,212	307,785,472	356,578,934	624,203,652	699,215,274	899,107,574				899,107,574											
Three Years Later	233,783,796	550,388,278	180,644,215	563,847,155	309,427,280	361,410,663	630,038,328	684,459,661					684,459,661											
Four Years Later	235,001,596	550,326,316	181,971,486	563,950,863	309,421,380	362,346,384	634,072,278						634,072,278											
Five Years Later	235,104,043	550,597,115	182,398,528	563,928,509	309,421,380	363,444,747							363,444,747											
Six Years Later	235,119,647	550,597,115	182,398,528	563,928,509	309,421,380								309,421,380											
Seven Years Later	235,119,647	550,597,115	182,398,528	563,928,509									563,928,509											
Eight Years Later	235,119,647	550,597,115	182,398,528										182,398,528											
Nine Years Later	235,119,647	550,597,115											550,597,115											
Ten Years Later	235,119,647												235,119,647											
Total	235,119,647	550,597,115	182,398,528	563,928,509	309,421,380	363,444,747	634,072,278	684,459,661	899,107,574	984,125,844	982,980,958		6,389,656,242											
Cumulative Payments to Date	235,119,647	550,597,115	182,398,528	514,858,116	309,421,380	362,950,208	633,873,260	681,290,104	857,918,777	945,272,536	501,899,448		5,775,599,120											
Liability Recognized in the																								
Statements of Financial Position	P	-	P	-	P	-	P	49,070,393	P	-	P	494,538	P	199,018	P	3,169,557	P	41,188,797	P	38,853,308	P	481,081,511	P	614,057,121

	Net Insurance Contract Liabilities in 2024														
	2014 and														
Accident Year	prior	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total			
Estimate of Ultimate Claim Cost															
At the End of Accident Year	P265,092,218	P 98,752,834	P 414,859,942	P 243,722,869	P 185,847,645	P429,598,843	P567,615,473	P 514,740,808	P 766,489,972	P 973,945,614	P1,115,973,730	P 1,115,973,730			
One Year Later	555,432,118	157,443,591	515,506,005	285,798,610	347,322,073	594,273,527	611,123,980	592,697,818	840,933,227	1,011,364,392	-	1,011,364,392			
Two Years Later	580,527,795	172,594,009	562,708,478	307,644,010	355,786,967	623,993,069	606,640,387	612,080,236	847,470,869	-	-	847,470,869			
Three Years Later	592,213,103	174,574,962	563,828,422	309,285,818	360,618,696	629,234,039	605,738,458	596,048,702	-	-	-	596,048,702			
Four Years Later	592,121,823	175,902,233	563,932,129	309,279,917	361,554,417	633,117,201	608,782,373	-	-	-	-	608,782,373			
Five Years Later	592,297,405	176,329,274	563,909,776	309,279,917	362,652,780	636,914,005	-	-	-	-	-	636,914,005			
Six Years Later	592,299,576	176,329,274	563,909,776	309,279,917	363,041,687	-	-	-	-	-	-	363,041,687			
Seven Years Later	592,299,576	176,329,274	563,909,776	309,279,917	-	-	-	-	-	-	-	309,279,917			
Eight Years Later	592,299,576	176,329,274	563,909,776	-	-	-	-	-	-	-	-	563,909,776			
Nine Years Later	592,299,576	176,329,274	-	-	-	-	-	-	-	-	-	176,329,274			
Ten Years Later	592,299,576	-	-	-	-	-	-	-	-	-	-	592,299,576			
Total	592,299,576	176,329,274	563,909,776	309,279,917	363,041,687	636,914,005	608,782,373	596,048,702	847,470,869	1,011,364,392	1,115,973,730	6,821,414,301			
Cumulative Payments to Date	592,299,576	176,329,274	514,858,116	309,279,917	363,041,687	636,914,005	608,782,373	595,600,637	843,756,169	980,633,038	844,240,850	6,465,735,644			
Liability Recognized in the															
Statements of Financial Position	P	-	P	-	P 49,051,660	P	-	P	-	P	448,065	P 3,714,699	P 30,731,354	P 271,732,880	P 355,678,657

	Net Insurance Contract Liabilities in 2023													
Accident Year	2013 and prior		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total	
Estimate of Ultimate Claim Cost														
At the End of Accident Year	P101,772,234	P 163,319,984	P 98,752,834	P 414,859,942	P 243,722,869	P185,847,645	P429,598,843	P 567,615,473	P 514,740,808	P 766,489,972	P 973,945,614	P 973,945,614		
One Year Later	125,845,399	429,586,719	157,443,591	515,506,005	285,798,610	347,322,073	594,273,527	611,123,980	592,697,818	840,933,227	-	-	840,933,227	
Two Years Later	143,817,074	436,710,721	172,594,009	562,708,478	307,644,010	355,786,967	623,993,069	606,640,387	612,080,236	-	-	-	612,080,236	
Three Years Later	155,338,890	436,874,213	174,574,962	563,828,422	309,285,818	360,618,696	629,234,039	605,738,458	-	-	-	-	605,738,458	
Four Years Later	155,311,249	436,810,574	175,902,233	563,932,129	309,279,917	361,554,417	633,117,201	-	-	-	-	-	633,117,201	
Five Years Later	155,297,858	436,999,546	176,329,274	563,909,776	309,279,917	362,652,780	-	-	-	-	-	-	362,652,780	
Six Years Later	155,300,029	436,999,546	176,329,274	563,909,776	309,279,917	-	-	-	-	-	-	-	309,279,917	
Seven Years Later	155,300,029	436,999,546	176,329,274	563,909,776	-	-	-	-	-	-	-	-	563,909,776	
Eight Years Later	155,300,029	436,999,546	176,329,274	-	-	-	-	-	-	-	-	-	176,329,274	
Nine Years Later	155,300,029	436,999,546	-	-	-	-	-	-	-	-	-	-	436,999,546	
Ten Years Later	155,300,029	-	-	-	-	-	-	-	-	-	-	-	155,300,029	
Total	155,300,029	436,999,546	176,329,274	563,909,776	309,279,917	362,652,780	633,117,201	605,738,458	612,080,236	840,933,227	973,945,614	5,670,286,057		
Cumulative Payments to Date	155,300,029	436,999,546	176,329,274	514,858,116	309,279,917	362,158,241	632,918,183	602,568,900	585,952,640	817,508,062	699,742,836	5,293,615,747		
Liability Recognized in the														
Statements of Financial Position	P	-	P	-	P 49,051,660	P	-	P 494,538	P 199,018	P 3,169,557	P 26,127,596	P 23,425,165	P 274,202,777	P 376,670,310

24. Premiums

Analysis of premiums is as follows:

	Direct			Net premiums	
2024	Business	Assumed	Total	Ceded	Retained
Premiums written	P 2,432,208,326	P 80,640,328	P 2,512,848,654	P 542,325,426	P 1,970,523,228
Changes in unexpired risk	(100,742,086)	241,941	(100,500,145)	(15,087,623)	(85,412,522)
Net	P 2,331,466,240	P 80,882,269	P 2,412,348,509	P 527,237,803	P 1,885,110,706

	Direct			Net premiums	
2023	Business	Assumed	Total	Ceded	Retained
Premiums written	P 2,291,955,349	P 73,205,345	P 2,365,160,694	P 510,455,298	P 1,854,705,395
Changes in unexpired risk	(123,645,215)	3,165,069	(120,480,145)	2,878,858	(123,359,002)
Net	P 2,168,310,134	P 76,370,414	P 2,244,680,549	P 513,334,156	P 1,731,346,393

25. Investment and Other Income - net

Sources of investment income and other income are as follows:

	2024	2023
Interest income on:		
Cash equivalents (see Note 8)	P 6,921,921	P 11,291,603
Short term investments (see Note 9)	63,010	58,498
Financial asset (see Note 10)		
Available-for-sale debt securities	28,734,407	30,905,424
Held-to-maturity debt securities	53,235,996	41,841,009
Dividend income (see Note 10)	10,589,419	5,903,518
Mark-to-market gain on FVPL investments	14,610,459	
Gain on sale of AFS investments	5,508,188	24,124,847
Loss on disposal of investment property (see Note 13)	(7,738)	(5,714)
Gain on foreign exchange	5,916,036	2,973,755
Other income	8,581,569	4,191,768
	P 134,153,266	P 121,284,708

26. Claims, Losses and Adjustment Expenses

Analysis of claims, losses and adjustment expenses paid is as follows:

	2024	2023
Insurance claims, losses and adjustment expenses paid - net of salvages and recoveries (see Note 19)	P1,249,320,666	P 1,228,240,207
Paid Insurance claims, losses and adjustment expenses	(70,332,926)	(219,228,915)
Net benefits claims, losses and adjustment expenses paid (Note 19)	1,178,987,740	1,009,011,292
Changes in insurance claims payable		
Claims and losses payable	163,397,210	(213,034,277)
Change in provision for IBNR	(9,525,412)	72,942,990
Total change in insurance claims payable	153,871,798	(140,091,287)
Changes in reinsurers' share of claims, losses and adjustment expenses	(174,863,452)	219,958,198
	(20,991,654)	79,866,911
Net Insurance benefits and claims	P1,157,996,086	P 1,088,878,203

27. Commission Expense and Commission Income

The composition of this account is as follows:

	2024		2023	
	Commission expense	Commission income	Commission expense	Commission income
Direct business	P 532,050,261	P -	P 479,420,817	P -
Reinsurance business	4,634,449	46,127,962	4,399,456	36,349,690
Total	536,684,710	46,127,962	483,820,272	36,349,690
Increase/(Decrease) in DAC/DRC (see Note 15)	(32,474,719)	(7,559,924)	(47,701,219)	4,307,008
	P 504,209,990	P 38,568,038	P 436,119,053	P 40,656,697

Standard commission rate for direct and reinsurance business ranges from 17.5% to 50%.

28. General and Administrative Expenses

General and administrative expenses consist of:

	2024	2023
Salaries, allowances and other benefits	P 141,736,992	P 127,568,421
Transportation, communication and postage	23,897,008	21,559,459
Depreciation (see Note 14)	20,593,426	13,797,841
Taxes and licenses	15,210,340	13,697,170
Information and technology expense	13,200,833	5,847,406
Representation and entertainment	9,087,119	8,302,791
Agency development expenses	8,526,989	7,436,574
Rental (see Note 31)	7,983,139	16,004,597
Supplies	7,222,075	7,864,894
Professional fees	5,674,944	6,538,358
Condominium dues	4,920,481	-
Utilities	4,691,548	5,949,182
Trust fees and bank charges	4,068,973	3,122,174
Repairs and maintenance	2,148,815	2,167,488
Advertising	1,484,456	678,056
Pension expense (see Note 29)	638,926	669,738
Insurance	345,971	206,384
Professional development	50,232	73,582
Miscellaneous	17,357,257	7,719,240
	P 288,839,525	P 249,203,355

Miscellaneous expenses consist of dues and subscriptions, bidding expenses, Christmas party expenses, bereavement pays, and office sanitation.

29. Pension Liability

The Company maintains a non-contributory defined benefit plan covering all regular and permanent employees. Benefits are based on the employee's final plan salary and years of service. At regular intervals, an actuarial valuation is made to determine if the retirement benefits due to the employee is not below the framework of Republic Act 7641, otherwise known as "Retirement Pay Law". The Company provides additional post employment healthcare benefits to the employees which are also unfunded.

The following information summarizes the components of defined benefit costs, the funded status and the amounts recognized as defined benefit liability.

The retirement benefits expense recognized in the statement of income is as follows:

		2024		2023
Current service cost	P	276,852	P	273,705
Net interest cost		362,075		396,033
	P	638,927	P	669,738

Remeasurement gain recognized in OCI consists of the following:

		2024		2023
Balance, January 1	P	2,286,216	P	2,151,109
Remeasurement gain recognized in OCI		(99,173)		180,143
		2,187,043		2,331,252
Effect of deferred tax		24,793		(45,036)
Balance, December 31	P	2,211,836	P	2,286,216

The changes in pension liability are as follows:

		2024		2023
Balance, January 1	P	10,814,279	P	10,324,684
Retirement expense recognized in profit or loss		638,927		669,738
Remeasurement gain recognized in OCI		99,173		(180,143)
Balance, December 31	P	11,552,379	P	10,814,279

Actuarial assumptions used to determine retirement benefits are as follows:

	2024	2023
Discount rate	6.13%	6.04%
Salary rate increase	3.00%	3.00%
Mortality rate	2017 PICM	2017 PICM
Disability rate	Study, Period	Study, Period
	2, Benefit 5	2, Benefit 5
Turnover rate	A scale ranging	A scale ranging
	from 12% at	from 12% at
	age 18 to 0% at	age 18 to 0% at
	age 65	age 65

The sensitivity analysis based on reasonably possible changes of each significant assumption on the defined benefit liabilities as of December 31, 2024 and 2023 is as follows:

	2024	2023
Discount rate		
Decrease by 1%	P 11,791,177	P 11,063,157
Increase by 1%	(11,334,739)	(10,588,056)
Salary rate increase		
Decrease by 1%	(11,275,363)	(10,532,988)
Increase by 1%	11,849,719	11,117,445

The average year of service is 29.13 in 2024 and 28.13 in 2023.

The maturity profile of the undiscounted benefit payments based on normal retirements for the year 2024 and 2023:

	2024	2023
One to less than five years	P 11,270,387	P 10,895,869
More than 5 years to 10 years	630,350	611,140
More than 10 years to 20 years	3,317,296	1,433,383
More than 25 years to 30 years	-	-

The average duration of the expected benefit payments at the end of the reporting period is 2.33 years in 2024 and 2.65 years in 2023.

30. Income Taxes

The major components of provision for income tax for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Current		
Regular/MCIT	P 5,291,264	P 3,553,325
Final	17,998,851	18,844,029
Deferred	5,275,026	15,673,946
	P 28,565,142	P 38,071,300

The reconciliation of tax on pretax income computed at the applicable statutory rates to tax expense is as follows:

	2024	2023
Statutory income tax	P 28,401,820	P 41,183,536
Adjustments for:		
Non-taxable income and income subjected to final tax	(12,198,808)	(11,269,406)
Nondeductible expense/taxable other income	900,449	-
Unrecognized temporary differences	11,461,680	8,157,170
Actual provision for income tax	P 28,565,142	P 38,071,300

Significant component of Company of deferred tax assets and liabilities recognized in the financial statements is as follows:

	2024	2023
Deferred tax assets		
Claims and losses incurred but not reported (IBNR)	P 36,692,969	P 34,976,009
Allowance for impairment of financial assets	1,648,454	1,846,658
Effect of PFRS 16	56,581	59,302
	38,398,004	36,881,969
Deferred tax liabilities		
Unrealized foreign exchange gain	1,479,009	743,439
Fair value gains from investment property	70,197,817	61,096,692
Remeasurement gains on pension liability	737,279	762,072
	72,414,105	62,602,203
Net deferred tax for liability	P (34,016,101)	P (25,720,234)

The movements of deferred tax assets and liabilities are as follows:

	2024				
	Beginning	Changes taken to		Ending	
		Profit and loss	Equity		
Deferred tax assets	P 36,881,966	P 1,516,035	P -	P 38,398,000	
Deferred tax liabilities	62,602,200	(6,791,062)	(3,020,840)	72,414,102	
	P (25,720,234)	P (5,275,026)	P (3,020,840)	P (34,016,101)	

	2023				
	Beginning	Changes taken to		Ending	
		Profit and loss	Equity		
Deferred tax assets	P 35,664,843	P 1,217,123	P -	P 36,881,966	
Deferred tax liabilities	14,440,702	(16,891,068)	(31,270,430)	62,602,200	
	P 21,224,141	P (15,673,946)	P (31,270,430)	P (25,720,234)	

31. Other Significant Matters

Deferral of adoption of PFRS 9

In 2023 and 2022, the Company continues to apply the temporary exemption from PFRS 9 as permitted by the amendments to PFRS 4 Applying PFRS 9 with PFRS 4 issued in 2016. The temporary exemption from applying the PFRS 9 is applicable until the mandatory effectivity of PFRS 17 for entities whose activities are predominantly connected with issuing contracts within the scope of PFRS 4. The predominance test, as required by the standard, was performed using the Statement of financial position as of December 31, 2017. Accordingly, the Company's gross liabilities arising from insurance contracts within the scope of PFRS 4 is equivalent to 83% of the total carrying amount of all its liabilities. No re-assessments have been performed at subsequent date because there was no substantial change in the business of Company that would require such re-assessment.

As the Company is eligible to apply the temporary exemption from applying PFRS 9, the Company of Directors decided to align the effective date of PFRS 9 to the mandatory adoption date of PFRS 17. The following information on fair value disclosure, credit risk exposure and credit concentrations are presented as required by the amended standard.

- (i) The fair value of financial assets at December 31, 2024 and 2023 classified between those that meet and those that does not meet the Solely Payment of Principal and Interest (SPPI) criteria and the changes in fair value are presented as follow:

	Fair values as of December 31, 2024		Fair values as of December 31, 2023	
	Meets the SPPI test	Does not meet the SPPI test	Meets the SPPI test	Does not meet the SPPI test
Cash and cash equivalents	P 167,012,979	P -	P 252,261,401	P -
Short-term investments	6,425,006	-	6,229,989	-
HTM	1,031,028,785	-	924,487,940	-
AFS	355,355,674	194,095,476	446,223,027	240,807,299
Insurance-related receivables	1,298,863,347	-	962,254,475	-
Other receivables	47,685,302	-	21,416,283	-
	P 2,906,371,093	P 194,095,476	P 2,612,873,115	P 240,807,299

Financial assets that meet the SPPI criteria in PFRS 9 are those whose cash flows comprise solely payments of principal and interest on principal outstanding.

- (ii) Information about the credit risk exposure of financial assets that meets the SPPI test is as follows:

		As of December 31, 2024					
		Neither Past Due nor Impaired		Past Due but			
		Rated	Unrated	Unimpaired	Impaired	Total	
Cash and cash equivalents	P	-	P 167,012,979	P	-	P	167,012,979
Short-term investments		-	6,425,006	-	-		6,425,006
HTM		1,031,028,785	-	-	-		1,031,028,785
AFS		133,790,181	221,565,493	-	-		355,355,674
Insurance-related							
receivables		-	1,298,863,347	-	-		1,298,863,347
Other receivables		-	47,685,302	-	-		47,685,302
		P 1,164,818,966	P 1,741,552,127	P	-	P	2,906,371,093

		As of December 31, 2023					
		Neither Past Due nor Impaired		Past Due but			
		Rated	Unrated	Unimpaired	Impaired	Total	
Cash and cash equivalents	P	-	P 252,261,401	P	-	P	252,261,401
Short-term investments		-	6,229,989	-	-		6,229,989
HTM		924,487,940	-	-	-		924,487,940
AFS		165,525,564	280,697,463	-	-		446,223,027
Insurance-related							
receivables		-	962,254,475	-	-		962,254,475
Other receivables		-	21,416,283	-	-		21,416,283
		P 1,090,013,504	P 1,522,859,611	P	-	P	2,612,873,115

The ratings used above is consistent with the ratings used in Note 7.

- (iii) Information about the credit concentration of financial assets that meets the SPPI test is as follows:

		December 31, 2024			
		Financial			Total
		Government	Institutions	All others	
Cash and cash equivalents	P	-	P 167,012,979	P	167,012,979
Short-term investments		-	6,425,006	-	6,425,006
FVPL					
HTM		708,547,800	3,000,000	319,480,985	1,031,028,785
AFS		221,565,493	114,169,187	213,716,471	549,451,150
Insurance-related					
receivables		-	-	1,298,863,347	1,298,863,347
Other receivables		-	-	47,685,302	47,685,302
		P 930,113,293	P 290,607,172	P 1,879,746,105	P 3,100,466,570

	December 31, 2023						
	Government		Financial Institutions		All others		Total
Cash and cash equivalents	P	-	P	252,261,401	P	-	P 252,261,401
Short-term investments		-		6,229,989		-	6,229,989
HTM		583,834,237		30,651,928		310,001,775	924,487,940
AFS		262,949,814		9,679,006		173,594,207	446,223,027
Insurance-related							
receivables		-		-		962,254,475	962,254,475
Other receivables		-		-		21,416,283	21,416,283
	P	846,784,051	P	298,822,324	P	1,467,266,740	P 2,612,873,115

Contingencies

In the normal course of business, the Company may become defendant in lawsuits involving settlement of insurance claims. The Company recognized adequate provisions in its books to cover possible losses that may be incurred on these claims. In the opinion of management, liabilities arising from these claims, if any, will not have material effect on the Company's financial position and will have no material impact in the financial statements, taken as a whole.

Leases

The Company is party to various agreements to lease properties that are used as head office and branches. The lease terms ranges from 1 to 2 years renewable at the option of both parties. Among others, the lease agreement has the following terms and condition:

- Payment of fixed monthly rent for a period of 1 to 2 years
- Payment of security deposit and advance rental
- Annual escalation of rental rates

The table below presents the expenses related to the Company's lease arrangements as reported in the statement of income.

	2024		2023	
Rent Expense				
Short term leases	P	7,983,139	P	16,004,597
Depreciation of right-of-use asset		1,089,594		1,607,515
Interest expense on lease liability		195,718		249,418
	P	9,268,453	P	17,861,530

As of December 31, 2024 and 2023, the carrying value of right-of-use asset amounted to P1,639,879 and P2,357,071, respectively.

The maturity profile of lease liabilities as of December 31, 2024 and 2023 is as follows:

	2024		2023	
Due in:				
12 months	P	889,062	P	937,567
More than 12 months		654,401		1,520,514
	P	1,543,463	P	2,458,081

Current and non-current distinction

The Company's current assets and current liabilities are presented below:

		2024		2023	
		Current assets	Non-current assets	Current assets	Non-current assets
Cash and cash equivalents	P	206,339,255	P -	P 290,471,257	P -
Fair value through profit or loss		121,853,387	-	-	-
Available-for-sale		549,451,150	-	687,030,326	-
Held to maturity investments		52,476,000	978,552,785	91,090,000	833,075,795
Loans and receivables		28,963,390	-	3,852,317	146,835
Short term investments		6,425,006	-	6,229,989	-
Other assets		23,004,651	10,751,013	12,397,353	17,045,512
Insurance receivables		940,786,255	-	765,555,736	-
Reinsurance assets		506,826,042	-	316,874,967	-
Accrued investment income		18,721,912	-	17,417,131	-
Investment properties		-	321,996,634	-	283,494,667
Property and equipment		-	336,805,985	-	332,775,428
Deferred tax asset		-	-	-	-
Deferred acquisition costs		259,786,908	-	227,312,189	-
	P	2,714,633,956	P 1,648,106,417	P 2,418,231,265	P 1,466,538,237

		Current liabilities	Non-current liabilities	Current liabilities	Non-current liabilities
Accounts payable and other liabilities	P	436,580,494	P 654,401	P 378,150,104	P 1,520,514
Reinsurance liabilities		25,602,634	-	11,050,628	-
Insurance claims payable		767,928,919	-	614,057,121	-
Reserve for unearned premiums		1,197,604,870	-	1,097,104,725	-
Deferred tax liability		-	34,016,101	-	25,720,234
Pension liability		-	11,552,379	-	10,814,279
Deferred reinsurance commission		19,644,688	-	12,084,764	-
	P	2,447,361,605	P 46,222,881	P 2,112,972,153	P 37,530,216

The Company classifies all other assets and liabilities as non-current.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the end of the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the end of the reporting period.

The Company classifies all other assets as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the end of the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the end of the reporting period.

The Company classifies all other liabilities as non-current.

Non-cash Investing and Financing Activities

The Company's non-cash investing and financing activities in 2024 and 2023 are as follows:

- Increase in Investment properties due to increase in fair value amounting to P38.5 million. (see Note 13)
- Increase in Condominium units included in Property and equipment arising from revaluation of Condominium units amounting to P12.18 million. (see Note 14)
- Transfer of P530 million from Unappropriated retained earnings to Appropriated retained earnings. (see Note 22)

32. Supplementary Information Required Under Revenue Regulations 15-2010

The Bureau of Internal Revenue (BIR) issued Revenue Regulations 15-2010 which requires additional tax information to be disclosed in the Notes to Financial Statements. The following information covering the calendar year ended December 31, 2024 is presented in compliance thereto.

- The details of VAT output tax declared in the Company's 2024 VAT returns and their related accounts are as follows:

	Amount subject to VAT		Output tax	
Premiums	P	1,458,134,216	P	174,976,106

- The VAT input tax claimed is broken down as follows:

Balance at the beginning of the year	P	-
Current year' domestic purchases/payments for:		
Goods		3,484,208
Services		129,260,026
Applied against output tax		(132,744,234)
	P	-

- The premium tax on personal accident insurance paid and accrued amounted to P9,949,228.
- The documentary stamp tax paid and accrued are as follows:

Insurance policies	P	169,661,973
Deed of sale		792,646
Shares of stock		970,000

- The fire service tax paid and accrued for insurance policies amounted to P11,059,890.
- The withholding tax paid/accrued, by category are as follows:

Tax on compensation and benefits	P	6,496,176
Expanded withholding tax		56,229,702

- The details of taxes and licenses presented under administrative expenses in the Company's statement of income are as follows:

Local		
Community tax	P	22,501
Local government taxes		7,041,313
National		
Documentary stamp tax on deed of sale and shares of stock		1,844,059
Capital gain tax		3,196,407
IC supervision and filing fees		884,600
Other regulatory fees and licenses		2,221,460
	P	15,210,340