

**Etiqua Life and General Assurance
Philippines, Inc.**

Financial Statements
December 31, 2024 and 2023

and

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Etiqa Life and General Assurance Philippines, Inc.

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

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

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

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 32 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Etiqa Life and General Assurance Philippines, Inc. The information 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.

SYCIP GORRES VELAYO & CO.

Glenda C. Anisco-Niño

Glenda C. Anisco-Niño

Partner

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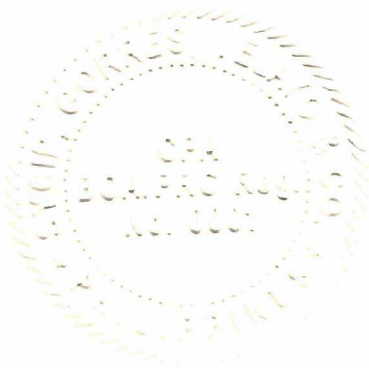
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BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

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April 15, 2025



ETIQA LIFE AND GENERAL ASSURANCE PHILIPPINES, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2024	2023
ASSETS		
Cash and cash equivalents (Notes 6 and 28)	₱359,510,307	₱495,876,999
Insurance receivables (Note 7)	2,085,752,314	1,284,531,429
Reinsurance assets (Note 7)	151,471,469	193,061,546
Financial assets (Notes 8 and 28)		
At fair value through profit or loss (FVTPL)	186,718,044	234,933,731
At fair value through other comprehensive income (FVOCI)	1,964,867,267	2,217,235,066
Loans and receivables - net (Notes 8 and 28)	990,464,744	976,732,189
Accrued interest receivable (Notes 6 and 8)	30,770,911	33,812,715
Due from related parties (Note 27)	3,798,223	847,294
Segregated fund assets (Note 14)	3,535,969,570	3,209,888,755
Right-of-use assets - net (Note 10)	70,342,503	3,077,168
Property and equipment - net (Note 9)	107,179,678	33,391,709
Intangible assets - net (Note 9)	453,689,334	460,511,534
Deferred acquisition costs (Note 11)	27,947,968	26,714,340
Deferred tax assets - net (Note 26)	223,904,541	223,956,812
Other assets (Notes 12 and 28)	301,286,510	219,711,262
	₱10,493,673,383	₱9,614,282,549
LIABILITIES AND EQUITY		
Liabilities		
Segregated fund liabilities (Note 14)	₱3,535,969,570	₱3,209,888,755
Insurance contract liabilities (Note 13)	2,721,468,035	2,394,166,486
Accounts payable and other liabilities (Notes 15 and 27)	949,228,692	966,917,208
Insurance payables (Note 16)	557,704,046	481,953,124
Lease liabilities (Note 10)	63,984,151	3,290,464
Due to related parties (Note 27)	1,777,040	1,363,888
Pension liability - net (Note 24)	19,548,956	19,102,271
Total Liabilities	7,849,680,490	7,076,682,196
Equity		
Capital Stock - Issued and outstanding (Note 17)		
Common stock	1,161,720,830	1,161,720,830
Preferred stock	5,005,960	5,005,960
Contributed surplus (Note 17)	39,784,362	39,784,362
Other comprehensive income (loss)		
Unrealized losses on financial assets at FVOCI (Note 8)	(11,835,677)	(14,643,629)
Actuarial losses on net pension liability (Note 24)	(5,849,505)	(13,984,603)
Remeasurement of legal policy reserves (Note 13)	(10,117,487)	9,080,158
Retained earnings	1,465,284,410	1,350,637,275
Total Equity	2,643,992,893	2,537,600,353
	₱10,493,673,383	₱9,614,282,549

See accompanying Notes to Financial Statements.



ETIQA LIFE AND GENERAL ASSURANCE PHILIPPINES, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2024	2023
INCOME		
Gross earned premiums on insurance contracts	₱6,964,065,909	₱6,874,167,228
Reinsurers' share of gross earned premiums on insurance contracts	(449,157,358)	(269,809,063)
Net insurance premiums (Note 18)	6,514,908,551	6,604,358,165
Service and network fees (Note 19)	224,620,916	235,149,688
Interest income (Note 19)	148,958,967	155,141,693
Third party administration fees (Note 19)	32,685,153	34,848,293
Gain (loss) on sale of financial assets at FVOCI (Note 8)	13,561,464	(19,746,177)
Fair value gains on financial assets at FVTPL - net (Note 8)	9,663,031	1,034,236
Others (Note 19)	72,862,420	59,582,768
	502,351,951	466,010,501
	7,017,260,502	7,070,368,666
EXPENSES		
Underwriting Expenses - Net		
Net benefits and claims incurred on insurance contracts (Note 20)	4,689,785,001	5,213,945,732
Expenses for the acquisition of insurance contracts (Note 21)	1,088,689,760	977,483,088
Transfer to segregated funds (Note 14)	509,800,088	457,440,121
Net change in legal policy reserves (Note 13)	(28,146,657)	208,067,149
	6,260,128,192	6,856,936,090
Other Expenses		
General and administrative expenses (Note 22)	603,936,930	525,488,155
Interest expense (Notes 10 and 13)	5,509,741	1,303,022
	609,446,671	526,791,177
	6,869,574,863	7,383,727,267
INCOME (LOSS) BEFORE INCOME TAX	147,685,639	(313,358,601)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 26)	32,738,146	(90,385,320)
NET INCOME (LOSS)	114,947,493	(222,973,281)
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Other comprehensive loss to be reclassified to profit or loss in subsequent periods:</i>		
Changes in fair value of debt financial assets at FVOCI during the year (Note 8)	2,807,952	58,631,449
<i>Other comprehensive gain not to be reclassified to profit or loss in subsequent periods:</i>		
Actuarial gain (loss) on pension liability - net of tax effect (Note 24)	8,135,098	(17,658,596)
Remeasurement gain (loss) on life insurance reserves (Note 13)	(19,197,645)	3,181,441
	(8,254,595)	44,154,294
TOTAL COMPREHENSIVE INCOME (LOSS)	₱106,692,898	(₱178,818,987)

See accompanying Notes to Financial Statements.



ETIQA LIFE AND GENERAL ASSURANCE PHILIPPINES, INC.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	Other Comprehensive Income (Loss)							Total
	Capital Stock - Issued and Outstanding (Note 17)		Contributed Surplus (Note 17)	Unrealized Gains (Losses) on Financial Assets at FVOCI (Note 8)	Actuarial Gains (Losses) on Pension Liability (Note 24)	Remeasurement gain (loss) on legal policy reserves (Note 13)	Retained Earnings (Note 17)	
	Common Stock	Preferred Stock						
As at January 1, 2024	₱1,161,720,830	₱5,005,960	₱39,784,362	(₱14,643,629)	(₱13,984,603)	₱9,080,158	₱1,350,637,275	₱2,537,600,353
Net income	—	—	—	—	—	—	114,947,493	114,947,493
Other comprehensive income (loss)	—	—	—	2,807,952	8,135,098	(19,197,645)	—	(8,254,595)
Total comprehensive income (loss)	—	—	—	2,807,952	8,135,098	(19,197,645)	114,947,493	106,692,898
Cumulative preferred stock dividends	—	—	—	—	—	—	(300,358)	(300,359)
As at December 31, 2024	₱1,161,720,830	₱5,005,960	₱39,784,362	(₱11,835,677)	(₱5,849,505)	(₱10,117,487)	₱1,465,284,410	₱2,643,992,893
As at January 1, 2023	₱1,161,720,830	₱5,005,960	₱39,784,362	(₱73,275,078)	₱3,673,993	₱5,898,717	₱1,573,910,914	₱2,716,719,698
Net income	—	—	—	—	—	—	(222,973,281)	(222,973,281)
Other comprehensive income (loss)	—	—	—	58,631,449	(17,658,596)	3,181,441	—	44,154,294
Total comprehensive income (loss)	—	—	—	58,631,449	(17,658,596)	3,181,441	(222,973,281)	(178,818,987)
Cumulative preferred stock dividends	—	—	—	—	—	—	(300,358)	(300,358)
As at December 31, 2023	₱1,161,720,830	₱5,005,960	₱39,784,362	(₱14,643,629)	(₱13,984,603)	₱9,080,158	₱1,350,637,275	₱2,537,600,353

See accompanying Notes to Financial Statements.



ETIQA LIFE AND GENERAL ASSURANCE PHILIPPINES, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱147,685,639	(₱313,358,601)
Adjustments for:		
Decrease in provision for IBNR (Note 13)	(183,486,709)	358,188,750
Interest income (Note 19)	(148,958,967)	(155,141,693)
Depreciation and amortization (Notes 9, 10 and 25)	65,824,010	24,889,096
Net change in legal policy reserves (Note 13)	(28,146,657)	208,067,149
Loss on sale of financial assets at FVOCI (Note 8)	13,561,464	(19,746,177)
Pension expense (Notes 23 and 24)	11,293,482	7,232,843
Interest expense (Notes 10 and 13)	5,509,741	1,303,021
Recovery from impairment of financial assets at FVOCI (Note 8)	(69,434)	267,572
Operating income before working capital changes	(116,787,431)	111,701,960
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Insurance receivables	(801,220,885)	(352,983,472)
Reinsurance assets	41,590,077	(50,987,258)
Financial assets at FVTPL	48,215,687	190,892,858
Loans and receivables	44,286,646	(182,911,599)
Due from related parties	(2,950,929)	(145,687)
Deferred acquisition costs	(1,233,628)	4,388,704
Other assets	(81,575,248)	(70,011,631)
Increase (decrease) in:		
Insurance contract liabilities	519,737,270	79,647,188
Insurance payables	75,750,922	63,699,748
Accounts payable and other liabilities	(17,988,874)	72,196,144
Due to related parties	413,153	(10,404,966)
Net cash used in operations	(291,763,240)	(144,918,011)
Income taxes paid	(36,463,676)	(68,003,702)
Interest paid	(856,569)	(1,177,561)
Net cash used in operating activities	(329,083,485)	(214,099,274)

(Forward)



	Years Ended December 31	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	₱154,732,595	₱145,989,405
Proceeds from:		
Disposal and maturities of financial assets at FVOCI (Note 8)	2,073,231,186	2,153,521,600
Collections of salary loans (Note 8)	101,480,867	93,765,066
Acquisitions of:		
Financial assets at FVOCI (Note 8)	(1,833,213,186)	(2,107,935,504)
Salary loans (Note 8)	(159,500,068)	(199,211,327)
Property and equipment (Note 9)	(96,564,095)	(22,272,330)
Intangible assets (Note 9)	(42,857)	(25,543,368)
Net cash generated from investing activities	240,124,442	38,313,542
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities (Note 10)	(47,407,649)	(3,256,721)
Cash used in financing activities	(47,407,649)	(3,256,721)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(136,366,692)	(179,042,453)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	495,876,999	674,919,452
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	₱359,510,307	₱495,876,999

See accompanying Notes to Financial Statements.



ETIQA LIFE AND GENERAL ASSURANCE PHILIPPINES, INC.

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

Etiqa Life and General Assurance Philippines, Inc. (ELGAP or the “Company”) was incorporated on October 4, 2010 as AsianLife and General Insurance Corporation (ALGA), the successor-in-interest of a corporate entity which also bears the same name (the “Old ALGA” - with Securities Exchange Commission No. 14341), the corporate term of which expired on August 22, 2008.

In 2019, the Company underwent a rebranding campaign and changed its corporate name from AsianLife and General Assurance Corporation to Etiqa Life and General Assurance Philippines, Inc., in a drive to establish a more unified visual identity for the Etiqa Group in Southeast Asia and to strengthen the “Etiqa” brand and its ability to gain greater recognition regionally. The change in corporate name was approved by the Board of Directors (BOD) on June 17, 2019 and by the Securities and Exchange Commission (SEC) on June 19, 2019.

The Company’s primary purpose is to carry on the business of insurance upon lives of individuals and the business of non-life insurance; to grant contract of insurance and reinsurance providing for all risks, hazards, guarantees and contingencies to which life, accidents or health insurance is applicable and to grant or effect assurance of all kinds of payment of money by way of single payment or by several payments, or by any person of immediate or referred annuities upon the death of or upon reaching a given age by any person or persons subject or not such death or age requirement or happening of any contingency or event dependent upon human life or upon a fixed or given date.

In November 05, 2024, the Company was issued a license by the Insurance Commission (IC) to be a Takaful Operator.

The Company’s parent company is Etiqa International Holdings Sdn. Bhd (EIHSB or the Parent Company) domiciled in Malaysia while the Company’s ultimate Parent Company is Malayan Banking Berhad of Malaysia (the Ultimate Parent Company).

On November 12, 2024, Maybank Capital, Inc sold its 28.36% ownership interest of ELGAP to EIHSB. As of December 31, 2024, EIHSB owns 96.67% of the total outstanding and issued shares of ELGAP, while the remaining 3.33% is owned by E-MARC Consultants, Inc.

The Company’s registered office address, which is also its principal place of business, is Etiqa Atrium, 10-12E Flrs., 107 Aguirre, Legazpi Village, Makati City, Metro Manila.

2. Basis of Preparation

The financial statements of the Company have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI) and segregated fund assets which are carried at fair value.

The financial statements are presented in Philippine Peso (₱) which is the Company’s functional currency. All values are rounded to the nearest peso, unless otherwise indicated.

In 2024, reclassification in certain accounts of prior year have been made to enhance comparability with the current year’s financial statements.



Statement of Compliance

The Company's financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

3. **Changes in Accounting Policies**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2024. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

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

The amendments clarify:

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

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

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

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

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

Standards Issued but not yet Effective

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

Effective beginning on or after January 1, 2025

- Amendments to PAS 21, *Lack of exchangeability*

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

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



The Company does not anticipate that the application of the amendments in the future will have an impact on the financial statements since there is no exchangeability issue for the Philippines.

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
 - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
 - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
 - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 17, *Insurance Contracts*

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

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

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

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

Further, on February 14, 2025, the FSRSC approved the amendment to PFRS 17 that further defers the date of initial application by an additional two (2) years, to annual periods beginning on or after January 1, 2027. This is consistent with Circular Letter No. 2025-04 issued by the Insurance Commission (IC).

PFRS 17 is effective for reporting periods beginning on or after January 1, 2027, with comparative figures required. Early application is permitted.

PFRS 17 will affect how the Company account for insurance contracts and how it reports financial performance in the statements of comprehensive income. The Company is currently assessing the impact that PFRS 17 will have on the financial statements.

- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*



Deferred effectivity

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

4. Summary of Material Accounting Policy Information

Revenue Recognition

Revenue from contracts with customers is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has assessed its revenue arrangements against these criteria and concluded that it is acting as a principal in all direct business arrangements and as an agent in all its ceded-out businesses. The following specific recognition criteria must also be met before revenue is recognized within the scope of PFRS 15:

Fees from variable insurance

Fees from variable insurance are recognized when earned normally upon performance of the service and fulfillment of the Company's obligation of issuance of the policy (policy fees), and administration of the policyholder's fund (administrative fees). Surrender fees are also charged to policyholders who wish to terminate their policy earlier than the holding period.

Service and network fees

Service and network fees are recognized when earned normally upon performance of the service and fulfillment of the Company's obligation for the issuance of health cards to give network access to the policyholders.

Third party administration fee

Revenue is recognized when earned, which is upon the performance of the obligation for administration (based on the terms of the contract) of policyholder's medical and health expenses. This is satisfied upon actual processing of the client's utilization.

Revenue outside the scope of PFRS 15

Premiums revenue - life

Premiums arising from life insurance contracts are generally recognized as income when received and on the issue date which coincides with the effective date of the insurance policies for the first-year premiums. Premiums from short-duration insurance contracts, such as from group health and group life are recognized as revenue over the period of the contracts using the 365th method.

For the renewal business, premiums are recognized as income when still in-force and in the process of collection. Renewal premiums from life insurance contracts are recognized as revenue by the Company and payable by the policyholder. Receivables are recorded at the date when payments are due. Premiums are shown before deduction of commissions and reinsurers' share on gross premiums.

The Company cedes insurance risk in the normal course of business as part of its risk management policy. Ceded premiums are presented in "Reinsurers' share of gross earned premiums on insurance contracts" portion of the statement of comprehensive income.



Premiums revenue - nonlife

Gross insurance written premiums from non-life insurance comprise the total premiums receivable for the whole covered period provided by contracts entered into during the accounting period and are recognized on the date which the policy incepts. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior periods.

Premiums from short-duration insurance contracts are recognized as revenue over the period of the contracts using the 24th method.

The portion of the premiums written that relate to the unexpired periods of the policies at end of the reporting period is accounted for as Provision for unearned premiums as part of “Insurance Contract Liabilities” in the statement of financial position. The net changes in these accounts between each end of reporting periods are recognized in profit or loss.

The Company assumes and cedes insurance risk in the normal course of business. 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. Ceded premiums are presented in “Reinsurers’ share of gross earned premiums on insurance contracts” portion of the statement of comprehensive income.

Interest income

For all interest-bearing financial assets measured at amortized cost, interest income is recognized using the effective interest method. The effective interest rate (EIR) exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or a shorter period, where appropriate, to the net carrying amount of the financial asset. The change in carrying amount is recorded as interest income for the period.

Once the recorded value of a financial asset or group of similar financial assets has been reduced due to an impairment loss, future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount future cash flows for the purpose of measuring impairment loss.

Dividend income

Dividend income is recognized when the Company’s right to receive the payment is established.

Other income

Income from other sources is recognized when earned.

Benefits, Claims and Expenses Recognition

Benefits and claims - Life

Benefits and claims consist of benefits and claims paid to policyholders as well as changes in the valuation of insurance contract liabilities and reserve for policyholders' dividends. These are recorded when notices of claims have been received and dividends have been incurred or when policies reach maturity. For unpaid benefits, a liability is recognized for the estimated cost of all claims made but not settled as of reporting date less reinsurance recoveries. Provision is also made for the cost of claims incurred as of reporting date but not reported (IBNR) until after the reporting date based on the Company's experience and historical data. Differences between the provision for outstanding claims at the reporting date and subsequent revisions and settlements are included in profit or loss in the statement of comprehensive income of subsequent years. Unpaid benefits to life policies form part of policy and contract claims payable included in “Insurance Contract Liabilities” in the statement of financial position.



Benefits and claims - Non-life

Benefits and claims for non-life include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

Direct costs and expenses - Life and Non-life

Commissions and other expenses for the acquisition of insurance contracts are expensed as incurred. The portion of acquisition costs for group life, group health and non-life businesses incurred during the financial period but relate to subsequent financial periods, are deferred to the extent that they are recoverable out of future revenue margins.

Deferred acquisition costs (DAC)

Commissions and other acquisition costs incurred during the financial period, pertaining to the group health and life, as well as for non-life businesses, that vary with and are related to securing new insurance contracts and or renewing existing insurance contracts, but which relates to subsequent financial periods, are deferred to the extent that they are recoverable out of future revenue margins. All other acquisition costs are recognized as expense when incurred.

Subsequent to initial recognition, these costs are amortized on a straight-line basis using the 365th or 24th method over the life of the contract. Amortization is charged against profit or loss. The unamortized acquisition costs are shown as 'Deferred acquisition costs' in the statement of financial position.

An impairment review is performed at each end of the reporting period or more frequently when an indication of impairment arises. The carrying value is written down to the recoverable amount. The impairment loss is charged to profit or loss.

General and administrative expenses

General and administrative expenses constitute costs of administering the business. These are recognized when incurred.

Interest expense

Interest expense on accumulated policyholders' dividends and premium deposit fund is recognized in profit or loss in the statement of comprehensive income as it accrues and is calculated using the effective interest method. Accrued interest is credited to the liability account every policy anniversary date.

Insurance Receivables

Insurance receivables are recognized when due and measured on initial recognition at the fair value of the consideration to be received. The carrying value of premiums due and uncollected is reviewed for impairment whenever events or circumstances indicate the carrying amount may not be recoverable, with the impairment loss recorded in profit or loss in the statements of comprehensive income.

Insurance receivables are derecognized following the derecognition criteria for financial instruments.

Classification and Measurement of Financial Instruments

Financial assets

Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Company's business model for managing financial assets. The Company classifies its financial assets into the following categories: financial assets at FVTPL, financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments), and financial assets measured at amortized cost. Financial assets are classified, at initial recognition, and subsequently



measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

Classification and measurement

Under PFRS 9, the classification and measurement of financial assets is driven by the entity's contractual cash flow characteristics of the financial assets and business model for managing the financial assets.

As part of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet the 'solely payments of principal and interest' (SPPI) test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (e.g. if there are repayments of principal or amortization of the premium or discount).

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Company's measurement categories are described below:

Financial assets at FVOCI

The Company measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets included within the FVOCI category are initially recognized and subsequently measured at fair value. Movements in the carrying amount should be recorded through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. Where the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss.



The Company's debt instruments at FVOCI are composed of investments in government and corporate debt securities. It includes both those directly held by the Company and those under investment management agreement (IMA) with ATRAM Trust Corporation and BPI Wealth.

Financial assets at amortized cost

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes Cash and Cash Equivalents (excluding cash on hand) Salary loans, Mortgage loans, Accounts receivable, Policy loans, Due from policyholders, Receivable from third party administration, Receivable from unit-linked funds, and Other receivables.

Financial assets at FVTPL

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes government and corporate debt securities, listed equity securities and proprietary shares, as well as investments in Mutual Funds and Unit Investment Trust Funds (UITFs) both held by the Company and those under its 02-IM-01 account (IMA account) managed by ATRAM Trust Corporation and BPI AMTC.

Other Financial Liabilities

Issued financial instruments or their components, which are not classified as FVTPL, 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 instrument to the holder or lender, 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 the Company's own equity instruments.

After initial measurement, these 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 an integral part of the EIR. The amortization is included as part of interest expense for the period. This category includes the Company's accounts payable and other liabilities (except government and statutory liabilities), due to related parties, life insurance deposit, premium deposit fund, and "claims payable and policyholders' dividends" (included under "Insurance Contract Liabilities" account in the statements of financial position).



Reclassifications

The Company reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Company and any previously recognized gains, losses or interest shall not be restated. The Company does not reclassify its financial liabilities.

The Company is required to reclassify the following financial assets:

- from amortized cost to FVTPL if the objective of the business model changes so that the amortized cost criteria are no longer met;
- from FVTPL to amortized cost if the objective of the business model changes so that the amortized cost criteria start to be met and the instrument's contractual cash flows meet the amortized cost criteria; and
- from FVOCI to amortized cost if the objective of the business model changes so that the fair value criteria are no longer met but the amortized cost criteria is still met and the instrument's contractual cash flows meet the amortized cost criteria

Offsetting of Financial Instruments

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

Impairment of Financial Instruments

Expected credit loss (ECL) represents credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.

The Company records ECL for all loans and receivables and other debt financial assets not classified as FVTPL, together with loan commitments and financial guarantee contracts using general approach.

The ECL allowance is based on the credit losses expected to arise on 12-month duration if there was no significant increase in the credit risk (SICR) of the financial asset since origination. Otherwise if a SICR is observed, then the ECL estimation is extended until the end of the life of the financial asset. The 12-month ECL represents the losses that result from default events on a financial asset which may happen within 12 months after the reporting date. The lifetime ECL on the other hand represents the losses that result from default events on a financial asset which may happen over its life. Both lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

For insurance receivables (excluding reinsurance assets), the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk (SICR) since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit



exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposures, irrespective of the timing of the default (a lifetime ECL).

Definition of “default”

The Company defines a financial instrument as in default when it is credit impaired or becomes past due on its contractual payments for more than 90 days. As part of a qualitative assessment of whether a customer is in default, the Company considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted.

SICR

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition, if based on the Company's aging information, the customer becomes past due over 30 days. In subsequent periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Company shall revert to recognizing a 12-month ECL.

For debt securities, the Company uses the ratings from the external credit rating agencies to determine whether the debt instrument has significantly increased in credit risk.

ECL parameters and methodologies

ECL is a function of the probability of default (PD), loss given default (LGD) and exposure at default (EAD), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgment.

The PD is an estimate of the likelihood of default over a 12-month horizon for Stage I or lifetime horizon for Stage 2. The PD for each individual instrument is modelled based on historical data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions. The Company segmented its credit exposures based on homogenous risk characteristics and developed a corresponding PD methodology for each portfolio. The PD methodology for each relevant portfolio is determined based on the underlying nature or characteristic of the portfolio, behavior of the accounts and materiality of the segment as compared to the total portfolio.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

Forward-looking information

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. A broad range of forward-looking information are considered as economic inputs, such as unemployment rate, interest payment growth and interest rates. A regression analysis is also performed to determine which of the variables best reflect the behavior of the Company's loan portfolio. However, the inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.



Write-off

The Company writes-off its financial assets when it has been established that all efforts to collect and/or recover the loss has been exhausted. This may include the other party being insolvent, deceased or the obligation being unenforceable.

Derecognition of Financial Assets and Liabilities

Financial asset

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

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

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

Financial liability

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 derecognition of the original liability and the recognition of a new liability, with the difference in the respective carrying amounts recognized in profit or loss.

Fair Value Measurement

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

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

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

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 reassessing 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.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Reinsurance

Contracts entered into by the Company with reinsurers which compensate the Company for losses on one or more contracts insured by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Insurance contracts entered into by the Company under which the contract holder is another insurer (inward reinsurance) are classified as insurance contracts. Income from reinsurance contracts are classified within “Gross premiums on insurance contracts” in the statements of comprehensive income. Contracts that do not meet these classification requirements are classified as financial assets.

The benefits recoverable by the Company under its reinsurance contracts are recognized as reinsurance assets. These assets consist of amounts due from reinsurers classified as “Financial assets at amortized cost”. Due to reinsurers for reinsurance contracts are recognized as an expense upon recognition of premiums on the related insurance contract, classified as “Insurance payables”. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with terms of each reinsurance contract.

The Company assesses its reinsurance assets for impairment at least annually. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance assets to its recoverable amount and recognizes that impairment loss in profit or loss in the statement of comprehensive income. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process for financial assets held at amortized cost. The impairment loss is also calculated following the same method used for financial assets.

Related Party Transactions

Related party relationships exist when one party has the ability to control or influence the other party, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among



the reporting enterprise and its key management personnel, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely legal form.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation, amortization and any impairment loss. The initial cost of property and equipment comprises its purchase price and other costs directly attributable to bringing the asset to its working condition and location for its intended use.

Depreciation and amortization are computed using the straight-line method over the estimated useful life (EUL) of the assets. Leasehold improvements are amortized over the EUL of the improvements or the term of the related lease, whichever is shorter. The EUL of the different categories of property and equipment are as follows:

	Years
Office furniture, fixtures and equipment	3 - 5
Transportation equipment	5

Subsequent costs are included in the asset's carrying amount or are recognized as asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance are charged to current operations when incurred.

The asset's residual values, useful lives, and depreciation and amortization method are reviewed at each reporting date and adjusted, if appropriate, to ensure that these factors and assumptions are consistent with the expected pattern of consumption of future economic benefits embodied in the asset.

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

Intangible Assets

Intangible assets are stated at cost less accumulated amortization and any impairment loss. The initial cost of intangible assets comprises its purchase price and other costs directly attributable to bringing the asset to its working condition and location for its intended use.

The Company's intangible assets consist of software and exclusive access fee in relation to the Company's bancassurance agreement with Maybank Philippines Inc. (MPI). Amortization for software is computed using the straight-line method over the estimated useful life (EUL) of 10 years. For exclusive access fee, the Company's amortization methodology is activity-based, using the new business annualized premium equivalent (NBAPE) as amortization factor.

Subsequent costs are included in the asset's carrying amount or are recognized as asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the item can be measured reliably.



The asset's residual values, useful lives, and amortization method are reviewed at each reporting date and adjusted, if appropriate, to ensure that these factors and assumptions are consistent with the expected pattern of consumption of future economic benefits embodied in the asset. An item of intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Leases

Right-of-use assets (ROU)

At inception of a contract, the Company assesses whether a contract is, or contains, a lease arrangement based on whether the contract that conveys to the user ("the lessee") the right to control the use of an identified asset for a period of time in exchange for consideration. If a contract contains more than one lease component, or a combination of leasing and services transactions, the consideration is allocated to each of these lease and non-lease components on conclusion and on each subsequent re-measurement of the contract on the basis of their relative stand-alone selling prices. The Company combines lease and non-lease components, in cases where splitting the non-lease component is not possible.

The Company recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option.

The recognized ROU assets are depreciated on a straight-line basis over the lease term of the related contract.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below ₱0.3 million). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.



Impairment of Non-financial Assets

The Company assesses whether there is any indication that its nonfinancial assets such as its ROU asset, property and equipment and intangible assets may be impaired. When an indicator of impairment exists (or when an annual impairment testing for an asset is required), the Company estimates the recoverable amount of the impaired asset. The recoverable amount is the higher of fair value less costs to sell and value in use and is determined for an individual asset. 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 assessment of the time value of money and the risks specific to the asset.

An impairment loss is charged to profit or loss in the period when it arises, consistent within the function of impaired assets.

For non-financial assets, an assessment is made at every reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The reversal can be made only to the extent that the resulting carrying value does not exceed the carrying value that would have been determined, net of depreciation and amortization, had no impairment loss been recognized. Such reversal is recognized in profit or loss. After such a reversal, the depreciation and amortization are adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Insurance Contract Liabilities - Life

Legal policy reserves represent the accumulated total liability for policies in-force at the reporting date. Such reserves are established at amounts adequate to meet the estimated future obligations of all insurance policies in-force as of reporting date.

For life insurance, the reserves are calculated using actuarial methods and assumptions as approved by the IC. Beginning 2021, the insurance contract liabilities for traditional life policies are measured using Gross Premium Valuation (GPV) method, and variable life policies are measured using unearned cost of insurance and present value of loyalty bonus methods.

For group life and group health insurance, unearned premium reserves are calculated using the 365th method.

A number of life insurance contracts issued by the Company include discretionary participation feature. This feature entitles policyholders to policy dividends whose amounts and timing of payments are under the discretion of the Company. The Company's policy dividends are computed using actuarial methods and assumptions, and are included under "Net benefits and claims incurred on insurance contracts" account in the statements of comprehensive income with the corresponding liability recognized under the "Insurance contract liabilities" account in the statements of financial position.

Provision is also made for the cost of claims incurred but not reported (IBNR) as of the reporting date based on the Company's experience. Differences between the provision for outstanding claims at the reporting date and subsequent revisions and settlements are included in the statement of comprehensive income in later years. Policy and contract claims payable forms part of the insurance contract liability section of the statement of financial position.



Insurance Contract Liabilities - Non-Life

Insurance contract liabilities are recognized when contracts are entered into and premiums are charged.

Provisions for claims reported, provision for claims Incurred But Not Reported (IBNR) losses, claims handling expense (CHE) and Margin for Adverse Deviation (MfAD)

Provisions for claims reported are based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of which cannot be known with certainty at the end of each reporting date. The liability is not discounted for the time value of money.

Provision for claims IBNR pertains to amount provided for claim events that have occurred but have not been reported to the Company as of the reporting date. The provision for claims IBNR at each reporting date is calculated by using standard actuarial projection techniques (or combination of such techniques), including but not limited to the chain ladder method, the expected loss ratio approach, and the Bornhuetter-Ferguson method. The method used is determined by its appropriateness by considering the characteristics of the Company's claims data and other factors such as maturity of the business, large losses arising from significant past events, operational changes in claims and underwriting processes and external conditions.

The Company shall include an MfAD to allow for inherent uncertainty of the best estimate of the policy reserves which shall be determined at least on an annual basis based on standard projection techniques or combination of such techniques such as, but not limited to, the Mack Method, Bootstrapping Method, Stochastic Chain Ladder Method to bring the actuarial estimate of the policy liabilities at the 75% level of sufficiency.

Provision for claims handling expense (CHE) is also calculated to cover estimated expenses of settling all claims, both reported and unreported, outstanding as of the reporting date.

Quarterly, an actuarial valuation is performed on the gross and net claims and premium liabilities to ensure that the reserves are in compliance with the Valuation Standards for Non-Life Insurance Policy Reserves as required by the IC guided by Sections 219 and 220 of the Amended Insurance Code (Republic Act (RA) No. 10607) along with Circular Letters No. 2018-18 and No. 2018-19. Additional reserves are set up if the result of the actuarial investigation shows that the existing balances are not in accordance with the mandate of IC.

Premium liabilities

Premium liabilities is equal to the provision for unearned premiums plus the difference between the provision for unexpired risk and the provision for unearned premiums, net of deferred acquisition costs, if the provision for unexpired risk is greater than the provision for unearned premiums net of deferred acquisition costs. Otherwise, it is equal to the provision for unearned premiums.

Provision for unearned premiums

The proportion of written premiums, gross of commissions payable to intermediaries, attributable to subsequent periods or to risks that have not yet expired is deferred as provision for unearned premiums. Premiums from policy contracts with a term of exactly one year are recognized as revenue over the period of the contracts using the 24th method. The portion of the premiums written that relate to the unexpired periods of the policies at the reporting date are accounted for as provision for unearned premiums and presented as part of "Insurance contract liabilities" in statement of financial position. The change in the provision for unearned premiums is taken to profit or loss in the order that revenue



is recognized over the period of risk. Further, provisions are made to cover claims under unexpired insurance contracts which may exceed the unearned premiums and the premiums due in respect of these contracts.

Provision for unexpired risk

Provision for unexpired risk (URR) is the best estimate that relates to expected future claim payments and related expenses to be incurred after the valuation date, arising from future events. This shall be calculated as the best estimate of future claims and expenses for all classes of business, with MfAD.

Unit Linked Insurance Contracts

The Company issues unit-linked insurance contracts. In addition to providing life insurance coverage, unit-linked contracts link payments to insurance investment funds set-up by the Company with the consideration received from the policyholders. As allowed by PFRS 4, *Insurance Contracts*, the Company chose not to unbundle the investment portion of its unit-linked products. Premiums received from the issuance of unit-linked insurance contracts pertaining to the insurance portion are recognized as premium revenue.

The Company withdraws from the consideration received from the policyholders administrative and cost of insurance charges in accordance with the provisions of the unit-linked insurance contracts.

After deduction of these charges, the remaining amounts in fund assets are equal to the surrender value of the unit-linked policies and can be withdrawn anytime.

The investment returns on the insurance investment funds belong to policyholders and the Company does not bear the risk associated with these assets (outside of guarantees offered). Accordingly, investment income earned and expenses incurred by these funds and payments to policyholders are reflected directly in the “Segregated fund assets” and “Segregated fund liabilities” accounts in the statements of financial position. Such changes have no effect on the Company’s results of operations.

The equity of each unit-linked policyholder in the fund is monitored through the designation of outstanding units for each policy. Hence, the equity of each unit-linked insurance contract in the fund is equal to its total number of outstanding units multiplied by the net asset value per unit (NAVPU). The NAVPU is the market value of the fund divided by its total number of outstanding units.

Product Classification

The Company issues contracts that transfer insurance or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such risk includes having to pay benefits on the occurrence of an insured event such as death, accident or disability. The Company may also transfer insurance risk on insurance contracts through its reinsurance arrangements to hedge a greater possibility of claims occurring than expected. Such contracts may also transfer financial risk. As a general guideline, the Company defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that is at least 10% more than the benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

Insurance contracts may contain a premium and capital fund rider that entitles the policyholder to receive additional benefits based on the Company's investment performance. These contracts are recorded as financial liabilities under “Premium deposit fund” account in the statements of financial position. Local statutory regulation sets out a limitation on the accumulation of fund deposits and contributions.



Pension Cost

Defined benefit plan

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:

- (a) Service cost;
- (b) Net interest on the net defined benefit liability or asset; and
- (c) Remeasurements 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.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements 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).

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

Bonus plans

The Company recognizes a liability and an expense for 13th month and mid-year bonus based on a formula that takes into consideration the employee's current monthly salary. The Company recognizes a provision when contractually obligated.



Income Tax

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute this amount are those that are enacted or substantively enacted as at the reporting date.

Deferred tax

Deferred tax is provided, using the balance sheet method, on all temporary differences at the reporting date 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 to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences and carry forward of unused tax credits from MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

The carrying amount of deferred tax assets is reviewed at reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the reporting date.

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.

Equity

Capital stock consists of common and preferred shares classified as equity. When the Company issues shares in excess of par, the excess is recognized as contributed surplus. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of any tax effects.

Contributed surplus represents the contribution of the stockholders of the Company in addition to the paid-up capital stock in order to comply with the pre-licensing and capital requirements as provided under the Code.

Retained earnings represent accumulated earnings of the Company less dividends declared.

Foreign Currency Transactions and Translation

The functional and presentation currency of the Company is the Philippine Peso. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All foreign exchange differences are taken to the Company's profit or loss.



Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessment of the time value of money and the risk specific to the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized only when the reimbursement is virtually certain. The expense relating to any provision is presented in statement of comprehensive income net of any reimbursement.

Contingencies

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

Events after the Reporting Period

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

5. Significant Accounting Judgments, Estimates and Assumptions

The Company makes judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses, and disclosures of contingent assets and liabilities, if any, within the next financial year. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

Product classification

The Company has determined that the policies it issues have significant insurance risk and therefore meets the definition of an insurance contract and are accounted for as such.

Classification of financial instruments

The Company exercises judgment in classifying a financial instrument, or its component parts, on the initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of the financial instrument, rather than its legal form, governs its classification in the statements of financial position.



In addition, the Company classifies financial assets by evaluating, among other, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination of whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

Estimates and Assumptions

Life

Estimate of the ultimate liability arising from claims made under insurance contracts

Estimate of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liability that the Company will ultimately pay for such claims. The primary sources of uncertainties are the frequency of claims due to contingencies covered and the timing of benefit payments.

Estimation of claims takes into account several factors such as industry average mortality experience, with adjustments to reflect Company's historical experience.

Estimate of future benefit payments and premiums arising from long-term insurance contracts

Estimates of future benefit payments depend on the expectations of future benefit payments for contingencies covered, the major ones being death and endowment benefits. The Company based these estimates on mortality and other contingency tables approved by the IC as well as future investment earnings rate of the assets backing up these liabilities, subject to the maximum rate provided under the Insurance Code of the Philippines (Insurance Code).

Source of uncertainty in the estimation of future claim payments

Although the Company has taken necessary steps to mitigate the uncertainty in the estimation of future benefit payments and premium receipts, it is still subject to the unpredictability of changes in mortality levels. The Company adopts the standard mortality table in assessing future benefit payments and premium receipts as approved by the IC.

The liability under the insurance contracts includes provisions for IBNR claims and provisions for claims in course of settlement as of reporting date. The IBNR provision is based on historical experience and is subject to a high degree of uncertainty. In 2024 and 2023, the Company used the development method using completion factors for the Medical - Direct IBNR portfolio, and used the expected loss ratio method for the most recent two (2) incurred months.

Reinsurance - assumptions and methods

The Company limits its exposure to loss within insurance operations through participation in reinsurance arrangements. Amounts receivable from reinsurers are estimated in a manner consistent with the assumptions used for ascertaining the underlying policy benefits and are presented under loans and receivables.

Even though the Company may have reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and, thus, a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent on any reinsurance contract.



Non-life

Estimate of the ultimate liability arising from claims made under insurance contracts

For non-life insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the end of the reporting period and for the expected ultimate cost of the IBNR claims at the reporting date. It can take a significant period of time before the ultimate claim costs can be established with certainty and for some type of policies, IBNR claims form the majority of the statement of financial position claims provision.

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.

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

Provision for unearned premiums

The proportion of written premiums, gross of commissions payable to intermediaries, attributable to subsequent periods or to risks that have not yet expired is deferred as provision for unearned premiums. Premiums from short-duration insurance contracts are recognized as revenue over the period of the contracts using either the 365th method (for group life) or 24th method (for nonlife). The portion of the premiums written that relate to the unexpired periods of the policies at end of the reporting period are accounted for as Provision for unearned premiums as part of Insurance contract liabilities and presented in the liabilities section of the statement of financial position. The change in the provision for unearned premiums is taken to profit or loss in order that revenue is recognized over the period of risk. Further provisions are made to cover claims under unexpired insurance contracts which may exceed the unearned premiums and the premiums due in respect of these contracts.

Claims provision and Incurred but not reported (IBNR) losses

These liabilities are based on the estimated ultimate cost of all claims incurred but not settled at the end of the reporting period together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and of certain types of claims, therefore the ultimate cost of which cannot be known with certainty at the end of the reporting period. In estimating the ultimate cost of the claims incurred, we used the following methods: claims development method; Bornhuetter-Ferguson method; and expected claims method. The liability is not discounted for the time value of money and includes a provision for margin for adverse deviation. The liability is derecognized when the contract is discharged, cancelled or has expired.

Recognition of deferred tax assets

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available against which all or part of the tax benefits can be utilized. However, there is no absolute assurance that sufficient taxable income will be generated in the near foreseeable future to allow all or part of the recognized deferred tax assets to be utilized.



As of December 31, 2024 and 2023, net deferred tax assets amounted to ₱223.9 million and ₱224.0 million, respectively (see Note 26).

Pension and other retirement benefits

The cost of defined benefit pension plans and other post-employment medical benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

As of December 31, 2024 and 2023, net pension liability amounted to ₱19.5 million and ₱19.1 million, respectively (see Note 24).

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases are based on expected future inflation rates for the Philippines.

Further details about the assumptions used are provided in Note 24.

Contingencies

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

6. Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash on hand	₱150,834	₱150,834
Cash in banks	294,495,724	377,906,843
Cash equivalents	64,863,773	117,819,360
	359,510,331	495,877,037
Less: Allowance for impairment	24	38
	₱359,510,307	₱495,876,999

Cash in banks and cash equivalents earn annual interest ranging from 0.25% to 5.625% in 2024 and from 0.25% to 5.50% in 2023. Cash equivalents are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Company and earn interest at the prevailing short-term deposit rates.

Interest income from cash in banks and cash equivalents amounted to ₱8.8 million and ₱16.2 million in 2024 and 2023, respectively (see Note 19). Accrued interest income amounted to ₱0.2 million and ₱0.3 million as of December 31, 2024 and 2023, respectively.



Based on management's assessment, an allowance for impairment has been recognized for the Company's cash equivalents. The roll forward analysis of the impairment allowance follows:

	2024	2023
At January 1	₱38	₱149
Reversal of impairment losses	(14)	(111)
At December 31	₱24	₱38

7. Insurance Receivables and Reinsurance Assets

Insurance Receivables

This account consists of:

	2024	2023
Premiums due and uncollected	₱1,569,318,440	₱706,166,050
Reinsurance recoverable on paid losses	562,584,757	629,637,493
	2,131,903,197	1,335,803,543
Less: Allowance for impairment	46,150,883	51,272,114
	₱2,085,752,314	₱1,284,531,429

Premiums due and uncollected consist of premiums already billed by the Company to its clients but remain unpaid at the end of the reporting period. In 2024, reclassifications have been made to the prior year's financial statements to enhance the comparability with the current year's financial statements. As a result, premiums due and uncollected amounting to ₱848.21 million has been reclassified to commissions payable and unearned premium reserves.

Reinsurance recoverable on paid losses pertains to the amount of claims paid in excess of the retention limit of the Company and is recoverable from the reinsurers.

The roll forward analysis of the impairment allowance follows:

	2024	2023
At January 1	₱51,272,114	₱4,819,592
Provision for (recovery from) impairment losses (Note 22)	(5,121,231)	46,452,522
At December 31	₱46,150,883	₱51,272,114

Reinsurance Assets

This account consists of:

	2024	2023
Reinsurance recoverable for unpaid losses	₱74,823,554	₱143,081,327
Deferred reinsurance premiums	76,647,915	49,980,219
	₱151,471,469	₱193,061,546

Reinsurance recoverable on unpaid losses pertains to the amount of claims incurred in excess of the retention limit of the Company and is recoverable from the reinsurer.

Deferred reinsurance premiums pertain to deposit premiums for the excess of loss treaty for the Company's non-life business.



8. Financial Assets

The Company's financial assets are summarized as follows:

	2024	2023
Financial assets at FVOCI	₱1,964,867,267	₱2,217,235,066
Loans and receivables	990,464,744	976,732,189
Financial assets at FVPTL	186,718,044	234,933,731
	₱3,142,050,055	₱3,428,900,986

The assets included in each of the categories above are detailed below:

(a) Financial assets at FVTPL

	2024	2023
Mutual funds	₱100,388,081	₱98,907,273
Unit investment trust fund	69,878,474	102,967,000
Seed capital on unit-linked investment funds (Note 13)	12,000,000	12,000,000
Proprietary shares	4,370,280	4,370,280
Listed equity securities	81,209	16,689,178
	₱186,718,044	₱234,933,731

A portion of the investments in unit investment trust fund, mutual funds and the Company's seed capital on its unit-linked investment funds are managed by ATRAM Trust Corporation and BPI Asset Management and Trust Corporation under an investment management agreement (IMA), with no guaranteed rate of return. These investments under IMA amounted to ₱158.4 million and ₱205.4 million as of December 31, 2024 and 2023, respectively.

The movements in financial assets at FVTPL follows:

	2024	2023
At January 1	₱234,933,731	₱425,826,589
Additions	6,580,011	463,004,633
Disposals	(64,458,729)	(654,931,727)
Fair value gains on financial assets at FVTPL	9,663,031	1,034,236
At December 31	₱186,718,044	₱234,933,731

(b) Financial assets at FVOCI

	2024	2023
Government debt securities	₱1,807,738,452	₱2,033,618,194
Corporate debt securities	157,676,375	184,233,866
	1,965,414,827	2,217,852,060
Less: Allowance for impairment	547,560	616,994
	₱1,964,867,267	₱2,217,235,066

Significant portion of the investments in government and corporate debt securities are managed by ATRAM Trust Corporation and BPI Wealth, under an IMA, with no guaranteed rate of return. These investments under IMA amounted to ₱1.4 billion and ₱1.7 billion as of December 31, 2024 and 2023, respectively.



The movements in financial assets at FVOCI follows:

	2024	2023
At January 1	₱2,217,235,066	₱2,185,900,349
Additions	1,833,213,186	2,107,935,504
Disposals	(2,086,792,650)	(2,133,775,423)
Changes in fair value	3,874,055	59,454,926
Movement in expected credit losses (ECL)	69,434	(267,572)
Amortization of premium	(2,731,824)	(2,012,718)
At December 31	₱1,964,867,267	₱2,217,235,066

An analysis of the cost and market value of financial assets at FVOCI follow:

	2024	2023
Market value, net of impairment	₱1,964,867,267	₱2,217,235,066
Amortized cost	1,976,929,654	2,232,478,798
Unrealized losses on financial assets at FVOCI	(12,062,387)	(15,243,732)
Deferred income tax	226,710	600,103
Unrealized losses on financial assets at FVOCI recognized in equity	(₱11,835,677)	(₱14,643,629)

The “Unrealized losses on financial assets at FVOCI” is recognized in the equity section of the statements of financial position while the movements thereof are shown as part of “Other comprehensive income” in the statements of comprehensive income.

The roll forward analysis of unrealized gains (losses) on financial assets at FVOCI follow:

	2024	2023
At January 1	(₱14,643,629)	(₱73,275,078)
Fair value gain (losses) recognized in OCI	(9,687,408)	79,000,191
Transferred to profit or loss	13,561,462	(19,746,177)
Deferred tax	(1,066,102)	(622,565)
At December 31	(₱11,835,677)	(₱14,643,629)

Interest income earned from financial assets at FVOCI including the amortization of discount amounted to ₱105.0 million and ₱124.0 million in 2024 and 2023, respectively (see Note 19).

Accrued interest income amounted to ₱29.0 million and ₱33.5 million as of December 31, 2024 and 2023, respectively.

An allowance for impairment has been recognized for financial assets at FVOCI. The roll forward analysis follows:

	2024	2023
At January 1	₱616,994	₱349,422
Provision for (reversal of) impairment losses	(69,434)	267,572
At December 31	₱547,560	₱616,994

As of December 31, government and corporate debt securities amounting to ₱320.0 million in 2024 and ₱319.2 million in 2023 were designated as restricted investments and maintained with the Bureau of Treasury in accordance with the provisions of the IC as security for the benefit of the Company's policyholders and creditors. Security fund is maintained in accordance with Chapter V Sections 378 to 385 of the Insurance Code. The amount of such fund is determined by and deposited with the IC and its purpose is to pay valid claims against insolvent insurance companies.



(c) *Loans and receivables*

This account consists of:

	2024	2023
Salary loans	₱394,349,701	₱336,330,500
Receivable from third party administration arrangements	347,027,703	270,296,857
Due from policyholders	119,536,997	105,816,088
Receivable from unit-linked funds (Note 14)	74,644,696	230,158,199
Policy loans	34,569,107	11,942,315
Accounts receivable	21,252,674	20,951,846
Mortgage loans	11,075,163	7,010,743
Other receivables	27,914,418	28,930,982
	1,030,370,459	1,011,437,530
Less: Allowance for impairment losses	39,905,715	34,705,341
	₱990,464,744	₱976,732,189

Salary loans

Salary loans represent loans to Company's employees, DepEd teachers and private institution employees with annual interest rates ranging from 5.7% to 9.66% in 2024 and 2023, respectively. These loans have terms ranging from six (6) to sixty (60) months and are collected through salary deductions. The noncurrent portion of the salary loans amounted to ₱370.5 million and ₱290.6 million as of December 31, 2024 and 2023, respectively. Interest income earned from salary and policy loans amounted to ₱34.1 million and ₱14.6 million in 2024 and 2023, respectively (see Note 19).

The Company has an existing Memorandum of Agreement (MOA) on Automatic Payroll Deduction System with the Department of Education (DepEd) that allows it to engage in lending operations with DepEd teachers and personnel as borrowers. The Company's DepEd Teacher's Salary Loan accreditation for lending has been renewed last August 26, 2021 which shall be effective until December 31, 2025.

The roll forward analysis of salary loans follow:

2024								
	Outstanding Balance				ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
At January 1	₱308,896,121	₱5,725,670	₱21,708,709	₱336,330,500	₱5,317,679	₱546,653	₱9,768,920	₱15,633,252
Loan releases	159,500,068	—	—	159,500,068	3,009,573	—	—	3,009,573
Collections	(101,480,867)	—	—	(101,480,867)	(1,914,821)	—	—	(1,914,821)
Other movement	(9,480,441)	5,013,476	4,466,965	—	1,654,683	440,806	2,010,133	4,105,622
At December 31	₱357,434,881	₱10,739,147	₱26,175,674	₱394,349,701	₱8,067,114	₱987,459	₱11,779,053	₱20,833,626

2023								
	Outstanding Balance				ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
At January 1	₱206,662,077	₱7,738,175	₱16,483,987	₱230,884,239	₱19,761,307	₱4,021,866	₱7,417,795	₱31,200,968
Loan releases	199,211,327	—	—	199,211,327	3,429,444	—	—	3,429,444
Collections	(86,116,677)	(1,596,251)	(6,052,138)	(93,765,066)	(1,482,508)	(152,401)	(2,723,461)	(4,358,370)
Other movement	(10,860,605)	(416,254)	11,276,859	—	(16,390,564)	(3,322,812)	5,074,586	(14,638,790)
At December 31	₱308,896,122	₱5,725,670	₱21,708,708	₱336,330,500	₱5,317,679	₱546,653	₱9,768,920	₱15,633,252

Receivable from third party administration arrangements

Receivable from third party administration clients represent amounts initially paid by the Company for billings made by medical providers for availment of covered employees under TPA arrangement. This is normally due within fifteen (15) days from date billed to TPA clients.



Due from policyholders

Due from policyholders pertains to the excess of the amount paid by the Company over the benefits of the claimant. The Company pays the entire amount incurred by the claimant during hospitalization and bills the claimant for the excess.

Receivables from unit-linked funds

Receivable from unit-linked funds pertains to amounts payable by fund manager (ATRAM) to the Company coming from the redemption of units of the Company's VUL products.

Policy loans

Policy loans pertain to loans issued to insurance policyholders. These loans are collateralized with the cash surrender value of the policyholders' insurance policy. The annual interest rate on policy loans in 2024 and 2023 is fixed at 10.0%. The policyholders may repay the policy loans any time during the effectivity of the policy and if unpaid upon surrender or maturity, the policy loan will be deducted from the surrender or maturity benefits. Interest income earned from salary and policy loans amounted to ₱0.8 million and ₱0.2 million in 2024 and 2023, respectively (see Note 19).

Accounts receivable

Accounts receivable consist mostly of receivables from employees, brokers, and SSS.

Mortgage loans

Mortgage loans consist of:

	2024	2023
Chattel mortgage (car loans) (Note 27)	₱10,421,197	₱6,356,777
Real estate mortgage (housing loans)	653,966	653,966
	₱11,075,163	₱7,010,743

Housing and car loans to officers and employees are collectible over a period of five (5) to fifteen (15) years through salary deduction. These loans bear annual interest ranging from 0% to 8.4% depending on the position of the employee. Interest income earned amounted to ₱0.3 million and ₱0.1 million in 2024 and 2023, respectively (see Note 19). The noncurrent portion of the mortgage loans amounted to ₱6.5 million and ₱3.0 million as of December 31, 2024 and 2023, respectively.

Other receivables

Other receivables consist of advances to officers, employees and agents.

Allowance for impairment losses

The changes in allowance for impairment losses on loans and receivables are as follows:

	2024			
	Salary loans	Accounts and Other Receivable	Mortgage Loans	Total
At January 1	₱15,633,252	₱18,418,123	₱653,966	₱34,705,341
Impairment (Note 22)	5,200,374	—	—	5,200,374
At December 31	₱20,833,626	₱18,418,123	₱653,966	₱39,905,715



	2023			
	Salary loans	Accounts and Other Receivable	Mortgage Loans	Total
At January 1	₱31,200,968	₱10,625,854	₱653,966	₱42,480,788
Impairment (Note 22)	–	7,792,269	–	7,792,269
Recovery (Note 22)	(14,569,410)	–	–	(14,569,410)
Write-off	(998,306)	–	–	(998,306)
At December 31	₱15,633,252	₱18,418,123	₱653,966	₱34,705,341

9. Property and Equipment and Intangible Assets

The rollforward analyses of property and equipment follow:

	2024			
	Office Furniture, Fixtures and Equipment	Leasehold Improvements	Transportation Equipment	Total
Cost				
At January 1	₱113,538,065	₱32,732,875	₱9,079,662	₱155,350,602
Additions	8,425,569	88,414,720	–	96,840,289
Retirement	(19,943,207)	–	–	(19,943,207)
At December 31	102,020,427	121,147,595	9,079,662	232,247,684
Accumulated Depreciation				
At January 1	84,264,238	30,037,148	7,657,507	121,958,893
Depreciation (Note 25)	12,096,008	10,300,877	379,241	22,776,126
Retirement	(19,667,013)	–	–	(19,667,013)
At December 31	76,693,233	40,338,025	8,036,748	125,068,006
Net Book Value	₱25,327,195	₱80,809,570	₱1,042,913	₱107,179,678

	2023			
	Office Furniture, Fixtures and Equipment	Leasehold Improvements	Transportation Equipment	Total
Cost				
At January 1	₱92,782,700	₱32,732,875	₱7,562,697	₱133,078,272
Additions	20,755,365	–	1,516,965	22,272,330
At December 31	113,538,065	32,732,875	9,079,662	155,350,602
Accumulated Depreciation				
At January 1	73,029,695	25,717,272	7,562,697	106,309,664
Depreciation (Note 25)	11,234,543	4,319,876	94,810	15,649,229
At December 31	84,264,238	30,037,148	7,657,507	121,958,893
Net Book Value	₱29,273,827	₱2,695,727	₱1,422,154	₱33,391,709



The rollforward analysis of intangible assets follows:

	2024	2023
Cost		
At January 1	₱554,825,475	₱529,282,107
Additions	42,857	25,543,368
Retirement	(773,026)	—
At December 31	554,095,306	554,825,475
Accumulated Amortization		
At January 1	94,313,941	88,083,599
Amortization (Note 25)	6,865,057	6,230,342
Retirement	(773,026)	—
At December 31	100,405,972	94,313,941
Net Book Value	₱453,689,334	₱460,511,534

Intangible assets consist of exclusive access fee and computer software used in the Company's operations. The exclusive access fee amounting to ₱500.0 million is relative to the Bancassurance agreement signed by the Company and a related party (see Note 27). The agreement took effect on January 1, 2021 for 15 years and shall automatically extinguish upon achievement of New Business Annualized Premium Equivalent even before the expiration of the term.

10. Right-of-Use Assets and Lease Liabilities

The roll forward analysis of right-of-use assets follow:

	2024	2023
Cost		
At January 1	₱6,512,191	₱18,296,954
Additions	103,448,162	—
Retirement	—	(11,784,763)
At December 31	109,960,353	6,512,191
Accumulated Depreciation		
At January 1	3,435,023	12,210,261
Depreciation charge (Note 24)	36,182,827	3,009,525
Retirement	—	(11,784,763)
At December 31	39,617,850	3,435,023
Net Book Value	₱70,342,503	₱3,077,168

Right-of-use assets pertain to leasing agreements that the Company entered into for its head office and servicing branches.

Rental deposits amounting to ₱20.8 million and ₱32.8 million as of December 31, 2024 and 2023, respectively are included under the "Other assets" account in the statements of financial position (see Note 12). Gain on termination of ROU assets amounted to nil in 2024 and 2023 (see Note 19).



The roll forward analysis of lease liabilities follow:

	2024	2023
At January 1	₱3,290,464	₱6,421,725
Additions	103,448,163	—
Accretion of interest	4,653,173	125,460
Payments	(47,407,649)	(3,256,721)
At December 31	₱63,984,151	₱3,290,464

Shown below is the maturity analysis of the undiscounted lease payments as of December 31, 2024, and 2023.

	2024	2023
Within one year	₱ 36,258,741	₱1,758,141
More than one year to two years	37,982,336	926,807
More than two years to three years	—	783,241
Total	₱74,241,077	₱3,468,189

Non-cash additions to ROU assets

The Company has additions to ROU assets amounting to ₱103.45 million and nil in 2024 and 2023, respectively. This represents additions to lease liabilities during the year which are treated as non-cash in the statements of cash flow.

11. Deferred Acquisition Costs

This account consists of:

	2024	2023
Non-life - fire policies	₱16,318,352	₱14,717,106
Non-life - motor policies	7,942,217	8,033,498
Group credit life insurance	3,209,667	3,646,129
Other non-life policies	256,947	256,943
Individual medical policies	220,785	60,664
Total	₱27,947,968	₱26,714,340

Deferred acquisition costs pertain to commissions and other direct acquisition costs incurred within the year relative to the Company's group life and non-life insurance business and deferred based on the inception and expiry of the related insurance contracts.

The roll forward analysis of deferred acquisition costs follow:

	2024	2023
At January 1	₱26,714,340	₱232,622,612
Costs deferred during the year	812,948,547	469,593,486
Amortization during the year	(811,714,919)	(675,501,758)
At December 31	₱27,947,968	₱26,714,340



12. Other Assets

This account consists of:

	2024	2023
Creditable withholding taxes	₱243,912,663	₱152,926,096
Rental deposits (Notes 10 and 25)	20,886,277	32,835,118
Performance bond	12,090,198	11,740,198
Prepayments	9,604,081	10,749,369
Reserve fund	572,311	572,311
Security fund	221,082	221,082
Miscellaneous	15,911,835	12,579,025
	303,198,447	221,623,199
Allowance for impairment losses	(1,911,937)	(1,911,937)
	₱301,286,510	₱219,711,262

Creditable withholding taxes consists of the amount withheld arising from premium collections to be claimed as a deduction from income tax liability. These are available for offset against income tax due. The Company has written off CWTs amounting to ₱13.5 million in 2023 (Note 22).

Rental deposits pertain to refundable deposits relating to the Company's various lease contracts for its home office and branches. The deposits are refundable at the end of the lease term.

Performance bond consists of amounts paid by the Company to hospital network providers in compliance with certain group insurance policy contracts. These bonds will be recovered upon termination of the policy contracts and after all claims and benefits accruing to the contracts have been settled.

Prepayments include advance payments made by the Company relative to documentary stamps as well as for computer maintenance contracts.

Reserve fund consists of contingency funds which are maintained to defray claims of the insurance pools business of the Company.

Security fund is maintained in accordance with Chapter V Sections 378 to 385 of the Insurance Code. The amount of such fund is determined by and deposited with the IC and its purpose is to pay valid claims against insolvent insurance companies.

Miscellaneous assets mainly include advance payments to suppliers for ongoing projects.

13. Insurance Contract Liabilities

The breakdown of this account follows:

	2024	2023
Life insurance contracts	₱2,288,352,488	₱1,959,383,417
Non-life insurance contracts	433,115,547	434,783,069
	₱2,721,468,035	₱2,394,166,486



Life insurance liabilities

Life insurance contract liabilities may be analyzed as follows:

	2024	2023
Group insurance premium reserves	₱1,290,703,598	₱679,673,747
Claims and benefits payable	633,041,631	901,190,205
Legal policy reserves	359,077,445	368,022,413
Policyholders' dividends	4,268,304	9,317,278
Individual medical premium reserves	1,261,510	1,179,773
	₱2,288,352,488	₱1,959,383,416

The movements in group insurance premium reserves may be analyzed as follows:

	2024	2023
At January 1	₱679,673,747	₱1,575,083,608
New policies issued during the year	6,348,655,875	4,681,296,717
Premiums earned during the year (Note 18)	(5,737,626,024)	(5,576,706,578)
At December 31	₱1,290,703,598	₱679,673,747

Claims and benefits payable includes provision for IBNR as follows:

	2024	2023
Claims and benefits payable	₱245,970,392	₱416,077,516
Provision for IBNR	387,071,239	485,112,689
At December 31	₱633,041,631	₱901,190,205

The movements in claims and benefits payable follow:

	2024	2023
At January 1	₱901,190,205	₱595,211,646
Arising during the year (Note 20)	4,619,513,745	4,810,877,704
Increase (decrease) in IBNR (Note 20)	(98,041,450)	195,214,315
Paid during the year	(4,789,620,869)	(4,700,113,460)
At December 31	₱633,041,631	₱901,190,205

The movements in legal policy reserves for ordinary life policies during the year follow:

	2024	2023
At January 1	₱368,022,413	₱162,576,671
Net change in legal policy reserves:		
New business, reinstatement and change in policy year	8,512,705	213,703,037
Released by death and other terminations and supplementary contracts	(36,655,318)	(5,075,854)
Due to change in discount rates	19,197,645	(3,181,441)
	(8,944,968)	205,445,742
At December 31	₱359,077,445	₱368,022,413



Policyholders' dividends is broken down as follows:

	2024	2023
Dividends payable on participating policies	₱2,691,461	₱3,740,260
Dividends payable on variable unit-linked policies	1,576,843	5,577,018
	₱4,268,304	₱9,317,278

Dividends payable on variable unit-linked policies are the amounts received by the Company from the fund manager and were released subsequently to VUL policyholders.

The movements in policyholders' dividends for participating policies follow:

	2024	2023
At January 1	₱3,740,260	₱3,053,859
Policyholder's dividends	313,879	4,336,283
Payments during the year	(1,362,678)	(3,649,882)
At December 31	₱2,691,461	₱3,740,260

Non-life insurance liabilities

Non-life insurance liabilities may be analyzed as follows:

	2024	2023
Provision for claims reported and loss adjustment expenses	₱96,202,229	₱45,698,553
Provision for IBNR	136,014,200	221,459,458
Total claims reported and IBNR	232,216,429	267,158,011
Reserve for unearned premiums	200,899,118	167,625,058
Total insurance contract liabilities	₱433,115,547	₱434,783,069

Provisions for claims reported by policyholders and IBNR may be analyzed as follows:

	2024	2023
At January 1	₱267,158,011	₱132,510,495
Claims incurred (Note 20)	186,057,973	144,577,071
Recoveries from reinsurers (Note 20)	20,839,898	(168,548,307)
Increase in IBNR (Note 20)	(85,445,259)	162,974,435
Claims paid	(156,394,195)	(4,355,683)
At December 31	₱232,216,428	₱267,158,011

Reserve for unearned premiums may be analyzed as follows:

	2024	2023
At January 1	₱167,625,058	₱174,469,936
New policies written during the year (Note 18)	567,991,579	529,649,180
Premiums earned during the year (Note 18)	(534,717,519)	(536,494,058)
At December 31	₱200,899,118	₱167,625,058

The assumptions that have the greatest effect on the 2024 and 2023 statements of financial position, statements of comprehensive income and statements of changes in equity are listed below:



Mortality

		2024		
	Change in Assumptions	Increase/ (Decrease) in Net Liabilities	Increase/ (Decrease) in Profit Before Tax	Increase/ (Decrease) in Equity
Mortality	10.00%	₱1,967,722	(₱1,967,722)	(₱1,475,792)
	-10.00%	(2,042,538)	2,042,538	1,531,904
Discount rate	1.00%	(1,962,786)	1,962,786	1,472,089
	-1.00%	1,991,926	(1,991,926)	(1,493,944)
Lapse	10.00%	(2,741,806)	2,741,806	2,056,355
	-10.00%	3,570,656	(3,570,656)	(2,677,992)
Expense	10.00%	1,388,522	(1,388,522)	(1,041,392)
	-10.00%	(1,377,653)	1,377,653	1,033,240
		2023		
	Change in Assumptions	Increase/ (Decrease) in Net Liabilities	Increase/ (Decrease) in Profit Before Tax	Increase/ (Decrease) in Equity
Mortality	10.00%	₱1,891,491	(₱1,891,491)	(₱1,418,619)
	-10.00%	(1,979,578)	1,979,578	1,484,683
Discount rate	1.00%	(18,360,589)	18,360,589	13,770,442
	-1.00%	21,956,554	(21,956,554)	(16,467,416)
Lapse	10.00%	(1,628,252)	1,628,252	1,221,189
	-10.00%	1,689,376	(1,689,376)	(1,267,032)
Expense	10.00%	989,994	(989,994)	(742,495)
	-10.00%	(₱982,747)	₱982,747	₱737,060

MfAD

		2024		
	MfAD	Increase in Net Liabilities (from Unpadded reserves)	Decrease in Profit Before Tax	Decrease in Equity
Lapse	-50.00%	₱3,087,716	₱ (3,087,716)	₱ (2,315,787)
Mortality	10.00%	1,586,569	(1,586,569)	(1,189,926)
Interest	-10.00%	11,348,025	(11,348,025)	(8,511,019)
Expense	50.00%	4,755,703	(4,755,703)	(3,566,777)
Total MfAD		₱20,778,013	(₱20,778,013)	(₱15,583,509)
		2023		
	MfAD	Increase in Net Liabilities (from Unpadded Reserves)	Decrease in Profit Before Tax	Decrease in Equity
Lapse	-50.00%	₱12,611,770	(₱12,611,770)	(₱9,458,828)
Mortality	10.00%	8,838,505	(8,838,505)	(6,628,879)
Interest	-10.00%	17,426,563	(17,426,563)	(13,069,923)
Expense	50.00%	11,101,002	(11,101,002)	(8,325,751)
Total MfAD		₱49,977,840	(₱49,977,840)	(₱37,483,381)



14. Segregated Funds

In 2016, the Company started commercial issuance of unit-linked insurance contracts where the payments to policyholders are linked to investment funds set up by the Company. As of December 31, 2024 and 2023, the Company has eight (8) PHP and four (4) USD insurance investment funds (IIFs), namely: Philippine Balanced Fund (PHP), Equity Opportunity Fund (PHP), Fixed Income Fund (PHP), Global Technology Feeder Fund (PHP), Asia Equity Opportunity Feeder Fund (PHP), Global Total Return Bond Feeder Fund – Peso Denominated (PHP), GI Consumer Trends Feeder Fund (PHP), Peso Multi-Asset Dividend Paying Fund A (PHP), Global Equity Opportunity Feeder Fund (USD), Global Allocation Feeder Fund (USD), Global Total Return Bond Feeder Fund (USD) and Dollar Multi-Asset Dividend Paying Fund A (USD).

The details of this account are as follows:

	2024	2023
Peso funds	₱2,242,119,390	₱1,918,503,533
Dollar funds	1,293,850,180	1,291,385,222
	₱3,535,969,570	₱3,209,888,755

The breakdown of net assets in segregated funds as of December 31, 2024 and 2023 are as follows:

	2024		
	Peso funds	Dollar funds	Total
Cash and cash equivalents	₱11,176,208	₱13,836,195	₱25,012,403
Mutual funds	301,487,194	–	301,487,194
Accumulated market losses - mutual funds	(16,239,341)	–	(16,239,341)
Unit investment trust fund (UITF)	1,687,444,491	1,260,799,239	2,948,243,730
Accumulated market losses - UITF	211,977,002	(64,643,310)	147,333,692
Accumulated foreign exchange gains - UITF	64,894,149	152,152,545	217,046,694
Accounts receivable	3,954,437	3,682,719	7,637,156
Accrued trust fee payable	(2,951,874)	(1,869,513)	(4,821,387)
Accounts payable	(3,085,875)	–	(3,085,875)
Net assets	2,258,656,391	1,363,957,875	3,622,614,266
Less: Seed capital (Note 8)	8,000,000	4,000,000	12,000,000
Amounts payable on redemption of units (Note 8)	8,537,001	66,107,695	74,644,696
Segregated fund liabilities	₱2,242,119,390	₱1,293,850,180	₱3,535,969,570

	2023		
	Peso funds	Dollar funds	Total
Cash and cash equivalents	₱12,973,431	₱15,879,874	₱28,853,305
Mutual funds	297,158,396	–	297,158,396
Accumulated market losses - mutual funds	(19,452,941)	–	(19,452,941)
Unit investment trust fund (UITF)	1,558,667,613	1,500,827,728	3,059,495,341
Accumulated market gains - UITF	55,296,153	(153,898,313)	(98,602,160)
Accumulated foreign exchange losses - UITF	60,641,246	133,995,340	194,636,586
Accounts receivable	679,464	413	679,877
Accrued trust fee payable	(3,200,298)	(2,498,828)	(5,699,126)
Accounts payable	(5,022,324)	–	(5,022,324)
Net assets	1,957,740,740	1,494,306,214	3,452,046,954
Less: Seed capital (Note 8)	8,000,000	4,000,000	12,000,000
Amounts payable on redemption of units (Note 8)	31,237,207	198,920,992	230,158,199
Segregated fund liabilities	₱1,918,503,533	₱1,291,385,222	₱3,209,888,755

Amounts payable by fund manager (ATRAM) to the Company on redemption of units are presented as “Receivable from unit-linked funds” as part of loans and receivables - net (see Note 8). The seed capital is presented as part of financial assets at FVTPL (see Note 8).



The roll forward analyses of net assets in segregated funds are as follows:

Segregated Fund Assets / Segregated Fund Liabilities

2024						
	At January 1	Subscriptions	Redemptions/ Surrenders/ Withdrawals	Change in fair value	Charges and Fees	At December 31
Peso funds	₱1,918,503,536	₱521,420,672	(289,815,945)	₱164,147,353	(₱72,136,226)	₱2,242,119,390
Dollar funds	1,291,385,219	185,996,311	(229,079,301)	107,412,208	(61,864,257)	1,293,850,180
	₱3,209,888,755	₱707,416,983	(₱518,895,246)	₱271,559,561	(₱134,000,483)	₱3,535,969,570

2023						
	At January 1	Subscriptions	Redemptions/ Surrenders/ Withdrawals	Change in fair value	Charges and Fees	At December 31
Peso funds	₱1,633,333,552	₱426,147,192	(₱170,598,115)	₱95,305,318	(₱65,684,414)	₱1,918,503,533
Dollar funds	1,352,447,505	31,292,929	(112,421,308)	110,405,235	(90,339,139)	1,291,385,222
	₱2,985,781,057	₱457,440,121	(₱283,019,423)	₱205,710,553	(₱156,023,553)	₱3,209,888,755

15. Accounts Payable and Other Liabilities

This account consists of:

	2024	2023
Accounts payable	₱399,265,050	₱517,414,258
Client deposits	181,058,500	195,882,061
Commissions payable	129,239,872	44,308,831
Accrued expenses	88,501,766	70,561,144
Taxes payable	73,244,943	49,861,616
Life insurance deposit	59,549,497	55,799,084
Due to policyholders	12,292,602	26,801,307
Premium deposit fund	1,789,407	1,992,184
Miscellaneous	4,287,055	4,296,723
	₱949,228,692	₱966,917,208

Accounts payable represent billings for medical fees, dental fees, annual physical examination, and third-party administration which are payable on demand. This account also includes unreleased and outstanding checks and the unpaid portion of the exclusive access fees (see Note 9).

Client deposits pertain to unidentified bank credits as of the reporting date and are subject for clearing the following period.

Commissions payable refer to accrual for obligations to brokers, referrers and agents arising from commissions, overrides and service fees.

Accrued expenses include accruals for employee bonuses which are payable the following year, accruals for other employee benefits, professional and legal fees and utilities.

Taxes payable include withholding tax and premium tax payable which are remitted within one month subsequent to reporting date.

Life insurance deposits represent deposits paid by policyholders in advance which are applied to premiums or other policyholder obligations when these fall due.



Due to policyholders represent the PhilHealth benefits due to insured members who were hospitalized or who availed of laboratory procedures from PhilHealth accredited hospitals or clinics. PhilHealth issues the Benefit Payment Notice (BPN) direct to the insured to claim the benefit. The Company will then require the submission of this BPN as a supporting document prior to paying the related claims on due to policyholders.

Premium deposit fund pertains to funds held for policyholders with annual interest ranging from 4.0% to 6.0%.

Miscellaneous includes unearned interest from policy loans and due to Insurope, a multinational pooling facilitator who administers the Company's group life policy pooling arrangements.

16. Insurance Payables

Insurance payables pertain to unpaid reinsurance premiums of the Company to insurers. As of December 31, 2024, and 2023, insurance payables amounted to ₱557.7 million and ₱482.0 million, respectively.

17. Equity

Capital stock

Details of the Company's capital stock for both 2024 and 2023 follows:

Common	Shares	Amount
Authorized (₱10.00 - par value)	124,499,404	₱1,244,994,040
Issued and outstanding:		
Balance at the beginning and end of the year	116,172,083	1,161,720,830
Preferred	Shares	Amount
Authorized (₱0.10 - par value)	50,059,600	₱5,005,960
Issued and outstanding:		
Balance at the beginning and ending of the year	50,059,600	5,005,960

The preferred shares have the following features:

- Entitled to receive cash dividends at six percent (6.0%) per annum;
- Voting rights;
- Convertible at any time into common shares at the sole option of the Company;
- Redeemable at any time at the sole option of the Company;
- Priority to receive the guaranteed dividends, including dividends in arrears, over the common stockholders;
- Not entitled to any participation or share in the retained earnings remaining after all cumulative dividends thereon have been paid; and
- In the event of liquidation, dissolution, bankruptcy or winding up of the affairs of the Company, holders of preferred shares shall enjoy preferences in the payment, in full or pro-rata basis as the assets of the Corporation will permit, of the value of their shares plus all unpaid cumulative dividends, before any assets of the Company shall be paid or distributed to holders of common shares.
- Accrued payable for preferred share dividends in arrears amounted to ₱3.5 million in 2024 and ₱3.2 million in 2023.



Contributed surplus

Contributed surplus amounted to ₱39.8 million as of December 31, 2024 and 2023. This represents original contributions of the stockholders as provided under the Amended Insurance Code.

Retained earnings

This represents the accumulated earnings of the Company reduced by any losses the Company may incur during a certain accounting period or by dividend declarations.

18. Net Insurance Premiums

Life and Non-life insurance contracts

Gross premiums on insurance contracts and reinsurers' share of gross premiums on insurance contract consists of the following:

	2024	2023
Life insurance contract premiums:		
Group accident and health insurance	₱4,822,875,962	₱4,492,511,873
Group life insurance	853,279,601	1,075,058,284
Change in provision for unearned premiums	61,470,461	9,136,421
Gross premiums earned on group life insurance contracts (Note 13)	5,737,626,024	5,576,706,578
Ordinary life insurance	182,024,402	103,490,051
Unit-linked	509,800,088	658,240,121
Change in provision for unearned premiums	(81,737)	(763,580)
Gross premiums earned on individual life insurance contracts	691,742,753	760,966,592
Total life insurance contract premiums earned	6,429,368,777	6,337,673,170
Reinsurers' share on life insurance contracts:		
Group life insurance	(307,044,782)	(148,209,217)
Ordinary life insurance	(17,036,192)	(20,557,112)
Total reinsurers' share on gross premiums earned on life insurance contracts	(324,080,974)	(168,766,329)
Net premiums earned on life insurance contracts	6,105,287,803	6,168,906,841
Non-life insurance contracts premiums:		
Fire	387,316,901	364,683,672
Motor	82,544,684	70,323,642
Gadget insurance (Property floater)	74,776,865	73,717,319
Travel insurance	19,713,177	20,034,469
Personal accident	1,336,602	890,078
Other non-life insurance products	2,303,350	—
Gross premiums written on nonlife insurance contracts	567,991,579	529,649,180
Change in unearned premium reserves	(33,274,060)	6,844,879
Gross earned premiums on nonlife insurance contracts	534,717,519	536,494,059
Reinsurers' share on gross premiums written on non-life insurance contracts	(125,096,771)	(101,042,735)
Net premiums earned on non-life insurance contracts	409,620,748	435,451,324
Net insurance premiums earned	₱6,514,908,551	₱6,604,358,165



19. Interest and Other Income

Interest income

Interest income consists of interest arising from:

	2024	2023
Financial assets at FVOCI (Note 8)	₱104,989,008	₱123,988,593
Loans and receivables (Note 8)		
Salary loans	34,101,127	14,625,829
Policy loans	823,960	195,231
Mortgage loans	263,092	96,671
Cash and cash equivalents (Note 6)	8,781,780	16,235,369
	₱148,958,967	₱155,141,693

Service and network fees

Service fees consist of income from:

	2024	2023
Fees from variable life insurance	₱127,625,111	₱125,022,015
Network fees	96,995,805	110,127,673
	₱224,620,916	₱235,149,688

Fees from variable life insurance pertain to charges to the policyholders' holding investments in variable unit-linked products for fund management, as well as policy issue fees.

Network fees are membership fees paid by the policyholders for the use of accredited hospitals, clinics and doctors' network for a no cash-out arrangement in case of in-patient and out-patient ailments. These membership fees cover the insured members with health cards issued by the Company.

Third party administration fees

Third party administration fees pertain to fees paid by third parties to the Company for handling medical and health expenses of the said third parties which amounted to ₱32.7 million and ₱34.8 million in 2024 and 2023, respectively.

Others

Other income (loss) consists of:

	2024	2023
Processing and handling fees	₱53,812,384	₱39,782,593
Dividend income	20,952,200	14,233,097
Reinsurance commission income (expense)	(501,100)	6,394,074
Gain (loss) on sale of assets	(276,194)	288,001
Loss on foreign currency transactions	(1,124,870)	(1,114,997)
	₱72,862,420	₱59,582,768

Processing and handling fees pertain to non-finance charges to cover cost of processing salary loans to DepEd teachers and private institution employees and delivery charge for non-life policies printed and delivered in hard copy.



20. Net Benefits and Claims Incurred on Insurance Contracts

This account consists of:

	2024	2023
Life	₱4,568,332,389	₱5,074,942,533
Non-life	121,452,612	139,003,199
	₱4,689,785,001	₱5,213,945,732

Life insurance contracts

Net insurance contract benefits and claims incurred follow:

	2024	2023
Claims (Note 13)	₱4,521,472,295	₱5,006,092,019
Surrenders	36,963,612	64,170,946
Maturities	9,582,603	343,285
Policyholders' dividends (Note 13)	313,879	4,336,283
	₱4,568,332,389	₱5,074,942,533

Non-life insurance contracts

Insurance contract benefits and claims incurred follow:

	2024	2023
Fire insurance	₱108,942,725	₱83,874,168
Motor car insurance	70,749,411	58,275,594
Gadget insurance claims	5,191,542	357,019
Travel insurance	806,939	2,020,057
Personal accident insurance	187,046	50,233
Other non-life insurance products	180,310	—
Claims incurred	186,057,973	144,577,071
Recoveries from reinsurers	20,839,898	(168,548,307)
Increase (decrease) in IBNR	(85,445,259)	162,974,435
	₱121,452,612	₱139,003,199

21. Expenses for the Acquisition of Insurance Contracts

This account consists of:

	2024	2023
Commissions	₱533,403,447	₱395,830,360
Service fees	291,302,208	289,455,051
Salaries, wages and employees' benefits (Notes 22 and 26)	131,763,775	131,734,891
Insurance taxes	110,403,393	117,830,179
Others	21,816,937	42,632,607
	₱1,088,689,760	₱977,483,088

Commissions represent amounts that are given to agents and brokers. This account includes overriding expenses that are in excess of 10.0% of commissions.



Service fees represent amounts paid to intermediaries of group policyholders for collecting the premiums from the assured.

Salaries, wages and employees' benefits pertain to personnel costs of the departments directly involved in the marketing, selling and processing the Company's insurance products.

Insurance taxes include documentary stamp tax and premium tax.

Others include medical fees, inspection fees and other direct costs.

22. General and Administrative Expenses

This account consists of:

	2024	2023
Salaries, wages and employees' benefits (Note 23)	₱242,348,192	₱203,791,017
Occupancy (Note 25)	155,273,359	120,168,947
Management and professional fees (Note 27)	108,987,128	82,429,268
Taxes and licenses	21,937,020	8,762,289
Postage and communication	15,226,741	13,356,287
Transportation and travel	7,182,274	5,420,860
Office supplies	6,307,767	7,920,284
Representation and entertainment	3,161,364	2,574,101
Insurance	353,671	877,109
Provision for (recovery from) impairment of financial assets (Notes 6 and 8)	5,130,927	(6,509,680)
Provision for (recovery from) impairment of insurance receivables (Note 7)	(5,121,231)	46,452,522
Others	43,149,718	40,245,151
	₱603,936,930	₱525,488,155

Management and professional fees pertain to expenses incurred for management and other professional services received by the Company such as consulting fee, IMA fees, audit fees, directors' fees, legal fees, temporary staff expenses and miscellaneous services.

Taxes and licenses consist of license and permit fees, LGU Taxes, fringe benefit tax, and input VAT.

Others consists mainly of membership dues, prizes and awards, trainings and seminars and bank charges.

23. Salaries, Wages and Employees' Benefits

This account consists of:

	2024	2023
Salaries and wages and other benefits	₱347,348,134	₱314,704,374
SSS, Medicare and PAG-IBIG contributions	15,470,351	13,588,691
Pension expense (Note 24)	11,293,482	7,232,843
	₱374,111,967	₱335,525,908



Salaries, wages and employees' benefits are charged as follows:

	2024	2023
Expenses for the acquisition of insurance contracts (Note 21)	₱131,763,775	₱131,734,891
General and administrative expenses (Note 22)	242,348,192	203,791,017
	₱374,111,967	₱335,525,908

24. Pension Plan

The Company has a funded, non-contributory defined benefit plan (the Plan) which is managed by ATRAM Trust Corporation providing death, disability and retirement benefits for all of its employees. Under the Plan, the normal retirement age is sixty (60) and the employee should have completed at least ten (10) years of service. Normal retirement benefit consists of a lump-sum benefit equivalent to 100.00% of the employee's final monthly pay for every year of service.

The most recent actuarial valuation was carried out for the retirement plan of the Company as of December 31, 2024.

Based on the actuarial valuation as of December 31, 2024 and 2023 computed using the Projected Unit Credit (PUC) method, the Company's pension liabilities and expenses are summarized as follows:

	2024	2023
Net pension liability	(₱19,548,956)	(₱19,102,271)
Pension expense (Note 23)	11,293,482	7,232,843

The amounts recognized in the statements of comprehensive income are as follow:

	2024	2023
Current service cost	₱10,130,154	₱8,064,767
Net interest cost	1,163,328	(831,924)
Pension expense	₱11,293,482	₱7,232,843

The amounts of net pension liability recognized in the statements of financial position are as follows:

	2024	2023
Present value of defined benefit obligation	₱123,742,371	₱122,522,286
Fair value of plan assets	(104,193,415)	(103,420,015)
Net pension liability	(₱19,548,956)	(₱19,102,271)

The movements in the net pension asset (liability) recognized in the statements of financial position are as follows:

	2024	2023
At January 1	(₱19,102,271)	₱11,675,366
Pension expense (Note 23)	(11,293,482)	(7,232,843)
Amount to be recognized in OCI	10,846,797	(23,544,794)
At December 31	(₱19,548,956)	(₱19,102,271)



Changes in the present value of the defined benefit obligation are as follows:

	2024	2023
At January 1	₱122,522,286	₱97,483,156
Current service cost	10,130,154	8,064,767
Interest cost on benefit obligation	7,461,607	6,946,132
Benefits paid from retirement fund	(10,287,936)	(9,646,076)
Actuarial losses (gains):		
Experience adjustments	(6,396,759)	10,095,136
Changes in financial assumptions	313,019	9,579,171
At December 31	₱123,742,371	₱122,522,286

Changes in fair value of the plan assets are as follow:

	2024	2023
At January 1	₱103,420,015	₱109,158,522
Expected return on plan assets	6,298,279	7,778,056
Remeasurement losses	4,763,057	(3,870,487)
Benefits paid	(10,287,936)	(9,646,076)
At December 31	₱104,193,415	₱103,420,015

Remeasurement gains (losses) recognized in OCI:

	2024	2023
Remeasurement losses on plan assets	₱4,763,057	(₱3,870,487)
Actuarial losses (gains) from benefit obligation	6,083,740	(19,674,308)
	10,846,797	(23,544,795)
Deferred tax on remeasurement on net plan assets (Note 24)	(2,711,700)	5,886,199
	₱8,135,097	(₱17,658,596)

Movement of cumulative remeasurement effect recognized in OCI under equity section of the statements of financial position:

	2024	2023
At January 1	(₱13,984,603)	₱3,673,993
Remeasurement losses on plan assets	4,763,057	(3,870,487)
Actuarial gains from benefit obligation	6,083,740	(19,674,308)
At December 31	(3,137,806)	(19,870,802)
Deferred income tax on remeasurement during the year	(2,711,700)	5,886,199
Actuarial losses on net pension asset/liability	(₱5,849,505)	(₱13,984,603)



Plan assets consist of:

	2024		2023	
	Amount	%	Amount	%
Cash and cash equivalents	₱1,149,502	1.11%	₱2,482,445	2.40%
Government debt securities	30,995,272	29.97%	24,477,230	23.67%
Equity securities	34,765,382	33.62%	39,393,497	38.09%
Mutual Funds/UITFs	29,010,178	28.05%	31,910,318	30.86%
Loans and receivables	8,399,975	8.12%	5,260,822	5.09%
Accounts payable	(126,894)	-0.12%	(104,297)	-0.10%
	₱104,193,415	100.75%	₱103,420,015	100.00%

The expected return on plan assets is determined by considering the expected return available on the assets underlying the current investment policy. Expected yields on fixed income investments are based on gross redemption yields as of reporting dates.

The carrying amounts disclosed above reasonably approximate fair value at the reporting date. Accounts payable pertain to projected benefit payable and accrued trust fees.

Net unrealized gains (losses) on investments follow:

	2024	2023
Equity securities	₱3,667,536	(₱552,992)
Mutual funds	54,593	90,493
Government debt securities	(390,068)	265,466
Unit investment trust funds	1,519,339	1,320,270
	₱4,851,400	₱1,123,237

Actual return on plan assets amounted to ₱11.1 million and ₱3.9 million in 2024 and 2023, respectively.

The principal actuarial assumptions used are as follows:

	2024	2023
Discount rate	6.06%	6.09%
Expected return on plan assets	11.26%	3.75%
Salary increase rate	5%	5%
Average remaining working lives	18 years	17 years

The sensitivity analysis that follows has been determined based on reasonably possible changes of each significant assumption on the retirement benefit obligation as of the end of reporting period, assuming all other assumptions were held constant.

	2024		2023	
Discount rate	+0.50%	(5,015,360)	+0.50%	(4,825,711)
	-0.50%	5,542,672	-0.50%	5,323,720
Salary increase rate	+0.50%	5,555,211	+0.50%	5,341,281
	-0.50%	(5,410,058)	-0.50%	(5,200,549)

Each year, an Asset-Liability Matching Study (ALM) is performed with the result being analyzed in terms of risk-and-return profiles. It is the policy of the Trustee that immediate and near-term retirement liabilities of the Company's Retirement Fund are adequately covered by its assets. As such, due considerations are given that portfolio maturities are matched in accordance with due benefit payments. The Retirement Fund's expected benefits payments are determined through the latest actuarial reports.



25. Occupancy Expenses

This account consists of:

	2024	2023
Depreciation and amortization - property and equipment and intangible assets (Note 9)	₱29,641,183	₱21,879,571
Repairs and maintenance	65,083,125	58,032,635
Rent	15,000,215	30,221,764
Light and water	9,299,698	6,886,067
Amortization - right of use assets (Note 10)	36,182,827	3,009,525
Others	66,311	139,385
	₱155,273,359	₱120,168,947

Rent expenses are related to short-term leasing agreements that the Company entered into for its servicing branches and clinics.

26. Income Taxes

Provision for income tax consists of:

	2024	2023
Current	₱12,219,511	₱46,916,404
Final	24,244,165	21,087,298
Deferred	(3,725,530)	(158,389,022)
	₱32,738,146	(₱90,385,320)

Current tax regulations also provide the ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as deduction against taxable income. Under the regulation, EAR expense allowed as deductible expense for service company like the Company and its subsidiaries is limited to the actual EAR paid or incurred but not to exceed 1.0% of net revenue. The regulations also provide for MCIT of 1.5% on modified gross income and allow a NOLCO. The MCIT and NOLCO may be applied against the Company's income tax liability and taxable income, respectively, over a three-year period from the year of inception

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30.0% to 25.0% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20.0%.
- Minimum corporate income tax (MCIT) rate reduced from 2.00% to 1.00% of gross income effective July 1, 2020 to June 30, 2023.
- Minimum corporate income tax (MCIT) rate reverted from 1.00% to 2.00% of gross income effective July 1, 2023, making the effective tax rate to 1.5% for 2023.

Applying the provisions of the CREATE Act, the Company is subjected to lower regular corporate income tax rate effective July 1, 2020.



The reconciliation of provision for income tax computed at the statutory tax rate to provision for income tax as shown in the statements of comprehensive income follows:

	2024	2023
At statutory tax rate	₱36,921,410	(₱78,339,651)
Tax effects:		
Income subjected to final tax	(18,419,101)	(35,055,990)
Nondeductible expenses	14,961,669	24,007,227
Unrealized losses (gains) on financial assets at FVTPL	(725,832)	(996,906)
At effective tax rate	₱32,738,146	(₱90,385,320)

Deferred tax assets are recognized to the extent that the realization of the related tax benefit through future taxable profits is probable. The details of the Company's deferred tax assets as at December 31, 2024 and 2023 are as follows:

	2024	2023
Deferred tax assets on:		
Affecting profit or loss:		
Provision for IBNR	₱121,338,796	₱176,643,037
Net operating loss carry over (NOLCO)	45,841,889	—
Excess minimum corporate income tax (MCIT)	12,219,511	—
Allowance for impairment losses	22,123,671	22,126,596
Accrued expenses	10,076,697	6,911,516
Unamortized contribution of past service cost	3,683,043	4,399,011
Post employment benefit obligation	4,887,239	4,775,568
Affecting other comprehensive income:		
Tax effect of actuarial loss on pension liability	5,588,371	8,300,070
Net unrealized losses on financial assets at FVOCI	—	801,014
	225,759,217	223,956,812
Deferred tax liabilities on:		
Affecting profit or loss:		
Net right of use	₱1,589,588	—
Net unrealized gains on financial assets at FVOCI	265,088	—
	1,854,676	—
Deferred tax assets - net	₱223,904,541	₱223,956,812

The movements of the Company's net deferred tax assets (liabilities) are as follow:

	2024	2023
At January 1	₱223,956,812	₱60,304,156
Provision	3,725,530	158,389,022
Tax effect of actuarial loss on pension liability (Note 24)	(2,711,699)	5,886,199
Tax effect on unrealized gains on financial assets at FVOCI	(1,066,102)	(622,565)
At December 31	₱223,904,541	₱223,956,812



27. Related Party Transactions

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

In the normal course of the business, the Company has various transactions with its related parties as follows:

- a. Loans to officers consist of car loans which earn interest ranging from 0%-8.4% per annum depending on the position of the employee. Total loans outstanding amounted to ₱10.4 million and ₱6.4 million as of December 31, 2024 and 2023, respectively. The related interest income on the car loans amounted to ₱0.3 million in 2024 and nil in 2023 (see Note 19).
- b. In 2024 and 2023, directors' remuneration included in management and professional fees under "General and administrative expenses" amounted to ₱5.5 million and ₱4.7 million, respectively (Note 23).

Details of key management compensation follows:

	2024	2023
Salaries and other short-term benefits	₱86,457,590	₱92,977,554
Post-employment benefits	9,652,028	10,379,909
	₱96,109,618	₱103,357,463

Key management includes officers with positions of Vice President and up.

- c. Outstanding balances with related parties as of December 31 are as follow:

			2024			
	Relationship	Nature of Transaction	Amount/ Volume	Outstanding Receivable (Payable) Balance	Terms	Conditions
Etiqua Insurance Pte. Ltd.	Entity under common control	Chargeback for software maintenance and service fees	(₱14,763,610)	₱—	Interest free, payable on demand	Unsecured
Maybank Shared Services	Entity under common control	Chargeback for shared services	(179,590)	(179,590)	Interest free, payable on demand	Unsecured
Etiqua Life Insurance Berhad	Entity under common control	Chargeback for shared services	(1,580,582)	(940,754)	Interest free, payable on demand	Unsecured
Etiqua International Holdings Sdn. Bhd.	Parent company	Chargeback for shared services	(68,052)	(587,543)	Interest free, payable on demand	Unsecured
Etiqua International Holdings Sdn. Bhd.	Parent company	Chargeback for shared services	3,798,223	3,798,223	Interest free, payable on demand	Unsecured
Malayan Banking Berhad	Parent company	Chargeback for shared services	576,377	(60,554)	Interest free, payable on demand	Unsecured
Maybank Ageas Holdings Berhad (MAHB)	Entity under common control	Chargeback for shared services	(8,599)	(8,599)	Interest free, payable on demand	Unsecured
A.V. Ocampo	Entity under common control	Commissions	476,110	(388)	Interest free, payable on demand	Unsecured
			(₱11,749,724)	₱2,020,795		



2023						
	Relationship	Nature of Transaction	Amount/ Volume	Outstanding Receivable (Payable) Balance	Terms	Conditions
Etiqua Insurance Pte. Ltd.	Entity under common control	Chargeback for software maintenance and service fees	(P13,803,270)	P-	Interest free, payable on demand	Unsecured
Maybank Shared Services	Entity under common control	Chargeback for shared services	(1,059,537)	-	Interest free, payable on demand	Unsecured
Etiqua Life Insurance Berhad	Entity under common control	Chargeback for shared services	-	639,828	Interest free, payable on demand	Unsecured
Etiqua International Holdings Sdn. Bhd.	Parent company	Chargeback for shared services	(513,256)	(519,491)	Interest free, payable on demand	Unsecured
Malayan Banking Berhad	Parent company	Chargeback for shared services	-	(636,931)	Interest free, payable on demand	Unsecured
A.V. Ocampo	Entity under common control	Commissions	(845,325) (P16,221,388)	(67,685) (P584,279)	Interest free, payable on demand	Unsecured
Etiqua Insurance Pte. Ltd.	Entity under common control	Chargeback for software maintenance and service fees	(P13,803,270)	P-	Interest free, payable on demand	Unsecured
Maybank Shared Services	Entity under common control	Chargeback for shared services	(1,059,537)	-	Interest free, payable on demand	Unsecured
Etiqua Life Insurance Berhad	Entity under common control	Chargeback for shared services	-	639,828	Interest free, payable on demand	Unsecured

- e. The Company also maintains accounts with Maybank Philippines Inc. (MPI), details as of December 31 follow:

	2024	2023
Cash in bank	P169,922,733	P272,193,210
Time deposits	3,000,000	1,003,825
	P172,922,733	P273,197,035

Interest income earned from cash in bank and time deposits amounted to P1.4 million and P8.9 million in 2024 and 2023, respectively.

The Company also provides hospitalization and life cover for employees of MPI, and other Maybank entities within the group, as well as Group Credit Life (GCL) insurance cover for borrowers from its lending business. Premium earned in 2024 and 2023 relative to these insurance covers amounted to P4.4 million and P67.9 million, respectively.

In November 2020, the Company and MPI signed a Bancassurance Agreement (the Agreement), effective January 1, 2021 for a period of fifteen (15) years. This supersedes the previous Bancassurance agreement expiring in 2025. The Company will pay service fees for clients referred by MPI availing of its insurance products. For 2024 and 2023, service fees paid to MPI amounted to P62.2 million and P67.7 million, respectively.

- f. The Company has an Investment Management Agreement (IMA) with ATRAM Trust Corporation (ATRAM) formerly ATR KimEng Asset Management, Inc. (ATRKE AMI) which monitors and manages a portion of the Company's investments. The IMA provides that the Company retains legal title to the invested funds and properties and will be charged IMA fees based on the market value of the portfolio. As of December 31, 2024 and 2023, investments under IMA measured at FVOCI amounted to P1.9 billion and P2.2 billion, respectively, while investments measured at FVTPL amounted to P186.0 million and P234.0 million, respectively (see Note 8).



The Company has also entrusted the management of the fund assets of its policyholders availing of variable unit-linked products to ATRAM. As of December 31, 2024 and 2023, segregated fund assets amounted to ₱3.5 billion and ₱3.2 billion, respectively (see Note 13).

Total IMA fees paid to ATRAM included in management and professional fees under “General and administrative expenses” amounted to ₱27.2 million in 2024 and ₱24.5 million in 2023 (see Note 21).

- g. The Company also maintains its retirement fund with ATRAM, with plan assets as of December 31, 2024 and 2023 amounting to ₱104.0 million and ₱103.4 million, respectively (see Note 24). The Company has no other transactions with the retirement plan.

Terms and conditions of transactions with related parties

The Company has not recognized any impairment losses on amounts due from related parties for the years ended December 31, 2024 and 2023. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates. Outstanding balances will be settled in cash.

28. Management of Capital and Insurance Risk

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

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

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

Regulatory Framework

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

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

Capital Management

The Company’s capital includes the common and preferred stock and contributed surplus.



The Company has established the following capital management objectives in managing the risks that affect its capital position:

- To maintain the required level of net worth thereby providing a degree of security to policyholders.
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
- To retain financial flexibility by maintaining strong liquidity and access to a range of credit facilities.
- To align the profile of assets and liabilities taking account into the risks inherent in the business.
- To maintain healthy capital and liquidity ratios in order to support its business objectives and maximize shareholders value.

The Company manages its capital through its compliance with the statutory requirements on minimum net worth. The Company is also complying with the statutory regulations on RBC to measure the adequacy of its statutory surplus in relation to the risks inherent in its business. The RBC method involves developing a risk-adjusted target level of statutory surplus by applying certain factors to various asset, premium and reserve items. Higher factors are applied to more risky items and lower factors are applied to less risky items. The target level of statutory surplus varies not only as a result of the insurer's size, but also on the risk profile of the insurer's operations.

The Company's policy to address the situations where the capital level maintained is lower than minimum is to require the shareholders to add more capital.

To ensure compliance with these externally-imposed capital requirements, it is the Company's policy to monitor the net worth and related requirements on a quarterly basis as part of Company's internal financial reporting process.

Fixed capitalization requirements

Under the new Insurance Code, the required net worth which is defined as the sum of paid-up capital, retained earnings, unimpaired surplus, and revalued assets is set as follows:

Required Net Worth	Compliance Date
₱250.0 million	June 30, 2013
550.0 million	December 31, 2016
900.0 million	December 31, 2019
1.3 billion	December 31, 2022

Insurance Commission Circular Letter (CL) No. 2018-45 issued in September 5, 2018 sets the net worth requirements for composite insurers at ₱1.1 billion by December 31, 2016, ₱1.8 billion by December 31, 2019 and ₱2.6 billion by December 31, 2022. However, on October 25, 2019, the Insurance Commission issued Circular Letter No. 2019-55 revoking CL No. 2018-45, citing the need for a clear basis to seek and wait for appropriate legislation that will provide greater clarity on the minimum capitalization and net worth requirements.

As of December 31, 2024, the Company's estimated regulatory net worth amounted to ₱1.30 billion.



The Company received a letter from IC on January 12, 2024 for FY 2022 Annual Statement verification of the Company's net worth. Based on the assessment, the Company's approved regulatory net worth amounted to ₱1.29 billion and has deficiency amounting to ₱8.1 million. The deficiency was subsequently addressed and resolved, closing the FY 2022 Annual Statement verification as confirmed with a letter from IC dated July 15, 2024.

On March 24, 2025, the Company received a letter from IC dated March 19, 2025 for the Approval of the 2023 Annual Statement (AS). As per the final assessment, the Company's deficiency in the Net Worth was deemed covered in full, following the capital infusion made by its Parent Company amounting to ₱500.0 million on March 4, 2025. The Company subsequently published the Synopsis of the AS on March 25, 2025, and has requested for the closure and resolution of the FY 2023 Annual Statement verification from IC.

RBC requirements

Insurance Memorandum Circular (IMC) No. 6-2006 provides for the RBC framework for the life insurance industry which establishes the required amounts of capital to be maintained by the insurance companies in relation to their investment and insurance risks. Subsequently, Insurance Circular 2016-68 amended the RBC framework (dubbed 'RBC2') as part of a new three (3) pillar risk-based approach to solvency regulation. The Risk Based Capital Ratio and Risk Based Capital Requirement are the key requirements under Pillar 1. The RBC2 framework became effective on January 1, 2017.

Every life insurance company is annually required to maintain an RBC ratio of at least 100.0% and not to fail the trend test. Failure to meet the minimum RBC ratio shall subject the insurance company to regulatory intervention which could be at various levels depending on the degree of the violation.

The RBC2 ratio shall be computed as the Total Available Capital divided by the RBC requirement. The Total Available Capital is the aggregate of the Tier 1 and Tier 2 capital minus deductions, subject to applicable limits and determinations. Tier 1 Capital represents capital that is fully available to cover the losses of the insurer at all times on a going concern and winding up basis. The Tier 2 Capital does not have the same high-quality characteristics as Tier 1 but can provide additional buffer to the insurer. The RBC requirement on the other hand is the capital that is required to be held appropriately to the risks and insurance company is exposed to such as Credit Risk, Insurance Risk, Market Risk, Operational Risk, Catastrophe Risk and Surrender Risk.

The following table shows how the RBC ratios at December 31, 2024 determined based on its internal calculations and December 31, 2023 as reviewed and approved by IC:

	2024	2023
	(Estimated)	(Reviewed by IC)
Total Available Capital (TAC)	1,215,487,962	1,847,238,175
RBC2 requirement	766,067,362	748,017,311
RBC2 ratio	159%	247%

The final amount of the RBC ratio for 2024 can be determined only after the accounts of the Company have been examined by the Insurance Commission specifically for the determination of admitted and non-admitted assets as defined under the Insurance Code.



Unimpaired capital requirement

IMC 22-2008 provided that for purposes of determining compliance with the law, rules and regulations requiring that the paid-up capital should remain intact and unimpaired at all times, the statement of financial position should show that the net worth or stockholders' equity is at least equal to the actual paid-up capital.

The Company has complied with the unimpaired capital requirement as of December 31, 2024 and 2023.

Insurance Risk

Nature of risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

Life insurance contracts

Insurance risk includes premium/benefits risk, actuarial reserve risk and reinsurance risk. Premium/benefits risk is the risk of having to pay, from a premium that may be fixed for a specific term, benefits that can be affected by uncontrollable event when they become due. Adequacy of the actuarial reserves is monitored by an in-house actuary on a regular basis in accordance with local regulations. Reinsurance risk arises from underwriting direct business or reinsurance business in relation to reinsurers and brokers.

Monitoring and controlling

The Company regularly assesses the reserving methodology in accordance with local regulations. Underwriting guidelines and limits for insurance and reinsurance contracts have been well established to clearly regulate responsibility and accountability.

The main underwriting strategy of the Company in managing insurance risk is the use of reinsurance. The Company maintains surplus-type reinsurance treaties for both individual and group life business.

Frequency and severity of claims

The frequency and severity of claims is dependent on the type of contracts as follows:

- a. For contracts where death is the insured risk, the most significant factor would be epidemics that result in earlier or more claims than expected;
- b. For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted;
- c. For contracts with discretionary participating feature, the participating nature of these insurance contracts results in a portion of the insurance risk being shared with the insured party; and
- d. For medical insurance contracts where illness incurred by the insured is the considered risk, the most significant factor would be epidemics and communicable diseases, that may result in earlier or more claims than expected.

The Company manages these risks through its underwriting strategy and reinsurance program. However, the risk is also dependent on the policyholders' right to pay reduced or no future premiums, or to terminate the contract completely.



The following represents the Company's concentration of insurance risk per product as of December 31, 2024 and 2023:

	2024			
	Exposure, Gross of Reinsurance (‘000)	Concentration (%)	Exposure, Net of Reinsurance (‘000)	Concentration (%)
Group life	₱467,188,989	96.32%	₱155,846,116	91.33%
Group health	11,676,525	2.41%	11,676,525	6.84%
Unit-linked policies	4,456,801	0.92%	1,768,134	1.04%
Ordinary life	1,246,090	0.26%	911,099	0.53%
Group accident	462,425	0.10%	446,425	0.26%
	₱485,030,830	100.00%	₱170,648,299	100.00%

	2023			
	Exposure, Gross of Reinsurance (‘000)	Concentration (%)	Exposure, Net of Reinsurance (‘000)	Concentration (%)
Group life	₱13,647,863	4.89%	₱12,665,739	12.48%
Group health	259,552,581	93.08%	86,036,318	84.80%
Unit-linked policies	4,554,960	1.63%	1,780,304	1.75%
Ordinary life	774,000	0.28%	726,805	0.72%
Group accident	323,000	0.12%	243,000	0.24%
	₱278,852,404	100.00%	₱101,452,166	100.00%

Summary of claims analysis

	2024	2023
Mortality Ratio		
Aggregate individual	18.67%	22.75%
Aggregate group	61.94%	93.30%

Non-life Insurance Contracts

The Company principally issues different types of general insurance such as fire and motor. Risk under general insurance policies usually cover a twelve-month duration.

For general insurance contracts, the significant risks arise from climate changes and natural disasters. These risks vary significantly in relation to the location of risk insured, type of risk insured and by industry. Undue concentration by amount can have a further impact on the severity of benefit payments on a portfolio basis.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography.

Further, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

The Company has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit the exposure to catastrophes to a pre-determined maximum amount based on the Company's risk appetite as decided by management.



The following tables set out the concentration of the claims liabilities by type of contract:

	2024	2023
Fire	₱175,486,241	₱213,162,300
Motor car	50,736,481	49,450,394
Property floater	3,971,557	2,936,569
Travel insurance	1,644,418	1,564,062
Personal accident	368,244	44,686
Marine	9,488	—
	₱232,216,429	₱267,158,011

Assumptions

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

Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. Other key assumptions include variation in interest rate, delays in settlement and changes in foreign currency rates.

Sensitivities

The general insurance claims provision is sensitive to the above key assumptions. The sensitivity of the certain assumptions such as legislative change, uncertainty in the estimation process, etc., is not possible to quantify.

Claims development table

The following tables reflect the cumulative incurred claims for each successive accident year at each reporting date, together with cumulative payments to date.

The Company aims to maintain strong reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. As claims develop and the ultimate cost of claims becomes more certain, adverse claims experiences are eliminated which results in the release of reserves from earlier accident years. In order to maintain strong reserves, the Company transfers much of this release to current accident year reserves when the development of claims is less mature and there is much greater uncertainty attaching to the ultimate cost of claims.

	2024					
Accident year	Prior to 2021	2021	2022	2023	2024	Total
Estimate of ultimate claims costs:						
At the end of accident year	₱57,290,543	₱103,101,088	₱140,043,863	₱241,629,443	₱196,280,966	₱196,280,966
One year later	90,298,151	117,158,997	159,631,776	68,695,678	—	68,695,678
Two years later	87,527,434	161,117,723	159,745,245	—	—	159,745,245
Three years later	89,543,346	164,135,975	—	—	—	164,135,975
More than three years later	93,202,528	—	—	—	—	93,202,528
Current estimate of cumulative claims	₱93,202,528	₱164,135,975	₱159,745,245	₱68,695,678	₱196,280,966	₱682,060,392
Estimate of gross cumulative payments:						
At the end of accident year	10,153,611	40,474,958	73,520,568	35,014,317	46,918,471	46,918,471
One year later	56,599,816	86,707,110	149,166,362	54,217,114	—	54,217,114
Two years later	82,516,207	146,924,255	141,997,551	—	—	141,997,551
Three years later	87,477,356	150,349,111	—	—	—	150,349,111
More than three years later	91,866,916	—	—	—	—	91,866,916
Cumulative payments to date	91,866,916	150,349,111	141,997,551	54,217,114	46,918,471	485,349,163
Gross insurance liabilities	1,335,612	13,786,864	17,747,694	14,478,564	149,362,495	196,711,229
Unallocated Loss Adjustment Expenses						
Best Estimate of Gross Claims Liabilities						196,711,229
Margin for Adverse Development						35,505,200
Gross Insurance Claims Liabilities at December 31, 2024						₱232,216,429



Accident year	2023					Total
	Prior to 2020	2020	2021	2022	2023	
Estimate of ultimate claims costs:						
At the end of accident year	₱49,807,152	₱57,290,543	₱103,101,088	₱140,043,863	₱241,629,443	₱241,629,443
One year later	46,868,163	90,298,151	117,158,997	159,631,776	–	159,631,776
Two years later	57,071,906	87,527,434	161,117,723	–	–	161,117,723
Three years later	51,994,835	89,543,346	–	–	–	89,543,346
More than three years later	57,525,878	–	–	–	–	57,525,878
Current estimate of cumulative claims	57,525,878	89,543,346	161,117,723	159,631,776	241,629,443	709,448,166
Estimate of gross cumulative payments:						
At the end of accident year	17,983,106	10,153,611	40,474,958	73,520,568	35,014,317	35,014,317
One year later	26,446,148	56,599,816	86,707,110	149,166,362	–	149,166,362
Two years later	40,094,981	82,516,207	146,924,255	–	–	146,924,255
Three years later	49,079,681	87,477,356	–	–	–	87,477,356
More than three years later	53,582,924	–	–	–	–	53,582,924
Cumulative payments to date	53,582,924	87,477,356	146,924,255	149,166,362	35,014,317	472,165,214
Gross insurance liabilities	3,942,954	2,065,990	14,193,469	10,465,414	206,615,126	237,282,952
Unallocated Loss Adjustment Expenses						
Best Estimate of Gross Claims Liabilities						237,282,952
Margin for Adverse Development						26,527,083
Gross Insurance Claims Liabilities at December 31, 2023						₱263,810,035

Source of Uncertainty in the Estimation of Future Claim Payments

Estimation of future payments and premium receipts is subject to unpredictability of changes in mortality and morbidity levels. The Company adopts standard industry data in assessing future benefit payments and premium receipts as approved by the IC. Adjustments are made, if necessary, according to the experience of the Company.

For individual life insurance, no adjustment is made by the Company to the standard mortality table. For group life, accident and health insurance, the mortality table is adjusted to reflect the Company's actual and projected experiences which are given weights or credibility depending on the amount and length of exposure under consideration. The Company currently monitors its actual experience on individual business on a per policy basis and on an aggregate basis and reports the same to management.

The liability for these contracts comprises the incurred IBNR provision, a provision for reported claims not yet paid and a provision for unexpired risk at reporting dates. The IBNR provision is based on historical experience and is subject to a degree of uncertainty.

Financial Instruments

Due to the short-term nature of cash and cash equivalents, premiums due and uncollected, due from policyholders, receivable from third party administration arrangement, accounts receivable, other receivables, accrued interest receivable, performance bond, reserve and security funds, rental deposits, accounts payable and other liabilities, claims payable, policyholders' dividends due to related parties, premium deposit fund, their carrying values approximate their fair values at reporting dates.

The fair values of salary loans and mortgage loans are determined by computing the present value of the expected future cash flows of the loans using the predetermined market rate for similar instrument as of reporting date as discount rate. As of December 31, 2024 and 2023, the fair value of salary loans amounted to ₱418.09 million and ₱348.2 million, respectively.

The fair values of financial instruments classified as financial assets at FVTPL and at FVOCI that are actively traded in an organized exchange or active markets are determined by reference to quoted market or broker bid prices at the close of business as of reporting dates. For shares in an open-ended investment company, fair value is established by reference to published Net Asset Value (NAV) per share. For proprietary shares, as these instruments are not quoted in an active market, the Company uses the most recent price at which the instruments were sold, are being sold to third parties.



The Company classifies its non-linked financial assets at fair value as follows:

	2024			Total
	Level 1	Level 2	Level 3	
Financial assets at FVTPL:				
Unit investment trust funds	₱69,878,474	₱—	₱—	₱69,878,474
Mutual funds	100,388,081	—	—	100,388,081
Listed equity securities	81,209	—	—	81,209
Seed capital on unit-linked investment funds	12,000,000	—	—	12,000,000
Proprietary shares	—	—	4,370,280	4,370,280
Financial assets at FVOCI:				
Government debt securities	—	—	—	—
Corporate debt securities	328,879,813	—	—	328,879,813
	₱511,227,577	₱—	₱4,370,280	₱515,597,857

	2023			Total
	Level 1	Level 2	Level 3	
Financial assets at FVTPL:				
Unit investment trust funds	₱102,967,000	₱—	₱—	₱102,967,000
Mutual funds	98,907,273	—	—	98,907,273
Listed equity securities	16,689,178	—	—	16,689,178
Seed capital on unit-linked investment funds	12,000,000	—	—	12,000,000
Proprietary shares	—	—	4,370,280	4,370,280
Financial assets at FVOCI:				
Government debt securities	985,031,912	1,048,034,686	—	2,033,066,598
Corporate debt securities	184,168,468	—	—	184,168,468
	₱1,399,763,831	₱1,048,034,686	₱4,370,280	₱2,452,168,797

The Company classifies its unit-linked financial assets at fair value as follows:

	2024			Total
	Level 1	Level 2	Level 3	
Unit investment trust funds	₱1,807,241,796	₱—	₱—	1,807,241,796
Mutual funds	157,625,471	—	—	157,625,471

	2023			Total
	Level 1	Level 2	Level 3	
Unit investment trust funds	₱2,943,732,346	₱—	₱—	₱2,943,732,346
Mutual funds	266,156,409	—	—	266,156,409

Financial Risks

The Company is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. The relevant financial risks faced by the Company in its day-to-day operations are market risk, credit risk and liquidity risk.

The BOD is the ultimate governing body with overall risk oversight. Board Risk and Compliance Oversight Committee (BRCOC) assists the Board in fulfilling its supervision and monitoring responsibilities in respect of internal control, including monitoring the risk profile of the legal entities and combined and compared to the targeted level of risk appetite as set by the Board. ELGAP Risk Officer is the advisor to the BRCOC concerning all Risk related topics, including limits, exposures and methodologies.



Credit risk

The Company has a significant exposure to credit risk, defined as the risk of financial loss resulting from the failure of counterparty to meet its contractual obligations to the Company. In particular, the Company is exposed to credit risk in the following accounts:

- Amounts due from Department of Education (DepEd) teachers and private institution employees;
- Amounts due from related parties and employees;
- Reinsurers' share in insurance liabilities;
- Obligations of companies issuing Mutual Fund shares and equity securities;
- Amounts due from reinsurers in respect of claims already paid;
- Amounts due from insurance policyholders;
- Amounts due from insurance intermediaries; and
- Amounts due from banks.

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty. Such counterparty limits are subject to an annual or more frequent review. Limits are approved regularly as the need arises at the BOD level.

The Company fully complies with the guidelines issued by the DepEd in granting loans to teachers which are monitored by DepEd on a regular basis. Any violation shall result to the revocation of the Company's license to extend loans to public school teachers. The Company's credit evaluation policies are anchored on the DepEd guidelines on net take home pay of the teachers and authenticity of documents submitted by the borrowers.

The ManCom has also created a special committee (DepEd Committee), tasked to monitor the DepEd loans business. The DepEd Committee meets on a monthly basis to discuss developments and status of past due accounts, action plans for collecting unpaid accounts and other pertinent issues relative to the loans operations. The DepEd Committee, in turn, reports to the ManCom the status of the loans business on a regular basis.

Loans to policyholders granted against the cash surrender value of policies carry substantially minimal credit risk.

A significant credit exposure arises with respect to reinsurance ceded, to the extent that any reinsurer may be unable to meet its obligations assumed under such reinsurance agreements. The Company selects only domestic and foreign companies with strong financial standing and/or excellent track records which are allowed to participate in the Company's reinsurance programs. Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

In respect of investments securities, the Company secures satisfactory credit quality by setting maximum limits of portfolio securities with a single or group of issuers, excluding those secured on specific assets and setting the minimum ratings for the issuer. The Company sets the maximum amounts and limits that may be advanced to/placed with individual corporate counterparties which are set by reference to their long term ratings.



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

Non-linked

	2024	2023
Cash and cash equivalents (excluding cash on hand)	₱359,359,497	₱495,726,203
Premiums due and uncollected	1,569,318,439	706,166,050
Reinsurance recoverable on paid losses	562,584,757	629,637,493
Reinsurance recoverable on unpaid losses	74,823,554	143,081,327
Financial assets at FVTPL	186,718,044	234,933,731
Financial assets at FVOCI	1,964,867,267	2,217,852,060
Loans and receivables	1,030,370,460	1,011,437,530
Accrued interest receivable	1,212,852	33,812,715
Other assets*	33,769,868	45,368,709
	₱5,783,024,738	₱5,518,015,818

*excluding prepayments and miscellaneous

Unit-linked

	2024	2023
Unit investment trust funds	₱3,312,624,116	₱3,155,529,767
Mutual funds	285,247,853	277,705,455
Cash and cash equivalents	25,012,403	₱28,853,306
Accounts receivable	7,637,159	679,876
	₱3,630,521,531	₱3,462,768,404

The Company uses an external credit grading system from various rating agencies based on the borrowers and counterparties overall credit worthiness, as described below:

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

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

The Company assessed that its cash and cash equivalents, premiums due and uncollected, reinsurance recoverable on paid and unpaid losses, financial assets at FVTPL, financial assets at FVOCI, accrued interest receivable, and other assets have investment grade and ECL recognized under stage 1. There were no transfers during the year.



The table below provides information regarding the credit risk exposure of the Company's loans and receivables by classifying as to the counterparties' credit grading and staging assessment of the outstanding allowance for ECL.

	2024			
	Stage 1	Stage 2	Stage 3	Total
Investment grade	₱74,644,696	₱—	₱—	₱74,644,696
Non-investment grade - satisfactory	874,142,941	10,739,147	—	884,882,087
Past due or impaired	—	—	45,247,764	45,247,764
	₱948,787,637	₱10,739,147	₱45,247,764	₱1,004,774,547

	2023			
	Stage 1	Stage 2	Stage 3	Total
Investment grade	₱230,158,199	₱—	₱—	₱230,158,199
Non-investment grade - satisfactory	734,772,862	5,725,670	—	740,498,532
Past due or impaired	—	—	40,780,799	40,780,799
	₱964,881,061	₱5,725,670	₱40,780,799	₱1,011,437,530

Liquidity risk

The Company is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Company maintains minimum proportion of sufficient funds available to meet such calls to cover maturities, claims and surrenders at unexpected levels of demand.

The BOD has formed an Asset and Liability Committee (ALCO) which meets on a quarterly basis to ensure the adequacy of reserves and liquid assets and complies with the regulatory reserve and liquidity requirements. Cash forecasts are prepared and reviewed by the ALCO, DepEd Committee and Investment Committee to ensure that the operational funding requirements are adequately met.

The table below summarizes the maturity profile of the Company's liabilities as at December 31, 2024 and 2023 based on contractual undiscounted payments except for the legal policy reserves of the life and non-life insurance contracts (included in the "Insurance contract liabilities" account) which shows the maturity analysis based on the estimated timing of the net cash outflows using the recognized insurance liability amounts:

	2024					Total
	On Demand	Up to a Year	1 -2 Years	2 -3 Years	Over 3 Years	
Insurance contract liabilities:	₱—	₱931,626,154	₱7,144,825	₱4,394,323	₱347,538,296	₱ 1,290,703,598
Premium reserves and legal policy reserves	—	—	—	—	—	—
Claims payable	—	993,380,586	—	—	—	993,380,586
Policyholders' dividends	4,268,304	—	—	—	—	4,268,304
Premium deposit fund	1,789,407	—	—	—	—	1,789,407
Accounts payable and other liabilities:	—	—	—	—	—	—
Accounts payable	—	399,265,050	—	—	—	399,265,050
Life insurance deposits	—	59,549,497	—	—	—	59,549,497
Accrued expenses	—	88,501,766	—	—	—	88,501,766
Due to policyholders	—	12,292,602	—	—	—	12,292,602
Lease liabilities	—	36,945,527	27,038,624	—	—	63,984,151
Insurance payables	—	557,704,046	—	—	—	557,704,046
Others	—	387,830,368	—	—	—	387,830,368
	₱6,057,711	₱3,467,095,596	₱34,183,449	₱4,394,323	₱347,538,296	₱3,859,269,375



	2023					Total
	On Demand	Up to a Year	1 -2 Years	2 -3 Years	Over 3 Years	
Insurance contract liabilities:						
Premium reserves and legal policy reserves	P-	₱291,034,333	₱7,733,041	₱4,756,097	₱376,150,276	₱679,673,747
Claims payable	-	1,270,392,391	-	-	-	1,270,392,391
Policyholders' dividends	9,317,278	-	-	-	-	9,317,278
Premium deposit fund	1,992,184	-	-	-	-	1,992,184
Accounts payable and other liabilities:						
Accounts payable	-	517,414,258	-	-	-	517,414,258
Life insurance deposits	-	55,799,084	-	-	-	55,799,084
Accrued expenses	-	70,561,144	-	-	-	70,561,144
Due to policyholders	-	26,801,307	-	-	-	26,801,307
Lease liabilities	-	1,758,141	838,682	693,641	-	3,290,464
Insurance payables	-	481,953,124	-	-	-	481,953,124
Others	-	294,349,231	-	-	-	294,349,231
	₱11,309,462	₱3,010,063,013	₱8,571,723	₱5,449,738	₱376,150,276	₱3,411,544,212

Market risk

Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of adverse changes in market prices. Market risk relevant to the Company comprises market rate (fair value interest rate risk) and market price (equity price risk) risks.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of adverse changes in market interest rates. Fixed rate securities and receivables, in particular, are exposed to such risk.

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

The Company has an Investment Committee which approves all investment undertaking of the Company and meets on a quarterly basis. The Company adopts an investment strategy to invest primarily in high quality securities while maintaining diversification to avoid significant exposure to issuer and/or industry concentrations.

The following table shows the information relating to the Company's financial instruments as of December 31, 2024 and 2023 that are exposed to fair value interest rate risk presented by maturity profile:

	2024						Total
	Range of Interest Rate	On Demand	Less than 1 Year	1 -2 Years	2 -3 Years	More than 3 Years	
Cash and cash equivalents (excluding cash on hand)	0.25% - 5.5%	₱294,495,724	₱64,863,773	P-	P-	P-	₱359,359,497
Financial assets at FVOCI							
Government debt securities	-	-	16,172,235	110,332,592	93,917,493	1,587,316,132	1,807,738,452
Corporate debt securities	-	-	9,220,960	51,728,546	3,799,440	92,927,429	157,676,375
Loans and receivables							
Salary loans	5.70% - 9.660%	-	23,896,764	9,767,471	19,415,664	341,269,803	394,349,701
Mortgage loans	6.00%	-	4,520,792	2,507,973	2,296,839	1,749,559	11,075,163
Policy loans	10.00%	18,156,435	-	-	-	-	18,156,435
		₱312,652,159	₱118,674,524	₱174,336,582	₱119,429,436	₱2,023,262,923	₱2,748,355,623
Policyholders' dividends	4.00%	4,268,304	-	-	-	-	4,268,304
Premium deposit fund	4.00-6.00%	1,789,407	-	-	-	-	1,789,407
		₱6,057,711	P-	P-	P-	P-	₱6,057,711

(Forward)



	Range of Interest Rate	On Demand	Less than 1 Year	1 -2 Years	2 -3 Years	More than 3 Years	Total
Cash and cash equivalents (excluding cash on hand)	0.25% - 5.5%	₱377,906,843	₱117,819,360	₱-	₱-	₱-	₱495,726,203
Financial assets at FVOCI							
Government debt securities	3.63% - 9.25%	-	-	64,672,646	112,574,306	1,856,371,242	2,033,618,194
Corporate debt securities	2.79% - 8.03%	-	44,863,986	4,460,682	47,558,445	87,350,753	184,233,866
Loans and receivables							
Salary loans	5.70% - 69.660%	-	45,640,846	8,542,227	18,235,995	263,911,432	336,330,500
Mortgage loans	6.00%	-	3,976,259	1,416,186	861,102	757,196	7,010,743
Policy loans	10.00%	11,942,315	-	-	-	-	11,942,315
		₱389,849,158	₱212,300,451	₱79,091,741	₱179,229,848	₱2,208,390,623	₱3,068,861,821
Policyholders' dividends	4.00%	9,317,278	-	-	-	-	9,317,278
Premium deposit fund	4.00-6.00%	1,992,184	-	-	-	-	1,992,184
		₱11,309,462	₱-	₱-	₱-	₱-	₱11,309,462

The sensitivity analysis below is presented for reasonably possible movements in interest rates with all other variables held constant, showing the impact on equity (that reflects adjustments due to changes in fair value of FVOCI financial assets):

	Change in Interest Rate	Impact on Equity
2024	1.00%	(₱902,794)
	-1.00%	904,999
2023	1.00%	(₱837,428)
	-1.00%	839,133

In 2024 and 2023, the Company determined the reasonably possible change in interest rate using the historical percentage changes in weighted average yield rates of outstanding securities for the past three years.

Equity price risk

The Company's equity price risk exposure relates to financial assets whose values will fluctuate as a result of changes in market prices, principally, equity securities and investment in mutual funds classified as financial assets at FVTPL. Such securities are subject to price risk due to possible adverse changes in market values of instruments arising from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market. The Company invests in equity securities for various reasons, including reducing its overall exposure to interest rate risk.

The Company has an IMA with ATRAM Trust Corp. which monitors and manages a portion of the Company's investments. The Investment Committee of the Company oversees its investment undertaking.

The analysis below is performed for reasonably possible movements in PSE index with all other variables held constant, showing the impact on equity and profit before tax:

	Change in PSE Index	Impact on Profit Before Tax	Impact on Equity
2024	5.00%	₱4,060	₱3,045
	-5.00%	(4,060)	(3,045)
2023	5.00%	₱5,515	₱4,137
	-5.00%	(5,515)	(4,137)

In 2024 and 2023, the Company determined the reasonably possible change in PSE index using the specific adjusted data for each equity security the Company holds as of the reporting dates. The adjusted data is the forecasted measure of the volatility of security or a portfolio in comparison to the market as a whole.



The analysis below is performed for reasonably possible movements in NAV per share with all other variables held constant, showing the impact on equity and Profit before tax:

	Change in NAV per Share	Impact on Profit Before Tax	Impact on Equity
2024	5.00%	₱1,195,677	₱896,758
	-5.00%	(1,195,677)	(896,758)
2023	5.00%	₱1,248,157	₱936,118
	-5.00%	(1,248,157)	(936,118)

Foreign currency risk

The Company's foreign exchange risk arises primarily from any transaction denominated in a foreign currency such as the US Dollar. In 2024 and 2023, the Company's transactions are primarily denominated in Philippine Peso, thus, reducing the Company's exposure to currency risk to an insignificant amount.

29. Contingencies and Subsequent Events

The Company is currently involved in various legal proceedings and the Company currently does not believe these proceedings will have a material adverse effect on the Company's financial position as of reporting date.

30. Approval of the Financial Statements

The accompanying financial statements of the Company were authorized for issue by BOD on April 15, 2025.

31. Current and Non-current Classification

The following tables present the assets and liabilities by contractual maturity:

	2024			2023		
	Current	Non-current	Total	Current	Non-current	Total
Cash and cash equivalents	₱359,510,307	₱—	₱359,510,307	₱495,876,999	₱—	₱495,876,999
Insurance receivables	2,085,752,314	—	2,085,752,314	1,284,531,429	—	1,284,531,429
Reinsurance assets	151,471,469	—	151,471,469	193,061,546	—	193,061,546
Financial assets:						
At Fair value through profit or loss	186,718,044	—	186,718,044	234,933,731	—	234,933,731
At Fair value through other comprehensive income	25,389,795	1,939,477,472	1,964,867,267	44,863,986	2,172,371,080	2,217,235,066
Loans and receivables	613,457,436	377,007,308	990,464,744	683,008,051	293,724,138	976,732,189
Accrued interest receivable	30,770,911	—	30,770,911	33,812,715	—	33,812,715
Due from related parties	3,798,223	—	3,798,223	847,294	—	847,294
Segregated fund assets	3,535,969,570	—	3,535,969,570	3,209,888,755	—	3,209,888,755
Right-of-use assets	—	70,342,503	70,342,503	—	3,077,168	3,077,168
Property and equipment	—	107,179,678	107,179,678	—	33,391,709	33,391,709
Intangible assets	—	453,689,334	453,689,334	—	460,511,534	460,511,534
Deferred acquisition costs	27,947,968	—	27,947,968	26,714,340	—	26,714,340
Deferred tax asset – net	41,167,232	182,737,309	223,904,541	67,355,932	156,600,880	223,956,812
Other assets	145,790,617	155,495,893	301,286,510	125,888,467	93,822,795	219,711,262
Total Assets	₱7,207,743,886	₱3,285,929,497	₱10,493,673,383	₱6,400,783,245	₱3,213,499,304	₱9,614,282,549

(Forward)



	2024			2023		
	Current	Non-current	Total	Current	Non-current	Total
Liabilities						
Segregated fund liabilities	₱3,535,969,570	₱-	₱3,535,969,570	₱3,209,888,755	₱-	₱3,209,888,755
Insurance contract liabilities	2,362,390,591	359,077,444	2,721,468,035	2,005,527,072	388,639,414	2,394,166,486
Accounts payable and other liabilities	949,228,692	-	949,228,692	966,917,208	-	966,917,208
Insurance payables	557,704,046	-	557,704,046	481,953,124	-	481,953,124
Lease liabilities	36,945,527	27,038,624	63,984,151	1,758,141	1,532,323	3,290,464
Due to related parties	1,777,040	-	1,777,040	1,363,888	-	1,363,888
Net pension liability	-	19,548,956	19,548,956	-	19,102,271	19,102,271
Total Liabilities	₱7,444,015,466	₱405,665,024	₱7,849,680,490	₱6,667,408,188	₱409,274,008	₱7,076,682,196

32. Supplementary Tax Information Required Under Revenue Regulations (RR) 15-2010

The Company reported and/or paid the following taxes in 2024:

Value-added tax (VAT)

The NIRC of 1997 provides for the imposition of VAT on sales of goods and services. The Company, however, as a domestic corporation doing life insurance business, is a non-VAT registered Company. Sales or receipts of life insurance premiums are subject to percentage tax called premium tax.

The premium tax rate was reduced from 5.0% to 2.0% pursuant to Republic Act 10001. The Company paid premium taxes amounting to ₱109.4 million in 2024.

An analysis of the Company's VAT transactions is presented below:

Transactions subject to VAT	₱675,025,622
VAT rate	12%
VAT on sales / receipts	81,003,075
Less allowable input tax	40,577,864
Output VAT declared in returns	₱40,425,211

The roll forward of Input VAT is presented below:

As of January 1, 2024	₱-
Input VAT on domestic purchase of services	253,174,754
Input VAT on domestic purchases of goods other than capital goods	2,174,244
Total available input VAT	255,348,998
Input VAT allocable to exempt sales, treated as part of Company costs	214,771,133
Allowable input VAT claimed as offset against output VAT	₱40,577,865

Information on the Company's Importations

The Company has not undertaken any importation activity in 2024.

Excise taxes

The Company is neither involved in the local production nor in the importation of excisable items, therefore, has not paid excise taxes.

Documentary Stamp Tax

On others - policy issuance	₱41,385,332
On loan instruments	2,130,056
	₱43,515,388



Other Taxes and Licenses

This includes all other taxes, local and national, including real estate taxes, license and permit fees. Details of other taxes and licenses in 2024 follow:

License and permit fees	₱16,875,107
Fringe benefit tax	4,610,544
	₱21,485,651

Withholding Taxes

Details of taxes withheld in 2024 follow:

Creditable withholding taxes	₱237,108,618
Withholding taxes on compensation and benefits	36,670,723
Final withholding tax	86,209,018
	₱359,988,359

