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MANILA BANKERS
LIFE AND GENERAL ASSURANCE CORP

The best way to show your Love

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The management of **Manila Bankers Life and General Assurance *Corporation*** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2024. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the management affirms that the attached audited financial statements for the year ended December 31, 2024 and the accompanying Annual Income Tax Return are in accordance with the books and records of **Manila Bankers Life and General Assurance *Corporation***, complete and correct in all material respects. Management likewise affirms that:

a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances; and,

c) **Manila Bankers Life and General Assurance *Corporation*** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

ATTY. TRANQUIL GERVACIO S. SALVADOR III
Chairman

FERDINAND N. SANTOS
President

LOUIS BARTOLOME J. BORJA
Treasurer

3/f VGP Center, 6772 Ayala Avenue, Makati City, 1223 Philippines
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MANILA BANKERS
LIFE AND GENERAL ASSURANCE CORP

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Manila Bankers Life and General Assurance Corporation** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, 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 but 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 and submit the same to the stockholders.

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

ATTY. TRANQUIL GERVACIO S. SALVADOR III
Chairman

FERDINAND N. SANTOS
President

LOUIS BARTOLOME J. BORJA
Treasurer

Signed this 14th day of April 2025

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Aquino, Mata, Calica & Associates
Certified Public Accountants
Suite 1805 - 1807 Cityland Condominium 10 Tower 2
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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS TO ACCOMPANY INCOME TAX RETURN

The Board of Directors and Stockholders
Manila Bankers Life and General Assurance Corporation
(Formerly Manila Bankers Life and General Insurance Corporation)
3rd Floor, VGP Center, 6772
Ayala Avenue
Makati City

We have audited the financial statements of **Manila Bankers Life and General Assurance Corporation** for the year ended December 31, 2024 on which we have rendered the attached report dated April 14, 2025.

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

AMC & ASSOCIATES

By: **Ariel D. Gonzales**
Partner
CPA Cert. No. 89570
TIN 169-688-077-000
PTR No. 10469764, Jan. 7, 2025, Makati City
BIR Accreditation No. 08-002582-003-2024
(issued on Nov. 15, 2024 valid until Nov. 14, 2027)
SEC Accreditation No. 89570 (Group A)
(valid to audit 2021 to 2025 financial statements)
IC Accreditation No. 89570-IC (Group A)
(valid to audit 2020 to 2024 financial statements)
BSP Accreditation No. 89570-BSP (Group B)
(valid to audit 2021 to 2025 financial statements)

April 14, 2025

AMC & ASSOCIATES

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Certified Public Accountants
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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Manila Bankers Life and General Assurance Corporation
(Formerly Manila Bankers Life and General Insurance Corporation)
3rd Floor, VGP Center, 6772
Ayala Avenue, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Manila Bankers Life and General Assurance Corporation** (the "Company"), which comprises the statements of financial position as at December 31, 2024 and 2023, and the statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years then ended and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' 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 audits of the financial statements in the Philippines and we have fulfilled our other ethical responsibilities in accordance with these requirements and Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA 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 PSA, 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the 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.

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Certified Public Accountants
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Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2024 required by the Bureau of Internal Revenue as disclosed in Note 38 of the financial statements is presented for purposes of additional analysis and is not a required part of basic financial statements prepared in accordance with PFRS Accounting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audits of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

AMC & ASSOCIATES

By: **Ariel D. Gonzales**
Partner
CPA Cert. No. 89570
TIN 169-688-077-000
PTR No. 10469764, Jan. 7, 2025, Makati City
BIR Accreditation No. 08-002582-003-2024
(issued on Nov. 15, 2024 valid until Nov. 14, 2027)
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(valid to audit 2020 to 2024 financial statements)
BSP Accreditation No. 89570-BSP (Group B)
(valid to audit 2021 to 2025 financial statements)

April 14, 2025

MANILA BANKERS LIFE AND GENERAL ASSURANCE CORPORATION
(Formerly Manila Bankers Life and General Insurance Corporation)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Peso)

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents *(Note 5)*	P 715,670,625	P 496,202,008
Loans and other receivables *(Note 6)*	236,420,261	22,572,620
Insurance contract receivables *(Note 7)*	13,072,821	26,234,794
Accrued interest receivable *(Note 8)*	20,082,375	3,300,159
Prepayments and other current assets *(Note 9)*	22,842,973	16,950,420
Total Current Assets	1,008,089,055	565,260,001
NON-CURRENT ASSETS		
Financial assets at fair value through other comprehensive income *(Note 10)*	658,905,011	634,843,550
Loans and other receivables *(Note 6)*	20,893,546	21,290,755
Financial asset at amortized cost *(Note 11)*	585,372,665	697,715,289
Investment in a subsidiary *(Note 12)*	70,000,000	70,000,000
Investment property *(Note 13)*	172,222,818	172,222,818
Property and equipment *(Note 14)*	33,183,640	28,476,806
Deferred tax assets *(Note 30)*	7,181,902	6,805,793
Other non-current assets *(Note 15)*	26,655,960	24,483,555
Total Non-current Assets	1,574,415,542	1,655,838,566
TOTAL ASSETS	P 2,582,504,597	P 2,221,098,567
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Policy and contract claims payable *(Note 16)*	P 124,385,162	P 27,289,725
Premium deposit fund *(Note 17)*	271,344,490	186,042,449
Insurance payables *(Note 18)*	3,058,723	1,381,280
Income tax payable	8,407,168	16,509,029
Payables and other liabilities *(Note 19)*	153,093,857	80,982,385
Total Current Liabilities	560,289,400	312,204,868
NON-CURRENT LIABILITIES		
Legal policy reserves *(Note 20)*	380,785,505	305,456,094
Retirement benefit obligation *(Note 21)*	7,113,344	5,608,908
Total Non-current Liabilities	387,898,849	311,065,002
Total Liabilities	948,188,249	623,269,870
EQUITY		
Capital stock *(Note 31)*	625,000,000	625,000,000
Contingency surplus *(Note 31)*	83,936,616	83,936,616
Contributed surplus *(Note 31)*	371,936,724	371,936,724
Revaluation reserves *(Note 31)*	108,989,755	205,541,231
Retained earnings	444,453,253	311,414,126
Total Equity	1,634,316,348	1,597,828,697
TOTAL LIABILITIES AND EQUITY	P 2,582,504,597	P 2,221,098,567

See Notes to Financial Statements.

MANILA BANKERS LIFE AND GENERAL ASSURANCE CORPORATION
(Formerly Manila Bankers Life and General Insurance Corporation)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Peso)

	2024	2023
INSURANCE PREMIUMS *(Note 22)*		
Gross premiums on insurance contracts	P 1,093,561,804	P 510,791,147
Reinsures' share of gross premiums on insurance contracts	(4,979,207)	(1,804,360)
	1,088,582,597	508,986,787
NET INSURANCE BENEFITS AND CLAIMS		
Commission *(Note 23)*	179,609,817	148,002,864
Underwriting *(Note 24)*	90,856,936	35,661,924
Gross change in legal policy reserve *(Note 20)*	64,692,885	27,795,598
Gross benefits and claims paid on insurance contract *(Note 25)*	532,841,527	16,033,776
	868,001,165	227,494,162
GENERAL AND ADMINISTRATIVE EXPENSES *(Note 26)*	132,612,561	97,032,260
OPERATING PROFIT	87,968,871	184,460,365
OTHER INCOME (CHARGES)		
Finance income *(Note 27)*	94,245,501	43,348,439
Finance cost *(Note 29)*	(11,118,117)	(15,209,015)
Other income *(Note 28)*	22,107,077	21,148,078
	105,234,461	49,287,502
PROFIT BEFORE TAX	193,203,332	233,747,867
TAX EXPENSE *(Note 30)*	63,357,005	63,423,791
NET PROFIT	129,846,327	170,324,076
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of legal policy reserves *(Note 20)*	(10,636,526)	(31,998,732)
Remeasurement of retirement benefit plan *(Note 21)*	(31,375)	(3,258,386)
Fair value gain (loss) on financial assets at fair value through other comprehensive income *(Note 10)*	(82,690,775)	39,350,387
	(93,358,676)	4,093,269
TOTAL COMPREHENSIVE INCOME	P 36,487,651	P 174,417,345

See Notes to Financial Statements.

MANILA BANKERS LIFE AND GENERAL ASSURANCE CORPORATION
(Formerly Manila Bankers Life and General Insurance Corporation)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Peso)

	Capital Stock (Note 31)	Contingency Surplus (Note 31)	Contributed Surplus (Note 31)	Revaluation Reserves (Note 31)	Retained Earnings	Total
Balance at January 1, 2024	P 625,000,000	P 83,936,616	P 371,936,724	P 205,541,231	P 311,414,126	P 1,597,828,697
Transfer from revaluation reserves absorbed through depreciation of building	-	-	-	(3,192,800)	3,192,800	-
Total comprehensive income (loss) for the year	-	-	-	(93,358,676)	129,846,327	36,487,651
Balance at December 31, 2024	P 625,000,000	P 83,936,616	P 371,936,724	P 108,989,755	P 444,453,253	P 1,634,316,348
Balance at January 1, 2023	P 625,000,000	P 455,873,340	P -	P 204,640,762	P 137,897,250	P 1,423,411,352
Transfer from revaluation reserves absorbed through depreciation of building	-	-	-	(3,192,800)	3,192,800	-
Transfer to contributed surplus	-	(371,936,724)	371,936,724	-	-	-
Total comprehensive income for the year	-	-	-	4,093,269	170,324,076	174,417,345
Balance at December 31, 2023	P 625,000,000	P 83,936,616	P 371,936,724	P 205,541,231	P 311,414,126	P 1,597,828,697

See Notes to Financial Statements.

MANILA BANKERS LIFE AND GENERAL ASSURANCE CORPORATION
(Formerly Manila Bankers Life and General Insurance Corporation)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Peso)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	P 193,203,332	P 233,747,867
Adjustments for:		
Revaluation adjustment on legal policy reserve *(Note 20)*	64,692,885	27,795,598
Premium due and uncollected *(Note 22)*	10,698,541	(6,145,345)
Depreciation and amortization *(Note 14)*	5,202,970	3,736,351
Retirement benefit expense *(Note 21)*	1,473,061	1,144,142
Dividend income *(Note 10)*	(12,294,949)	(8,532,113)
Interest income *(Note 27)*	(81,950,552)	(34,816,326)
Operating profit before working capital changes	181,025,288	216,930,174
Decrease (increase) in loans and other receivables	(213,450,432)	88,407,267
Decrease (increase) in insurance contract receivables	13,161,973	(9,867,100)
Decrease (increase) in prepayments and other current assets	(5,892,553)	161,766
Increase in other non-current assets	(2,172,405)	(4,103,138)
Increase in policy and contract claims payable	86,396,896	22,009,085
Increase in premium deposit fund	85,302,041	31,299,850
Increase (decrease) in insurance payables	1,677,443	(1,167,408)
Increase in payables and other liabilities	72,111,472	55,209,742
Cash generated from operations	218,159,723	398,880,238
Interest received *(Note 27)*	9,287	133,853
Cash paid for income taxes *(Note 30)*	(71,834,975)	(64,972,606)
Net Cash From Operating Activities	146,334,035	334,041,485
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from financial assets at amortized cost *(Note 11)*	112,342,624	34,904,393
Interest received *(Note 27)*	65,159,049	34,398,327
Dividend received *(Note 10)*	12,294,949	8,532,113
Acquisitions of property and equipment *(Note 14)*	(9,909,804)	(3,828,457)
Additions to financial assets at fair value through other comprehensive income *(Note 10)*	(106,752,236)	(43,216,367)
Additions to investment in a subsidiary *(Note 12)*	-	(70,000,000)
Net Cash From (Used in) Investing Activities	73,134,582	(39,209,991)
NET INCREASE IN CASH AND CASH EQUIVALENTS	219,468,617	294,831,494
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	496,202,008	201,370,514
CASH AND CASH EQUIVALENTS AT END OF YEAR *(Note 5)*	P 715,670,625	P 496,202,008

See Notes to Financial Statements.

MANILA BANKERS LIFE AND GENERAL ASSURANCE CORPORATION
(Formerly Manila Bankers Life and General Insurance Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Peso)

1. GENERAL INFORMATION

Corporate Information

Manila Bankers Life and General Assurance Corporation (the "Company") was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on May 15, 1967 under SEC Registration Number 15238. The Company is formed and organized primarily to conduct and transact life, accident and health insurance business. The Company is also engaged in the reinsurance of any risk and to undertake all kinds of reinsurance, to the extent allowed by law.

On January 31, 2024, the SEC approved the change in the Company's name from Manila Bankers Life and General Insurance Corporation to Manila Bankers Life and General Assurance Corporation.

On March 25, 2008, the Securities and Exchange Commission approved the extension of the corporate term for another fifty (50) years and after the date of its expiration which is on April 13, 2009.

In 2005, the Company entered into an Assumption Reinsurance Agreement with Paramount Life and General Insurance Company (Paramount), which was duly approved by the Insurance Commission. Paramount agreed to assume from the Company the Individual Life Insurance business portfolio through its regular, salary deduction and direct marketing lines under its terms and conditions.

The Company's registered office is located at 3rd VGP Center, 6772 Ayala Avenue, Makati City.

Approval of Financial Statements

The Company's financial statements as at and for the year ended December 31, 2024 (including the comparatives as at and for the year ended December 31, 2023) was authorized for issue by the Company's Board of Directors (BOD) on April 14, 2025.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information applied in the preparation of these financial statements are summarized in the succeeding pages. These policies have been consistently applied to all the years presented unless otherwise stated.

Basis of Preparation of Financial Statements

a. Statement of Compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards

The financial statements of the Company have been prepared in accordance with PFRS Accounting Standards. PFRS Accounting Standards are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board (IASB) and approved by the Philippine Board of Accountancy (BOA).

The financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards for each type of liability, income and expense. The measurement bases are more fully described in the accounting policies in the succeeding pages.

b. Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard PAS 1, *Presentation of Financial Statements*. The Company presents all items of income and expenses in a single statement of comprehensive income.

The Company presents the third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items that have a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

c. Functional and Presentation Currency

These financial statements are presented in Philippine peso, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

Adoption of New and Amendments to PFRS Accounting Standards

a. Effective in 2024 that are Relevant to the Company

The Company adopted for the first time the following amendments to PFRS Accounting Standards, which are mandatorily effective for annual periods beginning on or after January 1, 2024:

PAS 1 (Amendments)	:	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants

PAS 7 and PFRS 7 (Amendments)	:	Statement of Cash Flow, and Financial Instruments: Disclosures – Supplier Finance Arrangements

Discussed below are the relevant information about these pronouncements.

i. PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*. The amendments provide guidance on whether a liability should be classified as either current or non-current. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and that the classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The application of these amendments had no significant impact on the Company's financial statements.

ii. PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants*. The amendments specifies that if the right to defer settlement for at least 12 months is subject to an entity complying with conditions after the reporting period, then those conditions would not affect whether the right to defer settlement exists at the end of the reporting period for the purposes of classifying a liability as current or non-current. For non-current liabilities subject to conditions, an entity is required to disclose information about the conditions, whether the entity would comply with the conditions based on its circumstances at the reporting date and whether and how the entity expects to comply with the conditions by the date on which they are contractually required to be tested. The application of these amendments had no significant impact on the Company's financial statements.

iii. PAS 7 and PFRS 7 (Amendments), *Statement of Cash Flows, Financial Instruments: Disclosures – Supplier Finance Arrangements*. The amendments add a disclosure objective to PAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The application of these amendments had no significant impact on the Company's financial statements.

b. Effective in 2024 that is not Relevant to the Company

Among the amendments to PFRS Accounting Standards, which are mandatorily effective for annual periods beginning on or after January 1, 2024, amendments to PFRS 16 – Lease Liability in a Sale and Leaseback is not relevant to the Company's financial statements.

c. *Effective Subsequent to 2024 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2024, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and unless otherwise indicated, none of these are expected to have significant impact on the Company's financial statements:

i. PFRS 17, *Insurance Contracts – Insurance Contracts* (effective from January 1, 2025)

ii. PFRS 17 (Amendments), *Insurance Contracts – Initial Application of PFRS 17 and PFRS 9 – Comparative Information* (effective from January 1, 2025)

iii. PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)

iv. *Annual Improvements to PFRS Accounting Standards – Volume II* (effective from January 1, 2026)

v. PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026)

vi. PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The amendments, however, do not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.

vii. PFRS 19, *Subsidiaries without Public Accountability: Disclosures* (effective from January 1, 2027) The new standard reduces the disclosure requirements prescribed by other standards for subsidiaries without public accountability. It changes disclosure requirements prescribed by other standards as the reporting entity will instead refer to PFRS 19 for required disclosures.

viii. PFRS 10 and PAS 28 (Amendments), *Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely).

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

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

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

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

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

As of report date, the Company has not yet adopted PFRS 17. The Company will be ready in the timeline prescribed by the Insurance Commission. Further, the Company engaged the services of P&A Grant Thornton and Asian Actuaries for the implementation of this amendment which they will provide technical assistance on the adoption of PFRS 17 to the Company.

Current versus Non-Current Classification

The Company presents assets and liabilities in the statements of financial position based on current and non-current classification. 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 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 reporting period.

All other assets are classified as non-current.

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 12 months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities.

Insurance Contracts

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

Investment contracts are those contracts that transfer significant financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign currency exchange rate, index of price rates, a credit rating or credit index or other variables, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

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

Insurance and investment contracts are further classified as being either with or without discretionary participation feature (DPF). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

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

The additional benefits include policy dividends that are declared annually, the amounts of which are computed using actuarial methods and assumptions, and are included as part of Gross benefits and claims under the Net insurance benefits and claims account in the statements of income with the corresponding liability recognized as part of Policy and contract claims payable account in the statements of financial position.

Financial Instruments

a. Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation.* All other non-derivative financial instruments are treated as debt instruments.

The classification and measurement of financial assets are described in the succeeding pages.

i. *Financial Assets at Amortized Cost*

Financial assets are measured at amortized cost if both of the following conditions are met:

- hold to collect business model test – the asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,
- solely payment of principal and interest (SPPI) contractual cash flows – the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Except for loans and other receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss (ECL).

The Company's financial assets at amortized cost are presented in the statement of financial position as cash and cash equivalents, loan and other receivables, insurance contract receivables, accrued interest receivable and financial assets at amortized cost.

Financial assets measured at amortized cost are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statements of comprehensive income as part of Finance income.

ii. *Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)*

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell ("hold to collect and sell"); and,

- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Company for trading or as mandatorily required to be classified as FVTPL. The Company has designated equity instruments as at FVOCI on the initial recognition.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of the Revaluation Reserves account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation Reserves account is not reclassified to profit or loss but is reclassified directly to Retained Earnings account, except for those debt securities classified as FVOCI wherein cumulative fair value gains or losses are recycled to profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statements of comprehensive income as part of Finance Income.

Any dividends earned on holding equity instruments are recognized in profit or loss as part of Other income under Finance income account, when the Company's right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and, the amount of the dividend can be measured reliably unless the dividends represent the recovery of a part of the cost of the investment.

The Company's Financial assets at FVOCI as at December 31, 2024 and 2023 pertains to equity securities *(see Note 10).*

iii. Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Further, irrespective of the business model, financial assets whose contractual cash flows are not SPPI are accounted for at FVTPL. Also, equity securities are classified as financial assets at FVTPL, unless the Company designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Company's financial assets at FVTPL include equity securities that are held for trading purposes or designated as at FVTPL.

Financial assets at FVOCI are initially measured at fair value. Subsequently, they are measured at fair value with gains or losses recognized in profit or loss as part of Finance Income in the statements of comprehensive income.

Interest income on financial assets measured at amortized cost and debt financial assets measured at FVOCI is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The Company calculates interest income by applying the effective interest rate to the gross carrying amount of the financial assets, except for those that are subsequently identified as credit-impaired and or are purchased or originated credit-impaired assets.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the net carrying amount of the financial assets (after deduction of the loss allowance). If the asset is no longer credit-impaired, the calculation of interest income reverts to a gross basis. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying a credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis even if the credit risk of the asset subsequently improves.

Interest income earned is recognized in the statement of comprehensive income as part of Finance Income. The Company can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Company is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Company's business model will take effect only at the beginning of the next reporting period following the change in the business model.

As at December 31, 2024 and 2023, the Company has no financial assets at fair value through profit or loss (FVTPL).

b. *Impairment of Financial Assets*

The Company assesses its ECL on a forward-looking basis associated with its financial assets carried at amortized cost and debt instruments measured at FVOCI. Recognition of credit losses is no longer dependent on the Company's identification of a credit loss event. Instead, the Company considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the collectability of the future cash flows of the financial assets.

The Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables and contract assets. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Company uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Company also assesses the impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due.

For debt instruments measured at FVOCI and amortized cost, the allowance for credit losses is based on the ECL associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since the origination of the financial asset, in such case, a lifetime ECL for a purchased or originated credit-impaired, the allowance for credit losses is based on the change in the ECL over the life of the asset. The Company recognized a loss allowance for such losses at each reporting date.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of the likelihood of default over a given time horizon.

- *Loss given default* – It is an estimate of loss arising in the case where default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral.

- *Exposure at default* – It represents the gross carrying amount of the financial instruments subject to the impairment calculation.

- *Forward-looking information* - It involves identifying relevant macro-economic factors and incorporating them into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

c. *Items of Income and Expense Related to Financial Assets*

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Interest income or Interest expense, Impairment lsosses, Gain on disposal of financial assets, Dividend income and Recoveries from accounts written-off (presented as part of Other income) in the profit or loss.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

d. Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

e. Financial Liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

Financial liabilities, which include policy and contract claims payable, premium deposit fund, insurance payables, payables and other liabilities [except output value-added tax (VAT) and other taxes payable], and legal policy reserves are recognized when the Company becomes a party to the contractual terms of the instrument.

Policy and contract claim payable, insurance payables, premium deposit fund and payables and other liabilities are recognized initially at fair value, and subsequently measured at amortized cost, using the effective interest method.

Legal policy reserves is discussed in the succeeding pages.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statements of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

e. *Offsetting Financial Instruments*

Financial assets and liabilities are set-offs and the resulting net amount is reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or 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. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on a future event. It must also be enforceable in the normal course of business, in the event of default, and the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

Reinsurance Contracts Held

The Company cedes insurance risk in the normal course of business. Reinsurance assets represent balances due from the reinsurance company for unpaid losses, while that reinsurance recoverable on paid losses is recognized as part of the Insurance receivables account. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contract. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

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

Ceded reinsurance arrangements do not relieve the Company from its obligations to policy holders.

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

Reinsurance liabilities represent balances due to reinsurance companies that are presented as Insurance payables accounts in the statements of financial position. Amounts payable are estimated in a manner consistent with the associated reinsurance contract.

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

Loans and Other Receivables

Loans and other receivables consist of various receivables from the Company's employees and officers, third parties and other entities and are presented in detail in Note 6. These were initially recognized at fair value and subsequently measured at amortized cost less provision for impairment. Impairment is considered when there is objective evidence that the Company will not be able to collect the debts.

The allowance for impairment loss is the estimated amount of probable losses arising from non-collection based on past collection experience and management's review of the current status of the long-outstanding receivables.

Insurance Contract Receivables

Insurance contract receivables include premiums due and uncollected and due from ceding companies.

- *Premium due and uncollected*: are net premiums due and uncollected on life insurance policies certified by an independent actuary.

- *Due from ceding companies*: are reinsurance premiums due from ceding companies as a result of a treaty or facultative reinsurance accepted.

Insurance contract receivables are recognized when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortized cost, using the effective interest method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in profit or loss. Insurance receivables are derecognized following the derecognition criteria of financial assets.

Receivables, such as advances to officers and employees, are stated at amortized cost less provision for impairment. Impairment is considered when there is objective evidence that the Company will not be able to collect the debts.

The allowance for impairment loss is the estimated amount of probable losses arising from non-collection based on past collection experience and management's review of the current status of the long-outstanding receivables.

Accrued Interest Receivable

These are interest income determined using the effective interest method earned by the Company from their loans and investments during the year but were not received as of the financial reporting date.

Prepayments and Other Assets

Prepayments and other assets pertain to other resources controlled by the Company as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

Prepayments and other current assets are recognized and measured at transaction costs or the amount of cash paid. Subsequently, these are charged to income as they are consumed in operations or expire with the passage of time.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Company beyond one year after the end of the reporting period (or in the normal operating cycle of the business, if longer), are classified as non-current assets.

Investment in a Subsidiary

Subsidiary is an entity (including structured entity) over which the Company has control. The Company controls an entity when (i) it has power over the entity, (ii) it is exposed, or has rights to, variable returns from its involvement with the entity, and (iii) it has the ability to affect those returns through its power over the entity.

The Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above.

The Company's investments in subsidiary are accounted in these separate financial statements at cost, less any impairment loss.

Investment Property

Investment property is measured initially at acquisition cost including transaction costs. Subsequently, investment property is stated at fair value, as determined by independent appraisers. The carrying amounts recognized in the statements of financial position reflect the prevailing market conditions at the financial reporting date.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognized in the statements of comprehensive income as Fair value gain under Other income.

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the statements of comprehensive income in the year of retirement or disposal.

Property and Equipment

Building and improvements are measured at fair value less depreciation for buildings and improvements. As no finite useful life for land can be determined, the related carrying amount is not depreciated. All other property and equipment are stated at cost less accumulated depreciation and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expense as incurred.

Following initial recognition at cost, building and improvements are carried at revalued amounts which are the fair values at the date of the revaluation, as determined by independent appraisers, less subsequent accumulated depreciation (on buildings and improvements) and any accumulated impairment losses.

Revalued amounts are fair market values determined based on appraisals by external professional appraisers once every two years or more frequently if market factors indicate a material change in fair value.

Any revaluation surplus is recognized in other comprehensive income and credited to the Revaluation reserves account in the statements of changes in equity. Any revaluation deficit directly offsetting a previous surplus in the same asset is charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and the remaining deficit, if any, is recognized in profit or loss. Annually, an amount from the Revaluation reserves account is transferred to Retained earnings account for the depreciation relating to the revaluation surplus. Upon disposal of revalued assets, amounts included in the Revaluation reserves account relating to them are transferred to Retained earnings account.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Building and improvements	10 years
Furniture and fixtures	10 years
Office equipment	5 years
Transportation equipment	5 years
IT systems software	5 years
Other equipment	5 years
Leasehold improvements	1 year

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The residual values estimated useful lives and methods of depreciation of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment, including the related accumulated depreciation and impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

Impairment of Non-financial Assets

The Company's investments in property and equipment, and investment property are subject to impairment testing. All other individual assets 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 the 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 costs to sell, and value in use, based on an internal evaluation of discounted cash flow. Impairment loss is charged pro-rata to the other assets in the cash-generating unit.

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

Policy and Contract Claims Payable

This represents claims (death, health and disability benefits) that occurred, filed or reported to the company but not yet paid as of the end of the accounting period. It includes claims due and unpaid, claims in the course of settlement, resisted claims and those which are incurred but not reported.

Legal Policy Reserves

Life insurance contract liabilities are recognized when the contracts are entered into and the premiums are recognized. The provision for life insurance contracts is calculated on the basis of a prospective actuarial valuation method and assumptions subject to the provisions of the Insurance Code (the Code) and guidelines set by the IC.

The Company uses gross premium valuation (GPV) as the basis for the valuation of the reserves for traditional life insurance policies. GPV is calculated as the sum of the present value of future benefits and expenses, less the present value of future gross premiums arising from the policy discounted at the appropriate risk-free discount rate provided by the IC. For this purpose, the expected future cash flows shall be determined using the best estimate assumptions with due regard to significant recent experience and appropriate margin for adverse deviation (MfAD) from the expected experience. The methods and assumptions shall be in accordance with the intentionally accepted actuarial standards and consider the generally accepted actuarial principles concerning the financial reporting framework promulgated by the Actuarial Society of the Philippines, which now considers other assumptions such as mortality, lapse, and/or persistency, non-guaranteed benefits and MfAD.

The changes in legal policy reserves for traditional life insurance policies are recognized as follow:

i. The increase or decrease in legal policy reserves in the current year due to other assumptions excluding change in the discount rate will be recognized to profit or loss; and,

ii. Remeasurement on life insurance reserves due to changes in discount rates will be recognized in other comprehensive income.

Premium Deposit Fund

Premium deposit fund represents advance payments from policyholders provided that the maximum amount that may be held at any time in the fund should not exceed the combined amount of the total future premiums and the amount of insurance or pure endowment, as the case may be. Any excess shall be refunded to the policyholders or be used as premium payment.

In determining compliance to such limitation the amount of the said funds shall be net of all withdrawals that were used as premium payments or of other deductions for the benefits of the policyholder/s.

Provisions and Contingencies

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as an interest expense.

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. Similarly, possible inflows of economic benefits to the Company that does not yet meet the recognition criteria of an asset are considered contingent assets, hence, they are not recognized in the financial statements.

On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Revenue and Expense Recognition

Revenue is recognized only when (or as) the Company satisfied a performance obligation by transferring control of the promised services to the customer. Expenses and costs, if any, are recognized in the statement of income upon utilization of the resources or services or at the date, these are incurred. All finance costs are reported on an accrual basis.

The Company's significant revenues pertain to net insurance premium and investment income (loss) which are accounted for by the Company in accordance with PFRS 4 and PFRS 9 (previously PAS 39), respectively. The following provides information about the specific recognition criteria of revenues recognized in accordance with PFRS 4 and PFRS 9:

a. *Net insurance premium-* recognized as gross premium on insurance contracts less reinsurers' share of gross premiums.

   Gross premiums on insurance contracts. Premiums arising from insurance contracts are initially recognized as income on the effective date of the insurance policies. Subsequent to initial recognition, gross earned premiums on life insurance contracts are recognized as revenue at the date when payments are due.

   Reinsurers' share of gross premiums. Gross reinsurance premiums on traditional and variable contracts are recognized as an expense when the policy becomes effective.

b. *Investment income* - The Company's investment income is comprised of interest income, fair value gain (loss) on financial assets at FVOCI, gain (loss) on sale of financial assets at FVOCI and dividend income.

   Interest income. Interest income arising from cash and cash equivalents, financial assets at FVOCI, investment securities at amortized cost, and loans and receivables are recognized on an accrual basis using the effective interest method. The effective interest rate (EIR) is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset. The EIR is established on initial recognition of the financial asset and is not revised subsequently. When the related financial asset becomes impaired, the recognition of interest income is suspended and/or limited up to the extent of cash collections received.

The calculation of the EIR includes all fees, transaction costs, and discounts or premiums that are an integral part of the EIR. Transaction costs are incremental costs that are directly attributable to the acquisition or disposal of a financial asset.

Once the recorded value of financial assets or group of financial assets has been reduced due to objective evidence of impairment, interest income should be recognized using the original EIR applied to the new carrying amount.

Once the recorded value of financial assets or group of financial assets has been reduced due to objective evidence of impairment, interest income should be recognized using the original EIR applied to the new carrying amount.

Gain (loss) on sale of financial assets at FVOCI - Gain (loss) on the sale of financial assets at FVOCI is calculated as the difference between net sale proceeds and acquisition cost less than any impairment in value. Gain (loss) on the sale of financial assets at FVOCI is recognized in profit or loss when the sale transaction occurred.

Dividend income - Dividend income is recognized when the shareholder's right to receive payment is established. This is the ex-dividend date for listed equity securities, and usually the date when the shareholders have approved the dividend for unlisted equity securities.

The Company also earns other income from reinstatement fees, which is recognized as income once the Company performed the service. These are accounted for by the Company in accordance with PFRS 15.

The following specific recognition criteria of expenses must also be met before the expense is recognized:

a. *Net insurance benefits and claims* – The Company's net insurance benefits and claims consist of gross benefits and claims, reinsurers' share on benefits and claims, gross change in legal policy reserves.

   Gross benefits and claims. Gross benefits and claims of the policyholders include the cost of all claims arising during the year. Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due.

   Gross change in legal policy reserves. Represents the change in the valuation of legal policy reserves recognized as part of the Legal Policy Reserves account in the statements of financial position.

   Commissions. Commissions are recognized when the insurance contracts are entered into and the related premiums are recognized.

   Underwriting expenses. These pertain to the amount of premiums and documentary stamps taxes issued for in-force policies that are recognized when incurred.

b. *General and administrative expenses* - Expenses are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. Expenses are recognized when incurred.

Leases

The Company accounts for its leases as follows:

Company as Lessee

a. Accounting for Leases in Accordance with PFRS 16

The Company considers whether a contract or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;

- the Company has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,

- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

At the lease commencement date, the Company recognizes a right-of-use asset and a lease liability in the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

On the other hand, the Company measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable if any, variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to the initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset, and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Employee Benefits

The Company provides short-term benefits and post-employment benefits to employees through a defined benefit plan, as well as various defined contribution plans.

a. *Short-term Benefits*

Wages, salaries and bonuses are recognized as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognized when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognized when the absences occur.

b. *Post-employment Defined Benefit Plan*

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Company's post-employment defined benefit pension plan covers all regular full-time employees. The retirement plan is non-contributory.

The liability recognized in the statements of financial position for post-employment defined benefit pension plans is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method.

The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest is reported as part of the Finance costs or Finance income account in the statements of comprehensive income.

Past-service costs are recognized immediately in profit or loss in the period of a plan amendment and curtailment.

c. *Defined Contribution Plan*

A defined-contribution plan under which the Company pays fixed contributions into an independent entity such as Social Security System (SSS), Philhealth and Pag-ibig. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

d. *Termination Benefits*

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of when or can no longer withdraw the offer of such benefits and when it recognized costs for a restructuring that is within the scope of PAS 37 and it involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling more than 12 months after the end of the reporting period are discounted to present value.

Income Taxes

Tax expense recognized in the profit or loss comprises the sum of deferred tax and current tax recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the profit or loss.

Deferred tax is provided, using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred income tax asset can be utilized.

Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting periods. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss. Only changes in deferred tax assets or liabilities that relate to items recognized in other comprehensive income or directly in equity are recognized in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if the Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes related to the same entity and the same taxation authority.

Equity

Capital stock is determined using the nominal value of shares that have been issued. Subscription receivables are deducted and presented net of capital stock.

Contingency Surplus pertains to the contribution by shareholders in proportion to the subscription interest to the Company to cover any deficiency in the Net worth as required by Insurance Code and can be withdrawn upon the approval of the Insurance Commission.

Revaluation reserves consist of the following:

- *Fair value of the financial asset at FVOCI* pertains to unrealized gain or loss due to the fair valuation of the Company's equity investments.

- *Property revaluation reserve* pertains to unrealized gain or loss due to measuring the Company's property and equipment at its fair value.

- *Defined benefit plan reserve* pertains to actuarial gain or loss due to remeasurement of retirement benefit obligation.

- *Legal policy revaluation reserve* pertains to the unrealized gain or loss due to a change in the measurement method of the legal policy reserve.

Retained earnings include all current and prior period results of operation as disclosed in the statements of comprehensive income.

Related Party Transactions and Relationship

Related party transactions are transfer of resources, services or obligations between the company and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (1) individual owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Company; (2) associates; and (3) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

Admitted and Non-admitted Classification

The Company determines the admissibility of its assets based on the provisions of the Insurance Code. Admitted assets only include those that are legally or beneficially owned by the Company as determined under Sections 202, 204 and 205 of the Insurance Code. All other assets which did not fall under the classifications of these sections are considered as non-admitted assets.

Presented in the subsequent notes are the estimated amounts of these assets. Final amounts can only be determined upon review and assessment of the Insurance Commission.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The Company's financial statements prepared in accordance with PFRS Accounting Standards require management to make judgments and estimates that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these estimates.

Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which has the most significant effect on the amounts recognized in the financial statements:

a. *Determination of Lease Term of Contracts with Removal and Termination Options*

   In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

   For leases of the premises/offices, the factors that are normally the most relevant are (a) if there are significant penalties should the Company pre-terminate the contract, and (b) if any leasehold improvements are expected to have significant remaining value, the Company is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The Company included the renewal period as part of the lease term due to the significance of these assets to its operations. Some leases have a short, non-cancellable lease period and there will be a significant negative effect on Company's operation if a replacement is not readily available.

The lease term is reassessed if an option is exercised or not exercised or the Company becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

b. Determination of ECL on Loans and Other Receivables and Contract Assets

The Company uses a provision matrix to calculate ECL for loans and other receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

c. Determination of Timing of Satisfaction of Performance Obligations

The Company determines that its revenue from the sale of services shall be recognized over time. In making its judgment, the Company considers the timing of receipt and consumption of benefits provided by the Company to the customers. The Company provides services without the need for the reperformance of other companies. This demonstrates that the customers simultaneously receive and consume the benefits of the Company's rendering of service as it performs.

d. Determination of Transaction Price and Amounts Allocated to Performance Obligations

The transaction price for a contract is allocated among the material right and other performance obligations identified in the contract based on their stand-alone selling prices, which are all observable. The transaction price for a contract excludes any amounts collected on behalf of third parties [e.g., value-added taxes (VAT)].

The transaction price is considered receivable to the extent of services. Also, the Company uses the practical expedient in PFRS 15 with respect to non-adjustment of the promised amount of consideration for the effects of significant financing component as the Company expects, at contract inception, that the period between when the Company transfers promised services to the customer and payment due date is one year or less.

e. Evaluation of Business Model Applied in Managing Financial Instruments

Upon adoption of PFRS 9, the Company developed business models that reflect how it manages its portfolio of financial instruments. The Company's business models need not be assessed at the entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Company) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of the individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Company evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Company (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relating to the Company's investment and trading strategies.

f. Testing the Cash Flows Characteristics of Financial Assets and Continuing Evaluation of the Business Model

In determining the classification of financial assets under PFRS 9, the Company assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing the time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents the time value of money and credit risk) does not meet the amortized cost criteria.

In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as the modified time value of money, the Company assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of the money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Company considers the effect of the modified time value of the money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, PFRS 9 emphasizes that if more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how much sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Company considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Company can explain the reasons for those sales and why those sales do not reflect a change in the Company's objective for the business model.

g. Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provisions and contingencies are discussed in Note 2 and relevant disclosures are presented in Note 33.

Key Sources of Estimation Uncertainty

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

a. *Estimation of Allowance for ECL*

   The measurement of the allowance for ECL on financial assets at amortized cost and FVOCI is an area that requires the use of significant assumptions about future economic conditions and credit behavior (e.g., the likelihood of customers defaulting and the resulting losses). Explanation of the inputs assumptions and estimation used in measuring ECL is further detailed in Note 34.

b. *Fair Value Measurement for Financial Instruments*

   Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

   The carrying values of the Company's financial assets are disclosed in Note 35.

c. *Estimating Useful Lives of Property and Equipment*

   The Company estimates the useful life of property and equipment and based on the period over which the assets are expected to be available for use. The estimated useful life of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

   The carrying amounts of property and equipment are analyzed in Note 14. Based on management's assessment as at December 31, 2024 and 2023, there is no change in the estimated useful life of those assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

d. *Impairment of Non-financial Assets*

   PFRS Accounting Standards require that an impairment review be performed when certain impairment indicators are present. The Company's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

It should be noted that accounting estimates and assumptions are used in preparing the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

e. *Impairment of Loans and Other Receivables*

Adequate amount of allowance for impairment is provided for specific and groups of accounts, where objective evidence of impairment exists. The Company evaluates the amount of allowance for impairment based on available facts and circumstances affecting the collectability of the accounts, including, but not limited to, the length of the Company's relationship with the customers, the customers' current credit status, the average age of accounts, collection experience and historical loss experience.

The carrying value of loans and other receivables is shown in Note 6.

f. *Fair Value Measurement for Property and Equipment and Investment Property*

The Company's building including improvements and investment property is carried at a revalued amount at the end of the reporting period. In determining the fair value of these assets, the Company engages the services of professional and independent appraisers applying the relevant valuation methodologies as discussed in Note 35.

For investment property with appraisal conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of the fair value of those properties. A significant change in these elements may affect prices and the value of the assets. The amounts of revaluation and fair value gains recognized on building and improvements and investment property are disclosed in Notes 13 and 14, respectively.

g. *Valuation of Legal Policy Reserves*

Legal policy reserves represent estimates of the present value of future benefits and expenses in excess of the present value of future gross premiums. These estimates are based on interest rates, mortality/morbidity tables, lapses and valuation methods subject to the provisions of the Code and guidelines set by the IC.

The liability for life insurance contracts uses the discount rate as provided by the IC with other assumptions based on the best estimate with regard to significant recent experience and appropriate MfAD from the expected experience. At each reporting date, these estimates are reassessed for adequacy and changes will be reflected in adjustments to the liability. The main assumptions used to relate to mortality, morbidity, lapse, and discount rate.

For life insurance contracts, estimates are made as to the expected number of deaths and lapses for each of the years in which the Company is exposed to risk. The Company uses mortality tables and lapse rates subject to the guidelines set by the IC as the basis of these estimates. The estimated number of lapses, deaths, illness or injury determines the value of possible future benefits to be paid out, which will be factored into ensuring sufficient cover by reserves, which in return is monitored against current and future premiums.

The carrying value of the legal policy reserves amounted to P380,785,505 and P305,456,094 as at December 31, 2024 and 2023, respectively *(see Note 20).*

h. Liabilities Arising from Claims made under Insurance Contracts

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

Claims estimation by the Company considers many factors such as industry average mortality and morbidity experience, with adjustments to reflect the Company's historical experience. These liabilities form part of the Company's incurred but not reported (IBNR) claims which is recognized as part of Policy and contract claims payable account in the statements of financial position.

i. Valuation of Post-employment Benefit Obligation

The determination of the Company's obligation and cost of the post-employment defined benefit is dependent on the selection of certain assumptions used by an actuary in calculating such amounts. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or loss, and the carrying amount of the post-employment obligation in the next reporting period. The Company determines the appropriate discount rate at the end of each year. It is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligations. In determining the appropriate discount rate, the Company considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid. The terms to maturity of these bonds should approximate the terms of the related retirement benefit obligations.

Other key assumptions for retirement benefit obligation are based in part on current market conditions. While it is believed that the Company's assumptions reasonable and appropriate, significant differences in experience or significant changes in assumptions may materially affect the Company's obligation.

j. Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Management assessed that the deferred tax assets recognized as at December 31, 2024 and 2023 will be fully utilized in the coming years. The carrying value of deferred tax assets as at those dates is disclosed in Note 30.

4. OPERATING SEGMENT INFORMATION

The Company is organized based on the products that it offers and operates two principal segments namely: a) life insurance; and b) non-life insurance operations.

Segment assets are those operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

The table below show the segment statements of the financial position as at December 31:

	2024			2023		
	Life	Non-life	Total	Life	Non-life	Total
SEGMENT ASSETS						
Cash and cash equivalents *(Note 5)*	P 588,042,457	P 127,628,168	P 715,670,625	P 431,781,801	P 64,420,207	P 496,202,008
Loans and other receivables *(Note 6)*	249,124,847	222,505	249,347,352	42,009,863	1,853,512	43,863,375
Insurance contract receivables *(Note 7)*	13,119,423	7,919,853	21,039,276	26,211,396	23,398	26,234,794
Accrued interest receivable *(Note 8)*	9,177,797	10,904,578	20,082,375	2,715,263	584,896	3,300,159
Prepayments and other current assets *(Note 9)*	22,842,973	-	22,842,973	16,922,903	27,517	16,950,420
Financial assets at fair value through other comprehensive income *(Note 10)*	349,300,712	309,604,299	658,905,011	357,516,087	277,327,463	634,843,550
Financial asset at amortized cost *(Note 11)*	273,226,322	312,146,343	585,372,665	330,006,616	367,708,673	697,715,289
Investment in a subsidiary *(Note 12)*	70,000,000	-	70,000,000	70,000,000	-	70,000,000
Investment property *(Note 13)*	172,222,818	-	172,222,818	172,222,818	-	172,222,818
Property and equipment *(Note 14)*	32,897,453	286,187	33,183,640	28,252,511	224,295	28,476,806
Deferred tax assets *(Note 30)*	7,181,902	-	7,181,902	6,805,793	-	6,805,793
Other non-current assets *(Note 15)*	25,950,156	705,804	26,655,960	24,234,204	249,351	24,483,555
TOTAL ASSETS	P 1,813,086,860	P 769,417,737	P 2,582,504,597	P 1,508,679,255	P 712,419,312	P 2,221,098,567
SEGMENT LIABILITIES AND EQUITY						
LIABILITIES						
Policy and contract claims payable *(Note 16)*	P 120,432,225	P 3,952,937	P 124,385,162	P 17,869,848	P 9,419,877	P 27,289,725
Premium deposit fund *(Note 17)*	268,744,177	2,600,313	271,344,490	186,042,449	-	186,042,449
Insurance payables *(Note 18)*	3,058,723	-	3,058,723	1,381,280	-	1,381,280
Income tax payable	5,440,828	2,966,340	8,407,168	16,509,029	-	16,509,029
Payables and other liabilities *(Note 19)*	137,452,563	15,641,294	153,093,857	67,491,317	13,491,068	80,982,385
Legal policy reserves *(Note 20)*	380,785,505	-	380,785,505	305,456,094	-	305,456,094
Retirement benefit obligation *(Note 21)*	7,113,344	-	7,113,344	5,608,908	-	5,608,908
Total Liabilities	923,027,365	25,160,884	948,188,249	600,358,925	22,910,945	623,269,870
EQUITY						
Capital stock *(Note 31)*	312,500,000	312,500,000	625,000,000	312,500,000	312,500,000	625,000,000
Contingency surplus *(Note 31)*	83,936,616	-	83,936,616	83,936,616	-	83,936,616
Contributed surplus *(Note 31)*	-	371,936,724	371,936,724	-	371,936,724	371,936,724
Revaluation reserves *(Note 31)*	94,869,034	14,120,721	108,989,755	212,325,488	(6,784,257)	205,541,231
Retained earnings *(Note 31)*	398,753,845	45,699,408	444,453,253	299,558,226	11,855,900	311,414,126
Total Equity	890,059,495	744,256,853	1,634,316,348	908,320,330	689,508,367	1,597,828,697
TOTAL LIABILITIES AND EQUITY	P 1,813,086,860	P 769,417,737	P 2,582,504,597	P 1,508,679,255	P 712,419,312	P 2,221,098,567

The table below show the segment statements of comprehensive income for the year ended December 31:

	2024			2023		
	Life	Non-life	Total	Life	Non-life	Total
SEGMENT INSURANCE PREMIUMS *(Note 22)*						
Gross premiums on insurance contracts	P 1,083,945,602	P 9,616,202	P 1,093,561,804	P 509,830,870	P 960,277	P 510,791,147
Reinsures' share of gross premiums on insurance contracts	(4,979,207)	-	(4,979,207)	(1,804,360)	-	(1,804,360)
	1,078,966,395	9,616,202	1,088,582,597	508,026,510	960,277	508,986,787
SEGMENT NET INSURANCE BENEFITS AND CLAIMS						
Commission *(Note 23)*	179,058,468	551,349	179,609,817	147,525,362	477,502	148,002,864
Gross change in legal policy reserve *(Note 20)*	64,692,885	-	64,692,885	27,795,598	-	27,795,598
Gross benefits and claims paid on insurance contract *(Note 25)*	531,417,765	1,423,762	532,841,527	15,667,259	366,517	16,033,776
Underwriting *(Note 24)*	90,383,741	473,195	90,856,936	30,318,160	5,343,764	35,661,924
	865,552,859	2,448,306	868,001,165	221,306,379	6,187,783	227,494,162
SEGMENT GENERAL AND ADMINISTRATIVE EXPENSES *(Note 26)*	126,856,793	5,755,768	132,612,561	93,237,347	3,794,913	97,032,260
OPERATING PROFIT (LOSS)	86,556,743	1,412,128	87,968,871	193,482,784	(9,022,419)	184,460,365
OTHER INCOME (CHARGES)						
Finance income *(Note 27)*	61,383,668	32,861,833	94,245,501	21,595,079	21,753,360	43,348,439
Finance cost *(Note 29)*	(11,114,984)	(3,133)	(11,118,117)	(14,879,371)	(329,644)	(15,209,015)
Other income *(Note 28)*	22,107,077	-	22,107,077	19,706,916	1,441,162	21,148,078
	72,375,761	32,858,700	105,234,461	26,422,624	22,864,878	49,287,502
PROFIT BEFORE TAX	158,932,504	34,270,828	193,203,332	219,905,408	13,842,459	233,747,867
TAX EXPENSE *(Note 30)*	62,456,492	900,513	63,357,005	61,437,232	1,986,559	63,423,791
NET PROFIT	96,476,012	33,370,315	129,846,327	158,468,176	11,855,900	170,324,076
OTHER COMPREHENSIVE INCOME (LOSS)						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of legal policy reserves *(Note 20)*	(10,636,526)	-	(10,636,526)	(31,998,732)	-	(31,998,732)
Remeasurement of retirement benefit plan *(Note 21)*	(31,375)	-	(31,375)	(3,258,386)	-	(3,258,386)
Fair value gain (loss) on financial asset at fair value through other comprehensive income *(Note 10)*	(96,811,496)	14,120,721	(82,690,775)	46,134,644	(6,784,257)	39,350,387
	(107,479,397)	14,120,721	(93,358,676)	10,877,526	(6,784,257)	4,093,269
TOTAL COMPREHENSIVE INCOME (LOSS)	(P 11,003,385)	P 47,491,036	P 36,487,651	P 169,345,702	P 5,071,643	P 174,417,345

5. CASH AND CASH EQUIVALENTS

This account comprises of the following:

		2024		2023
Cash in banks	P	278,364,254	P	244,902,745
Short-term placements		437,034,371		251,101,263
Petty cash fund		272,000		198,000
	P	715,670,625	P	496,202,008

Cash in banks generally earns interest at rates based on daily bank deposit rates. Short-term placements earn interest ranging from 5.75% to 6.625% and 0.75% to 4% per annum in 2024 and 2023, respectively. The interest earned on cash in banks and short-term placements amounted to P34,113,805 in 2024 and P4,893,220 in 2023 and are presented as part of Finance income in the statements of comprehensive income *(see Note 27).*

6. LOANS AND OTHER RECEIVABLES

As at December 31, the details of loans and other receivables are as follows:

	2024					
		Current		Non-Current		Total
Collateral loans	P	206,460,071	P	-	P	206,460,071
Receivables from other individuals		30,776,354		-		30,776,354
Real estate mortgage loan		5,886,596		7,467,492		13,354,088
Receivables from Paramount		203,710		8,714,438		8,918,148
Loans and receivables from employees and others		5,190,726		3,222,387		8,413,113
Receivable from insurance pools		4,915,485		-		4,915,485
Receivables from agents		1,624,204		777,331		2,401,535
Policy loan		2,331,637		35,886		2,367,523
Receivables from group policy holders		188,499		655,017		843,516
Security fund contribution		-		20,995		20,995
Gross		257,577,282		20,893,546		278,470,828
Allowance for impairment loss	(	21,157,021)		-	(	21,157,021)
Net	P	236,420,261	P	20,893,546	P	257,313,807

		2023		
		Current	Non-Current	Total
Receivables from other individuals	P	20,638,658	P -	P 20,638,658
Real estate mortgage loan		6,745,096	7,864,701	14,609,797
Loans and receivables from employees and others		6,162,761	3,222,387	9,385,148
Receivables from Paramount		203,710	8,714,438	8,918,148
Receivable from insurance pools		4,915,485	-	4,915,485
Policy loan		4,219,702	35,886	4,255,588
Receivables from agents		655,588	777,331	1,432,919
Receivables from group policy holders		188,641	655,017	843,658
Security fund contribution		-	20,995	20,995
Gross		43,729,641	21,290,755	65,020,396
Allowance for impairment loss		(21,157,021)	-	(21,157,021)
Net	P	22,572,620	P 21,290,755	P 43,863,375

Collateral Loans

This account relates to secured loans granted to certain shareholders of a local bank which will mature on February 14, 2025. These loans are secured by a certificate of stocks and time deposits bearing an interest equivalent to whatever interest earned on time deposits at maturity. As at the reporting date, the said loans have already been fully collected.

Receivables from Other Individuals and Entities

This account consists mainly of receivables from former shareholders of the Company.

Real Estate Mortgage Loan

The real estate mortgage loans bear an annual interest ranging from 3.24% to 14% per annum and with credit terms ranging from 3 to 15 years.

Receivables from Paramount

The sale of the Individual Life Insurance business portfolio of the Company to Paramount in the year 2005, resulted in the collection by Paramount of policyholders' payments related to an unsold insurance portfolio.

Loans and Receivable from Employees and Others

This represents outstanding balances of loans and advances granted to the Company's employees.

Receivables from Life Insurance Pools

This account pertains to a fund in direct group life insurance pools. A business scheme group life insurance companies who jointly accept and share life insurance business and its related risks solicited from a company that does not engage as principal in the insurance business.

As at December 31, 2024 and 2023, no collection has been made by the Company for the outstanding balance of the account as recoverability is still awaiting the decision of the court. Accordingly, the account is fully provided with an allowance for impairment loss.

Receivable from Agents

This account pertains to the notarial fees for cancelled policies and license fees which are initially paid by the company, commissions claw back or previously collected commissions of the agents which policies are subsequently cancelled and other transactions which are legitimately collectible by the agents.

Policy Loan

This account pertains to loans issued by the Company to the policyholders and uses the cash value of life insurance policy as collateral.

All of the Company's loans and other receivables have been reviewed for indicators of impairment. Certain loans and receivables have expected credit losses using the provisional matrix as determined by the management, hence, adequate allowance for impairment has been recognized *(see Note 34)*.

7. INSURANCE CONTRACT RECEIVABLES

As at December 31, the account consists of the following:

	2024	2023
Net due and uncollected premiums	**P 13,049,423**	P 26,211,396
Due from ceding companies	**480,643**	480,643
	13,530,066	26,692,039
Allowance for impairment	**(457,245)**	(457,245)
	P 13,072,821	P 26,234,794

Net due and uncollected premiums represent the uncollected premiums on direct business, including those by general agents and insurance brokers, including taxes and other charges, provided these are properly segregated and the corresponding liabilities are set up. The balances as at December 31, 2024 and 2023 are actuarially computed by the Company's Actuary.

8. ACCRUED INTEREST RECEIVABLE

As at December 31, 2024 and 2023, this account consists of accrued interest from real estate mortgage loans, corporate and government bonds amounting to P20,082,375 and P3,300,159, respectively.

9. PREPAYMENTS AND OTHER CURRENT ASSETS

As at December 31, this account consists of:

		2024		2023
Input VAT *(see Note 38)*	P	**13,051,094**	P	7,369,562
Advances for liquidation		**3,448,612**		2,530,451
Creditable withholding tax (CWTs)		**2,578,089**		2,578,089
Supplies on hand		**2,411,512**		2,815,951
Documentary stamp on hand		**300,000**		550,575
Others		**1,053,666**		1,105,792
	P	**22,842,973**	P	16,950,420

Input VAT represents the indirect taxes passed on to the Company resulting from purchases of goods and payment of services. Input VAT is presented net of output VAT.

Advances for liquidation pertains to advances accountable by receipts which are expected to be liquidated within 12 months after the end of the financial reporting period.

CWTs, which are claimed against income tax due, is carried over in the succeeding period for the same purpose.

Supplies on hand pertain to printing, stationery and supplies which are expected to be used within 12 months after the end of the financial reporting period.

Documentary stamp on hand is expected to be used within 12 months after the end of the financial reporting period.

Others consist of items such as prepaid expenses and other current assets which are expected to be amortized within 12 months after the end of the financial reporting period.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

The Company's financial asset at FVOCI pertains to equity securities. As at December 31, 2024, the equity securities consist of:

		Carrying Amount		Cost		Unrealized (Gain) Loss
Equity Securities						
Traded	P	560,014,069	P	665,190,179	(P	105,176,110)
Non-traded		200,000		200,000		-
Debt securities		3,513,510		3,513,510		-
Golf Club membership shares		740,000		740,000		-
Mutual Fund		94,437,432		76,888,562		17,548,870
	P	658,905,011	P	746,532,251	P	87,627,240

As at December 31, 2023, the equity securities consist of:

	Carrying Amount	Cost	Unrealized Loss
Equity Securities			
Traded	P 548,572,221	P 550,178,055	(P 1,605,834)
Non-traded	200,000	200,000	-
Golf Club membership shares	740,000	740,000	-
Mutual Fund	85,331,329	88,661,960	(3,330,631)
	P 634,843,550	P 639,780,015	(P 4,936,465)

The reconciliation of the carrying amount of the equity securities are as follows:

	2024	2023
Balance at beginning of year	**P 634,843,550**	P 552,276,796
Additions	**106,752,236**	43,216,367
Fair value gain (loss) *(see Note 31)*	**(82,690,775)**	39,350,387
Balance at end of year	**P 658,905,011**	P 634,843,550

Equity securities consist of investments in companies listed and not listed on the Philippine Stock Exchange.

The fair values of equity securities have been determined directly by reference to published prices in an active market.

Total dividend income earned on this investment amounted to P12,294,949 in 2024 and P8,532,113 in 2023 *(see Note 27)*.

11. FINANCIAL ASSETS AT AMORTIZED COST

This account consists of the following:

	2024	2023
Government bonds	**P 577,792,665**	P 684,135,289
Corporate bonds	**7,580,000**	13,580,000
	P 585,372,665	P 697,715,289

Government bonds consist of ranging from 7 to 25-years peso-denominated bonds issued by the Philippine government which bears fixed interest rates ranging from 5.513% to 8.235% per annum and with maturity dates ranging from April 12, 2025 to October 24, 2037.

Corporate bonds are seven and ten-year peso-denominated bonds issued by a third party that bears fixed interest ranging from 6.00% to 6.369% per annum and with maturity dates ranging from March 4, 2025 to May 6, 2026.

The interest earned on these investments amounted to P24,099,315 in 2024 and P27,508,327 in 2023 and are presented as part of Finance income in the statements of comprehensive income *(see Note 27)*.

The reconciliation of the carrying amounts of financial asset at amortized cost are as follows:

	2024	2023
Balance at beginning of year	**P 697,715,289**	P 732,619,682
Placements	**200,588,000**	72,296,085
Withdrawal	**(322,795,000)**	(95,205,621)
Discount	**8,864,376**	(11,994,857)
Balance at end of year	**P 585,372,665**	P 697,715,289

12. INVESTMENT IN A SUBSIDIARY

The Company owns 70% of the voting shares of Neuracash International Inc., a subsidiary, amounting to P70,000,000 in 2024 and 2023, whose shares are not publicly traded. The subsidiary has not yet started commercial operations and is engaged in information technology services. The subsidiary's registered address is located at 2nd Floor Omnis Prosperity Tower, Sen. Gil Puyat Ave., Makati City. Investment in a subsidiary has been reviewed for indicators of impairment. Based on management's evaluation, no impairment losses on investment need to be recognized in both years.

13. INVESTMENT PROPERTY

As at December 31, 2024 and 2023, this account consists of:

	Building	Land	Total
Cost	P 24,123,000	P 69,694,818	P 93,817,818
Appraisal increase			
Balance at beginning of year	(P 12,213,600)	P 90,618,600	P 78,405,000
Revaluation increase (decrease) for the year	-	-	-
Balance at end of year	(12,213,600)	90,618,600	78,405,000
Balance at end of year	P 11,909,400	P 160,313,418	P 172,222,818

The Company's investment property was revalued on June 27, 2019 by an independent appraiser. Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. In 2024 and 2023, no revaluation was recognized since management assessed that the carrying amount approximates fair value.

Fair value gain (loss) from revaluation of investment property is presented as part of other income in the statements of comprehensive income.

The real property taxes paid on investment property amounting to P9,476,153 in 2024 *(see Note 38)* and P134,024 in 2023 and is spresented as part of Taxes and licenses.

In addition, no investment property pledged as security or collateral for liabilities for both as at December 31, 2024 and 2023.

14. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation at the beginning and end of 2024 and 2023 are shown below:

	Building and Improvements	Furniture and Fixtures	Office Equipment	Transportation Equipment	Leasehold Improvements	IT System Software and Other Assets	Total
December 31, 2024							
Cost and revaluation	P 31,928,000	P 6,855,064	P 14,488,821	P 5,603,327	P 44,352,170	P 8,311,108	P 111,538,490
Accumulated depreciation	(15,964,000)	(5,281,429)	(12,191,744)	(3,705,366)	(33,608,646)	(7,603,665)	(78,354,850)
Carrying amount as at December 31, 2024	P 15,964,000	P 1,573,635	P 2,297,077	P 1,897,961	P 10,743,524	P 707,443	P 33,183,640
December 31, 2023							
Cost and revaluation	P 31,928,000	P 6,539,704	P 13,870,338	P 5,603,327	P 35,599,869	P 8,087,448	P 101,628,686
Accumulated depreciation	(12,771,200)	(4,971,399)	(11,548,220)	(3,197,331)	(33,345,931)	(7,317,799)	(73,151,880)
Carrying amount as at December 31, 2023	P 19,156,800	P 1,568,305	P 2,322,118	P 2,405,996	P 2,253,938	P 769,649	P 28,476,806
January 1, 2023							
Cost and revaluation	P 31,928,000	P 6,405,058	P 13,182,850	P 3,818,327	P 35,149,019	P 7,316,975	P 97,800,229
Accumulated depreciation	(9,578,400)	(4,963,574)	(11,386,005)	(3,167,580)	(33,104,597)	(7,215,373)	(69,415,529)
Carrying amount as at December 31, 2023	P 22,349,600	P 1,441,484	P 1,796,845	P 650,747	P 2,044,422	P 101,602	P 28,384,700

A reconciliation of the carrying amounts of property and equipment for the year ending December 31, 2024 and 2023 are shown below:

	Building and Improvements	Furniture and Fixtures	Office Equipment	Transportation Equipment	Leasehold Improvements	IT System Software and Other Assets	Total
Balance at January 1, 2024 net of accumulated Depreciation	P 19,156,800	P 1,568,305	P 2,322,118	P 2,405,996	P 2,253,938	P 769,649	P 28,476,806
Additions	-	315,360	618,483	-	8,752,301	223,660	9,909,804
Depreciation charges for the year *(see Note 26)*	(3,192,800)	(310,030)	(643,524)	(508,035)	(262,715)	(285,866)	(5,202,970)
Balance at December 31, 2024 net of accumulated Depreciation	P 15,964,000	P 1,573,635	P 2,297,077	P 1,897,961	P 10,743,524	P 707,443	P 33,183,640
Balance at January 1, 2023 net of accumulated Depreciation	P 22,349,600	P 1,441,484	P 1,796,845	P 650,747	P 2,044,422	P 101,602	P 28,384,700
Additions	-	134,646	687,488	1,785,000	450,850	770,473	3,828,457
Depreciation charges for the year *(see Note 26)*	(3,192,800)	(7,825)	(162,215)	(29,751)	(241,334)	(102,426)	(3,736,351)
Balance at December 31, 2023 net of accumulated depreciation	P 19,156,800	P 1,568,305	P 2,322,118	P 2,405,996	P 2,253,938	P 769,649	P 28,476,806

The Company's building and improvements are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation, and impairment losses. The revaluation surplus is presented as part of the Revaluation reserves account in the equity section. The Company's building and improvements were revalued on June 27, 2019 by an independent appraiser.

If building were carried at cost model, the carrying amounts of the assets would be as follows:

	2024	2023
Cost	P 1,184,932	P 1,184,932
Accumulated depreciation	(1,184,932)	(1,184,932)
	P -	P -

All of the Company's property and equipment have been reviewed from indicators of impairment. Based on management's evaluation, no impairment losses on property and equipment need to be recognized for 2024 and 2023. Further, no property has been pledged as collateral in 2024 and 2023.

15. OTHER NON-CURRENT ASSETS

As at December 31, this account consists of:

	2024	2023
Miscellaneous deposits	P 13,840,369	P 11,736,150
Rental deposits	10,392,866	8,129,483
Deposits with network providers	2,422,725	4,617,922
	P 26,655,960	P 24,483,555

Miscellaneous deposits consist of utilities deposit.

Rental deposits are advance deposits given to the lessor at the inception of the lease agreement that will be refunded at the end of the lease agreement after all the valid claims have been cleared.

Deposit with network providers are funds that are used to pay claims.

16. POLICY AND CONTRACT CLAIMS PAYABLE

As at December 31, this account consists of:

	2024	2023
Microinsurance and individual	P 116,591,805	P 21,839,277
Group	7,793,357	5,450,448
	P 124,385,162	P 27,289,725

Policy and contract claims payable pertains to claims on death, health and disability benefits of the policy holders that occurred, filed or reported to the company but not yet paid as of the end of the accounting period. It includes claims due and unpaid, claims in the course of settlement, resisted claims and those which are incurred but not reported.

17. PREMIUM DEPOSIT FUND

This account pertains to deposits from policyholders which can be applied as premium payments in the event the policyholders fail to pay the premiums within the grace period. The fund shall earn interest at such rates as may be declared by the Company each year but never at the lowest prevailing interest rate, net of tax, of savings accounts on banks. As at December 31, 2024 and 2023, the account amounted to P271,344,490 and P186,042,449, respectively.

18. INSURANCE PAYABLES

The account pertains to the reinsurance premium due and payable by the Company to its reinsurer, Hannover Rück SE Hongkong Branch, amounting to P3,058,723 and P1,381,280 as at December 31, 2024 and 2023, respectively.

19. PAYABLES AND OTHER LIABILITIES

This account consists of:

	2024	2023
Due to suppliers	P **99,887,867**	P 40,875,293
Referrors' and agents' retention fund	**20,755,693**	18,880,855
Due to government agencies	**16,637,984**	2,161,592
Due to employees	**8,165,282**	7,309,547
Utilities payable	**914,507**	2,561,004
Others	**6,732,524**	9,194,094
	P 153,093,857	P 80,982,385

Due to suppliers pertains to unpaid billings to suppliers of goods and services which are normally settled within 30 to 90 days. Due to suppliers do not bear any interest.

Referrors' and agents' retention fund pertains to cash bonds of Company's agents which is usually withheld from their regular commission at a rate of 5%. This will be released upon separation and clearance of the agent to the Company.

Due to government agencies pertains to statutory payables to BIR and other government agencies which are remitted at an average term of 30 days after end of the financial reporting period.

Due to employees are non-interest bearing and are generally paid within 3 to 12 months after the end of the reporting period.

Utilities payable pertains to accrual of utilities expenses such as water and electricity. These are expected to be settled within one month from the end of the financial reporting period.

Others include payable for registration deposits and customers' miscellaneous deposits.

20. LEGAL POLICY RESERVES

As at December 31, 2024, and 2023, this account is amounted to P380,785,505 and P305,456,094, respectively.

The movement of the legal policy reserves is shown below:

	2024	2023
Balance at beginning of year	P 305,456,094	P 245,661,764
Remeasurement of legal policy reserves *(see Note 31)*	10,636,526	31,998,732
Gross change in legal policy reserve	64,692,885	27,795,598
Balance at end of year	P 380,785,505	P 305,456,094

The balances of aggregate life policy reserves at the end of the year were actuarially determined and certified true and correct by the Company's actuary on February 17, 2025.

The aggregate life policy reserve increased by P75,329,411 and P59,794,330 in 2024 and 2023, respectively.

Re-measurement on the aggregate life policy reserve in compliance with IC Circular Letter 2016-66 dated December 28, 2016 was performed at the beginning of year. As a result, the total revaluation recognized in other comprehensive income amounted to P10,636,526 in 2024 and P31,998,732 in 2023, while legal policy expense amounting to P64,692,885 in 2024 and P27,795,598 in 2023 is recognized in the profit and loss.

21. PERSONNEL COSTS

Salaries and Employee Benefits

Expenses recognized for salaries and employee benefits are presented below:

	2024	2023
Salaries and wages	P 33,584,492	P 23,129,797
Employees benefits	7,485,527	4,441,842
Social security costs	2,256,963	2,029,308
Retirement expense	1,473,061	1,144,142
	P 44,800,043	P 30,745,089

Retirement Plan

The Company has a non-contributory retirement plan in trust, which took effect on September 15, 1994 covering all regular, permanent and full-time employees of the Company. This provision of the Plan allows the retirement of an employee who may have served the company for even less than ten (10) years as long as the employee retires at the age of 65. The plan also provides for death, permanent disability and severance benefits.

The defined benefit obligation recognized in the statements of financial position as at December 31 are as follows:

	2024	2023
Present value obligation	P 13,610,938	P 11,742,275
Fair value of plan assets	(6,497,594)	(6,133,367)
Retirement benefit obligation	P 7,113,344	P 5,608,908

Movements of present value of obligation are as follows:

	2024	2023
Balance at beginning of year	P 11,742,275	P 7,031,717
Current service cost	1,111,286	1,058,368
Interest income	757,377	499,955
Benefits paid	-	-
Actuarial loss	-	3,152,235
Ending balance	P 13,610,938	P 11,742,275

Movements of fair value of plan assets are as follows:

	2024	2023
Balance at beginning of year	P 6,133,367	P 5,825,337
Expected return on plan asset	395,602	414,181
Re-measurement on plan asset - OCI	(31,375)	(106,151)
Balance at end of year	P 6,497,594	P 6,133,367

Movements in net liability are as follows:

	2024	2023
Balance at beginning of year	P 5,608,908	P 1,206,380
Amount recognized in profit or loss	1,473,061	1,144,142
Amount recognized in other comprehensive income *(see Note 31)*	31,375	3,258,386
Balance at end of year	P 7,113,344	P 5,608,908

The components of amounts recognized in profit or loss and in other comprehensive income in respect of the defined benefit post-employment plan are as follows:

		2024		2023
Reported in profit or loss				
Current service cost	P	**1,111,286**	P	1,058,368
Interest on net liability		**361,775**		85,774
	P	**1,473,061**	P	1,144,142
Reported in other comprehensive income				
Actuarial loss	**P**	**-**	P	3,152,235
Losses on return on plan asset		**31,375**		106,151
	P	**31,375**	P	3,258,386

Principal actuarial assumption (end of period) are as follows:

	2024	2023
Discount rate	**6.45%**	6.45%
Salary increase rate	**5.00%**	5.00%

As at December 31, the details of China Bank Savings Trustee report on retirement fund are as follows:

		2024		2023
Deposit in banks	**P**	**1,135,662**	P	2,324,142
Investment		**5,313,794**		3,786,115
Receivables		**65,727**		40,211
Liabilities	**(**	**17,589)**	(	17,101)
Fund balance	**P**	**6,497,594**	P	6,133,367

a. *Risks Associated with the Retirement Plan*

The plan exposes the Association to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

i. *Interest Risk*

The present value of the retirement benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of reference government bonds will increase the plan obligation.

ii. *Longevity and Salary Risks*

The present value of the retirement benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants during their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

b. *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described in the succeeding page.

Sensitivity Analysis

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the retirement benefit obligation at the actuarial valuation report date after first adjusting one of the current assumptions according to the applicable sensitivity increment or decrement, based on changes in the relevant assumption that were reasonably possible at the valuation date, while all other assumptions remained unchanged. The sensitivities were expressed as the corresponding change in the retirement benefit obligation.

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the retirement benefit obligation as at December 31:

	Impact on defined benefit obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
December 31, 2024			
Discount rate	1%	P 13,747,047	P 14,633,732
Salary increase rate	1%	14,291,485	13,491,247
December 31, 2023			
Discount rate	1%	P 10,316,027	P 13,491,247
Salary increase rate	1%	10,372,171	10,384,577

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the statements of financial condition.

22. INSURANCE PREMIUMS

For the years ended December 31 the account consists of the following:

	2024	2023
Insurance premium	**P 1,104,260,345**	P 504,645,802
Premium due and uncollected	**(10,698,541)**	6,145,345
Gross premium on insurance contract	**1,093,561,804**	510,791,147
Reinsurer's share of gross insurance premium	**(4,979,207)**	(1,804,360)
	P 1,088,582,597	P 508,986,787

23. COMMISSION

This account consists of commission expense for insurance broker and agent amounting to P179,609,817 and P148,002,864 in 2024 and 2023, respectively.

24. UNDERWRITING EXPENSES

For the years ended December 31 the account consists of the following:

	2024	2023
Experience refund	P 46,690,453	P 15,863,871
Administrative	36,100,145	12,560,033
Surrender benefits	7,971,158	6,997,730
Documentary stamp tax	94,220	235,860
Medical fee	960	4,430
	P 90,856,936	P 35,661,924

25. GROSS BENEFIT AND CLAIMS PAID ON INSURANCE CONTRACTS

For the years ended December 31, the account consists of the following:

	2024	2023
Hospitalization benefit	P 526,778,203	P 2,838,353
Death benefit	4,639,562	12,828,906
Motor Vehicle	1,423,762	366,517
	P 532,841,527	P 16,033,776

26. GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended December 31, the amount consists of the following:

	2024	2023
Salaries and other benefits *(see Note 21)*	P **44,800,043**	P 30,745,089
Rental *(see Note 33)*	**19,708,738**	21,198,027
Taxes and licenses *(see Note 38)*	**12,461,083**	1,572,366
Advertising and promotions	**9,755,256**	9,008,254
Fines and penalties	**6,533,114**	4,574,390
Consultancy fees	**5,528,611**	5,043,727
Depreciation and amortization *(see Note 14)*	**5,202,970**	3,736,351
Light and water	**2,980,147**	2,879,479
Professional fees	**2,351,183**	2,302,424
Communication and postages	**2,215,938**	2,442,998
Printing, stationery and supplies	**2,117,893**	1,732,944
Representation and entertainment	**1,389,670**	788,004
Transportation and travel	**1,047,996**	1,179,627
Association dues	**884,343**	705,703
Prizes and awards	**807,981**	716,387
Repairs and maintenance	**583,681**	1,472,276
Shipping charges	**223,345**	251,244
Insurance	**216,518**	489,435
Security expenses	**37,801**	30,246
Training expense	**36,659**	403,958
Donation and contributions	**12,600**	295,000
Input VAT expense	**600**	3,384,000
Books and periodicals	**-**	120
Miscellaneous	**13,716,391**	2,080,211
	P 132,612,561	P 97,032,260

27. FINANCE INCOME

For the years ended December 31, the amount consists of the following:

	2024	2023
Interest income:		
Deposit in banks *(see Note 5)*	P **34,113,805**	P 4,893,220
Investment in bonds *(see Note 11)*	**24,099,315**	27,508,327
Policy loans	**23,019,922**	425,188
Mortgage and collateral loans	**717,510**	1,989,591
	81,950,552	34,816,326
Dividend income *(see Note 10)*	**12,294,949**	8,532,113
	P 94,245,501	P 43,348,439

28. OTHER INCOME

This account consists of network fees amounting to P22,107,077 and P21,148,078 in 2024 and 2023, respectively.

29. FINANCE COST

For the years ended December 31 the account consists of the following:

	2024	2023
Bank charges	P 7,511,151	P 9,792,353
Interest expense	3,606,966	5,416,662
	P 11,118,117	P 15,209,015

30. INCOME TAXES

The components of taxes expense for each year as reported in the profit or loss are as follows:

	2024	2023
Regular corporate income tax at 25%	P 47,559,222	P 58,044,113
Final tax	16,173,892	6,480,309
Deferred income tax on origination of temporary difference	(376,109)	(1,100,631)
	P 63,357,005	P 63,423,791

A reconciliation of tax on pre-tax profit computed at the applicable statutory rates to tax expense reported in the statements of comprehensive income is as follows:

	2024	2023
Tax on pre-tax profit at 25%	P 48,300,833	P 58,436,967
Adjustment for income subjected to lower tax rate	(4,043,473)	(1,620,077)
Tax effect of:		
Non-taxable income	(399,102)	(3,669,364)
Non-deductible expense	19,874,856	11,376,896
Deferred income tax on origination of temporary difference	(376,109)	(1,100,631)
	P 63,357,005	P 63,423,791

The Company's deferred tax assets as at December 31, relate to the following:

	Statements of Financial Position		Statements of Comprehensive Income	
	2024	2023	**2024**	2023
Retirements benefit obligation	**P 5,403,566**	P 5,403,566	**P -**	P -
Allowance for losses	**1,778,336**	1,402,227	**(376,109)**	(1,100,631)
Net deferred tax assets	**P 7,181,902**	P 6,805,793		
Income tax benefit			**(P 376,109)**	(P 1,100,631)

In 2024 and 2023, the Company claims itemized deductions for income tax purposes.

31. EQUITY

Capital Stock

Capital stock consists of:

	Shares		Amount	
	2024	2023	**2024**	2023
Common stock – P1 par value Authorized	**1,300,000,000**	1,300,000,000	**P 1,300,000,000**	P 1,300,000,000
Issued and outstanding	**625,000,000**	625,000,000	**P 625,000,000**	P 625,000,000

As at December 31, 2024, the Company has 57 stockholders owning 100 or more shares each of the capital stock.

Contingency Surplus

The Company's contingency surplus pertains to contributed surplus amounting to P83,936,616 as at December 31, 2024 and 2023. Under the Insurance Code, stockholders are allowed to make an additional contribution in proportion to their respective interests to maintain the required net worth.

Contributed Surplus

The Company's contributed surplus represents contributions of the stockholders to cover any impairment in net worth as required under the amended Insurance Code amounted to P371,936,724 as at December 31, 2024 and 2023.

Revaluation Reserves

The components and reconciliation of items of other comprehensive income presented in the statements of changes in equity at their aggregate amount under Revaluation Reserves account are shown below.

	Financial Asset at FVOCI *(see Note 10)*	Property Revaluation Reserve *(see Note 14)*	Defined Benefit Plan *(see Note 21)*	Legal Policy Revaluation Reserve *(see Note 20)*	Total
Balance at January 1, 2024	(P 4,936,465)	P 90,123,438	P 4,178,353	P 116,175,905	P 205,541,231
Fair value loss	(82,690,775)	-	-	-	(82,690,775)
Depreciation	-	(3,192,800)	-	-	(3,192,800)
Remeasurement of defined benefit plan	-	-	(31,375)	-	(31,375)
Remeasurement of legal policy reserve	-	-	-	(10,636,526)	(10,636,526)
Balance at December 31, 2024	P 87,627,240	P 86,930,638	P 4,146,978	P 105,539,379	P 108,989,755
Balance at January 1, 2023	(P 44,286,852)	P 93,316,238	P 7,436,739	P 148,174,637	P 204,640,762
Fair value gain	39,350,387	-	-	-	39,350,387
Depreciation	-	(3,192,800)	-	-	(3,192,800)
Remeasurement of defined benefit plan	-	-	(3,258,386)	-	(3,258,386)
Remeasurement of legal policy reserve	-	-	-	(31,998,732)	(31,998,732)
Balance at December 31, 2023	(P 4,936,465)	P 90,123,438	P 4,178,353	P 116,175,905	P 205,541,231

Retained Earnings

The Retained earnings include unrealized revaluation gain of investment property amounting to P78,405,000 *(see Note 13)*, which is not available for dividend declaration.

32. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial and operating decisions. Parties are also considered related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are based on terms similar to those offered to non-related parties.

The Company's outstanding balances on transactions with related parties as at December 31, are summarized below:

	2024		2023		
	Amount of Transactions	Outstanding Balance	Amount of Transactions	Outstanding Balance	Terms and Condition
Real estate mortgage loan					
Anda Island Estates Corp.	P -	P -	(P 79,384,295)	P -	Interest bearing, payable on demand, secured, no impairment loss
Key Management Personnel Compensation	P 9,472,207	P -	P 8,969,697	P -	

Loans and Receivables with Related Parties

In the ordinary course of business, the Company grants loans and other transactions with its affiliates.

Key Management Personnel

Short-term benefits of key management personnel (covering senior managers and up) included under salaries, bonuses, and employee benefits in the statements of comprehensive income amounted to P9,472,207 and P8,969,697 as at December 31, 2024 and 2023, respectively.

33. COMMITMENTS AND CONTINGENCIES

Operating Leases

As at December 31, 2024 and 2023, the Company has several agreements with various entities for the lease of commercial space and offices for a period of one year with a renewal option. The Company has elected not to recognize a lease liability on short-term leases. Payments made under such leases are expensed on a straight-line basis. The total rental expense amounted to P19,708,738 and P21,198,027 in 2024 and 2023, respectively *(see Note 26)*.

Legal Cases

As at December 31, 2023, the Company has the following legal cases:

University of the Philippines vs. Manila Bankers Life Insurance Corporation
Civil Case No. Q94-22383
Regional Trial Court of Quezon City, Branch 224

The Regional Trial Court (Branch 85) of Quezon City issued a Resolution dated July 20, 2017 denying UP's Motion for Reconsideration. Earlier the Court rendered a Decision dated December 6, 2016 dismissing UP's claim for payment of the amount of approximately P13.2 million representing purported unpaid rentals for the use of the Asian Institute of Tourism House along Commonwealth Avenue, Quezon City.

The Company expect UP to appeal the decision dismissing its complaint.

Others

In the normal course of business, the Company makes various commitments and incurs certain contingent liabilities that are not given recognition in the accompanying financial statements. The Company's management believes that losses, if any, that may arise from these commitments and contingencies will not have a material effect on the Company's financial statements.

34. RISK MANAGEMENT OBJECTIVE AND POLICY

Risks are inherent in the business activities of the Company. Among its identified risks are insurance risk, investment risk, credit risk, liquidity risk and market risk. These are managed through a risk management framework and governance structure that provides comprehensive controls and management of major risks on an ongoing basis.

Risk management is the process by which the Company identifies its key risks, obtains consistent and understandable risk measures, decides which risks to take on or reduce and how this will be done, and establishes procedures for monitoring the resultant risk positions. The objective of risk management is to protect the Company from events that hinder the sustainable achievement of the Company's performance objectives including failing to exploit opportunities. The Company recognizes the critical importance of having efficient and effective risk management systems in place.

Risk Management Structure and Strategies

The Company has established a risk management function with clear terms of reference for the BOD, its committees and the associated executive management committees. Further, a clear organizational structure with documented delegated authorities and responsibilities from the BOD to executive management committees and senior managers has been developed. Lastly, a policy framework that sets out the risk appetite of the Company, risk management, control and business conduct standards for the Company's operations has been put in place. Each policy has a member of senior management who is charged with overseeing compliance with the policy throughout the Company.

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

Insurance Risk

The risk under insurance contract is the possibility of occurrence of insured event and uncertainty of the amount and timing of resulting claim. The principal risk which the Company faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, actual benefits paid are greater than originally estimated and subsequent development of long-term claims.

Life Insurance Contracts

The Company principally writes life insurance where the life of policyholder is insured against death, illness, injury or permanent disability, usually for pre-determined amount. Whole life and term insurance are conventional products where lump sum benefits are payable on death.

Endowment products are investments/savings products where lump sum benefits are payable after a fixed period or on death before the period is completed.

The risks associated with life and accident and health products are underwriting risk and investment risk.

Underwriting Risk

Underwriting risk represents the exposure to loss resulting from actual policy experience adversely deviating from assumptions made in the product pricing.

Underwriting risks are brought about by a combination of the following:

- *Mortality Risk* - risk of loss arising due to policyholder death experience being different than expected.

- *Morbidity Risk - risk of loss arising due to policyholder health and* disability experience being different than expected.

- *Investment Return Risk* - risk of loss from actual return being different from expected.

- *Longevity Risk* - risk of loss arising due to the annuitant living longer than expected.

- *Expense Risk* - risk of loss arising from expense experience being different than expected.

- *Lapse Risk* - risk of loss due to policyholder experiences (lapses and surrenders) being different than expected.

These risks currently do not vary significantly in relation to the location of the risk insured by the Company, while undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Company's underwriting strategy is designated to ensure that risks are well diversified in terms of type of risks and level of insured benefits. This is largely achieved through diversification across industry of sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs. The Company further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

The Company is cognizant of the need to exercise good judgment in the selection and approval of both domestic and foreign companies participating in its reinsurance programs. While reinsurance arrangements do not relieve the Company from its direct obligations to its insured, an efficient and effective reinsurance program substantially limits the Company's exposure to potentially significant losses.

There are no mitigating terms and conditions that reduce the insured risk accepted for contracts with fixed and guaranteed benefits and fixed future premiums.

The table below sets out the Company's concentration of insurance risks based on sum insured:

Type	2024 Number of Policies	2024 Amount of Insurance	2024 Percentage	2023 Number of Policies	2023 Amount of Insurance	2023 Percentage
Group Life	67	P 32,136,149,482	82.12%	46	P 33,802,661,011	83.75%
Term	5,004	6,121,800,000	15.64%	4,973	5,923,025,055	14.68%
Endowment	12,549	578,629,972	1.48%	13,111	603,793,258	1.50%
Whole life	901	296,750,000	0.76%	166	31,700,000	0.08%
	18,521	P 39,133,329,454	100%	18,296	P 40,361,179,324	100.00%

Non-life Insurance Contracts

The Company principally issues the following types of general insurance contracts: fire, motor, health and accident, aviation/hull, marine, engineering, professional indemnity, bonds, fidelity guarantee and surety. Risks under general insurance policies usually cover a 12-month duration.

For general insurance contracts, the significant risks arise from climate changes and natural disasters.

These risks vary significantly in relation to the location of the risk insured and type of risk insured. Undue concentration by amount can have a further impact on the severity of benefit payments on a portfolio basis.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Further, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

The Company has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit the exposure to catastrophic events, such as hurricanes, earthquakes and flood damages.

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes to a pre-determined maximum amount based on the Company's risk appetite as decided by management.

The table below sets out the Company's concentration of insurance risks based on sum insured:

Type	2024 Number of Policies	2024 Amount of Insurance	2024 Percentage	2023 Number of Policies	2023 Amount of Insurance	2023 Percentage
Personal Accident	754	P 1,371,500,000	58%	554	P 750,000,000	54%
Fire	90	688,758,770	29%	67	561,302,435	40%
Motor Car	353	297,981,195	13%	123	84,682,707	6%
General Account	-	-	-	-	-	-
Engineering	-	-	-	-	-	-
Suretyship	-	-	-	-	-	-
	1,197	P 2,358,239,965	100%	744	P 1,395,985,142	100.00%

Investment Risk

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

To maintain an adequate yield to match the interest necessary to support future policy liabilities, management reinvests the proceeds of the maturing securities and future premium receipts to financial instruments with satisfactory investment quality.

The Company's strategy is to invest primarily in high-quality securities while maintaining diversification to avoid significant exposure to issuer, industry and/or country concentrations taking into consideration limitations set by IC. Another strategy is to produce cash flows required to meet maturing insurance liabilities. The Company invests in equities for various reasons, including diversifying its overall exposure to interest rate risk. Financial assets at FVOCI are subject to changes in fair value. Generally, insurance regulations restrict the type of assets in which an insurance company may invest.

The Company uses asset-liability matching as a management tool to determine the composition of the invested assets and appropriate investment and marketing strategies. As part of these strategies, the Company may determine that it is economically advantageous to be temporarily in an unmatched position due to the anticipated interest rate or other economic changes.

Financial Management Risk

The Company's activities expose it to a variety of financial risks: foreign currency risk, credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Long-term financial investments are managed to generate lasting returns.

The Company does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below:

a. *Market Risk*

1. *Foreign Exchange Risk*

While the Company's revenue is currently generated in Philippine peso, a portion of the cash received from its policyholders is denominated in United States Dollar (USD). These USD denominated cash in bank represents 0.009% of the Company's total cash and cash equivalents as at December 31, 2024 and 2023. As such, fluctuations in the value of the Philippine peso against the USD are not expected to have a material adverse effect on the Company's results of operations.

2. *Interest Rate Risk*

The Company follows a prudent policy on managing its assets and liabilities to ensure that exposure to fluctuations in interest rates is kept within acceptable limits. Majority of the Company's loan portfolio has fixed interest rates. As a result, the Company's exposure to interest rate fluctuations, and other market risks, is significantly reduced.

The table below illustrates the sensitivity of the Company's impact on profit or loss before tax and equity to a reasonably possible change in interest rates of +/-182% and +/- 1.90 in 2024 and 2023, respectively. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at the end each reporting period that are sensitive to changes interest rates. All other variables are held constant.

	2024		2023	
	+182%	-182%	+190%	-190%
Impact on profit or loss	P 95,960,769	(P 95,960,769)	P 44,172,059	(P 44,172,059)
Equity	71,970,577	(71,970,577)	33,129,045	(33,129,045)

3. *Price Risk*

Price risk is the risk that the Company incurs losses due to changes in market values of financial instruments arising from movements in market prices.

The Company's price risk arises from its investments carried at fair value (i.e., financial assets classified as financial assets at FVTPL and FVOCI). The Company manages exposures to price risk by monitoring the changes in the market price of the investments and at some extent, diversifying the investment portfolio in accordance with the limit set by management.

For equity securities listed in the Philippines, an average volatility of 23% has been observed during 2024 and 2023. If quoted price for these securities decreased or increased by that amount, profit before tax would have changed by P19,018,878 in 2024 and P9,050,589 in 2023, while equity would have changed by P14,264,159 and P6,787,942 in 2024 and 2023, respectively.

Except for those that are held for trading, the investments in listed equity securities are considered long-term strategic investments. In accordance with the Company's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from equity instruments are utilized in the Company's favor.

b. *Credit Risk*

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for insurance receivables, reinsurance assets, and various financial instruments arising from granting loans to employees, policyholders and other counterparties, receivables incidental to investment activities, placing deposits with banks, and investing in debt securities that are carried at amortized cost and FVOCI.

The Company continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

The maximum credit risk exposure of assets is the carrying amount of the assets as shown in the statements of financial position or in the detailed analysis provided in the notes to the financial statements, as summarized below and in the succeeding pages.

	2024	2023
Cash and cash equivalents	P 715,670,625	P 496,202,008
Loans and other receivables	278,470,828	65,020,396
Insurance contract receivables	13,530,066	26,692,039
Accrued interest receivable	20,082,375	3,300,159
Financial assets at FVOCI	658,905,011	634,843,550
Financial asset at amortized cost	585,372,665	697,715,289
	P 2,272,031,570	P 1,923,773,441

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high-quality external credit ratings. Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 for every depositor per banking institution. The insurance coverage was further increased to P1,000,000 effective March 15, 2025.

Financial assets at an amortized cost measured at amortized cost and FVOCI are considered to have low credit risk, and therefore, the loss allowance during the period is determined to be equivalent to 12 months ECL. Management considers low credit risk for listed bonds to be an investment-grade credit rating with at least one major rating agency.

Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The Company applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for loans and receivables (except for policy loans) and accrued income. Policy loans are not exposed to credit risk as these are secured by the cash surrender values of the related policies. To measure the expected credit losses, loans and receivables and accrued income have been grouped based on shared credit risk characteristics and the days past due (age buckets). The expected loss rates are based on the payment profiles of counterparties over a period of 12 months before December 31, 2024, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the counterparties to settle the receivables.

The following tables show the exposure to credit risk of financial instruments as of December 31 for each internal risk grade and the related allowance for impairment:

	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans and other receivables	P 278,470,828	P -	P -	P 278,470,828
ECL allowance	(21,157,021)	-	-	(21,157,021)
Carrying amount	**P 257,313,807**	**P -**	**P -**	**P 257,313,807**
Insurance contract receivable	P -	P -	P 13,530,066	P 13,530,066
ECL allowance	-	-	(457,245)	(457,245)
Carrying amount	**P -**	**P -**	**P 13,072,821**	**P 13,072,821**
Financial asset at FVOCI	P 658,905,011	P -	P -	P 658,905,011
ECL allowance	-	-	-	-
Carrying amount	**P 658,905,011**	**P -**	**P -**	**P 658,905,011**
Financial asset at amortized cost	P 585,372,665	P -	P -	P 585,372,665
ECL allowance	-	-	-	-
Carrying amount	**P 585,372,665**	**P -**	**P -**	**P 585,372,665**

	2023			
	Stage 1	Stage 2	Stage 3	Total
Loans and other receivables	P 65,020,396	P -	P -	P 65,020,396
ECL allowance	(21,157,021)	-	-	(21,157,021)
Carrying amount	P 43,863,375	P -	P -	P 43,863,375
Insurance contract receivable	P -	P -	P 26,692,039	P 26,692,039
ECL allowance	-	-	(457,245)	(457,245)
Carrying amount	P -	P -	P 26,234,794	P 26,234,794
Financial asset at FVOCI	P 634,843,550	P -	P -	P 634,843,550
ECL allowance	-	-	-	-
Carrying amount	P 634,843,550	P -	P -	P 634,843,550
Financial asset at amortized cost	P 697,715,289	P -	P -	P 697,715,289
ECL allowance	-	-	-	-
Carrying amount	P 697,715,289	P -	P -	P 697,715,289

The following tables show the reconciliation from the opening to the closing balance of the ECL allowance by class of financial instrument.

	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans and other receivables				
Balance at beginning of year	P 21,157,021	P -	P -	P 21,157,021
ECL allowance	-	-	-	-
Balance at end of year	**P 21,157,021**	**P -**	**P -**	**P 21,157,021**
Insurance contract receivables				
Balance at beginning of year	P -	P -	P 457,245	P 457,245
ECL allowance	-	-	-	-
Balance at end of year	**P -**	**P -**	**P 457,245**	**P 457,245**

	2023			
	Stage 1	Stage 2	Stage 3	Total
Loans and other receivables				
Balance at beginning of year	P 21,157,021	P -	P -	P 21,157,021
ECL allowance	-	-	-	-
Balance at end of year	P 21,157,021	P -	P -	P 21,157,021
Insurance contract receivables				
Balance at beginning of year	P -	P -	P 457,245	P 457,245
ECL allowance	-	-	-	-
Balance at end of year	P -	P -	P 457,245	P 457,245

The following tables show the credit quality of financial assets by class (gross of a allowance) of the Company:

	2024					
	Neither Past Due Nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due But Not Yet Impaired	Impaired	Total
Cash and cash equivalents	P 715,670,625	P -	P -	P -	P -	P 715,670,625
Loans and other receivables	236,420,261	-	-	20,893,546	21,157,021	278,470,828
Insurance contract receivables	13,072,821	-	-	-	457,245	13,530,066
Accrued interest receivable	20,082,375	-	-	-	-	20,082,375
Financial asset at FVOCI	658,905,011	-	-	-	-	658,905,011
Financial asset at amortized cost	585,372,665	-	-	-	-	585,372,665
	P 2,229,523,758	P -	P -	P 20,893,546	P 21,614,266	P 2,272,031,570

	2023					
	Neither Past Due Nor Impaired			Past Due		
	High Grade	Standard Grade	Substandard Grade	But Not Yet Impaired	Impaired	Total
Cash and cash equivalents	P 496,202,008	P -	P -	P -	P -	P 496,202,008
Loans and other receivables	22,572,620	-	-	21,290,755	21,157,021	65,020,396
Insurance contract receivables	26,234,794	-	-	-	457,245	26,692,039
Accrued interest receivable	3,300,159	-	-	-	-	3,300,159
Financial asset at FVOCI	634,843,550	-	-	-	-	634,843,550
Financial asset at amortized cost	697,715,289	-	-	-	-	697,715,289
	P 1,880,868,420	P -	P -	P 21,290,755	P 21,614,266	P 1,923,773,441

The Company's management considers the net amount of the above financial assets that are not impaired or past due for each reporting dates are of good credit quality.

The bases for grading the Company's financial assets are as follows:

1. *High Grade*

   These are financial assets that have a high probability of collection. The counterparty has the apparent ability to satisfy its obligation and the security is readily enforceable.

2. *Standard Grade*

   These are receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay but with the experience of default.

3. *Substandard Grade*

   These are receivables where the counterparty has the experience of default and probability of turning past due in the near future and/or are already past due.

c. *Liquidity Risk*

The Company manages its liquidity needs by carefully monitoring scheduled payments for financial liabilities as well as cash outflows due in day-to-day business.

The Company maintains cash to meet its liquidity requirements. Excess cash is invested in time deposits or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of long-term financial assets.

As at December 31, the Company's financial liabilities have contractual maturities which are presented below:

	2024			
	Within 6 Months	6 to 12 Months	Over One year	Total
Policy and contract claims payables	P 124,385,162	P -	P -	P 124,385,162
Premium deposit fund	271,344,490	-	-	271,344,490
Insurance payables	3,058,723	-	-	3,058,723
Payables and other liabilities	-	136,455,873	-	136,455,873
Legal policy reserves	-	-	380,785,505	380,785,505
	P 398,788,375	P 136,455,873	P 380,785,505	P 916,029,753

	2023			
	Within 6 Months	6 to 12 Months	Over One year	Total
Policy and contract claims payables	P 27,289,725	P -	P -	P 27,289,725
Premium deposit fund	186,042,449	-	-	186,042,449
Insurance payables	1,381,280	-	-	1,381,280
Payables and other liabilities	-	78,820,793	-	78,820,793
Legal policy reserves	-	-	305,456,094	305,456,094
	P 214,713,454	P 78,820,793	P 305,456,094	P 598,990,341

35. FAIR VALUE MEASUREMENT

Categories and Fair Values of Financial Assets and Liabilities

As at December 31, the carrying amounts of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below:

	2024		2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash and cash equivalents	P 715,670,625	P 715,670,625	P 496,202,008	P 496,202,008
Loans and other receivables	278,470,828	257,313,807	65,020,396	43,863,375
Insurance contract receivables	13,530,066	13,072,821	26,692,039	26,234,794
Accrued interest receivable	20,082,375	20,082,375	3,300,159	3,300,159
Financial assets at FVOCI	658,905,011	658,905,011	634,843,550	634,843,550
Financial asset at amortized cost	585,372,665	585,372,665	697,715,289	697,715,289
	P 2,272,031,570	P 2,250,417,304	P 1,923,773,441	P 1,902,159,175

	2024		2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Liabilities				
Policy and contract claims payables	P 124,385,162	P 124,385,162	P 27,289,725	P 27,289,725
Premium deposit fund	271,344,490	271,344,490	186,042,449	186,042,449
Insurance payables	3,058,723	3,058,723	1,381,280	1,381,280
Payables and other liabilities	136,455,873	136,455,873	78,820,793	80,982,385
Legal policy reserves	380,785,505	380,785,505	305,456,094	305,456,094
	P 916,029,753	P 916,029,753	P 598,990,341	P 601,151,933

The carrying amounts of the above financial assets and liabilities approximate their fair values as at December 31, 2024 and 2023.

The methods and assumptions used by the Company in estimating the fair value of the financial instruments are:

a. *Cash and cash equivalents, insurance contract receivables, and accrued interest receivable.*

The carrying amounts of these accounts approximate their fair values due to their short-term duration.

b. *Loans and receivables*

Loans and other receivables are net of impairment losses. The estimated fair value of loans and receivables represents the discounted amount of estimated future cash flows expected to be received. Long-term interest-bearing loans are periodically repriced at interest rates equivalent to the current market rates, to determine fair value. The carrying amounts approximate fair values.

c. *Financial assets at FVOCI*

For publicly traded equity securities, fair values are based on quoted prices published in markets. For unquoted equity securities, the fair value could not be reliably determined due to the unpredictable timing of future cash flows and the lack of suitable methods of arriving at a reliable fair value. These are carried at original cost less allowance for impairment loss.

d. *Financial asset at amortized cost*

The fair values of these bonds are based are measured in amortized cost under the effective interest method. The carrying amounts approximate fair value.

e. *Policy and contract claims payable premium deposit fund, insurance payables and payables and other liabilities*

Policy and contract claim payable, premium deposit fund, insurance payables and payables and other liabilities are recognized initially at their fair value and subsequently measured at amounts to which they are to be paid. Fair value of these short-term liabilities approximates their carrying values.

f. *Legal policy reserves*

Legal policy reserves represent the accumulated total liability for policies in force at the reporting date. Such reserves are established at amounts adequate to meet the estimated future obligations of all life insurance policies in force as of reporting date. The reserves are calculated using actuarial methods and assumptions as approved by the IC, subject to the liability adequacy test (LAT).

Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS Accounting Standards, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

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

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

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active 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.

For financial assets and liabilities which do not have quoted market price, the fair value is determined by using generally accepted pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Company uses valuation techniques, it maximizes the use of observable market data where it is available and relies as little as possible on entity-specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

There have been no significant transfers among Levels 1, 2 and 3 in the reporting periods.

The table below shows the Levels within the hierarchy of financial assets measured at fair value on a recurring basis as at December 31.

	Level 1	Level 2	Level 3	Total
December 31, 2024				
Financial asset at FVOCI	P 657,965,011	P -	P 940,000	P 658,905,011
December 31, 2023				
Financial asset at FVOCI	P 633,903,550	P -	P 940,000	P 634,843,550

Fair Value Measurement for Non-financial Assets

The table below shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis as at December 31.

	Level 1	Level 2	Level 3	Total
December 31, 2024				
Property, Plant and Equipment:				
Building and improvements	P -	P -	P 15,964,000	P 15,964,000
Investment Property:				
Land	P -	P 160,313,418	P -	P 160,313,418
Building and improvements	-	-	11,909,400	11,909,400
	P -	P 160,313,418	P 11,909,400	P 172,222,818
December 31, 2023				
Property, Plant and Equipment				
Building and improvements	P -	P -	P 19,156,800	P 19,156,800
Investment Property:				
Land	P -	P 160,313,418	P -	P 160,313,418
Building and improvements	-	-	11,909,400	11,909,400
	P -	P 160,313,418	P 11,909,400	P 172,222,818

The fair value of the Company's building and improvements classified under the Property and equipment account *(see Note 14)*, and the Company's Investment property *(see Note 13)* is determined on the basis of the independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

The fair value of these non-financial assets was determined based on the following approaches:

a. Fair Value Measurement for Land

The Level 2 fair value of land was derived using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations. Under this approach, when sales prices of comparable land in close proximity are used in the valuation of the subject property with no adjustment on the price, fair value is included in Level 2. On the other hand, if the observable recent prices of the reference properties were adjusted for differences in key attributes such as property size, zoning, and accessibility, the fair value is included in Level 3. The most significant input into this valuation approach is the price per square foot; hence, the higher the price per square foot, the higher the fair value.

b. Fair Value Measurement for Building and Improvements

The Level 3 fair value of the buildings and improvements under the Property and Equipment account was determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers' and contractor's quotes, price catalogs, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in a higher fair value of the properties.

c. *Other Fair Value Information*

There has been no change to the valuation techniques used by the Company during the year for its non-financial assets. Also, there were no transfers into or out of the Level 3 fair value hierarchy in 2024 and 2023.

36. CAPITAL MANAGEMENT OBJECTIVES, POLICIES, AND PROCEDURES

The Company's capital management objective is to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

Regulatory Framework

Regulators are interested in protecting the rights of the policyholders and have maintained close monitoring to ensure that the Company is satisfactory in managing its affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet liabilities arising from claims and that the risk levels are at acceptable levels.

The operations of the Company are subject to the regulatory requirements of the IC. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions [e.g., fixed capitalization requirements and Risk-Based Capital (RBC) requirements].

The Company maintains a capital base to cover risks inherent in the business. Externally imposed capital requirements are set and regulated by the IC. These requirements are put in place to ensure solvency. The Company manages its capital requirements by complying with requirements and limitations enforced by the IC, by maintaining the profitability of the business and by aligning the Company's operational strategy to its corporate goals. The Company fully complied with the externally imposed capital requirements as at December 31, 2024 and 2023.

The Company's primary capital management objectives are to ensure its ability to continue as a going concern in order to fulfill the Company's mission and vision and to provide an adequate return to shareholders.

The Company manages its capital structure in light of changes in the economic conditions and the risk characteristics of its activities. The Company takes into consideration future capital requirements, capital deficiency, profitability, and projected operating cash flows, expenditures and investment opportunities. No changes were made in the objectives, policies and processes as at December 31, 2024 and 2023.

Net Worth Requirements

Under the Insurance Code, every domestic life and non-life insurance company duly licensed by the IC needs to comply with the following net worth requirements:

Compliance Date		Net Worth
On or before June 30, 2013	P	250,000,000
On or before December 31, 2016		550,000,000
On or before December 31, 2019		900,000,000
On or before December 31, 2022		1,300,000,000

As at December 31, 2024 and 2023, the Company complied with the net worth requirements.

Risk-Based Capital (RBC) Requirements

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

IC CL No. 2016-69, Implementation Requirements for Financial Reporting, Valuation Standards for Insurance Policy Reserves and Amended Risk-Based Capital (RBC2) Framework, provides that the level of sufficiency for the RBC2 Framework shall be at 95% level in 2017, 97.50% in 2018 and 99.50% in 2019.

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

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

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

As at December 31, 2024 and 2023, the Company complied with the RBC requirements.

37. NON-ADMITTED ASSETS

The estimated amounts of non-admitted assets in 2024 and 2023 which still subject to examination by the IC, which are included in the accompanying statements of financial position follow:

		2024		2023
Loans and other receivables	P	**13,944,063**	P	20,699,776
Prepayments and other current assets		**23,736,402**		13,822,467
Deferred tax asset		**7,181,902**		6,048,404
Property and equipment		**16,512,195**		6,296,418
	P	**64,374,562**	P	46,867,065

38. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding page are the supplementary information which is required by the Bureau of Internal Revenue (BIR) under its existing requirements under Revenue Regulations (RR) 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS Accounting Standards.

Requirements under Revenue Regulations (RR) 15-2010

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR 15-2010 are as follows:

a. Output Value-Added Tax (VAT)

The Company declared output VAT amounting to P563,052 related to receipts from rendering of services amounting to P4,692,098 in 2024. The tax base for rendering of services is based on the Company's gross receipts for the year, hence may not be the same as the amount of revenues reported in the 2024 financial statements.

The Company has no output VAT payable as at December 31, 2024.

b. Input VAT

The movements in input VAT as at December 31, 2024, are summarized below:

Balance at beginning of year	P	10,795,726
Domestic purchase of goods other than capital goods		806,162
Domestic purchases of services		3,200,213
Applied against output VAT	(	1,751,007)
Balance at end of the year	P	13,051,094

The outstanding input VAT of P13,051,094 as at December 31, 2024 is presented as part of Prepayments and other current assets in the statements of financial position *(see Note 9)*.

c. *Tax on Importation*

The Company has no tax on importation since it does not have any transactions which are subject to importation tax.

d. *Percentage tax*

The amount of percentage taxes paid during the year is presented below:

	Tax base	Percentage tax
Insurance premium tax	P 1,006,234,524	P 20,124,690

e. *Excise Tax*

The Company did not have any transaction in 2024 which are subject to excise tax.

f. *Documentary Stamp Tax*

The Company paid documentary stamp on insurance contracts amounting to P857,189.

g. *Taxes and Licenses*

The amount of taxes and licenses for the year ended December 31, 2024 are as follows:

Real property tax	P 9,476,153
Business licenses and permits	1,978,551
Documentary stamp tax	857,189
Others	149,190
	P 12,461,083

h. *Withholding Taxes*

An analysis of the Company's withholding taxes paid or accrued during the year as follows:

Expanded	P 29,658,653
Compensation	1,425,177
	P 31,083,830

i. *Deficiency Tax Assessment and Tax Case*

As at December 31, 2024, the Company neither has a final deficiency tax assessment with the BIR or tax case outstanding nor pending in courts or bodies outside the BIR in any of the open years.