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Industry Classification: J67030
Company Type: Stock Corporation

Document Information

Document ID: OST10917202482894369
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2023
Submission Type: Annual
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C O V E R   S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

8563

C O M P A N Y   N A M E

PHILIPPINES FIRST INSURANCE COMPANY, INC.

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

7TH FLOOR STI HOLDINGS CENTER, 6764 AYALA AVENUE, MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS		

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
–	8892-8888	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
119	2nd Wednesday of March	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Regina T. Gonzales	rtgonzales@philfirstinsurance.com.ph	892-8888	–

CONTACT PERSON's ADDRESS

7th Floor, STI Holdings Center, 6764 Ayala Avenue, Makati City

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

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

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
sgv.ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Philippines First Insurance Company, Inc.
7th Floor, STI Holdings Center
6764 Ayala Avenue
Makati City

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Philippines First Insurance Company, Inc. (the Company), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Philippines First Insurance Company, Inc. as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs) as described in Note 2 to the financial statements.

Basis for Qualified Opinion

The Company does not accrue commission expense and does not perform the 24th method of computation in determining the amount of commission expense that should be deferred at the end of the reporting period. Instead, the Company records commission expense using the cash basis of accounting, i.e., it is only when commission payments are made to agents that the Company records the commission expense. As such, the Company's policy to account for its commission expense is not in accordance with PFRSs. The Company's records indicate that had management accrued unpaid commissions and deferred the unexpired portion of commissions, commissions payable would have increased by ₱3.57 million and deferred acquisition costs would have increased by ₱32.05 million as at December 31, 2023; commission payable and deferred acquisition costs would have increased by ₱6.73 million and ₱32.45 million, respectively as at December 31, 2022; and retained earnings would have increased by ₱25.20 million and ₱23.99 million as at December 31, 2023 and 2022, respectively. Accordingly, commission expense would have decreased by ₱13.12 million and ₱6.92 million in 2023 and 2022, respectively and net income would have increased by ₱9.84 million and ₱5.19 million in 2023 and 2022, respectively.

In 2022, the Company does not record rental income on a straight-line basis over the lease term as required by Philippine Financial Reporting Standards (PFRS) 16, Leases. Instead, the Company recognized rent income based on billings during the year. The Company's records indicate that management should have recorded accrued rent receivable amounting to ₱4,953,108 as of December 31, 2022 and unearned rent income would have also increased by ₱19,160 in 2022; and retained earnings would have increased by ₱3,738,635 as at December 31, 2022. Accordingly, rental income would have increased by ₱4,781,252 in 2022 and net income after tax would have increased by ₱3,585,939 2022.

The Company classified and measured certain debt and equity investment under Fair Value through Profit or Loss (FVTPL) to align with the contractual cash flow characteristics of the instrument and the business model of the Company. In 2019, the Company reclassified certain debt and equity instruments from FVTPL to Fair Value through Other Comprehensive Income (FVOCI). Under PFRS 9 – Financial Instruments, in certain rare circumstances, an entity may reclassify its financial assets between amortized cost, FVOCI and FVTPL categories when, and only when, an entity changes its business model for managing the financial assets. However, the Company reclassified the said debt and equity instruments without changing its business model for managing its financial assets. Hence, the reclassification is not in accordance with PFRSs. Accordingly, financial assets at FVTPL would have increased by ₱113.39 million and ₱132.39 million and financial assets at FVOCI would have decreased by the same amount as of December 31, 2023 and 2022, respectively; and retained earnings would have decreased by ₱27.52 million and ₱50.60 million as at December 31, 2023 and 2022, respectively. Investment income would have decreased by ₱27.52 million and ₱50.60 million, respectively, and net changes in the revaluation reserves on financial assets at FVOCI would have increased by the same amount in 2023 and 2022, respectively.

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 qualified opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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 financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 34 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 Philippines First Insurance Company, 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.

Bernalette L. Ramos

Bernalette L. Ramos
Partner
CPA Certificate No. 0091096
Tax Identification No. 178-486-666
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-081-2024, January 26, 2024, valid until January 25, 2027
PTR No. 10079998, January 6, 2024, Makati City

September 12, 2024

PHILIPPINES FIRST INSURANCE COMPANY, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31		January 1
	2023	2022 (As restated - Note 2)	2022 (As restated - Note 2)
ASSETS			
Cash and cash equivalents (Note 4)	**₱102,147,666**	₱111,487,239	₱159,811,713
Short-term investments (Note 4)	**1,312,940**	3,436,162	3,454,559
Insurance receivables - net (Note 5)	**226,094,876**	223,889,373	177,366,031
Financial assets (Note 6)			
Financial assets at fair value through profit or loss	**230,676,864**	270,074,553	269,950,411
Financial assets at fair value through other comprehensive income	**1,610,685,534**	1,531,158,145	1,567,779,696
Hold-to-collect investments	**202,514,146**	152,106,871	152,550,785
Loans and receivables	**139,029,818**	194,081,002	173,671,467
Accrued income (Note 7)	**11,593,087**	12,334,534	14,349,752
Investment in an associate (Note 8)	**951,753,598**	912,222,903	919,067,746
Reinsurance assets (Notes 10 and 15)	**685,620,189**	1,080,743,760	917,216,356
Investment properties (Note 11)	**318,975,765**	296,518,081	232,350,002
Property and equipment - net (Note 12)	**26,050,276**	26,279,320	25,745,633
Right-of-use assets (Note 28)	**1,487,001**	753,978	1,269,368
Other assets (Note 13)	**19,029,751**	17,034,603	14,684,647
	₱4,526,971,511	₱4,832,120,524	₱4,629,268,166
LIABILITIES AND EQUITY			
Liabilities			
Insurance contract liabilities (Note 15)	**₱1,011,567,488**	₱1,407,523,345	1,220,475,762
Insurance payables (Note 16)	**110,785,733**	120,397,828	100,670,203
Accounts payable and accrued expenses (Note 17)	**169,966,623**	221,158,361	202,724,033
Deferred reinsurance commissions (Note 9)	**12,270,038**	14,701,598	15,644,085
Net pension liability (Note 19)	**7,339,222**	4,517,806	3,340,281
Lease liability (Note 28)	**1,548,283**	907,076	1,469,508
Deferred tax liability (Note 26)	**114,627,221**	101,736,086	177,793,781
Other liabilities (Note 18)	**114,264,563**	113,022,458	112,287,682
	1,542,369,171	1,983,964,558	1,834,405,335
Equity			
Capital stock - ₱100 par value			
Authorized - 10,000,000 shares			
Issued (Note 20)	**1,000,000,000**	1,000,000,000	1,000,000,000
Revaluation reserve on financial assets at FVOCI (Note 6)	**562,701,718**	437,607,948	433,598,138
Remeasurement losses on defined benefit plan (Note 19)	**(10,602,886)**	(7,781,470)	(7,306,531)
Share in associate's other comprehensive loss (Note 8)	**(371,787)**	(32,290,836)	(2,896,205)
Share in associate's equity reserve (Note 8)	**3,169,580**	3,169,580	661,469
Retained earnings	**1,438,399,857**	1,456,144,886	1,379,500,102
Treasury stock (Note 20)	**(8,694,142)**	(8,694,142)	(8,694,142)
	2,984,602,340	2,848,155,966	2,794,862,831
	₱4,526,971,511	₱4,832,120,524	₱4,629,268,166

See accompanying Notes to Financial Statements.

PHILIPPINES FIRST INSURANCE COMPANY, INC.
STATEMENTS OF INCOME

	Years Ended December 31	
	2023	2022 (As restated - Note 2)
Gross premiums earned	**₱376,285,299**	₱365,226,713
Reinsurers' share of gross premiums earned	**205,937,112**	202,401,436
Net premiums earned (Notes 15 and 21)	**170,348,187**	162,825,277
Investment income – net (Note 22)	**85,618,791**	59,660,548
Share in associate's net income (Note 8)	**7,611,646**	43,367,770
Commission income (Note 9)	**27,533,917**	32,752,828
Fair value gain on investment properties (Note 11)	**21,743,687**	23,538,080
Other income (Note 23)	**13,352,216**	10,916,500
Other income	**155,860,257**	170,235,726
Total income	**326,208,444**	333,061,003
Gross insurance contract benefits and claims paid	**225,148,520**	152,169,947
Reinsurers' share of insurance contract benefits and claims paid	**(84,929,843)**	(107,075,101)
Gross change in insurance contract benefits and claims liabilities	**(399,775,377)**	172,769,383
Reinsurers' share of change in insurance contract benefits and claims liabilities	**390,980,256**	(150,434,851)
Net insurance contract benefits and claims (Notes 15 and 24)	**131,423,556**	67,429,378
General expenses (Note 25)	**94,127,254**	76,491,012
Commission expense	**87,982,556**	66,314,579
Loss on deemed disposal (Note 8)	**-**	23,326,093
Taxes and licenses	**14,496,525**	13,111,927
Interest on lease liabilities (Note 28)	**668,209**	134,170
Other expenses	**197,274,544**	179,377,781
Total insurance contract benefits, claims and other expenses	**328,698,100**	246,807,159
INCOME (LOSS) BEFORE INCOME TAX	**(2,489,656)**	86,253,844
PROVISION FOR INCOME TAX (Note 26)	**15,255,373**	9,609,060
NET INCOME (LOSS)	**(₱17,745,029)**	₱76,644,784

See accompanying Notes to Financial Statements.

PHILIPPINES FIRST INSURANCE COMPANY, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2023	2022
NET INCOME (LOSS)	**(₱17,745,029)**	₱76,644,784
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income (loss) that will be reclassified to profit or loss in subsequent periods:		
Share in associate's net changes in the revaluation reserves on financial assets at FVOCI (Note 8)	**36,718,869**	(42,473,164)
Net changes in the revaluation reserves on financial assets at FVOCI (Note 6)	**125,093,770**	4,009,810
Share in associate's remeasurement on life insurance reserve (Note 8)	**(2,295,013)**	11,973,162
Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement loss on defined benefit plan, net of tax effect (Note 19 and 26)	**(2,821,416)**	(474,939)
Share in associate's remeasurement gain (loss) on defined benefit plan (Note 8)	**(2,504,807)**	1,105,371
Total other comprehensive loss	**154,191,403**	(25,859,760)
TOTAL COMPREHENSIVE INCOME	**₱136,446,374**	₱50,785,024

See accompanying Notes to Financial Statements.

PHILIPPINES FIRST INSURANCE COMPANY, INC.
STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 20)	Revaluation Reserves on Financial Assets at FVOCI (Note 6)	Remeasurement losses on Defined Benefit Plan (Note 19)	Share in Associate's Net Earnings and Other Comprehensive Income (Loss) (Note 8)	Share in Associate's Equity Reserve (Note 8)	Retained Earnings	Treasury Stocks (Note 20)	Total
As of January 1, 2023, as previously reported	**₱1,000,000,000**	**₱437,607,948**	**(₱7,781,470)**	**(₱32,290,836)**	**₱3,169,580**	**₱1,527,868,246**	**(₱8,694,142)**	**₱2,919,879,326**
Prior period adjustment (Note 2)						**(71,723,360)**		**(71,723,360)**
As of January 1, 2023, as restated	**₱1,000,000,000**	**₱437,607,948**	**(₱7,781,470)**	**(₱32,290,836)**	**₱3,169,580**	**₱1,456,144,886**	**(₱8,694,142)**	**₱2,848,155,966**
Net loss for the year	–	–	–	–	–	**(17,745,029)**	–	**(17,745,029)**
Other comprehensive income (loss) for the year	–	**125,093,770**	**(2,821,416)**	**31,919,049**	–	–	–	**154,191,403**
Total comprehensive income (loss) for the year	–	**125,093,770**	**(2,821,416)**	**31,919,049**	–	**(17,745,029)**	–	**136,446,374**
As of December 31, 2023	**₱1,000,000,000**	**₱562,701,718**	**(₱10,602,886)**	**(₱371,787)**	**₱3,169,580**	**₱1,438,399,857**	**(₱8,694,142)**	**₱2,984,602,340**
As of January 1, 2022, as previously reported	₱1,000,000,000	₱433,598,138	(₱7,306,531)	(₱2,896,205)	₱661,469	₱1,560,493,867	(₱8,694,142)	₱2,975,856,596
Prior period adjustment (Note 2)						(180,993,765)		(180,993,765)
As of January 1, 2022, as restated	₱1,000,000,000	₱433,598,138	(₱7,306,531)	(₱2,896,205)	₱661,469	₱1,379,500,102	(₱8,694,142)	₱2,794,862,831
Net income for the year	–	–	–	–	–	76,644,784	–	76,644,784
Other comprehensive income (loss) for the year	–	4,009,810	(474,939)	(29,394,631)	–	–	–	(25,859,760)
This Total comprehensive income (loss) for the year	–	4,009,810	(474,939)	(29,394,631)	–	76,644,784	–	50,785,024
Equity reserve (Note 8)	–	–	–	–	2,508,111	–	–	2,508,111
As of December 31, 2022	₱1,000,000,000	₱437,607,948	(₱7,781,470)	(₱32,290,836)	₱3,169,580	₱1,456,144,886	(₱8,694,142)	₱2,848,155,966

See accompanying Notes to Financial Statements.

PHILIPPINES FIRST INSURANCE COMPANY, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	**(₱2,489,656)**	₱86,253,844
Adjustments for:		
Fair value losses (gains) on financial assets at FVTPL (Notes 6 and 22)	**(602,311)**	(124,142)
Interest income (Note 22)	**(62,586,060)**	(60,518,864)
Share in associate's net income (Note 8)	**(7,611,646)**	(43,367,770)
Loss on deemed disposal (Note 8)	**-**	23,326,093
Fair value losses (gains) on investment property (Note 11)	**(21,743,688)**	(23,538,079)
Realized loss on sale of FVOCI (Notes 6 and 22)	**-**	15,808,466
Dividend income (Note 22)	**(17,843,169)**	(14,826,008)
Provision for (recovery from) credit and impairment losses (Notes 14 and 25)	**(414,610)**	(12,068,485)
Depreciation and amortization (Notes 12 and 25)	**7,890,964**	7,159,737
Pension benefit expense (Notes 19 and 25)	**2,841,886**	2,134,004
Amortization of premium on financial assets (Note 6)	**2,884,635**	1,495,690
Interest expense on lease liabilities (Note 28)	**100,876**	134,170
Operating loss before working capital changes	**(99,572,779)**	(18,131,344)
Decrease (increase) in:		
Insurance receivables	**(722,638)**	(36,928,885)
Loans and receivables	**53,474,561**	(20,138,089)
Reinsurance assets	**395,123,571**	(163,527,404)
Other assets	**(1,995,148)**	(3,136,270)
Increase (decrease) in:		
Insurance contract liabilities	**(395,955,855)**	187,047,583
Insurance payables	**(9,612,097)**	19,727,626
Accounts payable and accrued expenses	**(44,948,930)**	18,434,328
Deferred reinsurance commissions	**(2,431,560)**	(942,487)
Lease liabilities	**(13,596)**	–
Other liabilities	**1,242,107**	734,775
Net cash generated from (used in) operations	**(105,412,364)**	(16,374,419)
Pension benefits paid (Note 19)	**(1,601,047)**	(1,081,856)
Income tax paid	**(9,819,451)**	(3,173,249)
Net cash generated from (used in) operating activities	**(116,832,862)**	(20,629,524)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**63,327,507**	62,511,771
Dividends received	**17,843,169**	14,826,008
Acquisitions of:		
Financial assets at FVOCI (Note 6)	**(83,402,030)**	(146,386,922)
Short-term investments (Note 6)	**-**	(402,650,312)
Property and equipment (Note 12)	**(6,803,590)**	(7,155,051)
Investment properties (Note 11)	**(713,997)**	(40,630,000)
HTC Investment	**(52,141,714)**	–

(Forward)

	Years Ended December 31	
	2023	2022
Proceeds from disposals and maturities of:		
Financial assets at FVOCI (Note 6)	**₱128,327,771**	₱89,858,827
Property and equipment (Note 12)	**-**	260,851
Short-term investments (Note 6)	**2,093,600**	402,650,312
Financial assets at fair value through profit or loss (Note 6)	**40,000,000**	–
Net cash used in investing activities	**108,530,716**	(26,714,516)
CASH FLOWS FROM FINANCING ACTIVITY		
Payment of principal and interest on lease liabilities (Note 28)	**(1,037,426)**	(980,434)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(9,339,572)**	(48,324,474)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	**111,487,239**	159,811,713
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱102,147,667**	₱111,487,239

See accompanying Notes to Financial Statements.

PHILIPPINES FIRST INSURANCE COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Philippines First Insurance Company, Inc. (the Company) was incorporated in the Philippines to engage in the business and operation of all kinds of insurance, reinsurance, insurance on buildings, automobiles, cars and/or other motor vehicles, goods and merchandise goods in transit, goods in storage, fire insurance, earthquakes, insurance against accidents and all other forms of undertaking to indemnify any person against loss, damage or liability arising from unknown or contingent events, except life insurance.

The Company was registered with the Securities and Exchange Commission (SEC) on February 24, 1954. On January 9, 2004, it was approved by at least a majority of the Board of Directors (BOD) and the stockholders owning and representing at least two-thirds (2/3) of the outstanding capital stock that the Articles of Incorporation will be amended to extend the existence of the Company to another fifty (50) years from its original expiry date. The Philippine SEC approved the amended Articles of Incorporation on May 21, 2004.

On February 20, 2019, Republic Act No. 11232, otherwise known as the “Revised Corporation Code of the Philippines” or “RCC”, was signed into law. The RCC took effect on February 23, 2019. The corporate term of a corporation with certificate of incorporation issued prior to the effectivity of the RCC and which continue to exist, shall be deemed perpetual upon the effectivity of the RCC, without any action on the part of the corporation. As of February 23, 2019, the Company is deemed to have selected a perpetual term.

The registered office address of the Company is 7th Floor, STI Holdings Center, 6764 Ayala Avenue, Makati City.

The accompanying financial statements were approved and authorized for issue by the BOD of the Company on September 12, 2024.

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared using the historical cost basis, except for financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI) and investment properties which have been measured at fair value.

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

Statement of Compliance

The accompanying financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), except for the commission expense which was accounted for using the cash basis of accounting and reclassification of certain debt and equity investments which is not in accordance with the Company’s business model in 2023 and 2022, and rent income which was not accounted for using the straight-line method in 2022.

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. 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 consolidated financial statements of the Company.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

  The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

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, 2024

- Amendments to PAS 1, Classification of Liabilities as Current or Non-current
- Amendments to PFRS 16, Lease Liability in a Sale and Leaseback
- Amendments to PAS 7 and PFRS 7, Disclosures: Supplier Finance Arrangements

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

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

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

  The core of PFRS 17 is the general model, which is based on the following building blocks for each group of insurance contracts: (a) fulfilment cash flows and (b) a contractual service margin or CSM (i.e., unearned profit). This is supplemented by:

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

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

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with full retrospective application from the transition date is required. The transition date is the beginning of the annual reporting period immediately preceding the date of initial application. If it is impracticable to apply PFRS 17 retrospectively for a group of insurance contracts, the Company must apply either the modified retrospective approach or the fair value approach. Early application is permitted.

The Company does not intend to early adopt PFRS 17. The Company continues its assessment of the implications of this standard and expects that it will have a significant impact on the Company's financial statements as the requirements of the new standard are complex and requires application of significant judgments and estimates. Specifically, the establishment of CSM (or the unearned profits) on in-force insurance contracts will result in adjustments in insurance contract liabilities and corresponding movements in equity upon transition. Subsequently, the Company expects changes in the timing and recognition of the profits via amortization of the CSM into income as services are provided. The Company is continuously assessing the potential impact of all other changes including accounting policy choices available under PFRS 17 on how insurance contract liabilities are measured and the impact on presentation and disclosure of the financial results in the financial statements.

The SEC adopts in its rules the Amendments to PFRS 17, *Insurance Contracts* and other financial reporting and auditing standards that are based on international standards and best practices effective for annual periods beginning on or after January 1, 2023.

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*

Restatement of Prior-Year Financial Statements

The Company has other investment which pertains to transferred rights over the redeemable preferred shares of Advent Capital and Finance Corporation (the Corporation) (see Note 6). The economic rights, benefits, and interest in and to the redeemable preference shares (the "rights over the redeemable preference shares") includes but is not limited to the right of the Company to directly receive from the Corporation the proceeds from the redemption of any portion of the shares. The title to and registered ownership over the redeemable preference shares in the books of the Corporation, however, remained with the Assignor, but an irrevocable proxy was issued in favor of the Company.

As of the years ended December 31, 2021, 2022 and 2023, the Company's investment in the rights over the redeemable preference shares was classified as financial assets at fair value through profit or loss (FVPL) and as such, carried at its fair value, with the Company recognizing the resulting fair value gains/losses in profit or loss.

In 2023, the management revisited the valuation methodology applied for the Company's investment in Advent and assessed that the issue price of the preferred shares is a more appropriate measure of the fair value of the investment since it is also the amount that the Company will expect to receive or recover upon liquidation of Advent based on its Articles of Incorporation.

Moreover, upon reassessment of the future tax implications the Company's investment, it is determined that while CGT is not applicable since the Company will only ultimately recover the investment through the receipt of the proceeds upon liquidation, any eventual gain that the Company may realize from such investment will still be taxed pursuant to the general and catch-all provisions of Section 32 of the Tax Code, as amended, which provides that all income from whatever source shall be included in Gross Income subject to the normal income tax rate of 25% . Thus, the fair value gain is not a permanent difference but a temporary one, for which a deferred tax liability must be recognized based on the revised valuation methodology which the Management determines to be a more appropriate reflection of the expected proceeds upon liquidation.

The Company resolved to restate the prior year financial statements to correct these errors in the valuation of investment in Advent and the recognition of the corresponding deferred tax liability.

The impact of the misstatement on financial statement line items follows:

	As at December 31, 2022		
	As previously reported	Prior Period Adjustment	As restated
Statements of Financial Position			
Financial assets at fair value through profit or loss	₱298,824,696	(₱28,750,143)	₱270,074,553
Deferred tax liability (Note 26)	58,762,869	42,973,217	101,736,086
Retained earnings	1,527,868,246	(71,723,360)	1,456,144,886

	For year ended December 31, 2022		
	As previously reported	Prior Period Adjustment	As restated
Statements of Income			
Investment income (loss) (Note 22)	(₱49,609,857)	₱109,270,405	₱59,660,548
Provision for income tax	9,609,060	–	9,609,060
Net income	(32,625,621)	109,270,405	76,644,784

	As at January 1, 2022		
	As previously reported	Prior Period Adjustment	As restated
Statements of Financial Position			
Financial assets at fair value through profit or loss	₱407,970,959	(₱138,020,548)	₱269,950,411
Deferred tax liability (Note 26)	134,820,564	42,973,217	177,793,781
Retained earnings	1,560,493,867	(180,993,765)	1,379,500,102

Use of Estimates, Assumptions and Judgments

The preparation of the financial statements necessitates the use of estimates, assumptions and judgments. These estimates and assumptions affect the reported amounts of assets and liabilities and contingent liabilities at the end of the reporting period as well as affecting the reported income and expenses for the year. Although the estimates are based on management's best knowledge and judgment of current facts as at the end of the reporting period, the actual outcome may differ from these estimates, possibly significantly.

Foreign Currency Transactions and Translations

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 translated to the functional currency rate of exchange ruling at the end of the reporting period. 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. All foreign exchange differences are recognized in statement of income, except where it relates to equity securities classified as financial assets at FVOCI where gains or losses are recognized in other comprehensive income.

Product Classification

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

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even of the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or has expired.

Fair Value Measurement

The Company measures financial instruments, such as financial assets at FVTPL and financial assets at FVOCI, at fair value at each reporting date.

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 of 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 of input that is significant to the fair value measurement is directly or indirectly observable
- *Level 3* - Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statement on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level of input that is significant to the fair value measurement as a whole) and 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.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly-liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placement and are subject to an insignificant risk of changes in value.

Short-term Investments
Short term investments are short-term placements with maturities of more than three months but less than one year from the date of acquisition. These earn interest at the respective short-term investment rates.

Insurance Receivables
Due from brokers and agents and due from ceding companies are recognized on policy inception dates and measured on initial recognition at the fair value of the consideration receivable for the period of coverage.

Reinsurance recoverable on paid losses is recognized upon settlement of the cost of claims incurred with coverage with reinsurance companies and measured in a manner consistent with the reinsurance contract.

Subsequent to initial recognition, insurance receivables are measured at amortized cost less allowance for impairment. The carrying value of insurance receivables is reviewed for impairment using the estimated credit loss (ECL) model, with the impairment loss recorded in the statements of income.

Insurance receivables are derecognized under the derecognition criteria of financial assets.

Financial Instruments - Initial Recognition and Subsequent Measurement
Date of recognition
Financial instruments are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Initial recognition of financial instruments
Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in the case of a liability). Except for financial instruments at FVTPL, the initial measurement of financial assets includes transaction costs. The Company classifies its financial assets in the following categories: financial assets at FVTPL, financial assets at FVOCI, loans and receivables and hold-to-collect (HTC) investments. The Company classifies its financial liabilities into financial liabilities at FVTPL and other liabilities. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every end of the reporting period.

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

<u>Classification and Measurement of Financial Assets</u>
The Company classifies its financial assets into the following categories: financial assets at FVTPL, financial assets at FVOCI investments, HTC investments, and loans and receivables. The Company classifies its financial liabilities into financial liabilities at FVTPL and other financial liabilities at cost or amortized cost. The classification and measurement of financial assets is driven by the contractual cash flow characteristics of the financial assets and the Company's business model for managing the financial assets.

Contractual cash flows characteristics
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 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:

a. Financial Assets at FVTPL
   Debt instruments that neither meet the amortized cost nor the FVOCI criteria, or that meet the criteria but the Company has chosen to designate as at FVTPL at initial recognition, are classified as financial assets at FVTPL.

Equity investments are classified as financial assets at FVTPL, unless the Company designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Company's financial assets at FVTPL include investment in mutual funds and unquoted equity securities which are held for trading purposes.

b. 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 SPPI on the principal amount outstanding.

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

The Company may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost. As of December 31, 2023 and 2022, the Company has not made such designation.

This accounting policy applies primarily to the Company's 'Cash and cash equivalents', 'Short-term investments', 'Insurance receivables', 'Hold-to-collect investments' and 'Loans and Receivables'.

c. Financial Assets at FVOCI - Debt Investments

The Company applies the new category under PFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value being recognized in other comprehensive income. Interest income and foreign exchange gains and losses are recognized in statement of income in the same manner as for financial assets measured at amortized cost. On derecognition, cumulative gains or losses previously recognized in other comprehensive income are reclassified from other comprehensive income to profit or loss.

The Company's debt instruments at FVOCI includes investments in quoted and unquoted debt instruments.

d. Financial Assets at FVOCI - Equity Investments
At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Company for trading.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in 'Revaluation reserves on financial assets at FVOCI' in the statements of financial position. When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation reserves on financial assets at FVOCI account is not reclassified to profit or loss, but is reclassified directly to 'Retained earnings' account or other appropriate equity account. Any dividends earned on holding these equity instruments are recognized in profit or loss under 'Other income' accounts.

The Company elected to classify irrevocably all its listed and non-listed equity investments under this category.

e. Other Financial Liabilities

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

Financial liabilities are initially recognized at the fair value of consideration received, less any directly attributable transaction costs. After initial measurement, other financial liabilities are measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the acquisition and fees or costs that are an integral part of the EIR.

This accounting policy applies primarily to the Company's 'Insurance payables', and 'Accounts payable and accrued expenses'.

Reclassifications of financial instruments
The Company reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. With the exception of certain debt and equity investment reclassified to FVOCI which was previously classified as FVTPL. 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; and
- 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 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.

<u>Offsetting Financial Instruments</u>
Financial assets and liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously.

<u>Impairment of Financial Assets</u>
The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk 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 exposure, irrespective of the timing of the default (a lifetime ECL).

For insurance receivables, 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 its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For cash and cash equivalents and short-term investments, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments.

The Company's debt instrument at FVOCI comprise of quoted and unquoted bonds. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from Moody's to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Definition of "default"
The Company classifies a financial instrument as in default when it is credit impaired, or becomes past due on its contractual payments for more than 90 days. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

Derecognition of Financial Assets and Liabilities

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

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

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

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

Reinsurance
The Company cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances recoverable from unpaid losses incurred by the Company with coverage from reinsurance companies and the reinsurance premiums that pertain to the unexpired periods at reporting date. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and the deferred reinsurance premiums are in accordance with the reinsurance contract.

An impairment review is performed at each end of the reporting period. The account is collectively assessed for impairment estimated on the basis of historical loss experience, adjusted on the basis of current observable data to reflect the effects of current conditions. The impairment loss is recorded in the statements of income.

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

The Company also assumes reinsurance risk in the normal course of business. Premiums and claims on assumed reinsurance are recognized as income and expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the associated reinsurance contract.

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

Reinsurance assets or liabilities are derecognized when the contractual rights expire, are extinguished or when the contract is transferred to another party.

When the Company enters into a proportional treaty reinsurance agreement for ceding out its insurance business, the Company initially recognizes a liability at transaction price. Subsequent to initial recognition, the portion of the amount initially recognized as a liability which is presented as 'Insurance payables' in the liabilities section of the statement of financial position will be withheld and recognized as funds held for reinsurers and included as part of the 'Insurance payables' in the liabilities section of the statement of financial position. The amount withheld is generally released after a year.

Investment in an Associate

Investment in an associate in which the Company exercises significant influence and which is neither a subsidiary nor a joint venture of the Company is accounted for under the equity method. Under the equity method, the cost of investment in associate is carried in the statement of financial position at cost and is increased or decreased by the Company's share in net earnings or losses of the associates since the date of acquisition and reduced by dividends received. After application of the equity method, the Company determines whether it is necessary to recognize any impairment loss with respect to the Company's net investment in the associate. The statements of income reflects the share in results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity.

Investment in associate is accounted for using the equity method from the date it becomes an associate. On acquisition of the investment, any difference between the cost of the investment and the investor's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is accounted for in accordance with PFRS 3. Therefore:

a. goodwill relating to an associate is included in the carrying amount of the investment. However, amortization of that goodwill is not permitted and is therefore not included in the determination of the Company's share of the associate's profit or loss; and
b. any excess of the Company's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Company's share of the associate's profit or loss in the period in which the investment is acquired.

The Company discontinues applying the equity method when its investments in associates, including any other unsecured receivables, are reduced to zero. Additional losses are provided only to the extent that the Company has incurred obligations or made payments on behalf of the associate to satisfy obligations of the investee that the Company has guaranteed or otherwise committed. If the investee subsequently reports profit, the Company resumes applying the equity method only after its share of the profits equals the share of net losses not recognized during the period the equity method was suspended.

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in statement of income.

Investment in an associate pertains to the Company's 12.82% and 13.21% ownership interest in Maestro Holdings, Inc. as of December 31, 2023 and 2022. The reporting date of the associate is at December 31.

Deemed disposals
An investor's interest in an associate may be reduced other than by an actual disposal. Such a reduction in interest, which is commonly referred to as a deemed disposal, gives rise to a gain or loss on deemed disposal recognized in profit or loss. Deemed disposals may arise for a number of reasons including:

- The investor does not take up its full allocation in a rights issue by the associate;
- The associate declares scrip dividends which are not taken up by the investor so that its proportional interest is reduced;
- Another party exercises its options or warrants issued by the associate; or
- The associate issues shares to third parties.

The gain or loss on deemed disposal is determined as the difference between the Company's share in the change in the associate's net assets and deemed share in the additional capital subscription.

Investment Properties
Property held for long-term rental yields or for capital appreciation or for both, is classified as investment property. These properties are initially measured at cost, which includes transaction costs, but excludes day to day servicing costs. Replacement costs are capitalized if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be reliably measured.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects the prevailing market conditions at the statement of financial position date. Gains or losses resulting from changes in the fair values of investment properties are recognized in the statements of income under 'Fair value gain (loss) on investment properties'.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development.

Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

Investment property is derecognized when it has been disposed of or when permanently withdrawn from use and no future benefit is expected from its disposal.

Property and Equipment
The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are charged to income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment. Subsequent to initial recognition, property and equipment are carried at cost less accumulated depreciation and any impairment loss.

Depreciation is calculated using the straight-line method over the estimated useful life of the corresponding asset. The estimated useful lives of items of property and equipment are as follows:

	Years
Building	19-30
Transportation equipment	5
Office improvements	5
Office furniture, fixtures and equipment	3-5

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost of the related accumulated depreciation and amortization and accumulated impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against the statements of income.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining estimated useful life.

Creditable Withholding Taxes (CWTs)
Creditable withholding taxes pertain to the taxes paid by the Company withheld by its counterparty for the payment of its expenses and other purchases. These CWTs are initially recorded at cost as an asset under "Other assets" account.

At each end of the tax reporting deadline, these CWTs may either be offset against future tax income payable or be claimed as a refund from the taxation authorities at the option of the Company. If these CWTs are claimed as a refund, these will be recorded as a receivable under "Loans and receivables" account.

At each end of the reporting period, an assessment for impairment is performed as to the recoverability of these CWTs.

Value-added Tax (VAT)
The input value added tax pertains to the 12% indirect tax paid by the Company in the course of the Company's trade or business on local purchase of goods or services.

Output VAT pertains to the 12% tax due on the sale of insurance policies and other goods or services by the Company.

If at the end of any taxable month, the output VAT exceeds the input VAT, the outstanding balance is included under "Accounts payable and accrued expenses" account. If the input VAT exceeds the output VAT, the excess shall be carried over to the succeeding months and included under "Other assets" account.

Insurance Contract Liabilities
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 the 24th method. The change in the provision for unearned premiums is taken to the statement of income 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.

The Company includes an Margin for Adverse Deviation (MfAD) to allow for inherent uncertainty of the best estimate of the policy reserves which shall be determined by an independent actuary at least on an annual basis based on standard projection techniques to bring the actuarial estimate of the policy liabilities at the 75% level of sufficiency.

Premium liabilities
Premium liabilities are 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.

Claims provision and Incurred But Not Reported (IBNR) losses
Provision for claims reported and IBNR losses are based on the estimated ultimate cost of all claims incurred but not settled at the end of the reporting period, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. The change in IBNR losses is taken to the statements of income. 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 reporting date. The IBNR shall be calculated based on standard actuarial projection techniques or combination of such techniques, such as but not limited to the chain ladder method, the expected loss ratio approach, the Bornhuetter - Ferguson method. At each reporting date, prior year claims estimates are reassessed for adequacy and changes made are charged to provision.

Provision for unexpired risk
Provision for unexpired risk 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.

Leases

Company as a lessee

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Lease liability

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 remeasured 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. The accretion of interest is presented as ‘Interest on lease liability’ in the Company statement of income.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the Buildings. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Short-term leases and leases of low-value asset

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 ₱250,000). 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.

Company as a lessor

Leases where the lessor does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases.

Pension Benefit Liability and Plan Assets
The defined benefit liability is the aggregate of the present value of the of expected future payments required to settle the obligation resulting from employee service in the current and prior period. Plan assets are assets that are held by the Company and a fund to solely pay or fund employee benefits.

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

Defined benefit cost comprises the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurement of net defined benefit liability or asset

Service cost, which includes current service cost, past service cost and gains or losses on non-routine settlements is recognized as expense in the statement of income. Past service cost is recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the 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 government 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 statement of income.

Service cost and net interest on the benefit liability are recognized as “Net pension benefit expense” under “General expenses.”

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

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). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Equity
Capital stock
Capital stock represents the value of shares that have been issued at par.

Retained earnings
Retained earnings include all the accumulated earnings of the Company less any dividends declared.

Treasury stocks
Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the statements of income on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

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 a principal or agent. The Company concluded that it is acting as a principal in all of its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized within the scope of PFRS 15:

Other income
Other income is recognized when earned. This includes administrative fees and other collections made by the Company.

Revenue outside the scope of PFRS 15
Premiums revenue
Gross insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognized on the date on 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 are recognized as revenue over the period of the contracts using the 24th method. The portion of the premiums written and assumed that relate to the unexpired periods of the policies as of reporting date are accounted for as provision for unearned premiums and presented in the liabilities section of the statement of financial position under "Insurance contract liabilities" account. The related reinsurance premiums that pertain to the unexpired periods at reporting date are accounted for as deferred reinsurance premiums and presented in the assets section of the statement of financial position under "Reinsurance assets" account. The net changes in these accounts between reporting dates are charged against or credited to income for the year.

Reinsurance commissions
Commissions earned from short-duration insurance contracts are recognized as revenue over the period of the contracts using the 24th method. The portion of the commissions that relate to the unexpired periods of the policies at end of the reporting period are accounted for as "Deferred reinsurance commissions" and presented in the liabilities section of the statement of financial position.

Commission income
Commissions earned from short-duration insurance contracts are recognized as revenue over the period of contracts using the 24th method. The portion of the commissions that relates to the unexpired periods of the policies at the reporting date is accounted for as "Deferred reinsurance commissions" and presented in the liabilities section of the statement of financial position.

Interest income
For all financial instruments measured at amortized cost and interest-bearing financial instruments classified as financial assets at fair value through other comprehensive income, interest income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument 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.

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

Rental income
Rental income is recognized in the statements of income based on billings during the year.

Fair value gain on investment properties
This pertains to changes in fair values of investment properties

Expense Recognition
Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distribution to equity participants.

Benefits and claims
Gross benefits and claims consists of benefits and claims paid to policyholders, which include changes in the gross valuation of insurance contract liabilities, including IBNR, except for gross changes in the provision for unearned premiums which are recorded in gross premiums earned. The IBNR shall be calculated based on standard actuarial projection techniques or combination of such techniques, such as but not limited to the chain ladder method, the expected loss ratio approach and the Bornhuetter - Ferguson method. At each reporting date, prior year claims estimates are reassessed for adequacy and changes made are charged to provision. It further includes internal and external claims handling costs that are directly related to the processing and settlement of claims. Amounts receivable in respect of salvage and subrogation are also considered and are offset against the related claims. Insurance claims are recorded on the basis of notification received.

General expenses
General expenses are recognized in the statements of income as they are incurred.

Interest expense
Interest expense is charged against operations and is calculated using the effective interest method.

Commission expense
The Company recognized its commission expense in the statements of income only when commission payments are made.

Income Tax

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as at the end of the reporting period. The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using, the liability 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 income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefit of the excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward of MCIT and unused NOLCO can be utilized.

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

Deferred income tax assets and liabilities are measured at the tax rate that is expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Movements in the deferred income tax assets and liabilities arising from changes in tax rates are credited to or charged against income for the period. Current tax and deferred income tax relating to items recognized directly in other comprehensive income is also recognized in other comprehensive income and not in the statement of income.

Deferred income tax assets and deferred income 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.

Provisions

Provisions are recognized only when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statements of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

The Company need not disclose the information of the provision if the disclosure of some or all of the information required can be expected to prejudice seriously the position of the Company in dispute with other parties on the subject matter of the provision. The Company shall disclose only the general nature of the dispute, together with the fact that, and reason why, the information has not been disclosed.

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

Events after the Reporting Date
Post year-end events that provide additional information about the Company's financial position at the end of the reporting date (adjusting events) are reflected in the Company's financial statements. Post year-end events that are not adjusting events, if any, are disclosed when material to the Company's financial statements.

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 consolidated financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2024

- 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.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- 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.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

- 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.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted and that fact must be disclosed.

Effective beginning on or after January 1, 2025

- 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 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.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

  The Company is currently assessing the impact of implementing PFRS 17. They are being assisted by a third party PFRS 17 Consultant. As of the first quarter of 2024, the Company considers the Premium Allocation Approach (PAA) to be the PFRS 17 Measurement Model because the majority of their business is yearly renewable. The Company believes that the financial impact of PAA relative to present PFRS 4 values is not significant, hence it has made simplified assumptions at this stage of their PFRS 17 transformation.

- 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.

Deferred effectivity

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

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. Significant Accounting Judgments and Estimates

The preparation of the financial statements in accordance with PFRSs requires the Company to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as they become reasonably determinable.

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

Judgments

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

Product classification

The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect. As a general guideline, the Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least 5% more than the benefits payable if the insured event did not occur.

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

Business model test

The Company manages its financial assets based on business models that maintain adequate level of financial assets to match expected cash outflows and maintain adequate level of high quality liquid assets while maintaining a strategic portfolio of financial assets for trading activities.

Assessment of significant influence

The Company holds less than 20% of the voting power of an investee, as such, it is presumed that the Company does not have significant influence, unless such can be clearly demonstrated. However, PAS 28 suggests that a substantial or majority ownership by another investor does not necessarily preclude an entity from having significant influence. Even though the Company holds less than 20% voting power over the investee, the Company assessed that it has significant influence based on the evaluation of events and circumstances. The following are the factors used by the Company in the assessment of significant influence:

a) representation on the board of directors or equivalent governing body of the investee;
b) capability to elect a seat in the board of directors;
c) participation of the designated nominee in the board with regards to investee's policy-making process, including participation in decisions about dividends or other distributions.

Assessment of 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 the legal counsels and based upon analysis of potential results. The Company currently does not believe these proceedings will have a material adverse effect on the Company's financial position. It is possible, however, that the results of operations could be materially affected by changes in the estimates.

Further, in the opinion of management, any possible liabilities that may arise from the tax assessments would not have a significant effect on the Company's financial position and results of operations. In particular on the tax assessment, management believes that it has strong and meritorious grounds that will support its basis of its assessments (see Note 27)

Estimates and Assumptions

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

Leases - Estimating the incremental borrowing rate

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

The Company's lease liability amounted to ₱1.55 million and ₱0.91 million as of December 31, 2023 and 2022, respectively (see Note 28).

Uncertainties over income tax payments

The Company applies significant judgement in identifying uncertainties over income treatments. Since the Company operates in a highly regulated environment, it assessed whether the Interpretation had an impact on its financial statements.

The Company applies significant judgment whether it is probable that a particular uncertain income tax treatment will be acceptable to the taxation authority. The Company considers the following:
- Past experience related to similar tax treatments
- Legal advice or case law related to other entities
- Practice guidelines published by the taxation authority that are applicable to the case

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

Determination of fair values of financial assets

Fair value determinations for financial assets are based generally on listed market prices or broker or dealer price quotations within the bid-offer price range. If prices are not readily determinable or if liquidating the positions is reasonably expected to affect market prices, fair value is based on either internal valuation models or management's estimate of amounts that could be realized under current market conditions, assuming an orderly liquidation over a reasonable period of time. The use of assumptions could produce materially different estimates of fair value.

Valuation of insurance contract liabilities

For nonlife 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 IBNR provision of the Company has been calculated using standard actuarial projection techniques using past development patterns to determine the expected future development and project the claim amounts for each accident year to its ultimate value. A number of different valuation methodologies have been adopted, each with their own strengths and blended them together which include: (a) Chain Ladder method; (b) expected loss ratio method; and (c) Bornhuetter-Ferguson (BF method). At each reporting date, prior year claims estimates are reassessed for adequacy and changes made are charged to provision.

The main assumptions underlying the estimation of the claims provision is that a Company's past claims development experience can be used to project future claims development and hence, ultimate claims costs. Historical claims development is mainly analyzed by accident years, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjustor estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historic claims development data on which the projections are based.

The carrying values of claims reported, Mfad, CHE and IBNR, gross of reinsurance amounted to ₱831.05 million and ₱1,230.83 million as of December 31, 2023 and 2022, respectively (see Note 15).

Impairment of financial assets
The measurement of impairment losses under PFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:
- Criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

The carrying values and allowance for credit and impairment losses relating to cash and cash equivalents, financial assets at FVOCI debt securities, insurance receivables and loans and receivables of the Company as of December 31, 2023 and 2022 are disclosed in Notes 4, 5 and 6.

Recognition of deferred tax assets
The Company reviews the carrying amounts of deferred tax assets at each end of the reporting period and reduces it to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized. These assets are periodically reviewed for realization. Periodic reviews cover the nature and amount of deferred income and expense items, expected timing when assets will be used or liabilities will be required to be reported, reliability of historical profitability of businesses expected to provide future earnings and tax planning strategies which can be utilized to increase the likelihood that tax assets will be realized.

As of December 31, 2023 and 2022, the Company's unrecognized deferred tax assets amounted to ₱63.49 million and ₱37.09 million, respectively (see Note 26).

Estimation of pension obligation
The determination of pension obligation and cost of pension is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rates.

Due to the long-term nature of this plan, such estimates are subject to significant uncertainty. The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as of the reporting date. In accordance with PAS 19, actual results that differ from the Company's assumptions are recognized immediately in other comprehensive income in the period in which they arise. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension obligations.

The Company's pension obligation amounted to ₱30.22 million and ₱26.86 million as of December 31, 2023 and 2022, respectively (see Note 19).

4. Cash and Cash Equivalents and Short-term Investments

Cash and Cash Equivalents
This account consists of:

	2023	2022
Cash on hand and in banks	**₱82,174,879**	₱101,730,952
Cash equivalents	**20,236,206**	9,925,248
	102,411,085	111,656,200
Allowance for credit and impairment losses:		
Balance at January 1	**168,961**	654,709
Provision for (recovery from) credit and impairment losses	**94,458**	(485,748)
Balance at December 31 (Note 14)	**263,419**	168,961
	₱102,147,666	₱111,487,239

Cash on hand includes petty cash fund, commission fund and undeposited collections as of end of the reporting period.

Cash in banks earns interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Company and earn interest at the rates ranging from 0.38% to 6.15% and 0.38% to 5.38% in 2023 and in 2022, respectively.

Interest income from cash and cash equivalents amounted to ₱0.62 million and ₱0.65 million in 2023 and 2022 respectively (see Note 22). Interest receivable as of December 31, 2023 and 2022 amounted to ₱0.06 million and ₱0.01 million, respectively (see Note 7).

Short-term Investments

	2023	2022
Short-term investments	**₱1,396,816**	₱3,490,416
Allowance for credit and impairment losses:		
Balance at January 1	**54,254**	13,546
Provision for (recovery from) credit and impairment losses	**29,622**	40,708
Balance at December 31 (Note 14)	**83,876**	54,254
	₱1,312,940	₱3,436,162

Short-term investments are made for periods ranging more than 3 months and up to 12 months and earn interest at rates ranging from 2.00% to 4.50% and 1.00% to 2.00% in 2023 and 2022, respectively (Note 22).

Interest income earned from short-term investments amounted to ₱0.04 million and ₱0.05 million in 2023 and 2022, respectively (see Note 22). Interest receivable as of December 31, 2023 and 2022 amounted to ₱0.02 million and ₱0.04 million, respectively (see Note 7).

5. **Insurance Receivables - net**

This account consists of:

	2023	2022
Due from brokers and agents	**₱147,685,861**	₱178,640,159
Reinsurance recoverable on paid losses	**104,787,467**	71,079,846
Due from ceding companies	**25,590,444**	27,621,129
	278,063,772	277,341,134
Allowance for credit and impairment losses:		
Balance at January 1	**53,451,761**	63,046,218
Recovery from credit and impairment losses	**(1,482,865)**	(9,594,457)
Balance at December 31 (Note 14)	**51,968,896**	53,451,761
	₱226,094,876	₱223,889,373

The aging analysis of gross insurance receivables follows:

	December 31, 2023					
	1 to 60 days	**61 to 120 days**	**121 to 180 days**	**181 to 360 days**	**Over 360 days**	**Total**
Due from brokers and agents	**₱52,508,196**	**₱27,527,944**	**₱9,065,799**	**₱20,778,535**	**₱37,805,387**	**₱147,685,861**
Reinsurance recoverable on paid losses	**8,005,890**	**20,612,032**	**674,313**	**24,783,678**	**50,711,554**	**104,787,467**
Due from ceding companies	**379,196**	**1,442,068**	**1,140,819**	**3,656,451**	**18,971,910**	**25,590,444**
	₱60,893,282	**₱49,582,044**	**₱10,880,931**	**₱49,218,664**	**₱107,488,851**	**₱278,063,772**

	December 31, 2022					
	1 to 60 days	61 to 120 days	121 to 180 days	181 to 360 days	Over 360 days	Total
Due from brokers and agents	₱52,579,463	₱18,778,856	₱4,739,854	₱67,450,549	₱35,091,437	₱178,640,159
Reinsurance recoverable on paid losses	3,931,405	7,814,396	8,906,236	14,095,866	36,331,943	71,079,846
Due from ceding companies	1,064,415	974,284	2,537,234	3,391,003	19,654,193	27,621,129
	₱57,575,283	₱27,567,536	₱16,183,324	₱84,937,418	₱91,077,573	₱277,341,134

6. **Financial Assets**

The Company's financial assets are summarized by measurement categories as follows:

	2023	2022
Financial assets at FVTPL	**₱230,676,864**	₱270,074,553
Financial assets at FVOCI	**1,610,685,534**	1,531,158,145
HTC investments	**202,514,146**	152,106,871
Loans and receivables	**139,029,818**	194,081,002
	₱2,182,906,362	₱2,147,420,571

a) Financial Assets at FVTPL

This account consists of:

	December 31, 2023	
	At Fair Value	**At Cost**
Mutual funds	**₱30,783,998**	**₱28,171,833**
Other investments	**199,892,866**	**28,000,000**
	₱230,676,864	**₱56,171,833**

	December 31, 2022	
	At Fair Value	At Cost
Mutual funds	₱70,181,687	₱68,171,833
Other investments	199,892,866	28,000,000
	₱270,074,553	₱96,171,833

Other investment pertains to transferred rights over the redeemable preferred shares of Advent Capital and Finance Corporation.

The rollforward analysis of financial assets at FVTPL follows:

	2023	2022 (As restated – Note 2)
Balance at beginning of year	**₱270,074,553**	₱269,950,411
Prior period adjustment		
Disposals / maturities	**(40,000,000)**	–
Fair value gains (losses) (Note 22)	**602,311**	124,142
Balance at end of year	**₱230,676,864**	₱270,074,553

b) Financial assets at FVOCI

The financial assets at fair value through other comprehensive income of the Company consists of:

	2023	2022
Listed equity securities:		
Common shares	**₱556,848,098**	₱487,606,197
Preferred shares	**24,842,400**	24,586,600
Club shares	**15,590,000**	15,590,000
Government securities:		
Local currency	**153,481,200**	161,509,920
Foreign currency	**20,387,143**	16,758,420
Private debt securities	**657,050,686**	664,164,046
Unquoted equity securities	**182,486,007**	160,942,961
	₱1,610,685,534	₱1,531,158,144

As of December 31, 2023 and 2022, the quoted equity securities consist of shares of stock in a private corporation. Dividend income in 2023 and 2022 amounted to ₱17.84 million and ₱14.83 million, respectively (see Note 22).

Other securities include investment in shares of stock of Prime Power Holdings Corporation and investment in club shares. Fair value of shares of stock of Prime Power Holdings Corporation is derived based on the adjusted net asset value method while investments in club shares is based on the published fair values. The Company does not have any plans to sell these shares in the future.

The rollforward analysis of financial assets at FVOCI follows:

	2023	2022
Balance at beginning of year	**₱1,531,158,144**	₱1,567,779,696
Acquisitions	**83,402,030**	146,386,922
Disposal/maturities	**(128,327,771)**	(89,858,827)
Amortization of premium	**(1,150,196)**	(1,051,776)
Fair value losses recognized in other comprehensive income	**125,603,327**	(92,097,870)
Balance at end of year	**₱1,610,685,534**	₱1,531,158,145

In 2019, previously recognized FVTPL debt and equity investments were reclassified to FVOCI without changing the Company's business model. In 2023 and 2022, the related fair value loss and gain were recorded to net changes in the revaluation reserves on financial assets at FVOCI amounting to ₱23.64 million and ₱33.67 million, respectively. The fair values of these investments are ₱113.96 million and ₱132.39 million in 2023 and 2022 respectively.

The movements of revaluation reserves on financial assets at FVOCI follow:

	2023	2022
Balance at beginning of year	**₱437,607,948**	₱433,598,138
Fair value gains (losses) recognized in other comprehensive income	**125,603,327**	(92,097,870)
Tax effect	**(1,394,907)**	82,202,663
Transfer to profit or loss:		
Realized loss on sale of FVOCI (Note 22)	**-**	15,808,466
Provision for (recovery from) credit and impairment losses (Note 25)	**885,350**	(1,903,450)
Total net changes in the revaluation reserves	**125,093,770**	4,009,810
Balance at end of year	**₱562,701,718**	₱437,607,948

Financial assets at FVOCI investment bear interest ranging from 4.88% to 8.13% and 3.25% to 8.13% for 2023 and 2022, respectively. Interest income from financial assets at FVOCI investments amounted to ₱42.91 million and ₱44.24 million in 2023 and 2022, respectively (see Note 22). Interest receivable as of December 31, 2023 and 2022 amounted to ₱8.22 million and ₱9.43 million, respectively (see Note 7).

c) *HTC Investments*

Hold-to-collect consists of investments in government securities which are deposited with the Insurance Commission (IC) in accordance with the provisions of the Insurance Code (Section 209) for the benefit and security of policy holders and creditor of the Company.

The rollforward analysis of HTC investments follows:

	2023	2022
Balance at beginning of year	**₱152,106,871**	₱152,550,785
Acquisitions	**52,141,714**	-
Amortization of premium	**(1,734,439)**	(443,914)
Balance at end of year	**₱202,514,146**	₱152,106,871

The following presents the breakdown of HTC investments by contractual maturity dates:

	2023	2022
Within one year	**₱–**	₱–
Due within two (2) to five (5) years	**19,228,511**	19,271,480
More than five (5) years	**183,285,635**	132,835,391
	₱202,514,146	₱152,106,871

HTC investments bear interest ranging from 3.50% to 10.25% in 2023 and in 2022. Interest income from HTC financial assets amounted to ₱13.48 million and ₱8.44 million in 2023 and 2022, respectively (see Note 22). Interest receivable as of December 31, 2023 and 2022 amounted to ₱2.33 million and ₱1.95 million, respectively (see Note 7) *d) Loans and Receivables*

This account consists of:

	2023	2022
Real estate mortgage loan	**₱88,971,775**	₱124,349,796
Loans receivable (Note 19)	**40,118,440**	59,282,817
Accounts receivable	**9,955,255**	10,405,216
Advances	**291,200**	291,200
Deposit on fractional share	**900**	900
	139,337,570	194,329,929
Allowance for credit and impairment losses		
Balance on January 1	**248,927**	374,465
Provision for (recovery from) credit and impairment losses	**58,825**	(125,538)
Balance at December 31	**307,752**	248,927
	₱139,029,818	₱194,081,002

Accounts receivable consist of advance payment for utilities and condominium dues of its tenants as part of their lease agreement, advances made to employees which are paid through salary deduction, agent's advance commissions and other receivables from agents arising from renewal of their licenses.

Loans receivable pertains to the purchased note receivable, without recourse, from Philippine Life Financial Insurance Corporation entered into by the Company last December 2022 with purchase price of ₱50.00 million. The notes pertain to salary loans granted by Philippine Life Financial Insurance Corporation to Department of Education (DepEd) which earns 7.00% interest per annum.

Loans receivable also pertains to loans made to employees included in the retirement plan which earns interest ranging from 10.00% to 12.00% and have terms ranging from 3 months to 7 years (see Note 19).

Advances consist of amounts due from related parties and officers and employees. These are noninterest bearing and are payable on demand.

Interest income from loans and receivables amounted to ₱8.58 million and ₱6.82 million in 2023 and 2022, respectively (see Note 22). Interest receivable as of December 31, 2023 and 2022 amounted to ₱0.53 million and ₱0.73 million, respectively (see Note 7).

7. Accrued Income

	2023	2022
Accrued interest income on:		
FVOCI investments (Note 6)	**₱8,223,471**	₱9,432,820
HTC investments (Note 6)	**2,327,907**	1,949,894
Loans and receivables (Note 6)	**530,060**	729,615
Rent income	**434,257**	188,212
Cash equivalents and short-term investments (Note 4)	**77,392**	33,993
	₱11,593,087	₱12,334,534

8. Investment in an Associate

The details and movements in this account follow:

	2023	2022
Acquisition cost	**₱174,117,100**	₱174,117,100
Accumulated equity in net earnings:		
Balance at beginning of year	**₱767,227,059**	₱747,185,382
Equity in net earnings	**7,611,646**	43,367,770
Loss on deemed disposal	**-**	(23,326,093)
Balance at end of year	**774,838,705**	767,227,059
Share in associate's other comprehensive income (loss):		
Balance at beginning of year	**(32,290,836)**	(2,896,205)
Unrealized fair value gain (loss) on financial assets at FVOCI	**36,718,869**	(42,473,164)
Remeasurement on life insurance reserve	**(2,295,013)**	11,973,162
Remeasurement gain (loss) on defined benefit plan	**(2,504,807)**	1,105,371
Balance at end of year	**(371,787)**	(32,290,836)
Share in associate's equity reserve, beginning	**3,169,580**	661,469
Transaction with noncontrolling interest	**-**	2,508,111
Share in associate's equity reserve, ending	**3,169,580**	3,169,580
	₱951,753,598	₱912,222,903

As at December 31, 2023 and 2022, this account represents the Company's 12.82% interest in Maestro Holdings, Inc. (Maestro), a holding company of PhilPlans First, Inc. (PhilPlans), Philhealthcare, Inc. (PhilCare), Philippine Life Financial Assurance Corporation (PhilLife) and BancLife Insurance Co., Inc. (BancLife).

Condensed consolidated financial information for Maestro Holdings, Inc. follows:

	2023	2022
Current assets	**₱2,656,251,528**	₱2,146,287,278
Noncurrent assets	**31,265,318,305**	30,770,516,404
Current liabilities	**(7,381,956,326)**	(7,027,472,146)
Noncurrent liabilities	**(18,800,393,542)**	(18,427,225,986)
Total equity	**7,739,219,965**	7,462,105,550
Less equity attributable to equity holders of non-controlling interest	**315,244,939**	346,482,279
Equity attributable to equity holders of the associate	**7,423,975,026**	7,115,623,271
Proportion of the Company's ownership	**12.82%**	12.82%
Carrying amount of the investment	**₱951,753,598**	₱912,222,903

	2023	2022
Revenues	**₱7,389,549,979**	₱6,202,524,874
Net income	**103,357,172**	384,335,081
Other comprehensive loss	**255,546,780**	(217,294,099)
Total comprehensive income	**358,903,952**	167,040,982
Less total comprehensive income attributable to equity holders of non-controlling interests	**50,552,192**	51,995,199
Total comprehensive income attributable to equity holders of the associate	**308,351,760**	115,045,783
Proportion of the Company's ownership	**12.82%**	12.82%
Share in total comprehensive income	**₱39,530,696**	₱14,748,869

Information about and major transactions of the associate are discussed below:

In November 2022, Maestro and PhilLife executed a Deed of Assignment for a Property Share Swap. On the same date, PhilLife filed an application with the Securities and Exchange Commission (SEC) for the confirmation of valuation to support the issuance of the 21,568,800,000 shares from PhilLife through the Investment Property for Share Swap. The SEC has required PhilLife to secure the favorable endorsement of the Insurance Commission for the Property for Share Swap. This transaction caused reduction in the ownership interest of PFICI over Maestro from 13.21% to 12.82%, and resulted to a dilution of the investment. The Company recognized a loss on deemed disposal amounting to ₱23.33 million in its 2022 statement of comprehensive income.

On January 4, 2023, PhilLife received the letter from the Insurance Commission which states no objection to the infusion of real property in exchange for common shares. On April 19, 2023, PhilLife received an email advise from the SEC on its approval of PhilLife's application for confirmation of valuation of the issuance shares.

9. Deferred Reinsurance Commissions

The rollforward analysis of this account follows:

	2023	2022
At beginning of the year	**₱14,701,601**	₱15,644,085
Income deferred during the year	**25,102,354**	31,810,341
Amortization during the year	**(27,533,917)**	(32,752,828)
At end of the year	**₱12,270,038**	₱14,701,598

10. Reinsurance Assets

This account consists of:

	2023	2022
Reinsurance recoverable on unpaid losses (Note 15)	**₱594,757,953**	₱985,738,209
Deferred reinsurance premiums (Note 15)	**90,862,236**	95,005,551
	₱685,620,189	₱1,080,743,760

11. Investment Properties - net

The investment properties consist of parcels of land and buildings which are held for capital appreciation and/or being leased out under operating lease to earn income.

The rollforward analysis of this account follows:

	December 31, 2023		
	Land	**Building and building improvements**	**Total**
Fair value			
At January 1	**₱122,700,000**	**₱173,818,081**	**₱296,518,081**
Additions	**–**	**713,997**	**713,997**
Fair value gain	**15,853,546**	**5,890,141**	**21,743,687**
At December 31	**₱138,553,546**	**₱180,422,219**	**₱318,975,765**

	December 31, 2022		
	Land	Building and building improvements	Total
Fair value			
At January 1	₱126,188,000	₱106,162,002	₱232,350,002
Additions	–	40,630,000	40,630,000
Fair value gain (loss)	(3,488,000)	27,026,079	23,538,079
At December 31	₱122,700,000	₱173,818,081	₱296,518,081

The comparison of the acquisition cost and the fair value of each investment property category are as follow:

	December 31, 2023		
	Land	**Building and building improvements**	**Total**
Acquisition cost	**₱22,157,000**	**₱89,229,485**	**₱111,386,485**
Fair value gains	**116,396,546**	**91,192,734**	**207,589,280**
At December 31	**₱138,553,546**	**₱180,422,219**	**₱318,975,765**

	December 31, 2022		
	Land	Building and building improvements	Total
Acquisition cost	₱22,157,000	₱88,515,488	₱110,672,488
Fair value gains	100,543,000	85,302,593	185,845,593
At December 31	₱122,700,000	₱173,818,081	₱296,518,081

Fair values of the investment properties were determined using the Market Data Approach and Income Approach.

The Market Data Approach means that the valuation performed by the independent appraiser are based on sales, listings and other market data of comparable properties registered within the vicinity of subject property. The technique requires reducing reasonably comparative sales and listings to a common denominator in order to conform to the subject property. The comparison among the subject property and the comparable units was premised on the factors of location, size and shape of the lot, highest and best use and the time element.

The Income Approach means that the valuation is performed by converting future cash flows to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset. The appraisers employed the discounted cash flow (DCF) method to future expected income streams.

As of December 31, 2023 and 2022, the date of valuation, the real estate properties' fair values are based on the valuations performed by Asian Appraisal Company, Inc., an accredited independent appraiser.

Description of valuation techniques used and key inputs to valuation on investment properties are as follows:

Location	Level	Significant unobservable inputs	2023 Range (weighted average)	2022
Cebu Business Park, Barangay Hipodromo, Cebu City	3	Estimated computed value per sq. m.	**₱110,500**	₱95,500
		Net price (₱/sq.m)	**₱110,500**	₱95,500
Philippines First Condominium, Ayala Avenue, Legaspi Village, Barangay San Lorenzo, Makati City	3	Estimated computed value per sq. m.	**₱141,000**	₱132,000
		Net price (₱/sq.m)	**₱123,911**	₱117,361
		Internal factor		
		Unit location	**-5%**	-5%
		Unit area/size	**-10%**	-5% to 10%
		Building location	**-5%**	–
		View	**-5%**	-5%
		Building age	**-5% to -10%**	-5% to -10%
		Architectural	**-5%**	–
		Bargaining allowance	**0% to -10%**	0% to 10%
		Building Design	**-5% to -10%**	–
Carmen Court Condominium, Barangay Poblacion Makati City	3	Estimated computed value per sq. m.	**₱57,000**	₱51,000
		Net price (₱/sq.m)	**₱61,269 to ₱77,985**	₱69,318 to ₱81,818
		Internal factor		
		Unit location	**-5% to 5%**	-5% to -10%
		Unit area/size	**-5%**	-10%
		View	**–**	–
		Unit improvements	**–**	–
		Building Age	**–**	–
		Building location	**-5%**	-5% to -10%
		Building /amenities	–	–
		Building Design	**-5%**	-5% to -10%
		Bargaining allowance	**-5%**	0% to -10%
Horizon Condominium, Meralco Avenue, Barangay Oranbo, Pasig City	3	Estimated computed value per sq. m.	**₱105,065**	₱104,864
		Net price (₱/sq.m)	**₱105,065**	₱104,864
Prudential Life Building, Ortiz Street, IloIlo City	3	Estimated computed value per sq. m.	**₱52,435**	₱51,101
		Net price (₱/sq.m)	**₱52,435**	₱51,101
Roseville Subdivision, Barangay Pulung Bulo, San Fernando City, Pampanga	3	Estimated computed value per sq. m.	**₱3,800**	₱3,500
		Net price (₱/sq.m)	**₱7,142 to ₱8,000**	₱5,102 to ₱6,400
		Internal factor		
		Size	**-5%**	-5%
		Location	**-10%**	-10%
		Utility	**-5%**	–
		Neighborhood	**-10%**	-10%
		Development	**-10%**	-5% to -10%
		Bargaining allowance	**-10%**	0% to -5%
(Forward)				
Barangay 39 (Poblacion), Cagayan de Oro City		Estimated computed value per sq. m.	**₱45,000**	₱43,000

Location	Level	Significant unobservable inputs	2023	2022
			Range (weighted average)	
		Net price (₱/sq.m)	**₱40,500 to ₱59,500**	₱45,000 to ₱60,000
		Internal factor		
		Location	**-5%**	–
		Improvement	–	–
		Size	**5% to 10%**	-5% to 5%
		Neighborhood	–	-5%
		Utility	–	-5%
		Bargaining allowance	**-10% to -15%**	0% to -15%
		Potential Use	**-5% to -10%**	–
Macasandig, Cagayan de Oro City	3	Estimated computed value per sq. m.	**₱6,500**	₱6,000
		Net price (₱/sq.m)	**₱6,000 to ₱10,000**	₱6,000 to ₱8,800
		Internal Factor		
		Location	**-5% to 5%**	–
		Size	**10%**	5%
		Bargaining allowance	**-10% to -15%**	0% to -15%
		Potential Use	**5%**	–

The Company has determined that the highest and best use of all the investment properties is consistent with its current use.

For the market approach, significant increases (decreases) in price per square meter and size of investment property would result in a significantly higher (lower) fair value of the property. Significant increases (decreases) in discount would result in a significantly lower (higher) fair value of the property. Significant increases (decreases) in degree of lack of marketability would result in lower (higher) fair value of the property.

For the income approach, significant increases (decreases) in the lease rate would result to significantly higher (lower) fair value of the property. Significant increases (decreases) in the escalation rate would result to significantly higher (lower) fair value of the property. Significant increases (decreases) in the lease term would result to significantly higher (lower) fair value of the property. Significant increases (decreases) in the depreciation rate would result to significantly lower (higher) fair value of the property. Significant increases (decreases) in the operating expenses will result to significantly lower (higher) fair value of the property. Significant increases (decreases) in the discount rate would result to significantly lower (higher) fair value of the property.

Rental income earned on investment properties amounted to ₱13.43 million and ₱10.56 million in 2023 and 2022, respectively (see Note 23). Direct operating expenses arising from investment properties amounted to ₱0.67 million and ₱0.33 million in 2023 and 2022, respectively.

12. **Property and Equipment - net**

The rollforward analysis of this account as of December 31, 2023 and 2022 follows:

	December 31, 2023				
	Building	**Office Improvements**	**Transportation Equipment**	**Office Furniture, Fixtures and Equipment**	**Total**
Cost					
Balance at beginning of year	**₱15,663,251**	**₱1,046,888**	**₱15,254,915**	**₱42,680,646**	**₱74,645,700**
Additions	**–**	**791,959**	**3,176,642**	**2,834,989**	**6,803,590**
Disposal/retirement	**–**	**–**	**(241,434)**	**-**	**(241,434)**
Balance at end of year	**15,663,251**	**1,838,847**	**18,190,123**	**45,515,635**	**81,207,856**
Accumulated Depreciation					
Balance at beginning of year	**6,660,413**	**880,632**	**9,244,831**	**31,580,504**	**48,366,380**
Depreciation (Note 25)	**477,190**	**177,721**	**2,574,081**	**3,803,642**	**7,032,634**
Disposal/retirement	**–**		**(241,434)**	**-**	**(241,434)**
Balance at end of year	**7,137,603**	**1,058,353**	**11,577,478**	**35,384,146**	**55,157,580**
Net Book Value	**₱8,525,648**	**₱780,494**	**₱6,612,645**	**₱10,131,489**	**₱26,050,276**

	December 31, 2022				
	Building	Office Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost					
Balance at beginning of year	₱15,029,724	₱3,046,607	₱16,889,760	₱88,989,985	₱123,956,076
Additions	633,527	69,643	3,742,904	2,708,977	7,155,051
Disposal/retirement	–	(2,069,362)	(5,377,749)	(49,018,316)	(56,465,427)
Balance at end of year	15,663,251	1,046,888	15,254,915	42,680,646	74,645,700
Accumulated Depreciation					
Balance at beginning of year	5,899,130	2,719,165	12,758,882	76,833,265	98,210,442
Depreciation (Note 25)	500,967	230,829	1,863,698	3,765,020	6,360,514
Disposal/retirement	–	(2,069,362)	(5,377,749)	(48,757,465)	(56,204,576)
Balance at end of year	6,400,097	880,632	9,244,831	31,840,820	48,366,380
Net Book Value	₱9,263,154	₱166,256	₱6,010,084	₱10,839,826	₱26,279,320

Cost of fully depreciated property and equipment still being used amounted to ₱34.11 million and ₱22.04 million as of December 31, 2023 and 2022, respectively**.**

13. **Other Assets**

This account consists of:

	2023	2022
Prepaid taxes	**₱16,348,928**	₱10,954,544
Escrow account	**1,000,000**	1,000,000
Deposits	**623,203**	676,953
Prepaid expenses	**430,147**	2,287,614
Deferred Creditable withholding taxes	**432,874**	861,053
Input VAT	**97,936**	1,157,776
Security fund	**96,663**	96,663
	₱19,029,751	₱17,034,603

Prepaid expenses pertain to advance payment of annual dues and leased line dedicated internet connection while prepaid taxes pertain to creditable withholding taxes that are withheld by the Company's customers which can be applied as tax credits on future income tax payable of the Company.

Escrow account pertains to the payment made by the Company for its accreditation with National Labor Relation Commission.

Deposits pertain to the refundable rental and security deposits on rented properties.

14. Allowance for Credit and Impairment Losses

Changes in the allowance for credit and impairment losses follow:

	2023	2022
Balances at January 1		
Cash and cash equivalents	**₱168,961**	₱654,709
Short-term investments	**54,254**	13,546
Insurance receivables	**53,451,761**	63,046,218
Loans and receivables	**248,927**	374,465
	₱53,923,903	₱64,088,938
Provision for (recovery from) credit and impairment losses		
Cash and cash equivalents	**94,458**	(485,748)
Short-term investments	**29,622**	40,708
Insurance receivables	**(1,482,865)**	(9,594,457)
Loans and receivables	**58,825**	(125,538)
	(1,299,960)	(10,165,035)
Balances at December 31		
Cash and cash equivalents (Note 4)	**263,419**	168,961
Short-term investments (Note 4)	**83,876**	54,254
Insurance receivables (Note 5)	**51,968,896**	53,451,761
Loans and receivables (Note 6)	**307,752**	248,927
	₱52,623,943	₱53,923,903

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and receivables follow:

	2023		
	Stage 2	**Stage 3**	**Total**
Gross carrying amount as at January 1	**₱12,481,078**	**₱203,699,234**	**₱216,180,312**
New assets originated or purchased	**(449,961)**	**(18,981,876)**	**(19,431,837)**
Assets derecognized or repaid (excluding write offs)	–	**(35,378,021)**	**(35,378,021)**
Transfers to Stage 3	–	–	–
	₱12,031,117	**₱149,339,337**	**₱161,370,454**

	2023		
	Stage 2	**Stage 3**	**Total**
ECL allowance as at January 1	**₱-**	**₱248,927**	**₱248,927**
Recovery of credit and impairment losses	–	**58,825**	**58,825**
Transfers to Stage 3	–	–	–
	₱-	**₱307,752**	**₱307,752**

	2022		
	Stage 2	Stage 3	Total
Gross carrying amount as at January 1	₱556,694	₱195,485,529	₱196,042,223
New assets originated or purchased	11,924,384	50,000,316	61,924,700
Assets derecognized or repaid (excluding write offs)	–	(41,786,611)	(41,786,611)
Transfers to Stage 3	–	–	–
	₱12,481,078	₱203,699,234	₱216,180,312
ECL allowance as at January 1	₱-	₱374,465	₱374,465
Provisions for (recovery of) credit and impairment losses	–	(125,538)	(125,538)
Transfers to Stage 3	–	–	–
	₱-	₱248,927	₱248,927

15. Insurance Contract Liabilities and Reinsurance Assets

Nonlife insurance contract liabilities net of reinsurers' share of liabilities may be analyzed as follows:

	December 31, 2023		
	Insurance Contract Liabilities	**Reinsurers' Share of Liabilities (Note 10)**	**Net**
Provision for claims reported and loss adjustment expenses	**₱714,215,489**	**₱520,940,499**	**₱193,274,990**
Provision for claims IBNR	**116,834,792**	**73,817,454**	**43,017,338**
Total claims reported and IBNR	**831,050,281**	**594,757,953**	**236,292,328**
Provision for unearned premiums	**180,517,207**	**90,862,236**	**89,654,971**
Total insurance contract liabilities	**₱1,011,567,488**	**₱685,620,189**	**₱325,947,299**

	December 31, 2022		
	Insurance Contract Liabilities	Reinsurers' Share of Liabilities (Note 10)	Net
Provision for claims reported and loss adjustment expenses	₱1,100,175,037	₱906,488,224	₱193,686,813
Provision for claims IBNR	130,650,621	79,249,985	51,400,636
Total claims reported and IBNR	1,230,825,658	985,738,209	245,087,449
Provision for unearned premiums	176,697,687	95,005,551	81,692,136
Total insurance contract liabilities	₱1,407,523,345	₱1,080,743,760	₱326,779,585

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

	2023			2022		
	Insurance Contract Liabilities	**Reinsurer's Share of Liabilities (Note 10)**	**Net**	Insurance Contract Liabilities	Reinsurer's Share of Liabilities (Note 10)	Net
At January 1	**₱1,230,825,658**	**₱985,738,209**	**₱245,087,449**	₱1,058,056,275	₱835,303,358	₱222,752,917
Claims incurred during the year	**(160,811,028)**	**(300,617,882)**	**139,806,854**	349,614,687	288,257,616	61,357,071
Claims paid during the year - net of salvage and subrogation (Note 24)	**(225,148,520)**	**(84,929,843)**	**(140,218,677)**	(152,169,947)	(107,075,101)	(45,094,846)
Increase (decrease) in IBNR (Note 24)	**(13,815,829)**	**(5,432,531)**	**(8,383,298)**	(24,675,357)	(30,747,664)	6,072,307
At December 31	**₱831,050,281**	**₱594,757,953**	**₱236,292,328**	₱1,230,825,658	₱985,738,209	₱245,087,449

Provision for unearned premiums may be analyzed as follows:

	2023			2022		
	Insurance Contract Liabilities	**Reinsurers' Share of Liabilities (Note 10)**	**Net**	Insurance Contract Liabilities	Reinsurers' Share of Liabilities (Note 10)	Net
At January 1	**₱176,697,687**	**₱95,005,551**	**₱81,692,136**	₱162,419,487	₱81,912,998	₱80,506,489
New policies written during the year (Note 21)	**380,104,819**	**201,793,797**	**178,311,022**	379,504,913	215,493,989	164,010,924
Premiums earned during the year (Note 21)	**(376,285,299)**	**(205,937,112)**	**(170,348,187)**	(365,226,713)	(202,401,436)	(162,825,277)
At December 31	**₱180,517,207**	**₱90,862,236**	**₱89,654,971**	₱176,697,687	₱95,005,551	₱81,692,136

16. Insurance Payables

The rollforward analysis of insurance payables follows:

	2023	2022
At January 1	**₱120,397,828**	₱100,670,203
Additions	**201,843,076**	229,374,578
Payments	**(211,455,171)**	(209,646,953)
At December 31	**₱110,785,733**	₱120,397,828

This account consists of 'Due to reinsurers' amounting to ₱110.79 million and ₱120.40 million as of December 31, 2023 and 2022, respectively.

17. Accounts Payable and Accrued Expenses

This account consists of:

	2023	2022
Dividend payable	**₱50,261,822**	51,199,556
Accounts payable	**15,340,375**	49,557,109
Taxes payable	**63,903,810**	47,032,909
Premium deposits	**26,527,387**	33,339,083
Accrued expenses	**3,465,892**	3,203,536
Commission payable	**10,372,827**	264,864
Rent Payable	**94,510**	36,561,304
	₱169,966,623	₱221,158,361

Dividend payable pertains to cash dividend declared by the BOD on July 03, 2019 amounting to ₱50,000,000 and payable upon full compliance with all necessary regulations.

Accounts payable consists of unpaid invoice from various suppliers.

Taxes payable consist primarily of documentary stamp tax, expanded withholding tax, VAT payable and other taxes and licenses payable

Premium deposits pertain to advance premium and unapplied collections from policyholders.

Commission payable pertains to the intermediary's commission not yet paid as of the reporting date.

Accrued expenses comprise of professional fees, utilities, accrued rentals, employee benefits and other expenses accrued as of the reporting date which are due within one year.

Other liabilities pertain to provisions.

18. Other Liabilities

This account consists of:

	2023	2022
Customers' deposits	**₱102,874,097**	₱102,874,097
Rent received in advance	**9,594,149**	8,774,442
Others	**1,796,317**	1,373,919
	₱114,264,563	₱113,022,458

Customers' deposits pertain to cash collaterals from policyholders holding bond insurance policies.

Rent received in advance pertains to advance rental from customers.

Other payables include clients' rental deposit, SSS, Pag-ibig and Philhealth premiums payable and others.

19. Net pension Liability

The Company has a noncontributory defined benefit retirement plan covering all of its employees.

The amount of net pension liability recognized in the statements of financial position follows:

	2023	2022
Present value of defined benefit obligation	**₱30,220,964**	₱26,863,659
Fair value of plan assets	**22,881,742**	22,345,853
	₱7,339,222	₱4,517,806

The movement in the Net Liability recognized in the statement of financial position follows:

	2023	2022
At January 1	**₱4,517,806**	₱3,340,281
Expense recognized in profit or loss	**1,300,022**	1,111,176
Contributions paid	**(1,300,022)**	(1,111,176)
Remeasurements of the net pension liability (asset)	**2,821,416**	1,177,525
At December 31	**₱7,339,222**	₱4,517,806

The following tables summarize the components of the “Pension benefit expense” recognized in the statements of income under “General expenses” account (see Note 25), “Remeasurements on defined benefit plan” recognized in the statement of comprehensive income and the unfunded status recognized in the statement of financial position for the retirement plan.

Pension benefit expense

	2023	2022
Current service cost	**₱988,294**	₱955,853
Interest cost	**1,853,592**	1,178,151
Pension benefit expense (Note 25)	**₱2,841,886**	₱2,134,004

Movements in remeasurement gains (losses) recognized in OCI follow:

	2023	2022
At January 1	**(₱7,781,470)**	(₱7,306,531)
Actuarial gain (loss) due to:		
Changes in financial assumptions	**(1,270,775)**	(1,382,496)
Deviations of experience from assumptions	**(1,550,641)**	907,557
Total remeasurement gain (loss), gross of tax	**(2,821,416)**	(474,939)
At December 31	**(₱10,602,886)**	(₱7,781,470)

The movements of the fair value of plan assets follow:

	2023	2022
At January 1	**₱22,345,853**	₱21,996,291
Interest income	**1,541,864**	1,022,828
Contribution	**1,300,022**	1,111,176
Benefits paid	**(1,601,047)**	(1,081,856)
Actuarial gain (loss) on plan asset	**(704,950)**	(702,586)
At December 31	**₱22,881,742**	₱22,345,853

The movements of the present value of defined benefit obligation follow:

	2023	2022
At January 1	**₱26,863,659**	₱25,336,572
Interest cost	**1,853,592**	1,178,151
Current service cost	**988,294**	955,853
Benefits paid	**(1,601,047)**	(1,081,856)
Actuarial loss on obligation	**2,116,466**	474,939
At December 31	**₱30,220,964**	₱26,863,659

The principal actuarial assumptions used in determining pension benefit obligation are as follow:

	2023	2022
Salary increase rate	**5.00%**	5.00%
Discount rate	**6.04%**	6.90%

Sensitivity analysis
The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

2023

	Change in variables	**Increase (Decrease)**
Discount rate	**+1.00%**	**(₱974,897)**
	-1.00%	**1,276,055**
Salary increase rate	**+1.00%**	**1,277,752**
	-1.00%	**(1,055,171)**

2022

	Change in variables	Increase (Decrease)
Discount rate	**+1.00%**	**(₱743,031)**
	-1.00%	**993,432**
Salary increase rate	**+1.00%**	**1,013,541**
	-1.00%	**(803,706)**

Maturity profile
Shown below is the maturity analysis of the undiscounted benefits payments:

	2023	2022
Less than one (1) year	**₱18,480,188**	₱18,308,252
More than one (1) year to five (5) years	**7,328,932**	5,627,661
More than five (5) years to 10 years	**9,906,448**	7,489,514
More than 10 years to 15 years	**13,282,288**	12,713,870
More than 15 years	**21,271,141**	17,823,039
Total	**₱70,268,997**	₱61,962,336

The Company has set aside retirement fund for the payment of the retirement benefits of its employees. The Company is generally responsible for the administration of the fund, but portion of the retirement fund is administered by a local bank as trustee. As of December 31, 2023 and 2022, the investment in trustee amounts to ₱4.66 million and ₱5.79 million, respectively.

The details of the plan assets follow:

	2023	2022
Cash in bank for pension	**₱2,450,354**	₱495,469
Time deposits	**6,826,668**	6,499,942
Debt securities	**7,774,912**	7,478,753
Investment in trustee	**4,657,870**	5,789,372
Loans receivable	**1,171,938**	2,082,316
Net equity	**₱22,881,742**	₱22,345,852

The Company set aside cash amounting to ₱2.45 million and ₱0.50 million as of December 31, 2023 and 2022, respectively, to fund its defined benefit retirement plan. The Company is in the process of setting up a formal pension fund with a trustee bank.

The details of the investment in trustee follow:

	2023	2022
Cash	**₱678,392**	₱137,420
Debt securities	**2,427,829**	2,580,840
Investment funds	**1,541,344**	3,057,894
Loans and receivables	**22,971**	19,723
Other assets	**-**	1,912
Trust fee and other payables	**(12,666)**	(8,417)
Investment to trustee	**₱4,657,870**	₱5,789,372

The actual return on plan assets amounted to ₱0.84 million and ₱0.32 million in 2023 and 2022, respectively.

20. Equity

Capital Stock
This account consists of the following:

	2023		2022	
Common Stock - ₱100 par value	**Shares**	**Amount**	Shares	Amount
Authorized	**10,000,000**	**₱1,000,000,000**	10,000,000	₱1,000,000,000
Issued and outstanding				
Balances at beginning of year	**10,000,000**	**₱1,000,000,000**	6,500,000	₱650,000,000
Issued during the year			3,500,000	₱350,000,000
Balances at end of year	**10,000,000**	**₱1,000,000,000**	10,000,000	₱1,000,000,000

Treasury Stock
On April 10, 2013, the Company's BOD approved the acquisition of shares from stockholders at a purchase price of ₱342.80 per share or ₱8.69 million. The shares amounted to ₱2.54 million divided into 25,362.14 shares with a par value of ₱100 per share.

21. Net Premiums Earned

Net premiums earned consist of the following:

	2023	2022
Gross premiums on insurance contracts (Note 31):		
Direct	**₱353,840,424**	₱353,565,066
Assumed	**26,264,395**	25,939,847
Total gross premiums on insurance contracts (Note 15)	**380,104,819**	379,504,913
Gross change in provision for unearned premiums	**(3,819,520)**	(14,278,200)
Total gross premiums earned on insurance contracts (Note 15)	**376,285,299**	365,226,713
Reinsurers' share of gross premiums on insurance contracts:		
Direct	**196,627,402**	208,899,540
Assumed	**5,166,395**	6,594,449
Total reinsurers' share of gross premiums on insurance contracts (Notes 15)	**201,793,797**	215,493,989
Reinsurers' share of gross change in provision for unearned premiums	**4,143,315**	(13,092,553)
Total reinsurers' share of gross premiums earned on insurance contracts (Note 15)	**205,937,112**	202,401,436
Net premiums earned	**₱170,348,187**	₱162,825,277

22. Investment Income - net

This account consists of:

	2023	2022
Interest income from:		
Financial assets at FVOCI (Note 6)	**₱42,912,810**	₱44,240,572
HTC investments (Note 6)	**13,483,603**	8,440,515
Loans and receivables (Note 6)	**9,283,601**	6,820,494
Intercompany receivables (Note 6)	**836,914**	320,242
Cash and cash equivalents and short-term investments (Note 4)	**656,383**	697,041
Dividend income (Note 6)	**17,843,169**	14,826,008
Fair value gain (loss) on financial assets at FVTPL (Note 6)	**602,311**	124,142
Transfer from other comprehensive income:		
Realized loss on sale of FVOCI (Note 6)	**–**	(15,808,466)
	₱85,618,791	₱59,660,548

Interest income from financial asset classified as FVOCI investments is the earned interest during the year based on the original effective interest rate and amortized cost at the beginning of the year which is being recognized in profit or loss.

Interest income from financial asset classified as HTC is the earned interest during the year based on the effective interest rate and amortized cost at the beginning of the year which is being recognized in profit or loss.

Realized gain (loss) is the cumulative change in fair value of private debt securities initially recognized in revaluation reserve then transferred to profit or loss upon disposal of the said investment.

23. Other Income - net

This account consists of:

	2023	2022
Rental income (Note 11)	**₱13,429,381**	₱10,563,535
Foreign exchange gain (loss)	**(105,397)**	332,023
Miscellaneous income	**28,232**	20,942
	₱13,352,216	₱10,916,500

The Company has various operating lease agreements for its investment properties. These lease agreements range for a period of one year to five years with an annual escalation rate of 5.00%.

Future minimum rental payments under operating leases follow:

	2023	2022
Within one (1) year	**₱14,835,788**	₱12,453,165
More than one (1) year but less than five (5) years	**39,152,578**	39,209,345
More than five (5) years	**272,057,740**	278,048,936
	₱326,046,106	₱329,711,446

24. Net Insurance Contract Benefits and Claims

Gross insurance contract benefits and claims paid consist of the following:

	2023	2022
Insurance contract benefits and claims paid (Note 15)		
Direct	**₱206,992,384**	₱147,706,862
Assumed	**18,156,136**	4,463,085
Total insurance contract benefits and claims paid	**₱225,148,520**	₱152,169,947

Reinsurers' share of insurance contract benefits and claims paid consist of the following:

	2023	2022
Reinsurers' share of insurance contract benefits and claims paid (Note 15):		
Direct	**₱77,360,333**	₱106,178,888
Assumed	**7,569,510**	896,213
Total reinsurers' share of insurance contract benefits and claims paid	**₱84,929,843**	₱107,075,101

Gross change in insurance contract benefits and claims liabilities:

	2023	2022
Change in provision for claims reported and loss adjustment expenses (Note 15)	**(₱385,959,548)**	₱197,444,736
Change in provision for claims IBNR (Note 15)	**(13,815,829)**	(24,675,353)
Total gross change in insurance contract benefits and claims liabilities	**(₱399,775,377)**	₱172,769,383

Reinsurers' share of change in insurance contract benefits and claims liabilities:

	2023	2022
Reinsurers' share of change in provision for claims reported and loss adjustment expenses (Note 15)	**(₱385,547,725)**	₱181,182,515
Reinsurers' share of change in provision for claims IBNR (Note 15)	**(5,432,531)**	(30,747,664)
Total reinsurers' share of change in insurance contract benefits and claims liabilities	**(₱390,980,256)**	₱150,434,851

25. General Expenses

This account consists of:

	2023	2022
Salaries, allowances and employee benefits	**₱50,257,780**	₱45,975,032
Provision for (recovery from) credit and impairment losses (Notes 6 and 14)	**(414,610)**	(12,068,485)
Agency expenses	**7,525,093**	7,446,005
Depreciation (Notes 12 and 28)	**7,890,964**	7,159,737
Professional fees	**6,608,553**	6,362,261
Communications and postage	**4,382,791**	4,756,324
Pension benefit expense (Note 19)	**2,841,886**	2,134,004
Stationery and supplies	**2,256,226**	2,446,098
Repairs and maintenance	**2,254,200**	919,001
Transportation	**1,744,252**	1,349,466
Association and pool expenses	**1,654,433**	1,660,495
Entertainment, amusement and recreation	**1,367,852**	1,539,243
Legal fees and expenses	**1,043,799**	911,600

(Forward)

	2023	2022
Light and water	**₱1,041,779**	₱799,545
Condominium dues	**1,035,647**	1,467,679
Investment expenses	**582,833**	669,586
Rent (Note 28)	**400,424**	300,036
Bank charges	**230,650**	160,632
Appraiser's fee	**214,286**	169,643
Director's fees	**116,667**	1,504,248
Others	**1,091,749**	828,862
	₱94,127,254	₱76,491,012

Others pertains to professional and technical development, insurance, donation and subscription expense.

26. Income Tax

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

- Minimum corporate income tax (MCIT) rate is reverted to 2% of gross income which was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023
- Preferential income tax rate for proprietary educational institutions and hospitals which are nonprofit is reverted to 10% which was previously reduced from 10% to 1% effective July 1, 2020 to June 30, 2023

Consequently, the Company recognized provision for current income tax using the effective MCIT/preferential income tax rate of 1.5% in 2023 in accordance with RMC 69-2023.

Current Tax

The Company's provision for income tax consists of:

	2023	2022
Current tax expense		
MCIT	**₱–**	₱912,878
Final	**9,819,451**	9,353,540
	9,819,451	10,266,418
Deferred:		
Deferred tax benefit	**₱5,435,922**	(657,358)
	₱15,255,373	₱9,609,060

The components of the recognized deferred tax liabilities are as follows:

	2023	2022
Deferred tax liabilities		
Fair value changes on FVOCI	**₱26,298,562**	₱18,843,348
Fair value changes on FVTPL	**42,973,217**	42,973,217
Fair value gains on investment properties	**45,355,442**	39,919,521
	₱114,627,221	₱101,736,086

Movements in net deferred tax liabilities comprise of:

	2023	2022
At beginning of the year	**(₱101,736,086)**	(₱134,820,564)
Amounts charged against statements of income	**(5,435,921)**	(42,315,859)
Amounts charged against statements of comprehensive income	**(7,455,214)**	75,400,337
At end of the year	**(₱114,627,221)**	(₱101,736,086)

The Company did not recognize the following deferred tax assets on deductible temporary differences since management believes that the benefits will not be realized:

	2023	2022
Allowance for impairment losses	**₱13,155,986**	₱13,480,976
Provision for IBNR claims	**10,754,335**	12,850,159
NOLCO	**34,295,747**	5,662,833
Unamortized past service cost	**1,950,101**	2,346,930
Excess of MCIT over RCIT	**1,626,898**	1,626,898
Pension obligation	**1,834,806**	1,083,827
Lease liability, net	**15,320**	38,274
Total	**₱63,633,193**	₱37,089,897

On September 30, 2020, the Bureau of Internal Revenue (BIR) has issued Revenue Regulations (RR) No. 25-2020 to implement Section 4 (b) of Republic Act No. 11494, otherwise known as "Bayanihan to Recover as One Act", allowing qualified businesses or enterprises which incurred net operating loss for taxable years 2020 and 2021 to carry over the same as a deduction from its gross income for the next five (5) consecutive taxable years immediately following the year of such loss. Prior to this, NOLCO may be applied against the Company's gross income over three consecutive taxable years immediately following the year of such loss.

Details of the Company's NOLCO follow:

Year Incurred	Amount	Expired/Applied	Balance	Expiry year
2021	₱17,991,923	₱–	₱17,991,923	2026
2022	4,659,410	–	22,605,079	2025
2023	114,531,656	–	137,182,989	2026

Details of the Company's MCIT follow:

Year Incurred	Amount	Expired/Applied	Balance	Expiry year
2021	₱714,019	₱–	₱714,019	2024
2022	912,879	–	1,626,898	2025

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

	2023	2022
At statutory income tax rate	**(₱622,416)**	₱21,563,461
Tax effects of:		
Non-taxable income	**(7,701,929)**	(3,093,140)
Nondeductible expenses	**141,834**	453,047
Change in unrecognized deferred tax asset	**25,892,825**	(6,817,420)
Interest income subjected to final taxes	**(2,454,941)**	(2,496,888)
	₱15,877,789	₱9,609,060

27. **Contingencies**

Various legal actions and claims are pending or may be assessed in the future against the Company from litigations and claims incident in the ordinary course of business. Related risks have been analyzed as to likelihood of occurrence. Although the outcome of these matters cannot always be ascertained with precision, management believes that no material liabilities are likely to result.

28. **Lease commitments**

The rollforward analysis of right-of-use asset is as follows:

	2023	2022
Cost		
Balance at beginning of year	**₱4,223,279**	₱3,939,446
Addition	**1,591,353**	283,833
Balance at the end of year	**5,814,632**	4,223,279
Accumulated depreciation		
Balance at beginning of year	**3,469,301**	2,670,078
Depreciation (Note 25)	**858,330**	799,223
Balance at the end of year	**4,327,631**	3,469,301
Net book value	**₱1,487,001**	₱753,978

There are no lease contracts that were pre-terminated in 2023 and 2022.

The Company is a party under various leases covering certain offices which have lease terms between 1 to 5 years for its branches. These leases have an average life of between 1 to 5 years with renewal terms included in the contracts. Generally, the Company is restricted from assigning and subleasing the leased assets.

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased asset portfolio and align with the Company's business needs.

The Company has certain leases with lease terms of 12 months or less and leases with low-value and applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The Company also recognized lease liabilities with movements stated below:

	2023	2022
Balance at beginning of year	**₱907,076**	₱1,469,507
Additions	**1,591,353**	283,833
Interest expense	**100,876**	134,170
Payments	**(1,037,426)**	(980,434)
Reversal	**(13,596)**	-
	₱1,548,283	₱907,076

The following are the amounts recognized in statements of income:

	2023	2022
Depreciation expense of right-of-use assets	**₱858,330**	₱799,223
Expenses relating to leases of low-value assets (Note 25)	**103,424**	151,536
Expenses relating to short-term leases (Note 25)	**297,000**	148,500
Interest expense on lease liabilities	**100,876**	134,170
Total amount recognized in statements of income	**₱1,359,630**	₱1,233,429

Shown below is the maturity analysis of the undiscounted lease payments:

	2023	2022
Within one (1) year	**₱901,425**	₱732,715
More than one (1) year but less than five (5) years	**805,710**	232,130
	₱1,707,135	₱964,845

29. Management of Capital, Insurance and Financial Risks

Regulatory Framework

Regulators are interested in protecting the rights of the policyholders and maintain close vigil 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 solvency position to meet liabilities arising from claims and that the risk levels are at acceptable levels.

The operations of the Company are subject to the regulatory requirements of the IC. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions (e.g., minimum statutory net worth and risk-based capital requirements).

Capital Management Framework

The Company maintains a certain level of capital to ensure sufficient solvency margins and to adequately protect the policyholders.

The Company reviews the capital requirements by monitoring the minimum statutory net worth and the risk-based capital (RBC) which is regularly communicated to the major shareholders. With this procedure, shareholders are forewarned in anticipation of the IC requirements of additional capital infusion. Shareholders are well updated with these externally imposed capital requirements since these are being discussed during the annual BOD meeting.

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

On January 13, 2015, the IC issued Circular Letter No. 2015-02-A clarifying the minimum capitalization and net worth requirements of new and existing insurance companies in the Philippines. All domestic life and non-life insurance companies duly licensed by the IC must have a net worth of at least ₱250.00 million by December 31, 2013. The minimum net worth of the said companies shall remain unimpaired at all times and shall increase to the amounts as follows:

Networth	Compliance Date
₱550,000,000	December 31, 2016
900,000,000	December 31, 2019
1,300,000,000	December 31, 2022

The minimum net worth requirement must remain unimpaired for the continuance of the license.

As of December 31, 2023, the Company’s estimated statutory net worth amounted to ₱2.33 billion and the Company’s net worth as of December 31, 2022 after verification of the Insurance Commission amounted to ₱2.24 billion. As of December 31, 2023 and 2022, the Company has complied with the minimum net worth requirements.

Solvency Requirement
Under the revised Insurance Code (RA 10607), an insurance company doing business in the Philippines shall at all times maintain the minimum paid-up capital, and net worth requirements as prescribed by the Commissioner. Such solvency requirements shall be based on internationally accepted solvency frameworks and accepted only after due consultation with the insurance industry association.

The amounts of estimated non-admitted assets, as defined in the Code, are as follows:

	2023 (Estimated)	2022 (Actual)
Premiums receivables	**₱49,196,752**	₱73,639,682
Property and equipment and investment properties	**12,551,691**	11,973,879
Other assets	**472,825,924**	597,857,887
	₱534,574,367	₱683,471,448

If an insurance company failed to meet the minimum required capital, the Insurance Commission is authorized to suspend or revoke all certificates of authority granted to such companies, its officers and agents, and no new business shall be done by and for such company until its authority is restored by the Insurance Commission.

The final amount of the networth as of December 31, 2023 can be determined only after the accounts of the Company have been examined by the Insurance Commission, specifically as to admitted and non-admitted assets as defined under the Code.

Risk-based Capital Requirements
In 2016, the IC issued Circular Letter No. 2016-68, Amended Risk-Based Capital (RBC2) Framework, pursuant to Section 437 of the Amended Insurance Code. The RBC ratio shall be calculated as Total Available Capital (TAC) divided by the RBC requirement. TAC is the aggregate of Tier 1 and Tier 2 capital minus deductions, subject to applicable limits and determinations. Tier 1 Capital represents capital that is fully available to cover losses of the insurer at all times on a going-concern and winding up basis (e.g. Capital Stock, Statutory Deposit, Capital Stock Subscribed, Contributed Surplus, etc.). Tier 2 Capital does not have the same high quality characteristics of Tier 1 capital, but can provide an additional buffer to the insurer [e.g. Reserve for Appraisal Increment – Property and Equipment, Remeasurement Gains (Losses) on Retirement Pension Asset (Obligation), etc. Tier 2 Capital shall not exceed 50% of Tier 1 Capital.

The minimum RBC ratio is set at 100%. All insurance companies are required to maintain the minimum RBC ratio and not fail the Trend Test.

The following table shows how the RBC ratio as of December 31, 2023 and 2022 was determined by the Company:

	2023 (Estimated)	2022 (Actual)
Total Available Capital	**₱2,908,347,927**	₱2,891,905,534
RBC requirement	**965,394,390**	1,034,195,065
RBC Ratio	**301%**	280%

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

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

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

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

Implementation requirements and transition accounting
Circular Letter No. 2016-69, Implementation Requirements for Financial Reporting, Valuation Standards for Insurance Policy Reserves and Amended Risk-based Capital Framework. The new regulatory requirements under circular letters 2016-65, 2016-68 and 2018-18 shall take effect beginning January 1, 2017.

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

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

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

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

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

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

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

The variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by change in any subset of the portfolio. The variability of risks can also be improved by careful selection and implementation of underwriting strategy and guidelines.

The majority of reinsurance business ceded is placed on a quota share basis with retention limits. Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for ascertaining the underlying policy benefits and are presented in the statement of financial position as reinsurance assets.

Although the Company has reinsurance agreements, 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 the obligations assumed under such reinsurance agreements.

The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

The business of the Company mainly comprises of short-term nonlife insurance contract.

The Company principally issued the following types of general insurance contracts: fire, engineering, marine, motor car, personal accident and miscellaneous casualty.

The table below sets out the concentration of the claims provisions as of December 31, 2023 and 2022 by type of contract (see Note 15):

	December 31, 2023			December 31, 2022		
	Gross Contract Liabilities	**Reinsurers' Share of Liabilities**	**Net**	Gross Contract Liabilities	Reinsurers' Share of Liabilities	Net
Property	**₱776,968,989**	**₱588,638,304**	**₱188,330,685**	₱1,163,463,969	₱978,992,613	₱184,471,356
Motor Car	**30,167,112**	**50,156**	**30,116,956**	41,613,934	424	41,613,510
Casualty	**21,401,246**	**6,057,780**	**15,343,466**	23,896,225	6,684,111	17,212,114
Marine	**2,512,934**	**11,713**	**2,501,221**	1,851,530	61,061	1,790,469
	₱831,050,281	**₱594,757,953**	**₱236,292,328**	₱1,230,825,658	₱985,738,209	₱245,087,449

The most significant risk arises from climate changes and natural disasters. These risks vary significantly in relation to the location of the risk insured by the Company, type of risks insured and in respect of commercial and business interruption insurance, by industry.

The Company also enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

The Company also has limited its exposure level by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events. The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes to a predetermined maximum amount based on the Company's risk appetite as decided by management.

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

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

Sensitivities
In insurance, as a rule, there may be claims filed in the current year that would attach policies issued in the previous years. This in effect makes claims provision highly sensitive as represented by the table below. Other unpredictable circumstances like legislative uncertainties make it impossible to quantify claims. Also, due to delays arising between occurrence of claims and their subsequent reporting to and settlement by the Company, the outstanding claim provisions cannot be ascertained with confidence at the end of the reporting period.

As a result, the final liabilities will change as a result of succeeding developments. Differences from recomputation of the final liabilities are taken up in subsequent year's financial statements.

The table below shows the impact of changes in certain important assumptions in general insurance business while other assumptions remain unchanged. The interrelation of these assumptions will have an important impact in the computation of the final liabilities. But these assumption changes should be done on an individual basis to show the effect on the claims liabilities. It is worthwhile mentioning that these assumptions are nonlinear and larger or smaller impacts cannot be seen from these results. Sensitivity analysis as of December 31, 2023 and 2022 follows:

	December 31, 2023			
	Change in Assumption	**Increase (decrease) on Gross Insurance Liabilities**	**Increase (decrease) on Net Insurance Liabilities**	**Increase (decrease) on Profit Before Income Tax**
Average claim costs	**-21.54%**	**(₱265,149,085)**	**(₱52,797,659)**	**₱52,797,659**
Average number of claims	**5.91%**	**72,801,518**	**14,496,560**	**(14,496,560)**

	December 31, 2022			
	Change in Assumption	Increase (decrease) on Gross Insurance Liabilities	Increase (decrease) on Net Insurance Liabilities	Increase (decrease) on Profit Before Income Tax
Average claim costs	419.59%	₱4,441,018,585	₱812,968,796	(₱812,968,796)
Average number of claims	-4.02%	(42,573,069)	(9,861,597)	9,861,597

Loss Development Triangle

The table below is an exhibit that shows the development of claims over a period of time. It shows the cumulative incurred claims for each successive accident year at each reporting date, together with cumulative claims as at the current reporting period.

Accident Year	2013 and prior years	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Estimate of ultimate claim costs:												
At the end of accident year	₱177,480,529	₱128,218,973	₱175,903,219	₱125,872,957	₱82,076,045	₱124,224,059	₱207,956,636	₱55,550,977	₱796,395,127	₱166,385,332	₱90,280,815	₱90,280,815
One year later	158,040,902	116,634,987	162,473,810	124,374,646	79,970,903	122,057,037	206,240,354	55,550,977	796,395,127	135,362,857	–	135,362,857
Two years later	142,208,958	108,364,329	151,061,643	102,380,721	81,393,741	118,950,576	206,240,354	55,550,977	819,983,186	–	–	819,983,186
Three years later	134,104,813	114,619,676	151,697,998	110,512,855	80,782,243	118,950,576	206,240,354	94,002,366	–	–	–	94,002,366
Four years later	133,623,078	113,605,460	151,529,928	110,488,355	80,782,243	118,950,576	192,687,535	–	–	–	–	192,687,535
Five years later	133,860,114	115,093,507	151,507,006	110,488,355	80,782,243	109,697,025	–	–	–	–	–	109,697,025
Six years later	133,908,365	115,185,249	151,507,006	110,488,355	76,458,602	–	–	–	–	–	–	76,458,602
Seven years later	133,908,365	115,185,249	151,507,006	106,091,788	–	–	–	–	–	–	–	106,091,788
Eight years later	133,908,365	115,185,249	150,408,707	–	–	–	–	–	–	–	–	150,408,707
Nine years later	133,924,716	114,139,901	–	–	–	–	–	–	–	–	–	114,139,901
Ten years later	133,924,716	–	–	–	–	–	–	–	–	–	–	133,924,716
Current Estimate of cumulative claims	133,924,716	114,139,901	150,408,707	106,091,788	76,458,602	109,697,025	192,687,535	94,002,366	819,983,186	135,362,857	90,280,816	2,023,037,499
Cumulative payment to date	(133,172,770)	(114,026,164)	(150,352,325)	(101,621,557)	(72,662,550)	(102,229,384)	(173,152,449)	(64,897,287)	(300,557,569)	(77,389,427)	(18,760,527)	(1,308,822,019)
Total gross insurance liability (Note 15)	₱751,945	₱113,737	₱56,382	₱4,470,231	₱3,796,052	₱7,467,641	₱19,535,086	₱29,105,079	₱519,425,617	₱57,973,430	₱71,520,289	₱714,215,489

Accident Year	2012 and prior years	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Estimate of ultimate claim costs:												
At the end of accident year	**₱161,075,172**	**₱177,480,529**	**₱128,218,973**	**₱175,903,219**	**₱125,872,957**	**₱82,076,045**	**₱124,224,059**	**₱207,956,636**	**₱55,550,977**	**₱796,395,127**	**₱166,385,332**	**₱166,385,332**
One year later	**154,420,603**	**158,040,902**	**116,634,987**	**162,473,810**	**124,374,646**	**79,970,903**	**122,057,037**	**206,240,354**	**102,420,658**	**972,273,934**	–	**972,273,934**
Two years later	**145,330,469**	**142,208,958**	**108,364,329**	**151,061,643**	**102,380,721**	**81,393,741**	**118,950,576**	**194,554,858**	**109,087,845**	–	–	**109,087,845**
Three years later	**147,773,116**	**134,104,813**	**114,619,676**	**151,697,998**	**110,512,855**	**80,782,243**	**112,726,749**	**191,660,765**	–	–	–	**191,660,765**
Four years later	**137,689,982**	**133,623,078**	**113,605,460**	**151,529,928**	**110,488,355**	**80,782,243**	**110,116,488**	–	–	–	–	**110,116,488**
Five years later	**137,156,806**	**133,860,114**	**115,093,507**	**151,507,006**	**109,295,657**	**78,556,119**	–	–	–	–	–	**78,556,119**
Six years later	**137,157,856**	**133,908,365**	**115,185,249**	**153,223,173**	**110,943,935**	–	–	–	–	–	–	**110,943,935**
Seven years later	**137,216,405**	**133,908,365**	**114,674,511**	**154,508,642**	–	–	–	–	–	–	–	**154,508,642**
Eight years later	**137,038,944**	**133,913,954**	**114,391,101**	–	–	–	–	–	–	–	–	**114,391,101**
Nine years later	**137,038,944**	**133,924,716**	–	–	–	–	–	–	–	–	–	**133,924,716**
Ten years later	**137,038,944**	–	–	–	–	–	–	–	–	–	–	**439,776,618**
Current Estimate of cumulative claims	**137,038,944**	**133,924,716**	**114,391,101**	**154,508,642**	**110,943,935**	**78,556,119**	**110,116,488**	**191,660,765**	**109,087,845**	**972,273,934**	**166,385,332**	**2,581,625,495**
Cumulative payment to date	**(133,617,969)**	**(133,512,065)**	**(114,026,163)**	**(150,268,558)**	**(96,110,681)**	**(72,524,745)**	**(102,009,195)**	**(171,601,437)**	**(62,338,271)**	**(127,851,752)**	**(14,851,948)**	**(1,481,450,458)**
Total gross insurance liability (Note 15)	**₱3,420,975**	**₱412,651**	**₱364,938**	**₱4,240,084**	**₱14,833,254**	**₱6,031,374**	**₱8,107,293**	**₱20,059,328**	**₱46,749,574**	**₱844,422,182**	**₱151,533,384**	**₱1,100,175,037**

Accident Year	2013 and prior years	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Estimate of ultimate claim costs:												
At the end of accident year	₱63,919,294	₱46,785,407	₱53,936,598	₱93,426,784	₱73,099,081	₱102,098,879	₱162,107,585	₱49,470,622	₱120,074,785	₱61,793,062	₱68,713,090	₱68,713,090
One year later	59,517,310	44,483,589	57,217,473	94,874,410	74,643,474	107,809,072	160,807,424	49,470,622	120,074,785	59,641,427	–	59,641,427
Two years later	56,077,363	42,335,983	61,190,152	83,636,593	75,796,671	106,612,691	160,807,424	49,470,622	201,074,534	–	–	201,074,534
Three years later	51,154,343	48,040,056	61,314,997	90,267,561	75,242,074	106,612,691	160,807,424	64,688,336	–	–	–	64,688,336
Four years later	51,183,456	47,025,839	61,146,927	90,267,561	75,242,074	106,612,691	147,811,690	–	–	–	–	147,811,690
Five years later	51,401,404	47,348,056	61,146,927	90,267,561	75,242,074	98,215,543	–	–	–	–	–	98,215,543
Six years later	51,449,656	47,348,056	61,146,927	90,248,830	70,865,331	–	–	–	–	–	–	70,865,331
Seven years later	51,449,656	47,348,056	61,146,927	86,219,260	–	–	–	–	–	–	–	86,219,260
Eight years later	51,449,656	47,348,056	60,030,095	–	–	–	–	–	–	–	–	60,030,095
Nine years later	51,466,007	46,394,450	–	–	–	–	–	–	–	–	–	46,394,450
Ten years later	51,466,007	–	–	–	–	–	–	–	–	–	–	51,466,007
Current Estimate of cumulative claims	51,466,007	46,394,450	60,030,095	86,219,260	70,865,331	98,215,543	147,811,690	64,688,336	201,074,534	59,641,427	68,713,090	955,119,762
Cumulative payment to date	(50,732,879)	(46,280,713)	(59,973,713)	(81,832,493)	(67,386,108)	(93,437,466)	(132,560,872)	(54,865,792)	(113,774,120)	(42,574,312)	(18,426,306)	(761,844,772)
Total net insurance liability (Note 15)	₱733,128	₱113,737	₱56,382	₱4,386,766	₱3,479,223	₱4,778,078	₱15,250,818	₱9,822,544	₱87,300,414	₱17,067,115	₱50,286,784	₱193,274,990

Accident Year	2012 and prior years	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Estimate of ultimate claim costs:												
At the end of accident year	₱54,703,459	₱63,919,294	₱46,785,407	₱53,936,598	₱93,426,784	₱73,099,081	₱102,098,879	₱162,107,585	₱49,470,622	₱120,074,785	₱61,793,062	₱61,793,062
One year later	55,499,193	59,517,310	44,483,589	57,217,473	94,874,410	74,643,474	107,809,072	160,807,424	49,470,622	113,396,308	–	113,396,308
Two years later	52,889,097	56,077,363	42,335,983	61,190,152	83,636,593	75,796,671	107,809,072	160,807,424	67,214,198	–	–	67,214,198
Three years later	52,973,787	51,154,343	48,040,056	61,314,997	90,267,561	75,796,671	107,809,072	149,403,359	–	–	–	149,403,359
Four years later	45,775,022	51,183,456	47,025,839	61,146,927	90,267,561	75,796,671	98,627,123	–	–	–	–	98,627,123
Five years later	45,775,816	51,401,404	47,348,056	61,146,927	90,267,561	72,999,175	–	–	–	–	–	72,999,175
Six years later	45,776,866	51,449,656	47,348,056	61,146,927	91,071,407	–	–	–	–	–	–	91,071,407
Seven years later	45,835,415	51,449,656	47,348,056	64,130,030	–	–	–	–	–	–	–	64,130,030
Eight years later	45,835,415	51,449,656	46,645,650	–	–	–	–	–	–	–	–	46,645,650
Nine years later	51,466,007	51,466,007	–	–	–	–	–	–	–	–	–	51,466,007
Ten years later	51,466,007	–	–	–	–	–	–	–	–	–	–	51,466,007
Current Estimate of cumulative claims	51,466,007	51,466,007	46,645,650	64,130,030	91,071,407	72,999,175	98,627,123	149,403,359	67,214,198	113,396,308	61,793,062	868,212,326
Cumulative payment to date	(48,045,033)	(51,072,173)	(46,280,713)	(59,889,946)	(76,321,618)	(67,336,688)	(93,241,276)	(131,033,714)	(53,182,742)	(33,546,665)	(14,574,947)	(674,525,516)
Total net insurance liability (Note 15)	₱3,420,975	₱393,834	₱364,937	₱4,240,084	₱14,749,789	₱5,662,487	₱5,385,847	₱18,369,645	₱14,031,456	₱79,849,643	₱47,218,115	₱193,686,813

Financial Instruments
Fair values of financial assets are estimated as follows:

	Methods and Assumptions
Cash and cash equivalents, insurance receivables, short-term investments, accounts receivables, advances, accrued income and other financial liabilities	Due to the short-term nature of the instruments, the fair value approximates the carrying amount as of reporting date.
Financial assets at FVTPL, Equity and debt securities (shown under financial assets at FVOCI), HTC investments	Fair values are based on quoted prices within the bid-offer price range. Unlisted equity securities are valued using adjusted net asset values.
Mortgage loans (shown under loans and receivables)	The fair value approximates the carrying amount as of reporting date.

Fair Value Hierarchy
The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The table below provides the fair value hierarchy of the Company's financial assets:

	December 31, 2023			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Assets measured at fair value:				
Financial assets at FVTPL	**₱–**	**₱202,676,864**	**₱–**	**₱202,676,864**
Financial assets at FVOCI				
Listed equity securities:				
Common shares	**556,848,098**	**–**	**–**	**556,848,098**
Preferred shares	**24,842,400**	**–**	**–**	**24,842,400**
Club shares	**–**	**15,590,000**	**–**	**15,590,000**
Government securities:				**–**
Local currency	**153,481,200**	**–**	**–**	**153,481,200**
Foreign currency	**20,387,143**	**–**	**–**	**20,387,143**
Private debt securities	**657,050,686**	**–**	**–**	**657,050,686**
Unquoted equity securities	**–**	**–**	**182,486,007**	**182,486,007**
Loans and receivables				
Real estate mortgage loan	**–**	**–**	**88,971,775**	**88,971,775**
Investment properties	**–**	**–**	**318,975,765**	**318,975,765**
	1,412,609,527	**218,266,864**	**590,433,547**	**2,221,309,938**
Asset for which fair values are disclosed:				
HTC investments	**–**	**–**	**–**	**–**
	₱1,412,609,527	**₱218,266,864**	**₱590,433,547**	**₱2,221,309,938**

	December 31, 2022			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value:				
Financial assets at FVTPL	₱–	₱298,824,696	₱–	₱298,824,696
Financial assets at FVOCI				
Listed equity securities:				
Common shares	487,606,197	–	–	487,606,197
Preferred shares	24,586,600	–	–	24,586,600
Club shares	–	15,590,000	–	15,590,000
Government securities:				
Local currency	161,509,920	–	–	161,509,920
Foreign currency	16,758,420	–	–	16,758,420
Private debt securities	664,164,046	–	–	664,164,046
Unquoted equity securities	–	–	160,942,961	160,942,961
Loans and receivables				
Real estate mortgage loan	–	–	124,349,796	124,349,796
Investment properties	–	–	296,518,081	296,518,081
	1,354,625,183	314,414,696	581,810,838	2,250,850,717
Asset for which fair values are disclosed:				
HTC investments	104,990,269	–	–	104,990,269
	₱1,459,615,452	₱314,414,696	₱581,810,838	₱2,355,840,986

There were no transfers between level 1 and level 2, and no transfers into and out of level 3 fair value measurement during 2022 and 2021.

Financial Risk

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

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

Credit risk

Credit risk is a risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Prior to extending credit, the Company manages its credit risk by assessing the credit quality of its counterparty. Another method by which the Company manages its credit risk exposure is through credit analysis. This is a process of assessing the credit quality of a counterparty which is a process that entails judgment.

The credit policy group reviews all information about the counterparty which may include the counterparty's statement of financial position, statements of income and other market information. The nature of the obligation is likewise considered. Based upon this analysis, the credit analyst assigns the counterparty a credit rating to determine whether or not credit may be provided.

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

The table below provides information regarding the credit risk exposure of the Company:

	December 31, 2023			
	Carrying Amount	**Fair Value of Collateral**	**Financial Effect of collateral**	**Maximum Exposure to Credit Risk**
Cash and cash equivalents (excluding cash on hand)	**₱100,411,347**	**₱–**	**₱–**	**₱100,411,347**
Short-term investments	**1,396,816**	–	–	**1,396,816**
Insurance receivables				
Due from brokers and agents	**147,685,861**	–	–	**147,685,861**
Reinsurance recoverable on paid losses	**104,787,467**	–	–	**104,787,467**
Due from ceding companies	**25,590,444**	–	–	**25,590,444**
Financial assets at FVTPL	**202,676,864**	–	–	**202,676,864**
Financial assets at FVOCI				
Government securities:				
Local currency	**153,481,200**	–	–	**153,481,200**
Foreign currency	**20,387,143**	–	–	**20,387,143**
Private debt securities	**657,050,686**	–	–	**657,050,686**
Hold-to-collect investments	**202,514,146**	–	–	**202,514,146**
Loans and receivables				
Real estate mortgage loan	**88,971,775**	**1,663,808,000**	**88,971,775**	–
Intercompany receivables	**19,259,450**	–	–	**19,259,450**
Accounts receivables	**9,955,255**	–	–	**9,955,255**
Loans receivables	–	–	–	–
Advances	**291,200**	–	–	**291,200**
Accrued income	**11,593,087**	–	–	**11,593,087**
Restricted cash	**2,450,354**	–	–	**2,450,354**
Total	**₱1,748,503,095**	**₱1,663,808,000**	**₱88,971,775**	**₱1,659,531,320**

	December 31, 2022			
	Carrying Amount	Fair Value of Collateral	Financial Effect of collateral	Maximum Exposure to Credit Risk
Cash and cash equivalents (excluding cash on hand)	₱94,547,089	₱–	₱–	₱94,547,089
Short-term investments	3,490,416	–	–	3,490,416
Insurance receivables				
Due from brokers and agents	178,640,159	–	–	178,640,159
Reinsurance recoverable on paid losses	71,079,846	–	–	71,079,846
Due from ceding companies	27,621,129	–	–	27,621,129
Financial assets at FVOCI				
Government securities:				
Local currency	161,509,920	–	–	161,509,920
Foreign currency	16,758,420	–	–	16,758,420
Private debt securities	664,164,046	–	–	664,164,046
Hold-to-collect investments	152,106,871	–	–	152,106,871
Loans and receivables				
Real estate mortgage loan	124,349,796	1,663,808,000	124,349,796	–
Intercompany receivables	22,032,884	–	–	22,032,884
Accounts receivables	10,405,216	–	–	10,405,216
Loans receivables	61,365,132	–	–	61,365,132
Advances	291,200	–	–	291,200
Accrued income	12,334,534	–	–	12,334,534
Restricted cash	495,469	–	–	495,469
Total	**₱1,601,192,127**	**₱1,663,808,000**	**₱124,349,796**	**₱1,476,842,331**

The Company does not hold a collateral held as security and other credit enhancements on its financial assets as of December 31, 2023 and 2022, except for the real estate mortgage loan. The Company has agreed to constitute and establish in favor of Fibertex Corporation a parcel of land as collateral of the loan.

In ensuring a quality investment portfolio, the Company monitors credit risk from investments using credit ratings based on Moody's for its cash in banks, short-term investments and loans and receivables.

The Company assigns the following credit quality groupings based on ratings prior to PFRS 9 adoption as follows:

Credit Quality	Moody's	Stage
High Grade	Aaa to A3	1
Standard Grade	Baa1 to Ba3	1
Substandard Grade	B1 to Ca	2
Good Standing	Unrated	1 or 2
Past due and impaired	C	3

For insurance receivables, the basis of credit quality rating is the status of the account. Credit quality rating is as follow:

Neither past due nor individually impaired
The Company classifies those accounts under current status having the following classification:

- High grade
  This pertains to accounts to receivables from counterparties with strong capacity to meet its obligation and has no default in payment history.
- Medium grade
  This pertains to accounts that are usually collected beyond 60 days.
- Good Standing
  This pertains to accounts to receivables from counterparties with average capacity to meet its obligation.

Past due but not individually impaired
These are accounts which are classified as delinquent, but the Company assesses that there is no objective evidence that these accounts are impaired as of statement of financial position date.

Individually impaired
Accounts which show evidence of impairment as of statement of financial position date.

Below is the staging parameters adopted by the Company effective January 1, 2018 in relation to its PFRS 9 adoption.

Staging Parameter	Stage	Description
Staging by Days Past Due		*Applicable to all premiums receivables and due to ceding companies*
	1	Accounts with 0 – 30 days past due
	2	Accounts with 31 – 90 days past due
	3	Accounts with days past due of 91 days and above

The table below provides information regarding the credit risk exposure of the Company by classifying financial assets according to the Company's credit ratings of the counterparties.

	December 31, 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Cash and cash equivalents (excluding cash on hand)				
Neither Past Due nor Individually Impaired				
High grade	₱–	₱–	₱–	₱–
Medium grade	–	–	–	–
Good Standing	**100,411,348**	–	–	**100,411,348**
Past due or impaired	–	–	–	–
	100,411,348	–	–	**100,411,348**
Short-term investments				
Neither Past Due nor Individually Impaired				
High grade	–	–	–	–
Medium grade	–	–	–	–
Good Standing	**1,396,816**	–	–	**1,396,816**
Past due or impaired	–	–	–	–
	1,396,816	–	–	**1,396,816**
Financial assets at FVTPL investment				
Neither Past Due nor Individually Impaired				
High grade	–	–	–	–
Medium grade	–	–	–	–
Good Standing	**202,676,864**	–	–	**202,676,864**
Past due or impaired	–	–	–	–
	202,676,864	–	–	**202,676,864**
Financial assets at FVOCI investment				
Neither Past Due nor Individually Impaired				
High grade	–	–	–	–
Medium grade	–	–	–	–
Good Standing	**830,919,029**	–	–	**830,919,029**
Past due or impaired	–	–	–	–
	830,919,029	–	–	**830,919,029**
HTC investments				
Neither Past Due nor Individually Impaired				
High grade	–	–	–	–
Medium grade	–	–	–	–
Good Standing	**202,514,146**	–	–	**202,514,146**
Past due or impaired	–	–	–	–
	202,514,146	–	–	**202,514,146**
Loans and receivables				
Neither Past Due nor Individually Impaired				
High grade	–	–	–	–
Medium grade	–	–	–	–
Good Standing	–	**160,253,220**	–	**160,253,220**
Past due or impaired	–	–	–	–
	–	**160,253,220**	–	**160,253,220**
	₱1,337,918,203	**₱160,253,220**	–	**₱1,498,171,423**

	December 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents (excluding cash on hand)				
Neither Past Due nor Individually Impaired				
High grade	₱–	₱–	₱–	₱–
Medium grade	–	–	–	–
Good Standing	94,547,089	–	–	94,547,089
Past due or impaired	–	–	–	–
	94,547,089	**–**	**–**	**94,547,089**
hort-term investments				
Neither Past Due nor Individually Impaired				
High grade	–	–	–	–
Medium grade	–	–	–	–
Good Standing	3,490,416	–	–	3,490,416
Past due or impaired	–	–	–	–
	3,490,416	**–**	**–**	**3,490,416**
Financial assets at FVOCI investment				
Neither Past Due nor Individually Impaired				
High grade	–	–	–	–
Medium grade	–	–	–	–
Good Standing	842,432,386	–	–	842,432,386
Past due or impaired	–	–	–	–
	842,432,386	**–**	**–**	**842,432,386**
HTC investments				
Neither Past Due nor Individually Impaired				
High grade	–	–	–	–
Medium grade	–	–	–	–
Good Standing	152,106,871	–	–	152,106,871
Past due or impaired	–	–	–	–
	152,106,871	**–**	**–**	**152,106,871**
Loans and receivables				
Neither Past Due nor Individually Impaired				
High grade	–	–	–	–
Medium grade	–	–	–	–
Good Standing	–	216,180,312	–	216,180,312
Past due or impaired	–	–	–	–
	–	**216,180,312**	**–**	**216,180,312**
	₱1,092,576,762	**₱216,180,312**	**–**	**₱1,308,757,074**

The table below provides information regarding the credit risk exposure of the Company's insurance receivables.

	December 31, 2023		
	Stage 2	**Stage 3**	**Total**
Due from brokers and agents			
Neither Past Due nor Individually Impaired			
High grade	**₱–**	**₱–**	**₱–**
Medium grade	–	–	–
Good Standing	**52,508,197**	**12,657,312**	**65,165,509**
Past due or impaired	**23,936,430**	**58,583,922**	**82,520,352**
	76,444,627	**18,168,234**	**147,685,861**
Reinsurance recoverable on paid losses			
Neither Past Due nor Individually Impaired			
High grade	–	–	–
Medium grade	–	–	–
Good Standing	**8,005,889**	**17,783,927**	**25,789,816**
Past due or impaired	**3,502,418**	**75,495,233**	**78,997,651**
	11,508,307	**93,279,160**	**104,787,467**
Due from ceding companies			
Neither Past Due nor Individually Impaired			
High grade	–	–	–
Medium grade	–	–	–
Good Standing	**379,196**	**631,882**	**1,011,078**
Past due or impaired	**1,951,005**	**22,628,361**	**24,579,366**
	2,330,201	**23,260,243**	**25,590,444**
	₱90,283,135	**₱187,780,637**	**₱278,063,772**

	December 31, 2022		
	Stage 2	Stage 3	Total
Due from brokers and agents			
Neither Past Due nor Individually Impaired			
High grade	₱–	₱–	₱–
Medium grade	–	–	–
Good Standing	32,812,138	–	32,812,138
Past due or impaired	30,775,639	115,052,382	145,828,021
	63,587,777	**115,052,382**	**178,640,159**
Reinsurance recoverable on paid losses			
Neither Past Due nor Individually Impaired			
High grade	–	–	–
Medium grade	–	–	–
Good Standing	2,813,177	–	2,813,177
Past due or impaired	1,752,409	66,514,259	68,266,668
	4,565,581	**66,514,259**	**71,079,845**
Due from ceding companies			
Neither Past Due nor Individually Impaired			
High grade	–	–	–
Medium grade	–	–	–
Good Standing	362,439	–	362,439
Past due or impaired	1,002,681	26,256,008	27,258,689
	1,365,120	**26,256,008**	**27,621,128**
	₱69,518,481	**₱207,822,651**	**₱277,341,133**

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of a contractual obligation; or insurance liability falling due for payment earlier than expected; or inability to generate cash inflows as anticipated. The major liquidity risk confronting the Company is the daily calls on its available cash resources in respect of claims arising from insurance contracts.

The Company manages liquidity through a liquidity risk policy which determines what constitutes liquidity risk for the Company; specifies minimum proportion of funds to meet emergency calls; set up of contingency funding plans; specifies the sources of funding and the events that would trigger the plan; determines concentration of funding sources; reports liquidity risk exposures and breaches; monitoring compliance with liquidity risk policy and reviews liquidity risk policy for pertinence and changing environment.

The table below analyzes financial assets and liabilities of the Company, as well as the claims payable and related recoverable on reinsurers, into their relevant maturity groups based on the remaining period at the reporting dates to their contractual maturities or expected repayment dates.

	December 31, 2023					
	Up to a year	**1-3 years**	**3-5 years**	**Over 5 years**	**No term**	**Total**
Cash and cash equivalents*	**₱102,512,624**	**₱–**	**₱–**	**₱–**	**₱–**	**₱102,512,624**
Short-term investments*	**1,400,133**	**–**	**–**	**–**	**–**	**1,400,133**
Insurance receivables	**278,063,772**	**–**	**–**	**–**	**–**	**278,063,772**
Financial assets at FVPL	**–**	**–**	**–**	**–**	**202,676,864**	**202,676,864**
Financial assets at FVOCI*	**100,977,958**	**252,838,846**	**211,873,830**	**246,552,565**	**978,306,018**	**1,790,549,217**
HTC investments*	**–**	**22,282,474**	**–**	**338,100,953**	**–**	**360,383,427**
Loans and receivables*	**55,647,098**	**78,871,346**	**39,959,802**	**291,200**	**900**	**174,770,346**
Accrued income	**11,593,087**	**–**	**–**	**–**	**–**	**11,593,087**
Total financial assets	**₱550,194,672**	**₱353,992,666**	**₱251,833,632**	**₱584,944,718**	**₱1,180,983,782**	**₱2,921,949,470**
Insurance contract liabilities	**₱714,215,489**	**₱–**	**₱–**	**₱–**	**₱–**	**₱714,215,489**
Insurance payables	**110,785,731**	**–**	**–**	**–**	**–**	**110,785,731**
Accounts payable and accrued expenses (except taxes payable)	**106,547,075**	**–**		**–**	**–**	**106,547,075**
Other liabilities	**114,264,563**	**–**	**–**	**–**	**–**	**114,264,563**
Lease liability*	**901,425**	**805,710**	**–**	**–**	**–**	**1,707,135**
Total financial liabilities	**₱1,046,714,283**	**₱805,710**	**₱–**	**₱–**	**₱–**	**₱1,047,519,933**

Inclusive of interest

	December 31, 2022					
	Up to a year	1-3 years	3-5 years	Over 5 years	No term	Total
Cash and cash equivalents*	₱111,671,887	₱–	₱–	₱–	₱–	₱111,671,887
Short-term investments*	3,497,123	–	–	–	–	3,497,123
Insurance receivables	277,341,137	–	–	–	–	277,341,137
Financial assets at FVPL	–	–	–	–	298,824,696	298,824,696
Financial assets at FVOCI*	59,807,719	223,660,086	288,475,825	472,673,668	688,725,759	1,733,343,057
HTC investments*	–	–	23,535,079	231,482,357	–	255,017,436
Loans and receivables*	52,049,490	84,422,121	68,094,900	36,171,132	900	240,738,543
Accrued income	12,334,534	–	–	–	–	12,334,534
Total financial assets	₱516,701,890	₱308,082,207	₱380,105,804	₱740,327,157	₱987,551,355	₱2,932,768,413
Insurance contract liabilities	₱1,100,175,034	₱–	₱–	₱–	₱–	₱1,100,175,034
Insurance payables	120,397,828	–	–	–	–	120,397,828
Accounts payable and accrued expenses (except taxes payable)	137,483,233	–		–	–	137,483,233
Other liabilities	113,103,373	–	–	–	–	113,103,373
Lease liability*	732,715	232,130	–	–	–	964,845
Total financial liabilities	₱1,471,892,183	₱232,130	₱–	₱–	₱–	₱1,472,124,313

**Inclusive of interest*

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

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

The Company structures levels of market risk it accepts through a market risk policy that determines what constitutes market risk for the Company; the basis used to fair value financial assets and liabilities; asset allocation and portfolio limit structure; diversification benchmarks by type of instrument; the net exposure limits by each counterparty or group of counterparties, industry segments and market risk exposures; compliance with market risk policy and review of market risk policy for pertinence and changing environment.

a) *Currency risk*
The Company's principal transactions are carried out in Philippine peso and its exposure to foreign exchange risk arises primarily with respect to the US Dollar and Euros as it deals with foreign reinsurers in its settlement of its obligations and receipt of any claim reimbursements.

The following table shows the details of the Company's foreign currency-denominated monetary assets and their Philippine peso equivalents.

	2023		2022	
	Original Currency	**Peso Equivalent**	Original Currency	Peso Equivalent
Cash in bank:				
US dollar denominated	**$369,819**	**₱20,549,733**	$101,275	₱5,638,975
Euro denominated	**€602**	**37,029**	€602	35,974
Financial assets at FVTPL:				
Euro denominated	**€31,278**	**1,922,797**	€31,959	1,848,222
Financial assets at FVOCI:				
US dollar denominated	**$4,995,578**	**277,589,262**	$4,863,966	264,338,160
Accrued interest:				
US dollar denominated	**$79,587**	**4,422,407**	$70,287	4,172,284
Total foreign currency denominated assets		**₱304,521,229**		₱276,033,615

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

	December 31, 2023		
Currency	**Change in exchange rate**	**Impact on income before tax Increase (decrease)**	**Impact on other comprehensive income before tax Increase (decrease)**
US Dollar	**(0.99%)**	**(₱2,981,405)**	**(₱2,735,333)**
	0.99%	**2,981,405**	**2,735,333**
Euro	**(3.22%)**	**(63,144)**	–
	3.22%	**63,144**	–

	December 31, 2022		
Currency	Change in exchange rate	Impact on income before tax Increase (decrease)	Impact on other comprehensive income before tax Increase (decrease)
US Dollar	(10.53%)	(₱29,227,404)	₱313,912
	10.53%	29,227,404	(313,912)
Euro	(3.55%)	(157,121)	–
	3.55%	157,121	–

The sensitivity analysis has been determined assuming that the change in foreign currency exchange rates has occurred at the reporting date and has been applied to the Company's exposure to currency risk for financial instruments in existence at that date, and all other variables, interest rates in particular, remain constant.

The stated changes represent management's assessment of reasonable possible changes in foreign exchange rates over the period until the next annual reporting date. Results of the analysis as presented in the above table represent the effects on the Company's income before tax measured in US dollars and Euro using the closing foreign exchange rate at the reporting date.

There is no other impact on the Company's equity other than those already affecting the statements of income.

b) *Interest rate risk*

Interest rate risk is the risk that the value/future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value risk. The Company's AFS debt securities in particular are exposed to fair value risk.

The Company's market risk policy requires it to manage interest rate risk by maintaining appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities.

The following tables show information relating to the Company's financial instruments which are subject to interest rates based on maturity profile:

	December 31, 2023					
	Interest rate (%)			**Maturity**		
		Within a year	**1-3 years**	**3-5 years**	**Over 5 years**	**Total**
Loans and receivables						
Real estate mortgage loan	**5%**	**₱23,408,352**	**₱38,404,933**	**₱27,158,490**	**₱–**	**₱88,971,775**
Intercompany receivables	**5%**	–	–	–	–	–
Loans receivables	**7%**	**10,416,850**	**23,339,597**	**6,361,993**	**–**	**40,118,440**

	December 31, 2022					
	Interest rate (%)			Maturity		
		Within a year	1-3 years	3-5 years	Over 5 years	Total
Loans and receivables						
Real estate mortgage loan	4% - 5%	₱23,738,309	₱50,294,244	₱44,055,707	₱6,261,536	₱124,349,796
Intercompany receivables	2%	–	–	–	–	–
Loans receivables	10% - 12%	7,530,495	33,843,012	17,726,809	–	59,100,316

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on equity of revaluing fixed rate FVOCI debt securities. The correlation of variables will have a significant effect in determining the ultimate impact on interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis.

	December 31, 2023	
	Change in variables	**Impact on equity Increase (decrease)**
FVOCI debt securities	+50 basis points	**(9,054,253)**
	–50 basis points	**18,361,525**

	December 31, 2022	
	Change in variables	Impact on equity Increase (decrease)
FVOCI debt securities	+50 basis points	(₱30,685,463)
	–50 basis points	41,707,399

The sensitivity analysis above has been determined assuming that the change in interest rates has occurred at the reporting date and has been applied to the exposure to interest rate risk for interest bearing financial instruments in existence at that date. The increase or decrease in basis points represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

c) *Price risk*
The Company's price risk exposure at year end relates to financial assets and liabilities whose values will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk, principally, its FVOCI equity financial assets.

Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market.

The Company's market risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments; diversification plan; limits on investment in each sector and market.

The analysis below is performed for reasonably possible movements in the key variable, with all other variables held constant, showing the impact on equity that reflects changes in fair value of FVOCI financial assets on the Company's listed equity securities.

	December 31, 2023	
Market index	**Change in equity prices**	**Impact on equity Increase (decrease)**
PSEi	-5.96	(₱96,915,488)
PSEi	+5.96	96,915,488

	December 31, 2022	
Market index	Change in equity prices	Impact on equity Increase (decrease)
PSEi	+1.68	₱26,498,602
PSEi	-1.68	(26,498,602)

30. **Current and Non-current Classification**

The Company's classification of its accounts is as follows:

	2023			2022		
	Current	**Non-current**	**Total**	Current	Non-current	Total
Assets						
Cash and cash equivalents	**₱102,147,666**	**₱–**	**₱102,147,666**	₱111,487,239	₱–	₱111,487,239
Short-term investments	**1,312,940**	**–**	**1,312,940**	3,436,162	–	3,436,162
Insurance receivables - net	**226,094,876**	**–**	**226,094,876**	223,889,373	–	223,889,373
Financial assets						
Financial assets at FVPL	**230,676,864**	**–**	**230,676,864**	270,074,553	–	270,074,553
Financial assets at FVOCI	**100,977,958**	**1,509,707,576**	**1,610,685,534**	60,368,688	1,470,789,457	1,531,158,145
HTC Investments	**–**	**202,514,146**	**202,514,146**	–	152,106,871	152,106,871
Loans and receivables	**33,825,202**	**105,204,616**	**139,029,818**	2,662,728	191,418,274	194,081,002
Accrued income	**11,593,087**	**–**	**11,593,087**	12,334,534	–	12,334,534
Investment in an associate	**–**	**951,753,598**	**951,753,598**	–	912,222,903	912,222,903
Reinsurance assets	**685,620,189**	**–**	**685,620,189**	1,080,743,760	–	1,080,743,760
Investment properties - net	**–**	**318,975,765**	**318,975,765**	–	296,518,081	296,518,081
Property and equipment - net	**–**	**26,050,276**	**26,050,276**	–	26,279,320	26,279,320
Right-of-use assets	**–**	**1,487,001**	**1,487,001**	–	753,978	753,978
Other assets	**960,956**	**18,068,795**	**19,029,751**	4,306,443	12,728,160	17,034,603
Total assets	**₱1,393,209,738**	**₱3,133,761,773**	**₱4,526,971,511**	₱1,769,303,480	₱3,062,817,044	₱4,832,120,524
Liabilities						
Insurance contract liabilities	**₱1,011,567,488**	**₱–**	**₱1,011,567,488**	₱1,407,523,345	₱–	₱1,407,523,345
Insurance payables	**110,785,733**	**–**	**110,785,733**	120,397,828	–	120,397,828
Deferred tax liability	**–**	**114,627,221**	**114,627,221**	–	101,736,086	101,736,086
Accounts payable and accrued						
Expenses	**169,966,623**	**–**	**169,966,623**	221,158,361	–	221,158,361
Deferred reinsurance commissions	**12,270,038**	**–**	**12,270,038**	14,701,598	–	14,701,598
Net pension obligation	**–**	**7,339,222**	**7,339,222**	–	4,517,806	4,517,806
Lease liabilities	**732,714**	**815,569**	**1,548,283**	685,699	221,376	907,076
Other liabilities	**11,390,466**	**102,874,097**	**114,264,563**	10,148,361	102,874,097	113,022,458
Total liabilities	**₱1,316,713,062**	**₱225,656,109**	**₱1,542,369,171**	₱1,774,615,192	₱209,349,365	₱1,983,964,558

31. **Related Party Transactions**

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions and the parties are subject to common control or common significant influence. Related parties may be individual or corporate entities. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

Summary of significant transactions with related parties in the ordinary course of business follows:

December 31, 2023

Category	Amount/Volume	Outstanding Balance	Terms	Conditions
Advent Capital and Finance Corporation				
FVTPL	**₱16,285,002**	**₱337,913,414**	–	–
Manila Bay Spinning Mills, Inc.				
Premiums	**6,680,040**	**6,200,773**	90-day; Noninterest-bearing	Unsecured; unimpaired
Allocation of various expenses	**127,417**		–	–
Payment of claims	**-**			
Claims and benefits		**15,000**		
Dividends payable		**5,063,712**		
Other payable		**43,772**		
Manila Bay Hosiery Mills, Inc.				
Premiums	**215,093**	**106,428**	90-day; Noninterest-bearing	Unsecured; unimpaired
Allocation of various expenses	**-**			
Claims and benefits		**23,562**		
Dividend payable		**3,797,772**		
Other payable		**11,603**		
Amina, Inc.				
Premiums	**12,165**	**1,683**	90-day; Noninterest-bearing	Unsecured; unimpaired
Allocation of various expenses	**70,944**	**-**	–	–
Dividend payable		**3,472,186**		
Agatha Builders Corp.				
Dividend payable	**–**	**2,296,823**		
Aguille Corp.				
Dividend payable	**–**	**1,738,377**		
Rescom Developers, Inc.				
Dividend payable	**–**	**8,792,077**		
Bloom with Looms Logistics.				
Premiums	**1,871**	**-**		
`Allocation of various expenses	**42,000**			
Vital Ventures Corp.				
Premiums	**3,656,020**	**1,670,021**	90-day; Noninterest-bearing	Unsecured; unimpaired
Dividend payable	**–**	**2,714,438**		
Allocation of various expenses	**40,000**			
Other payable		**–**		
First Optima Realty Corporation				
Premiums	**1,421,401**	**1,279,948**	90-day; Noninterest-bearing	Unsecured; unimpaired
Payment of claims	**7,589**			
Dividend payable	**–**	**2,338,577**		
Rosam Holding Corporation				
Dividend payable	**–**	**285,012**		
A.A Tanco, Inc.				
Premiums	**45,939**	**45,939**	90-day; Noninterest-bearing	Unsecured; unimpaired
A Tanco Realty				
Premiums	**34,971**	**33,474**	90-day; Noninterest-bearing	Unsecured; unimpaired
Asian Terminals, Inc.				
Premiums	**-**	**-**	90-day; Noninterest-bearing	Unsecured; unimpaired
Payment of claims	**2,743,610**			
Claims and benefits		**1,724,545**		

(Forward)

Category	Amount/Volume	Outstanding Balance	Terms	Conditions
Cement Center, Inc.				
Premiums	**₱570,227**	**₱167,713**	90-day; Noninterest-bearing	Unsecured; unimpaired
Allocation of various expenses	**567,333**			
Loans payable		**37,000,000**		
Enervantage Suppliers Co., Inc.				
Premiums	**4,325,715**	**4,325,715**	90-day; Noninterest-bearing	Unsecured; unimpaired
Allocation of various expenses	**5,357**			
Eujo Philippines Inc.				
Other payable		**537**	–	–
Fibertex Corporation				
Premiums	**1,417,060**	**1,250,528**	90-day; Noninterest-bearing	Unsecured; unimpaired
Allocation of various expenses	**126,446**			
Payment of claims	**29,021**	**–**	–	–
Other Payable		**540,266**		
Real estate mortgage loan	**–**	**88,971,775**	Interest-bearing;	Secured; unimpaired
Grow Holdings Phil., Inc.				
Premiums	**185,803**	**–**	90-day; Noninterest-bearing	Unsecured; unimpaired
Hui, Cristina T.				
Premiums	**1,122**	**(1,122)**	90-day; Noninterest-bearing	Unsecured; unimpaired
Information & Communications Academy, Inc.				
Premiums	**1,972,937**	**–**	90-day; Noninterest-bearing	Unsecured; unimpaired
International Hardwood & Veneer Corp.				
Premiums	**503,035**	**489,711**	90-day; Noninterest-bearing	Unsecured; unimpaired
Juska Inc.				
Dividend payable	**–**	**1,568,239**		
Mar-Bay Homes, Inc.				
Premiums	**132,321**	**73,196**	90-day; Noninterest-bearing	Unsecured; unimpaired
MBS Development Corp.				
Premiums	**458,567**	**456,323**	90-day; Noninterest-bearing	Unsecured; unimpaired
MBS Paseo Realty Development Corp.				
Premiums	**1,255,882**	**1,249,148**	90-day; Noninterest-bearing	Unsecured; unimpaired
Philippines First Condominium Corp.				
Premiums	**1,042,579**	**(1,122)**	90-day; Noninterest-bearing	Unsecured; unimpaired
Allocation of various expenses	**3,126,560**			
Morningside Shell Service Center				
Other Payable		**24,292**		
Philippine Belt Manufacturing Corp.				
Premiums	**2,774,404**	**1,479,834**	90-day; Noninterest-bearing	Unsecured; unimpaired
Claims and benefits		**28,750**		
Phil. Healthcare Educators, Inc				
Premiums	**1,683**	**–**		

(Forward)

Category	Amount/Volume	Outstanding Balance	Terms	Conditions
Ruy Corporation				
Dividend payable	**₱–**	**₱1,457,912**		
Total Consolidated Assets, Inc.				
Premiums	**8,547,763**	**610**	90-day; Noninterest-bearing	Unsecured; unimpaired
Payment of claims	**79,427**			
Tridel Holdings				
Dividend payable	**–**	**1,747,974**		
Ventures Securities, Inc.				
Premiums	**110,958**	**–**	Due and demandable; Noninterest-bearing	Unsecured; unimpaired
STI Education Systems Holdings, Inc.				
Premiums	**690,675**	**–**	90-day; Noninterest-bearing	Unsecured; unimpaired
Other Payable		**1,368,078**		
Systems Technology Institute				
Premiums	**22,838,990**	**427,198**	90-day; Noninterest-bearing	Unsecured; unimpaired
Payment of claims	**820,792**			
Claims and benefits		**457,959**		
Diliman Realty & Dev't Corp.				
Premiums	**1,610,626**	**1,605,264**	90-day; Noninterest-bearing	Unsecured; unimpaired
EHT Holdings				
Premiums	**4,426,073**	**(6,173)**	90-day; Noninterest-bearing	Unsecured; unimpaired
Grow Vite Staffing Services, Inc.				
Premiums	**116,317**	**–**	Due and demandable; Noninterest-bearing	Unsecured; unimpaired
Allocation of various expenses	**1,346,188**		–	–
Other Payable		**249,304**		
JB Can, Inc.				
Premiums	**23,944**	**–**		
Manila Bay Thread Corp.				
Premiums	**4,005,054**	**3,180,576**	90-day; Noninterest-bearing	Unsecured; unimpaired
Payment of claims	**102,341**	**–**	–	–
Allocation of various expenses	**10,728**	**–**	–	–
Claims and benefits	**–**	**34,530**	Due and demandable; Noninterest-bearing	–
Other Payable		**158,916**		
Techzone Philippines				
Premiums	**35,571**	**–**	90-day; Noninterest-bearing	Unsecured; unimpaired
Comm & Sense Inc.				
Premiums	**1,683**	**–**	–	–
T & K Investments Corp				
Premiums	**1,438,385**	**1,436,141**	90-day; Noninterest-bearing	Unsecured; unimpaired
Tandem Realty & Development Corp.				
Premiums	**58,175**	**57,053**	90-day; Noninterest-bearing	Unsecured; unimpaired
Tantivy Holdings, Inc.				
Premiums	**1,122**	**–**	–	–
Insurance Builders, Inc.				
Dividend payable		**1,096,810**		
Tricore Insurance Agency, Inc.				
Commission expense	**4,585,291**		90-day; Noninterest-bearing	Unsecured; unimpaired
Other payable		**78,986**		
Yang Wu Trading Inc.				
Premiums	**268,589**	**-**		

(Forward)

Category	Amount/Volume	Outstanding Balance	Terms	Conditions
Maestro Holdings, Inc.				
Premiums	**₱1,122**	**₱–**	90-day; Noninterest-bearing	Unsecured; unimpaired
Malanday Realty Devt Corporation				
Premiums	**119,811**	**119,811**		
PhilhealthCare, Inc.**				
Premiums	**866,387**	**15,231**	90-day; Noninterest-bearing	Unsecured; unimpaired
Payment of claims	**13,774**			
Allocation of various expenses	**1,159,723**			
Other payable	**–**	**251,245**		
Philippine Life Financial Assurance Corporation**				
Premiums	**588,282**	**(41,568)**	90-day; Noninterest-bearing	Unsecured; unimpaired
Payment of claims	**12,575**			
Allocation of various expenses	**88,501**			
Loans Receivables	**–**	**₱40,118,440**	Interest-bearing;	Secured; unimpaired
PhilPlans First, Inc.**				
Premiums	**2,286,864**	**21,605**	90-day; Noninterest-bearing	Unsecured; unimpaired
Payment of claims	**246,090**	**–**	–	–
Allocation of various expenses	**425,688**	**–**		–
Claims and benefits	**–**	**45,233**		
Other payable		**401,136**		
Tanco, Lily				
Premiums	**74,784**		90-day; Noninterest-bearing	Unsecured; unimpaired
IAcademy				
Premiums	**23,714**	**30,254**	90-day; Noninterest-bearing	Unsecured; unimpaired

December 31, 2022

Category	Amount/Volume	Outstanding Balance	Terms	Conditions
Advent Capital and Finance Corporation				
FVTPL	₱16,285,002	₱337,913,414	–	–
Manila Bay Spinning Mills, Inc.				
Premiums	6,829,485	6,211,242	90-day; Noninterest-bearing	Unsecured; unimpaired
Allocation of various expenses	139,455		–	–
Payment of claims	110,000			
Claims and benefits		25,000		
Dividends payable		5,063,712		
Other payable		(8,539)		
Manila Bay Hosiery Mills, Inc.				
Premiums	256,646	–	90-day; Noninterest-bearing	Unsecured; unimpaired
Allocation of various expenses	39,218			
Dividend payable		3,797,772		
Other payable		11,603		
Amina, Inc.				
Premiums	74,688	64,206	90-day; Noninterest-bearing	Unsecured; unimpaired
Allocation of various expenses		-	–	–
Dividend payable		3,472,186		
Other Payable		11,975		
Agatha Builders Corp.				
Dividend payable	–	2,296,823		
Aguille Corp.				
Dividend payable	–	1,738,377		
Rescom Developers, Inc.				
Dividend payable	–	8,792,077		

(Forward)

Bloom with Looms Logistics.

Category	Amount/Volume	Outstanding Balance	Terms	Conditions
Premiums	₱255,416	₱-		
Vital Ventures Corp.				
Premiums	1,927,603	21,280	90-day; Noninterest-bearing	Unsecured; unimpaired
Dividend payable	–	2,714,438		
Allocation of various expenses	55,566			
Loan Receivable		9,100,000		
Other payable		–		
First Optima Realty Corporation				
Premiums	1,214,478	1,140,490	90-day; Noninterest-bearing	Unsecured; unimpaired
Allocation of various expenses	14,478			
Payment of claims	88,902			
Claims and benefits		5,860		
Dividend payable	–	2,338,577		
Rosam Holding Corporation				
Dividend payable	–	285,012		
A & E Corporation		–	–	
Premiums	13,937	–	90-day; Noninterest-bearing	Unsecured; unimpaired
Dividend payable	–	786,608		
Other Payable		(6,000)		
A.A Tanco, Inc.				
Premiums	51,627	45,939	90-day; Noninterest-bearing	Unsecured; unimpaired
A Tanco Realty				
Premiums	34,971	33,474	90-day; Noninterest-bearing	Unsecured; unimpaired
Asian Terminals, Inc.				
Premiums	-	-	90-day; Noninterest-bearing	Unsecured; unimpaired
Payment of claims	1,354,530			
Claims and benefits		1,229,297		
Cement Center, Inc.				
Premiums	614,827	159,788	90-day; Noninterest-bearing	Unsecured; unimpaired
Claims and benefits		91,000		
Coats Manila Bay, Inc.				
Claims and benefits		4,530		
Other Payable		(3,742)		
Enervantage Suppliers Co., Inc.				
Premiums	4,325,715	4,325,715	90-day; Noninterest-bearing	Unsecured; unimpaired
Fibertex Corporation				
Premiums	1,302,521	1,204,351	90-day; Noninterest-bearing	Unsecured; unimpaired
Allocation of various expenses	104,195			
Payment of claims	10,000	–	–	–
Accounts receivable	(154,603)	–	Due and demandable; Noninterest-bearing	Unsecured; unimpaired
Real estate mortgage loan	–	124,349,796	Interest-bearing;	Secured; unimpaired
Other payable		(249,293)		
Grow Holdings Phil., Inc.				
Premiums	170,805	–	90-day; Noninterest-bearing	Unsecured; unimpaired
Claims and benefits	–	–		
Information & Communications Academy, Inc.				
Premiums	1,859,662	–	90-day; Noninterest-bearing	Unsecured; unimpaired
Payment of claims	-	–	–	–
Claims and benefits	-	–		

Category	Amount/Volume	Outstanding Balance	Terms	Conditions
International Hardwood & Veneer Corp.				
Premiums	₱503,353	₱489,419	90-day; Noninterest-bearing	Unsecured; unimpaired
Accounts receivable	(150,000)		Due and demandable; Noninterest-bearing	Unsecured; unimpaired
Juska Inc.				
Dividend payable	–	1,568,239		
Leisure & Resorts World Corporation				
Premium	3,462,888	1,803,522	90-day; Noninterest-bearing	Unsecured; unimpaired
Claims and benefits		5,653,813		
Mar-Bay Homes, Inc.				
Premiums	39,012	34,808	90-day; Noninterest-bearing	Unsecured; unimpaired
Other Payable	–	-		
MBS Paseo Realty Development Corp.				
Premiums	1,225,882	1,249,148	90-day; Noninterest-bearing	Unsecured; unimpaired
Morningside Shell Service Center				
Premiums	15,588	–	90-day; Noninterest-bearing	Unsecured; unimpaired
Allocation of various expenses	66,772	–		
Other payable	(10,564)	19,388		
Philippine Belt Manufacturing Corp.				
Premiums	2,082,837	1,052,306	90-day; Noninterest-bearing	Unsecured; unimpaired
Payment of claims	42,336	-		
Phil. Healthcare Educators, Inc				
Premiums	1,683	–		
Philippine Racing Club, Inc.				
Premiums	610	–	90-day; Noninterest-bearing	Unsecured; unimpaired
Payment of claims	–	–	–	–
Other payable	(13,576)	–		
Ruy Corporation				
Dividend payable	–	1,457,912		
Total Consolidated Assets, Inc.				
Premiums	8,519,830	41,880	90-day; Noninterest-bearing	Unsecured; unimpaired
Tridel Holdings				
Dividend payable	–	1,747,974		
Ventures Securities, Inc.		-		
Premiums	24,629	–		
Allocation of various expenses	45,831			
Accounts receivable	(328,874)	–	Due and demandable; Noninterest-bearing	Unsecured; unimpaired
STI Education Systems Holdings, Inc.				
Premiums	559,855	–	90-day; Noninterest-bearing	Unsecured; unimpaired
Systems Technology Institute				
Premiums	20,814,653	606,747	90-day; Noninterest-bearing	Unsecured; unimpaired
Other payable	(27,910)	1,368,078		
Diliman Realty & Dev't Corp.				
Premiums	1,607,509	1,602,147	90-day; Noninterest-bearing	Unsecured; unimpaired
EHT Holdings				
Premiums	6,487,359	66,785	90-day; Noninterest-bearing	Unsecured; unimpaired
Eujo Philippines Inc.				
Other payable	(28)	537	–	–

(Forward)

Category	Amount/Volume	Outstanding Balance	Terms	Conditions
Grow Vite Staffing Services, Inc.				
Premiums	₱76,015	₱–	–	–
Claims and benefits		–	Due and demandable; Noninterest-bearing	Unsecured; unimpaired
Allocation of various expenses	1,276,302		–	–
Other payable	(228,270)	97,643		
Claims payment	(750,000)			
JB Can, Inc.				
Premiums	1,122	–		
Ludo & Luym				
Premiums	163,011	5,146	90-day; Noninterest-bearing	Unsecured; unimpaired
Claims and benefits		12,431,750		
Manila Bay Thread Corp.				
Premiums	3,994,055	3,165,525	90-day; Noninterest-bearing	Unsecured; unimpaired
Payment of claims	150,070	–	–	–
Allocation of various expenses	39,782	–	–	–
Accounts receivable	(4,603)	–	Due and demandable; Noninterest-bearing	Unsecured; unimpaired
Claims and benefits	–	45,254	Due and demandable; Noninterest-bearing	–
Other payable	145,413	152,579		
MBS Development Corporation				
Premiums	458,567	456,323	90-day; Noninterest-bearing	Unsecured; unimpaired
Accounts receivable	(14,841)	–	Due and demandable; Noninterest-bearing	
Philippines First Condominium Corp.				
Premiums	1,042,579	–	–	–
Allocation of various expenses	4,063,480	–	–	–
Other payable	(426,577)	353,976		
Philippines First Insurance Co. Inc.				
Premiums	526,073	41,770		
Techzone Philippines				
Premiums	35,184	–	90-day; Noninterest-bearing	Unsecured; unimpaired
Comm & Sense Inc.				
Premiums	1,683	–	–	–
Allocation of various expenses	100,000	–		
T & K Investments Corp				
Premiums	1,438,385	1,436,141	90-day; Noninterest-bearing	Unsecured; unimpaired
Tandem Realty & Development Corp.				
Premiums	58,175	57,053	90-day; Noninterest-bearing	Unsecured; unimpaired
Tantivy Holdings, Inc.				
Premiums	1,122	–	–	–
Insurance Builders, Inc.				
Dividend payable		1,096,810		
Tricore Insurance Agency, Inc.				
Allocation of various expenses	549,526		90-day; Noninterest-bearing	Unsecured; unimpaired
Commission expense	5,887,478	80,257	90-day; Noninterest-bearing	Unsecured; unimpaired
Other payable				
Yang Wu Trading Inc.				
Premiums	610	-		
Associates				
Maestro Holdings, Inc.				
Premiums	1,122	–	90-day; Noninterest-bearing	Unsecured; unimpaired

(Forward)

Category	Amount/Volume	Outstanding Balance	Terms	Conditions
PhilhealthCare, Inc.**				
Premiums	₱1,067,972	₱58,882	90-day; Noninterest-bearing	Unsecured; unimpaired
Other payable	–	68,684		
Philippine Life Financial Assurance Corporation**				
Premiums	499,495	116,439	90-day; Noninterest-bearing	Unsecured; unimpaired
Claims and benefits	–	40,849		
PhilPlans First, Inc.**				
Premiums	2,194,070	70,081	90-day; Noninterest-bearing	Unsecured; unimpaired
Payment of claims	6,282	–	–	–
Allocation of various expenses	1,104,199	–		–
Claims and benefits	–	46,573		
Other payable	–	403,491		

The balances resulting from the transactions described above are carried in the following accounts in the statement of financial position and statements of income as follows:

	2023	2022
Due from brokers and agents (Note 5)	**₱25,674,194**	₱25,634,479
Accounts receivables (Note 6)	**-**	1,200,000
Insurance contract liabilities (Note 15)	**2,329,580**	15,288,191
Gross premiums written (Note 21)	**74,843,726**	75,421,700
Gross insurance contract benefits and claims paid (Note 24)	**4,055,220**	1,762,120
Dividend Payable	**37,156,517**	37,156,517
Other payable	**3,128,135**	950,815
General expenses (Note 25)	**7,136,884**	6,815,039

The outstanding balances from the related parties are to be settled in cash.

Summary of benefits of key management personnel

Key management personnel are employees who have the authority to directly or indirectly plan and control business operations. Top business management usually includes the President, Chief Operating Officer, as well as a number of Vice-presidents of the Company. These positions are all considered key management because they have the power to influence and direct company operations.

The summary of benefits of key management personnel is as follows:

	2023	2022
Short-term benefits	**₱14,454,178**	₱3,211,200
Post-employment benefits	**18,483,361**	16,148,528
	₱32,937,539	₱19,359,728

32. **Note to Statement of Cash Flows**

Details of non-cash investing activities follow:

	2023	2022
Decrease in FVOCI due to mark-to-market valuation	**(₱125,603,327)**	(₱92,097,870)

Presented below is the supplemental information on the Company's lease liability arising from financing activities:

	2023	2022
At January 1		
Cashflows from financing activities:	**₱1,469,507**	₱1,469,507
Additions	**1,591,353**	283,833
Repayment of borrowings	**(1,037,426)**	(980,434)
Non-cash financing activities		
Accretion of interest	**100,876**	134,170
Pre-termination of lease contracts	–	–
At December 31	**₱2,123,310**	₱907,076

Cash and cash equivalents as of December 31, 2023 and 2022 are gross of the allowance for credit and impairment losses.

33. **Events after the Reporting Period**

BIR Tax Assessment
On May 03, 2024, the company received the 2019 Final Decision on Disputed Assessment (FDDA) for deficiency tax assessments amounting to ₱10,053,714.64. On May 03, 2024, the Company paid ₱3,806,622.55 as partial payment and on July 31,2024 paid ₱6,247,092 as full payment.

On May 23, 2024, the company received a Letter of Authority for deficiency tax assessments from the Regional District Office No. 125 Large Taxpayers Division covering the taxable year 2022.

34. **Supplementary Information Required Under Revenue Regulations No. 15-2010**

In compliance with the requirements set forth by RR No. 15-2010 hereunder are the information on taxes and license fees paid or accrued during the taxable year.

<u>Value Added Tax (VAT)</u>

a. The Company is a VAT-registered company with VAT output tax declaration of ₱48,575,974 for the year based on total Vatable receipts of ₱404,799,784, from direct premiums, rental income, commission income, and interest income of ₱363,045,799, ₱13,183,337, ₱22,747,825, and ₱ 5,822,823, respectively.

   The Company has zero-rated and exempt sales amounting to ₱7,633,575 and ₱9,457,542, respectively pursuant to Section 106(A)(2), Section 108(B) and Section 109 of the Tax Code, as amended.

b. The amount of input VAT taxes claimed are broken down as follows:

Balance at January 1	₱1,157,777
Current year's purchases/payments:	
Capital goods	731,727
Goods other than capital goods	411,427
Services paid lodged under general expenses	13,320,331
	15,621,262
Input VAT applied against Output VAT	(15,203,625)
Input VAT allocable to exempt sale	(319,702)
Balance at December 31	₱97,935

c. Taxes relating to nonlife insurance policies that have been shifted or passed on to the policyholders and are not recognized in the statement of comprehensive income are as follows:

The total documentary stamp tax (DST) affixed on insurance policies for the year amounted to ₱43,649,169.

Other taxes during the year which represent the total accrued and paid follow:

Premium tax	₱336,897
Fire service tax	4,546,149
	₱4,883,046

d. The Company did not incur any excise tax in 2023.

e. Details of other taxes, local and national, including real estate taxes, license and permit fees lodged under the 'Taxes and Licenses' account under 'General Expenses' follow:

National:

Interests and penalties	₱9,205,699
IC fees	2,064,515
LTO registration fees	48,736
Accreditation to supreme court	13,230
BIR annual registration fees	6,000
Total	₱11,338,180

Local:

Mayor's permit	₱1,148,867
Real property taxes	668,467
Others	1,341,011
Total	₱3,158,345

f. The amount of withholding taxes for the year amounted to:

Tax on compensation and benefits	₱5,398,680
Expanded withholding taxes	13,029,628
Total	₱18,428,308

<u>BIR Tax Assessment</u>

g. The Company has received a Letter of Authority for deficiency tax assessments from the Regional District Office No. 125 Large Taxpayers Division covering the taxable years 2016, 2017, 2018, 2019 and 2021.

   On February 14, 2023, the company received the FDDA for deficiency tax assessments for the taxable year 2017. From the date of receipt, the Company has a period of thirty (30) days, or until March 16, 2023 to file an appeal before the Court of Tax Appeal (CTA) by way of Petition for Review. The Company's filed a Petition for Review with the CTA on March 16, 2023. The BIR issued a Warrant of Distraint and/or Levy on April 11, 2023. On April 20, 2023, the Company partially paid for the deficiency tax assessments on FDDA amounting to ₱7,799,782. The CTA case is still ongoing as of the date of the approval of the financial statements.

   On May 24, 2023, the company settled the deficiency tax assessments on 2016 Final Decision on Disputed Assessment (FDDA) amounting to ₱9,699,060. On June 16, 2023, the Company received the termination letter indicating that the audit case for taxable year 2016 is now closed.

   On November 21, 2023, the company settled the deficiency tax assessments on 2018 Final Decision on Disputed Assessment (FDDA) amounting to ₱8,001,045.01. On February 29, 2024, the Company received the termination letter indicating that the audit case for taxable year 2016 is now closed.

SyCip Gorres Velayo & Co.
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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Philippines First Insurance Company, Inc.
7th Floor, STI Holdings Center
6764 Ayala Avenue
Makati City

We have audited the financial statements of Philippines First Insurance Company, Inc. as at and for the years ended December 31, 2023 and 2022, on which we have rendered the attached modified report dated September 12, 2024.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the above Company has a total number of eighty-two (82) stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.

Bernalette L. Ramos
Partner
CPA Certificate No. 0091096
Tax Identification No. 178-486-666
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-081-2024, January 26, 2024, valid until January 25, 2027
PTR No. 10079998, January 6, 2024, Makati City

September 12, 2024

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
Philippines First Insurance Company, Inc.
7th Floor, STI Holdings Center
6764 Ayala Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Philippines First Insurance Company, Inc. (the Company) as at and for the years ended December 31, 2023 and 2022 and have issued our modified report thereon dated September 12, 2024. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The reconciliation of retained earnings available for dividend declaration as at December 31, 2023 is the responsibility of the Company's management. The reconciliation of retained earnings is presented for purposes of complying with Revised Securities Regulation Code Rule 68, and is not part of the basic financial statements. The reconciliation of retained earnings has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section in our modified report dated September 12, 2024, fairly states, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Bernalette L. Ramos
Partner
CPA Certificate No. 0091096
Tax Identification No. 178-486-666
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
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September 12, 2024

PHILIPPINES FIRST INSURANCE COMPANY, INC.

SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2023

Unappropriated Retained Earnings, beginning of reporting period	₱1,527,868,246
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings	
Reversal of Retained Earnings Appropriation/s	-
Effect of restatements or prior period adjustments	-
Others	-
Add: Category B: Items that are directly debited to Unappropriated Retained Earnings	
Dividend Declaration during the reporting period	-
Retained Earnings appropriated during the reporting period	-
Effect of restatements or prior period adjustments	(71,723,360)
Others	-
Unappropriated Retained Earnings, *as adjusted*	1,456,144,886
Add/Less: Net Income (Loss) for the current year	(17,745,029)
Less: Category C.1: Unrealized income recognized in the Profit/Loss during the reporting period (net of tax)	-
Equity in net income of associate/joint venture, net of dividends declared	7,611,646
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-
Unrealized fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	602,311
Unrealized fair value gain of Investment Property	21,743,688
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
Add: Category C.2: Unrealized Income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	
Realized foreign exchange gain, except those attributable to cash and cash equivalents	
Realized fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	
Realized fair value gain of Investment Property	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-

Add: Category C.3: Unrealized Income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	
Reversal of previously recorded fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	
Reversal of previously recorded fair value gain of Investment Property	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	-
Adjusted Net Income/Loss	1,468,357,502
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	
Depreciation on revaluation increment (after tax)	-
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP	
Amortization of the effect of reporting relief	
Total amount of reporting relief granted during the year	
Others	
	-
Add/Less: Category F: Other items that should be excluded from the determination of amount of available for dividends declaration	
Net movement of treasury shares (except for reacquisition of redeemable shares)	-
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use asset and lease liability, set-up of asset and retirement obligation, and set-up of service concession asset and concession payable	- 12,891,135
Adjustment due to deviation from PFRS/GAAP - gain(loss)	-
Others (as the company is qualified for exception to declare dividends)	
Total Retained Earnings, end of the reporting period available for dividend	1,481,248,637

Note: The Company is subject to the regulatory requirements of the Insurance Commission such as Minimum Statutory Networth and Risk-based Capital Requirements.