



SECURITIES AND EXCHANGE COMMISSION

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Company Information

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Industry Classification: J67030

Company Type: Stock Corporation

Document Information

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Submission Type: Annual

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Acceptance of this document is subject to review of forms and contents

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

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M	P	A	N	Y	,		I	N	C	.																			

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

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Form Type

A	A	F	S
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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

—

Company's Telephone Number

8892-8888

Mobile Number

—

No. of Stockholders

120

Annual Meeting (Month / Day)

2nd Wednesday of March

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATIONThe designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Regina T. Gonzales

Email Address

rtgonzales@philfirstinsur ance.com.ph
--

Telephone Number/s

8892-8888

Mobile Number

—

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.



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Date Thu 8/7/2025 6:47 PM
To Maria Fe Tesoro <mdtesoro@philfirstinsurance.com.ph>

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From: eafs@bir.gov.ph <eafs@bir.gov.ph>
Sent: Thursday, August 7, 2025 6:44:18 PM
To: CUSTOMERSUPPORT@PHILFIRSTINSURANCE.CON.PH <CUSTOMERSUPPORT@PHILFIRSTINSURANCE.CON.PH>
Cc: Josefina Rasdas <JDEGUZMAN@PHILFIRSTINSURANCE.COM.PH>
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Philippines First Insurance Co., Inc.

ESTABLISHED 1906

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

The management of **PHILIPPINES FIRST INSURANCE CO., INC.**, is responsible for all information and presentations contained in the Financial Statement for the year ended December 31, 2024. The financial statements have been prepared in conformity with generally accepted accounting principles and reflects amounts that are based on the best estimates and informed judgement of management with an appropriate consideration to materiality.

In this regard, management maintains system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguard against unauthorized use or disposition and liabilities are recognized.

The Board of Directors review the financial statements before such statements are approved and submitted to the stockholders of the company.

SYCIP GORRES VELAYO & CO., an independent auditor appointed by the stockholders, has examined the financial statement of the Company in accordance with generally accepted auditing standards and has expressed its opinion on the fairness of presentation on completion of such examination, in its report to stockholders.


Signature: **VICTOR C. TAN**

Chief Financial Officer

Signature: **ESTER TANCO GABALDON**

Executive Vice President


Signature: **REGINA TANCO GONZALES**

SVP-Treasurer

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, 2024 and 2023, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

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 the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards 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 PFRS Accounting Standards. The Company's records indicate that had management accrued unpaid commissions and deferred the unexpired portion of commissions, commissions payable would have increased by ₱22.03 million and ₱3.57 million as at December 31, 2024 and 2023, respectively, and deferred acquisition costs would have also increased by ₱33.98 million and ₱32.05 million as at December 31, 2024 and 2023, respectively; and retained earnings would have increased by ₱13.95 million and ₱25.20 million as at December 31, 2024 and 2023, respectively. Accordingly, commission expense would have increased by ₱8.03 million and decreased by ₱13.12 million in 2024 and 2023, respectively, and net income would have decreased by ₱6.02 million and increased by ₱9.84 million in 2024 and 2023, respectively.



The Company classified and measured certain debt and equity investments 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 PFRS Accounting Standards. Accordingly, financial assets at FVTPL would have increased by ₱147.89 million and ₱113.96 million as of December 31, 2024 and 2023, respectively, and financial assets at FVOCI would have decreased by the same amount as of December 31, 2024 and 2023, respectively; and retained earnings would have increased by ₱12.92 million and decreased by ₱26.95 million as at December 31, 2024 and 2023, respectively. Investment income would have increased by ₱39.87 million and ₱23.64 million, in 2024 and 2023, respectively, and net changes in the revaluation reserves on financial assets at FVOCI would have decreased by the same amount in 2024 and 2023, 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 PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

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

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

Bryan Chrisnel M. Baes

Bryan Chrisnel M. Baes

Partner

CPA Certificate No. 128627

Tax Identification No. 275-229-188

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

BIR Accreditation No. 08-001998-148-2022, November 7, 2022, valid until November 6, 2025

PTR No. 10465262, January 2, 2025, Makati City

August 4, 2025



PHILIPPINES FIRST INSURANCE COMPANY, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2024	2023
ASSETS		
Cash and cash equivalents (Note 4)	₱222,952,172	₱102,147,666
Short-term investments (Note 4)	13,057,456	1,312,940
Insurance receivables - net (Note 5)	228,644,065	226,094,876
Financial assets (Note 6)		
Financial assets at fair value through profit or loss (FVTPL)	264,270,770	230,676,864
Financial assets at fair value through other comprehensive income (FVOCI)	1,890,096,575	1,610,685,534
Hold-to-collect investments	208,662,532	202,514,146
Loans and receivables	71,504,758	139,029,818
Accrued income (Note 7)	11,250,247	11,593,087
Investment in an associate (Note 8)	941,249,174	951,753,598
Reinsurance assets (Notes 10 and 15)	480,733,154	685,620,189
Investment properties (Note 11)	332,306,310	318,975,765
Property and equipment - net (Note 12)	32,319,565	26,050,276
Right-of-use assets (Note 28)	952,700	1,487,001
Other assets (Note 13)	25,552,042	19,029,751
	₱4,723,551,520	₱4,526,971,511
LIABILITIES AND EQUITY		
Liabilities		
Insurance contract liabilities (Note 15)	₱794,156,689	₱1,011,567,488
Insurance payables (Note 16)	81,033,824	110,785,733
Accounts payable and accrued expenses (Note 17)	130,720,433	169,966,623
Deferred reinsurance commissions (Note 9)	9,616,049	12,270,038
Net pension liability (Note 19)	12,275,633	7,339,222
Lease liabilities (Note 28)	989,352	1,548,283
Deferred tax liability (Note 26)	126,838,151	114,627,221
Other liabilities (Note 18)	144,542,028	114,264,563
	1,300,172,159	1,542,369,171
Equity		
Capital stock - ₱100 par value		
Authorized - 10,000,000 shares		
Issued (Note 20)	1,000,000,000	1,000,000,000
Revaluation reserves on financial assets at FVOCI (Note 6)	894,363,467	562,701,718
Remeasurement losses on defined benefit plan (Note 19)	(15,539,297)	(10,602,886)
Share in associate's other comprehensive loss (Note 8)	(1,770,654)	(371,787)
Share in associate's equity reserve (Note 8)	3,169,580	3,169,580
Retained earnings	1,551,850,407	1,438,399,857
Treasury stock (Note 20)	(8,694,142)	(8,694,142)
	3,423,379,361	2,984,602,340
	₱4,723,551,520	₱4,526,971,511

See accompanying Notes to Financial Statements.



PHILIPPINES FIRST INSURANCE COMPANY, INC.
STATEMENTS OF INCOME

	Years Ended December 31	
	2024	2023
Gross premiums earned	₱392,215,526	₱376,285,299
Reinsurers' share of gross premiums earned	206,986,232	205,937,112
Net premiums earned (Notes 15 and 21)	185,229,294	170,348,187
Investment income - net (Note 22)	125,450,772	85,618,791
Share in associate's net income (loss) (Note 8)	(9,105,557)	7,611,646
Commission income (Note 9)	22,976,654	27,533,917
Fair value gain on investment properties (Note 11)	11,651,548	21,743,687
Other income (Note 23)	16,687,287	13,352,216
Other income	167,660,704	155,860,257
Total income	352,889,998	326,208,444
Gross insurance contract benefits and claims paid	219,624,076	225,148,520
Reinsurers' share of insurance contract benefits and claims paid	(134,725,727)	(84,929,843)
Gross change in insurance contract benefits and claims liabilities	(226,996,550)	(399,775,377)
Reinsurers' share of change in insurance contract benefits and claims liabilities	196,125,206	390,980,256
Net insurance contract benefits and claims (Notes 15 and 24)	54,027,005	131,423,556
General expenses (Note 25)	108,798,900	94,694,587
Commission expense	66,348,158	87,982,556
Taxes and licenses	11,686,995	14,496,525
Interest on lease liabilities (Note 28)	111,637	100,876
Other expenses	186,945,690	197,274,544
Total insurance contract benefits, claims and other expenses	240,972,695	328,698,100
INCOME (LOSS) BEFORE INCOME TAX	111,917,303	(2,489,656)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 26)	(1,533,247)	15,255,373
NET INCOME (LOSS)	₱113,450,550	(₱17,745,029)

See accompanying Notes to Financial Statements.



PHILIPPINES FIRST INSURANCE COMPANY, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2024	2023
NET INCOME (LOSS)	₱113,450,550	(₱17,745,029)
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Other comprehensive income (loss) that will be reclassified to profit or loss in subsequent periods:</i>		
Share in associate's net changes in the revaluation reserves on financial assets at FVOCI (Note 8)	220,802	36,718,869
Net changes in the revaluation reserves on debt financial assets at FVOCI (Note 6)	193,001,459	68,542,289
Share in associate's remeasurement on life insurance reserve (Note 8)	(360,014)	(2,295,013)
<i>Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:</i>		
Net changes in the revaluation reserves on equity financial assets at FVOCI (Note 6)	138,660,290	56,551,481
Remeasurement loss on defined benefit plan, gross of tax effect (Note 19 and 26)	(4,936,411)	(2,821,416)
Share in associate's remeasurement gain (loss) on defined benefit plan (Note 8)	(1,259,655)	(2,504,807)
Total other comprehensive income	325,326,471	154,191,403
TOTAL COMPREHENSIVE INCOME	₱438,777,021	₱136,446,374

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 Stock (Note 20)	Total
As of January 1, 2024	₱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
Net income for the year	—	—	—	—	—	113,450,550	—	113,450,550
Other comprehensive income (loss) for the year	—	331,661,749	(4,936,411)	(1,398,867)	—	—	—	325,326,471
Total comprehensive income (loss) for the year	—	331,661,749	(4,936,411)	(1,398,867)	—	113,450,550	—	438,777,021
As of December 31, 2024	₱1,000,000,000	₱894,363,467	(₱15,539,297)	(₱1,770,654)	₱3,169,580	₱1,551,850,407	(₱8,694,142)	₱3,423,379,361
As of January 1, 2023	₱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

See accompanying Notes to Financial Statements.



PHILIPPINES FIRST INSURANCE COMPANY, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	₱111,917,303	(₱2,489,656)
Adjustments for:		
Interest income (Note 22)	(60,948,269)	(65,631,447)
Dividend income (Note 22)	(42,974,677)	(17,843,169)
Fair value gain on financial assets at FVTPL (Note 22)	(21,421,294)	(602,311)
Fair value gain on investment properties (Note 11)	(11,651,548)	(21,743,688)
Share in associate's net loss (income) (Note 8)	9,105,557	(7,611,646)
Provision for (recovery from) credit and impairment losses (Notes 6, 14 and 25)	8,807,703	(414,610)
Depreciation and amortization (Note 25)	7,082,792	7,890,964
Amortization of premium on financial assets (Note 6)	2,647,260	2,884,635
Realized loss on sale of financial assets at FVOCI (Notes 6 and 22)	1,275,525	—
Interest expense on lease liabilities (Note 28)	111,637	100,876
Operating income (loss) before working capital changes	3,951,989	(105,460,052)
Decrease (increase) in:		
Insurance receivables	(7,219,552)	(722,638)
Loans and receivables	67,753,897	53,474,561
Reinsurance assets	204,887,035	395,123,571
Other assets	(6,522,291)	(1,995,148)
Increase (decrease) in:		
Insurance contract liabilities	(217,410,799)	(395,955,855)
Insurance payables	(29,751,909)	(9,612,097)
Accounts payable and accrued expenses	(39,246,190)	(44,948,930)
Deferred reinsurance commissions	(2,653,989)	(2,431,560)
Other liabilities	30,277,465	2,469,349
Net cash generated from (used in) operations	4,065,656	(110,058,799)
Income tax paid	(15,069,228)	(9,819,451)
Net cash used in operating activities	(11,003,572)	(119,878,250)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	61,291,109	66,372,894
Dividends received (Note 22)	42,974,677	17,843,169
Acquisitions of:		
Short-term investments (Note 6)	(12,213,524)	—
Financial assets at FVTPL (Note 6)	(55,000,000)	—
Financial assets at FVOCI (Note 6)	(99,016,746)	(83,402,030)
Hold-to-collect investments (Note 6)	(7,961,281)	(52,141,714)
Property and equipment (Note 12)	(12,582,686)	(6,803,590)
Investment properties (Note 11)	(1,678,997)	(713,997)

(Forward)



	Years Ended December 31	
	2024	2023
Proceeds from disposals and maturities of:		
Short-term investments (Note 4)	₱97,612	₱2,093,600
Financial assets at FVTPL (Note 6)	42,827,388	40,000,000
Financial assets at FVOCI (Note 6)	173,976,188	128,327,771
Property and equipment (Note 12)	82,292	—
Net cash provided by investing activities	132,796,032	111,576,103
CASH FLOWS FROM FINANCING ACTIVITY		
Payment of principal and interest on lease liabilities (Note 28)	(987,954)	(1,037,426)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	120,804,506	(9,339,573)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	102,147,666	111,487,239
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱222,952,172	₱102,147,666

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 August 4, 2025.

2. Material Accounting Policy Information

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 (PFRS) Accounting Standards, 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 2024 and 2023.



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 2024. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
The amendments clarify:
 - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
 - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
 - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*
The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Standards Issued but Not Yet Effective

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

Effective beginning on or after January 1, 2025

- Amendments to PAS 21, *Lack of exchangeability*

Effective beginning on or after January 1, 2026

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

Effective beginning on or after January 1, 2027

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

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.

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*

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 if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or have 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.

Classification and Measurement of Financial Assets

The Company classifies its financial assets into the following categories: financial assets at FVTPL, financial assets at FVOCI, 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.



Offsetting Financial Instruments

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.

Impairment of Financial Assets

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% ownership interest in Maestro Holdings, Inc. as of December 31, 2024 and 2023. 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 Non-financial 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 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 stock

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.

3. Significant Accounting Judgments and Estimates

The preparation of the financial statements in accordance with PFRS Accounting Standards 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 5.00% 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 20.00% 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 20.00% 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.

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, as of December 31, 2024 and 2023 are disclosed in 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, 2024 and 2023 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.

The Company's unrecognized deferred tax assets as of December 31, 2024 and 2023 are disclosed in 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 as of December 31, 2024 and 2023 are disclosed in Note 19.

4. Cash and Cash Equivalents, and Short-term Investments

Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash on hand and in banks	₱103,738,733	₱82,174,879
Cash equivalents	119,453,577	20,236,206
	223,192,310	102,411,085
Allowance for credit losses:		
Balance at January 1	263,419	168,961
Provision for (recovery from) credit losses	(23,281)	94,458
Balance at December 31 (Note 14)	240,138	263,419
	₱222,952,172	₱102,147,666

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 6.00% and 0.38% to 6.15% in 2024 and in 2023, respectively.



Interest income from cash and cash equivalents amounted to ₱2.64 million and ₱0.62 million in 2024 and 2023, respectively (see Note 22). Interest receivable as of December 31, 2024 and 2023 amounted to ₱0.47 million and ₱0.06 million, respectively (see Note 7).

Short-term Investments

	2024	2023
Short-term investments	₱13,512,728	₱1,396,816
Allowance for credit losses (Note 14):		
Balance at January 1	83,876	54,254
Provision for credit losses	371,396	29,622
Balance at December 31	455,272	83,876
	₱13,057,456	₱1,312,940

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 5.75% and 2.00% to 4.50% in 2024 and 2023, respectively (Note 22).

Interest income earned from short-term investments amounted to ₱0.33 million and ₱0.04 million in 2024 and 2023, respectively (see Note 22). Interest receivable as of December 31, 2024 and 2023 amounted to ₱0.26 million and ₱0.02 million, respectively (see Note 7).

5. Insurance Receivables - net

This account consists of:

	2024	2023
Due from brokers and agents	₱148,317,362	₱147,685,861
Reinsurance recoverable on paid losses	117,901,716	104,787,467
Due from ceding companies	19,064,246	25,590,444
	285,283,324	278,063,772
Allowance for credit losses (Note 14):		
Balance at January 1	51,968,896	53,451,761
Provision for (recovery from) credit losses	4,670,363	(1,482,865)
Balance at December 31	56,639,259	51,968,896
	₱228,644,065	₱226,094,876

The aging analysis of gross insurance receivables follows:

	December 31, 2024					Total
	1 to 60 days	61 to 120 days	121 to 180 days	181 to 360 days	Over 360 days	
Due from brokers and agents	₱49,417,689	₱33,824,684	₱10,708,742	₱19,561,262	₱34,804,985	₱148,317,362
Reinsurance recoverable on paid losses	33,731,901	12,730,925	20,821	8,440,422	62,977,647	117,901,716
Due from ceding companies	347,239	1,284,529	3,033,276	2,772,587	11,626,615	19,064,246
	₱83,496,829	₱47,840,138	₱13,762,839	₱30,774,271	₱109,409,247	₱285,283,324

	December 31, 2023					Total
	1 to 60 days	61 to 120 days	121 to 180 days	181 to 360 days	Over 360 days	
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



6. Financial Assets

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

	2024	2023
Financial assets at FVTPL	₱264,270,770	₱230,676,864
Financial assets at FVOCI	1,890,096,575	1,610,685,534
HTC investments	208,662,532	202,514,146
Loans and receivables	71,504,758	139,029,818
	₱2,434,534,635	₱2,182,906,362

a) Financial Assets at FVTPL

This account consists of:

	December 31, 2024	
	At Fair Value	At Cost
Mutual funds	₱79,885,064	₱43,171,833
Other investments	184,385,706	16,387,164
	₱264,270,770	₱59,558,997

	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

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

The rollforward analysis of financial assets at FVTPL follows:

	2024	2023
Balance at beginning of year	₱230,676,864	₱270,074,553
Acquisition	55,000,000	—
Disposals / maturities	(90,496,100)	(40,000,000)
Fair value gains (Note 22)	69,090,006	602,311
Balance at end of year	₱264,270,770	₱230,676,864

In 2024, partial redemption of preferred shares of Advent Capital and Finance Corporation resulted in realized loss amounting to ₱47.67 million (see Note 22).



b) *Financial assets at FVOCI*

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

	2024	2023
Listed equity securities:		
Common shares	₱700,438,466	₱556,848,098
Preferred shares	4,794,000	24,842,400
Private debt securities	650,739,461	657,050,686
Unquoted equity securities	351,067,687	182,486,007
Government securities:		
Local currency	152,276,985	153,481,200
Foreign currency	7,889,976	20,387,143
Club shares	22,890,000	15,590,000
	₱1,890,096,575	₱1,610,685,534

As of December 31, 2024 and 2023, the quoted equity securities consist of shares of stock in a private corporation. Dividend income in 2024 and 2023 amounted to ₱42.97 million and ₱17.84 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 are 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:

	2024	2023
Balance at beginning of year	₱1,610,685,534	₱1,531,158,144
Acquisitions	99,016,746	83,402,030
Disposal/maturities	(173,976,188)	(128,327,771)
Amortization of premium	(834,365)	(1,150,196)
Fair value gains recognized in other comprehensive income (Note 32)	355,204,848	125,603,327
Balance at end of year	₱1,890,096,575	₱1,610,685,534

In 2019, previously recognized FVTPL debt and equity investments were reclassified to FVOCI without changing the Company's business model. In 2024 and 2023, the related fair value gains were recorded to net changes in the revaluation reserves on financial assets at FVOCI amounting to ₱39.87 million and ₱23.64 million, respectively. The fair values of these investments are ₱147.89 million and ₱113.96 million as of December 31, 2024 and 2023, respectively.



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

	2024	2023
Balance at beginning of year	₱562,701,718	₱437,607,948
Fair value gains recognized in other comprehensive income	355,204,848	125,603,327
Tax effect	(28,813,405)	(1,394,907)
Transfer to profit or loss:		
Realized loss on sale (Note 22)	1,275,525	—
Provision for credit losses (Note 25)	3,994,781	885,350
Total net changes in the revaluation reserves	331,661,749	125,093,770
Balance at end of year	₱894,363,467	₱562,701,718

Debt financial assets at FVOCI bear interest ranging from 3.63% to 7.26% and from 4.88% to 8.13% for 2024 and 2023, respectively. Interest income from debt financial assets at FVOCI amounted to ₱40.43 million and ₱42.91 million in 2024 and 2023, respectively (see Note 22). Interest receivable as of December 31, 2024 and 2023 amounted to ₱8.09 million and ₱8.22 million, respectively (see Note 7).

c) HTC investments

Hold-to-collect investments consist 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:

	2024	2023
Balance at beginning of year	₱202,514,146	₱152,106,871
Acquisitions	7,961,281	52,141,714
Amortization of premium	(1,812,895)	(1,734,439)
Balance at end of year	₱208,662,532	₱202,514,146

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

	2024	2023
Within one year	₱—	₱—
Due within two (2) to five (5) years	19,139,917	19,228,511
More than five (5) years	189,522,615	183,285,635
	₱208,662,532	₱202,514,146

HTC investments bear interest ranging from 3.50% to 10.25% in 2024 and in 2023. Interest income from HTC financial assets amounted to ₱11.97 million and ₱13.48 million in 2024 and 2023, respectively (see Note 22). Interest receivable as of December 31, 2024 and 2023 amounted to ₱2.43 million and ₱2.33 million, respectively (see Note 7).



d) *Loans and receivables*

This account consists of:

	2024	2023
Real estate mortgage loan (Note 31)	₱39,642,915	₱88,971,775
Loans receivable (Note 19)	29,615,026	40,118,440
Accounts receivable	2,033,632	9,955,255
Advances	291,200	291,200
Deposit on fractional share	900	900
	71,583,673	139,337,570
Allowance for credit losses (Note 14):		
Balance on January 1	307,752	248,927
Provision for (recovery from) credit losses	(228,837)	58,825
Balance at December 31	78,915	307,752
	₱71,504,758	₱139,029,818

In 2018, the Company entered into ₱50.00 million real estate mortgage loan with Fibertex Corporation (Fibertex) payable until June 2026, subject to 4.00% interest per annum. In 2019, the Company extended additional real estate mortgage loan to Fibertex amounting to ₱100.00 million and ₱50.00 million, payable until May 2028 and March 2028, respectively, subject to 5.00% interest per annum. In 2024, the Company collected ₱49.33 million from Fibertex.

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

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

Accounts receivable consists 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.

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

Interest income from loans and receivables amounted to ₱5.57 million and ₱8.58 million in 2024 and 2023, respectively (see Note 22). Interest receivable as of December 31, 2024 and 2023 amounted to nil and ₱0.53 million, respectively (see Note 7).



7. Accrued Income

	2024	2023
Accrued interest income on:		
Financial assets at FVOCI (Note 6)	₱8,085,994	₱8,223,471
HTC investments (Note 6)	2,432,273	2,327,907
Loans and receivables (Note 6)	—	530,060
Rent	—	434,257
Cash equivalents and short-term investments (Note 4)	731,980	77,392
	₱11,250,247	₱11,593,087

8. Investment in an Associate

The details and movements in this account follow:

	2024	2023
Acquisition cost	₱174,117,100	₱174,117,100
Accumulated equity in net earnings:		
Balance at beginning of year	₱774,838,705	₱767,227,059
Equity in net earnings (loss)	(9,105,557)	7,611,646
Balance at end of year	765,733,148	774,838,705
Share in other comprehensive income (loss):		
Balance at beginning of year	(371,787)	(32,290,836)
Remeasurement on life insurance reserve	(360,014)	(2,295,013)
Remeasurement loss on defined benefit plan	(1,259,655)	(2,504,807)
Unrealized fair value gain (loss) on financial assets at FVOCI	220,802	36,718,869
Balance at end of year	(1,770,654)	(371,787)
Share in equity reserve:		
Balance at beginning of year	3,169,580	3,169,580
Transaction with non-controlling interest	—	—
Balance at end of year	3,169,580	3,169,580
	₱941,249,174	₱951,753,598

As at December 31, 2024 and 2023, 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:

	2024	2023
Current assets	₱2,203,966,307	₱2,656,251,528
Non-current assets	32,179,645,974	31,265,318,305
Current liabilities	(7,376,678,182)	(7,381,956,326)
Non-current liabilities	(19,338,163,077)	(18,800,393,542)
Total equity	7,668,771,022	7,739,219,965
Less equity attributable to equity holders of non-controlling interest	326,733,783	315,244,939
Equity attributable to equity holders of the associate	7,342,037,239	7,423,975,026
Proportion of the Company's ownership	12.82%	12.82%
Carrying amount of the investment	₱941,249,174	₱951,753,598

	2024	2023
Revenues	₱10,794,919,345	₱7,389,549,979
Net income	(23,025,444)	103,357,172
Other comprehensive loss	(10,570,031)	255,546,780
Total comprehensive income	(33,595,475)	358,903,952
Less total comprehensive income attributable to equity holders of non-controlling interests	48,342,310	50,552,192
Total comprehensive income attributable to equity holders of the associate	(81,937,785)	308,351,760
Proportion of the Company's ownership	12.82%	12.82%
Share in total comprehensive income	(₱10,504,424)	₱39,530,695

Information about and major transactions of the associate is 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 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 the Company over Maestro from 13.21% to 12.82%, and resulted in 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 advice 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:

	2024	2023
At beginning of the year	₱12,270,038	₱14,701,601
Income deferred during the year	20,322,665	25,102,354
Amortization during the year	(22,976,654)	(27,533,917)
At end of the year	₱9,616,049	₱12,270,038

10. Reinsurance Assets

This account consists of:

	2024	2023
Reinsurance recoverable on unpaid losses (Note 15)	₱398,632,747	₱594,757,953
Deferred reinsurance premiums (Note 15)	82,100,407	90,862,236
	₱480,733,154	₱685,620,189

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, 2024		
	Land	Building and building improvements	Total
Fair value			
At January 1	₱138,553,546	₱180,422,219	₱318,975,765
Additions	—	1,678,997	1,678,997
Fair value gain	16,818,454	(5,166,906)	11,651,548
At December 31	₱155,372,000	₱176,934,310	₱332,306,310

	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 (loss)	15,853,546	5,890,141	21,743,687
At December 31	₱138,553,546	₱180,422,219	₱318,975,765



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

December 31, 2024			
	Land	Building and building improvements	Total
Acquisition cost	₱22,157,000	₱90,908,482	₱113,065,482
Fair value gains	133,215,000	86,025,828	219,240,828
At December 31	₱155,372,000	₱176,934,310	₱332,306,310

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

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 is 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, 2024 and 2023, 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	2024	2023
			Range (weighted average)	
Cebu Business Park, Barangay Hipodromo, Cebu City	3	Estimated computed value per sq. m.	₱114,093	₱110,500
		Net price (₱/sq.m)	₱114,093	₱110,500
Philippines First Condominium, Ayala Avenue, Legaspi Village, Barangay San Lorenzo, Makati City	3	Estimated computed value per sq. m.	₱155,100	₱141,000
		Net price (₱/sq.m)	₱135,506	₱123,911
		Internal factor		
		Unit location	-5%	-5%
		Unit area/size	-10% to 5%	-10%
		Building location	—	-5%
		View	-5%	-5%
		Building age	-5% to -10%	-5% to -10%
		Architectural	-5%	-5%
		Bargaining allowance	-5% to -10%	0% to -10%
		Building Design	-10%	-5% to -10%
Carmen Court Condominium, Barangay Poblacion Makati City	3	Estimated computed value per sq. m.	₱60,000	₱57,000
		Net price (₱/sq.m)	₱68,875 to ₱85,545	₱61,269 to ₱77,985
		Internal factor		
		Unit location	-5%	-5% to 5%
		Unit area/size	-5%	-5%
		View	—	—
		Unit improvements	—	—
		Building Age	-5%	—
		Building location	-5%	-5%
		Building /amenities	—	—
		Building Design	-5%	-5%
		Bargaining allowance	-5% to 10%	-5%
Horizon Condominium, Meralco Avenue, Barangay Oranbo, Pasig City	3	Estimated computed value per sq. m.	₱108,126	₱105,065
		Net price (₱/sq.m)	₱108,126	₱105,065
Prudential Life Building, Ortiz Street, Ilollo City	3	Estimated computed value per sq. m.	₱52,719	₱52,435
		Net price (₱/sq.m)	₱52,719	₱52,435
Roseville Subdivision, Barangay Pulung Bulo, San Fernando City, Pampanga	3	Estimated computed value per sq. m.	₱4,300	₱3,800
		Net price (₱/sq.m)	₱6,098 to ₱7,843	₱7,142 to ₱8,000
		Internal factor		
		Size	-5%	-5%
		Location	-10%	-10%
		Utility	-5%	-5%
		Neighborhood	-10%	-10%
		Development	-10%	-10%
		Bargaining allowance	0% to -10%	-10%
		Estimated computed value per sq. m.	₱57,000	₱45,000
Barangay 39 (Poblacion), Cagayan de Oro City		Net price (₱/sq.m)	₱54,000 to ₱68,000	₱40,500 to ₱59,500
		Internal factor		
		Location	-5% to -10%	-5%
		Improvement	—	—
		Size	5%	5% to 10%
		Neighborhood	-10%	—
		Utility	—	—



Location	Level	Significant unobservable inputs	2024	2023
			Range (weighted average)	
		Bargaining allowance	-10% to -15%	-10% to -15%
		Potential Use	—	-5% to -10%
Macasandig, Cagayan de Oro City	3	Estimated computed value per sq. m.	₱9,500	₱6,500
		Net price (₱/sq.m)	₱9,000 to ₱12,750	₱6,000 to ₱10,000
		Internal Factor		
		Location	-5% to -10%	-5% to 5%
		Size	10%	10%
		Neighborhood	-10%	—
		Bargaining allowance	-10% to -15%	-10% to -15%
		Potential Use	5%	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 ₱15.81 million and ₱13.43 million in 2024 and 2023, respectively (see Note 23). Direct operating expenses arising from investment properties amounted to ₱0.56 million and ₱0.33 million in 2024 and 2023, respectively.

12. Property and Equipment - net

The rollforward analysis of this account as of December 31, 2024 and 2023 follows:

	December 31, 2024				
	Building	Office Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost					
Balance at beginning of year	₱15,663,251	₱1,838,847	₱18,190,123	₱45,515,635	₱81,207,856
Additions	—	3,394,492	5,269,056	3,919,138	12,582,686
Disposal/retirement	—	—	(991,197)	—	(991,197)
Balance at end of year	15,663,251	5,233,339	22,467,982	49,434,773	92,799,345
Accumulated Depreciation					
Balance at beginning of year	7,137,603	1,058,353	11,577,478	35,384,146	55,157,580
Depreciation (Note 25)	477,190	299,090	2,285,201	3,169,624	6,231,105
Disposal/retirement	—	—	(908,905)	—	(908,905)
Balance at end of year	7,614,793	1,357,443	12,953,774	38,553,770	60,479,780
Net Book Value	₱8,048,458	₱3,875,896	₱9,514,208	₱10,881,003	₱32,319,565



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

Cost of fully depreciated property and equipment still being used amounted to ₱45.76 million and ₱34.11 million as of December 31, 2024 and 2023, respectively.

13. Other Assets

This account consists of:

	2024	2023
Prepaid taxes	₱23,328,988	₱16,348,928
Escrow account	1,000,000	1,000,000
Deposits	697,495	623,203
Prepaid expenses	428,896	430,147
Security fund	96,663	96,663
Input VAT	—	97,936
Deferred creditable withholding taxes	—	432,874
	₱25,552,042	₱19,029,751

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 Losses

Changes in the allowance for credit losses follow:

	2024	2023
Balances at January 1		
Cash and cash equivalents	₱263,419	₱168,961
Short-term investments	83,876	54,254
Insurance receivables	51,968,896	53,451,761
Loans and receivables	307,752	248,927
	52,623,943	53,923,903
Provision for (recovery from) credit losses		
Cash and cash equivalents	(23,281)	94,458
Short-term investments	371,396	29,622
Insurance receivables	4,670,363	(1,482,865)
Loans and receivables	(228,837)	58,825
	4,789,641	(1,299,960)
Balances at December 31		
Cash and cash equivalents (Note 4)	240,138	263,419
Short-term investments (Note 4)	455,272	83,876
Insurance receivables (Note 5)	56,639,259	51,968,896
Loans and receivables (Note 6)	78,915	307,752
	₱57,413,584	₱52,623,943

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

	2024		
	Stage 2	Stage 3	Total
Gross carrying amount as at			
January 1	₱12,031,117	₱127,306,453	₱139,337,570
New assets originated or purchased	(7,921,623)	(10,503,414)	(18,425,037)
Assets derecognized or repaid			
(excluding write offs)	—	(49,328,860)	(49,328,860)
Transfers to Stage 3	—	—	—
	₱4,109,494	₱67,474,179	₱71,583,673
ECL allowance as at January 1	₱—	₱307,752	₱307,752
Recovery of credit and impairment losses	—	(228,837)	(228,837)
	₱—	₱78,915	₱78,915



	2023		
	Stage 2	Stage 3	Total
Gross carrying amount as at January 1	₱12,481,078	₱181,666,350	₱194,147,428
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	₱127,306,453	₱139,337,570
ECL allowance as at January 1	₱—	₱248,927	₱248,927
Provisions for (recovery of) credit and impairment losses	—	58,825	58,825
	₱—	₱307,752	₱307,752

15. Insurance Contract Liabilities and Reinsurance Assets

Non-life insurance contract liabilities, net of reinsurers' share of liabilities, may be analyzed as follows:

	December 31, 2024		
	Insurance Contract Liabilities	Reinsurers' Share of Liabilities (Note 10)	Net
Provision for claims reported and loss adjustment expenses	₱471,879,217	₱328,496,021	143,383,196
Provision for claims IBNR	132,174,514	70,136,726	62,037,788
Total claims reported and IBNR	604,053,731	398,632,747	205,420,984
Provision for unearned premiums	190,102,958	82,100,407	108,002,551
Total insurance contract liabilities	₱794,156,689	₱480,733,154	₱313,423,535

	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



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

	2024			2023		
	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	₱831,050,281	₱594,757,953	₱236,292,328	₱1,230,825,658	₱985,738,209	₱245,087,449
Claims incurred during the year	(22,712,196)	(57,718,751)	35,006,555	(160,811,028)	(300,617,882)	139,806,854
Claims paid during the year - net of salvage and subrogation (Note 24)	(219,624,076)	(134,725,727)	(84,898,349)	(225,148,520)	(84,929,843)	(140,218,677)
Increase (decrease) in IBNR (Note 24)	15,339,722	(3,680,728)	19,020,450	(13,815,829)	(5,432,531)	(8,383,298)
At December 31	₱604,053,731	₱398,632,747	₱205,420,984	₱831,050,281	₱594,757,953	₱236,292,328

Provision for unearned premiums may be analyzed as follows:

	2024			2023		
	Insurance Contract Liabilities	Reinsurers' Share of Liabilities (Note 10)	Net	Insurance Contract Liabilities	Reinsurers' Share of Liabilities (Note 10)	Net
At January 1	₱180,517,207	₱90,862,236	₱89,654,971	₱176,697,687	₱95,005,551	₱81,692,136
New policies written during the year (Note 21)	401,801,277	198,224,403	203,576,874	380,104,819	201,793,797	178,311,022
Premiums earned during the year (Note 21)	(392,215,526)	(206,986,232)	(185,229,294)	(376,285,299)	(205,937,112)	(170,348,187)
At December 31	₱190,102,958	₱82,100,407	₱108,002,551	₱180,517,207	₱90,862,236	₱89,654,971

16. Insurance Payables

This account consists of 'Due to reinsurers' amounting to ₱81.03 million and ₱110.79 million as of December 31, 2024 and 2023, respectively. The rollforward analysis of insurance payables follows:

	2024	2023
At January 1	₱110,785,733	₱120,397,828
Additions	197,236,395	201,843,076
Payments	(226,988,304)	(211,455,171)
At December 31	₱81,033,824	₱110,785,733

17. Accounts Payable and Accrued Expenses

This account consists of:

	2024	2023
Dividend payable	₱50,261,822	₱50,261,822
Accounts payable	33,012,264	15,340,375
Taxes payable	18,227,234	63,903,810
Premium deposits	16,310,880	26,527,387
Commission payable	8,503,291	10,372,827
Accrued expenses	4,404,942	3,465,892
Rent payable	—	94,510
	₱130,720,433	₱169,966,623



Dividend payable pertains to cash dividend declared by the BOD on July 3, 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 consists 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.

18. Other Liabilities

This account consists of:

	2024	2023
Customers' deposits	₱103,472,642	₱102,874,097
Rent received in advance	7,663,108	9,594,149
Others	33,406,278	1,796,317
	₱144,542,028	₱114,264,563

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 non-contributory defined benefit retirement plan covering all of its employees.

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

	2024	2023
Present value of defined benefit obligation	₱37,514,704	₱30,220,964
Fair value of plan assets	25,239,071	22,881,742
	₱12,275,633	₱7,339,222



The movement in the net pension liability recognized in the statement of financial position follows:

	2024	2023
At January 1	₱7,339,222	₱4,517,806
Expense recognized in profit or loss	1,772,013	1,300,022
Contributions paid	(1,772,013)	(1,300,022)
Remeasurements of the net pension liability	4,936,411	2,821,416
At December 31	₱12,275,633	₱7,339,222

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 recognized in 2024 and 2023 follow:

	2024	2023
Current service cost	₱1,825,346	₱988,294
Interest cost	1,328,724	1,853,592
Pension benefit expense (Note 25)	₱3,154,070	₱2,841,886

The movements of remeasurement gains (losses) recognized in OCI follow:

	2024	2023
At January 1	(₱10,602,886)	(₱7,781,470)
Actuarial gain (loss) due to:		
Changes in financial assumptions	(2,836,070)	(1,270,775)
Deviations of experience from assumptions	(2,100,341)	(1,550,641)
Total remeasurement gain (loss), gross of tax	(4,936,411)	(2,821,416)
At December 31	(₱15,539,297)	(₱10,602,886)

The movements of the fair value of plan assets follow:

	2024	2023
At January 1	₱22,881,742	₱22,345,853
Interest income	1,382,057	1,541,864
Contribution	1,772,013	1,300,022
Benefits paid	(20,625)	(1,601,047)
Actuarial gain (loss) on plan asset	(776,116)	(704,950)
At December 31	₱25,239,071	₱22,881,742

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

	2024	2023
At January 1	₱30,220,964	₱26,863,659
Interest cost	1,825,346	1,853,592
Current service cost	1,328,724	988,294
Benefits paid	(20,625)	(1,601,047)
Actuarial loss on obligation	4,160,295	2,116,466
At December 31	₱37,514,704	₱30,220,964



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

	2024	2023
Salary increase rate	6.00%	5.00%
Discount rate	6.13%	6.04%

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:

	Change in variables	Increase (Decrease)
2024		
Discount rate	+1.00%	(P1,213,928)
	-1.00%	1,616,757
Salary increase rate	+1.00%	1,568,366
	-1.00%	(1,272,224)
2023		
Discount rate	+1.00%	(P974,897)
	-1.00%	1,276,055
Salary increase rate	+1.00%	1,277,752
	-1.00%	(1,055,171)

Maturity profile

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

	2024	2023
Less than one (1) year	P22,832,237	P18,480,188
More than one (1) year to five (5) years	6,666,961	7,328,932
More than five (5) years to 10 years	12,177,674	9,906,448
More than 10 years to 15 years	16,138,138	13,282,288
More than 15 years	28,573,297	21,271,141
Total	P86,388,307	P70,268,997

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, 2024 and 2023, the investment in trustee amounts to P4.88 million and P4.66 million, respectively.

The details of the plan assets follow:

	2024	2023
Cash in bank for pension	P3,987,733	P2,450,354
Time deposits	7,163,180	6,826,668
Debt securities	8,073,714	7,774,912
Investment in trustee	4,884,896	4,657,870
Loans receivable	1,312,048	1,656,200
Net equity	P25,421,571	P23,366,003



The Company set aside cash amounting to ₱3.99 million and ₱2.45 million as of December 31, 2024 and 2023, 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:

	2024	2023
Cash	₱495,657	₱678,392
Debt securities	2,453,162	2,427,829
Investment funds	1,922,128	1,541,344
Loans and receivables	22,982	22,971
Trust fee and other payables	(9,033)	(12,666)
Investment to trustee	₱4,884,896	₱4,657,870

The actual return on plan assets amounted to ₱0.61 million and ₱0.84 million in 2024 and 2023, respectively.

20. Equity

Capital stock

This account consists of the following:

	2024		2023	
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	10,000,000	₱1,000,000,000
Issued during the year				
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 shares with a par value of ₱100 per share.



21. Net Premiums Earned

Net premiums earned consist of the following:

	2024	2023
Gross premiums on insurance contracts (Note 31):		
Direct	₱373,255,954	₱353,840,424
Assumed	28,545,323	26,264,395
Total gross premiums on insurance contracts (Note 15)	401,801,277	380,104,819
Gross change in provision for unearned premiums	(9,585,751)	(3,819,520)
Total gross premiums earned on insurance contracts (Note 15)	392,215,526	376,285,299
Reinsurers' share of gross premiums on insurance contracts:		
Direct	197,622,838	196,627,402
Assumed	601,565	5,166,395
Total reinsurers' share of gross premiums on insurance contracts (Notes 15)	198,224,403	201,793,797
Reinsurers' share of gross change in provision for unearned premiums	8,761,829	4,143,315
Total reinsurers' share of gross premiums earned on insurance contracts (Note 15)	206,986,232	205,937,112
Net premiums earned	₱185,229,294	₱170,348,187

22. Investment Income - net

This account consists of:

	2024	2023
Interest income from:		
Financial assets at FVOCI (Note 6)	₱40,431,910	₱42,912,810
HTC investments (Note 6)	11,971,313	13,483,603
Loans and receivables (Note 6)	5,574,646	8,578,651
Cash and cash equivalents and short-term investments (Note 4)	2,970,400	656,383
Dividend income (Note 6)	42,974,677	17,843,169
Fair value gain (loss) on financial assets at FVTPL (Note 6)	21,421,294	602,311
Income from plan assets (Note 19)	1,382,057	1,541,864
Transfer from other comprehensive income:		
Realized loss on sale of financial assets at FVOCI (Note 6)	(1,275,525)	—
	₱125,450,772	₱85,618,791

Interest income from financial asset classified as FVOCI 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) on sale of financial assets at FVOCI 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:

	2024	2023
Rental income (Note 11)	₱15,808,548	₱13,429,381
Foreign exchange gain (loss)	416,539	(105,397)
Miscellaneous income	462,200	28,232
	₱16,687,287	₱13,352,216

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% - 10%.

Future minimum rental payments under operating leases follow:

	2024	2023
Within one (1) year	₱16,262,637	₱14,835,788
More than one (1) year but less than five (5) years	26,444,055	39,152,578
More than five (5) years	272,057,740	272,057,740
	₱314,764,432	₱326,046,106

24. Net Insurance Contract Benefits and Claims

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

	2024	2023
Insurance contract benefits and claims paid (Note 15)		
Direct	₱213,512,466	₱206,992,384
Assumed	6,111,610	18,156,136
Total insurance contract benefits and claims paid	₱219,624,076	₱225,148,520



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

	2024	2023
Reinsurers' share of insurance contract benefits and claims paid (Note 15):		
Direct	₱134,139,275	₱77,360,333
Assumed	586,452	7,569,510
Total reinsurers' share of insurance contract benefits and claims paid	₱134,725,727	₱84,929,843

Gross change in insurance contract benefits and claims liabilities:

	2024	2023
Change in provision for claims reported and loss adjustment expenses (Note 15)	(₱242,336,272)	(₱385,959,548)
Change in provision for claims IBNR (Note 15)	15,339,722	(13,815,829)
Total gross change in insurance contract benefits and claims liabilities	(₱226,996,550)	(₱399,775,377)

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

	2024	2023
Reinsurers' share of change in provision for claims reported and loss adjustment expenses (Note 15)	(₱192,444,478)	(₱385,547,725)
Reinsurers' share of change in provision for claims IBNR (Note 15)	(3,680,728)	(5,432,531)
Total reinsurers' share of change in insurance contract benefits and claims liabilities	(₱196,125,206)	(₱390,980,256)

25. General Expenses

This account consists of:

	2024	2023
Salaries, allowances and employee benefits	₱53,457,620	₱50,257,780
Agency expenses	9,862,704	7,525,093
Provision for (recovery from) credit and impairment losses (Notes 6 and 14)	8,784,420	(414,610)
Depreciation (Notes 12 and 28)	7,082,792	7,890,964
Professional fees	6,219,859	6,608,553
Communications and postage	4,518,260	4,382,791
Pension benefit expense (Note 19)	2,831,683	2,841,886
Association and pool expenses	2,388,873	1,654,433
Repairs and maintenance	2,241,251	2,254,200
Stationery and supplies	2,136,402	2,256,226
Legal fees and expenses	1,581,292	1,043,799
Transportation	1,569,702	1,744,252
Condominium dues	1,308,702	1,035,647

(Forward)



	2024	2023
Entertainment, amusement and recreation	₱951,408	₱1,367,852
Light and water	857,509	1,041,779
Investment expenses	686,897	582,833
Rent (Note 28)	435,477	400,424
Bank charges	240,697	230,650
Appraiser's fee	169,643	214,286
Director's fees	50,000	116,667
Others	1,423,709	1,659,082
	₱108,798,900	₱94,694,587

Others pertain to advertising & promotion, 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 2.00% of gross income which was previously reduced from 2.00% to 1.00% effective July 1, 2020 to June 30, 2023.

The Company’s provision for (benefit from) income tax consists of:

	2024	2023
Current tax expense		
MCIT	₱2,703,225	₱—
Provision for prior year income tax	2,584,722	—
Final	9,781,281	9,819,451
	15,069,228	9,819,451
Deferred:		
Deferred tax benefit	(16,602,475)	5,435,922
	(₱1,533,247)	₱15,255,373

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

	2024	2023
Deferred tax liabilities		
Fair value changes on FVOCI	₱55,111,967	₱26,298,562
Fair value changes on FVTPL	23,457,855	42,973,217
Fair value gains on investment properties	48,268,329	45,355,442
	₱126,838,151	₱114,627,221



Movements in net deferred tax liabilities comprise of:

	2024	2023
At beginning of the year	(P114,627,221)	(P101,736,086)
Amounts charged against statements of income	16,602,475	(5,435,922)
Amounts charged against statements of comprehensive income	(28,813,405)	(7,455,213)
At end of the year	(P126,838,151)	(P114,627,221)

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

	2024	2023
NOLCO	P26,976,146	P34,295,747
Provision for IBNR claims	15,509,447	10,754,335
Allowance for impairment losses	14,353,396	13,155,986
Excess of MCIT over RCIT	3,616,103	1,626,898
Pension obligation	3,068,908	1,834,806
Unamortized past service cost	1,575,080	1,950,101
Leases	(9,163)	15,320
Total	P65,089,917	P63,633,193

On September 30, 2020, the BIR has issued Revenue Regulations (RR) No. 25-2020 to implement Section 4 (b) of RA 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	P17,991,923	P—	P17,991,923	2026
2022	4,659,410	—	22,651,333	2025
2023	114,531,656	—	137,182,989	2026
2024	—	29,278,407	107,904,582	

Details of the Company’s MCIT follow:

Year Incurred	Amount	Expired/Applied	Balance	Expiry year
2022	P912,878	P—	912,878	2025
2023	—	—	912,878	2026
2024	2,703,225		3,616,103	2027



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:

	2024	2023
At statutory income tax rate	₱27,979,326	(₱622,416)
Tax effects of:		
Non-taxable income	(20,423,665)	(7,701,929)
Non-deductible expenses	3,794,936	141,834
Change in unrecognized deferred tax asset	(7,371,378)	25,892,825
Interest income subjected to final taxes	(2,445,972)	(2,454,941)
	(₱1,533,247)	₱15,255,373

27. Contingencies

The Company faces various pending and potential legal actions and claims arising from ordinary business operations. These risks have been assessed for their likelihood of occurrence. While precise outcomes cannot always be determined, management believes no material liabilities are likely to result.

28. Lease commitments

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

	2024	2023
Cost		
Balance at beginning of year	₱5,814,632	₱4,223,279
Addition	317,386	1,591,353
Balance at the end of year	6,132,018	5,814,632
Accumulated depreciation		
Balance at beginning of year	4,327,631	3,469,301
Depreciation (Note 25)	851,687	858,330
Balance at the end of year	5,179,318	4,327,631
Net book value	₱952,700	₱1,487,001

There are no lease contracts that were pre-terminated in 2024 and 2023.

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:

	2024	2023
Balance at beginning of year	₱1,548,283	₱907,076
Additions	317,386	1,591,353
Interest expense	111,637	100,876
Payments	(987,954)	(1,037,426)
Reversal	–	(13,596)
	₱989,352	₱1,548,283

The following are the amounts recognized in statements of income:

	2024	2023
Depreciation expense of right-of-use assets	₱851,687	₱858,330
Expenses relating to short-term leases (Note 25)	297,000	297,000
Expenses relating to leases of low-value assets (Note 25)	138,477	103,424
Interest expense on lease liabilities	111,637	100,876
Total amount recognized in statements of income	₱1,398,801	₱1,359,630

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

	2024	2023
Within one (1) year	₱641,404	₱901,425
More than one (1) year but less than five (5) years	424,028	805,710
	₱1,065,432	₱1,707,135

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, 2024, the Company’s estimated statutory net worth amounted to ₱3.06 billion and the Company’s net worth as of December 31, 2023 after verification of the Insurance Commission amounted to ₱2.21 billion. As of December 31, 2024 and 2023, 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:

	2024 (Estimated)	2023 (Actual)
Premiums receivables	₱67,050,996	₱60,852,579
Property and equipment	27,238,551	12,551,692
Other assets	541,734,490	696,160,482
	₱636,024,037	₱769,564,753

If an insurance company fails to meet the minimum required capital, the IC 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 IC.

The final amount of the net worth as of December 31, 2024 can be determined only after the accounts of the Company have been examined by the IC, 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 50.00% of Tier 1 Capital.

The minimum RBC ratio is set at 100.00%. 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, 2024 and 2023 was determined by the Company:

	2024	2023
	(Estimated)	(Actual)
Total Available Capital	₱3,058,531,626	₱2,211,108,747
RBC requirement	981,299,803	713,260,886
RBC Ratio	312%	310%

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, 2024 and 2023 by type of contract (see Note 15):

	December 31, 2024			December 31, 2023		
	Gross Contract Liabilities	Reinsurers' Share of Liabilities	Net	Gross Contract Liabilities	Reinsurers' Share of Liabilities	Net
Property	₱546,331,649	₱393,729,140	₱152,602,509	₱776,968,989	₱588,638,304	₱188,330,685
Motor Car	33,138,911	600,619	32,538,292	30,167,112	50,156	30,116,956
Casualty	22,607,191	4,290,090	18,317,101	21,401,246	6,057,780	15,343,466
Marine	1,975,980	12,898	1,963,082	2,512,934	11,713	2,501,221
	₱604,053,731	₱398,632,747	₱205,420,984	₱831,050,281	₱594,757,953	₱236,292,328

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, 2024 and 2023 follows:

December 31, 2024				
	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	-39.78%	(₱330,553,563)	(₱93,986,216)	₱93,986,216
Average number of claims	0.95%	7,905,050	2,247,641	(2,247,641)
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)



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	2014 and prior years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Estimate of ultimate claim costs:												
At the end of accident year	₱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	₱90,280,816	₱163,740,370	₱163,740,370
One year later	116,634,987	162,473,810	124,374,646	79,970,903	122,057,037	206,240,354	55,550,977	796,395,127	166,385,332	59,943,321	—	59,943,321
Two years later	108,364,329	151,061,643	102,380,721	81,393,741	118,950,576	206,240,354	55,550,977	796,395,127	134,627,342	—	—	134,627,342
Three years later	114,619,676	151,697,998	110,512,855	80,782,243	118,950,576	206,240,354	55,550,977	660,664,410	—	—	—	660,664,410
Four years later	113,605,460	151,529,928	110,488,355	80,782,243	118,950,576	206,240,354	106,204,626	—	—	—	—	106,204,626
Five years later	115,093,507	151,507,006	110,488,355	80,782,243	118,950,576	190,082,933	—	—	—	—	—	190,082,933
Six years later	115,185,249	151,507,006	110,488,355	80,782,243	107,696,413	—	—	—	—	—	—	107,696,413
Seven years later	115,185,249	151,507,006	110,488,355	74,982,566	—	—	—	—	—	—	—	74,982,566
Eight years later	115,185,249	151,507,006	101,632,726	—	—	—	—	—	—	—	—	101,632,726
Nine years later	114,139,901	150,408,707	—	—	—	—	—	—	—	—	—	150,408,707
Ten years later	114,139,901	—	—	—	—	—	—	—	—	—	—	114,139,901
Current Estimate of cumulative claims	114,139,901	150,408,707	101,632,726	74,982,566	107,696,413	190,082,933	106,204,626	660,664,410	134,627,342	59,943,321	163,740,370	1,864,123,315
Cumulative payment to date	(114,139,901)	(150,408,707)	(101,624,726)	(72,771,924)	(102,266,392)	(178,041,557)	(96,333,492)	(377,488,808)	(128,600,205)	(40,631,969)	(29,936,417)	(1,392,244,098)
Total gross insurance liability (Note 15)	₱—	₱—	₱8,000	₱2,210,642	₱5,430,021	₱12,041,376	₱9,871,134	₱283,175,602	₱6,027,137	₱19,311,352	₱133,803,953	₱471,879,217



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	90,280,815	2,023,037,498
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)	(1,308,822,009)
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	2014 and prior years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Estimate of ultimate claim costs:												
At the end of accident year	₱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	₱92,895,284	₱92,895,284
One year later	44,483,589	57,217,473	94,874,410	74,643,474	107,809,072	160,807,424	64,049,961	113,395,411	59,641,427	43,769,819	—	43,769,819
Two years later	42,335,983	61,190,152	83,636,593	75,796,671	106,312,691	150,956,828	67,214,198	201,073,637	58,562,020	—	—	58,562,020
Three years later	48,040,056	61,314,997	90,267,561	75,242,074	102,547,986	149,403,359	64,688,335	164,245,451	—	—	—	164,245,451
Four years later	47,025,839	61,146,927	90,248,830	74,133,222	98,627,123	147,697,592	64,702,437	—	—	—	—	64,702,437
Five years later	47,348,056	61,124,004	87,832,477	72,999,175	98,215,543	147,950,629	—	—	—	—	—	147,950,629
Six years later	47,348,056	62,933,801	91,071,407	70,865,331	98,137,371	—	—	—	—	—	—	98,137,371
Seven years later	47,348,056	64,130,030	86,219,260	69,696,880	—	—	—	—	—	—	—	69,696,880
Eight years later	47,348,056	59,973,713	81,843,663	—	—	—	—	—	—	—	—	81,843,663
Nine years later	47,348,056	59,973,713	—	—	—	—	—	—	—	—	—	59,973,713
Ten years later	59,973,713	—	—	—	—	—	—	—	—	—	—	59,973,713
Current Estimate of cumulative claims	59,973,713	59,973,713	81,843,663	69,696,880	98,137,371	147,950,629	64,702,437	164,245,451	58,562,020	43,769,819	92,895,284	941,750,980
Cumulative payment to date	(59,973,713)	(59,973,713)	(81,835,663)	(67,486,237)	(93,469,113)	(137,431,072)	(56,280,876)	(126,818,629)	(54,677,447)	(33,689,847)	(26,731,474)	(798,367,784)
Total net insurance liability (Note 15)	₱—	₱—	₱8,000	₱2,210,643	₱4,668,258	₱10,519,557	₱8,421,561	₱37,426,822	₱3,884,573	₱10,079,972	₱66,163,810	₱143,383,196



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	955,119,763
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)	(18,426,305)	(761,844,773)
Total net insurance liability (Note 15)	₱733,128	₱113,737	₱56,382	₱4,386,767	₱3,479,223	₱4,778,077	₱15,250,818	₱9,822,544	₱87,300,414	₱17,067,115	₱50,286,785	₱193,274,990



Financial Instruments

Fair values of financial assets are estimated as follows:

	Methods and Assumptions
Cash and cash equivalents, short-term investments, insurance receivables, loans receivables, 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 and investment properties:

	December 31, 2024			
	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	₱–	₱99,721,660	₱164,549,110	₱264,270,770
Financial assets at FVOCI				
Listed equity securities:				
Common shares	700,438,466	–	–	700,438,466
Preferred shares	4,794,000	–	–	4,794,000
Club shares	–	22,890,000	–	22,890,000
Government securities:				
Local currency	152,276,985	–	–	152,276,985
Foreign currency	7,889,976	–	–	7,889,976
Private debt securities	650,739,461	–	–	650,739,461
Unquoted equity securities	–	–	351,067,087	351,067,087
Investment properties	–	–	332,306,310	332,306,310
	1,516,138,888	122,611,660	847,922,507	2,486,673,055
Asset for which fair values are disclosed:				
HTC investments	39,133,899	160,943,510	–	200,077,409
	₱1,555,272,787	₱283,555,170	₱847,922,507	₱2,686,750,464



	December 31, 2023			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Assets measured at fair value:				
Financial assets at FVTPL	P–	P30,783,997	P199,892,867	P230,676,864
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
Investment properties	–	–	318,975,765	318,975,765
	1,412,609,527	46,373,997	701,354,639	2,160,338,163
Asset for which fair values are disclosed:				
HTC investments	30,604,190	163,469,447	–	194,073,637
	P1,443,213,717	P209,843,444	P701,354,639	P2,354,411,800

There were no transfers between level 1 and level 2, and no transfers into and out of level 3 fair value measurement during 2024 and 2023.

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 maximum exposure of the Company's financial assets to credit risk is the carrying amount of those assets except for real estate mortgage loans as follows:

December 31, 2024				
	Carrying Amount	Fair Value of Collateral	Financial Effect of collateral	Maximum Exposure to Credit Risk
Loans and receivables				
Real estate mortgage loan	₱39,642,915	₱1,663,808,000	₱39,642,915	₱—

December 31, 2023				
	Carrying Amount	Fair Value of Collateral	Financial Effect of collateral	Maximum Exposure to Credit Risk
Loans and receivables				
Real estate mortgage loan	₱88,971,775	₱1,663,808,000	₱88,971,775	₱—

The Company does not hold collateral held as security and other credit enhancements on its financial assets as of December 31, 2024 and 2023, 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:

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		<i>Applicable to all premiums receivables and due to ceding companies</i>
	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, 2024			
	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents (excluding cash on hand)				
Neither past due nor individually impaired				
High grade	P=	P=	P=	P=
Medium grade	–	–	–	–
Good standing	221,488,593	–	–	221,488,593
Past due or impaired	–	–	–	–
	221,488,593	–	–	221,488,593
Short-term investments				
Neither past due nor individually impaired				
High grade	–	–	–	–
Medium grade	–	–	–	–
Good standing	13,512,728	–	–	13,512,728
Past due or impaired	–	–	–	–
	13,512,728	–	–	13,512,728
Financial assets at FVTPL				
Neither past due nor individually impaired				
High grade	–	–	–	–
Medium grade	–	–	–	–
Good standing	264,270,770	–	–	264,270,770
Past due or impaired	–	–	–	–
	264,270,770	–	–	264,270,770
Financial assets at FVOCI				
Neither past due nor individually impaired				
High grade	–	–	–	–
Medium grade	–	–	–	–
Good standing	810,906,422	–	–	810,906,422
Past due or impaired	–	–	–	–
	810,906,422	–	–	810,906,422
HTC investments				
Neither past due nor individually impaired				
High grade	–	–	–	–
Medium grade	–	–	–	–
Good standing	208,662,532	–	–	208,662,532
Past due or impaired	–	–	–	–
	208,662,532	–	–	208,662,532

(Forward)



December 31, 2024				
	Stage 1	Stage 2	Stage 3	Total
Loans and receivables				
Neither past due nor individually impaired				
High grade	P—	P—	P—	P—
Medium grade	—	—	—	—
Good standing	—	93,017,511	—	93,017,511
Past due or impaired	—	—	—	—
	—	93,017,511	—	93,017,511
	₱1,518,841,045	₱93,017,511	—	₱1,611,858,556
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	P—	P—	P—	P—
Medium grade	—	—	—	—
Good standing	100,411,347	—	—	100,411,347
Past due or impaired	—	—	—	—
	100,411,347	—	—	100,411,347
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

(Forward)



	December 31, 2023			Total
	Stage 1	Stage 2	Stage 3	
Loans and receivables				
Neither past due nor individually impaired				
High grade	P—	—	P—	P—
Medium grade	—	—	—	—
Good standing	—	160,253,220	—	160,253,220
Past due or impaired	—	—	—	—
	—	160,253,220	—	160,253,220
	P1,337,918,203	P160,253,220	—	P1,498,171,423

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

	December 31, 2024		
	Stage 2	Stage 3	Total
Due from brokers and agents			
Neither past due nor individually impaired			
High grade	P—	P—	P—
Medium grade	—	—	—
Good standing	49,417,689	16,780,253	66,197,942
Past due or impaired	27,753,174	54,366,246	82,119,420
	77,170,863	71,146,499	148,317,362
Reinsurance recoverable on paid losses			
Neither past due nor individually impaired			
High grade	—	—	—
Medium grade	—	—	—
Good standing	33,731,901	11,290,810	45,022,711
Past due or impaired	1,460,936	71,418,069	72,879,005
	35,192,837	82,708,879	117,901,716
Due from ceding companies			
Neither past due nor individually impaired			
High grade	—	—	—
Medium grade	—	—	—
Good standing	347,240	389,618	736,858
Past due or impaired	3,928,187	14,399,201	18,327,388
	4,275,427	14,788,819	19,064,246
	P116,639,127	P168,644,197	P285,283,324

	December 31, 2023		
	Stage 2	Stage 3	Total
Due from brokers and agents			
Neither past due nor individually impaired			
High grade	P—	P—	P—
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

(Forward)

Due from ceding companies



	December 31, 2023		
	Stage 2	Stage 3	Total
Neither past due nor individually impaired			
High grade	P—	P—	P—
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
	P90,283,135	P187,780,637	P278,063,772

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, 2024					
	Up to a year	1-3 years	3-5 years	Over 5 years	No term	Total
Cash and cash equivalents*	223,279,387	P—	P—	P—	P—	223,279,387
Short-term investments*	13,578,463	—	—	—	—	13,578,463
Insurance receivables*	285,283,324	—	—	—	—	285,283,324
Financial assets at FVPL	—	—	—	—	264,270,770	264,270,770
Financial assets at FVOCI*	90,084,237	240,504,134	136,699,999	506,600,392	1,079,190,153	2,053,078,915
HTC investments*	—	20,798,048	—	331,860,564	—	352,658,612
Loans and receivables*	44,780,368	52,399,805	1,380,098	291,200	900	98,852,371
Accrued income	11,250,247	—	—	—	—	11,250,247
Total financial assets	P668,256,025	P313,701,986	P138,080,097	P838,752,156	P1,343,461,823	P3,302,252,088
Insurance contract liabilities	P471,879,217	P—	P—	P—	P—	P471,879,217
Insurance payables	81,033,824	—	—	—	—	81,033,824
Accounts payable and accrued expenses (except taxes payable)	112,493,199	—	—	—	—	112,493,199
Lease liabilities*	641,404	424,028	—	—	—	1,065,432
Other liabilities	144,542,028	—	—	—	—	144,542,028
Total financial liabilities	P810,589,672	P424,028	P—	P—	P—	P811,013,700

*Inclusive of interest

	December 31, 2023					
	Up to a year	1-3 years	3-5 years	Over 5 years	No term	Total
Cash and cash equivalents*	P102,512,624	P—	P—	P—	P—	P102,512,624
Short-term investments*	1,400,133	—	—	—	—	1,400,133
Insurance receivables	278,063,772	—	—	—	—	278,063,772
Financial assets at FVPL	—	—	—	—	230,676,864	230,676,864
Financial assets at FVOCI*	98,656,622	226,775,871	174,683,267	330,623,269	779,766,505	1,610,685,534
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	P550,194,672	P353,992,666	P251,833,632	P783,484,231	P1,010,444,269	P2,949,949,470

(Forward)

Insurance contract liabilities	P714,215,489	P—	P—	P—	P—	P714,215,489
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	December 31, 2023					Total
	Up to a year	1-3 years	3-5 years	Over 5 years	No term	
Insurance payables	110,785,733	—	—	—	—	110,785,733
Accounts payable and accrued expenses (except taxes payable)	106,062,813	—	—	—	—	106,062,813
Lease liabilities*	901,425	805,710	—	—	—	1,707,135
Other liabilities	114,264,563	—	—	—	—	114,264,563
Total financial liabilities	₱1,046,230,023	₱805,710	₱—	₱—	₱—	₱1,047,035,733

*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.

	2024		2023	
	Original Currency	Peso Equivalent	Original Currency	Peso Equivalent
Cash in bank:				
US dollar-denominated	\$203,700	₱11,783,027	\$369,819	₱20,549,733
Euro-denominated	€602	36,426	€602	37,029
Financial assets at FVTPL:				
Euro-denominated	€32,411	1,959,987	€31,278	1,922,797
Financial assets at FVOCI:				
US dollar-denominated	\$5,719,230	330,828,848	\$4,995,578	277,589,262
Accrued interest:				
US dollar-denominated	\$74,100	4,286,354	\$79,587	4,422,407
Total foreign currency-denominated assets		₱348,894,642		₱304,521,229



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, 2024			
Currency	Change in exchange rate	Impact on income before tax Increase (decrease)	Impact on other comprehensive income before tax Increase (decrease)
US Dollar	(4.10%)	(P14,221,285)	(P13,562,512)
	4.10%	14,221,285	13,562,512
Euro	(1.63%)	(32,476)	—
	1.63%	32,476	—
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%)	(P2,981,405)	(P2,735,333)
	0.99%	2,981,405	2,735,333
Euro	(3.22%)	(63,144)	—
	3.22%	63,144	—

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, 2024						
	Interest rate (%)	Within a year	1-3 years	Maturity 3-5 years	Over 5 years	Total
Loans and receivables						
Real estate mortgage loan	5%	P11,408,341	P27,036,947	P1,197,627	P—	P39,642,915
Loans receivables	7%	11,262,707	18,352,319	—	—	29,615,026



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

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, 2024		
	Change in variables	Impact on equity Increase (decrease)
FVOCI debt securities	+50 basis points	(₱7,591,635)
	-50 basis points	15,757,760

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

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, 2024		
Market index	Change in equity prices	Impact on equity Increase (decrease)
PSEi	-5.96	(₱105,352,651)
PSEi	+5.96	105,352,651



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

30. Current and Non-current Classification

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

	2024			2023		
	Current	Non-current	Total	Current	Non-current	Total
Assets						
Cash and cash equivalents	₱222,952,172	₱–	₱222,952,172	₱102,147,666	₱–	₱102,147,666
Short-term investments	13,057,456	–	13,057,456	1,312,940	–	1,312,940
Insurance receivables - net	228,644,065	–	228,644,065	226,094,876	–	226,094,876
Financial assets						
Financial assets at FVPL	264,270,770	–	264,270,770	230,676,864	–	230,676,864
Financial assets at FVOCI	90,084,237	1,800,012,338	1,890,096,575	100,977,958	1,509,707,576	1,610,685,534
HTC Investments	–	208,662,532	208,662,532	–	202,514,146	202,514,146
Loans and receivables	22,671,048	48,833,710	71,504,758	33,825,202	105,204,616	139,029,818
Accrued income	11,250,247	–	11,250,247	11,593,087	–	11,593,087
Investment in an associate	–	941,249,174	941,249,174	–	951,753,598	951,753,598
Reinsurance assets	480,733,154	–	480,733,154	685,620,189	–	685,620,189
Investment properties - net	–	332,306,310	332,306,310	–	318,975,765	318,975,765
Property and equipment - net	–	32,319,565	32,319,565	–	26,050,276	26,050,276
Right-of-use assets	–	952,700	952,700	–	1,487,001	1,487,001
Other assets	428,892	25,123,150	25,552,042	960,956	18,068,795	19,029,751
Total assets	₱1,334,092,041	₱3,389,459,479	₱4,723,551,520	₱1,393,209,738	₱3,133,761,773	₱4,526,971,511
Liabilities						
Insurance contract liabilities	₱794,156,689	₱–	₱794,156,689	₱1,011,567,488	₱–	₱1,011,567,488
Insurance payables	81,033,824	–	81,033,824	110,785,733	–	110,785,733
Accounts payable and accrued expenses	130,720,433	–	130,720,433	169,966,623	–	169,966,623
Deferred reinsurance commissions	9,616,049	–	9,616,049	12,270,038	–	12,270,038
Net pension obligation	–	12,275,633	12,275,633	–	7,339,222	7,339,222
Lease liabilities	901,425	87,927	989,352	732,714	815,569	1,548,283
Deferred tax liability	–	126,838,151	126,838,151	–	114,627,221	114,627,221
Other liabilities	41,069,386	103,472,642	144,542,028	11,390,466	102,874,097	114,264,563
Total liabilities	₱1,057,497,806	₱242,674,353	₱1,300,172,159	₱1,316,713,062	₱225,656,109	₱1,542,369,171

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, 2024

Category	Amount/Volume	Outstanding Balance	Terms	Conditions
Advent Capital and Finance Corporation				
FVTPL	₱59,124,875	₱184,385,705	—	—
Manila Bay Spinning Mills, Inc.				
Premiums	6,925,586	6,432,359	90-day; Noninterest- Unsecured; unimpaired bearing	
Allocation of various expenses	14,445		—	—
Payment of claims	—			
Claims and benefits	66,931	45,480		
Dividends payable		5,063,712		
Manila Bay Hosiery Mills, Inc.				
Premiums	202,015	7,461	90-day; Noninterest- Unsecured; unimpaired bearing	
Allocation of various expenses	10,454			
Claims and benefits	23,562	—		
Dividend payable		3,797,72		
Amina, Inc.				
Premiums	121,966	56,599	90-day; Noninterest- Unsecured; unimpaired bearing	
Allocation of various expenses		—	—	—
Dividend payable		3,472,186		
Agatha Builders Corp.				
Dividend payable	—	—		
Aguille Corp.				
Dividend payable	—	1,738,377		
Rescom Developers, Inc.				
Dividend payable	—	8,792,077		
Bloom with Looms Logistics.				
Premiums	—	—		
Allocation of various expenses	70,213			
Vital Ventures Corp.				
Premiums	2,435,649	1,668,454	90-day; Noninterest- Unsecured; unimpaired bearing	
Dividend payable	—	2,714,438		
Allocation of various expenses	—			
Other payable		—		
First Optima Realty Corporation				
Premiums	1,156,564	1,100,251	90-day; Noninterest- Unsecured; unimpaired bearing	
Claims and benefits	—	5,860		
Dividend payable	—	4,635,400		
Rosam Holding Corporation				
Dividend payable	—	285,012		
A.A Tanco, Inc.				
Premiums	45,939	45,939	90-day; Noninterest- Unsecured; unimpaired bearing	
A Tanco Realty				
Premiums	34,971	33,474	90-day; Noninterest- Unsecured; unimpaired bearing	
Asian Terminals, Inc.				
Premiums	—	—	90-day; Noninterest- Unsecured; unimpaired bearing	
Payment of claims	—			
Claims and benefits		—		
(Forward)				



Category	Amount/Volume	Outstanding Balance	Terms	Conditions
Cement Center, Inc.				
Premiums	₱586,153	₱181,699	90-day; Noninterest- Unsecured; unimpaired bearing	
Allocation of various expenses	—			
Loans payable		520,000		
Enervantage Suppliers Co., Inc.				
Premiums	627,687	599,905	90-day; Noninterest- Unsecured; unimpaired bearing	
Claims and benefits	—	18,020,000		
Eujo Philippines Inc.				
Other payable		—	—	—
Fibertex Corporation				
Premiums	1,403,973	1,201,217	90-day; Noninterest- Unsecured; unimpaired bearing	
Allocation of various expenses	112,229			
Claims and benefits	—	5,000	—	—
Other payable		—		
Real estate mortgage loan	(49,328,860)	39,642,915	Interest-bearing; Secured; unimpaired	
Grow Holdings Phil., Inc.				
Premiums	155,875	—	90-day; Noninterest- Unsecured; unimpaired bearing	
Hui, Cristina T.				
Premiums	—	—	90-day; Noninterest- Unsecured; unimpaired bearing	
Information & Communications Academy, Inc.				
Premiums	1,891,928	305	90-day; Noninterest- Unsecured; unimpaired bearing	
International Hardwood & Veneer Corp.				
Premiums	499,617	485,728	90-day; Noninterest- Unsecured; unimpaired bearing	
Juska Inc.				
Dividend payable	—	1,568,239		
Mar-Bay Homes, Inc.				
Premiums	73,270	70,336	90-day; Noninterest- Unsecured; unimpaired bearing	
MBS Development Corp.				
Premiums	458,567	456,323	90-day; Noninterest- Unsecured; unimpaired bearing	
MBS Paseo Realty Development Corp.				
Premiums	999,143	992,409	90-day; Noninterest- Unsecured; unimpaired bearing	
Philippines First Condominium Corp.				
Premiums	1,042,579	—	90-day; Noninterest- Unsecured; unimpaired bearing	
Allocation of various expenses	2,167,200			
Morningside Shell Service Center				
Other payable		7,768		
Philippine Belt Manufacturing Corp.				
Premiums	2,544,392	1,114,454	90-day; Noninterest- Unsecured; unimpaired bearing	
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	8,602,184	—	90-day; Noninterest- Unsecured; unimpaired bearing	
Payment of claims	—			
Tridel Holdings				
Dividend payable	—	1,747,974		
Ventures Securities, Inc.				
Premiums	64,020	—	Due and demandable; Noninterest-bearing	Unsecured; unimpaired
STI Education Systems Holdings, Inc.				
Premiums	796,675	—	90-day; Noninterest- Unsecured; unimpaired bearing	
Other Payable		328,465		
Systems Technology Institute				
Premiums	28,718,895	330,152	90-day; Noninterest- Unsecured; unimpaired bearing	
Claims and benefits	849,224	873,019		
Diliman Realty & Dev't Corp.				
Premiums	1,604,391	1,602,147	90-day; Noninterest- Unsecured; unimpaired bearing	
EHT Holdings				
Premiums	1,943,520	70,760	90-day; Noninterest- Unsecured; unimpaired bearing	
Grow Vite Staffing Services, Inc.				
Premiums	230,997	2,595	Due and demandable; Noninterest-bearing	Unsecured; unimpaired
Allocation of various expenses	1,935,580		—	—
Claims and benefits	9,810	1,129,632		
Other Payable		97,643		
JB Can, Inc.				
Premiums	154,234	—		
Manila Bay Thread Corp.				
Premiums	4,120,345	3,334,009	90-day; Noninterest- Unsecured; unimpaired bearing	
Payment of claims	—	—		—
Allocation of various expenses	9,962	—		—
Claims and benefits	8,297	17,194	Due and demandable; Noninterest-bearing	—
Other Payable		156,321		
Techzone Philippines				
Premiums	16,068	—	90-day; Noninterest- Unsecured; unimpaired bearing	
Comm & Sense Inc.				
Premiums	4,280	—	—	—
T & K Investments Corp				
Premiums	1,438,385	1,436,141	90-day; Noninterest- Unsecured; unimpaired bearing	
Tandem Realty & Development Corp.				
Premiums	58,175	57,053	90-day; Noninterest- Unsecured; unimpaired bearing	
Tantivy Holdings, Inc.				
Premiums	1,122	1,096,810	—	—
Insurance Builders, Inc.				
Dividend payable		—		
Tricore Insurance Agency, Inc.				
Commission expense	4,629,650		90-day; Noninterest- Unsecured; unimpaired bearing	
Other payable		61,030		
Allocation of various expenses	406,716			
Yang Wu Trading Inc.				
Premiums	265,276	—		

(Forward)



Category	Amount/Volume	Outstanding Balance	Terms	Conditions
Maestro Holdings, Inc.				
Premiums	₱1,122	₱–	90-day; Noninterest- Unsecured; unimpaired bearing	
Other receivables	–	291,200		
Malanday Realty Devt Corporation				
Premiums	104,597	104,597		
PhilhealthCare, Inc.**				
Premiums	1,618,372	91,200	90-day; Noninterest- Unsecured; unimpaired bearing	
Payment of claims	131,484			
Allocation of various expenses	1,333,802			
Other payable	–	27,090		
Philippine Life Financial Assurance Corporation**				
Premiums	797,938	127,097	90-day; Noninterest- Unsecured; unimpaired bearing	
Payment of claims	95,526			
Allocation of various expenses	66,618			
Loans receivables	–	–	Interest-bearing; Secured; unimpaired	
PhilPlans First, Inc.**				
Premiums	2,469,424	119,807	90-day; Noninterest- Unsecured; unimpaired bearing	
Payment of claims	–	–	–	–
Allocation of various expenses	406,372	–	–	–
Claims and benefits	64,537	176,871		
Other payable		363,885		
Digiplus Interactive Corp				
Premiums	5,196,509	7,183	90-day; Noninterest- Unsecured; unimpaired bearing	
Redberry Hill Incorporated				
Premiums	13,039		90-day; Noninterest- Unsecured; unimpaired bearing	
IAcademy				
Premiums	12,099	–	90-day; Noninterest- Unsecured; unimpaired bearing	

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- Unsecured; unimpaired bearing	
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- Unsecured; unimpaired bearing	
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- Unsecured; unimpaired bearing	
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.				



Category	Amount/Volume	Outstanding Balance	Terms	Conditions
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- Unsecured; unimpaired bearing	
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- Unsecured; unimpaired bearing	
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- Unsecured; unimpaired bearing	
A Tanco Realty Premiums	34,971	33,474	90-day; Noninterest- Unsecured; unimpaired bearing	
Asian Terminals, Inc. Premiums	–	–	90-day; Noninterest- Unsecured; unimpaired bearing	
Payment of claims	2,743,610			
Claims and benefits		1,724,545		
Cement Center, Inc. Premiums	570,227	167,713	90-day; Noninterest- Unsecured; unimpaired bearing	
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- Unsecured; unimpaired bearing	
Allocation of various expenses	5,357			
Eujo Philippines Inc. Other payable		537	–	–
Fibertex Corporation Premiums	1,417,060	1,250,528	90-day; Noninterest- Unsecured; unimpaired bearing	
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- Unsecured; unimpaired bearing	
Hui, Cristina T. Premiums	1,122	(1,122)	90-day; Noninterest- Unsecured; unimpaired bearing	
Information & Communications Academy, Inc. Premiums	1,972,937	–	90-day; Noninterest- Unsecured; unimpaired bearing	
International Hardwood & Veneer Corp. Premiums	503,035	489,711	90-day; Noninterest- Unsecured; unimpaired bearing	
Juska Inc. Dividend payable	–	1,568,239		
Mar-Bay Homes, Inc.				



Category	Amount/Volume	Outstanding Balance	Terms	Conditions
Premiums	₱132,321	₱73,196	90-day; Noninterest- Unsecured; unimpaired bearing	
MBS Development Corp. Premiums	458,567	456,323	90-day; Noninterest- Unsecured; unimpaired bearing	
MBS Paseo Realty Development Corp. Premiums	1,255,882	1,249,148	90-day; Noninterest- Unsecured; unimpaired bearing	
Philippines First Condominium Corp. Premiums	1,042,579	(1,122)	90-day; Noninterest- Unsecured; unimpaired bearing	
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- Unsecured; unimpaired bearing	
Claims and benefits		28,750		
Phil. Healthcare Educators, Inc Premiums	1,683	—		
Ruy Corporation Dividend payable	—	1,457,912		
Total Consolidated Assets, Inc. Premiums	8,547,763	610	90-day; Noninterest- Unsecured; unimpaired bearing	
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- Unsecured; unimpaired bearing	
Other Payable		1,368,078		
Systems Technology Institute Premiums	22,838,990	427,198	90-day; Noninterest- Unsecured; unimpaired bearing	
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- Unsecured; unimpaired bearing	
EHT Holdings Premiums	4,426,073	(6,173)	90-day; Noninterest- Unsecured; unimpaired bearing	
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- Unsecured; unimpaired bearing	
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				



Category	Amount/Volume	Outstanding Balance	Terms	Conditions
Premiums	₱35,571	₱-	90-day; Noninterest- Unsecured; unimpaired bearing	
Comm & Sense Inc. Premiums	1,683	-	-	-
T & K Investments Corp Premiums	1,438,385	1,436,141	90-day; Noninterest- Unsecured; unimpaired bearing	
Tandem Realty & Development Corp. Premiums	58,175	57,053	90-day; Noninterest- Unsecured; unimpaired bearing	
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- Unsecured; unimpaired bearing	
Other payable		78,986		
Yang Wu Trading Inc. Premiums	268,589	-		
Maestro Holdings, Inc. Premiums	1,122	-	90-day; Noninterest- Unsecured; unimpaired bearing	
Malanday Realty Devt Corporation Premiums	119,811	119,811		
PhilhealthCare, Inc.** Premiums	866,387	15,231	90-day; Noninterest- Unsecured; unimpaired bearing	
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- Unsecured; unimpaired bearing	
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- Unsecured; unimpaired bearing	
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- Unsecured; unimpaired bearing	
IAcademy Premiums	23,714	30,254	90-day; Noninterest- Unsecured; unimpaired bearing	



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:

	2024	2023
Due from brokers and agents (Note 5)	₱21,729,652	₱25,674,194
Accounts receivables (Note 6)	291,200	—
Insurance contract liabilities (Note 15)	20,793,057	2,329,580
Gross premiums written (Note 21)	79,439,256	74,843,726
Gross insurance contract benefits and claims paid (Note 24)	1,232,641	4,055,220
Dividend payable	36,369,909	37,156,517
Commission expense	4,629,650	—
Other payable	1,042,202	3,128,135
General expenses (Note 25)	6,533,590	7,136,884

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:

	2024	2023
Short-term benefits	₱14,457,678	₱14,454,178
Post-employment benefits	22,375,295	18,483,361
	₱36,832,973	₱32,937,539

32. Notes to Statements of Cash Flows

Details of non-cash investing activities follow:

	2024	2023
Increase in financial assets at FVOCI due to mark-to-market valuation (Note 6)	₱355,204,848	₱125,603,327

33. Events after the Reporting Period

BIR tax assessment

On March 21, 2025, the Company received the 2021 Final Decision on Disputed Assessment (FDDA) for deficiency tax assessments amounting to ₱5,008,939. On March 5, 2025, the Company paid ₱1,486,406 as partial payment, on March 21, 2025, the Company paid ₱3,522,532 as full payment.

On July 31, 2025, the Company received the 2022 Preliminary Assessment Notice (PAN) for deficiency taxes amounting to ₱12,623,889. On July 31, 2025 the Company settled ₱5,002,495 as full payment.



34. Supplementary Information Required Under RR 15-2010

In compliance with the requirements set forth by RR 15-2010 hereunder are the information on taxes and license fees paid or accrued during the taxable year.

Value-added Tax (VAT)

- a. The Company is VAT-registered and declared a VAT output tax of ₱59,117,750 for the year. This declaration is based on total Vatable sales of ₱492,647,917, which includes direct premiums amounting to ₱438,278,597, rental income of ₱16,242,805, commission income of ₱31,559,608, interest income of ₱6,104,707, and other income totaling ₱462,200.

The Company has zero-rated and exempt sales amounting to ₱10,218,536 and ₱12,132,764, 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	₱97,935
Current year's purchases/payments:	
Capital goods	850,868
Goods other than capital goods	515,907
Services paid lodged under general expenses	11,873,754
	13,338,464
Input VAT applied against Output VAT	(13,024,879)
Input VAT allocable to exempt sale	(313,585)
Balance at December 31	₱—

- c. Taxes relating to non-life 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 ₱46,150,665.

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

Premium tax	₱242,656
Fire service tax	4,461,453
	₱4,704,149

- d. The Company did not incur any excise tax in 2024.
- e. Details of other taxes, local and national, including real estate taxes, license and permit fees lodged under the 'Taxes and licenses' account follow:

National:

Interests and penalties	₱6,806,709
IC fees	1,828,055
LTO registration fees	15,456
BIR annual registration fees	5,100
Total	₱8,655,320



Local:

Mayor's permit	₱1,511,262
Real property taxes	563,905
Others	956,508
Total	₱3,031,675

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

Tax on compensation and benefits	₱5,677,081
Expanded withholding taxes	11,614,385
Total	₱17,291,466

BIR Tax Assessment

The Company has an ongoing tax assessment for the taxable year 2017. The Company filed a Petition for Review with the Court of Tax Appeals (CTA) on March 16, 2023. As of the date of approval of the financial statements, the CTA case remains pending.



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 accompanying financial statements of Philippines First Insurance Company, Inc. (the Company), as at December 31, 2024 and for the year then ended, on which we have rendered the attached modified report dated August 4, 2025.

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

SYCIP GORRES VELAYO & CO.

Bryan Chrisnel M. Baes

Bryan Chrisnel M. Baes
Partner

CPA Certificate No. 128627

Tax Identification No. 275-229-188

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

BIR Accreditation No. 08-001998-148-2022, November 7, 2022, valid until November 6, 2025

PTR No. 10465262, January 2, 2025, Makati City

August 4, 2025



**INDEPENDENT AUDITOR'S REPORT
ON THE SCHEDULE OF RECONCILIATION
OF RETAINED EARNINGS AVAILABLE
FOR DIVIDEND DECLARATION**

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 December 31, 2024 and 2023, and have issued our modified report thereon dated August 4, 2025. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic financial statements. This 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, fairly state, 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.

Bryan Chrisnel M. Baes

Bryan Chrisnel M. Baes

Partner

CPA Certificate No. 128627

Tax Identification No. 275-229-188

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

BIR Accreditation No. 08-001998-148-2022, November 7, 2022, valid until November 6, 2025

PTR No. 10465262, January 2, 2025, Makati City

August 4, 2025



PHILIPPINES FIRST INSURANCE COMPANY, INC.
SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND
DECLARATION
DECEMBER 31, 2024

Unappropriated Retained Earnings, beginning of reporting period			₱376,990,419
Add:	Category A: Items that are directly credited to Unappropriated Retained Earnings		
		—	—
Less:	Category B: Items that are directly debited to Unappropriated Retained Earnings		
		—	—
Unappropriated Retained Earnings, as adjusted			376,990,419
Add:	Net income for the current year		113,450,550
Less:	Category C.1: Unrealized income recognized in the profit or loss during the reporting (net of tax)		
	Unrealized fair value gain on FVTPL investments	8,738,661	
	Unrealized fair value gain on investment properties	22,655,057	
	Unrealized foreign exchange gain	416,539	
	Sub-total		31,810,257
Add:	Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting (net of tax)		
	Sub-total	—	—
Add:	Category C.3: Unrealized income recognized in the profit or loss in prior reporting periods but reversed in the current reporting (net of tax)		
	Sub-total	—	—
Adjusted Net Income			81,640,293
Add:	Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
	Share in associate's net loss	9,105,557	
	Sub-total		9,105,557
Add/Less:	Category E: Adjustments related to relief granted by the SEC and BSP		
	Sub-total	—	—
Add/Less:	Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
	Sub-total	—	—
Total Retained Earnings, end of the reporting period, available for dividend			₱467,736,269

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

PHILIPPINES FIRST INSURANCE COMPANY, INC.
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR

FEE-RELATED INFORMATION
YEAR 2024

	Years Ended December 31	
	2024	2023
TOTAL AUDIT FEES	₱2,504,250	₱2,885,000
Non-audit Service Fees:		
Other assurance services	—	—
Tax services	—	—
All other services	—	—
Total Non-audit Fees	—	—
Total Audit and Non-audit Fees	₱2,504,250	₱2,885,000