ASIA UNITED INSURANCE, INC.
9th Floor, Union Bank Centre Dasmarinas cor. Q. Paredes St. Binondo Manila
Tel. (632) 242-1688 Fax (632) 245-3255
E-mail address: asiaunited@auii.com.ph

STATEMENT OF MANAGEMENT RESPONSIBILITY

FOR ANNUAL INCOME TAX RETURN

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

In this regard, the Management affirms that the attached audited financial statements for the period ended December 31, 2024 and the accompanying Annual Income Tax Return are in accordance with the books and records of **ASIA UNITED INSURANCE, INC.**, complete and correct in all material respects. Management likewise affirms that:

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

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

(c) **ASIA UNITED INSURANCE, INC.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

ABRAHAM T. CO
Chairman of the Board

ANDRES C. CHUA
President

JACOB C. NG
Treasurer

Signed this 4th day of April 2025.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
30 APR 2025

R. R. TAN & ASSOCIATES, CPAs

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

PRC-BOA Reg. No. 0132, valid until August 13, 2027
BIR Accreditation No. 07-100510-002-2022, valid until September 14, 2025
IC Accreditation No. 0132-IC, valid until November 17, 2024

Report of Independent Public Accountants to Accompany Income Tax Return

The Board of Directors and Stockholders
ASIA UNITED INSURANCE, INC.
9th Floor, UnionBank Centre
Dasmarinas cor. Q. Paredes St.
Binondo, Manila

We have audited the financial statements of **ASIA UNITED INSURANCE, INC.** (the Company) as at and for the year ended December 31, 2024, on which we have rendered the attached report dated April 4, 2025.

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

R. R. TAN AND ASSOCIATES, CPAs

By: **DOMINGO A. DAZA, JR.**
Partner
CPA Certificate No. 109993
Tax Identification No. 203-917-449
PTR No. 3040539, January 5, 2025, Pasig City
BIR Accreditation No. 07-100512-002-2022, valid until September 14, 2025
PRC-BOA Reg. No. 0132/P-001, valid until August 13, 2027
IC Accreditation No. 109993-IC, valid for the audit of 2020 to 2024 financial statements

April 4, 2025
Pasig City

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
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30 APR 2025

R. R. TAN & ASSOCIATES, CPAs

Unit 1705, Antel Global Corporate Center
Doña Julia Vargas Avenue, Ortigas Center
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PRC-BOA Reg. No. 0132/P-001, valid until August 13, 2027
BIR Accreditation No. 07-100510-002-2022, valid until September 14, 2025

Report of Independent Public Accountants

The Board of Directors and Stockholders
ASIA UNITED INSURANCE, INC.
9th Floor, UnionBank Centre
Dasmarinas cor. Q. Paredes St.
Binondo, Manila

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of **ASIA UNITED INSURANCE, 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 a summary of material accounting policies.

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

Basis for Opinion
We conducted our audit 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 ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information disclosed in Note 32 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

R. R. TAN AND ASSOCIATES, CPAs

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

April 4, 2025
Pasig City

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
30 APR 2025

ASIA UNITED INSURANCE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	Notes		2024		2023
ASSETS					
Cash and cash equivalents	7	P	**139,277,760**	P	207,736,284
Investments					
Fair value through profit or loss	8		**179,033,711**		837,738,748
Available-for-sale	8		**223,365,186**		275,124,101
Held-to-maturity	8		**1,230,314,333**		1,250,596,870
Insurance balances receivables - net	9		**223,920,826**		160,893,014
Reinsurance assets	10		**1,346,085,935**		575,313,807
Property and equipment - net	12		**11,038,150**		9,667,607
Accrued investment income	13		**17,020,130**		15,673,930
Deferred acquisition cost	14		**94,886,011**		103,514,041
Deferred tax asset - net	29		**12,453,225**		10,598,142
Other assets	15		**34,667,584**		31,381,522
TOTAL ASSETS		P	**3,512,062,851**	P	3,478,238,066
LIABILITIES AND EQUITY					
LIABILITIES					
Reserve for unearned premiums	16	P	**451,165,966**	P	425,823,239
Insurance claims payable	17		**822,823,220**		484,047,370
Short-term loans payable	18		**400,000,000**		850,000,000
Reinsurance liabilities	19		**124,045,950**		49,629,443
Accounts payable and accrued expenses	20		**105,120,110**		104,884,392
Deferred commission income	14		**11,982,335**		14,969,800
Income tax payable			**263,495**		13,385,446
Defined benefit liability	28		**14,785,888**		12,678,853
Total Liabilities			**1,930,186,964**		1,955,418,543
EQUITY					
Share capital	21		**729,000,000**		729,000,000
Contributed surplus			**1,250,000**		1,250,000
Fair value adjustment on available-for-sale investments	8		**(17,487,611)**		(65,728,697)
Remeasurement loss on defined benefit plan - net of deferred tax	28		**(9,596,262)**		(15,601,322)
Retained earnings, December 31			**878,709,760**		873,899,542
Total Equity			**1,581,875,887**		1,522,819,523
TOTAL LIABILITIES AND EQUITY		P	**3,512,062,851**	P	3,478,238,066

See accompanying Notes to Financial Statements

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
30 APR 2025

ASIA UNITED INSURANCE, INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

		2024		2023
PROFIT FOR THE PERIOD	P	**104,810,218**	P	181,811,472
OTHER COMPREHENSIVE LOSS				
Items to be reclassified to profit or loss in subsequent periods				
Fair value changes in available-for-sale investments		**48,241,086**		(27,023,085)
Items not to be reclassified to profit or loss in subsequent periods				
Remeasurement gain (loss) on defined benefit plan - net of deferred tax effect		**6,005,060**		(12,054,047)
TOTAL COMPREHENSIVE INCOME	P	**159,056,364**	P	142,734,340

See accompanying Notes to Financial Statements

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
30 APR 2025
BY: ROSEMARIE MARCIANO
LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

ASIA UNITED INSURANCE, INC.
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Notes		2024		2023
REVENUES					
Gross premiums earned	23	P	**944,996,281**	P	846,469,069
Reinsurance premiums ceded	23		**(360,400,254)**		(310,213,008)
Net insurance revenue			**584,596,027**		536,256,061
Commission earned	26		**32,621,106**		32,120,799
Interest income	24		**65,369,718**		95,012,800
Other investment income - net	24		**16,640,665**		15,888,900
			699,227,516		679,278,560
CLAIMS, LOSSES AND ADJUSTMENT EXPENSES					
Insurance claims, losses and adjustment expenses paid - net of salvages and recoveries	25		**715,546,795**		165,613,892
Paid insurance claims, losses and adjustment expenses recovered from reinsurers	25		**(455,993,733)**		(25,692,994)
Changes in insurance claims payable	17		**338,775,850**		274,867,715
Changes in reinsurers' share of claims, losses and adjustment expenses	17		**(332,705,577)**		(258,798,293)
			265,623,337		155,990,320
COST AND EXPENSES					
Commission expense	26		**206,163,837**		187,295,718
Administrative expenses	27		**77,911,175**		69,556,755
Impairment loss	11		**1,360,144**		1,113,767
Finance cost	27		**19,298,712**		34,477,749
			304,733,868		292,443,989
INCOME BEFORE INCOME TAX EXPENSE			**128,870,311**		230,844,251
INCOME TAX EXPENSE	29		**24,060,093**		49,032,779
PROFIT FOR THE PERIOD		P	**104,810,218**	P	181,811,472

See accompanying Notes to Financial Statements

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
30 APR 2025
BY: ROSEMARIE M

ASIA UNITED INSURANCE, INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Note	2024	2023
SHARE CAPITAL	21	**P 729,000,000**	P 729,000,000
CONTRIBUTED SURPLUS		**1,250,000**	1,250,000
FAIR VALUE ADJUSTMENTS ON AVAILABLE-FOR-SALE INVESTMENTS			
Balance, January 1	8	**(65,728,697)**	(38,705,612)
Fair value changes		**48,241,086**	(27,023,085)
Balance, December 31		**(17,487,611)**	(65,728,697)
REMEASUREMENT LOSS ON DEFINED BENEFIT PLAN - NET OF DEFERRED TAX			
Balance, January 1	28	**(15,601,322)**	(3,547,275)
Changes during the year		**6,005,060**	(12,054,047)
Balance, December 31		**(9,596,262)**	(15,601,322)
RETAINED EARNINGS			
Balance, January 1		**873,899,542**	743,118,070
Dividends declared and paid	21	**(100,000,000)**	(51,030,000)
Profit for the period		**104,810,218**	181,811,472
Balance, December 31		**878,709,760**	873,899,542
		P 1,581,875,887	P 1,522,819,523

See accompanying notes to financial statements

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
30 APR 2025
BY: ROSEMARIE MAR

ASIA UNITED INSURANCE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax expense		P 128,870,311	P 230,844,251
Adjustments for:			
Provision for:			
Reserve for reinsurance premium		(17,798,595)	27,143,294
Depreciation	12	3,041,618	3,418,821
Impairment loss	11	1,360,145	1,113,767
Retirement benefit	28	3,074,138	2,413,666
IBNR - net		(287,663,446)	(237,582,544)
Amortization of premium/discount of financial asset	8	782,537	698,265
Amortization of deferred acquisition cost - net	14	5,640,565	(21,776,434)
Gain on sale of AFS financial asset		-	(1,546,560)
Interest expense	27	19,298,712	34,477,749
Unrealized foreign exchange loss		71,810	148,084
Dividend income	24	(16,826,273)	(15,593,382)
Interest income	24	(65,369,718)	(95,012,800)
Operating loss before working capital changes		(225,518,196)	(71,253,823)
(Increase) Decrease in operating assets:			
Insurance balances receivables		(64,040,730)	17,623,018
Reinsurance assets		(395,272,455)	(2,648,812)
Other assets		(3,286,062)	(9,356,180)
Increase (Decrease) in operating liabilities:			
Accounts payable and accrued expenses		1,589,034	20,586,659
Reinsurance liabilities		74,416,507	15,133,572
Insurance claims payable		293,733,720	253,651,966
Cash Provided by (Used in) Operations		(318,378,182)	223,736,400
Contributions to retirement fund		(3,225,467)	(1,584,000)
Income taxes paid, including final tax		(30,773,703)	(71,840,332)
Net Cash Provided by (Used in) Operating Activities		(352,377,352)	150,312,068
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Fair value through profit or loss investments	8	(179,033,711)	(837,738,748)
Available-for-sale investments	8	-	(30,127,500)
Property and equipment	12	(4,412,161)	(1,564,010)
Proceeds from sale/maturities of:			
Fair value through profit or loss investments		837,738,748	-
Held-to-maturity investments	8	19,500,000	75,000,000
Available-for-sale investments	8	100,000,000	33,948,034
Interest and dividend received		80,849,791	109,987,125
Net Cash Provided by (Used in) Investing Activities		854,642,667	(650,495,099)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of short-term loans		850,000,000	850,000,000
Payments of:			
Short-term loans		(1,300,000,000)	(200,000,000)
Interest		(19,298,712)	(34,477,749)
Lease liabilities		(1,353,316)	(1,490,449)
Dividends		(100,000,000)	(51,030,000)
Net Cash Provided by (Used in) Financing Activities		(570,652,028)	563,001,802
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(68,386,714)	62,818,771
Effect of exchange rate changes in cash and cash equivalents		(71,810)	(148,084)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		207,736,284	145,065,597
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		P 139,277,760	P 207,736,284

See accompanying notes to financial statements

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A 2 0 0 0 5 4 4 4

Company Name

ASIA UNITED INSURANCE, INC.

Principal Office (No./Street/Barangay/City/Town)Province)

9TH FLOOR, UNIONBANK CENTRE
DASMARINAS COR. Q. PAREDES ST.
BINONDO, MANILA

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
asiaunited@auii.com.ph	8242-1688	N/A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
18	1ST MONDAY OF MAY	8242-1688

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Emmanuel R. Que	asiaunited@auii.com.ph	8242-1688	N/A

Contact Person's Address

9Th Floor, Unionbank Centre, Dasmarinas Cor. Q. Paredes St., Binondo, Manila

Note 1 : In case of death, resgination 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 Defiiciencies shall not excuse the corporation from liability for its deficiencies.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
30 APR 2025

ASIA UNITED INSURANCE, INC.
th Floor, Union Bank Centre Dasmariñas cor. Q. Paredes St. Binondo Manila
Tel. (632) 242-1688 Fax (632) 245-3255
E-mail address: asiaunited@auii.com.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

FOR FINANCIAL STATEMENTS

The management of **ASIA UNITED INSURANCE, INC.** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

R.R. TAN AND ASSOCIATES, CPAS, the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in her report to the stockholders, has expressed her opinion on the fairness of presentation upon completion of such audit.

ABRAHAM T. CO
Chairman of the Board

ANDRES C. CHUA
President

JACOB C. NG
Treasurer

Signed this 4th day of April 2025.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
30 APR 2025

2024
AUDITED FINANCIAL STATEMENTS

ASIA UNITED INSURANCE, INC.
December 31, 2024 and 2023

R. R. TAN & ASSOCIATES
Certified Public Accountants

ASIA UNITED INSURANCE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	Notes		2024		2023
ASSETS					
Cash and cash equivalents	7	P	**139,277,760**	P	207,736,284
Investments					
Fair value through profit or loss	8		**179,033,711**		837,738,748
Available-for-sale	8		**223,365,186**		275,124,101
Held-to-maturity	8		**1,230,314,333**		1,250,596,870
Insurance balances receivables - net	9		**223,920,826**		160,893,014
Reinsurance assets	10		**1,346,085,935**		575,313,807
Property and equipment - net	12		**11,038,150**		9,667,607
Accrued investment income	13		**17,020,130**		15,673,930
Deferred acquisition cost	14		**94,886,011**		103,514,041
Deferred tax asset - net	29		**12,453,225**		10,598,142
Other assets	15		**34,667,584**		31,381,522
TOTAL ASSETS		P	**3,512,062,851**	P	3,478,238,066
LIABILITIES AND EQUITY					
LIABILITIES					
Reserve for unearned premiums	16	P	**451,165,966**	P	425,823,239
Insurance claims payable	17		**822,823,220**		484,047,370
Short-term loans payable	18		**400,000,000**		850,000,000
Reinsurance liabilities	19		**124,045,950**		49,629,443
Accounts payable and accrued expenses	20		**105,120,110**		104,884,392
Deferred commission income	14		**11,982,335**		14,969,800
Income tax payable			**263,495**		13,385,446
Defined benefit liability	28		**14,785,888**		12,678,853
Total Liabilities			**1,930,186,964**		1,955,418,543
EQUITY					
Share capital	21		**729,000,000**		729,000,000
Contributed surplus			**1,250,000**		1,250,000
Fair value adjustment on available-for-sale investments	8		**(17,487,611)**		(65,728,697)
Remeasurement loss on defined benefit plan - net of deferred tax	28		**(9,596,262)**		(15,601,322)
Retained earnings, December 31			**878,709,760**		873,899,542
Total Equity			**1,581,875,887**		1,522,819,523
TOTAL LIABILITIES AND EQUITY		P	**3,512,062,851**	P	3,478,238,066

See accompanying Notes to Financial Statements

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
30 APR 2025

ASIA UNITED INSURANCE, INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

		2024		2023
PROFIT FOR THE PERIOD	P	**104,810,218**	P	181,811,472
OTHER COMPREHENSIVE LOSS				
Items to be reclassified to profit or loss in subsequent periods				
Fair value changes in available-for-sale investments		**48,241,086**		(27,023,085)
Items not to be reclassified to profit or loss in subsequent periods				
Remeasurement gain (loss) on defined benefit plan - net of deferred tax effect		**6,005,060**		(12,054,047)
TOTAL COMPREHENSIVE INCOME	P	**159,056,364**	P	142,734,340

See accompanying Notes to Financial Statements

ASIA UNITED INSURANCE, INC.
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Notes	2024	2023
REVENUES			
Gross premiums earned	23	P **944,996,281**	P 846,469,069
Reinsurance premiums ceded	23	**(360,400,254)**	(310,213,008)
Net insurance revenue		**584,596,027**	536,256,061
Commission earned	26	**32,621,106**	32,120,799
Interest income	24	**65,369,718**	95,012,800
Other investment income - net	24	**16,640,665**	15,888,900
		699,227,516	679,278,560
CLAIMS, LOSSES AND ADJUSTMENT EXPENSES			
Insurance claims, losses and adjustment expenses paid - net of salvages and recoveries	25	**715,546,795**	165,613,892
Paid insurance claims, losses and adjustment expenses recovered from reinsurers	25	**(455,993,733)**	(25,692,994)
Changes in insurance claims payable	17	**338,775,850**	274,867,715
Changes in reinsurers' share of claims, losses and adjustment expenses	17	**(332,705,577)**	(258,798,293)
		265,623,337	155,990,320
COST AND EXPENSES			
Commission expense	26	**206,163,837**	187,295,718
Administrative expenses	27	**77,911,175**	69,556,755
Impairment loss	11	**1,360,144**	1,113,767
Finance cost	27	**19,298,712**	34,477,749
		304,733,868	292,443,989
INCOME BEFORE INCOME TAX EXPENSE		**128,870,311**	230,844,251
INCOME TAX EXPENSE	29	**24,060,093**	49,032,779
PROFIT FOR THE PERIOD		P **104,810,218**	P 181,811,472

See accompanying Notes to Financial Statements

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
30 APR 2025

ASIA UNITED INSURANCE, INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Note		2024		2023
SHARE CAPITAL	21	P	**729,000,000**	P	729,000,000
CONTRIBUTED SURPLUS			**1,250,000**		1,250,000
FAIR VALUE ADJUSTMENTS ON AVAILABLE-FOR-SALE INVESTMENTS					
Balance, January 1	8		**(65,728,697)**		(38,705,612)
Fair value changes			**48,241,086**		(27,023,085)
Balance, December 31			**(17,487,611)**		(65,728,697)
REMEASUREMENT LOSS ON DEFINED BENEFIT PLAN - NET OF DEFERRED TAX					
Balance, January 1	28		**(15,601,322)**		(3,547,275)
Changes during the year			**6,005,060**		(12,054,047)
Balance, December 31			**(9,596,262)**		(15,601,322)
RETAINED EARNINGS					
Balance, January 1			**873,899,542**		743,118,070
Dividends declared and paid	21		**(100,000,000)**		(51,030,000)
Profit for the period			**104,810,218**		181,811,472
Balance, December 31			**878,709,760**		873,899,542
		P	**1,581,875,887**	P	1,522,819,523

See accompanying notes to financial statements

ASIA UNITED INSURANCE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Notes		2024		2023
CASH FLOWS FROM OPERATING ACTIVITIES					
Income before income tax expense		P	128,870,311	P	230,844,251
Adjustments for:					
Provision for:					
Reserve for reinsurance premium			(17,798,595)		27,143,294
Depreciation	12		3,041,618		3,418,821
Impairment loss	11		1,360,145		1,113,767
Retirement benefit	28		3,074,138		2,413,666
IBNR - net			(287,663,446)		(237,582,544)
Amortization of premium/discount of financial asset	8		782,537		698,265
Amortization of deferred acquisition cost - net	14		5,640,565		(21,776,434)
Gain on sale of AFS financial asset			-		(1,546,560)
Interest expense	27		19,298,712		34,477,749
Unrealized foreign exchange loss			71,810		148,084
Dividend income	24		(16,826,273)		(15,593,382)
Interest income	24		(65,369,718)		(95,012,800)
Operating loss before working capital changes			(225,518,196)		(71,253,823)
(Increase) Decrease in operating assets:					
Insurance balances receivables			(64,040,730)		17,623,018
Reinsurance assets			(395,272,455)		(2,648,812)
Other assets			(3,286,062)		(9,356,180)
Increase (Decrease) in operating liabilities:					
Accounts payable and accrued expenses			1,589,034		20,586,659
Reinsurance liabilities			74,416,507		15,133,572
Insurance claims payable			293,733,720		253,651,966
Cash Provided by (Used in) Operations			(318,378,182)		223,736,400
Contributions to retirement fund			(3,225,467)		(1,584,000)
Income taxes paid, including final tax			(30,773,703)		(71,840,332)
Net Cash Provided by (Used in) Operating Activities			(352,377,352)		150,312,068
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to:					
Fair value through profit or loss investments	8		(179,033,711)		(837,738,748)
Available-for-sale investments	8		-		(30,127,500)
Property and equipment	12		(4,412,161)		(1,564,010)
Proceeds from sale/maturities of:					
Fair value through profit or loss investments			837,738,748		-
Held-to-maturity investments	8		19,500,000		75,000,000
Available-for-sale investments	8		100,000,000		33,948,034
Interest and dividend received			80,849,791		109,987,125
Net Cash Provided by (Used in) Investing Activities			854,642,667		(650,495,099)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds of short-term loans			850,000,000		850,000,000
Payments of:					
Short-term loans			(1,300,000,000)		(200,000,000)
Interest			(19,298,712)		(34,477,749)
Lease liabilities			(1,353,316)		(1,490,449)
Dividends			(100,000,000)		(51,030,000)
Net Cash Provided by (Used in) Financing Activities			(570,652,028)		563,001,802
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			(68,386,714)		62,818,771
Effect of exchange rate changes in cash and cash equivalents			(71,810)		(148,084)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR			207,736,284		145,065,597
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		P	139,277,760	P	207,736,284

See accompanying notes to financial statements

ASIA UNITED INSURANCE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

1. Corporate Information

Asia United Insurance, Inc. (*the Company*) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on May 25, 2000. Its primary purpose is to engage in fire, marine, casualty insurance and surety business and other related activities as authorized by the Insurance Commission (IC).

Company's registered office address is at 9th floor, UnionBank Centre, Dasmariñas st., corner Quintin Paredes St., Binondo, Manila.

The financial statements of the Company as of and for the year ended December 31, 2024 and 2023 were authorized for issue by the Board of Directors (BOD) on April 4, 2025.

2. Basis of Preparation and Presentation

Statement of Compliance
The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC) including pronouncements issued by SEC.

Basis of Financial Statement Preparation and Presentation
The accompanying financial statements have been prepared on a historical cost basis except for financial assets which are available-for-sale and fair value through profit or loss that are carried at fair values.

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

The Company presents its statements of financial position broadly in order of liquidity. An analysis regarding recovery or settlement of assets and liabilities within twelve months after the end of the reporting period (current) is presented in the Note 31.

3. Changes in Accounting Policies and Disclosures

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

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

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

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

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

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Early application is permitted. The amendments do not have a material impact on the Company's financial statements.

<u>New Accounting Standard, Amendments to Existing Standards and Interpretations Effective Subsequent to December 31, 2024</u>
The standards, amendments and interpretations which have been issued but not yet effective as at December 31, 2024 are disclosed below. Except as otherwise indicated, the Company does not expect the adoption of the applicable new and amended PFRS to have a significant impact on its financial position or performance.

Effective beginning on or after January 1, 2025

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

Effective beginning on or after January 1, 2026

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

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2027

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

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

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

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

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

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

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

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

The Company will apply PFRS 17 by on or after January 1, 2027.

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

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

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

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

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

Deferred effectivity

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

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

4. Changes in Accounting Policies and Disclosures

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

<u>Cash and Cash Equivalents</u>
Cash consists of petty cash, commission and revolving funds, time deposits and current/savings accounts with banks. Cash equivalents are highly liquid debt instruments purchased with original maturities of three months or less from dates of placements and are subject to insignificant risk of change in value.

Financial Instruments

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

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

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

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

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

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

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

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

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

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

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

As of December 31, 2024, and 2023, financial asset under this category amounted to P179,033,711 and P837,738,748, respectively.

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

  As of December 31, 2024, and 2023, financial assets under this category amounted to P223,365,186 and P275,124,101, respectively.

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

  Included under this category are the Company's cash and cash equivalents, receivables, deposits and security fund.

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

  As of December 31, 2024, and 2023, financial assets under this category amounted to P1,230,314,333 and P1,250,596,870, respectively.

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

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

Included under this category are accounts payable and accrued expenses, short term loans and reinsurance liabilities.

Reclassification of Financial Assets
A financial asset is reclassified out of the FVPL category when the following conditions are met:

(i) the financial asset is no longer held for the purpose of selling or repurchasing it the near future; and,
(ii) there is a rare situation

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

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

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

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

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

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

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

Derecognition of Financial Instruments

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

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

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

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

Classification of Financial Instruments Between Debt and Equity
A financial instrument is classified as debt if it provides for a contractual obligation to: deliver cash or another financial asset to another entity; exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or 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.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability. 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 instruments as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Accounting Policies for Insurance and Reinsurance Contracts

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

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

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

An insurance contract remains in force at the inception date of policy until its maturity regardless of number of claims reported and for as long as the coverage is sufficient.

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

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

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

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

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

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

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

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

Reserve for unearned premiums
Reserve for unearned premiums is calculated on the following basis:

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

(ii) Reserve for unearned premium on inward treaties is taken up based on the dates the statement is received and amortized using the 24th method.

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

The changes in reserves for unearned premiums and reinsurance premiums are reported in the Statements of Income.

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

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

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

Estimates of salvage recoveries are included as a reduction in the measurement of the insurance liability for claims, and salvage property is recognized in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as deduction in the measurement of the insurance liability for claims and are recognized in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

Share in recoveries on claims are evaluated in terms of the estimated realizable values of the salvage recoverable. Recoveries on claims are recognized in the Statements of Income in the period the recoveries are determined. Recoverable amounts are presented as part of reinsurance assets.

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

Insurance claims payable
Liabilities for claims is calculated as the sum of Outstanding claims reserve, Claims handling expense, and Incurred but not reported claims (IBNR), with Margin for Adverse Deviation (MfAD). At end of each reporting period, liability adequacy tests are performed, to ensure the adequacy of liabilities for claims. In performing the test for premium liabilities, the Unearned Risk Reserve (URR) is compared to the Unearned Premium Reserve (UPR). If the URR is greater than the UPR, the excess is set up as an additional premium liability on top of the UPR.

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

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

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

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

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

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

Property and Equipment
Property and equipment are initially recognized at cost including the costs to get the property ready for its intended use. Subsequent to initial recognition, property and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Depreciation is computed on a straight-line method over the estimated useful lives of the depreciable assets as follows:

Office equipment	5 years
Office furniture and fixtures	5-10 years
Electronic and data processing (EDP) equipment and peripherals	5 years
Transportation equipment	5 years
Leasehold improvements	5 years or lease term whichever is shorter
ROU Asset	lease term

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

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

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

Foreclosed Assets
Foreclosed assets are real properties acquired by the Company in settlement of loans from defaulting borrowers. The amount represents unpaid obligation of borrowers who defaulted on their mortgage agreement.

Company classifies these assets as held for sale if its carrying amount will be recovered principally through a sale transaction rather than continuing use.

In general, the following conditions must be met for an asset to be classified as held for sale:

- management is committed to a plan to sell
- the asset is available for immediate sale
- an active program to locate a buyer is initiated
- the sale is highly probable, within 12 months of classification as held for sale (subject to limited exceptions)
- the asset is being actively marketed for sale at a sale price reasonable in relation to its fair value
- actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn

After its recognition as held for sale, the asset is measured at the lower of its carrying amount or fair value less cost to sell.

Software
Software which are not specifically identifiable and integral part to a specific hardware are presented separately in Statements of Financial Position as part of *other assets*. These are carried at cost, less accumulated amortization and any impairment in value. Amortization is computed on straight-line method over their estimated useful life of 5 years.

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

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

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

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

Equity
Share capital is determined using the par value of shares that have been issued.

Contributed surplus represents additional contribution of shareholders to the company in compliance with the requirements of the Insurance Commission.

Fair value adjustment on available-for-sale investments represents the difference between acquisition cost of the investment and its market values at end of the reporting period, net of deferred income tax.

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

Retained earnings include all current and prior period results of operations as disclosed in the Statements of Income.

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

- The entire paid-up capital stock;
- The net worth required under Section 194;
- The solvency required;
- The legal reserve fund required; and
- A sum sufficient to pay all net losses reported or in the course of settlement and all liabilities for expenses and taxes.

Revenue Recognition
Revenue is recognized only when the Company satisfies a performance obligation by transferring control of the promised services to the customer. The following specific revenue recognition criteria must also be met before revenue is recognized.

Premiums
Premiums from short duration insurance contracts are recognized as revenue over the period of the contracts using the 24^{th} method. The portion of the premiums written that relate to the unexpired periods of the policies at reporting dates are accounted for as Reserve for Unearned Premiums and presented in the liability section of the Statements of Financial Position. The reinsurance premiums ceded that pertains to the unexpired period as at reporting dates are accounted for as "*Deferred reinsurance premiums*" and shown in the asset section of the Statements of Financial Position as part of "*Reinsurance assets*". The net changes in these accounts between reporting dates are credited or charged against income for the year.

Commission
Reinsurance commissions are recognized as revenue over the period of the contracts. The portion of commissions that relates to the unexpired periods of the policies at the reporting date is accounted for as "*Deferred commission income*" in the liability section of the Statements of Financial Position.

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

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

Realized gains and losses
Realized gains and losses on the sale of property and equipment are calculated as the difference between sales proceeds and the net book value. Realized gains and losses on the sale of AFS financial assets are calculated as the difference between sales proceeds and the

original cost net of accumulated impairment losses. Realized gains and losses are recognized in Statements of Income when the sale transaction occurred.

Cost and Expense Recognition

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

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

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

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

Reinsurance commission
Commissions paid to cedants are deferred and are included in deferred acquisition cost, subject to the same amortization method.

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

Other Expenses
Other underwriting expenses, operating expenses and interest expense, except for lease agreements, are recognized as expense as they are incurred.

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

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

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

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the Statements of Income. Only changes in deferred tax assets or liabilities that relate to a change in value of asset or liability is charged or credited directly to equity.
Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax relate to the same taxable entity and the same taxation authority.

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

The cost of providing benefits under the defined benefit plans is actuarially determined using the Projected Unit Credit (PUC) method.

Defined benefit costs comprise the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Borrowing Cost
Borrowing cost are expensed when incurred.

Related Party Transactions
Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The related party transactions are recognized based on transfer of resources or obligations between related parties, regardless of whether a price is charged.

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

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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

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

5. Summary of Significant Accounting Judgments and Estimates

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

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

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

  Financial assets classification is as follows:

		2024		2023
Fair value through profit or loss	P	**179,033,711**	P	837,738,748
Available-for-sale		**223,365,186**		275,124,101
Held-to-maturity		**1,230,314,333**		1,250,596,870

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

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

- *Recoverability of deferred tax asset*
  The Company reviews the carrying amounts of deferred tax asset at each reporting date and assesses if it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax to be utilized. Significant judgment is required to determine the amount of deferred tax assets and deferred tax liability that can be recognized, based upon the likely timing and level of future taxable income.

  Deferred tax asset amounted to P12,471,177 and P10,598,142 in 2024 and 2023, respectively. (See Note 29)

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

- *Determination of fair value of financial instruments*
  The Company measures fair value of available-for-sale and fair value through profit or loss financial instruments using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

  Level 1
  Included in the Level 1 category are financial assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. A financial

instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2
Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3
Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The table below analyzes financial instruments measured at fair value as of December 31, 2024, and 2023 by the level in the fair value hierarchy into which the fair value measurement is categorized.

	Level 1	Level 2	Level 3	Total
FVPL financial assets				
2024	**P 179,033,711**	P -	P -	**P 179,033,711**
2023	837,738,748	-	-	837,738,748
AFS financial assets				
2024	**223,345,186**	**20,000**		223,365,186
2023	275,104,101	20,000	-	275,124,101

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

  Allowance for probable losses on receivables as of December 31, 2024 and 2023 amounted to P9.05 million and P7.69 million, respectively. (See Note 11)

- *Estimating of Useful Lives of Property and Equipment, Software*
  The Company reviews annually the estimated useful lives of property and equipment, software and foreclosed asset, based on the period on which the assets are expected to be available for use. It is possible that future results of operation could be materially affected by changes in these estimates. A reduction in the estimated useful lives of property and equipment, software and foreclosed asset would increase recorded depreciation and decrease the related asset account.

  The carrying value of Property and equipment as of December 31, 2024 and 2023 amounted to P11,038,150 and P9,667,607, respectively. (See Note 12).

  The carrying value of software as of December 31, 2024 and 2023 amounted to nil.

- *Impairment of Non-financial Asset*
  The Company assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Several factors are considered which could trigger that impairment has occurred. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have material adverse effect on the results of operations.

The carrying value of non-financial assets are as follows:

		2024		2023
Property and equipment - net	P	**11,038,150**	P	9,667,607
Foreclosed assets		**4,739,377**		4,739,377

No impairment losses were provided for property and equipment in 2024 and 2023 because management believes that the carrying values may be recovered either through continued use or sale.

Allowance for impairment loss on foreclosed asset amounted to P526,597 as of December 31, 2024 and 2023. (See Note 15)

- *Liability for Insurance Claims*
  Estimates have to be made both of expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of the claims incurred but not reported at the reporting date. It can take a significant period before the ultimate claims cost can be established with certainty and for some type of policies, unreported claims significantly comprise the claims payable presented in the Statements of Financial Position. At each reporting date, prior year claims estimates are assessed for adequacy and changes made are charged to Statements of Income at a non-discounted amount for the time value of money.

  Liability for outstanding claims as of December 31, 2024 and 2023 amounted to P823 million and P484 million, respectively. (See Note 17*)*

- *Estimating provisions for IBNR Claims and MfAD*
  The main assumption 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, but can also be further analyzed by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster 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 historical claims development data on which the projections are based.

  Provision for IBNR claims amounted to P67.6 million and P49.2 million as of December 31, 2024 and 2023.

  Provision for MFAD claims amounted to P68.1 million and P42.2 million as of December 31, 2024 and 2023.

6. Management of Insurance Risk, Financial Risk and Capital

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

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

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

Apart from the Company's risk management function, regulators also play a vital role in the insurance industry in ensuring that policy holders and creditors are assured of any claims that may arise within the term of the policy. The Insurance Commission (IC) imposes (i) Risk-based capital framework that will effectively manage the equity requirement of the Company, (ii) A mandatory reserve of highly-liquid debt instruments to answer for the claims of policyholders and creditors, and (iii) Minimum statutory net worth to streamline the operation of insurance industry. Internally, the Company manages its risks through its underwriting strategy and reinsurance arrangements.

The concentration of insurance claims as of December 31, 2024 and 2023 is shown below:

(in thousands of Pesos)	**2024**			2023		
	Gross Liability	**Share of Reinsurer**	**Net Liability**	Gross Liabiity	Share of Reinsurer	Net Liability
Motor car	P 29,384	P 398	P 28,986	P 27,179	P 275	P 26,904
Fire	122,915	114,768	8,147	81,539	74,353	7,186
Engineering	7,050	7,050	-	26,220	26,220	-
Other lines	526,555	504,901	21,654	257,232	235,014	4,968
Total	685,904	627,117	58,787	379,918	335,862	39,058
IBNR	75,738	51,756	23,982	54,654	35,010	19,644
MFAD	61,181	58,160	3,021	37,223	33,456	3,767
Total	P 822,823	P 737,033	P 85,790	P 484,047	P 404,328	P 62,469

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

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

(i) *Cash-in-bank and cash equivalents*
Substantial portion of the Company's Cash-in-banks and Cash equivalents are maintained in universal banks thereby limiting the credit risk. Cash-in-banks, cash equivalents and short-term investments amounted to P138,717,260 in 2024 and P207,292,447 in 2023. This is consistent with Company's internal policy on deposit maintenance.

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

The limits are defined by the following categories:

- Limits on government securities is guided by the existing circulars issued by the Insurance Commission;
- Limits on corporate bonds are based on certain criteria such as total corporate bonds exposure as a percentage of the portfolio, limits by sector based on the credit ratings; currency and monitoring of concentrated exposure;

The credit rating applied by the Company is based on the best available rating from Moody's, Fitch and Standard & Poor's. For specific exposure types, other rating agencies can be used such as AM Best for reinsurance counterparties.

The table below provides information on the credit quality of investments.

	December 31, 2024					
	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	Unrated	Total
Debt securities						
Treasury bills	P -	P -	P -	P -	P -	P -
Fixed-rated treasury bonds	P -	P -	P -	P -	P 793,029,087	P 793,029,087
Retail treasury bonds	-	-	-	-	437,285,246	437,285,246
Corporate bonds	12,428,732	-	-	-	-	12,428,732
Foreign currency bonds						
ROP bonds	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	138,567,508	864,087	-	-	71,468,860	210,900,455
	P 150,996,240	P 864,087	P -	P -	P 1,301,783,193	P 1,453,643,520

	December 31, 2023					
	Rated					
	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	Unrated	Total
Debt securities						
Fixed-rated treasury bonds	P -	P -	P -	P -	P 837,738,748	P 837,738,748
Retail treasury bonds	-	-	-	-	813,050,556	813,050,556
Corporate bonds	12,176,394	-	-	-	-	12,176,394
Foreign currency bonds						-
ROP bonds	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	214,735,317	438,305	-	-	47,774,085	262,947,707
	P 226,911,711	P 438,305	P -	P -	P 1,698,563,389	P 1,925,913,405

(i) Insurance, reinsurance and other receivables

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

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

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

Exposure to credit risk on other receivable is low considering that these receivables is collected through salary deduction or deducted from the commissions due to them, as the case maybe. These counterparties have a good credit standing with no history of default. Credit risk on Security deposits is minimal since a significant portion of which can be applied to cover rentals due.

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

The aging analysis of Receivables, reinsurance and other receivables that are not impaired are as follows:

	2024					
	No. of days past due					
	30 days	60 days	90 days	180 days	over 180 days	Total
Due from agents and brokers	**P 25,719,891**	**P 22,026,275**	**P 18,715,788**	**P 39,070,461**	**P 52,468,601**	**P 158,001,016**
Due from ceding companies	**5,609,817**	**5,791,683**	**10,747,845**	**7,700,123**	**30,476,812**	**60,326,280**
Funds held by ceding companies	**5,593,530**	-	-	-	-	**5,593,530**
Reinsurance recoverable on paid losses	-	**557,754**	**387,874,788**	**132,615**	**36,141,776**	**424,706,933**
Other receivable	**19,693,023**	-	-	-	-	**19,693,023**
	P 56,616,261	**P 28,375,712**	**P 417,338,421**	**P 46,903,199**	**P 119,087,189**	**P 668,320,782**

	2023					
	No. of days past due					
	30 days	60 days	90 days	180 days	over 180 days	Total
Due from agents and brokers	P 29,273,027	P 17,525,150	P 16,221,312	P 30,598,585	P -	P 93,618,074
Due from ceding companies	2,066,258	3,688,833	3,455,567	14,777,066	38,399,752	62,387,476
Funds held by ceding companies	4,887,464	-	-	-	-	4,887,464
Reinsurance recoverable on paid losses	1,061,109	105,465	207,641	1,163,995	27,243,494	29,781,704
Other receivable	17,764,631	-	-	-	-	17,764,631
	P 55,052,489	P 21,319,448	P 19,884,520	P 46,539,646	P 65,643,246	P 208,439,349

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

	December 31, 2024					
	Cash & cash equivalents	Fair value through profit or loss	Available-for-sale	Held-to maturity	Receivables	Total
Insurance	P -	P -	P -	P -	P 1,385,661,130	P 1,385,661,130
Financial institutions*	138,643,368	-	41,968,978	-	-	180,612,346
Government	-	179,033,711	-	1,230,314,333	-	1,409,348,044
Holding companies	-	-	97,518,617	-	-	97,518,617
Property	-	-	12,428,731	-	-	12,428,731
Oil, power and energy	-	-	71,448,860	-	-	71,448,860
	P 138,643,368	P 179,033,711	P 223,365,186	P 1,230,314,333	P 1,385,661,130	P 3,157,017,728

**Excluded Cash on Hand of P634,392 in 2024*

	December 31, 2023					
	Cash & cash equivalents	Fair value through profit or loss	Available-for-sale	Held-to maturity	Receivables	Total
Insurance	P -	P -	P -	P -	P 595,002,512	P 595,002,512
Financial institutions*	184,776,508	-	22,303,442	-	-	207,079,950
Government	-	837,738,748	-	1,250,596,870	-	2,088,335,618
Holding companies	-	-	192,890,180	-	-	192,890,180
Property	-	-	12,176,394	-	-	12,176,394
Oil, power and energy	-	-	47,754,085	-	-	47,754,085
	P 184,776,508	P 837,738,748	P 275,124,101	P 1,250,596,870	P 595,002,512	P 3,143,238,739

**Excluded Cash on Hand of P443,837 in 2023*

Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counter party failing on repayment of contractual obligation; or inability to generate cash inflows as anticipated.

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; setting up contingency funding plans; specify the sources of funding and the vents that would trigger the plan; concentration of funding sources; reporting of liquidity risk exposures and breaches to the monitoring authority; monitoring compliance with liquidity risk policy and review of liquidity risk policy for pertinence and changing environment.

The Company maintains adequate highly liquid assets in the form of cash and cash equivalents to assure necessary liquidity.

Contractual maturities of financial assets and liabilities as at December 31, 2024 and 2023 are presented below:

	Contractual Maturities			
2024 (in thousand)	**< 1 year**	**> 1 year < 5 years**	**>5 years**	**Total**
Financial Assets that are :				
Cash and Cash Equivalents	P 138,643	P -	P -	P 138,643
FVPL	179,034	-	-	179,034
AFS (excluding Equity Securities)	-	12,429	-	12,429
HTM	135,000	720,000	373,000	1,228,000
Insurance Balance Receivables	223,921	-	-	223,921
Reinsurance Assets	1,346,086	-	-	1,346,086
Accrued Investment Income	17,020	-	-	17,020
Deposits	-	998	-	998
Other Receivables	1,579	-	-	1,579
Financial Liabilities:				
Insurance Claims Payable	822,823	-	-	822,823
Accounts Payable and Accrued Expenses	105,120	-	-	105,120
Reinsurance Liabilities	124,046	-	-	124,046

	Contractual Maturities			
2023 (in thousand)	< 1 year	> 1 year < 5 years	>5 years	Total
Financial Assets that are :				
Cash and Cash Equivalents	P 184,777	P -	P -	P 184,777
FVPL	837,739	-	-	837,739
AFS (excluding Equity Securities)	-	12,176	-	12,176
HTM	19,540	852,258	378,799	1,250,597
Insurance Balance Receivables	160,893	-	-	160,893
Reinsurance Assets	575,314	-	-	575,314
Accrued Investment Income	15,674	-	-	15,674
Deposits	-	804	-	804
Other Receivables	1,191	-	-	1,191
Financial Liabilities:				
Insurance Claims Payable	484,047	-	-	484,047
Accounts Payable and Accrued Expenses	104,884	-	-	104,884
Reinsurance Liabilities	49,629	-	-	49,629

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

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

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

The Company manages market risk by evenly distributing capital among investment instruments, sectors and geographical areas.

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

Sensitivity analysis of market risk exposures follows:

i. Currency risk

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises from financial instruments that are denominated in United States Dollar (USD) which result primarily from movement of the Philippine Peso against the USD.

As of December 31, 2024, and 2023 foreign currency accounts pertains to cash deposits in various banks as follows:

	Amount in US Dollars		Amount in PH Pesos	
	2024	2023	**2024**	2023
Cash and cash equivalents	$ **47,869**	$ 74,389	P **2,768,997**	P 4,174,732

The following table demonstrates the sensitivity to a reasonable change in the USD exchange rate, with all other variables held constant, of the Company's income before tax for the year ended December 31, 2024 and 2023:

	Effect on income before taxes		Effect on equity	
Changes in Peso to US Dollar Rate	**2024**	2023	**2024**	2023
+P2.00	P **95,739**	P 148,779	P **67,017**	P 104,145
- P2.00	**(95,739)**	(148,779)	**(67,017)**	(104,145)

ii. Interest rate risk

The Company's exposure to risk for changes in market interest rates primarily to the debt instruments which are subject to variable interest rates. The Company follows prudent policies in managing its exposures to interest rate fluctuations, and constantly monitors its assets.

The Company's exposure to interest rate risk is as follows:

	2024			2023		
Security	Face value	Coupon rate	Re-pricing	Face value	Coupon rate	Re-pricing
Treasury bills	-	-	-	850,000,000	4.63% - 4.88%	fixed
Retail treasury bond	**435,000,000**	**3.63% - 8.00%**	**fixed**	435,000,000	3.63% - 8.00%	fixed
Fixed rate treasury note	**793,000,000**	**4.63% - 6.13%**	**fixed**	812,500,000	4.63% - 6.13%	fixed
Corporate bonds	**12,900,000**	**4.20%**	**fixed**	12,900,000	4.20%	fixed
Time deposit	-	-	-	125,000,000	1% - 1.25%	monthly/quarterly

The sensitivity analysis have been determined based on the exposure to interest rates for debt instrument subject to repricing. Given that the interest rate increases or decreases by 200 basis point will not have a material effect on its investment income.

iii. Price risk

The Company's price risk exposure at year-end relates to financial assets whose values will fluctuate as a result of changes in market price, principally, FVPL and AFS financial assets. Before taking into account the effect of taxes, equity as of December 31, 2024 and 2023 would either decrease or increase by P7.4 million and P20.2 million, respectively had the variable changed by 10%. The impact on the Company's equity excludes the impact of transactions affecting profit or loss since financial instrument carried at fair value are classified as Available-for-sale.

iv. Operational risk

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

Capital management

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

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

		2024		2023
Share Capital	**P**	**729,000,000**	P	729,000,000
Contributed Surplus		**1,250,000**		1,250,000
Retained Earnings		**878,709,760**		873,899,542
	P	**1,608,959,760**	P	1,604,149,542

Networth Requirement

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

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

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

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

The statutory net worth is based on Regulatory Accounting Policies and may be determined only after the accounts of the Company have been examined by the IC.

Risk-based Capital Requirement
The IC has adopted a three (3) pillar risk-based approach to solvency which comprise the following:

- Quantitative requirements in relation to the calculation of capital requirements and recognition of eligible capital;
- Governance and risk management requirement that consists of supervisory review process which may include a supervisory adjustment to capital; and
- Disclosure requirement designed to encourage market discipline.

The minimum RBC ratio is set at 100% which are requried to be maintained at all times. Failure to meet the minimum RBC ratio shall subject the Company to the corresponding regulatory intervention which has been defined at various levels as follows:

- Company Action Event – the RBC is less than 100% but not below 75%, the Company is required to identify the conditions that contributed to the event and will provide corrective actions that company intend to take including future projections of financial position and analysis of operations.
- Regulatory Action Event – the RBC is less than 75% but not below 50%, the Company is submit an RBC plan and IC will perform an examination of the Company including its RBC plan.
- Authorized and Mandatory Control Event – the RBC is less than 50%, the IC is required to place Company under regulatory control. The Company is placed under the regulatory control of IC.

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

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

	2024 (Estimated)	2023 (Actual)
TAC	**P 1,565,877,935**	P 1,509,774,001
RBC requirement	**265,403,040**	446,475,461
RBC Ratio	**590%**	338%

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

7. Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash on hand and in banks	P 138,717,260	P 82,327,447
Short-term bank placements	-	125,000,000
E-wallet fund	560,500	408,837
	P 139,277,760	P 207,736,284

Cash in bank and short-term bank placements earn interest at prevailing bank interest rates. Short-term placements have an average maturity of 1-3 months and bear effective annual interest rate of 1% in 2023.

8. Investments

The reconciliation of the carrying amounts of investments at the beginning and end of the year is shown in the following table:

	December 31, 2024			
	Fair value through profit or loss	Available-for-sale	Held-to-maturity	Total
Balance, January 1	P 837,738,748	P 275,124,101	P 1,250,596,870	P 2,363,459,719
Additions	175,000,000	-	-	175,000,000
Disposal/Maturities	(837,738,748)	(100,000,000)	(19,500,000)	(957,238,748)
Changes in fair value	4,033,711	48,241,085	-	52,274,796
Amortization of premium/discount	-	-	(782,537)	(782,537)
Balance, December 31	P 179,033,711	P 223,365,186	P 1,230,314,333	P 1,632,713,230

	December 31, 2023			
	Fair value through profit or loss	Available-for-sale	Held-to-maturity	Total
Balance, January 1	P -	P 304,421,160	P 1,326,295,135	P 1,630,716,295
Additions	837,738,748	30,127,500	-	867,866,248
Disposal/Maturities	-	(32,401,474)	(75,000,000)	(107,401,474)
Changes in fair value	-	(27,023,085)	-	(27,023,085)
Impairment loss	-	-	-	-
Amortization of premium/discount	-	-	(698,265)	(698,265)
Balance, December 31	P 837,738,748	P 275,124,101	P 1,250,596,870	P 2,363,459,719

(i) Fair value through Profit or Loss

Investments that are designated at FVPL as of December 31, 2024 represent entirely of Money Market Funds issued by Asia United Bank. The portfolio is composed of Government Securities, Time Deposits, Cash, and Commercial Papers.

As of December 31, 2023, the FVPL represents Treasury Bills (TBills) issued by the Philippine Government with interest rate of 4.33% per annum. The fair value of these investments amounted to P179.03 million and P837.74 million as of December 31, 2024 and 2023, respectively.

(ii) Available-for-sale

Available-for-sale financial assets represent equity and debt instruments with quoted and unquoted market values. For securities with no active market, the carrying amounts are stated at cost. The composition of this account is as follows:

		2024		2023
Cost				
Equity securities				
Quoted in the stock exchange	P	**23,212,937**	P	23,212,937
Not quoted in the stock exchange		**20,000**		20,000
Investment Management Accounts (IMA)		**217,619,860**		317,619,861
		240,852,797		340,852,798
Changes in fair values				
Quoted equity securities		**7,010,144**		(7,164,240)
IMA		**(24,497,755)**		(58,564,457)
		(17,487,611)		(65,728,697)
	P	**223,365,186**	P	275,124,101

The movement of fair value adjustment on available-for-sale investments is presented below:

		2024		2023
Balance, January 1	P	**(65,728,697)**	P	(38,705,612)
Fair value changes		**48,241,086**		(27,023,085)
Balance, December 31	P	**(17,487,611)**	P	(65,728,697)

Equity securities substantially represent common and preferred shares which are traded in the Philippine Stock Exchange. Fair values were determined via published price quotations. Significant portion of IMA represents investment in preferred shares of publicly listed companies with dividend rate of 4.22% per annum. In accordance with investment management agreement, trustees are authorized to invest and reinvest the principal and interest of the funds to stocks, debt instruments, trusts, pooled funds or other investment products without need of prior notification from the Organization. Trust fees are based on a fixed rate or on certain percentage of fund's average value.

The breakdown of IMA are as follows:

		2024		2023
Equity Securities	P	**180,693,375**	P	246,879,010
Debt Securities		**12,428,730**		12,176,394
	P	**193,122,105**	P	259,055,404

(iii) Held-to-maturity

Held-to-maturity financial assets include debt instruments issued by the Philippine government. The term of the issues ranges from 5 to 22 years and earns interest at a rate of 3.63% to 8% annually in 2024 and 2023.

Investments classified as HTM are as follows:

		2024		2023
Face value	P	**1,228,000,000**	P	1,247,500,000
Unamortized discount/premium		**2,314,333**		3,096,870
	P	**1,230,314,333**	P	1,250,596,870

The maturity profile of this account is presented below:

		2024		2023
Due in:				
One year	P	**135,000,000**	P	19,500,000
Two to five years		**720,000,000**		855,000,000
beyond five years		**373,000,000**		373,000,000
	P	**1,228,000,000**	P	1,247,500,000

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

As of December 31, 2024, and 2023, Philippine government securities with total face value of P427.5 million and P363 million, respectively, are maintained to cover the above requirements.

9. Insurance balances receivable - net

The breakdown of this account is as follows:

		2024		2023
Due from brokers and agents *(net of allowance for impairment loss of P6,761,680 in 2024 and P5,871,709 in 2023)*	P	**158,001,016**	P	93,618,074
Due from ceding companies *(net of allowance for impairment loss of P347,226 in 2024 and P224,279 in 2023)*		**60,326,280**		62,387,476
Funds held by ceding companies		**5,593,530**		4,887,464
	P	**223,920,826**	P	160,893,014

Terms and conditions are as follows:

- Due from agents and brokers are usually settled in a 30-90 days term.
- Due from ceding companies represents balances as a result of treaty and facultative acceptances. The amounts are for a period of less than 12 months.
- Funds held by ceding companies represents portion of the premium withheld by ceding companies in accordance with reinsurance agreements. This has term of one (1) underwriting year.

10. Reinsurance assets

This account consists of:

		2024		2023
Reserve for reinsurance premium *(see Note 16)*	P	**184,345,631**	P	141,204,309
Reinsurance recoverable on:				
Paid losses, net of allowance for impairment loss of P1,936,790 in 2024 and P1,589,564 in 2023 *(see Note 11)*		**424,706,933**		29,781,704
Unpaid losses, including RI share on IBNR claims *(see Note 17)*		**737,033,371**		404,327,794
	P	**1,346,085,935**	P	575,313,807

The reconciliation of reinsurers' share on paid losses is as follows:

		2024		2023
Balance, January 1	P	**29,781,704**	P	27,132,892
Reinsurers' share of losses		**(455,993,733)**		(25,692,994)
Settlement		**850,918,962**		28,341,806
Balance, December 31	P	**424,706,933**	P	29,781,704

11. Allowance for impairment losses

The movement of this account is as follows:

	Due from brokers and agents		Due from ceding companies		Reinsurance reoverable on paid losses		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Balance, Jan. 1	P 5,871,709	P 4,982,221	P 224,279	P -	P 1,589,564	P 1,589,564	P 7,685,552	P 6,571,785
Provisions	889,971	889,488	122,947	224,279	347,226	-	1,360,145	1,113,767
Balance, Dec. 31	P 6,761,680	P 5,871,709	P 347,226	P 224,279	P 1,936,790	P 1,589,564	P 9,045,697	P 7,685,552

12. Property and equipment - net

Property and equipment consist of:

	2024						
	EDP equipment & peripherals	Transportation equipment	Office furniture & fixtures	Office equipment	Leasehold improvements	Right of use asset (See Note 31)	Total
Costs							
At January 1	P 5,312,826	P 3,404,318	P 1,192,430	P 452,546	P 3,770,822	P 8,173,840	P 22,306,782
Additions	402,696	1,800,000	415,473	66,863	1,727,129	-	4,412,161
At December 31	5,715,522	5,204,318	1,607,903	519,409	5,497,951	8,173,840	26,718,943
Accumulated depreciation							
At January 1	3,476,643	3,404,318	1,012,189	282,158	3,510,252	953,615	12,639,175
Provisions	918,041	90,000	76,587	48,606	273,616	1,634,768	3,041,618
At December 31	4,394,684	3,494,318	1,088,776	330,764	3,783,868	2,588,383	15,680,793
Net Carrying Value							
At December 31	P 1,320,838	P 1,710,000	P 519,127	P 188,645	P 1,714,083	P 5,585,457	P 11,038,150

	2023						
	EDP equipment & peripherals	Transportation equipment	Office furniture & fixtures	Office equipment	Leasehold improvements	Right of use asset (See Note 31)	Total
Costs							
At January 1	P 4,257,476	P 3,404,318	P 1,081,475	P 321,841	P 3,503,822	P 5,467,243	P 18,036,175
Additions	1,055,350	-	110,955	130,705	267,000	8,173,840	9,737,850
Disposals	-	-	-	-	-	(5,467,243)	(5,467,243)
At December 31	5,312,826	3,404,318	1,192,430	452,546	3,770,822	8,173,840	22,306,782
Accumulated depreciation							
At January 1	2,554,886	3,169,940	867,787	224,478	2,919,041	4,951,465	14,687,597
Provisions	921,757	234,378	144,402	57,680	591,211	1,469,393	3,418,821
Disposals	-	-	-	-	-	(5,467,243)	(5,467,243)
At December 31	3,476,643	3,404,318	1,012,189	282,158	3,510,252	953,615	12,639,175
Net Carrying Value							
At December 31	P 1,836,183	P -	P 180,241	P 170,388	P 260,570	P 7,220,225	P 9,667,607

Depreciation of property and equipment charged to operations amounted to P3,041,618 in 2024 and P3,418,821 in 2023.

13. Accrued investment income

The breakdown of this account is as follows:

	2024	2023
Interest receivable	**P 11,880,894**	P 12,922,243
Dividend receivable	**5,139,236**	2,751,687
	P 17,020,130	P 15,673,930

14. Deferred acquisition cost and Deferred commission income

Movements during the year of this account are as follows:

	December 31, 2024		
	Deferred acquisition cost	**Deferred commission income**	**Net DAC**
Balance, January 1	**P 103,514,041**	**P 14,969,800**	**P 88,544,241**
Net changes (see note 26)	**(8,628,030)**	**(2,987,465)**	**(5,640,565)**
Balance, December 31	**P 94,886,011**	**P 11,982,335**	**P 82,903,676**

	December 31, 2023		
	Deferred acquisition cost	Deferred commission income	Net DAC
Balance, January 1	P 81,497,018	P 14,729,211	P 66,767,807
Net changes (see note 26)	22,017,023	240,589	21,776,434
Balance, December 31	P 103,514,041	P 14,969,800	P 88,544,241

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

15. Other assets

The breakdown of this account is as follows:

	2024	2023
Current:		
Other receivables	**P 1,579,123**	P 1,190,879
Input VAT	**24,994,082**	21,981,167
Non Current:		
Foreclosed assets - net	**4,739,377**	4,739,377
Deposits	**997,785**	803,837
Prepayments	**2,261,232**	2,570,277
Security fund	**95,985**	95,985
	P 34,667,584	P 31,381,522

- Input VAT represent the 12% value-added tax on purchase of goods and services. The same may be applied against output taxes.

- Other receivables include advances to employees and are usually settled within one year.

- Foreclosed assets are properties acquired in satisfaction of an unpaid mortgage loan. The unpaid balance of mortgage was used as the carrying amount of the foreclosed property which approximates its net realizable value at year end. The foreclosed properties are held for sale on an "as-is-where-is" basis. Allowance for impairment loss amounted to P526,597 as at December 31, 2024 and 2023.

- Deposits represent a security for any unpaid bills, dues, utilities or any damage to the leased premises and other costs for the account of the lessee.

- Prepayments include prepaid rent paid as an advance rental to be applied as rent for the last 2 months of the lease term, creditable withholding taxes and advance payment of interest expense relating to loan availed during the year.

- Security fund which is in compliance under Section 365 of Presidential Decree (PD) No. 612 as amended under PD No. 1640, is to be used for payment of allowed claims against insolvent insurance companies. The balance of the fund amounting to P95,985, represents the Company's contribution to the fund and earns interest at rates determined by the IC annually.

- Software is broken down as follows:

	2024	2023
Cost	P **4,801,548**	P 4,801,548
Accumulated amortization, January 1	**(4,801,548)**	(4,801,548)
Additions	**-**	-
Accumulated amortization, December 31	**(4,801,548)**	(4,801,548)
Net carrying value	P **-**	P -

16. Reserve for unearned premiums

The analysis of this account is as follows:

	2024			2023		
	Gross Premium	Ceded	Net	Gross Premium	Ceded	Net
Balance, January 1	P 425,823,239	P 141,204,309	P 284,618,930	P 377,205,876	P 119,730,238	P 257,475,638
Premiums written during the year	970,339,008	403,541,576	566,797,432	895,086,432	331,687,079	563,399,353
Premiums earned during the year	(944,996,281)	(360,400,254)	(584,596,027)	(846,469,069)	(310,213,008)	(536,256,061)
Balance, December 31	P 451,165,966	P 184,345,631	P 266,820,335	P 425,823,239	P 141,204,309	P 284,618,930

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

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

	Gross of reinsurance			
		2024		2023
UPR (a)	**P**	**451,165,966**	P	425,832,239
URR (b)				
Best estimate of future obligation		**202,028,000**		131,575,000
Maintenance expense		**15,804,000**		20,109,000
Claims handling expense		**1,535,000**		3,218,000
MfAD		**88,769,817**		52,462,865
		308,136,817		207,364,865
Premium liability (whichever is higher between a & b)	**P**	**451,165,966**	P	425,832,239

	Net of reinsurance			
		2024		2023
UPR (a)	**P**	**266,820,335**	P	284,618,930
URR (b)				
Best estimate of future obligation		**80,636,000**		70,254,000
Maintenance expense		**15,804,000**		20,109,000
Claims handling expense		**1,535,000**		3,218,000
MfAD		**15,948,505**		15,795,666
		113,923,505		109,376,666
Premium liability (whichever is higher between a & b)	**P**	**266,820,335**	P	284,618,930

17. Insurance claims payable

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

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

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

Movements in outstanding claims follow:

	2024			2023		
	Gross	Share of reinsurer	Net	Gross	Share of reinsurer	Net
Balances, January 1	P 484,047,370	P 404,327,794	P 79,719,575	P 209,179,655	P 145,529,501	P 63,650,153
Claims and losses incurred - net of recoveries	1,130,061,134	840,455,164	289,605,970	495,135,604	319,500,819	175,634,785
Provision for incurred but not reported	(75,738,489)	(51,755,854)	(23,982,635)	(54,653,997)	(35,009,532)	(19,644,465)
Claims and losses paid - net of recoveries	(715,546,795)	(455,993,733)	(259,553,062)	(165,613,892)	(25,692,994)	(139,920,898)
Net changes	338,775,850	332,705,577	6,070,273	274,867,715	258,798,293	16,069,422
Balances, December 31	P 822,823,220	P 737,033,371	P 85,789,848	P 484,047,370	P 404,327,794	P 79,719,575

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

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

	Gross of reinsurance	
	2024	2023
Outstanding claims reserve	**P 685,904,210**	P 392,170,489
Claims handling expense	**1,168,006**	509,000
IBNR	**67,607,000**	49,166,000
MfAD	**68,144,004**	42,201,881
	P 822,823,220	P 484,047,370

	Net of reinsurance	
	2024	2023
Outstanding claims reserve	**P 58,786,360**	P 56,308,267
Claims handling expense	**1,159,207**	509,000
IBNR	**21,267,000**	18,033,000
MfAD	**4,577,283**	4,869,308
	P 85,789,850	P 79,719,575

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

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

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

MfAD is included to allow the inherent uncertainty of the best estimate of the policy reserves and to consider the variability of claims experience with a class of business, the diversification between classes of business and conservatism in the best estimate.

18. Short-term loan

The Company has an existing credit line with Metropolitan Bank and Trust Company for a maximum of P1 billion renewable annually. The credit line can be used to expand the Company's investment portfolio and maximized the income thereto.

The movement of short-term loan is as follows:

	2024	2023
Balance at the beginning of the year	**P 850,000,000**	P 200,000,000
Availments	**850,000,000**	850,000,000
Repayments	**(1,300,000,000)**	(200,000,000)
Balance at the end of the year	**P 400,000,000**	P 850,000,000

The clean loan carries an interest rate of 5.3% in 2024 and 5.6% in 2023. Total interest expense charged to operations amounted to P18,853,443 in 2024 and P34,136,945 in 2023.

19. Reinsurance liabilities

In order to minimize large exposure to losses, the Company cedes certain policies to reinsurers through treaty and facultative reinsurance. This does not however discharge the Company on its obligation for the losses incurred by the assured.

Details of this account as of December 31, 2024 and 2023 are as follows:

	December 31, 2024		
	Due to reinsurers	**Funds Held for Reinsurers**	**Total**
Balance, January 1	**P 31,513,823**	**P 18,115,620**	**P 49,629,443**
Cessions	**403,541,577**	**20,008,451**	**423,550,028**
Payments	**(314,633,521)**	**(34,500,000)**	**(349,133,521)**
Balance, December 31	**P 120,421,879**	**P 3,624,071**	**P 124,045,950**

	December 31, 2023		
	Due to reinsurers	Funds Held for Reinsurers	Total
Balance, January 1	P 32,983,129	P 1,512,742	P 34,495,871
Cessions	331,687,079	17,250,794	348,937,873
Payments	(333,156,385)	(647,916)	(333,804,301)
Balance, December 31	P 31,513,823	P 18,115,620	P 49,629,443

20. Accounts payable and accrued expenses

This account consists of:

		2024		2023
Accrued expenses and other liabilities	P	**21,871,761**	P	11,361,437
Commission payable		**26,824,723**		32,350,733
Taxes payable		**50,324,252**		53,719,532
Lease liablity (see note 31)		**6,099,374**		7,452,690
	P	**105,120,110**	P	104,884,392

Terms and conditions are as follows:

- Accrued expenses and other liabilities are usually settled on a 30-90 days term.
- Commission payable is due upon remittance of premiums from various agents.
- Other taxes payable, consisting of documentary stamp tax, output tax and premium tax are usually settled on the following month.

21. Share capital

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

	2024		2023	
	No. of shares	**Amount**	No. of shares	Amount
Authorized - P100 par value per share	**13,000,000**	**P1,300,000,000**	13,000,000	P1,300,000,000
Balance at the beginning of the year	**7,290,000**	**729,000,000**	7,290,000	729,000,000
Issuance during the year	-	-	-	-
Balance at the end of the year	**7,290,000**	**P 729,000,000**	7,290,000	P 729,000,000

As of December 31, 2024, the Company has 13 shareholders owning 100 or more shares each.

Details of dividend is as follows:

	2024	2023
Date of declaration	: **November 22, 2024**	November 24, 2023
Record date	: **November 30, 2024**	November 30, 2023
Date of payment	: **December 15, 2024**	December 15, 2023
Dividend per share	: **P13.72 per share**	P7.00 per share
Total dividends paid	: **P100 million**	P51.03 million

22. Insurance Contracts – Terms, Assumption and Sensitivities

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

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

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

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

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

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

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

Since certain proportional reinsurance facilities are in place, the Company's net exposure is minimal. The Company considers that the liability recognized in the statement of financial position is adequate. However, actual experience will differ from the expected outcome. Sensitivity test are set out below, showing the impact on profit and loss and equity. The Sensitivity tests the impact of change with other assumptions unchanged.

% change in loss ratio	Impact on income		Impact on equity	
	2024	2023	**2024**	2023
5%	**P 13.28 million**	P 7.80 million	**P 9.96 million**	P 5.85 million
-5%	**(13.28 million)**	(7.80 million)	**(9.96 million)**	(5.85 million)

Loss Development Table

Loss development table for the year 2024 and 2023, gross and net of the reinsurer's share is as follows:

Gross Losses and Claims Payable for 2024

Accident year	End of Accident year	One year later	Two years later	Three years later	Four years later	Five years later	Six years later	Seven years later	Eight years later	Nine years later	Ten years later	Current estimate of cumulative claims
2014 and prior	313,021,718	296,939,257	284,974,836	283,728,614	281,865,483	281,832,061	281,932,042	281,960,397	281,960,397	280,384,066	280,384,066	280,384,066
2015	118,173,146	119,226,468	119,297,492	119,007,620	119,007,620	119,007,620	119,007,620	119,007,620	119,007,620	119,007,620	-	119,007,620
2016	65,299,521	68,947,635	63,630,977	64,418,697	63,392,097	63,392,097	63,392,097	63,392,097	63,392,097	-	-	63,392,097
2017	141,051,429	135,467,723	136,971,434	136,599,320	135,009,120	136,009,120	135,009,120	135,009,120	-	-	-	135,009,120
2018	169,549,084	174,934,260	173,236,343	166,653,433	170,283,338	170,328,833	170,328,833	-	-	-	-	170,328,833
2019	140,781,879	166,229,917	146,967,044	143,677,606	146,036,263	139,985,632	-	-	-	-	-	139,985,632
2020	139,663,884	113,002,345	111,811,187	111,933,610	114,179,962	-	-	-	-	-	-	114,179,962
2021	147,482,966	147,793,816	161,683,734	156,962,146	-	-	-	-	-	-	-	156,962,146
2022	214,638,443	357,903,094	357,604,479	-	-	-	-	-	-	-	-	357,604,479
2023	269,434,830	279,082,340	-	-	-	-	-	-	-	-	-	279,082,340
2024	998,457,396	-	-	-	-	-	-	-	-	-	-	998,457,396
Total	998,457,396	279,082,340	357,604,479	156,962,146	114,179,952	139,985,632	170,328,833	136,009,120	63,392,097	119,007,620	280,384,066	2,814,393,680
Provision for IBNR/MFAD	45,042,130	21,215,748	24,331,004	4,168,262	7,569,740	11,701,918	7,473,219	5,604,000	9,823,000	-	-	136,919,011
Cumulative payments to date	(579,102,590)	(206,465,032)	(163,716,991)	(156,917,539)	(114,179,952)	(139,985,632)	(170,328,833)	(136,009,120)	(63,392,097)	(119,007,620)	(280,384,066)	(2,128,489,471)
Liability recognized in the statement of financial position	464,396,936	93,833,056	218,218,492	4,212,859	7,569,740	11,701,918	7,473,219	5,604,000	9,823,000	-	-	822,823,220

Gross Losses and Claims Payable for 2023

Accident year	End of Accident year	One year later	Two years later	Three years later	Four years later	Five years later	Six years later	Seven years later	Eight years later	Nine years later	Ten years later	Current estimate of cumulative claims
2013 and prior	244,554,344	243,096,367	237,143,867	235,746,734	233,873,603	233,850,181	233,960,162	233,978,517	233,978,517	232,402,186	232,402,186	232,402,186
2014	68,467,374	53,843,890	47,830,979	47,981,880	47,981,880	47,981,880	47,981,880	47,981,880	47,981,880	47,981,880	-	47,981,880
2015	118,173,146	119,226,468	119,297,492	119,007,620	119,007,620	119,007,620	119,007,620	119,007,620	119,007,620	-	-	119,007,620
2016	65,299,521	68,947,636	63,630,977	64,418,697	63,392,097	63,392,097	63,392,097	63,392,097	-	-	-	63,392,097
2017	141,051,429	135,457,723	136,971,434	136,599,320	135,009,120	136,009,120	135,009,120	-	-	-	-	135,009,120
2018	169,549,084	174,934,260	173,236,343	166,663,433	177,399,938	170,328,833	-	-	-	-	-	170,328,833
2019	140,781,879	166,229,917	146,967,044	143,861,243	146,036,263	-	-	-	-	-	-	146,036,263
2020	139,663,884	113,002,345	118,192,166	111,933,610	-	-	-	-	-	-	-	111,933,610
2021	147,482,966	160,395,740	151,683,734	-	-	-	-	-	-	-	-	151,683,734
2022	214,638,443	357,903,094	-	-	-	-	-	-	-	-	-	357,903,094
2023	269,434,830	-	-	-	-	-	-	-	-	-	-	269,434,830
Total	269,434,830	357,903,094	151,683,734	111,933,610	146,036,263	170,328,833	135,009,120	63,392,097	119,007,620	47,981,880	232,402,186	1,805,113,165
Provision for IBNR/MFAD	21,215,748	24,331,004	4,168,262	7,569,740	11,701,918	7,473,219	5,604,000	9,823,000	-	-	-	91,876,881
Cumulative payments to date	(93,901,360)	(160,492,015)	(138,757,792)	(111,933,610)	(139,736,263)	(170,328,833)	(135,009,120)	(63,392,097)	(119,007,620)	(47,981,880)	(232,402,186)	(1,412,942,676)
Liability recognized in the statement of financial position	196,749,218	221,742,083	17,094,193	7,569,740	18,001,918	7,473,219	5,604,000	9,823,000	-	-	-	484,047,370

Net Losses and Claims Payable for 2024

Accident year	End of Accident year	One year later	Two years later	Three years later	Four years later	Five years later	Six years later	Seven years later	Eight years later	Nine years later	Ten years later	Current estimate of cumulative claims
2014 and prior	131,536,770	137,295,991	134,798,659	134,907,076	134,958,402	134,944,560	135,044,641	135,072,896	135,072,896	133,496,565	133,496,565	133,496,565
2015	50,685,565	53,813,814	53,885,838	53,595,966	53,595,966	53,595,966	53,595,966	53,595,966	53,595,966	53,595,966	-	53,595,966
2016	49,288,395	54,472,120	51,933,656	52,524,446	51,764,445	51,764,445	51,764,445	51,764,445	51,754,445	-	-	51,754,445
2017	74,243,087	69,267,682	70,764,493	70,392,340	68,802,140	68,802,140	68,802,140	68,802,140	-	-	-	68,802,140
2018	128,681,470	127,465,184	125,643,058	120,194,520	124,056,402	124,101,897	124,101,897	-	-	-	-	124,101,897
2019	105,497,665	124,147,143	114,025,841	116,168,185	118,516,843	112,466,212	-	-	-	-	-	112,466,212
2020	85,763,163	71,769,946	84,784,564	84,916,670	87,163,112	-	-	-	-	-	-	87,163,112
2021	93,368,669	85,769,877	88,703,016	89,653,566	-	-	-	-	-	-	-	89,653,566
2022	109,794,925	131,166,799	133,797,016	-	-	-	-	-	-	-	-	133,797,016
2023	135,770,338	163,146,149	-	-	-	-	-	-	-	-	-	163,146,149
2024	234,868,764	-	-	-	-	-	-	-	-	-	-	234,868,764
Total	234,868,764	163,146,149	133,797,016	89,653,566	87,163,112	112,466,212	124,101,897	68,802,140	51,764,445	53,595,966	133,496,565	1,252,846,834
Provision for IBNR/MFAD	3,592,182	(6,671,276)	8,797,296	3,903,179	4,673,251	1,893,769	342,098	3,340,000	7,133,000			27,003,490
Cumulative payments to date	(182,092,119)	(160,516,658)	(130,461,400)	(89,608,959)	(87,163,112)	(112,466,212)	(124,101,897)	(68,802,140)	(51,764,445)	(53,595,966)	(133,496,565)	(1,194,059,474)
Liability recognized in the statement of financial position	56,368,828	(4,041,784)	12,132,912	3,947,786	4,673,251	1,893,769	342,098	3,340,000	7,133,000	-	-	85,789,850

Net Losses and Claims Payable for 2023

Accident year	End of Accident year	One year later	Two years later	Three years later	Four years later	Five years later	Six years later	Seven years later	Eight years later	Nine years later	Ten years later	Current estimate of cumulative claims
2013 and prior	94,069,246	100,053,732	99,907,676	99,865,190	99,916,517	99,902,676	100,002,657	100,031,012	100,031,012	98,454,681	98,454,681	98,454,681
2014	37,477,624	37,242,259	34,890,983	35,041,885	35,041,885	35,041,885	35,041,885	35,041,885	35,041,885	35,041,885	-	35,041,885
2015	50,685,565	53,813,814	53,885,838	53,595,966	53,595,966	53,595,966	53,595,966	53,595,966	53,595,966	-	-	53,595,966
2016	49,288,395	54,472,120	51,933,656	52,524,446	51,764,445	51,764,445	51,764,445	51,764,445	-	-	-	51,764,445
2017	74,243,087	69,267,682	70,764,493	70,392,340	51,764,445	68,802,140	68,802,140	-	-	-	-	68,802,140
2018	128,681,470	125,643,058	125,643,058	120,194,520	124,056,402	124,101,897	-	-	-	-	-	124,101,897
2019	105,497,655	124,147,143	114,025,841	116,168,185	118,516,843	-	-	-	-	-	-	118,516,843
2020	85,753,163	71,769,946	84,784,664	84,916,670	-	-	-	-	-	-	-	84,916,670
2021	93,368,669	85,769,877	88,703,016	-	-	-	-	-	-	-	-	88,703,016
2022	109,794,925	131,166,799	-	-	-	-	-	-	-	-	-	131,166,799
2023	135,770,338	-	-	-	-	-	-	-	-	-	-	135,770,338
Total	135,770,338	131,166,799	88,703,016	84,916,670	118,516,843	124,101,897	68,802,140	51,764,445	53,595,966	35,041,885	98,454,681	990,814,680
Provision for IBNR/MFAD	(6,671,276)	8,797,296	3,903,179	4,673,251	1,893,769	342,098	3,340,000	7,133,000				23,411,308
Cumulative payments to date	(89,623,858)	(127,339,619)	(88,656,409)	(84,916,670)	(112,216,843)	(124,101,897)	(68,802,140)	(51,764,445)	(53,595,966)	(35,041,885)	(98,454,681)	(934,506,412)
Liability recognized in the statement of financial position	39,475,205	12,614,477	3,947,786	4,673,251	8,193,769	342,098	3,340,000	7,133,000	-	-	-	79,719,576

23. Premiums

Analysis of premiums is as follows:

	For the year ended December 31, 2024				
	Direct Business	Assumed Business	Total	Ceded Business	Net premiums Retained
Premiums written	P 840,076,104	P 130,262,904	P 970,339,008	P 403,541,576	P 566,797,432
Changes in unexpired risk	(54,132,676)	28,789,949	(25,342,727)	(43,141,322)	17,798,595
Net	P 785,943,428	P 159,052,853	P 944,996,281	P 360,400,254	P 584,596,027

	For the year ended December 31, 2023				
	Direct Business	Assumed Business	Total	Ceded Business	Net premiums Retained
Premiums written	P 711,493,999	P 183,592,433	P 895,086,432	P 331,687,079	P 563,399,353
Changes in unexpired risk	(22,751,440)	(25,865,923)	(48,617,363)	(21,474,071)	(27,143,292)
Net	P 688,742,559	P 157,726,510	P 846,469,069	P 310,213,008	P 536,256,061

24. Investment income

Sources of interest income are as follows:

	2024	2023
Cash and cash equivalents	P 1,227,998	P 4,320,449
Government securities and debt instruments		
Fair value through profit or loss	17,955,280	32,580,622
Available-for-sale investments	16,497,554	591,269
Held-to-maturity investments	29,629,880	57,451,008
Others	59,006	69,452
	P 65,369,718	P 95,012,800

Other investment income (loss) – net consists of:

	2024	2023
Dividend income	P 16,826,273	P 15,593,382
Unrealized gain or (loss) on foreign exchange	71,810	(148,084)
Gain on sale of AFS financial assets	-	1,546,560
Other loss	(257,418)	(1,102,958)
	P 16,640,665	P 15,888,900

25. Claims, losses and adjustment expenses paid

Analysis of this account is as follows:

	For the year ended December 31, 2024		
	Gross	**Share of Reinsurer**	**Net**
Claims and losses	**P 703,588,059**	**P 448,048,049**	**P 255,540,010**
Loss adjustment expenses	**11,958,736**	**7,945,684**	**4,013,052**
	P 715,546,795	**P 455,993,733**	**P 259,553,062**

	For the year ended December 31, 2023		
	Gross	Share of Reinsurer	Net
Claims and losses	P 161,588,548	P 24,920,338	P 136,668,210
Loss adjustment expenses	4,025,344	772,656	3,252,688
	P 165,613,892	P 25,692,994	P 139,920,898

26. Commission expense and commission income

The composition of this account is as follows:

	2024		2023	
	Commision expense	**Commission income**	Commision expense	Commission income
Direct business	**P 143,779,166**	**P -**	P 156,636,691	P -
Reinsurance business	**53,756,641**	**29,633,641**	52,676,050	32,361,388
Total	**197,535,807**	**29,633,641**	209,312,741	32,361,388
Increase/(Decrease) in DAC/DCI *(see Note 14)*	**8,628,030**	**2,987,465**	(22,017,023)	(240,589)
	P 206,163,837	**P 32,621,106**	P 187,295,718	P 32,120,799

27. Administrative expenses/ Finance costs

(a) Administrative expenses consist of:

		2024		2023
Salaries and other employee benefits	P	**43,532,809**	P	35,442,244
Marketing		**10,181,356**		3,692,498
Communication and occupancy cost		**3,108,852**		2,646,867
Retirement expense *(see Note 28)*		**3,074,138**		2,413,666
Depreciation *(see Note 12)*		**3,041,618**		3,418,822
Transportation		**2,762,570**		4,193,983
Representation and entertainment		**2,403,165**		3,359,555
SSS,PHIC and HDMF contributions		**2,228,824**		1,618,333
Repairs and maintenance		**1,640,590**		2,281,427
Taxes and licenses		**1,537,203**		6,238,262
Association dues		**1,299,375**		1,082,307
Professional fees		**1,279,325**		1,311,750
Supplies		**1,277,554**		970,219
Agency development expense		**150,506**		304,000
Miscellaneous		**393,290**		582,822
	P	**77,911,175**	P	69,556,755

(b) Finance cost

The breakdown of this account is as follows:

		2024		2023
Finance cost on:				
Short-term loans	P	**18,853,443**	P	34,136,945
Lease liability		**445,269**		312,941
Other finance costs		**-**		27,863
	P	**19,298,712**	P	34,477,749

28. Retirement benefit cost

The Company maintains a wholly funded, tax qualified, noncontributory retirement plan that is being administered by a trustee covering all regular full-time employees. Actuarial valuations are made every year or two to update the retirement benefit costs and amount of contributions.

The amounts of defined benefit asset recognized in the statements of financial position are determined as follows:

		2024		2023
Fair value of plan assets	P	**24,188,292**	P	19,188,016
Present value of the obligation		**(38,974,180)**		(31,866,869)
Defined benefit liability	P	**(14,785,888)**	P	(12,678,853)

The movements in present value of the obligation recognized in the books are as follows:

		2024		2023
Balance, January 1	P	**31,866,869**	P	20,740,101
Current service cost		**2,403,531**		2,244,405
Interest cost		**1,931,132**		1,045,301
Actuarial loss		**2,772,648**		7,837,062
Balance, December 31	P	**38,974,180**	P	31,866,869

The movement in fair value of plan assets is presented below:

		2024		2023
Balance, January 1	P	**19,188,016**	P	16,589,747
Expected return on plan assets		**1,260,525**		876,040
Contributions paid into the plan		**3,225,467**		1,584,000
Remeasurement gain (loss)		**514,284**		138,229
Balance, December 31	P	**24,188,292**	P	19,188,016

As of December 31, 2024, and 2023, plan assets consist of:

	2024	2023
Debt instruments	**94%**	81%
Equity securities	**0%**	18%
Cash and other receivable	**6%**	1%

The amounts of retirement benefits recognized in the statements of income are as follows:

		2024		2023
Current service cost	P	**2,403,531**	P	2,244,405
Net interest cost		**670,607**		169,261
	P	**3,074,138**	P	2,413,666

The movements in remeasurement loss on defined benefit plan, net of deferred income tax are as follows:

		2024		2023
Balance, January 1	P	**(10,536,653)**	P	(2,837,820)
Remeasurement loss recognized in OCI		**(2,258,364)**		(7,698,833)
Balance, December 31		**(12,795,017)**		(10,536,653)
Effect of deferred income tax		**3,198,755**		(5,064,669)
OCI, December 31	P	**(9,596,262)**	P	(15,601,322)

For determination of retirement benefit obligation, the following actuarial assumptions were used:

	2024	2023
Discount rate	**6.11%**	6.06%
Expected rate of salary increase	**3.00%**	3.00%

The sensitivity analysis based on reasonably possible changes of each significant assumption on the defined benefit liabilities are as follows:

	Effect on defined benefit obligation	
	2024	2023
Increase in discount rate by 100 bps	P **(877,857)**	P (627,578)
Decrease in discount rate by 100 bps	**972,793**	680,611
Increase in salary increase rate by 100 bps	**993,643**	694,679
Decrease in salary increase rate by 100 bps	**(911,472)**	(651,571)

29. Income taxes

The components of income tax expense recognized in the statements of income are as follows:

	2024	2023
Current		
Regular	P **16,254,080**	P 33,533,465
Final	**1,397,672**	20,810,594
Deferred	**6,408,341**	(5,311,280)
	P **24,060,093**	P 49,032,779

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

	2024	2023
Statutory income tax	P **32,217,577**	P 57,711,063
Adjustment for:		
Income subjected to final tax	**(19,151,325)**	(7,227,592)
Non-deductible expenses	**11,800,208**	5,528,407
Non-taxable income	**-**	-
Special deduction	**(806,367)**	(6,979,099)
Actual provision for income tax	P **24,060,093**	P 49,032,779

The carrying value and movements of net deferred tax liabilities are as follows:

	2024	2023
Deferred tax assets		
Provision for IBNR claims	P **6,750,872**	P 5,852,827
Allowance for probable losses	**2,261,424**	1,921,388
Allowance for impairment of foreclosed asset	**131,648**	131,648
Effect of PFRS 16	**128,479**	58,116
Remeasurement loss on defined benefit plan	**3,198,754**	2,634,163
Total	**12,471,177**	10,598,142
Deferred tax liability		
Unrealized foreign exchange gain	**17,952**	-
Total	**17,952**	-
Net deferred tax asset	P **12,453,225**	P 10,598,142

30. Related party transactions

- The Company has deposit and investment accounts with Asia United Bank Corporation (AUB) and Rural Bank of Angeles, a related-party bank. Interest rates on these deposits are comparable with unrelated parties. Summary of transaction and balances with the related party-bank included in the accompanying financial statements is as follows:

	2024	2023
Cash and cash equivalents	P 101,318,820	P 137,433,773
Fair value through profit or loss	179,033,711	-
Investment in AUB common shares	41,084,891	21,845,137
Interest income	813,148	3,320,480
Dividend income on AUB common shares	1,112,300	636,510

- Compensation to key management personnel included in salaries and other employee benefits account under the administrative expenses in statements of income amounted to P16,459,817 and P13,979,867 in December 31, 2024 and 2023, respectively.
-

31. Other significant matters

I. Deferral of adoption of PFRS 9

In 2024 and 2023, the Company continues to apply the temporary exemption from PFRS 9 as permitted by the amendments to PFRS 4 *Applying PFRS 9 with PFRS 4* issued in 2016. The temporary exemption from applying the PFRS 9 is applicable until the mandatory effectivity of PFRS 17 for entities whose activities are predominantly connected with issuing contracts within the scope of PFRS 4. The predominance test, as required by the standard, was performed using the Statement of financial position as of December 31, 2017. Accordingly, the Company's gross liabilities arising from insurance contracts within the scope of PFRS 4 is equivalent to 67% of the total carrying amount of all its liabilities. No re-assessments have been performed at subsequent date because there was no substantial change in the business of Company that would require such re-assessment.

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

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

	Fair values as of December 31, 2024		Fair values as of December 31, 2023		Fair value changes in 2024	
	Meets the SPPI test	Does not meet the SPPI test	Meets the SPPI test	Does not meet the SPPI test	Meets the SPPI test	Does not meet the SPPI test
Cash and cash equivalents*	P 138,643,368	P -	P 184,776,508	P -	P -	P -
FVPL	179,033,711	-	837,738,748	-	-	-
HTM	1,230,314,333	-	1,250,598,870	-	-	-
AFS	12,428,732	210,936,454	12,176,394	262,947,707	-	-
Insurance-related receivables	1,385,661,130	-	595,002,512	-	-	-
Other receivables	19,693,023	-	17,764,631	-	-	-
	P 2,965,774,297	P 210,936,454	P 2,898,055,663	P 262,947,707	P -	P -

** Excludes Cash on Hand of P73,893 in 2024 and P35,000 in 2023 and E-wallet Fund of P560,500 in 2024 and P408,837 in 2023.*

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

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

	As of December 31, 2024				
	Neither Past Due nor Impaired		Past Due but		
	Rated	Unrated	Unimpaired	Impaired	Total
Cash and cash equivalents*	P -	P 138,643,368	P -	P -	P 138,643,368
FVPL	179,033,711	-	-	-	179,033,711
HTM	-	1,230,314,333	-	-	1,230,314,333
AFS		12,428,732	-	-	12,428,732
Insurance-related receivables	-	1,385,661,130	-	9,045,697	1,394,706,827
Other receivables	-	19,693,023	-	-	19,693,023
	P 179,033,711	P 2,786,740,586	P -	P 9,045,697	P 2,974,819,994

** Excludes Cash on Hand of P73,893 and E-wallet Fund of P560,500*

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

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

	December 31, 2024			
	Government	Financial Institutions	All others	Total
Cash and cash equivalents	P -	P 138,643,368	P -	P 138,643,368
FVPL	179,033,711	-	-	179,033,711
HTM	1,230,314,333	-	-	1,230,314,333
AFS	-	-	12,428,732	12,428,732
Insurance-related receivables	-	-	1,385,661,130	1,385,661,130
Other receivables	-	-	19,693,023	19,693,023
	P 1,409,348,044	P 138,643,368	P 1,417,782,885	P 2,965,774,297

** Excludes Cash on Hand of P73,893 and E-wallet Fund of P560,500*

	December 31, 2023			
	Government	Financial Institutions	All others	Total
Cash and cash equivalents	P -	P 184,776,508	P -	P 184,776,508
FVPL	837,738,748	-	-	837,738,748
HTM	1,250,596,870	-	-	1,250,596,870
AFS	-	-	12,428,732	12,176,394
Insurance-related receivables	-	-	595,002,512	595,002,512
Other receivables	-	-	17,764,631	17,764,631
	P 2,088,335,618	P 184,776,508	P 625,195,875	P 2,898,055,663

** Excludes Cash on Hand of P35,000 and E-wallet Fund of P408,837*

II. Contingencies

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

III. Leases

The Company is party to various agreement to lease properties that are used as head office and branches. The lease terms ranges from 1 to 5 years renewable at the option of both parties. Among others, the lease agreement has the following terms and condition:

- Payment of fixed monthly rent for a period of 1 to 5 years
- Payment of security deposit and advance rental
- Annual escalation of rental rates

The table below presents the expenses related to the Company's lease arrangements as reported in the statement of income:

	2024	2023
Rent Expense		
Short term leases	**P 1,006,979**	P 890,521
Depreciation of right-of-use asset (Note 12)	**1,634,768**	1,469,393
Interest expense on lease liability (Note 27)	**445,269**	312,941
	P 3,087,016	P 2,672,855

The maturity profile of lease liability is presented below:

	2024	2023
Due in:		
One year	**P 1,536,573**	P 1,353,316
More than one year	**4,562,801**	6,099,374
	P 6,099,374	P 7,452,690

As of December 31, 2024, and 2023, the carrying value of right-of-use asset amounted to P5,585,457 and P7,220,225, respectively.

IV. *Current and non-current distinction*

The Company's current assets and current liabilities are presented below:

		2024		2023
Current assets				
Cash and cash equivalents	P	**139,277,760**	P	207,736,284
Investments		**314,033,711**		857,278,557
Insurance balances receivable - net		**223,920,826**		160,893,014
Reinsurance assets		**1,346,085,935**		575,313,807
Accrued investment income		**17,020,130**		15,673,930
Deferred acquisition cost		**94,886,011**		103,514,041
Other assets		**26,573,205**		23,172,046
		2,161,797,578		1,943,581,679
Current liabilities				
Reserve for unearned premiums		**451,165,966**		425,823,239
Insurance claims payable		**822,823,220**		484,047,370
Short-term loans payable		**400,000,000**		850,000,000
Reinsurance liabilities		**124,045,950**		49,629,443
Accounts payable and accrued expenses		**105,120,110**		104,884,392
Deferred commission income		**11,982,335**		14,969,800
Income tax payable		**263,495**		13,385,446
	P	**1,915,401,076**	P	1,942,739,690

32. Supplementary information required under Revenue Regulations 15-2010

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

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

		Amount subject to VAT		Output tax
Premiums	P	800,368,620	P	96,044,234
Commission		21,245,975		2,549,517
	P	821,614,595	P	98,593,751

The Company pays VAT output based on amounts collected. Furthermore, premiums from reinsurance business are exempt from VAT in accordance with RR 4-2007.

- The VAT - Input claimed and the related year-end balances is broken down as follows:

Balance, January 1	P	21,981,167
Current year's domestic purchases/payments for:		
Goods		8,215,220
Services		32,330,442
Applied against output tax		(37,532,747)
Balance, December 31	P	24,994,082

- There is no percentage tax on personal accident insurance paid and accrued in 2024.
- The amounts of withholding tax payments, by category is as follows:

Tax on compensation and benefits	P	4,152,458
Expanded withholding tax		29,476,730
Final withholding tax		13,559

- As at December 31, 2024, the Company has no pending tax case within and outside the administration of BIR.
- Taxes and licenses presented under administrative expense in the Company's statements of income is broken down as follows:

Insurance commission fees and charges	P	687,760
License and permits		57,822
Documentary stamp tax		1,830
Annual registration fee		500
Others		789,291
	P	1,537,203