SECURITIES AND EXCHANGE COMMISSION
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Company Information

SEC Registration No.: PW00000333
Company Name: COMMONWEALTH INSURANCE COMPANY
Industry Classification: J67030
Company Type: Stock Corporation

Document Information

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Period Covered: December 31, 2024
Submission Type: Annual
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Acceptance of this document is subject to review of forms and contents

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

							3	3	3

COMPANY NAME

C O M M O N W E A L T H   I N S U R A N C E   C O M P A N Y

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town)Province)*

3 5 T H   F L O O R ,   T H E   E N T E R P R I S E
C E N T E R ,   6 7 6 6   A Y A L A   A V E N U E
C O R N E R   P A S E O   D E   R O X A S
M A K A T I   C I T Y

Form Type	Department requiring the report	Secondary License type, If Applicable
A A F S	C R M D	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Numbers	Mobile Number
info@cic.com.ph	818-7626	9186813750

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
27	Apr-12	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
EDEN P. CADAY	eden.caday@cic.com.ph	818-7626 loc. 1027	

CONTACT PERSON's ADDRESS

35th Floor, The Enterprise Center, 6766 Ayala Avenue corner Paseo de Roxas, Makati City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete details of the new contact person designated.*

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

2024
AUDITED FINANCIAL STATEMENTS

COMMONWEALTH INSURANCE COMPANY
December 31, 2024 and 2023

R. R. TAN AND ASSOCIATES
Certified Public Accountants

Corcelles, Lourdes <lmcorcelles@cic.com.ph>

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Hi COMMONWEALTH INSURANCE COMPANY,

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Company TIN: **000-445-883**

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COMMONWEALTH INSURANCE COMPANY

Head Office: 35th Floor, Tower 1, The Enterprise Center, 6766 Ayala Ave. cor. Paseo de Roxas Ave., Makati City
Telephone: (02) 8818-7626 • Email: info@cic.com.ph • Website: www.cic.com.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **Commonwealth Insurance Company** (the "Company"), is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 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 including the schedules attached therein, and submits the same to the stockholders.

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

MARIO A. NOCHE
President

RAFAEL C. REGALA
Chairman of the Board

JOSE PAOLO F. NOCHE
Treasurer

Signed this 7th day of April, 2025.

R. R. TAN & ASSOCIATES, CPAs

Unit 1705, Antel Global Corporate Center
Doña Julia Vargas Avenue, Ortigas Center
Pasig City, Philippines 1605
Tel.: (632) 8638-3430 to 32
e-mail : info@rrtan.net

PRC-BOA Reg. No. 0132, valid until August 13, 2027
BIR Accreditation No. 07-100510-002-2022, valid until September 14, 2025

Report of Independent Public Accountants

The Board of Directors and Stockholders
COMMONWEALTH INSURANCE COMPANY
35th Floor, The Enterprise Center
6766 Ayala Avenue corner Paseo de Roxas
Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **COMMONWEALTH INSURANCE COMPANY** (the Company), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

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

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Company's supplementary information disclosed in Note 33 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

R. R. TAN AND ASSOCIATES, CPAs

By: **DOMINGO A. DAZA, JR.**
Partner
CPA Certificate No. 109993
Tax Identification No. 203-917-449
PTR No. 3040539, January 7, 2025, Pasig City
PRC-BOA Reg. No. 0132/P-001, valid until August 13, 2027
BIR Accreditation No. 07-100512-002-2022, valid until September 14, 2025
IC Accreditation No. 109993-IC, valid for the audit of 2020 to 2024 financial statements

April 7, 2025
Pasig City

COMMONWEALTH INSURANCE COMPANY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	Notes	2024	2023
ASSETS			
Cash and cash equivalents	8	**P 1,810,639,071**	P 1,614,374,493
Short-term bank investments	8	**29,090,000**	68,881,255
Investments			
Available-for-sale	9	**187,675**	191,498
Held-to-maturity	9	**1,233,342,942**	1,219,390,849
Insurance balances receivable	10	**652,122,632**	779,125,184
Reinsurance assets	11	**51,735,994**	68,058,323
Investment properties	12	**437,983,746**	302,397,374
Property and equipment - net	13	**697,358,264**	826,137,731
Deferred acquisition cost	14	**158,108,654**	169,581,384
Accrued investment income	15	**14,004,288**	9,503,153
Deferred tax assets - net	29	**15,616,601**	24,858,660
Other assets	16	**4,219,654**	3,639,633
TOTAL ASSETS		**P 5,104,409,521**	P 5,086,139,537

	Notes	2024	2023
LIABILITIES AND EQUITY			
LIABILITIES			
Insurance claims payable	17	**P 251,924,089**	P 254,550,683
Reserve for unearned premiums	18	**813,715,149**	906,478,237
Reinsurance liabilities	19	**513,634**	26,062,285
Accounts payable and accrued expenses	20	**365,327,432**	412,677,616
Deferred commission income	14	**8,632,032**	10,333,884
Defined benefit liability	28	**106,746,649**	114,888,418
Total Liabilities		**1,546,858,985**	1,724,991,123
EQUITY			
Share capital	21	**1,300,000,000**	1,300,000,000
Additional paid-in capital	21	**91,250,000**	91,250,000
Contributed surplus		**500,000**	500,000
Revaluation reserve on:			
Available-for-sale investments	9	**121,905**	125,728
Property and equipment - net of tax	13	**46,935,258**	47,150,262
Remeasurement loss on defined benefit liability - net of tax	28	**(20,553,293)**	(27,988,455)
Retained earnings - December 31			
Appropriated for company expansion	21	**900,000,000**	-
Unapproriated		**1,239,296,666**	1,950,110,879
Total Equity		**3,557,550,536**	3,361,148,414
TOTAL LIABILITIES AND EQUITY		**P 5,104,409,521**	P 5,086,139,537

See accompanying notes to financial statements

COMMONWEALTH INSURANCE COMPANY
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Notes	**2024**	2023
REVENUES			
Gross premiums earned	*23*	**P 1,769,862,626**	P 2,112,540,940
Reinsurance premium ceded	*23*	**83,098,581**	84,891,145
Net insurance revenue		**1,686,764,045**	2,027,649,795
Commission income	*25*	**22,722,000**	23,405,871
Interest income	*26*	**137,613,901**	119,915,597
Other income	*26*	**1,303,211**	1,317,113
		1,848,403,157	2,172,288,376
CLAIMS, LOSSES AND ADJUSTMENT EXPENSES			
Insurance claims, losses and adjustment expenses paid - net of salvages and recoveries	*24*	**780,774,391**	1,134,464,998
Paid insurance claims, losses and adjustment expenses recovered from reinsurers	*24*	**(3,983,640)**	(60,904,886)
Changes in insurance claims payable		**(2,626,594)**	(59,776,470)
Changes in reinsurers' share of claims, losses and adjustment expenses		**3,102,163**	28,646,703
Other underwriting expenses		**22,251,196**	21,268,949
		799,517,516	1,063,699,294
COST AND EXPENSES			
Commission expense	*25*	**445,434,630**	528,854,456
Administrative expenses	*27*	**388,347,774**	379,385,788
		833,782,404	908,240,244
PROFIT BEFORE INCOME TAX EXPENSE		**215,103,237**	200,348,838
INCOME TAX EXPENSE - NET	*29*	**26,204,122**	18,793,063
PROFIT FOR THE PERIOD		**P 188,899,115**	P 181,555,775

See accompanying notes to financial statements

COMMONWEALTH INSURANCE COMPANY
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Notes		2024		2023
PROFIT FOR THE PERIOD		P	**188,899,115**	P	181,555,775
OTHER COMPREHENSIVE INCOME					
Items to be reclassified to profit or loss in subsequent periods:					
Fair value changes in AFS investments	*9*		**(3,823)**		9,467
Items not to be reclassified to profit or loss in subsequent periods:					
Remeasurement gain (loss) on defined benefit plan	*28*		**9,913,550**		(1,103,857)
Effect of deferred income tax			**(2,478,388)**		275,965
			7,435,162		(827,892)
TOTAL COMPREHENSIVE INCOME		P	**196,330,454**	P	180,737,350

See accompanying notes to financial statements

COMMONWEALTH INSURANCE COMPANY
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Notes		2024		2023
SHARE CAPITAL					
Preferred shares	21	P	**20,000,000**	P	20,000,000
Common shares					
Issued and oustanding					
Balance, January 1			**1,280,000,000**		780,000,000
Issuance during the year	21		**-**		500,000,000
Balance, December 31			**1,280,000,000**		1,280,000,000
Total share capital			**1,300,000,000**		1,300,000,000
ADDITIONAL PAID-IN CAPITAL					
Balance, January 1			**91,250,000**		-
Addition during the year	21		**-**		91,250,000
Balance, December 31			**91,250,000**		91,250,000
CONTRIBUTED SURPLUS			**500,000**		500,000
REVALUATION RESERVE ON AVAILABLE-FOR-SALE INVESTMENTS					
Balance, January 1			**125,728**		116,261
Fair value changes			**(3,823)**		9,467
Balance, December 31	9		**121,905**		125,728
REVALUATION RESERVE ON PROPERTY AND EQUIPMENT - NET OF TAX					
Balance, January 1			**47,150,262**		48,718,089
Realized portion of revaluation reserve absorbed through depreciation			**(215,004)**		(1,567,827)
Balance, December 31	13		**46,935,258**		47,150,262
REMEASUREMENT LOSS ON DEFINED BENEFIT LIABILITY - NET OF TAX					
Balance, January 1			**(27,988,455)**		(27,160,563)
Remeasurement gain (loss) during the year			**7,435,162**		(827,892)
Balance, December 31	28		**(20,553,293)**		(27,988,455)
RETAINED EARNINGS					
Appropriated for company expansion	21		**900,000,000**		-
Unappropriated					
Balance, January 1			**1,950,110,879**		1,766,464,668
Approriation for company expansion	21		**(900,000,000)**		-
Profit for the period			**188,899,115**		181,555,775
Realized portion of revaluation reserve on property and equipment absorbed through depreciation			**286,672**		2,090,436
Balance, December 31			**1,239,296,666**		1,950,110,879
			2,139,296,666		1,950,110,879
		P	**3,557,550,536**	P	3,361,148,414

See accompanying notes to financial statements

COMMONWEALTH INSURANCE COMPANY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax expense		P 215,103,237	P 200,348,838
Adjustments for:			
Amortization of premium/discount on HTM investments	9	(12,559,173)	(7,584,062)
IBNR and other reserves - net		2,096,710	(3,455,194)
Depreciation	12, 13	37,103,422	36,362,108
Amortization of deferred acquisition cost - net	14	9,770,878	25,625,410
Provision for retirement benefits	28	18,512,848	18,625,057
Provision for probable losses	10,11	5,195,899	-
Reserve for unearned premiums - net		(85,713,433)	(138,476,420)
Interest income	26	(137,613,901)	(119,915,597)
Operating income before working capital changes		51,896,487	11,530,140
(Increase) Decrease in Operating Assets:			
Insurance balances receivable		123,370,368	296,277,118
Reinsurance assets		4,606,795	2,546,606
Other assets		(580,021)	(42,830)
Increase (Decrease) in Operating Liabilities:			
Insurance claims payable		(1,621,141)	(27,674,574)
Reinsurance liabilities		(25,548,651)	2,771,782
Accounts payable and accrued expenses		(48,691,406)	(164,744,035)
Cash Provided by Operations		103,432,431	120,664,207
Contributions to retirement fund	28	(9,776,241)	(7,000,000)
Benefits paid directly from book reserve	28	(6,964,826)	(7,019,339)
Income taxes paid		(18,027,558)	(20,147,018)
Net Cash Provided by Operating Activities		68,663,806	86,497,850
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale/maturities of:			
Held-to-maturity investments	9	529,705,469	562,507,920
Acquisition of:			
Held-to-maturity investments	9	(531,098,389)	(566,773,716)
Investment properties	12	(21,383,036)	(231,613,374)
Property and equipment	13	(22,527,291)	(468,291,367)
Interest received		133,112,765	115,906,589
Net Cash Provided by (Used in) Investing Activities		87,809,518	(588,263,948)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares	21	-	547,500,000
NET INCREASE IN CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		156,473,324	45,733,902
CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS AT BEGINNING OF YEAR		1,683,255,747	1,637,521,846
CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS AT END OF YEAR		P 1,839,729,071	P 1,683,255,748

See accompanying notes to financial statements

COMMONWEALTH INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

1. Corporate Information

Commonwealth Insurance Company (the "Company") was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on December 26, 1935. Its corporate term was extended to another fifty (50) years from and after the date of expiration of its first fifty (50)-year term on December 26, 1985, as per SEC Certificate of Filing of Amended Articles of Incorporation dated January 30, 1985.

The Company is a business engaged in a non-life insurance and organized to insure houses, tenements, merchandise and all other property and effects, real and personal, against loss or damage by fire, storm, earthquake shock, fire resulting from earthquake, accident or otherwise, and to carry on the ordinary business of fire insurance in all aforesaid branches and to rebuild, repair, replace or reinstate houses, buildings, machinery and every other description of property which may be insured by the Company and to carry on any kind of business necessary or expedient for any such purpose

The financial statements of the Company as of and for the years ended December 31, 2024 and 2023 were authorized for issue by the Board of Directors on April 7, 2025.

The registered office of the Company is located at 35th Floor, The Enterprise Center, 6766 Ayala Avenue corner Paseo de Roxas, Makati City.

2. Statement of Compliance and Basis of Preparation and Presentation

Statement of Compliance
The accompanying financial statements have been prepared in accordance with generally accepted accounting principles as set forth in Philippine Financial Reporting Standards (PFRS), Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC) and adopted by the SEC, including SEC pronouncements.

Basis of Financial Statement Preparation and Presentation
The accompanying financial statements have been prepared on a historical cost basis except for available-for-sale financial assets which are measured at fair value and certain property and equipment which are carried at their revalued amounts.

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

The Company presents its statements of financial position broadly in order of liquidity. An analysis regarding recovery or settlement of assets and liabilities within twelve months after the end of the reporting period (current) is presented in the Note 32.

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

3. Changes in Accounting Policies and Disclosures

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

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments to PFRS effective beginning January 1, 2024. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

Amendments to PAS 1, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
The amendments clarify paragraphs 69 to 76 of PAS 1, Presentation of Financial Statements, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The amendments did not have a material impact on the Company's financial statements.

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

The amendments did not have a material impact on the Company's financial statements.

Amendments to PAS 7 and PFRS 7, *Supplier Finance Arrangements*
The amendments added disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

The amendments did not have a material impact on the Company's financial statements.

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

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

Effective beginning on or after January 1, 2025

Amendments to PAS 1, *Lack of Exchangeability*
The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information. The amendments are not expected to have a material impact on the Company's financial statements.

Effective beginning on or after January 1, 2026

Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments. The expected adoption will not materially affect the Company.

Annual Improvements to PFRS Accounting Standards - Volume 11
The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

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

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

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

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

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

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

Effective beginning on or after January 1, 2027

PFRS17, *Insurance Contracts*
PFRS 17 replaces PFRS 4 Insurance Contracts for annual periods beginning on or after 1 January 2027. The Company will apply PFRS 17 starting January 1, 2027 with full comparative figures for 2026. A transition team has been created for this purpose to ascertain the impact of transition.

Premium Allocation Approach
The measurement model to calculate the Liability for Remaining Claims (LRC) will be the Premium Allocation Approach (PAA). This approach is most appropriate since most of the Company's coverage period is one year or less. For insurance contracts with coverage exceeding one year, PAA will be applied only if it can be demonstrated that using the PAA would produce a measurement that is a reasonable approximation of the general model. Acquisition cash flows will be expensed as incurred. Discounting and Risk adjustment will not be applied unless the group of contracts is onerous.

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

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

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

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

Changes to Presentation and Disclosure
For presentation purposes, the Company will aggregate insurance contracts issued and reinsurance contracts held based on portfolios and these will be presented separately in the statement of financial position. The presentation of the insurance revenue account and statement of other comprehensive income will require separate presentation of insurance revenue and service expenses, insurance finance income or expenses and income or expenses from reinsurance contracts held. There will no longer be items such as gross, net or earned premiums or net claims incurred shown on the insurance revenue account. The Company will also provide

disaggregated qualitative information about significant judgements, and changes in those judgements, when applying the standard.

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

PFRS 18, *Presentation and Disclosure in Financial Statements*
The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:

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

The expected adoption of this standard will not materially affect the Company.

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

The expected adoption of this standard will not materially affect the Company.

Deferred effectivity

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

These amendments are originally effective from annual periods beginning on or after January 1, 2016. This mandatory adoption date was later on deferred indefinitely pending the final outcome of the IASB's research project on International Accounting Standards 28. Adoption of these amendments when they become effective will not have any impact on the financial statements.

4. Summary of Material Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of amendments to PFRS discussed in Note 3. The adoption however did not result in any material adjustment or reclassification in the financial statements.

Financial Instruments

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

Initial Recognition
All financial assets and financial liabilities are initially recognized at fair value. Except for financial assets and financial liabilities at FVPL, the initial measurement of financial instruments includes transaction costs. Transaction costs of financial assets and liabilities at FVPL are recognized in profit or loss.

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

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

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

Classification of Financial Instruments
The Company classifies financial assets into the following categories, (i) At fair value through profit or loss (FVPL), (ii) Available-for-sale, (iii) Held-to-maturity and (iv) Loans and receivables. The Company classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired or liabilities incurred and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

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

(i) Financial Assets and Financial Liabilities at FVPL

Financial assets and financial liabilities at FVPL include financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as FVPL. After initial recognition, financial assets and financial liabilities at FVPL are carried at fair value.

A financial asset or financial liability is classified as held for trading if:

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

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

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

As of December 31, 2024, and 2023, there are no financial assets and liabilities under this category.

(ii) Available-for-sale (AFS)

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

Included under this category are the Company's equity investments listed in Philippine Stock Exchange.

(iii) Loans and receivables

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

Included under this category are cash and cash equivalents, short-term bank investments, insurance balances receivables, reinsurance assets, other receivables and deposits.

(iv) Held-to-maturity (HTM)

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

Included under this category are peso denominated investments in government securities.

(v) Other Financial Liabilities

Issued financial instruments or their components, which are not designated as at FVPL are classified as other financial liabilities where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

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

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

Reclassification of Financial Assets
A financial asset is reclassified out of the FVPL category when the following conditions are met (i) the financial asset is no longer held for the purpose of selling or repurchasing it in the near term; and (ii) there is a rare situation.

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

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

(i) Assets carried at amortized cost
If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The amount of the loss is recognized in the profit and loss accounts.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed.

Any subsequent reversal of an impairment loss is recognized in the profit and loss accounts, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

(ii) Assets carried at cost
If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

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

Derecognition of Financial Instruments

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

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

Where the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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

<u>*Accounting Policies for Insurance and Reinsurance Contracts*</u>

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

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

  Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period.

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

  Casualty insurance contracts protect the assured against the risk of causing them harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. Property insurance contracts mainly compensate the Company's assured for damages suffered to their properties or for the value of property lost. Short-duration accident insurance protects the assured from the consequences of events such as death or disability.

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

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

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

Reinsurance commissions are deferred and deducted from the applicable deferred acquisition costs, subject to the same amortization method as the related acquisition costs.

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

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

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

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

- Reserve for Unearned and Reinsurance Premiums
  Reserve for unearned premiums is calculated on the following basis:

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

  (ii) Reserve for unearned premiums on inward treaties is taken up based on the dates the statement is received.

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

  The changes in reserves for unearned and reinsurance premiums is reported in the statements of income.

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

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

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

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

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

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

- Chain Ladder or Loss Development Triangles Method
- Bornhuetter-Ferguson Method.
- Expected Loss Ratio Method

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

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

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

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

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

Cash and Cash Equivalents and Short-term Bank Investments
Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Cash equivalents with original maturities beyond three months is presented as short-term bank investments.

Investment Properties
Investment properties are those that are held to earn rentals or for capital appreciation or both and that are not owner-occupied. Investment properties are measured initially at cost. The cost of a purchased investment property comprises of its purchase price and any directly attributable

costs. Subsequently, investment properties are measured at cost, less accumulated depreciation and accumulated impairment in value, if any.

Investment property is derecognized when either it has been disposed or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statements of comprehensive income in the period of retirement or disposal.

Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell. For transfer from investment property to owner-occupied property the cost of property for subsequent accounting is its carrying value at the date of change in use. If the property occupied by the Company as an owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy under property and equipment up to the date of change in use.

The useful lives and method of depreciation of the assets are reviewed and adjusted, if appropriate, at each reporting period.

Depreciation for condominium unit is computed using the straight-line method over the estimated useful life of 50 years.

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 statement of income in the year of retirement or disposal.

Property and Equipment
Property and equipment are initially recognized at cost including the costs to get the property ready for its intended use. Subsequent to initial recognition, property and equipment, except condominium units, are carried at cost less accumulated depreciation and impairment losses, if any. Condominium units are subsequently measured at their revalued amounts, less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from the fair value at the end of the reporting period.

The revaluation increase arising from the revaluation of such condominium units is recognized in other comprehensive income under "Revaluation Reserve on Property and Equipment" account. The depreciation of revalued condominium units is transferred to unappropriated retained earnings.

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

Buildings and improvements	50 years
Condominium units	50 years
Office improvements	10 years
Office furniture, fixtures and equipment	5 years
EDP equipment	5 years
Transportation equipment	10 years

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

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

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

When a revalued property and equipment is reclassified to investment property, Revaluation Model is applied until the date of transfer. The carrying value of the property at the time of reclassification is treated as its deemed cost under investment property.

<u>Impairment of Non-financial Assets</u>
The Company's investment properties and property and equipment are subject to impairment testing. All other individual asset or cash generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

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

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

<u>Equity</u>
Share capital is determined at par value of shares that have been issued.

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

Retained earnings include all current and prior period results as disclosed in the statements of income, dividends declared and realized portion of revaluation surplus absorbed through depreciation.

Other comprehensive items
Revaluation reserve on AFS investment represents the difference between acquisition cost of the investment and its fair value at end of the reporting period.

Revaluation surplus on property and equipment pertains to the difference between the fair value and the carrying value of the property and equipment, net of deferred income tax.

Remeasurement gain or loss on retirement benefit obligation, upon the adoption of revised PAS 19, represents all actuarial gains and losses during the year on the retirement obligation arising from experience adjustments, which are the differences from the previous actuarial assumptions and what has actually occurred.

Dividends
Dividends declared are recognized in the financial statements when approved by the BOD.

In accordance with Section 195 of the Insurance Code, dividend declaration or distribution from accumulated profits remaining on hand can only be made after retaining unimpaired the following:

- The entire paid-up capital stock;
- The margin of solvency required;

- The legal reserve fund required; and
- A sum sufficient to pay all net losses reported or in the course of settlement and all liabilities for expenses and taxes.

Revenue Recognition

The Company recognizes revenue when it transfers control over a product or service to a customer. Revenue is measured at the transaction price which the entity expects to be entitled in exchange for a good or service. The following specific recognition criteria must also be met before revenue is recognized:

Premiums

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

Commission

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

Interest income

Interest income from bank deposits, special savings account, available-for-sale and held-to-maturity investment is recognized as interest accrues taking into account the effective yield on the related asset.

Dividend income

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

Realized gains and losses

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

Cost and Expense Recognition

Claims

Liabilities for claims and claims adjustments expenses relating to insurance contracts are accrued when insured events occur.

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

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

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

Reinsurance commission
Commissions paid to ceding companies are deferred and are included in deferred acquisition cost. The amortization process is co-terminus with the related premium income.

Administrative expenses
Administrative expenses are recognized when incurred.

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

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

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

The carrying amount of deferred tax asset is reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

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

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

Employee Benefits
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Defined benefit costs comprise the following:

- service cost;
- net interest on the net defined benefit liability or asset; and
- re-measurements of net defined benefit liability or asset.

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

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

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

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

Compensated absences
Compensated absences are recognized for the number of paid leaves days (including holiday entitlement) remaining at reporting date at the undiscounted amount the Company expects to pay as a result of the unused entitlement.

Leases
At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in PFRS 16.

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

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

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

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

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

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

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

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

As a Lessor
Leases where a significant portion of the risks and rewards of ownership over the asset are retained by the lessor, are classified as operating leases. Rental income on operating leases is recognized in profit or loss on a straight-line basis of accounting over the period of the lease.

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

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

Related Party Transactions
Parties are considered 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. The related party transactions are recognized based on transfer of resources or obligations between related parties, regardless of whether a price is charged.

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

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

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

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

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

Events after End of the Reporting Period
Post year-end events that provide additional information about the Company's position at the end of the reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

5. Summary of Significant Estimates and Judgments

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

(i) Judgments

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

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

For non-derivative financial assets with fixed determinable payments and fixed maturity as held-to-maturity which requires significant judgments, the Company evaluates its intention and ability to hold its investments in bonds up to maturity as well as the requirement of the regulatory agency.

If the Company fails to keep these investments to maturity other than for specific circumstances explained in PAS 39, it will be required to reclassify the whole class as available-for-sale. The investments would therefore be measured at fair value, not amortized cost.

Investments are classified in the statements of financial position as follows:

		2024		2023
Available-for-sale	P	**187,675**	P	191,498
Held-to-maturity		**1,233,342,942**		1,219,390,849

Impairment of Available-for-sale financial assets
In making a judgment on whether an investment is impaired, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

The Company treats AFS investments as impaired when there has been a significant or prolonged decline in the fair value below its costs or where there are objective evidences that impairment exists. The Company evaluates other factors including normal volatility in share prices for quoted securities and the future cash flows and company's operating history for unquoted securities.

If assumptions are made regarding the duration and extent to which the fair value is less than cost, the Company would suffer an additional loss representing the write down of cost to its fair value.

As of December 31, 2024 and 2023, AFS investments amounted to P187,675 and P191,498, respectively. *(see Note 9)*

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of investment property and property and equipment
The Company assesses at each reporting date whether there is an indication that the investment property and property and equipment may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The carrying amount of investment properties amounted to P437.98 million and P302.40 million as of December 31, 2024 and 2023, respectively *(see Note 12)*. The carrying amount of property and equipment amounted to P697.36 million and P826.14 million as of December 31, 2024 and 2023, respectively. *(see Note 13)*

Distinction between investment properties and owner-occupied properties
The Company determines whether a property qualifies as investment property or owner-occupied properties. In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately at the reporting date, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgment.

Determination of lease arrangements
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Leases where the lessor retains substantially all the risks and benefits of ownership are classified as operating leases.

Rent expense charged to operations amounted to P9.5 million in 2024 and P11.5 million in 2023. *(see Note 27)*

Recoverability deferred tax assets
The Company reviews the carrying amounts of deferred tax asset at each reporting date and reduces the deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

The carrying value of deferred tax assets recognized in the statement of financial position amounted to P31.3 million in 2024 and P80.4 million in 2023. (*see Note 29*) *(ii) Estimates*

Liability for insurance claims
The estimation process for insurance claims involves estimation of reserve of outstanding reported claims and estimation of additional reserves for IBNR and expected future movements in the estimated ultimate liabilities associated with outstanding reported claims Incurred But Not Enough Reported (IBNER). Reported claims are set and periodically reviewed by the claims department. IBNR and IBNER reserves are determined by the Company after taking into account the certifying actuary's assessment. The total claim liabilities are subject to a quarterly actuarial review and a formal actuarial report is provided on the adequacy of the Company's claim liabilities. In forming their view on the adequacy of the reported claims, the actuary uses a variety of statistical projection techniques like the Incurred Chain Ladder/Development Approach (IDA), the Paid Chain Ladder Development Method (PDA), the Bornhuetter-Ferguson Incurred Approach (BFIA) and the Bornhuetter-Ferguson Paid Approach (BFPA).

Under the IDA, incurred losses by accident year are multiplied by appropriate loss development factors to estimate ultimate losses. The PDA is similar to IDA. Paid loss development factors are applied to paid losses to estimate ultimate losses.

Under the BFIA, actual incurred losses and expected unreported losses are added to estimate the ultimate losses. Under the BFPA, actual paid losses and expected unpaid losses are to be added to estimate the ultimate losses. The initial ultimate loss estimates required for the BFIA and BFPA were based on selected loss ratios.

For all the approaches, the loss development factors are based on the Company's historical loss experience supplemented with industry triangles.

Claims reserve is separately analysed by class of business and it is intended to provide a 75% percentile level of sufficiency using the Stochastic Chain Ladder method. This methodology is commonly used in calculating claims reserve at various confidence levels. The Company's historical combined development triangles were used in estimating the claims development factors at the expected and 75% confidence level. The age-to-age and cumulative development factors follow a lognormal distribution.

As of December 31, 2024 and 2023, gross liability for insurance claims amounted to P251.9 million and P254.6 million, respectively. *(see Note 17)*

Estimating fair values of AFS investments
The fair value of financial instruments traded in active markets is based on quoted market prices as at the reporting date. If the financial instrument is not traded in an active market, the fair value is determined using valuation techniques or other published price quotations. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by management. If the results of valuation techniques do not reflect fair values, financial instruments are carried at cost. Changes in assumptions about these factors could affect reported fair values of financial instruments.

As of December 31, 2024 and 2023, AFS investments amounted to P187,675 and P191,498, respectively. *(see Note 9)*

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

Estimating useful lives of property and equipment and investment properties
The Company reviews annually the estimated useful lives of property and equipment, based on the period on which the assets are expected to be available for use. It is possible that future results of operation could be materially affected by changes in these estimates. A reduction in the

estimated useful lives of property and equipment would increase recorded depreciation and decrease the related asset account.

The carrying value of investment properties as of December 31, 2024 and 2023 amounted to P437.98 million and P302.4 million, respectively. (*see Note 12*)

The carrying value of property and equipment as of December 31, 2024 and 2023 amounted to P697.36 million and P826.14 million, respectively. (*see Note 13*)

Estimating retirement benefits
The determination of the Company's obligation and cost for retirement and other retirement benefits is dependent on selection of certain assumptions used by actuaries in computing such amounts. The assumptions as discussed in Note 28 are believed to be reasonable and appropriate for the Company although actual experience or significant changes in assumption may affect retirement benefits and asset/obligation.

Retirement benefit cost charged to operations amounted to P18,512,848 and P18,625,057 in 2024 and 2023, respectively. (*see Note 28)*

Contingencies
The Company is currently involved in various insurance proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with the adjusters and legal counsels and based upon an analysis of potential results. The Company does not believe these proceedings will have a material adverse effect on the Company's financial position.

6. Fair Value Measurement

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

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

Assets and liabilities measured at fair value and those which are not measured at fair value but fair value is required to be disclosed are categorized in a manner discussed below:

Level 1: Quoted market prices (unadjusted) in an active market for identical instruments.

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The following table presents the carrying amounts and fair values of the Company's asset measured at fair value and asset for which fair value is disclosed and the corresponding fair value hierarchy:

	2024			
		Fair Value		
	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets Measured at Fair Value/Revalued Amount:				
Available-for-sale investments	P 187,675	P 187,675	P -	P -
Condominium units*	20,620,258	-	-	20,620,258
Assets for which Fair Value is Disclosed:				
Investment properties	437,983,746	-	-	1,113,960,390
Held-to-maturity investments	1,233,342,942	1,237,071,870	-	-
	P 1,692,134,621	P 1,237,259,545	P -	P 1,134,580,648

** Included as part of Property and equipment. (see Note 13)*

	2023			
		Fair Value		
	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets Measured at Fair Value/Revalued Amount:				
Available-for-sale investments	P 191,498	P 191,498	P -	P -
Condominium units*	140,973,016	-	-	140,973,016
Assets for which Fair Value is Disclosed:				
Investment properties	302,397,374	-	-	302,397,374
Held-to-maturity investments	1,219,390,849	1,220,381,405	-	-
	P 1,662,952,737	P 1,220,572,903	P -	P 443,370,390

** Included as part of Property and equipment. (see Note 13)*

The Company used the following techniques to determine fair value measurements:

- *Available-for-sale and Held-to-maturity investments.* Fair values are based on quoted market prices from active markets classified under Level 1 category.

- *Condominium unit.* The fair value of condominium unit was estimated based on the appraisals performed by an independent, professionally qualified property appraiser and was determined with reference to the latest transacted prices of identical or similar properties. The fair valuation is classified under Level 3 category.

  The significant unobservable inputs used in the fair value measurement of the Company's Condominium units (included under "Property and equipment" account) are the estimated net price per square meter and various factors such as size, location, and utility, among others. Significant increases (decreases) in the estimated net price per square meter in isolation would result in a significantly higher (lower) fair value measurement. Further, choosing comparable with different inputs would result in a significantly different fair value measurement.

The Company has determined that the current use of the condominium units classified as property and equipment as at December 31, 2024 and 2023 is its highest and best use.

- *Investment properties.* The fair value of investment properties was estimated using sales comparison approach where fair value was determined with reference to the latest transacted prices of identical or similar properties. The fair valuation is classified under Level 3 category.

  The significant unobservable inputs used in the fair value measurement of the Company's Investment properties are the estimated net price per square meter and various factors such as size, location, and utility, among others. Significant increases (decreases) in the estimated net price per square meter in isolation would result in a significantly higher (lower) fair value measurement. Further, choosing comparables with different inputs would result in a significantly different fair value measurement.

  The highest and best use of investment property as at December 31, 2024 and 2023 is that of commercial use.

There were no transfers between Level 1, Level 2, and Level 3 fair value measurements in 2024 and 2023.

The table below presents the financial assets and liabilities whose carrying amounts approximate their fair values as at December 31, 2024 and 2023:

		2024		2023
Financial Assets				
Cash and cash equivalents*	P	**1,756,290,454**	P	1,552,245,421
Short-term bank investments		**29,090,000**		68,881,255
Insurance balances receivable		**652,122,632**		779,125,184
Claims and losses recoverable		**21,634,479**		29,343,437
Accrued investment income		**14,004,288**		9,503,153
Other assets		**4,219,654**		3,639,633
	P	**2,477,361,507**	P	2,442,738,083
Financial Liabilities				
Insurance claims payable	P	**251,924,089**	P	254,550,683
Reinsurance liabilities		**513,634**		26,062,285
Accounts payable and accrued expenses**		**69,974,223**		118,750,593
	P	**322,411,946**	P	399,363,561

* *Excluding cash on hand amounting to P54,348,617 and P62,129,072 in 2024 and 2023, respectively.*
** *Excluding nonfinancial liabilities amounting to P295,353,209 and P293,927,023 in 2024 and 2023, respectively.*

- *Current financial assets and liabilities.* The carrying values of cash and cash equivalents, short-term bank investments, insurance balances receivable, claims and losses recoverable, accrued investment income, accounts payable and accrued expenses, reinsurance liabilities and insurance claims payable approximate their fair values due to the short-term nature of these financial instruments.

- *Noncurrent assets.* The carrying amount of other assets approximates their fair value. Management believes that the effect of discounting the future receipts from these instruments using the prevailing market rates is insignificant.

7. Management of Insurance risk, Financial risk and Capital

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

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

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

Apart from the Company's risk management function, regulators also play a vital role in the insurance industry in ensuring that policy holders and creditors are assured of any claims that may arise within the term of the policy. The Insurance Commission (IC) imposes (i) Risk-based capital framework that will effectively manage the equity requirement of the Company (ii) Margin of solvency which requires an appropriate ratio of admitted assets over admitted liabilities (iii) A mandatory reserve of highly-liquid debt instruments to answer the claims of policyholders and creditors (iv) and minimum statutory net worth to streamline the operation of insurance industry.

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

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured events. Moreover, Excess of Loss (XOL) Reinsurance treaties are utilized to cushion any unexpected losses that may occur. Other reinsurance facility entered includes surplus treaties and facultative reinsurance.

The concentration of insurance claims, gross and net of reinsurers' share as of December 31, 2024 and 2023 is as follows:

('000 omitted)	2024 Gross*	2024 Share of Reinsurer	2024 Net Liability	2024 %	2023 Gross*	2023 Share of Reinsurer	2023 Net Liability	2023 %
Fire	P 12,900	P 7,685	P 5,215	21%	P 11,893	P 7,684	P 4,209	16%
Motor car	19,652	-	19,652	79%	19,844	-	19,844	74%
Accident	90	-	90	0%	30	-	30	0%
Other lines	65	-	65	0%	2,560	-	2,560	10%
	P 32,707	P 7,685	P 25,022	100%	P 34,327	P 7,684	P 26,643	100%

Amounts are net of IBNR, Mfad and Claims Handling Expenses amounting to P219.218 million in 2024 and P220.223 million in 2023

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

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

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

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

	2024	2023
Cash and cash equivalents*	**P 1,756,290,454**	P 1,552,245,421
Short-term bank investments	**29,090,000**	68,881,255
Financial Investments		
AFS - equity securities	**187,675**	191,498
HTM - gov't securities	**1,233,342,942**	1,219,390,849
Accrued investment income	**14,004,288**	9,503,153
Insurance balances receivable	**655,754,816**	779,125,184
Claims and losses recoverable	**21,634,479**	29,343,437
Other assets	**4,219,654**	3,639,633
	P 3,714,524,308	P 3,662,320,430

**Excludes cash on hand*

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

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

	2024	2023
Universal banks	**P 1,415,189,740**	P 1,135,795,089
Commercial banks	**25,236,702**	160,874,349
Thrift and rural banks	**315,864,012**	255,575,983
	P 1,756,290,454	P 1,552,245,421

(ii) Available-for-sale and Held-to-maturity Investments
The credit risk on investments represents the risk of actual default of the issuer. This risk is managed through limits which takes into account the type of credit exposure, credit quality and, where needed, maturity, and through regular monitoring and early warning systems.

Limits on government securities is guided by existing circulars issued by the Insurance Commission. Investment exposures and limits are monitored on a regular basis.

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

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

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

Exposure to credit risk on other receivable is low considering that these receivables is collected through salary deduction or deducted from the commissions due to them, as the case maybe. These counterparties have a good credit standing with no history of default.

Impairment for specific credit risk is established if there is objective evidence that the Company will not be able to collect all amounts due in accordance with contractual terms. The amount of the impairment is the difference between the carrying amount and the recoverable amount. Conditions for write-off may be that the debtor's bankruptcy proceedings have been reached and/or guarantors are insolvent, all normal recovery efforts have been exhausted, or the economic loss period (i.e., the period within which all expenses will exceed the recoverable amount) has been reached.

The credit quality of the Company's assets exposed to credit risk as of December 31, 2024 and 2023 is as follows:

	As of December 31, 2024				
	Neither past due nor impaired		Past due but	Past due	
	High grade	Standard grade	unimpaired	& impaired	Total
Cash and cash equivalents*	P 1,756,290,454	P -	P -	P -	P 1,756,290,454
Short-term bank investments	29,090,000	-	-	-	29,090,000
Financial Investments					
AFS - equity securities	-	187,675	-	-	187,675
HTM - gov't securities	1,233,342,942	-	-	-	1,233,342,942
Accrued investment income	14,004,288	-	-	-	14,004,288
Insurance balances receivable	-	-	652,122,632	3,632,184	655,754,816
Claims and losses recoverable	-	-	20,070,764	1,563,715	21,634,479
Other assets	-	4,219,654	-	-	4,219,654
	P 3,032,727,684	P 4,407,329	P 672,193,396	P 5,195,899	P 3,714,524,308

**Excludes cash on hand*

	As of December 31, 2023				
	Neither past due nor impaired		Past due but	Past due	
	High grade	Standard grade	unimpaired	& impaired	Total
Cash and cash equivalents*	P 1,552,245,421	P -	P -	P -	P 1,552,245,421
Short-term bank investments	68,881,255	-	-	-	68,881,255
Financial Investments					
AFS - equity securities	-	191,498	-	-	191,498
HTM - gov't securities	1,219,390,849	-	-	-	1,219,390,849
Accrued investment income	9,503,153	-	-	-	9,503,153
Insurance balances receivable	-	-	779,125,184	-	779,125,184
Claims and losses recoverable	-	-	29,343,437	-	29,343,437
Other assets	-	3,639,633	-	-	3,639,633
	P 2,850,020,678	P 3,831,131	P 808,468,621	P -	P 3,662,320,430

**Excludes cash on hand*

Financial assets were graded as follows:

High grade cash and cash equivalents are short-term investments and working cash fund placed, invested, or deposited in banks belonging to the top banks in the Philippines in terms of resources and profitability.

High grade AFS investments are equity securities belonging to Philippine Stock Exchange Index with regular trading transactions. Standard grade accounts are equity securities not within the scope of high grade accounts.

High grade HTM investments are securities issued and guaranteed by the Philippine government.

Other high grade financial assets are accounts considered to be of high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits.

Standard grade accounts are active accounts with propensity of deteriorating to mid-range age buckets. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

The aging analyses of past due but unimpaired receivables are as follows:

	Direct and assumed accounts						
	Due from agents &	Due from ceding	Funds held by ceding		Reinsurance loss recoverable		
2024	**brokers**	**companies**	**companies**	**Total**	**Paid**	**Unpaid**	**Total**
30 days past due	**P 382,190,769**	**P -**	**P -**	**P 382,190,769**	**P 3,489,220**	**P 10,460,433**	**P 13,949,653**
60 days past due	**222,944,615**	**513,695**	**-**	**223,458,310**	**-**	**-**	**-**
over 60 days	**31,423,579**	**4,349,781**	**10,700,193**	**46,473,553**	**-**	**6,121,111**	**6,121,111**
	P 636,558,963	**P 4,863,476**	**P 10,700,193**	**P 652,122,632**	**P 3,489,220**	**P 16,581,544**	**P 20,070,764**

2023	Direct and assumed accounts: Due from agents & brokers	Due from ceding companies	Funds held by ceding companies	Total	Reinsurance loss recoverable: Paid	Unpaid	Total
30 days past due	P 460,798,194	P -	P -	P 460,798,194	P -	P 4,249,484	P 4,249,484
60 days past due	268,798,947	748,741	-	269,547,688	-	10,623,711	10,623,711
over 60 days	38,399,849	320,889	10,058,564	48,779,302	8,096,015	6,374,227	14,470,242
	P 767,996,990	P 1,069,630	P 10,058,564	P 779,125,184	P 8,096,015	P 21,247,422	P 29,343,437

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

December 31, 2024	Cash and cash equivalents	Short-term investments	Available-for-sale	Held-to-maturity	Receivables and others	Total
Insurance	P -	P -	P -	P -	P 677,389,295	P 677,389,295
Financial institutions	1,756,290,454	29,090,000	-	-	2,840,240	1,788,220,694
Government	-	-	-	1,233,342,942	11,164,048	1,244,506,990
Holding companies	-	-	30,807	-	-	30,807
Telecommunications	-	-	82,225	-	-	82,225
Mining	-	-	53,373	-	-	53,373
Others	-	-	21,270	-	4,219,654	4,240,924
	P 1,756,290,454	P 29,090,000	P 187,675	P 1,233,342,942	P 695,613,237	P 3,714,524,308

December 31, 2023	Cash and cash equivalents	Short-term investments	Available-for-sale	Held-to-maturity	Receivables and others	Total
Insurance	P -	P -	P -	P -	P 808,468,621	P 808,468,621
Financial institutions	1,552,245,421	68,881,255	-	-	3,791,109	1,624,917,785
Government	-	-	-	1,219,390,849	5,712,044	1,225,102,893
Holding companies	-	-	26,213	-	-	26,213
Telecommunications	-	-	82,225	-	-	82,225
Mining	-	-	61,790	-	-	61,790
Others	-	-	21,270	-	3,639,633	3,660,903
	P 1,552,245,421	P 68,881,255	P 191,498	P 1,219,390,849	P 821,611,407	P 3,662,320,430

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

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

The table below summarizes the maturity profile of the Company's liabilities as of December 31, 2024 and 2023, based on undiscounted contractual payments.

2024		**On demand**		**Not later than one month**		**Later than 1 month & not later than 3 months**		**Later than 3 months & not later than 1 year**		**Later than one year**		**Total**
Accounts payable												
and accrued expenses*	**P**	**21,718,819**	**P**	**14,552,300**	**P**	**1,790,722**	**P**	**31,912,382**	**P**	**-**	**P**	**69,974,223**
Insurance claims payable		**168,789,140**		**34,009,752**		**28,971,270**		**7,557,724**		**12,596,203**		**251,924,089**
Reinsurance liabilities		**-**		**128,408**		**231,135**		**154,091**		**-**		**513,634**
	P	**190,507,959**	**P**	**48,690,460**	**P**	**30,993,127**	**P**	**39,624,197**	**P**	**12,596,203**	**P**	**322,411,946**

**Excluding nonfinancial liabilities amounting to P295,353,209.*

2023		On demand		Not later than one month		Later than 1 month & not later than 3 months		Later than 3 months & not later than 1 year		Later than one year		Total
Accounts payable												
and accrued expenses*	P	71,250,356	P	23,750,119	P	17,812,589	P	5,937,529	P	-		118,750,593
Insurance claims payable		127,275,341		63,637,672		38,182,602		25,455,068		-		254,550,683
Reinsurance liabilities		13,031,142		6,515,572		3,909,343		2,606,228		-		26,062,285
	P	211,556,839	P	93,903,363	P	59,904,534	P	33,998,825	P	-	P	399,363,561

**Excluding nonfinancial liabilities amounting to P293,927,023.*

Market Risk

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

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

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

Sensitivity analysis of market risk exposure is as follows:

i. Currency risk

Currency risk is the risk of losing money due to unfavorable changes in foreign exchange rates. The Company has no foreign currency denominated financial instruments. Thus, it has no exposure to currency risk.

ii. Interest rate risk
Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk.

The Company's interest risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets. Interest on fixed interest rate instruments is priced at inception of the financial instrument and is fixed until maturity.

Exposures to interest rate risk comprise the following:

2023 (*'000 omitted*)	**Interest rate**		**Due in 1 year**		**2-5 years**		**Over 5 years**		**Total**
Financial assets that are:									
Cash and cash equivalents	**0.0125%-6.125%**	**P**	**1,756,290**	**P**	**-**	**P**	**-**	**P**	**1,756,290**
Short-term bank investments	**0.125%-4.75%**		**29,090**		**-**		**-**		**29,090**
Held to maturity	**2.375%-4.75%**		**357,016**		**876,327**		**-**		**1,233,343**
Funds held:									
By ceding companies	**1%**		**-**		**10,700**		**-**		**10,700**

2022 ('000 omitted)	Interest rate		Due in 1 year		2-5 years		Over 5 years		Total
Financial assets that are:									
Cash and cash equivalents	0.0125%-6.9%	P	1,552,245	P	-	P	-	P	1,552,245
Short-term bank investments	0.0125%-6.9%		68,881		-		-		68,881
Held to maturity	2.375%-6.25%		529,705		689,686		-		1,219,391
Funds held:									
By ceding companies	1%		-		10,059		-		10,059

As of December 31, 2024 and 2023, financial instruments exposed to variable interest rate risk are cash in banks consisting of savings and short-term deposit accounts. Held to maturity investment are subject to fixed coupon rates. There are no items that are impacted with interest rate risk which are charged directly to equity.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax.

	Changes in basis points		effect on income before income tax
2024	**+100**	**P**	**29,296,205**
	- 100		**(29,296,205)**
2023	+100	P	27,965,746
	- 100		(27,965,746)

There is no other impact on the Company's equity other than those already affecting the profit and loss.

iii. Price risk
The Company's price risk exposure at year end relates to financial assets whose values will fluctuate as a result of changes in market price, principally, AFS financial assets.

Financial assets carried at fair value consist only of available-for-sale investments. Changes in market values do not affect profit or loss.

The Company has no material exposure on volatility rates of the fair values of Investments held at fair value and it has no material impact on the Company's net income and equity.

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

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

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

		2024		2023
Share capital	P	**1,300,000,000**	P	1,300,000,000
Additional paid-in capital		**91,250,000**		91,250,000
Contingency surplus		**500,000**		500,000
Retained earnings		**2,139,296,666**		1,950,110,879
	P	**3,531,046,666**	P	3,341,860,879

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

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

	Minimum networth	Compliance date
P	550,000,000	December 31, 2016
	900,000,000	December 31, 2019
	1,300,000,000	December 31, 2022

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

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

Risk-based Capital Requirement
Insurance Memorandum Circular (IMC) 7-2006 provides for the risk-based capital (RBC) framework for the non-life insurance industry to establish the required amounts of capital to be maintained by the companies in relation to their investment and insurance risk. All non-life insurance companies are annually required to maintain a minimum RBC ratio of 100% and not fail the trend test. Failure to meet the minimum RBC ratio shall subject the Company to the corresponding regulatory intervention which has been defined at various levels.

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

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

		2024		2023
Total Available Capital	**P**	**3,346,631,967**	P	3,320,318,592
RBC requirement		**367,409,498**		387,767,428
RBC Ratio		**911%**		856%

Companies not meeting the required RBC ratio will subjected to an Action Event depending on level the RBC ratio as follows:

- Regulatory Action Event – the RBC is less than 75% but not below 50%, the Company will be required an RBC plan within 45 days;
- Authorized Control Event – the RBC is less than 50% but not below 35%, the IC will be authorized to place the Company under regulatory control;
- Mandatory Control Event – the RBC is less than 35%, the IC is required to place the Company under regulatory control.

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

8. Cash and cash equivalents and Short-term bank investments

This account consists of:

		2024		2023
Cash in banks				
Current and savings account	**P**	**141,864,697**	P	147,424,210
Special savings account and time deposits		**1,614,425,757**		1,404,821,211
Cash on hand		**54,348,617**		62,129,072
Total cash and cash equivalents		**1,810,639,071**		1,614,374,493
Short-term bank investments		**29,090,000**		68,881,255
	P	**1,839,729,071**	P	1,683,255,748

Cash in banks including special savings accounts and time deposits earn interest at prevailing bank interest rates ranging from 0.0125% to 6.125% and 0.0125% to 6.9% in 2024 and 2023, respectively. Special savings accounts and time deposits have maturities of three months or less.

Short-term bank investments bear effective annual interest rates ranging from 0.125% to 4.75% and 0.0125% to 6.9% in 2024 and 2023, respectively. These investments have maturities of more than three months up to one year.

Interest income earned on these deposits amounted to P76,926,907 in 2024 and P69,502,653 in 2023. (*see Note 26*)

Significant portion of cash on hand represents claims fund held by various branches. They are held to cover legitimate claims against the Company.

9. Investments

The reconciliation of the carrying amounts of financial assets at the beginning and at the end of the year is shown below.

	December 31, 2024				
		AFS		HTM		Total
Balance, January 1	P	**191,498**	P	**1,219,390,849**	P	**1,219,582,347**
Acquisition		**-**		**531,098,389**		**531,098,389**
Sale/maturity		**-**		**(529,705,469)**		**(529,705,469)**
Changes in fair value		**(3,823)**		**-**		**(3,823)**
Amortization of premium/discount		**-**		**12,559,173**		**12,559,173**
Balance, December 31	P	**187,675**	P	**1,233,342,942**	P	**1,233,530,617**

	December 31, 2023					
		AFS		HTM		Total
Balance, January 1	P	182,031	P	1,207,540,991	P	1,207,723,022
Acquisition		-		566,773,716		566,773,716
Sale/maturity		-		(562,507,920)		(562,507,920)
Changes in fair value		9,467		-		9,467
Amortization of premium/discount		-		7,584,062		7,584,062
Balance, December 31	P	191,498	P	1,219,390,849	P	1,219,582,347

(i) Available-for-sale

Available-for-sale financial assets represent equity instruments with quoted and unquoted market values. For securities with no active market, the carrying amounts are stated at cost.

Analysis of equity instruments is as follows:

		2024		2023
Acquisition cost:				
Quoted in the stock exchange	**P**	**44,500**	P	44,500
Not quoted in the stock exchange		**21,270**		21,270
		65,770		65,770
Fair value gain:				
Quoted in the stock exchange		**121,905**		125,728
Carrying values	**P**	**187,675**	P	191,498

The net change in fair values over the acquisition cost is reflected in the Equity section of statement of financial position, net of related tax effect.

(ii) Held-to-maturity

Held-to-maturity financial assets represent debt instruments issued by the Philippine government and private corporations. The term of the issues ranges from 2 to 6 years and earns a coupon rate ranging from 2.375% to 4.75% and 2.375% to 6.25% in 2024 and 2023, respectively.

Interest income earned on these debt instruments amounted to P60,686,994 in 2024 and P50,412,944 in 2023. (*see Note 26*)

The maturity profile of this account is presented below:

		2024		2023
Due in:				
One year	**P**	**357,016,388**	P	529,705,469
More than one year to five years		**876,326,554**		689,685,380
Beyond five years		**-**		-
	P	**1,233,342,942**	P	1,219,390,849

Pursuant to section 209 of the Insurance Code, at least 25% of minimum statutory net worth required under section 194 of Code must be invested in securities consisting of bonds or other debt instruments issued by the Philippine Government or its instrumentalities. The invested funds shall at all times be maintained free from any lien or encumbrance and shall be deposited with and held by IC for the faithful performance of the Company's obligations under its insurance contracts.

In compliance with the above requirement, Philippine government securities with face value of P385,249,000 and P419,149,000 were deposited with the IC as of December 31, 2024 and 2023, respectively.

10. Insurance balances receivable

This account consists of:

		2024		2023
Due from agents and brokers	**P**	**640,191,147**	P	767,996,990
Due from ceding companies		**4,863,476**		1,069,630
Funds held by ceding companies		**10,700,193**		10,058,564
		655,754,816		779,125,184
Allowance for probable losses		**(3,632,184)**		-
	P	**652,122,632**	P	779,125,184

Terms and conditions are as follows:

- Due from agents and brokers has a maximum term of 90 days from inception of the policy.
- Due from ceding companies carries a term of up to 120 days subject to premium payment warranty.
- Funds held by ceding companies represents portion of the premium withheld by ceding companies in accordance with reinsurance agreements and earn interest at applicable interest rates.

In 2024, the Company recognized provision for probable losses amounting to P3,501,410 for due from agents and brokers and P130,774 for due from ceding companies.

All Company receivables are subject to credit risk. However, the Company does not maintain any risk concentrations on these receivables. Exposures to credit risk are discussed in Note 7.

11. Reinsurance assets

This account is consists of:

		2024		2023
Reserve for reinsurance premium *(Note 18)*	P	**31,665,230**	P	38,714,886
Reinsurance recoverable on:				
Paid losses		**3,489,220**		8,096,015
Unpaid losses, inclusive of IBNR claims *(Note 17)*		**18,145,259**		21,247,422
		53,299,709		68,058,322
Allowance for probable losses		**(1,563,715)**		-
	P	**51,735,994**	P	68,058,323

In 2024, allowance for probable losses on reinsurance recoverable on paid losses amounting to P1,563,715 was recognized.

12. Investment properties

The Company's investment properties include several parcels of land and condominium units which were acquired for capital appreciation, to earn rental income or currently undetermined future use.

The balances and movements in this account are as follows:

		2024			
		Land	Condominium units		Total
Cost					
Balance at beginning of year	P	299,107,374 P	3,500,000	P	302,607,374
Additions		-	21,383,036		21,383,036
Reclassification		-	154,842,366		154,842,366
Balance at end of year		299,107,374	179,725,402		478,832,776
Accumulated depreciation					
Balance at beginning of year		-	210,000		210,000
Provision		-	5,220,951		5,220,951
Reclassification		-	35,418,079		35,418,079
Balance at end of year		-	40,849,030		40,849,030
Net carrying value at the end of the year	P	299,107,374 P	138,876,372	P	437,983,746

		2023				
		Land		Condominium unit		Total
Cost						
Balance at beginning of year	P	77,494,000	P	3,500,000	P	80,994,000
Additions		231,613,374		-		231,613,374
Reclassification		(10,000,000)		-		(10,000,000)
Balance at end of year		299,107,374		3,500,000		302,607,374
Accumulated depreciation						
Balance at beginning of year		-		140,000		140,000
Provision		-		70,000		70,000
Balance at end of year		-		210,000		210,000
Net carrying value at the end of the year	P	299,107,374	P	3,290,000	P	302,397,374

In 2023, an investment property located in General Santos City with a carrying value of P10,000,000 was reclassified to property and equipment. *(see Note 13)*

Rental income generated from the leasing of condominium units amounted to P872,000 in 2024.

As of December 31, 2024 and 2023, the fair values of land and buildings amounted to P1,113,960,390 and P302,397,374, respectively. Fair values were determined as follows:

Property	Location	Valuation technique	Fair value hierarchy	Observable inputs	Estimated Fair value 2024	2023
Land	Sta. Rosa	Sales comparison	Level 3	price per (sqm.)	6,315/ sqm	6,315/ sqm
Land	Naga	Sales comparison	Level 3	price per (sqm.)	11,579/ sqm	11,579/ sqm
Land	Zamboanga	Sales comparison	Level 3	price per (sqm.)	26,000/ sqm	26,000/ sqm
Land	Puerto Princesa	Sales comparison	Level 3	price per (sqm.)	18,296/ sqm	18,296/ sqm
Land	Davao	Sales comparison	Level 3	price per (sqm.)	86,367/ sqm	86,367/ sqm
Condominium unit	Manila	Sales comparison	Level 3	price per (sqm.)	90,650/ sqm	90,650/ sqm
Condominium unit	Taguig	Sales comparison	Level 3	price per (sqm.)	345,000/ sqm	-
Condominium units	Makati	Sales comparison	Level 3	price per (sqm.)	325,000/ sqm	-

Sales comparison approach is an approach that considers available market evidences. The aforesaid approach is based on sales and listing of comparable property registered within the vicinity. The technique of this approach requires the establishment of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable.

The properties used as basis of comparison are situated within the immediate vicinity of the subject property. The unobservable inputs to determine the market value of the property are the following: location characteristics, size and shape of the lot and the time element.

As of December 31, 2024 and 2023, Management believes that there were no events that could have materially changed the fair values of investment properties.

13. Property and equipment - net

Property and equipment consist of:

	2024							
	At Revalued Amount	At Cost						
	Condominium Units	Land	Condominium, Building and Improvements	Office Improvements	EDP Equipment	Transportation Equipment	Office Furniture and Equipment	Total
Gross Carrying Value								
Balances at beginning of year	P 187,350,406	P 80,211,058	P 601,037,520	P 74,600,119	P 36,819,489	P 41,216,139	P 38,653,559	P 1,059,888,290
Additions	-	-	-	17,518,291	2,738,394	1,214,000	1,056,606	22,527,291
Reclassification	(154,842,366)	-	-	-	-	-	-	(154,842,366)
Balances at end of year	32,508,040	80,211,058	601,037,520	92,118,410	39,557,883	42,430,139	39,710,165	927,573,215
Accumulated Depreciation								
Balances at beginning of year	46,377,390	-	29,745,732	55,785,984	33,057,247	32,802,218	35,981,988	233,750,559
Depreciation	928,471	-	21,046,685	5,668,773	1,499,924	1,341,080	1,397,538	31,882,471
Reclassification	(35,418,079)	-	-	-	-	-	-	(35,418,079)
Balances at end of year	11,887,782	-	50,792,417	61,454,757	34,557,171	34,143,298	37,379,526	230,214,951
Net Carrying Value	P 20,620,258	P 80,211,058	P 550,245,103	P 30,663,653	P 5,000,712	P 8,286,841	P 2,330,639	P 697,358,264

	2023							
	At Revalued Amount	At Cost						
	Condominium units	Land	Condominium, Building and Improvements	Office Improvements	EDP Equipment	Transportation Equipment	Office Furniture and Equipment	Total
Gross Carrying Value								
Balances at beginning of year	P 187,350,406	P 70,211,058	P 139,064,915	P 74,280,224	P 35,027,872	P 37,927,139	P 37,735,309	P 581,596,923
Additions	-	-	461,972,605	319,895	1,791,617	3,289,000	918,250	468,291,367
Reclassification *(Note 12)*	-	10,000,000	-	-	-	-	-	10,000,000
Balances at end of year	187,350,406	80,211,058	601,037,520	74,600,119	36,819,489	41,216,139	38,653,559	1,059,888,290
Accumulated Depreciation								
Balances at beginning of year	40,725,628	-	9,464,182	50,041,786	31,541,976	31,631,099	34,053,780	197,458,451
Depreciation	5,651,762	-	20,281,550	5,744,198	1,515,271	1,171,119	1,928,208	36,292,108
Balances at end of year	46,377,390	-	29,745,732	55,785,984	33,057,247	32,802,218	35,981,988	233,750,559
Net Carrying Value	P 140,973,016	P 80,211,058	P 571,291,788	P 18,814,135	P 3,762,242	P 8,413,921	P 2,671,571	P 826,137,731

In 2024, owner-occupied condominium units in Makati City with carrying value amounting to P119,424,287 were reclassified from property and equipment to investment properties due to change in use. These condominium units will be held to earn rental income. The net revaluation reserve of these properties at the time of reclassification amounted to P56,211,148.

In 2023, a building was constructed on the Company's land located in General Santos City. The same will be used as a branch office. Accordingly, the said land with a carrying value of P10,000,000 was reclassified from investment property to property and equipment.

Depreciation of property and equipment charged to operations amounted to P31,882,471 and P36,292,108 in 2024 and 2023, respectively.

The Company engaged an independent appraiser to determine the fair value of its condominium units on January 4, 2018 using the Sales Comparison Approach. In this approach, the value of condominium units is based on sales and listings of comparable condominium units. This is done by adjusting the difference between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity at different floor levels of the same building. Comparison was premised on factors such as location, size and physical attributes, selling terms, facilities offered and time element. This fair valuation is classified under the Level 3 (significant unobservable inputs). *(see Note 6)*

Generally, an increase (or decrease) in prices per square meter, will result to a higher (or lower) fair value. The same scenario will apply to changes in fair value if the size increases or decreases. Furthermore, significant developments within its neighborhood would increase fair value.

Rollforward analysis of revaluation reserve is shown below:

		2024				
		Gross of Tax		**Effect of Deferred Income Tax**		**Net of Tax**
Balance at beginning of year	**P**	**62,867,017**	**P**	**(15,716,755)**	**P**	**47,150,262**
Depreciation		**(286,672)**		**71,668**		**(215,004)**
Balance at end of year	**P**	**62,580,345**	**P**	**(15,645,087)**	**P**	**46,935,258**

		2023				
		Gross of Tax		Effect of Deferred Income Tax		Net of Tax
Balance at beginning of year	P	64,957,453	P	(16,239,364)	P	48,718,089
Depreciation		(2,090,436)		522,609		(1,567,827)
Balance at end of year	P	62,867,017	P	(15,716,755)	P	47,150,262

If the condominium units were measured using cost model, the carrying amount would have been P14.3 million and P78.1 million as at December 31, 2024 and 2023, respectively.

Management sees no indications of impairment and has not recognized an impairment loss on its property and equipment.

14. Deferred acquisition cost and deferred commission income

The movements during the year of this account are as follows:

			2024				
			Deferred acquisition cost		**Deferred commission income**		**Net DAC**
Balance, January 1		**P**	**169,581,384**	**P**	**10,333,884**	**P**	**159,247,500**
Net change in acquisition cost	**(Note 25)**		**(11,472,730)**		**(1,701,852)**		**(9,770,878)**
		P	**158,108,654**	**P**	**8,632,032**	**P**	**149,476,622**

			2023				
			Deferred acquisition cost		Deferred commission income		Net DAC
Balance, January 1		P	195,851,016	P	10,978,106	P	184,872,910
Net change in acquisition cost	(Note 25)		(26,269,632)		(644,222)		(25,625,410)
		P	169,581,384	P	10,333,884	P	159,247,500

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

15. Accrued investment income

This account consists of:

		2024		2023
Accrued interest on:				
Cash equivalents and short-term bank placements	**P**	**2,840,240**	P	3,791,109
Held-to-maturity investments		**11,164,048**		5,712,044
	P	**14,004,288**	P	9,503,153

16. Other assets

This account consists of:

		2024		2023
Deposits	**P**	**2,614,298**	P	2,451,520
Other receivables		**1,540,673**		1,123,430
Security fund		**64,683**		64,683
	P	**4,219,654**	P	3,639,633

- Deposits which are carried at cost are made to secure service arrangements with utility companies. The same maybe refunded at the expiration of service agreement.
- Other receivables which include advances to employees, are payable through salary deductions.
- Security fund was created under Section 365 of Presidential Decree (PD) No. 612 as amended under PD No. 1640, to be used for payment of claims against insolvent insurance companies. The balance of the fund amounting to P64,683 in 2024 and 2023, represents the

Company's contribution to the fund. The balance of the fund earns interest at rates determined by the IC annually.

Management believes that fair values of other receivables, security fund and deposits were not individually determined as the carrying amounts are reasonable approximation of fair values.

17. Insurance claims payable

Outstanding claims will become payable and materialize into claims paid as and when the amounts of insured losses suffered by policyholders were ascertained and agreed, without any contractual maturity date. The timing of future cash outflow arising from the provision is not ascertainable but is likely to fall within 1-3 years.

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

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

Movements in outstanding claims are as follows:

	2024			2023		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
Balance, January 1	P **254,550,683**	P **21,247,422**	P **233,303,261**	P 314,327,153	P 49,894,125	P 264,433,028
Claims and losses incurred - net of recoveries	**572,034,117**	**(9,578,955)**	**581,613,072**	860,300,853	18,695,587	841,605,266
Provision for claims incurred but not recorded	**206,113,680**	**10,460,432**	**195,653,248**	214,387,675	13,562,596	200,825,079
Claims and loss paid - net of recoveries	**(780,774,391)**	**(3,983,640)**	**(776,790,751)**	(1,134,464,998)	(60,904,886)	(1,073,560,112)
Balance, December 31	P **251,924,089**	P **18,145,259**	P **233,778,830**	P 254,550,683	P 21,247,422	P 233,303,261

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

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

Outstanding claims reserve shall be based on actual claims reported but have not yet been settled at year-end. IBNR is calculated based on the following methods:

1. Chain Ladder or Loss-Development Triangles Method
2. Bornhuetter-Ferguson Method
3. Expected Loss Ratio Method

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

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

	Gross			
		2024		2023
Outstanding claims reserve	**P**	**32,706,211**	P	34,327,352
Claims handling expense		**8,367,898**		423,108
Mfad		**4,736,300**		5,412,548
IBNR		**206,113,680**		214,387,675
	P	**251,924,089**	P	254,550,683

	Net			
		2024		2023
Outstanding claims reserve	**P**	**25,021,385**	P	26,642,526
Claims handling expense		**8,367,897**		423,108
Mfad		**4,736,300**		5,412,548
IBNR		**195,653,248**		200,825,079
	P	**233,778,830**	P	233,303,261

18. Reserve for unearned premiums

The analysis of this account is as follows:

	2024			2023		
	Gross Premium	**Ceded Business**	**Net Retained**	Gross Premium	Ceded Business	Net Retained
Balance, January 1	**P 906,478,237**	**P 38,714,886**	**P 867,763,351**	P 1,044,640,590	P 38,400,819	P 1,006,239,771
Policies written during the year	**1,677,099,538**	**76,048,925**	**1,601,050,613**	1,974,378,587	85,205,212	1,889,173,375
Premiums earned during the year	**(1,769,862,626)**	**(83,098,581)**	**(1,686,764,045)**	(2,112,540,940)	(84,891,145)	(2,027,649,795)
	P 813,715,149	**P 31,665,230**	**P 782,049,919**	P 906,478,237	P 38,714,886	P 867,763,351

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

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

		Gross		
		2024		2023
UPR	**P**	**813,715,149**	P	906,478,237
URR				
Best estimate of future obligation		**303,076,743**		345,123,000
Maintenance expenses		**70,853,723**		74,139,000
Claims handling expense		**11,520,154**		9,474,000
Margin for adverse deviation		**71,999,302**		103,321,959
		457,449,922		532,057,959
Premium Liability (whichever is higher)	**P**	**813,715,149**	P	906,478,237

		Net		
		2024		2023
UPR	**P**	**782,049,919**	P	867,763,351
URR				
Best estimate of future obligation		**302,916,986**		332,364,000
Maintenance expenses		**70,853,723**		74,139,000
Claims handling expense		**11,520,154**		9,474,000
Margin for adverse deviation		**49,045,932**		84,752,609
		434,336,795		500,729,609
Premium Liability (whichever is higher)*	**P**	**782,049,919**	P	867,763,351

** Net of reserve for reinsurance premium amounting to P31,665,230 and P38,714,886 in 2024 and 2023, respectively. (see Note 11)*

19. Reinsurance liabilities

This account consists of:

		2024		2023
Premiums due to reinsurers:				
Facultative	**P**	**513,634**	P	17,487,710
Treaty		**-**		8,574,575
	P	**513,634**	P	26,062,285

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

The movement of this account is as follows:

				2024		
		Treaty		**Facultative**		**Total**
January 1	**P**	**9,539,237**	**P**	**16,523,048**	**P**	**26,062,285**
Cessions		**4,621,517**		**40,423,003**		**45,044,520**
Settlements		**(14,160,754)**		**(56,432,417)**		**(70,593,171)**
December 31	**P**	**-**	**P**	**513,634**	**P**	**513,634**

		2023				
		Treaty		Facultative		Total
January 1	P	7,351,733	P	15,938,770	P	23,290,503
Cessions		12,405,896		43,307,990		55,713,886
Settlements		(10,218,392)		(42,723,712)		(52,942,104)
December 31	P	9,539,237	P	16,523,048	P	26,062,285

20. Accounts payable and accrued expenses

This account consists of:

		2024		2023
Taxes payable	P	**282,144,164**	P	282,059,202
Commission payable		**25,607,646**		42,239,834
Accrued expenses		**10,571,206**		21,443,037
Income tax payable		**13,209,045**		11,867,821
Other liabilities		**33,795,371**		55,067,722
	P	**365,327,432**	P	412,677,616

Terms and conditions are as follows:

- Taxes payable are usually settled in the following month.
- Commission payable is settled upon remittance of premium not exceeding 90 days.
- Accrued expenses are settled within 90 days.
- Other liabilities represent government mandatory contributions and employees' salary loan.

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

21. Equity

Capital stock
The Company's capital structure as of December 31, 2024 and 2023 is as follows:

	2024			2023		
	Shares		**Amount**	Shares		Amount
Preferred-P100 par value						
Authorized - 200,000 shares						
Issued and outstanding	**200,000**	**P**	**20,000,000**	200,000	P	20,000,000
Common shares-P100 par value						
Authorized - 12,800,000 shares						
Issued and outstanding						
Balance, January 1	**12,800,000**		**1,280,000,000**	7,800,000		780,000,000
Issuance during the year	**-**		**-**	5,000,000		500,000,000
Balance, December 31	**12,800,000**		**1,280,000,000**	12,800,000		1,280,000,000
	13,000,000	**P**	**1,300,000,000**	13,000,000	P	1,300,000,000

Preferred shares
Preferred shares, which were subscribed by the President and Chairman of the Board are voting, entitled to dividend at rates to be fixed by the Board, non-interest, non-cumulative, convertible to

common shares under such terms to be provided by the Board, redeemable at such price and terms determined by the Board and have preference over common shares in the distribution of the assets of the Company.

Common shares
On March 18, 2022, the BOD and stockholders representing at least two-thirds (2/3) of the outstanding capital stock approved the increase of the Company's authorized capital stock from P600,000,000 divided into P580,000,000 consisting of 5,800,000 common shares of stock, and P20,000,000 consisting of 200,000 preferred shares, each with par value of P100 per share to P1,300,000,000, and the said capital stock is divided into P1,280,000,000 consisting of 12,800,000 common shares, and P20,000,000 consisting of 200,000 preferred shares, each with a par value of P100 per share. That of the P700,000,000 increase in common stock, P175,000,000 has been actually subscribed by the subscribers, and of the said subscription, P43,750,000 has been actually paid in cash. The increase in authorized capital stock was approved by the SEC on November 25, 2022.

On December 19, 2022, the Board of Directors (BOD) approved the conversion of P200,000,000, advances from stockholders to 2,000,000 shares with a par value of P100 or a total par value of P200,000,000. On the same date, the Board of Directors approved the issuance of 2,000,000 shares from the unissued shares available for subscription. This non-cash transaction was excluded in the statement of cash flows.

In 2023, the balance on the 1,750,000 shares subscription above was paid in full. In addition, a total of 3,250,000 shares were subscribed and paid for a total of P416,250,000. The excess of the payment over the par value amounting to P91,250,000 was credited to Additional Paid-in Capital. Consequently, the total of 5,000,000 subscribed shares were issued in 2023.

As of December 31, 2024 and 2023, the Company has 27 shareholders owning 100 or more shares each.

Retained earnings
On March 22, 2024, the Board of Directors approved the appropriation of retained earnings amounting to P900,000,000. The appropriation is for the Company's expansion projects which include the construction of additional office buildings and extension offices and acquisition of other real estate properties.

22. Insurance contracts – terms, assumptions and sensitivities

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

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

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

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

Assumptions
The principal assumption underlying the estimates is the Company's past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claims inflation factors, and claim numbers for each accident year. Judgment is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. Other key assumptions include variation in interest and delays in settlement.

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

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

The table below indicates the impact of changes in certain key assumptions in respect of general insurance business while other assumptions remain unchanged.

% change in	Impact on income	
loss ratio	**2024**	2023
+5%	**+P84.3 million**	+P101.4 million
-5%	**- P84.3 million**	- P101.4 million

There is no effect on equity except on those affecting profit and loss.

<u>*Loss development table*</u>
Loss development table for the last underwriting year for 2024 and 2023, gross and net of reinsurer's share is presented below:

	Gross Losses and Claims Payable for 2024					
	2020 & prior	2021	2022	2023	2024	Total
Estimate of cumulative claim cost:	P 2,885,153,670	690,363,538	P 455,742,599	P 773,070,046	P 366,862,519	P 366,862,519
One year later	4,726,413,602	1,072,247,171	455,902,286	994,946,025	-	994,946,025
Two years later	4,728,040,112	1,050,294,671	454,769,276	-	-	454,769,276
Three years later	4,728,277,409	1,046,424,706	-	-	-	1,046,424,706
Four years later	4,726,731,342	-	-	-	-	4,726,731,342
Current estimate of cummulative claims	4,726,731,342	1,046,424,706	454,769,276	994,946,025	366,862,519	7,589,733,868
Provision for IBNR	-	-	-	-	206,113,681	206,113,681
Cummulative payments to date	(4,698,201,556)	(1,040,108,655)	(452,024,362)	(988,940,691)	(364,648,196)	(7,543,923,460)
Liability recognized in the statement of financial position	P 28,529,786	P 6,316,051	P 2,744,914	P 6,005,334	P 208,328,004	P 251,924,089

		Gross Losses and Claims Payable for 2023				
	2019 & prior	2020	2021	2022	2023	Total
Estimate of cumulative claim cost:	P 3,604,580,089	P 321,358,325	P 667,009,781	P 389,943,546	P 772,386,197	P 772,386,197
One year later	5,687,464,712	591,257,257	1,064,708,953	489,003,628	-	489,003,628
Two years later	5,704,537,442	592,066,747	1,065,635,488			1,065,635,488
Three years later	5,705,832,759	592,096,747	-			592,096,747
Four years later	5,706,418,197	-	-			5,706,418,197
Current estimate of cummulative claims	5,706,418,197	592,096,747	1,065,635,488	489,003,628	772,386,197	8,625,540,257
Provision for IBNR	-	-	-	-	214,387,675	214,387,675
Cummulative payments to date	(5,679,847,465)	(589,339,773)	(1,060,673,581)	(486,726,686)	(768,789,744)	(8,585,377,249)
Liability recognized in the statement of financial position	P 26,570,732	P 2,756,974	P 4,961,907	P 2,276,942	P 217,984,128	P 254,550,683

		Net Losses and Claims Payable for 2024				
	2020 & prior	**2021**	**2022**	**2023**	**2024**	**Total**
Estimate of cumulative claim cost:	**P 3,122,744,733**	**P 759,704,379**	**P 466,809,803**	**P 792,245,655**	**P 398,328,112**	**P 398,328,112**
One year later	**4,734,664,562**	**1,086,832,373**	**455,944,286**	**995,541,502**	**-**	**995,541,502**
Two years later	**4,728,746,912**	**1,062,094,671**	**454,811,276**	**-**	**-**	**454,811,276**
Three years later	**4,729,071,483**	**1,046,424,706**	**-**	**-**	**-**	**1,046,424,706**
Four years later	**4,727,484,490**	**-**	**-**	**-**	**-**	**4,727,484,490**
Current estimate of cummulative claims	**4,727,484,490**	**1,046,424,706**	**454,811,276**	**995,541,502**	**398,328,112**	**7,622,590,086**
Provision for IBNR	**-**	**-**	**-**	**-**	**195,653,248**	**195,653,248**
Cummulative payments to date	**(4,703,839,233)**	**(1,041,190,848)**	**(452,536,466)**	**(990,562,145)**	**(396,335,812)**	**(7,584,464,504)**
Liability recognized in the statement of financial position	**P 23,645,257**	**P 5,233,858**	**P 2,274,810**	**P 4,979,357**	**P 197,645,548**	**P 233,778,830**

		Net Losses and Claims Payable for 2023				
	2019 & prior	2020	2021	2022	2023	Total
Estimate of cumulative claim cost:	P 3,444,932,982	P 321,235,518	P 666,946,571	P 389,943,546	P 772,363,716	P 772,363,716
One year later	5,463,156,714	590,967,751	1,047,328,769	462,077,479		462,077,479
Two years later	5,478,525,903	591,777,241	1,048,249,798			1,048,249,798
Three years later	5,479,593,380	591,807,241	-			591,807,241
Four years later	5,480,163,171	-	-			5,480,163,171
Current estimate of cummulative claims	5,480,163,171	591,807,241	1,048,249,798	462,077,479	772,363,716	8,354,661,405
Provision for IBNR	-	-	-		200,825,079	200,825,079
Cummulative payments to date	(5,458,859,407)	(589,506,630)	(1,044,174,797)	(460,281,184)	(769,361,205)	(8,322,183,223)
Liability recognized in the statement of financial position	P 21,303,764	P 2,300,611	P 4,075,001	P 1,796,295	P 203,827,590	P 233,303,261

23. Premiums

Analysis of premiums is as follows:

	2024				
	Direct Business	**Assumed Business**	**Total**	**Ceded Business**	**Net**
Premiums Written	**P 1,633,354,180**	**P 43,745,358**	**P 1,677,099,538**	**P 76,048,925**	**P 1,601,050,613**
Changes in unexpired risk	**90,802,387**	**1,960,701**	**92,763,088**	**7,049,656**	**85,713,432**
	P 1,724,156,567	**P 45,706,059**	**P 1,769,862,626**	**P 83,098,581**	**P 1,686,764,045**

	2023				
	Direct Business	Assumed Business	Total	Ceded Business	Net
Premiums Written	P 1,927,047,945	P 47,330,642	P 1,974,378,587	P 85,205,212	P 1,889,173,375
Changes in unexpired risk	140,299,496	(2,137,143)	138,162,353	(314,067)	138,476,420
	P 2,067,347,441	P 45,193,499	P 2,112,540,940	P 84,891,145	P 2,027,649,795

24. Claims, losses and adjustment expenses

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

	For the year ended December 31, 2024				
	Direct	**Assumed**	**Total**	**Recovered**	**Net**
Claims and losses	**P 755,873,519**	**P 12,726,797**	**P 768,600,316**	**P 3,983,640**	**P 764,616,676**
Loss adjustment expenses	**12,174,075**	**-**	**12,174,075**	**-**	**12,174,075**
	P 768,047,594	**P 12,726,797**	**P 780,774,391**	**P 3,983,640**	**P 776,790,751**

	For the year ended December 31, 2023				
	Direct	Assumed	Total	Recovered	Net
Claims and losses	P 1,125,839,798	P 4,759,123	P 1,130,598,921	P 60,904,886	P 1,069,694,035
Loss adjustment expenses	3,866,077	-	3,866,077	-	3,866,077
	P 1,129,705,875	P 4,759,123	P 1,134,464,998	P 60,904,886	P 1,073,560,112

25. Commission expense and commission income

The composition of this account is as follows:

	2024		2023	
	Commission expense	**Commission income**	Commission expense	Commission income
Direct business	**P 428,371,377**	**P -**	P 494,788,839	P -
Reinsurance business	**5,590,523**	**21,020,148**	7,795,985	22,761,649
Total	**433,961,900**	**21,020,148**	502,584,824	22,761,649
Increase/decrease in DAC/DCI (Note 14)	**11,472,730**	**1,701,852**	26,269,632	644,222
	P 445,434,630	**P 22,722,000**	P 528,854,456	P 23,405,871

Standard commission rate for direct and reinsurance business ranges from 4% to 19%.

26. Interest and other income

The sources of interest income are as follows:

		2024		2023
Interest income from:				
Held-to-maturity investments	P	**60,686,993**	P	50,412,944
Cash and cash equivalents and short-term bank placements		**76,926,907**		69,502,653
		137,613,901		119,915,597
Other income		**1,303,211**		1,317,113
	P	**138,917,112**	P	121,232,710

Other income significantly consists of rental income, dividend income, income from towing and service fees on bonds.

27. Administrative expenses

The breakdown of administrative expenses is as follows:

		2024		2023
Salaries and other employee benefits	P	**149,508,515**	P	151,984,264
Depreciation *(see Notes 12 and 13)*		**37,103,422**		36,362,108
Agency expenses		**31,999,801**		27,525,897
Professional fees		**29,915,148**		28,027,876
Investment management fees		**20,716,351**		13,698,754
Retirement benefit cost *(see Note 28)*		**18,512,848**		18,625,057
Communication, light and water		**14,344,413**		14,745,505
Representation and entertainment		**10,880,410**		10,717,228
Transportation		**10,433,924**		14,704,998
Rent *(see Note 31)*		**9,514,973**		11,488,421
Supplies		**9,354,141**		9,123,179
Association pool dues		**6,915,933**		4,751,544
Advertising		**6,738,051**		6,100,687
Taxes and licenses		**5,688,920**		11,724,221
Repairs and maintenance		**5,531,998**		4,737,280
Provision for probable losses *(see Notes 10 and 11)*		**5,195,899**		-
Insurance expense		**2,794,752**		3,158,545
Miscellaneous		**13,198,275**		11,910,224
	P	**388,347,774**	P	379,385,788

Miscellaneous expenses mainly composed of authentication fees, bonds certification and cash gift.

28. Retirement benefit cost

The Company has a tax-qualified, non-contributory defined obligation plan covering all regular employees. The plan provides for lump-sum benefits equivalent to 130% of Plan Salary for every year of Credited Service. The normal retirement age is 65 years old.

The latest actuarial valuation computed using the projected unit credit method dated April 15, 2024 is used as basis for computing actuarial accrued liability for years 2024 and 2023 amounting to P106,746,649 and P114,888,418, respectively.

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

The retirement benefits recognized in the statements of income and comprehensive income is as follows:

		2024		2023
Current service cost	P	**11,813,830**	P	11,201,014
Net interest cost		**6,699,018**		7,630,013
Settlement gain		**-**		(205,970)
Defined benefit cost recognized in profit and loss*		**18,512,848**		18,625,057
Remeasurement (gain) loss recognized in OCI		**(9,913,550)**		1,103,857
Net defined benefit cost	P	**8,599,298**	P	19,728,914

** Included in Salaries and other employee benefits*

The movements in remeasurement loss on defined benefit liability are as follows:

		2024		2023
Remeasurement loss, beginning of the year	P	**37,317,940**	P	36,214,083
Retirement benefit cost in OCI:				
Actuarial (gain) loss on defined benefit obligation		**(10,115,902)**		981,228
Remeasurement loss on plan assets		**202,352**		122,629
Remeasurement loss, end of the year		**27,404,390**		37,317,940
Less: Income tax effect		**(6,851,098)**		(9,329,485)
	P	**20,553,293**	P	27,988,455

The net defined benefit liability recognized in the statement of financial position is as follows:

		2024		2023
Present value of obligation	P	**179,747,056**	P	174,393,396
Fair value of plan asset		**73,000,407**		59,504,978
	P	**106,746,649**	P	114,888,418

The changes in present value of defined benefit obligation are as follows:

		2024		2023
Balance at the beginning of the year	P	**174,393,396**	P	158,026,919
Interest cost		**10,620,558**		11,409,544
Current service cost		**11,813,830**		11,201,014
Benefits paid		**(6,964,826)**		(7,019,339)
Settlement gain		**-**		(205,970)
Actuarial (gain) loss		**(10,115,902)**		981,228
Defined benefit obligation	P	**179,747,056**	P	174,393,396

The changes in fair value of plan asset are as follows:

		2024		2023
Balance at the beginning of the year	P	**59,504,978**	P	48,848,076
Interest income		**3,921,540**		3,779,531
Contributions		**9,776,241**		7,000,000
Remeasurement loss		**(202,352)**		(122,629)
	P	**73,000,407**	P	59,504,978

The allocation of Plan asset is as follows:

	2024	2023
Cash and cash equivalents	**100.00%**	37.82%
Insurance	**0.00%**	62.18%
	100.00%	100.00%

Plan assets are valued by the fund manager at fair value using the mark-to-market valuation.

The Company contributes to the fund depending on the requirements of the plan.

The sensitivity analyses based on reasonably possible changes of each significant assumption on the retirement benefit obligation are as follows:

		2024		2023
Discount rate decrease by 100 bps	P	**(5,998,448)**	P	(6,176,521)
Discount rate increase by 100 bps		**6,547,018**		6,777,973
Salary rate decrease by 100 bps		**(6,117,121)**		(6,294,973)
Salary rate increase by 100 bps		**6,556,708**		6,784,007

Actuarial assumptions used to determine retirement benefits as at December 31, 2024 and 2023 are as follows:

	2024	2023
Discount rate	**6.15%**	6.09%
Salary rate increase	**5.00%**	5.00%
Weighted average duration of Plan (in years)	**3.50**	3.70

The expected future benefits payment of the plan as of December 31, 2024 and 2023 is as follows:

		2024		2023
Within next year	P	**121,542,208**	P	118,941,608
After next year to 5th year		**26,995,301**		26,955,156
After 5th year		**92,836,338**		76,479,262

29. Income taxes

The components of income tax expense recognized in the statements of income for the years ended December 31, 2024 and 2023 are as follows:

		2024		2023
Current	P	**19,368,782**	P	20,163,227
Deferred		**6,835,340**		(1,370,164)
	P	**26,204,122**	P	18,793,063

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

		2024		2023
Income tax expense at statutory rate	P	**53,775,809**	P	50,087,209
Income tax effects of:				
Interest income subjected to final tax		**(34,403,475)**		(29,978,899)
Non-deductible expenses		**522,609**		522,609
Unrecognized temporary differences		**6,309,179**		(1,837,856)
Income tax expense	P	**26,204,122**	P	18,793,063

Components of deferred income tax recognized in the statements of financial position are as follows:

		2024		2023
Deferred tax assets				
Defined benefit cost recognized in profit or loss	P	**19,835,565**	P	19,392,620
Remeasurement loss on defined benefit liability		**6,851,098**		9,329,485
Allowance for probable losses		**1,298,975**		-
Provision for claims incurred but not recorded		**3,276,049**		51,665,184
		31,261,687		80,387,289
Deferred tax liabilities				
Net deferred acquisition cost		**-**		39,811,875
Revaluation reserve on property and equipment		**15,645,086**		15,716,754
		15,645,086		55,528,629
Net deferred tax assets	P	**15,616,601**	P	24,858,660

Changes in deferred income tax are as follows:

	As of December 31, 2024			
		Changes taken to		
	Beginning	Profit and loss	Equity	Ending
Deferred tax assets	P 80,387,289	P (46,647,214)	P (2,478,388)	P 31,261,687
Deferred tax liabilities	(55,528,629)	39,811,875	71,668	(15,645,086)
	P 24,858,660	P (6,835,339)	P (2,406,720)	P 15,616,601

	As of December 31, 2023			
		Changes taken to		
	Beginning	Profit and loss	Equity	Ending
Deferred tax assets	P 85,147,513	P (5,036,189)	P 275,965	P 80,387,289
Deferred tax liabilities	(62,457,591)	6,406,353	522,609	(55,528,629)
	P 22,689,922	P 1,370,164	P 798,574	P 24,858,660

30. Reconciliation of accounts under Philippine Financial Reporting Standards (PFRS) and net income under Regulatory Accounting Policies (RAP)

PFRS varies in certain respects from RAP prescribed by the Insurance Commission. In accordance with Section 203 of the amended Insurance Code, the following items of assets is classified as non-admitted assets:

- Intangible assets;
- Prepayments and deferred charges;
- Unsecured loans, advances and other receivables;
- Furniture, fixtures, equipment and the like; and
- Other assets of doubtful value

The reconciliation of balances and difference in measurement bases under PFRS and RAP is as follows:

(i) Statement of Financial Position

	2024	2023
Total assets under PFRS	P 5,104,409,521	P 5,086,139,537
Total liabilities under PFRS	1,546,858,985	1,724,991,123
Networth under PFRS	3,557,550,536	2,632,388,454
Less: Non-admitted assets		
Premiums due from agents and reinsurers	(31,512,690)	(242,579,445)
Other property and equipment	(159,624,308)	(29,899,628)
Other non-admitted assets	(19,781,572)	(28,433,609)
Net worth under RAP	P 3,346,631,966	P 2,331,475,772

Net worth under RAP is broken down as follows:

	2024	2023
Total assets under RAP	P 4,893,490,951	P 4,785,226,855
Total liabilities under RAP	1,546,858,985	1,724,991,123

(ii) Statement of Income

		2024		2023
PFRS net income	P	**188,899,115**	P	181,555,775
Add (Less):				
Effect of deferred income tax		**6,835,339**		(1,370,164)
RAP net income	P	**195,734,454**	P	180,185,611

31. Commitments and contingencies

Leases
The Company leases its office spaces under short-term lease arrangements with various lessors. Rent expense under these lease arrangements amounted to P9,514,973 and P11,488,421 in 2024 and 2023, respectively.

The Company leased out certain condominium units and earned rental income amounting to P872,000 in 2024. *(see Note 12)*

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

32. Other significant matters

Deferral of adoption of PFRS 9
In 2024 and 2023, the Company continues to apply the temporary exemption from PFRS 9 as permitted by the amendments to PFRS 4 *Applying PFRS 9 with PFRS 4* issued in 2016. The temporary exemption from applying the PFRS 9 is applicable until the mandatory effectivity of PFRS 17 for entities whose activities are predominantly connected with issuing contracts within the scope of PFRS 4. The predominance test, as required by the standard, was performed using the Statement of Financial Position as of December 31, 2018. Accordingly, the Company's gross liabilities arising from insurance contracts within the scope of PFRS 4 is equivalent to 82% of the total carrying amount of all its liabilities. No re-assessments have been performed at subsequent date because there was no substantial change in the business of Company that would require such re-assessment.

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

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

	Fair values as of December 31, 2024		Fair values as of December 31, 2023		Fair value changes in 2024	
	Meet the SPPI test	Does not meet the SPPI test	Meet the SPPI test	Does not meet the SPPI test	Meet the SPPI test	Does not meet the SPPI test
Loans and receivables:						
Cash and cash equivalents*	P 1,756,290,454	P -	P 1,552,245,421	P -	P -	P -
Short-term bank investments	29,090,000	-	68,881,255	-	-	-
Accrued investment income	14,004,288	-	9,503,153	-	-	-
Insurance balances receivable	652,122,632	-	779,125,184	-	-	-
Claims and losses recoverable	20,070,764	-	29,343,437	-	-	-
Other assets	4,219,654	-	3,639,633	-	-	-
AFS - equity securities	-	187,675	-	191,498	-	(3,823)
HTM - gov't securities	1,237,071,870	-	1,220,381,405	-	-	-
	P 3,712,869,662	P 187,675	P 3,663,119,488	P 191,498	P -	P (3,823)

**Excludes cash on hand*

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

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

	December 31, 2024				
	Neither Past Due nor Impaired		Past Due but		
	Rated	Unrated	Unimpaired	Impaired	Total
Loans and receivables:					
Cash and cash equivalents*	P 943,885,497	P 812,404,957	P -	P -	P 1,756,290,454
Short-term bank investments	27,213,045	1,876,955	-	-	29,090,000
Accrued investment income	12,989,404	1,014,884	-	-	14,004,288
Insurance balances receivable	-	-	652,122,632	3,632,184	655,754,816
Claims and losses recoverable	-	-	20,070,764	1,563,715	21,634,479
Other assets	-	4,219,654	-	-	4,219,654
HTM - gov't securities	1,237,071,870	-	-	-	1,237,071,870
	P 2,221,159,816	P 819,516,450	P 672,193,396	P 5,195,899	P 3,718,065,561

**Excludes cash on hand*

	December 31, 2023				
	Neither Past Due nor Impaired		Past Due but		
	Rated	Unrated	Unimpaired	Impaired	Total
Loans and receivables:					
Cash and cash equivalents*	P 788,034,767	P 764,210,654	P -	P -	P 1,552,245,421
Short-term bank investments	67,787,109	1,094,146	-	-	68,881,255
Accrued investment income	7,170,610	2,332,543	-	-	9,503,153
Insurance balances receivable	-	-	779,125,184	-	779,125,184
Claims and losses recoverable	-	-	29,343,437	-	29,343,437
Other assets	-	3,639,633	-	-	3,639,633
HTM - gov't securities	1,220,381,405	-	-	-	1,220,381,405
	P 2,083,373,891	P 771,276,976	P 808,468,621	P -	P 3,663,119,488

**Excludes cash on hand*

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

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

	December 31, 2024			
		Financial		
	Government	**Institutions**	**All Others**	**Total**
Loans and receivables:				
Cash and cash equivalents*	**P -**	**P 1,756,290,454**	**P -**	**P 1,756,290,454**
Short-term bank investments	**-**	**29,090,000**	**-**	**29,090,000**
Accrued investment income	**11,164,048**	**2,840,240**	**-**	**14,004,288**
Insurance balances receivable	**-**	**-**	**655,754,816**	**655,754,816**
Claims and losses recoverable	**-**	**-**	**21,634,479**	**21,634,479**
Other assets	**-**	**-**	**4,219,654**	**4,219,654**
HTM - gov't securities	**1,237,071,870**	**-**	**-**	**1,237,071,870**
	P 1,248,235,918	**P 1,788,220,694**	**P 681,608,949**	**P 3,718,065,561**

**Excludes cash on hand*

	December 31, 2023			
		Financial		
	Government	Institutions	All Others	Total
Loans and receivables:				
Cash and cash equivalents*	P -	P 1,552,245,421	P -	P 1,552,245,421
Short-term bank investments	-	68,881,255	-	68,881,255
Accrued investment income	5,712,044	3,791,109	-	9,503,153
Insurance balances receivable	-	-	779,125,184	779,125,184
Claims and losses recoverable	-	-	29,343,437	29,343,437
Other assets	-	-	3,639,633	3,639,633
HTM - gov't securities	1,220,381,405	-	-	1,220,381,405
	P 1,226,093,449	P 1,624,917,785	P 812,108,254	P 3,663,119,488

**Excludes cash on hand*

Related party transactions
Compensation to key management personnel amounted to P37.3 million in 2024 and P39.9 million in 2023 and are included as part of salaries and other employee benefits account under administrative expenses in the statements of income.

Current and non-current distinction
The Company's current assets and current liabilities are presented below:

		2024		2023
Current assets				
Cash and cash equivalents	**P**	**1,810,639,071**	P	1,614,374,493
Short-term bank investments		**29,090,000**		68,881,255
Insurance balances receivables		**636,689,737**		767,996,990
Deferred acquisition cost		**158,108,654**		169,581,384
Accrued investment income		**14,004,288**		9,503,153
Financial assets - HTM		**357,016,388**		529,705,469
Other assets		**4,219,654**		3,639,633
	P	**3,009,767,792**	P	3,163,682,377
Current liabilities				
Reserve for unearned premiums	**P**	**813,715,149**	P	906,478,237
Insurance claims payable		**239,327,886**		254,550,683
Accounts payable and accrued expenses		**365,327,432**		412,677,616
Reinsurance liabilities		**513,634**		26,062,285
Deferred commission income		**8,632,032**		10,333,884
	P	**1,427,516,133**	P	1,610,102,705

Non-cash transactions
Excluded in the statements of cash flows are the non-cash investing activities as follows:

- Transfer of owner-occupied condominium units with carrying value of P119,424,287 from property and equipment to investment properties in 2024. *(see Note 13)*
- Transfer of land with carrying value of P10,000,000 from investment properties to property and equipment in 2023. *(see Note 13)*

33. Supplementary Information Required under Revenue Regulations 15-2010

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

- The details of Value-Added Tax (VAT) - output tax declared in the Company's 2024 VAT returns and the related accounts are as follows:

Premiums	P	96,805,337
Commission		651,408
	P	97,456,745

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

Balance at the beginning of the year	P	19,263,363
Current year's domestic purchases/payments for:		
Goods		20,134,563
Services		71,435,899
Applied against VAT output tax		(84,183,378)
Balance at the end of the year	P	26,650,447

- The premium tax on personal accident insurance paid and accrued amounted to P90,664.
- The documentary stamp paid/accrued on insurance policies amounted to P48,365,477.
- The amounts of withholding tax payments, by category is as follows:

Tax on compensation and benefits	P	2,865,328
Expanded withholding tax		21,334,154

- All other taxes, local and national, lodge under taxes and licenses account are as follows:

National tax		
IC licenses and filing fees	P	599,940
Local taxes		
Real property tax		2,299,405
Community tax		20,500
Business tax		2,149,389
Other local taxes		619,686
	P	5,688,920