SECURITIES AND EXCHANGE COMMISSION
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The following document has been received:

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Company Information

SEC Registration No.: A199711010
Company Name: CORPORATE GUARANTEE & INSURANCE COMPANY, INCORPORATED DOING BUSINESS UNDER THE NAME AND STYLE OF CORPORATE GUARANTEE (A NON-LIFE INSURANCE COMPANY)
Industry Classification: J67030
Company Type: Stock Corporation

Document Information

Document ID: OST10520202583376449
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2024
Submission Type: Annual
Remarks: None

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

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Requirement/s for submission to IC for Annual Corporate Governance Report 2024 compliance purposes

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	1	9	9	7	1	1	0	1	0

COMPANY NAME

CORPORATE GUARANTEE & INSURANCE COMPANY, INCORPORATED Doing business under the name and style of Corporate Guarantee (A Non-Life Insurance Company)

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

2nd Floor, CGIC Building, Jose Abad Santos Avenue, San Jose, City of San Fernando, Pampanga, 2000

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
clientcare@cgic.com.ph	(045) 961-5621	0998 977 4011

No. of Stockholders	Annual Meeting (Month / Day)	Calendar Year (Month / Day)
9	July 31	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Raymund S. Mungkal	rsmungkal@lausgroup.com.ph	(045) 963-2525	0920 948 5419

CONTACT PERSON'S ADDRESS

2nd Floor CGIC Building, Jose Abad Santos Avenue, San Jose, City of San Fernando, Pampanga, 2000

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

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

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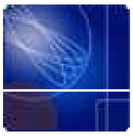

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Cc: Lenny Loraine N. Musni, Rochel L. Paule, Allysa G. Dimabuyu, Queenie Madhes G. Viray

Archive: This message is being viewed in an archive.

Dear All,

For your reference.

Thanks

JOENA T. MONTEREY
Finance Cluster Head
CGIC/LIASI/LGHI/CFIC/LFLC/CARMIX
Member: Laus Group of Companies
M: 0920.948.5419
E: jtmonterey@lausgroup.com.ph | W:

----- Forwarded by Joena T. Monterey/FINANCE/LGHI/LGC on 04/30/2025 11:45 AM -----

From:	eafs@bir.gov.ph
To:	JTMONTEREY@LAUSGROUP.COM.PH
Cc:	JTMONTEREY@LAUSGROUP.COM.PH
Date:	04/30/2025 11:38 AM
Subject:	Your BIR AFS eSubmission uploads were received

Hi CORPORATE GUARANTEE AND INSURANCE CO. INC.,

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- EAFS005309023ITRTY122024.pdf
- EAFS005309023RPTTY122024.pdf
- EAFS005309023OTHTY122024.pdf
- EAFS005309023TCRTY122024-01.pdf
- EAFS005309023AFSTY122024.pdf
- EAFS005309023TCRTY122024-03.pdf
- EAFS005309023TCRTY122024-02.pdf

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Transaction Code: **AFS-0-NTRMW44T0BA569BJFP22Z11P108CCDGE7F**
Submission Date/Time: **Apr 30, 2025 11:38 AM**
Company TIN: **005-309-023**

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- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

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

REYES TACANDONG AND CO., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

LISSET L. VELASCO
Chairman

LISSET L. VELASCO
Chief Executive Officer

MA. THERESA A. LAUS
Treasurer

Signed this 11th day of April, 2025.

EXCLUSIVE PURPOSE

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BDO Towers Valero
8741 Paseo de Roxas
Makati City 1209 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Corporate Guarantee & Insurance Company, Incorporated
Doing business under the name and style of
Corporate Guarantee (A Non-Life Insurance Company)
2nd Floor, CGIC Building
Jose Abad Santos Avenue, San Jose
City of San Fernando, Pampanga, 2000

Opinion

We have audited the accompanying financial statements of Corporate Guarantee & Insurance Company, Incorporated doing business under the name and style of Corporate Guarantee (A Non-Life Insurance Company) (the Company), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to financial statements, including a summary of material accounting policy information.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' 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 audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

EXCLUSIVE PURPOSE
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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.

Auditors' 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 auditors' 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 PSA 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 PSA, 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 auditors' 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 auditors' 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.

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Requirement/s for submission to IC for Annual Corporate Governance Report 2024 compliance purposes

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 audits.

REYES TACANDONG & CO.

PAMELA ANN P. ESCUADRO
Partner
CPA Certificate No. 128829
Tax Identification No. 216-321-918-000
BOA Accreditation No. 4782/P-013; Valid until June 6, 2026
IC Accreditation No. 128829-IC
Issued February 22, 2021
Valid for Financial Periods 2020 to 2024
BIR Accreditation No. 08-005144-013-2023
Valid until January 24, 2026
PTR No. 10467125
Issued January 2, 2025, Makati City

April 11, 2025
Makati City, Metro Manila

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CORPORATE GUARANTEE & INSURANCE COMPANY, INCORPORATED

Doing business under the name and style of Corporate Guarantee

(A Non-Life Insurance Company)

STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2024**	2023
ASSETS			
Current Assets			
Cash	4	**₱377,606,063**	₱457,008,353
Short-term investments	4	**374,711,067**	268,219,217
Insurance receivables	5	**201,929,970**	157,671,430
Current portion of:			
Held-to-maturity (HTM) investments	6	**155,495,592**	143,471,917
Real estate mortgage loans receivable	6	**30,952,381**	29,666,667
Loans and receivables	6	**50,836,280**	25,173,758
Reinsurance assets	7	**33,326,057**	22,087,967
Deferred acquisition costs	8	**22,880,228**	27,958,567
Other current assets	9	**32,405,723**	38,386,825
Total Current Assets		**1,280,143,361**	1,169,644,701
Noncurrent Assets			
Noncurrent portion of:			
HTM investments	6	**262,582,715**	265,715,030
Real estate mortgage loans receivable	6	**61,904,762**	92,000,000
Available-for-sale (AFS) investments	6	**87,953,507**	101,799,752
Long-term investments	4	**10,661,482**	10,431,167
Investment properties	10	**292,939,365**	271,063,553
Property and equipment:	11		
At revalued amount		**272,702,634**	242,504,947
At cost		**31,834,522**	39,587,057
Total Noncurrent Assets		**1,020,578,987**	1,023,101,506
		₱2,300,722,348	₱2,192,746,207
LIABILITIES AND EQUITY			
Current Liabilities			
Insurance contract liabilities	12	**₱513,978,804**	₱461,184,225
Premiums due to reinsurers	13	**4,567,463**	3,519,360
Deferred reinsurance commissions	8	**3,009,456**	3,086,622
Accounts and other payables	14	**105,190,814**	102,907,322
Current portion of lease liability	23	**4,593,667**	4,384,217
Income tax payable		**1,822,651**	6,854,795
Total Current Liabilities		**633,162,855**	581,936,541
Noncurrent Liabilities			
Lease liability - net of current portion	23	**23,207,606**	27,801,273
Net retirement benefit liability	21	**13,324,907**	9,887,660
Net deferred tax liabilities	22	**51,925,710**	43,557,096
Total Noncurrent Liabilities		**88,458,223**	81,246,029
Total Liabilities		**721,621,078**	663,182,570

(Forward)

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		December 31	
	Note	**2024**	2023
Equity			
Capital stock	16	**₱451,000,000**	₱311,000,000
Contingency surplus	16	**189,000,000**	349,000,000
Retained earnings	16	**792,979,377**	745,066,524
Other components of equity:			
Revaluation reserve for property and equipment	11	**145,389,000**	125,656,765
Cumulative gain (loss) on fair value changes on AFS investments	6	**2,255,812**	(1,953,990)
Cumulative remeasurement gain (loss) on net retirement benefit liability	21	**(1,522,919)**	794,338
Total Equity		**1,579,101,270**	1,529,563,637
		₱2,300,722,348	₱2,192,746,207

See accompanying Notes to the Financial Statements.

EXCLUSIVE PURPOSE

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Requirement/s for submission to IC for Annual Corporate Governance Report 2024 compliance purposes

CORPORATE GUARANTEE & INSURANCE COMPANY, INCORPORATED
Doing business under the name and style of Corporate Guarantee
(A Non-Life Insurance Company)

STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31	
	Note	**2024**	2023
REVENUE			
Gross premiums earned on insurance contracts	17	**₱487,999,466**	₱475,799,909
Reinsurers' share of gross premiums earned on insurance contracts	17	**(29,940,160)**	(22,763,297)
		458,059,306	453,036,612
BENEFITS, CLAIMS AND EXPENSES			
Net insurance benefits and claims	18	**268,238,651**	263,959,836
Operating expenses	19	**187,632,784**	146,485,606
Commission expense	8	**53,285,428**	48,604,623
		509,156,863	459,050,065
INTEREST EXPENSE ON LEASE LIABILITY	23	**(1,411,783)**	(1,611,417)
OTHER INCOME - Net	20	**105,710,775**	100,330,989
INCOME BEFORE INCOME TAX		**53,201,435**	92,706,119
PROVISION FOR INCOME TAX	22		
Current		**6,426,580**	13,483,537
Deferred		**1,300,679**	2,190,694
		7,727,259	15,674,231
NET INCOME		**45,474,176**	77,031,888
OTHER COMPREHENSIVE INCOME (LOSS)			
Not to be reclassified to profit or loss:			
Revaluation increment on property and equipment - net of tax effect	11	**22,170,912**	7,094,021
Remeasurement loss on net retirement benefit liability - net of tax effect	21	**(2,317,257)**	(676,137)
To be reclassified to profit or loss when realized –			
Unrealized gain (loss) on fair value changes of AFS investments	6	**4,209,802**	(1,833,306)
		24,063,457	4,584,578
TOTAL COMPREHENSIVE INCOME		**₱69,537,633**	₱81,616,466

See accompanying Notes to the Financial Statements.

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CORPORATE GUARANTEE & INSURANCE COMPANY, INCORPORATED

Doing business under the name and style of Corporate Guarantee

(A Non-Life Insurance Company)

STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31	
	Note	**2024**	2023
CAPITAL STOCK	16		
Balance at beginning of year		**₱311,000,000**	₱311,000,000
Issuance of shares from contingency surplus		**140,000,000**	–
Balance at end of year		**451,000,000**	311,000,000
CONTINGENCY SURPLUS	16		
Balance at beginning of year		**349,000,000**	349,000,000
Conversion to capital stock		**(140,000,000)**	–
Return of contingency surplus		**(20,000,000)**	–
Balance at end of year		**189,000,000**	349,000,000
RETAINED EARNINGS			
Balance at beginning of year		**745,066,524**	665,372,609
Net income		**45,474,176**	77,031,888
Transfer from revaluation reserve	11	**2,438,677**	2,662,027
Balance at end of year		**792,979,377**	745,066,524
OTHER COMPONENTS OF EQUITY			
Revaluation reserve for property and equipment	11		
Balance at beginning of year		**125,656,765**	121,224,771
Revaluation increment		**22,170,912**	7,094,021
Transfer to retained earnings		**(2,438,677)**	(2,662,027)
Balance at end of year		**145,389,000**	125,656,765
Cumulative gain (loss) on fair value changes on AFS investments	6		
Balance at beginning of year		**(1,953,990)**	81,422
Unrealized gain (loss) on fair value changes		**4,209,802**	(1,833,306)
Realized gain on sale transferred to profit or loss		**–**	(202,106)
Balance at end of year		**2,255,812**	(1,953,990)
Cumulative remeasurement gain (loss) on net retirement benefit liability	21		
Balance at beginning of year		**794,338**	1,470,475
Actuarial loss during the year		**(2,317,257)**	(676,137)
Balance at end of year		**(1,522,919)**	794,338
		146,121,893	124,497,113
		₱1,579,101,270	₱1,529,563,637

See accompanying Notes to the Financial Statements.

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CORPORATE GUARANTEE & INSURANCE COMPANY, INCORPORATED

Doing business under the name and style of Corporate Guarantee

(A Non-Life Insurance Company)

STATEMENTS OF CASH FLOWS

	Note	2024	2023
		Years Ended December 31	
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱53,201,435**	₱92,706,119
Adjustments for:			
Interest income	6	**(37,898,939)**	(30,793,396)
Provision for impairment losses on insurance receivables	5	**21,712,128**	20,401,931
Fair value gain on investment property	10	**(19,563,312)**	(23,328,212)
Depreciation and amortization	11	**12,946,838**	12,182,682
Dividend income	6	**(6,107,542)**	(5,299,434)
Retirement benefit expense	21	**2,601,992**	1,406,456
Interest expense on lease liability	23	**1,411,783**	1,611,417
Realized gain on sale of AFS investments	6	**–**	(202,106)
Gain on sale of property and equipment	11	**(583,031)**	–
Unrealized foreign exchange loss (gain)		**(54,745)**	329,480
Operating income before changes in working capital		**27,666,607**	69,014,937
Decrease (increase) in:			
Insurance receivables		**(65,970,668)**	(42,482,039)
Other current assets		**5,981,102**	(18,224,339)
Loans and receivables		**(25,677,815)**	(17,133,730)
Deferred acquisition costs		**5,078,339**	(5,860,914)
Reinsurance assets		**(11,238,090)**	(5,199,403)
Increase (decrease) in:			
Insurance contract liabilities		**52,794,579**	128,160,812
Accounts and other payables		**592,678**	16,554,273
Deferred reinsurance commissions		**(77,166)**	231,979
Premiums due to reinsurers		**1,048,103**	(243,964)
Net cash generated from (used for) operations		**(9,802,331)**	124,817,612
Income tax paid		**(11,458,724)**	(30,316,366)
Net cash provided by (used in) operating activities		**(21,261,055)**	94,501,246

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	Note	Years Ended December 31 2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Real estate mortgage loans receivable	6	**(₱165,000,000)**	(₱15,000,000)
HTM investments	6	**(144,655,033)**	(203,023,740)
Short-term investments		**(106,491,850)**	(268,219,217)
Property and equipment	11	**(6,648,251)**	(23,481,601)
Investment property	10	**(2,312,500)**	(7,486,820)
AFS investments	6	**(1,943,953)**	(2,018,642)
Proceeds from maturities or collections of:			
Real estate mortgage loans receivable	6	**193,809,524**	13,333,333
HTM investments	6	**137,000,000**	208,558,000
Proceeds from disposal of:			
AFS investments	6	**20,000,000**	847,168
Property and equipment	11	**1,286,952**	–
Interest received		**36,447,589**	29,385,136
Dividend received		**6,107,542**	5,299,434
Net cash used in investing activities		**(32,399,980)**	(261,806,949)
CASH FLOWS FROM FINANCING ACTIVITIES			
Return of contingency surplus	16	**(20,000,000)**	–
Payments of lease liability	23	**(5,796,000)**	(5,750,000)
Cash used in financing activities		**(25,796,000)**	(5,750,000)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH		**54,745**	(329,480)
NET DECREASE IN CASH		**(79,402,290)**	(173,385,183)
CASH AT BEGINNING OF YEAR		**457,008,353**	630,393,536
CASH AT END OF YEAR		**₱377,606,063**	₱457,008,353

See accompanying Notes to the Financial Statements.

EXCLUSIVE PURPOSE

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Requirement/s for submission to IC for Annual Corporate Governance Report 2024 compliance purposes

CORPORATE GUARANTEE & INSURANCE COMPANY, INCORPORATED
Doing business under the name and style of Corporate Guarantee
(A Non-Life Insurance Company)

NOTES TO FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

1. Corporate Information

Corporate Guarantee & Insurance Company, Incorporated doing business under the name and style of Corporate Guarantee (A Non-Life Insurance Company) (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on June 19, 1997 and is primarily engaged in property and casualty insurance business.

The registered office address of the Company is 2nd Floor, CGIC Building, Jose Abad Santos Avenue, San Jose, City of San Fernando, Pampanga, 2000.

On October 30, 2024, the Insurance Commission (IC) renewed the Company's license to operate as an Insurance Company with Certificate of Authority No. 2025/67-R valid until December 31, 2027.

The Company is owned by proprietors of the Laus Group of Companies.

Approval of the Financial Statements
The financial statements as at and for the years ended December 31, 2024 and 2023 were approved and authorized for issuance by the Board of Directors (BOD) on April 11, 2025.

2. Summary of Material Accounting Policy information

The material accounting policy information that has been used in the preparation of the financial statements have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation and Statement of Compliance
The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by SEC, including SEC pronouncements. This financial reporting framework includes PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretations from the International Financial Reporting Interpretations Committee (IFRIC) and SEC provisions.

Measurement Basis
The financial statements are presented in Philippine Peso (Peso), the Company's functional and presentation currency. All amounts are rounded to the nearest Peso unless otherwise stated.

The financial statements have been prepared on the historical cost basis of accounting, except for AFS investments and investment properties which are stated at fair value, land and building included as part of property and equipment which are measured at revalued amounts, lease liabilities which are measured at the present value of future lease payments and net retirement benefit liability which is measured at the present value of the defined benefit obligation less fair value of plan assets. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability.

EXCLUSIVE PURPOSE
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Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

Level 1 - Quoted (unadjusted) market prices in active market for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

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

Further information about the assumptions made in measuring fair value is included in the following notes:

- Note 6 - *Financial Assets*
- Note 10 - *Investment Properties*
- Note 11 - *Property and Equipment*
- Note 25 - *Fair Value of Financial Instruments*

Adoption of Amendments to PFRS Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to PFRS Accounting Standards effective for annual periods beginning on or after January 1, 2024:

- Amendments to PAS 1, *Presentation of Financial Statements - Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements.

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- Amendments to PAS 7, *Statement of Cash Flows* and PFRS 7, *Financial Instruments: Disclosures - Supplier Finance Arrangements* – The amendments introduced new disclosure requirements to enable users of the financial statements assess the effects of supplier finance arrangements on the liabilities, cash flows and exposure to liquidity risk. The amendments also provide transitional relief on certain aspects, particularly on the disclosures of comparative information. Earlier application is permitted.

The adoption of the amendments to PFRS Accounting Standards did not materially affect the financial statements of the Company. Additional disclosures were included in the financial statements, as applicable.

<u>New and Amendments to PFRS Accounting Standards in Issue But Not Yet Effective or Adopted</u>
Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2024 and have not been applied in preparing the financial statements, are summarized below:

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS 9, *Financial Instruments,* and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at fair value through other comprehensive income (FVOCI). Earlier application is permitted.

- Annual Improvements to PFRS Accounting Standards Volume 11:

    - Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.

    - Amendments to PAS 7, *Statement of Cash Flows - Cost Method* – The amendments replace the term ‘cost method’ with ‘at cost’ following the deletion of the definition of ‘cost method’. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2027:

- PFRS 17, *Insurance Contracts* – This standard will replace PFRS 4, *Insurance Contracts*. It requires insurance liabilities to be measured at current fulfillment value and provides a more uniform measurement and presentation approach to achieve consistent, principle-based accounting for all insurance contracts. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. An amendment to the standard was issued to (i) reduce costs of transition by simplifying some requirements of the standard, (ii) make financial performance easier to explain, and (iii) ease transition by

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deferring the effectivity of the standard from 2021 to 2023 and by providing additional relief to reduce the effort required when applying PFRS 17 for the first time.

In response to the challenges brought by the COVID-19 pandemic, the Insurance Commission issued Circular Letter 2020-062, *Amendment of Section 1 of Circular Letter No. 2018-69, Deferral of IFRS 17 Implementation*, which provides a two-year deferral on the implementation of the standard from the 2023 effectivity date.

Consequently, on March 10, 2025, the IC issued Circular Letter No. 2025-004, Application of PFRS Accounting Standards 17-Insurance Contracts in the Audited Financial Statements and Preparation of IC Reportorial Requirements, to further defer the initial application date of PFRS Accounting Standards 17 for an additional two years. The IC, FSRSC and SEC recognized the need to provide more time for the adoption of PFRS Accounting Standards 17 due to gaps in the insurance industry's preparation. Therefore, all life and nonlife insurance companies in the Philippines shall adopt PFRS Accounting Standards 17 for annual periods beginning on or after January 1, 2027. Earlier application is permitted.

- Amendment to PFRS 17, *Insurance Contracts - Initial Application of PFRS 17* and PFRS 9, *Financial Instruments - Comparative Information* – The amendment adds a transition option for a "classification overlay" to address temporary accounting mismatches between financial assets and insurance contract liabilities relating to comparative information presented on the initial application of PFRS 17. If an entity elects to apply the classification overlay, it can only do so for comparative periods to which it applies PFRS 17. No amendments have been made to the transition requirements of PFRS 9.

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out the requirements for the presentation and disclosure of information to help ensure that the financial statements provide relevant information that faithfully represents the entity's assets, liabilities, equity, income and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management-defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing new and amendments to PFRS Accounting Standards, except for the adoption of PFRS 17 effective on or after January 1, 2027, is expected not to have any material effect on the financial statements of the Company. The management is currently in the process of performing detailed review and analysis to determine the financial impact of the adoption of PFRS 17. Additional disclosures will be included in the financial statements, as applicable.

Current and Noncurrent Classification

The Company presents assets and liabilities in the statements of financial position based on liquidity.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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All other assets are classified as noncurrent.

A liability is current when it is:

- Expected to be settled in its normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as noncurrent.

Financial Instruments

The Company applied the temporary exemption from PFRS 9 as permitted by the amendments to PFRS 4, *Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts,* issued in September 2016. The temporary exemption permits entities whose activities are predominantly connected with insurance to continue applying PAS 39 rather than PFRS 9 until the effectivity of the new insurance standards beginning January 1, 2027, based on Circular Letter 2025-04, *Application of PFRS 17 in the Audited Financial Statements and Preparation of IC Reportorial Requirements* issued by the IC.

Based on the assessment made by the Management, the Company qualifies for the deferral of application of PFRS 9 since its activities are predominantly connected with insurance. Accordingly, the Company deferred the adoption of PFRS 9 and has continued to apply PAS 39.

To comply with the disclosure requirements of the amendments to PFRS 4, the table below presents the comparison of the classification of the Company's financial assets as at December 31, 2024 and 2023 under PAS 39 and PFRS 9. The carrying amounts of these financial assets under PAS 39 remain unchanged under PFRS 9.

Financial Assets	Classification under PAS 39	Classification under PFRS 9
Cash	Loans and receivables	Financial assets at amortized cost
Short-term and long-term investments	Loans and receivables	Financial assets at amortized cost
Loans and receivables	Loans and receivables	Financial assets at amortized cost
Real estate mortgage loans receivable	Loans and receivables	Financial assets at amortized cost
HTM investments	HTM investments	Financial assets at amortized cost
AFS investments	AFS investments	Financial assets at fair value through other comprehensive income (FVOCI)

A financial instrument is any contract that gives rise to a financial asset or a liability or equity instrument of another entity.

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

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Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

Classification. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual agreement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expenses or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

The Company classifies its financial assets into the following categories: financial assets at FVPL, HTM investments, AFS investments, and loans and receivables. The Company classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities.

The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its financial instruments at initial recognition, and where allowed and appropriate, re-evaluates the designation at each reporting date.

The Company has no financial assets and liabilities at FVPL as at December 31, 2024 and 2023.

HTM Investments. HTM investments are nonderivative financial assets that are quoted in the market, with fixed or determinable payments and fixed maturities for which the Company's management has the positive intention and ability to hold to maturity. HTM investments are subsequently measured at amortized cost less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR). The amortization is included as part of "Interest income" lodged in "Investment income" line item under "Other income – net" account in the statement of comprehensive income. Gains and losses are recognized in profit or loss when the HTM investments are derecognized. Any impairment loss is recognized in profit or loss.

Where the Company sells or reclassifies other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified at fair value as AFS financial assets. The Company would then be unable to categorize financial instruments as HTM investments for the next two (2) years in the financial statements.

HTM investments are included in current assets if maturity is within twelve months from the reporting date. Otherwise, these are classified as noncurrent assets.

The Company's HTM investments consist of investments in corporate and government debt securities (see Note 6).

AFS Investments. AFS investments are nonderivative financial assets that are either designated in this category or do not qualify to be classified as financial assets at FVPL, HTM investments or loans and receivables. Financial assets may be designated at initial recognition as AFS investments if these are purchased indefinitely and may be sold in response to liquidity requirements or change in market conditions.

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After the initial measurement, AFS investments are carried at fair value in the statement of financial position. Changes in the fair value of AFS investments are reported as part of other comprehensive income (OCI) and accounted for in equity under "Cumulative gain (loss) on fair value changes on AFS investments" account, until the investment is derecognized or the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in profit or loss. AFS investments with no available published prices in the active market are stated at cost less impairment, if any.

Dividends earned on holding AFS financial assets are recognized in the profit or loss when the right to receive payment has been established. The loss arising from impairment of such securities is recognized as impairment loss in profit or loss.

When AFS financial assets are derecognized, the cumulative gain or loss previously recognized in OCI and previously reported in equity is transferred to profit or loss. Where the Company holds more than one investment in the same security, these are deemed to be disposed of on a weighted average basis.

AFS investments are included in current assets if it is expected to be realized or disposed of within 12 months from the end of the reporting year. Otherwise, these are classified as noncurrent assets.

The Company's AFS investments include investments in equity securities (see Note 6).

Loans and Receivables. Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as financial assets at FVPL, AFS investments or HTM investments.

After initial measurement, loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in the statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Loans and receivables are included in current assets if maturity is within twelve months from the reporting date. Otherwise, these are classified as noncurrent assets.

This category includes cash, short-term investments, long-term investments, loans and receivables and real estate mortgage loans receivable (see Notes 4 and 6).

Cash. Cash includes cash on hand and in banks. Cash is measured at face amount. Cash in banks earn interest at the prevailing bank deposit rate.

Short-term Investments. Short-term investments pertain to investments with maturity periods of more than three months but less than one year, measured at face value, and earn interest at the respective short-term investment rates.

Long-term Investments. Long-term investments pertain to investments with maturity periods of more than one year, measured at face value, and earn interest at the respective long-term investment rates.

Other Financial Liabilities. Financial liabilities which are not held for trading or are not designated at FVPL are classified as financial liabilities carried at amortized cost 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 settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

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Other financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, 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 an integral part of the effective interest rate. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized and through the amortization process.

This category includes accounts and other payables (excluding statutory payables) and lease liability (see Notes 14 and 23).

Impairment of Financial Assets
The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Objective evidence includes observable data that comes to the attention of the Company about loss events such as but not limited to significant financial difficulty of the counterparty, a breach of contract, such as a default or delinquency in interest or principal payments, probability that borrower will enter bankruptcy or other financial reorganization.

HTM Investments and Loans and Receivables. The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtor's ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the assets' effective interest rate. Time value is generally not considered when the effect of discounting is not material. The carrying amount of the asset shall be reduced directly or through the use of an allowance account. The amount of loss shall be recognized in profit or loss.

If, in a subsequent period, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Where HTM investments and loans and receivables have been ascertained to be worthless, the related amount is written off against the corresponding allowance for impairment.

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AFS Investments Carried at Fair Value. In case of equity investments classified as AFS investments, impairment indicators would include a significant or prolonged decline in the fair value of the investments below its cost. When there is evidence of impairment, the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss is removed from OCI and recognized in profit or loss. Recovery of impairment losses on equity investments are not reversed through profit or loss. Increases in fair value after impairment are recognized directly in OCI.

The Company treats "significant" generally as 20% or more and "prolonged" as greater than six (6) months. In addition, the Company evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities. Impairment may be appropriate also when there is evidence of deterioration in the financial health of the investee, the industry and sector performance, changes in technology and operational and financing cash flows.

For a partial disposal, a proportionate share of the fair value gains and losses previously recognized in OCI is reclassified from equity to profit or loss. Such gains and losses include all fair value changes until the date of disposal.

AFS Investments Carried at Cost. If there is an objective evidence that an impairment loss has occurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be measured reliably, the amount of the loss is measured as the difference between that 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.

Derecognition of Financial Assets and Financial Liabilities

Financial Asset. A financial asset, or where applicable, a part of a financial asset or part of a group of similar financial assets is derecognized when:

- The right to receive cash flows from the asset has expired;

- The Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or

- The Company has transferred its right to receive cash flows from the financial asset and either has transferred substantially all the risks and rewards incidental to ownership of the financial asset; or

- Has neither transferred nor retained substantially all the risks and rewards incidental to ownership of the financial asset, but has transferred control of the financial asset.

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

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Financial Liability. A financial liability is derecognized from the statement of financial position when the obligation under the financial liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying amount of the original liability and fair value of the new liability is recognized in the statement of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

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

Insurance Contracts
Insurance contracts are defined as those contracts under which the Company (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate if a specified uncertain future event (the insured event) adversely affects the policyholder. As a general guideline, the Company defines significant insurance risk, by comparing benefits paid against benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of price or rates, a credit rating or credit index or other variable.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period, unless all rights and obligations are extinguished or expired. Investment contracts can however be reclassified as insurance contracts after inception if the insurance risk becomes significant.

Reinsurance. The Company cedes insurance risk in the normal course of business. Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders. Reinsurance assets represent balances due from reinsurance companies. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contract.

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Reinsurance assets are reviewed for impairment at each end of the reporting period or more frequently when an indication of impairment arises. Reinsurance assets are impaired only if there is objective evidence that the Company may not receive all amounts due under the terms of the contract and that this can be measured reliably. If such evidence exists, impairment loss is recognized in profit or loss.

Premiums and claims on assumed reinsurance are recognized in profit or loss in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the reinsurance contract.

Insurance Contract Receivables

Insurance receivables are recognized on policy inception dates and measured on initial recognition at fair value of consideration receivable for the period of coverage. Subsequent to initial recognition, insurance receivables are measured at amortized cost less any allowance for impairment. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. Impairment losses are recognized in profit or loss.

Insurance Contract Liabilities

Provision for Unearned Premiums. The proportion of written premiums, gross of commissions payable to intermediaries, attributable to subsequent periods or to risks that have not yet expired is deferred as unearned premiums. The change in the provision for unearned premiums is recognized in profit or loss in the order that revenue is recognized over the period of risk. Further provisions are made to cover claims under unexpired insurance contracts which may exceed the unearned premiums and the premiums due in respect of these contracts.

Provision for Claims Reported and Incurred but not Reported (IBNR) Claims. Provision for claims reported and IBNR losses are based on the estimated ultimate cost of all claims incurred but not settled at the end of the reporting period, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of which cannot be known with certainty at the reporting date. The IBNR shall be calculated based on standard actuarial projection techniques or combination of such techniques, such as but not limited to the chain ladder method, the expected loss ratio approach and the Bornheutter-Ferguson method. At each reporting date, prior year estimates are reassessed for adequacy and changes made are charged to provision.

Liability Adequacy Test. At each reporting date, liability adequacy test is performed, to ensure adequacy of insurance contract liabilities, net of deferred acquisition costs. In performing the test, current best estimates of future cash flows, claims handling and policy administration are used. Any inadequacy is immediately recognized in profit or loss by establishing an unexpired risk provision for losses arising from the liability adequacy tests. The provision for unearned premium is increased to the extent that the future claims and expenses in respect of current insurance contract exceed future premium plus the current provision for unearned premiums.

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Other Current Assets
This account mainly includes prepayments, deferred input tax, advances to suppliers, and security funds and deposits which are stated at face value.

Prepayments. Prepayments are expenses paid in advance and recorded as asset before these are utilized. This account comprises prepayments of real property tax, insurance, membership dues, subscriptions, and other prepaid items. Prepayments are apportioned over the period covered by the payment and charged to the appropriate accounts in profit or loss when incurred. Prepayments that are expected to be incurred for no more than 12 months after the reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

VAT. Revenue, expenses and assets are recognized net of the amount of VAT except:

- Where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; or

- Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT payable to the taxation authority is included under "Statutory payables" line item as part of "Accounts and other payables" account in the statement of financial position.

Deferred Input VAT. Deferred input VAT pertains to accrual of input VAT on unpaid services which is reclassified to input VAT upon declaration in the VAT returns.

Deferred input and output VAT as at December 31, 2024 and 2023 are amounts recognized before the effectivity of Ease on Paying Taxes last April 27, 2024. After said effectivity, VAT is declared and remitted upon billing.

Advances to Suppliers. Advances to suppliers represent advance payments for services to be rendered and goods to be received. These are charged to expense or capitalized upon rendering of services or receipt of goods which are applied against future billings from contractors and suppliers.

Security Funds and Deposits. Security funds and deposits represent money held as assurance for future actions or responsibilities of the Company. These are considered as nonfinancial assets and are refunded upon the termination of the agreement between the Company and the contractor or supplier.

Investment Properties
Investment properties pertain to buildings which are held to earn rentals. Investment properties are measured initially at cost. Cost includes the acquisition cost of the investment properties plus other necessary expenses incurred in its acquisition.

Expenditures incurred after the investment properties have put into operations, such as repairs and maintenance costs, are charged to operations in the year in which the costs are incurred.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects the prevailing market conditions as at report date. Gains or losses resulting from changes in fair value of the investment properties are recognized in profit or loss in the period in which they arise.

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

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

Property and Equipment

Property and equipment, except for land and building, are stated at cost less accumulated depreciation and amortization and any impairment losses. Land and building are stated at revalued amount less subsequent accumulated depreciation and amortization and any impairment losses.

Property and Equipment at Cost. The initial cost of property and equipment comprises its purchase price, including import duties and nonrefundable taxes, and any direct costs attributable in bringing the asset to its working condition and location for its intended use.

ROU assets represents a lessee's right to use an underlying asset for the lease term. The Company recognizes its ROU assets for all leases, except for leases with lease term of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as expense on a straight-line basis.

ROU assets are recognized at the commencement of the lease and are measured at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of the ROU asset shall comprise the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred and an estimation of costs to be incurred by the Company in dismantling and removing the underlying asset.

Expenditures incurred after the assets have been put into operations, such as repairs and maintenance, are normally charged to profit or loss in the year the cost are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of the assets.

Depreciation and amortization commence when the property and equipment is in its location or condition capable of being operated in the manner intended by management. Depreciation and amortization ceases at the earlier of the date that the property and equipment is classified as held-for-sale and the date the property and equipment is derecognized.

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Depreciation and amortization is computed using the straight-line method of property and equipment based on the estimated useful lives of the assets as follows:

Asset type	Number of Years
Building	40
Office furniture and equipment	5
Transportation equipment	5
Other equipment	5
Leasehold improvements	5 or lease term, whichever is shorter
ROU assets	Lease term

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

Fully depreciated or amortized property and equipment are retained in the accounts until these are no longer in use and no further charge for depreciation and amortization is made in respect of those property and equipment.

Property and Equipment at Revalued Amount. Land and building are stated at revalued amounts. Under the revaluation model, these are initially recorded at cost and subsequently carried at appraised values, as determined by independent appraisers, less any subsequent accumulated depreciation and amortization and any accumulated impairment losses. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Additions subsequent to the last appraisal date are stated at acquisition cost.

Any revaluation reserve is credited to “Revaluation reserve for property and equipment” account presented under the equity section of the statement of financial position. Any revaluation deficit directly offsetting a previous surplus in the same asset is charged to OCI to the extent of any revaluation surplus in equity relating to this asset and the remaining deficit, if any, is recognized in profit or loss.

Annually, an amount from the “Revaluation reserve for property and equipment” account is transferred to “Retained earnings” under the equity section in the statement of financial position for the depreciation relating to the revaluation reserve, net of related taxes. Upon disposal, any revaluation reserve relating to the particular asset sold is transferred to “Retained earnings.” Revaluations are performed with sufficient regularity ensuring that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the property and equipment is derecognized.

When items of property and equipment are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization and any impairment loss are removed from the accounts and any resulting gain or loss is charged to the profit or loss.

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Impairment of Nonfinancial Assets

At each reporting date, nonfinancial assets are reviewed to determine whether there is any indication that these nonfinancial assets may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in the statement of comprehensive income. The recoverable amount of an asset is the greater of its value in use or its fair value less cost to sell. Value in use is the present value of future cash flows expected to be derived from an asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized. Reversals of impairment are recognized in profit or loss.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued and outstanding.

Contingency Surplus. Contingency surplus, which is measured at amount received, represents contributions to cover any deficiency in the net worth requirement under the Insurance Code. Upon approval by the Company's BOD, contingency surplus may be converted to capital stock or returned to the stockholders after considering the Company's compliance with the IC's net worth requirement.

Retained Earnings. Retained earnings represent the cumulative balance of the Company's net income and transfers from revaluation reserve.

Other Components of Equity. Other components of equity comprise of revaluation reserve for property and equipment, cumulative gain (loss) on fair value changes on AFS investments and cumulative remeasurement gain (loss) on net retirement benefit liability that were not recognized in profit or loss. The related income and expenses, when earned or incurred for the period, are classified as OCI and presented after net income in the statement of comprehensive income.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as principal in all of its revenue sources.

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The following are the recognition criteria for revenues of the Company outside the scope of PFRS 15, *Revenues from Contracts with Customers.*

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

Premiums from short-duration insurance contracts are recognized as revenue over the period of the contracts using the 24th method. The portion of premiums written that relate to the unexpired periods of the policies at reporting date are accounted for as provisions for unearned premiums and included as part of “insurance contract liabilities” in the statement of financial position. The net changes in these accounts during the year are recognized in profit or loss for the year.

Premium receivables are recognized when due and measured at the original invoice amount, less allowance for uncollectible amount. Premium receivables are derecognized following the derecognition criteria of financial assets.

Commission Income. Reinsurance commissions are recognized as revenue over the period of the contracts using the 24th method. The portion of the commissions that relates to the unexpired periods of the policies at the reporting date is presented as “Deferred reinsurance commissions” in the statement of financial position.

Rent Income. Rent income is recognized as earned on a straight-line basis over the lease term.

Interest Income. Interest income is recognized as it accrues, taking into account the effective yield on the asset.

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

Other Income. Other income is recognized when the earning process is complete and the flow of economic benefit is reasonably assured.

Expense Recognition

Expenses are recognized in the statement of comprehensive income upon consumption of goods, utilization of services or at the date these are incurred.

Benefits and Claims. Benefits and claims consist of benefits and claims to policyholders, which includes the valuation of insurance contract liabilities, except for gross changes in the provision for premiums which are recorded in premium income. It further includes internal and external handling costs that are directly related to the processing and settlement of claims. General insurance claims are recorded on the basis of notifications received.

Net insurance benefits and claims represent gross insurance contract benefits and claims and gross change in insurance contract liabilities less reinsurer’s share.

Operating Expenses. Operating expenses constitute costs of administering the business and costs incurred in advertising and promotions. These are expensed when incurred.

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Commission Expense. Commissions are recognized as expense over the period of the contracts using the 24th method. The portion of the commissions that relates to the unexpired periods of the policies at the end of the reporting period is accounted for as "Deferred acquisition costs" in the asset section of the statement of financial position.

Commission and other acquisition costs incurred during the financial period that vary with and are related to securing new insurance contracts and or renewing existing insurance contracts, but which relates to subsequent financial periods, are deferred to the extent that they are recoverable out of future revenue margins. All other acquisition costs are recognized as expense when incurred.

Employee Benefits

Short-term Benefits. The Company provides short-term benefits to its employees in the form of basic salary, 13th month pay, bonuses, leave credits, employer's share on government contributions and other short-term benefits.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. The Company has a funded, noncontributory defined benefit plan covering all qualified employees. The retirement benefit expense is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising of current service costs, past service costs, and net interest expense or income in the statement of comprehensive income. Net interest is calculated by applying the discount rate to the net retirement benefit liability or plan asset. Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes restructuring related costs.

Remeasurements, comprising actuarial gains and losses and return on plan assets, are recognized immediately in OCI in the year in which these arise. Remeasurements are not reclassified to profit or loss in subsequent years.

The net retirement benefit liability is the aggregate of the present value of the defined benefit obligation reduced by the fair value of plan assets on which the liabilities are to be settled directly. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement benefit liability.

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. The fair value of the plan assets is based on the 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).

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

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

Related Party Transactions and Relationships

Related party transactions consist of transfers of resources, services or obligations between the Company and its related parties, regardless of whether a price is charged.

Parties are considered to be 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. This includes (a) individuals who, owning directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company (b) associates and (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on legal form.

Leases

The Company assesses whether the contracts is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Company assesses whether, throughout the period of use, it has both of the following:

a. The right to obtain substantially all of the economic benefits from the use of the identified asset; and

b. The right to direct the use of the identified asset.

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Company also assesses whether a contract contains a lease for each potential separate lease component.

The Company as a Lessor. Leases where the Company does not transfer substantially all the risks and benefits incidental to ownership of the leased assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and amortized over the lease term on the same basis as rental income.

The Company as a Lessee. At the commencement date, the Company recognizes ROU asset and lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

Lease Liability. At commencement date, the Company measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Company uses its incremental borrowing rate.

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

a. Fixed payments, including in-substance fixed payments;

b. Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

c. Amounts expected to be payable by the lessee under residual value guarantees; and

d. 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.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

Lease liability is classified in the statement of financial position as current liabilities when it is expected to be paid for no more than 12 months after the financial year. Otherwise, lease liability is classified as noncurrent liabilities.

For income tax reporting purposes, expenses under operating lease agreements are treated as deductible expenses in accordance with the terms of the lease agreements.

Income Tax

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is recognized in statement of comprehensive income except to the extent of items recognized as OCI or items directly recognized in equity.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences can be utilized.

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

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

Offsetting. Current tax assets and current tax liabilities are offset, or deferred tax assets and deferred tax liabilities are offset if, and only if, an enforceable right exists to set off the amounts and it can be demonstrated without undue cost or effort that the Company plans either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation, and the amount can be reliably estimated. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Contingencies

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

Events after the Reporting Date

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

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements requires management to exercise judgments, make estimates and use assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgments, estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date. Actual results could differ from these estimates and assumptions used, and the effect of any change in estimates will be adjusted in the financial statements when these become reasonably determinable.

Judgments, estimates and assumptions 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.

The Company believes the following represent a summary of these significant judgments, estimates, assumptions and related impact and associated risks in the financial statements.

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Judgments

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

Identifying Product Classification. The Company has determined that the policies it issues have significant insurance risk and therefore meets the definition of an insurance contract and are accounted for as such. Insurance contracts are those contracts when the Company has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts also transfer financial risk.

Classifying Financial Instruments. The Company classifies a financial instrument, on initial recognition as a financial asset, a financial liability or equity in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position.

The Company classified as loans and receivable its cash, short-term investments, long-term investments, real estate mortgage loans receivable, and loans and receivables. Investment in corporate and government bonds are classified as HTM Investments and investment in equity securities is classified as AFS Investments. The Company's financial liabilities include accounts and other payables (excluding statutory payables) and lease liability.

Assessing the Distinction Between Investment Properties and Property and Equipment. The Company determines whether a property qualifies as investment property or property and equipment. In making its judgment, the Company considers whether the property is held for administrative purposes or is held for capital appreciation and to earn rentals, in which case the property shall be classified as property and equipment or investment property, respectively, as the case may be. The Company considers each property separately in making its judgment.

The carrying amount of investment properties carried at fair value amounted to ₱292.9 million and ₱271.1 million as at December 31, 2024 and 2023, respectively (see Note 10). The fair value of property and equipment carried at revalued amount amounted to ₱272.7 million and ₱242.5 million as at December 31, 2024 and 2023, respectively (see Note 11).

Classifying Leases - The Company as a Lessor. The Company has entered into contracts of lease with related parties covering office spaces for various periods ranging between one to five years and has determined that it retains all the significant risks and rewards incidental to ownership of the leased properties. The leases are therefore accounted for as operating leases.

Rent income, included in "Other income" account in statements of comprehensive income amounted to ₱34.7 million and ₱33.7 million in 2024 and 2023, respectively (see Note 20 and 23).

Classifying Leases - The Company as Lessee. The Company, as a lessee, has entered into operating lease agreements for the land where its newly constructed building is located and several branch offices. For the Company's non-cancellable lease, the Company recognizes ROU asset and lease liability measured at the present value of lease payments to be made over the lease term using the Company's incremental borrowing rate. The Company availed an exemption for short-term leases

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with term of 12 months or less. Accordingly, lease payments on the short-term lease are recognized as expense on a straight-line basis over the lease term.

The carrying amount of ROU asset amounted to ₱23.4 million and ₱28.0 million as at December 31, 2024 and 2023, respectively (see Note 23).

The carrying amount of lease liability amounted to ₱27.8 million and ₱32.2 million as at December 31, 2024 and 2023, respectively (see Note 23).

Rent expense on short-term lease amounted to ₱1.3 million and ₱1.2 million in 2024 and 2023, respectively (see Note 23).

Determining the Incremental Borrowing Rate on Lease. The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities.

The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The Company estimates the IBR using available observable inputs, such as the prevailing Bloomberg Valuation Service (BVAL) interest rates, adjusted for entity-specific estimates, to reflect the terms and conditions of the lease.

Estimates and Assumptions

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

Estimating the Claims Liability Arising from Insurance Contracts. For non-life insurance contracts, estimates have been made both for the expected ultimate costs of claims reported at the end of the reporting period and for the expected ultimate cost of the IBNR claims at the reporting date. It can take a significant period of time before the ultimate claim costs can be established with certainty and for some type of policies, IBNR claims form the majority of the statements of financial position claims provision. The IBNR provision of the Company has been calculated using standard actuarial projection techniques using past development patterns to determine the expected future development and project the claim amounts for each accident year to its ultimate value. A number of different valuation methodologies have been adopted, each with their own strengths and blended them together which include incurred chain ladder/development approach, paid chain ladder/development method, the Bornheutter-Ferguson incurred approach and the Bornheutter-Ferguson paid approach. At each reporting date, prior year claims estimates are reassessed for adequacy and changed made are charged to provision.

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

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The total outstanding balance of provision for outstanding claims and IBNR amounted to ₱271.0 million and ₱197.6 million as at December 31, 2024 and 2023, respectively (see Note 12).

Liability Adequacy Test. At each reporting period, management performs liability adequacy test to determine if there is a need to set aside expected claims and expenses which could arise during the unexpired coverage period of the policies after the reporting date which is over and above the reserve for unearned premiums. The Company calculated the best estimate of future claims and expenses for each line of business using actuarial valuation techniques. Expected future claims include policy maintenance and claims handling expenses.

As at December 31, 2024 and 2023, the provision for unearned premiums amounting to ₱242.9 million and ₱263.6 million, respectively, are adequate for the latest current estimate of the Company's unexpired risk reserves (see Note 12).

Determining the Fair Value of AFS Investments. PFRS Accounting Standards requires that certain financial instruments be carried at fair value, which requires the use of accounting judgment and estimates. While significant components of fair value measurement are determined using verifiable objective evidence, the timing and amount of changes in fair value would differ with the valuation methodology used. Any change in the fair value of these financial instruments would directly affect the statements of comprehensive income and the statement of changes in equity.

The carrying amount of AFS investments measured at fair value amounted to ₱88.0 million and ₱101.8 million as at December 31, 2024 and 2023, respectively (see Note 6).

Assessing the Impairment Losses on AFS Investments. The Company treats AFS investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" and "prolonged" requires judgment. The Company treats "significant" generally as 20% or more of the original cost of investment, and "prolonged," as greater than six months. In addition, the Company evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows.

No impairment loss was recognized in 2024 and 2023. The carrying amount of AFS investments amounted to ₱88.0 million and ₱101.8 million as at December 31, 2024 and 2023, respectively (see Note 6).

Assessing the Impairment Losses on HTM Investments, Real Estate Mortgage Loans Receivable and Loans and Receivables. The Company determines impairment of HTM investments, real estate mortgage loans receivable and loans and receivables based on its evaluation of the presence of objective evidence of impairment which includes observable data that comes to the attention of the Company such as but not limited to significant financial difficulty of the counterparty of the probability that the borrower will enter bankruptcy or other financial re-organization. In addition to the individual impairment assessment, if an entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets and collectively assesses them for impairment which takes into consideration the credit risk characteristics such as borrower type, payment history and past due status.

No impairment loss was recognized on HTM investments, real estate mortgage loans receivable, and loans and receivables in 2024 and 2023.

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The carrying amount of HTM investments amounted to ₱418.1 million and ₱409.2 million as at December 31, 2024 and 2023, respectively. The carrying amount of real estate mortgage loans receivable amounted to ₱92.9 million and ₱121.7 million as at December 31, 2024 and 2023, respectively. The carrying amount of loans and receivable amounted to ₱50.8 million and ₱25.2 million as at December 31, 2024 and 2023, respectively (see Note 6).

Assessing the Impairment Insurance Receivables. At the end of each reporting period, the Company assesses the recoverability of insurance receivables based on facts and circumstances that indicate the asset may be impaired. Insurance receivables are impaired if there is objective evidence, as a result of an event that occurred after initial recognition that the Company may not receive all amounts due to it under the terms of the contract and that event has a reliably measurable impact on the amounts that the Company will receive.

Provision for impairment losses recognized on insurance receivables amounted to ₱21.7 million and ₱20.4 million in 2024 and 2023, respectively. Allowance for impairment losses amounted to ₱79.3 million and ₱57.6 million as at December 31, 2024 and 2023, respectively. The carrying amount of insurance receivables amounted to ₱201.9 million and ₱157.7 million as at December 31, 2024 and 2023, respectively (see Note 5).

Determining the Fair Value of Investment Properties. Investment properties are carried at fair value, which has been determined based on arm's length transactions as at the reporting period, as certified by an independent appraiser using income and market data approach.

The carrying amount of investment properties carried at fair value amounted to ₱292.9 million and ₱271.1 million as at December 31, 2024 and 2023, respectively (see Note 10).

Determining the Revalued Amount of Property and Equipment. The Company carries land and building at revalued amounts. The values of properties were arrived at by using market data approach. With this approach, the values of the properties are based on sales and listings of comparable properties registered in the vicinity.

The fair value of property and equipment carried at revalued amount amounted to ₱272.7 million and ₱242.5 million as at December 31, 2024 and 2023, respectively (see Note 11).

Estimating the Useful Lives of Depreciable Property and Equipment. The Company estimates the useful lives of its depreciable property and equipment based on the period over which the assets are expected to be available for use. The Company reviews annually the estimated useful lives of depreciable property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental changes and anticipated use of the depreciable property and equipment.

There was no change in the estimated useful lives of depreciable property and equipment in 2024 and 2023. The carrying amount of depreciable property and equipment at revalued amount and at cost amounted to ₱119.1 million and ₱109.4 million as at December 31, 2024, respectively, and ₱31.8 million and ₱39.6 million as at December 31, 2023, respectively (see Note 11).

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Assessing the Impairment Losses on Investment Properties and Property and Equipment. The Company assesses impairment on property and equipment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The factors that the Company considered important which could trigger an impairment review include the following:

- Significant changes or planned changes in the use of the assets;
- Significant under-performance of the business; and
- Significant negative industry or economic trends.

There were no impairment indicators on the Company's investment properties and property and equipment in 2024 and 2023. Accordingly, no impairment loss was recognized.

The carrying amount of investment properties amounted to ₱292.9 million and ₱271.1 million as at December 31, 2024 and 2023, respectively (see Note 10). The carrying amount of property and equipment amounted to ₱304.5 million and ₱282.1 million as at December 31, 2024 and 2023, respectively (see Note 11).

Determining the Net Retirement Benefit Liability and Retirement Benefit Expense. The determination of the net retirement benefit liability and retirement benefit expense is dependent on management's selection of certain assumptions used by actuaries in calculating such amounts.

The assumptions for determining retirement benefit expense are described in the Note 21 and include, among others, discount rate and expected rate of salary increase. Actual results that differ from certain assumptions are accumulated and are recognized as part of equity. While management believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in management assumptions may materially affect the retirement benefit liability.

Retirement benefit expense amounted to ₱2.6 million and ₱1.4 million in 2024 and 2023, respectively. Net retirement benefit liability amounted to ₱13.3 million and ₱9.9 million as at December 31, 2024 and 2023, respectively (see Note 21).

Assessing the Realizability of Deferred Tax Assets. The Company reviews the carrying amounts of deferred tax assets at each financial reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be utilized, based upon the likely timing and level of future taxable income together with future tax planning strategies.

The Company's gross deferred tax assets amounted to ₱25.5 million and ₱21.7 million as at December 31, 2024 and 2023 respectively (see Note 22).

Assessing Provisions and Evaluating Contingencies. Provisions can be distinguished from other liabilities because there is uncertainty about the timing and amount of settlement. The most common provisions recorded by the Company arise from obligations in relation to unasserted claims. Contingent liabilities of the Company are not recognized but disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

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Based on the assessment of the Company's management, ultimate outcome of unasserted claims and assessments will not have a material impact on the statements of financial position and statements of comprehensive income.

Outstanding provision for probable losses amounting to ₱6.5 million as at December 31, 2024 and 2023 is included under "Accounts and other payables" account (see Note 14).

4. Cash and Money Market Placements

Cash

This account consists of:

	2024	2023
Cash on hand	**₱6,646,179**	₱49,028,142
Cash in banks	**370,959,884**	407,980,211
	₱377,606,063	₱457,008,353

Cash on hand includes petty cash fund balance. Undeposited checks collection as at December 31, 2024 and 2023 included on cash on hand amounting to ₱6.6 million and ₱49.0 million, respectively, were subsequently deposited.

Cash in banks earns interest at the prevailing bank deposit rates.

Money Market Placements

The Company's money market placements consists of:

	2024	2023
Short-term placements	**₱374,711,067**	₱268,219,217
Long-term placements	**10,661,482**	10,431,167
	₱385,372,549	₱278,650,384

Short-term placements are money market placements with maturity of more than 90 days up to one year and earn interest ranging from 3.25% to 6.05% in 2024 and 3.25% and 6.00% in 2023. These are separately presented as "Short-term investments" under the current assets section of the statements of financial position.

Long-term money placements are money market placements with maturity periods beyond 12 months after the reporting date with interest rate of 3.25% in 2024 and 2023. These are separately presented as "Long-term investments" account under noncurrent assets section of the statements of financial position.

Interest income earned from cash and money market placements aggregated to ₱12.2 million and ₱10.9 million in 2024 and 2023, respectively (see Note 6).

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5. Insurance Receivables

This account consists of:

	Note	2024	2023
Premium receivables:			
Related parties	15	**₱152,681,741**	₱103,340,126
Third parties		**78,199,080**	76,980,535
Reinsurance recoverable on paid losses		**46,669,321**	31,437,459
Premiums due from ceding companies		**3,725,523**	3,546,877
		281,275,665	215,304,997
Less allowance for impairment losses		**(79,345,695)**	(57,633,567)
		₱201,929,970	₱157,671,430

Premium receivables arise from unpaid premiums from policyholders and intermediaries. Normal credit term of these receivables is 30 to 90 days.

Reinsurance recoverable on paid losses represents the share of reinsurance companies for the claims paid by the Company to the insured.

Premiums due from ceding companies are premiums receivable for assumed business from other insurance and reinsurance companies.

Movements in allowance for impairment losses on insurance receivables follow:

	Note	2024	2023
Balance at beginning of year		**₱57,633,567**	₱37,231,636
Provision for impairment losses	19	**21,712,128**	20,401,931
Balance at end of year		**₱79,345,695**	₱57,633,567

6. Financial Assets

This account consists of:

	Note	2024	2023
HTM investments		**₱418,078,307**	₱409,186,947
Real estate mortgage loans receivable	15	**92,857,143**	121,666,667
AFS investments		**87,953,507**	101,799,752
Loans and receivables		**50,836,280**	25,173,758
		₱649,725,237	₱657,827,124

<u>**HTM Investments**</u>

HTM investments are investments in government and corporate debt securities broken down as follows:

	2024	2023
Government debt securities	**₱363,808,307**	₱344,756,947
Corporate debt securities	**54,270,000**	64,430,000
	₱418,078,307	₱409,186,947

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HTM investments earn interest ranging from 3.4% to 8.0% per annum in 2024 and 2.4% to 8.0% per annum in 2023. Interest income earned from these investments amounted to ₱16.0 million and ₱13.9 million in 2024 and 2023, respectively.

Movements of the HTM investments are as follows:

	2024	2023
Balance at beginning of year	**₱409,186,947**	₱414,291,835
Additions	**144,655,033**	203,023,740
Maturities	**(137,000,000)**	(208,558,000)
Net discount amortization	**1,236,327**	429,372
Balance at end of year	**₱418,078,307**	₱409,186,947

The maturity profile of the HTM investments is as follows:

	2024	2023
Within one year	**₱155,495,592**	₱143,471,917
More than one year but not more than five years	**233,107,967**	235,560,630
More than five years	**29,474,748**	30,154,400
	₱418,078,307	₱409,186,947

As at December 31, 2024 and 2023, the Company has no HTM investments pledged as collateral.

In compliance with the capital investment requirement under Section 209 of the Amended Insurance Code, certain government debt securities earmarked as security for the benefit of policyholders and creditors of the Company are deposited with the Bureau of Treasury under the Registry of Scripless Securities system.

The minimum capital investment requirement amounted to ₱325.0 million as at December 31, 2024 and 2023 or twenty-five percent (25%) of the minimum net worth required under Section 194.

The carrying amount of these earmarked government debt securities, which are included under HTM investments accounts, aggregated to ₱362.9 million and ₱344.9 million as at December 31, 2024 and 2023, respectively.

Real Estate Mortgage Loans Receivable

On November 2022, the Company extended an interest-bearing loan to a related party collateralized by a parcel of land with an appraised value of ₱540.0 million. The loan is subject to interest of 5.0% and payable within five years with fixed quarterly loan repayment.

Movements in this account follows:

	Note	**2024**	2023
Balance at beginning of year		**₱121,666,667**	₱120,000,000
Loans granted		**165,000,000**	15,000,000
Collections		**(193,809,524)**	(13,333,333)
Balance at end of year	15	**₱92,857,143**	₱121,666,667

In 2024, a new addendum to the loan agreement was entered into for an additional loan amounting to ₱165.0 million which was collected on the same year.

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In 2023, the parties agreed to have an addendum on the original loan agreement entered in 2022 for an additional loan amounting to ₱15.0 million subject to the same terms and conditions of the original loan agreement.

Interest income from real estate mortgage loans receivable amounted to ₱9.7 million and ₱6.0 million in 2024 and 2023, respectively.

The maturity profile of the real estate mortgage loans receivable as at December 31 follows:

	2024	2023
Within one year	**₱30,952,381**	₱29,666,667
More than one year and not more than five years	**61,904,762**	92,000,000
	₱92,857,143	₱121,666,667

AFS Investments

AFS investments in equity securities follow:

	2024	2023
Quoted	**₱86,263,902**	₱100,110,147
At cost	**1,689,605**	1,689,605
	₱87,953,507	₱101,799,752

The fair value of AFS investments are based on published bidding prices from active markets which are categorized under Level 1 of the fair value hierarchy. Proprietary shares with no available published prices in active market are stated at cost.

Movements of the AFS investments are as follows:

	2024	2023
Cost		
Balance at beginning of year	**₱103,753,742**	₱102,380,162
Additions	**1,943,953**	2,018,642
Disposals	**(20,000,000)**	(645,062)
Balance at end of year	**85,697,695**	103,753,742
Cumulative Gain (Loss) on Fair Value Changes		
Balance at beginning of year	**(1,953,990)**	81,422
Unrealized gain (loss) on fair value changes	**4,209,802**	(1,833,306)
Realized gain on sale reclassified to profit or loss	**–**	(202,106)
Balance at end of year	**2,255,812**	(1,953,990)
Carrying Amount	**₱87,953,507**	₱101,799,752

The proceeds from disposal of AFS investment amounted to ₱20.0 million and ₱0.8 million in 2024 and 2023, respectively, resulting to gain on sale AFS investment amounting to nil and ₱0.2 million in 2024 and 2023, respectively (see Note 20).

Dividends earned from AFS investments amounted to ₱6.1 million and ₱5.3 million in 2024 and 2023, respectively.

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Loans and Receivables

Loans and receivables consist of:

	Note	2024	2023
Due from related parties	15	**₱45,853,871**	₱19,816,513
Accrued interest receivable		**3,719,391**	3,734,684
Others		**1,263,018**	1,622,561
		₱50,836,280	₱25,173,758

Investment Income

Investment income arises from the following:

	Note	2024	2023
Interest income on:			
HTM investments		**₱15,989,309**	₱13,912,179
Cash in banks and money placements	4	**12,185,331**	10,862,724
Real estate mortgage loan receivable		**9,724,299**	6,018,493
		37,898,939	30,793,396
Dividend income		**6,107,542**	5,299,434
Realized gain on sale of AFS investments reclassified to profit or loss		**–**	202,106
	20	**₱44,006,481**	₱36,294,936

7. Reinsurance Assets

This account consists of (see Note 12):

	2024	2023
Reinsurance recoverable on unpaid losses	**₱18,039,202**	₱7,510,945
Deferred reinsurance premiums	**15,286,855**	14,577,022
	₱33,326,057	₱22,087,967

8. Deferred Acquisition Costs and Deferred Reinsurance Commissions

Deferred Acquisition Costs

Movement in this account follows:

	2024	2023
Balance at beginning of year	**₱27,958,567**	₱22,097,653
Cost deferred	**48,207,089**	54,465,537
Commission expense	**(53,285,428)**	(48,604,623)
Balance at end of year	**₱22,880,228**	₱27,958,567

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Deferred Reinsurance Commissions
Movement in this account follows:

	Note	2024	2023
Balance at beginning of year		**₱3,086,622**	₱2,854,643
Income deferred		**5,960,554**	5,394,377
Commission income	20	**(6,037,720)**	(5,162,398)
Balance at end of year		**₱3,009,456**	₱3,086,622

9. Other Current Assets

This account consists of:

	2024	2023
Prepayments:		
Taxes	**₱6,544,978**	₱7,384,141
Insurance	**5,299,677**	4,773,459
Dues and subscriptions	**1,000**	–
Deferred input tax	**9,832,731**	18,388,167
Advances to suppliers	**9,368,518**	6,482,241
Security funds and deposits	**878,819**	878,817
Others	**480,000**	480,000
	₱32,405,723	₱38,386,825

Prepayments pertain to taxes, insurance, and dues and subscriptions paid in advance by the Company and will be applied in the following year.

Deferred input VAT pertains to input VAT arising from claims incurred which remain unpaid at the end of the year prior to the effectivity of the Ease of Paying Taxes (EoPT Law) on April 27, 2024.

Advances to suppliers are advance payments and deposits paid to suppliers for future services.

10. Investment Properties

Movements in the Company's investment properties pertaining to buildings held to earn rentals, carried at fair value, are as follow:

	Note	2024	2023
Cost			
Balance at beginning of year		**₱188,106,650**	₱180,619,830
Additions		**2,312,500**	7,486,820
Balance at end of year		**190,419,150**	188,106,650
Cumulative Gain on Fair Value Changes			
Balance at beginning of year		**82,956,903**	59,628,691
Fair value gain	20	**19,563,312**	23,328,212
Balance at end of year		**102,520,215**	82,956,903
Carrying Amount		**₱292,939,365**	₱271,063,553

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Rental income earned from investment properties amounted to ₱34.7 million and ₱33.7 million in 2024 and 2023, respectively (see Note 23).

Direct costs incurred related to the investment property mainly pertains to the real property taxes amounting to ₱0.3 million in 2024 and 2023.

The fair value of the buildings was determined by an independent property appraiser in 2024 and 2023. Approaches to determine the fair value of the buildings included Cost Approach, Income Approach and a combination of both. The inputs used to determine the market value of the investment property include location characteristics, size, shape and other physical characteristics. Accordingly, the fair value measurement used is classified as Level 3.

11. Property and Equipment

This account consists of:

	2024	2023
At revalued amount	**₱272,702,634**	₱242,504,947
At cost	**31,834,522**	39,587,057
	₱304,537,156	₱282,092,004

At Revalued Amount

Movements of property and equipment carried at revalued amount are as follows:

		2024	
	Land	**Building**	**Total**
Cost			
Balance at beginning of year	**₱133,120,000**	**₱151,659,058**	**₱284,779,058**
Revaluation increment	**20,480,000**	**8,967,659**	**29,447,659**
Additions	–	**4,583,884**	**4,583,884**
Balance at end of year	**153,600,000**	**165,210,601**	**318,810,601**
Accumulated Depreciation			
Balance at beginning of year	**–**	**42,274,111**	**42,274,111**
Depreciation	**–**	**3,833,856**	**3,833,856**
Balance at end of year	**–**	**46,107,967**	**46,107,967**
Carrying Amount	**₱153,600,000**	**₱119,102,634**	**₱272,702,634**

		2023	
	Land	Building	Total
Cost			
Balance at beginning of year	₱128,000,000	₱127,024,235	₱255,024,235
Additions	–	20,296,128	20,296,128
Revaluation increment	5,120,000	4,338,695	9,458,695
Balance at end of year	133,120,000	151,659,058	284,779,058
Accumulated Depreciation			
Balance at beginning of year	–	37,332,534	37,332,534
Depreciation	–	4,941,577	4,941,577
Balance at end of year	–	42,274,111	42,274,111
Carrying Amount	₱133,120,000	₱109,384,947	₱242,504,947

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The reconciliation of revaluation reserve for property and equipment is as follows:

	2024		
	Revaluation Reserve	**Deferred Tax Liability (see Note 22)**	**Net**
Balance at beginning of year	**₱167,542,353**	**₱41,885,588**	**₱125,656,765**
Revaluation increment	**29,447,659**	**7,276,747**	**22,170,912**
Transfer to retained earnings	**(3,138,011)**	**(699,334)**	**(2,438,677)**
Balance at end of year	**₱193,852,001**	**₱48,463,001**	**₱145,389,000**

	2023		
	Revaluation Reserve	Deferred Tax Liability (see Note 22)	Net
Balance at beginning of year	₱161,633,028	₱40,408,257	₱121,224,771
Revaluation increment	9,458,695	2,364,674	7,094,021
Transfer to retained earnings	(3,549,370)	(887,343)	(2,662,027)
Balance at end of year	₱167,542,353	₱41,885,588	₱125,656,765

The fair value of the parcels of land was determined by an independent property appraiser in 2024 and 2023. The inputs used to determine the market value of the parcels of land using the Market Value Approach include location characteristics, size, and average selling price per square meter. Accordingly, the fair value measurement used is classified as Level 3.

Description of key inputs to valuation of parcels of land follows:

Location	Significant unobservable inputs	Range (weighted average)
San Fernando City, Pampanga	Price per square meter	₱50,000 to ₱55,000 /sq.m.
	Value adjustments	10% to 25%

The significant unobservable inputs to fair valuation are as follows:

Average selling price per square meter: Estimated value prevailing in the real estate market depending on the location, area, shape and time element.

Value adjustments: Adjustments are made to bring the comparative values in approximation to the investment properties taking into account external factors (market conditions, competitiveness, economic condition/demand/growth, time element) and internal factors (location, size/shape/ terrain and development).

In valuing the parcels of land using market approach, records of recent sales and offerings of similar land are analyzed and comparisons were made for such factors as size, characteristic of the lot, location, quality and prospective use.

The fair value of the building under property and equipment amounted to ₱119.1 million and ₱109.4 million as at December 31, 2024 and 2023, respectively. The fair value is determined based on current replacement cost, by an independent property appraiser as at December 31, 2024 and 2023. The inputs used to determine the current replacement cost is derived from building cost estimates. Accordingly, the fair value measurement used for buildings is classified as Level 3.

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If land and building were carried at cost less accumulated depreciation, the amounts would be as follows:

	2024	2023
Cost	**₱121,820,588**	₱117,236,705
Accumulated depreciation	**(42,969,955)**	(42,274,111)
Carrying amount	**₱78,850,633**	₱74,962,594

At Cost

Movements of property and equipment carried at cost are as follows:

	2024				
	ROU Assets (Note 23)	**Office Furniture and Equipment**	**Transportation Equipment**	**Leasehold Improvements**	**Total**
Cost					
Balance at beginning of year	**₱46,086,873**	**₱67,268,013**	**₱14,057,923**	**₱265,810**	**₱127,678,619**
Additions	**–**	**1,195,400**	**868,967**	**–**	**2,064,367**
Disposals	**–**	**–**	**(3,108,330)**	**–**	**(3,108,330)**
Balance at end of year	**46,086,873**	**68,463,413**	**11,818,560**	**265,810**	**126,634,656**
Accumulated Depreciation					
Balance at beginning of year	**18,132,540**	**59,239,152**	**10,454,060**	**265,810**	**88,091,562**
Depreciation	**4,533,135**	**3,387,362**	**1,192,485**	**–**	**9,112,982**
Disposals	**–**	**–**	**(2,404,410)**	**–**	**(2,404,410)**
Balance at end of year	**22,665,675**	**62,626,514**	**9,242,135**	**265,810**	**94,800,134**
Carrying Amount	**₱23,421,198**	**₱5,836,899**	**₱2,576,425**	**₱–**	**₱31,834,522**

	2023				
	ROU Assets (Note 23)	Office Furniture and Equipment	Transportation Equipment	Leasehold Improvements	Total
Cost					
Balance at beginning of year	₱46,086,873	₱65,444,631	₱14,469,330	₱265,810	₱126,266,644
Additions	–	1,823,382	1,362,091	–	3,185,473
Transfer out to related party	–	–	(1,773,498)	–	(1,773,498)
Balance at end of year	46,086,873	67,268,013	14,057,923	265,810	127,678,619
Accumulated Depreciation					
Balance at beginning of year	13,599,405	58,126,830	9,966,062	265,810	81,958,107
Depreciation	4,533,135	1,112,322	1,595,648	–	7,241,105
Transfer out to related party	–	–	(1,107,650)	–	(1,107,650)
Balance at end of year	18,132,540	59,239,152	10,454,060	265,810	88,091,562
Carrying Amount	₱27,954,333	₱8,028,861	₱3,603,863	₱–	₱39,587,057

In 2024, the Company sold and disposed transportation equipment with carrying amount aggregating to ₱0.7 million for ₱1.3 million. This resulted to a gain on sale of property and equipment presented under "Other Income - Net" account amounting to ₱0.6 million in 2024 (see Note 20).

In 2023, the Company and a related party transferred certain property and equipment with a carrying amount of ₱0.7 million (see Note 15).

Depreciation and amortization consist of the following:

	Note	**2024**	2023
At cost		**₱9,112,982**	₱7,241,105
At revalued amount		**3,833,856**	4,941,577
	19	**₱12,946,838**	₱12,182,682

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The cost of fully depreciated property and equipment still being used in operations amounted to ₱56.1 million and ₱57.3 million as at December 31, 2024 and 2023, respectively.

12. Insurance Contract Liabilities

Insurance contract liabilities consist of:

	2024		
	Insurance Contract Liabilities	**Reinsurers' Share of Liabilities (see Note 7)**	**Net**
Provision for claims reported	**₱260,648,720**	**₱12,605,426**	**₱248,043,294**
Provision for IBNR	**10,384,705**	**5,433,776**	**4,950,929**
Outstanding claims provision	**271,033,425**	**18,039,202**	**252,994,223**
Provision for unearned premiums	**242,945,379**	**15,286,855**	**227,658,524**
	₱513,978,804	**₱33,326,057**	**₱480,652,747**

	2023		
	Insurance Contract Liabilities	Reinsurers' Share of Liabilities (see Note 7)	Net
Provision for claims reported	₱183,041,445	₱1,643,221	₱181,398,224
Provision for IBNR	14,551,207	5,867,724	8,683,483
Outstanding claims provision	197,592,652	7,510,945	190,081,707
Provision for unearned premiums	263,591,573	14,577,022	249,014,551
	₱461,184,225	₱22,087,967	₱439,096,258

Movements of outstanding claims provision follow:

		2024		
	Note	**Insurance Contract Liabilities**	**Reinsurers' Share of Liabilities**	**Net**
Balance at beginning of year		**₱197,592,652**	**₱7,510,945**	**₱190,081,707**
Claims incurred		**302,242,207**	**30,271,002**	**271,971,205**
Claims paid, net of recoveries	18	**(224,634,932)**	**(19,308,797)**	**(205,326,135)**
Increase (decrease) in IBNR	18	**(4,166,502)**	**(433,948)**	**(3,732,554)**
Balance at end of year		**₱271,033,425**	**₱18,039,202**	**₱252,994,223**

		2023		
	Note	Insurance Contract Liabilities	Reinsurers' Share of Liabilities	Net
Balance at beginning of year		₱84,108,385	₱4,359,631	₱79,748,754
Claims incurred during the year		300,742,105	25,973,086	274,769,019
Claims paid, net of recoveries	18	(178,837,498)	(25,210,615)	(153,626,883)
Increase (decrease) in IBNR	18	(8,420,340)	2,388,843	(10,809,183)
Balance at end of year		₱197,592,652	₱7,510,945	₱190,081,707

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Losses and claims payable settled by related parties on behalf of the Company amounted to ₱41.7 million and ₱103.7 million as at December 31, 2024 and 2023, respectively (see Note 15).

Movements of provision for unearned premiums follow:

		2024		
	Note	**Insurance Contract Liabilities**	**Reinsurers' Share of Liabilities**	**Net**
Balance at beginning of year		**₱263,591,573**	**₱14,577,022**	**₱249,014,551**
Premiums written during the year	17	**467,353,272**	**30,649,993**	**436,703,279**
Premiums earned during the year	17	**(487,999,466)**	**(29,940,160)**	**(458,059,306)**
Balance at end of year		**₱242,945,379**	**₱15,286,855**	**₱227,658,524**

		2023		
	Note	Insurance Contract Liabilities	Reinsurers' Share of Liabilities	Net
Balance at beginning of year		₱248,915,028	₱12,528,933	₱236,386,095
Premiums written during the year	17	490,476,454	24,811,386	465,665,068
Premiums earned during the year	17	(475,799,909)	(22,763,297)	(453,036,612)
Balance at end of year		₱263,591,573	₱14,577,022	₱249,014,551

13. Premiums Due to Reinsurers

Premiums due to reinsurers pertains to premiums ceded to reinsurers under the Company's reinsurance contracts. This amounted to ₱4.6 million and ₱3.5 million as at December 31, 2024 and 2023, respectively.

14. Accounts and Other Payables

This account consists of:

	Note	**2024**	2023
Accounts payable		**₱10,235,509**	₱9,974,327
Statutory payables		**36,920,569**	45,404,641
Premium deposits		**25,405,911**	12,163,990
Commissions payable:			
Related parties	15	**14,295,093**	13,519,325
Third parties		**–**	484,314
Due to related parties	15	**7,923,719**	7,005,700
Accrued expenses		**3,858,739**	2,897,917
Others		**6,551,274**	11,457,108
		₱105,190,814	₱102,907,322

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Accounts payable pertain to amounts due to suppliers, reinsurers, employees and individuals arising from non-insurance transactions. These are normally settled within one year after the reporting date.

Statutory payables consist of government contributions and withholding, premium and fire service tax payable which are normally settled within the subsequent month. These payables also consist of deferred output taxes which are settled upon collection of premium receivables.

Premium deposits pertain to collections from policyholders which are subsequently applied against receivables and collections from canceled subscriptions which will be refunded to policyholders.

Commissions payable pertain to amounts due to affiliates and agents arising from sale of insurance premiums.

Accrued expenses consist of unpaid utilities, rent, transportation and travel, employee incentives and bonuses. These are normally settled within one year after the reporting date.

Other payables include provision for unasserted claims and assessments set-up by the Company amounting to ₱6.5 million. Pursuant to Section 92 of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, any information that are expected to seriously prejudice the position of an entity, subject of the provision need not be disclosed.

15. Related Party Transactions

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

			Amount of Transactions		Outstanding Balance	
Relationship	Nature of transactions	Note	**2024**	2023	**2024**	2023
Entities under common control	Premiums receivable	5	**₱220,943,685**	₱269,165,311	**₱152,681,741**	₱103,340,126
	Real estate mortgage loans receivable	6	**₱165,000,000**	₱15,000,000	**₱92,857,143**	₱121,666,667
	Due from related parties:					
	Premiums collected		**₱35,600,944**	₱40,229,273	**₱27,439,024**	₱17,197,779
	Rent		**34,044,198**	33,033,663	**17,330,324**	263,106
	Transfer of property and equipment at carrying amount	11	**703,921**	665,848	**231,000**	665,848
	Others		**9,724,299**	11,918,899	**853,523**	1,689,780
		6			**₱45,853,871**	₱19,816,513
	Losses and claims payable	12	**₱80,223,062**	₱157,614,065	**₱41,671,865**	₱103,658,539
	Commission payable	14	**₱31,608,348**	₱52,935,033	**₱14,295,093**	₱13,519,325
	Due to related parties:					
	Working capital advances	14	**₱39,826,882**	₱31,931,797	**₱6,232,903**	₱7,005,700
	Transfer of retirement liability	22	**1,690,816**		**1,690,816**	–
					₱7,923,719	₱7,005,700

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Outstanding balances as at year-end are unsecured, noninterest-bearing, and payable and collectible within normal credit terms or on demand and are normally settled in cash. The Company did not recognize any impairment loss on outstanding related party receivables in 2024 and 2023. The assessment is undertaken each financial year by examining the financial position of related parties and the market in which they operate.

Compensation of Key Management Personnel

The aggregate compensation of key management personnel of the Company pertains to short-term benefits amounting to ₱14.7 million and ₱11.8 million in 2024 and 2023, respectively.

16. Equity

Capital Stock

Details and movements in the Company's authorized, issued and outstanding capital stock follow:

	2024		2023	
	No. of Shares	**Amount**	No. of Shares	Amount
Authorized - ₱1,000.0 par value	**500,000**	**₱500,000,000**	500,000	₱500,000,000
Issued and outstanding				
Balance at beginning of year	**311,000**	**₱311,000,000**	311,000	₱311,000,000
Issuance of shares from contingency surplus	**140,000**	**140,000,000**	–	–
Balance at end of year	**451,000**	**₱451,000,000**	311,000	₱311,000,000

Contingency Surplus

Contingency surplus is received from the Company's stockholders to cover any deficiency in the Company's net worth.

Movements on this account are as follows:

	2024	2023
Balance at beginning of year	**₱349,000,000**	₱349,000,000
Conversion to capital stock	**(140,000,000)**	–
Returns of contingency surplus	**(20,000,000)**	–
Balance at end of year	**₱189,000,000**	₱349,000,000

On January 8, 2024, the BOD approved the conversion of the Company's contingency surplus to capital stock for 140,000 common shares at ₱1,000 par value per share amounting to ₱140.0 million. On the same date, the BOD approved the return of the Company's contingency surplus to shareholders amounting to ₱20.0 million.

Retained Earnings

Under the Revised Corporation Code of the Philippines, stock corporations are generally prohibited from retaining surplus profits in excess of 100% of their paid up capital.

As at December 31, 2024 and 2023, the Company's retained earnings amounting to ₱793.0 million and ₱745.1 million, respectively, is in excess of its paid-up capital. The retention of excess retained earnings is mainly due to the requirements of the IC for minimum statutory net worth for which the Company has to comply with (see Note 24).

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17. Net Premiums Earned on Insurance Contracts

Gross premiums earned on insurance contracts follow:

	Note	2024	2023
Gross premiums on insurance contracts:			
Direct insurance		**₱463,156,551**	₱486,902,159
Assumed reinsurance		**4,196,721**	3,574,295
Total gross premium on insurance contracts	12	**467,353,272**	490,476,454
Gross change in provision for unearned premiums		**20,646,194**	(14,676,545)
Gross premiums earned	12	**₱487,999,466**	₱475,799,909

Reinsurers' share of gross premiums earned on insurance contracts follow:

	Note	2024	2023
Reinsurers' share of gross premiums on direct insurance contracts	12	**₱30,649,993**	₱24,811,386
Reinsurers' share of gross change in provision for unearned premiums		**(709,833)**	(2,048,089)
Reinsurers' share of gross premiums earned	12	**₱29,940,160**	₱22,763,297

18. Net Insurance Benefits and Claims

This account consists of:

	2024	2023
Gross benefits and claims on insurance contracts	**₱298,075,705**	₱292,321,765
Reinsurers' share of benefits and claims on insurance contracts	**(29,837,054)**	(28,361,929)
Net insurance benefits and claims	**₱268,238,651**	₱263,959,836

Gross benefits and claims on insurance contracts consist of the following:

	Note	2024	2023
Insurance contract benefits and claims paid	12	**₱224,634,932**	₱178,837,498
Gross change in:			
Provision for claims reported		**77,607,275**	121,904,607
Provision for IBNR	12	**(4,166,502)**	(8,420,340)
Gross benefits and claims on insurance contracts		**₱298,075,705**	₱292,321,765

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Reinsurers' share of benefits and claims on insurance contracts:

		2024	2023
Reinsurers' share of benefits and claims on insurance contracts	12	**₱19,308,797**	₱25,210,615
Reinsurers' share of gross change in:			
Provision for claims reported		**10,962,205**	762,471
Provision for IBNR	12	**(433,948)**	2,388,843
Reinsurer's share of benefits and claims on insurance contracts		**₱29,837,054**	₱28,361,929

19. Operating Expenses

This account consists of:

	Note	**2024**	2023
Personnel costs		**₱37,573,766**	₱31,536,796
Outside services		**28,658,869**	23,274,551
Insurance		**22,510,702**	16,126,264
Provision for impairment losses on insurance receivables	5	**21,712,128**	20,401,931
Depreciation and amortization	11	**12,946,838**	12,182,682
Fuel, light and water		**9,134,557**	11,499,343
Advertising and promotions		**6,533,402**	6,437,583
Software fees		**6,018,000**	–
Professional fees		**5,186,258**	2,460,027
Repairs and maintenance		**4,746,019**	4,726,247
Taxes and license fees		**4,653,340**	4,192,029
Entertainment, amusement and recreation		**3,899,727**	495,395
Communication		**3,682,209**	3,480,423
Association dues		**2,787,835**	585,997
Bank charges		**2,349,737**	2,132,413
Supplies		**2,254,109**	2,238,088
Transportation		**1,943,698**	1,282,398
Rent	23	**1,280,544**	1,155,564
Employee welfare		**1,234,251**	990,969
Service fees		**399,141**	294,036
Others		**8,127,654**	992,870
		₱187,632,784	₱146,485,606

Personnel costs consist of:

	Note	**2024**	2023
Salaries, wages and other employee benefits		**₱34,971,774**	₱30,110,483
Retirement benefit expense	21	**2,601,992**	1,406,456
		₱37,573,766	₱31,516,939

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20. **Other Income** - Net

This account consists of:

	Note	**2024**	2023
Investment income	6	**₱44,006,481**	₱36,294,936
Rent income	23	**34,672,806**	33,662,270
Fair value gain on investment properties	10	**19,563,312**	23,328,212
Commission income	8	**6,037,720**	5,162,398
Gain on sale of:			
Property and equipment	11	**583,031**	–
AFS investments		**–**	202,106
Unrealized foreign exchange gain (loss)		**54,745**	(329,480)
Others		**792,680**	2,010,547
		₱105,710,775	₱100,330,989

21. **Retirement Benefits**

The Company has a funded, noncontributory and defined benefit retirement plan for its qualified employees. The benefits are based on the years of service and percentage of latest monthly salary. The latest actuarial valuation for the period ended December 31, 2024 and 2023 is as at April 2, 2025.

Retirement benefit expense recognized in the statements of comprehensive income and presented in "Personnel costs" account under "Operating expenses" consists of (see Note 19):

	2024	2023
Current service cost	**₱2,010,868**	₱849,349
Net interest cost	**591,124**	557,107
	₱2,601,992	₱1,406,456

Net retirement benefit liability recognized in the statements of financial position is as follows:

	2024	2023
Present value of defined benefits obligation	**₱13,718,604**	₱10,243,230
Fair value of retirement plan assets	**393,697**	355,570
	₱13,324,907	₱9,887,660

Changes in present value of defined benefits obligation are as follows:

	2024	2023
Balance at beginning of year	**₱10,243,230**	₱8,028,142
Current service cost	**2,010,868**	849,349
Interest cost	**613,027**	587,182
Remeasurement gain on defined benefits obligation		
Experience adjustments	**2,985,200**	(647,525)
Changes in financial assumptions	**120,700**	1,426,082
Net released obligation due to employee transfers	**(2,254,421)**	–
Balance at end of year	**₱13,718,604**	₱10,243,230

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In 2024, the Company transferred some of its employees to a related party with no break in service for the employees. As a result, the Company also transferred portion of the present value of defined benefits obligation amounting to ₱1.7 million, net of related deferred tax amounting to ₱0.6 million (see Note 15).

Changes in fair value of retirement plan assets are as follows:

	2024	2023
Balance at beginning of year	**₱355,570**	₱448,454
Interest income	**21,903**	30,075
Remeasurement gain (loss) on plan assets	**16,224**	(122,959)
Balance at end of year	**₱393,697**	₱355,570

The cumulative remeasurement gain (loss) on net retirement benefit liability recognized in OCI as at December 31 follows:

	2024		
	Cumulative Remeasurement Gain (Loss)	**Deferred Tax**	**Net**
Balance at beginning of year	**₱1,059,117**	**₱264,779**	**₱794,338**
Remeasurement loss	**(3,089,676)**	**(772,419)**	**(2,317,257)**
Balance at end of year	**(₱2,030,559)**	**(₱507,640)**	**(₱1,522,919)**

	2023		
	Cumulative Remeasurement Gain (Loss)	Deferred Tax	Net
Balance at beginning of year	₱1,960,633	₱490,158	₱1,470,475
Remeasurement loss	(901,516)	(225,379)	(676,137)
Balance at end of year	₱1,059,117	₱264,779	₱794,338

The principal assumptions used to determine the net retirement benefit liability in 2024 and 2023 are as follows:

	2024	2023
Discount rates	**6.08%**	6.16%
Salary increase rate	**5.00%**	5.00%

Sensitivity analysis based on reasonably possible changes of the assumptions on net retirement benefit liability as at December 31, 2024 are as follows:

	Change in Assumption	Effect on Net Retirement Benefit Liability	Present Value of Net Retirement Benefit Liability
Discount rate	+1.0%	(₱1,170,847)	₱12,154,060
	-1.0%	2,281,349	15,606,256
Salary increase rate	+1.0%	2,345,653	15,670,560
	-1.0%	(1,249,368)	12,075,539

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The schedule below presents a projection of benefit payments expected to be paid out of the retirement fund in 2024 and 2023

Period	**2024**	2023
Between one to five years	**₱4,441,531**	₱3,070,686
Between five and 10 years	**5,103,804**	3,078,159
Between 10 to 15 years	**11,826,728**	4,237,589
Between 15 to 20 years	**28,537,381**	24,350,411
Over 20 years	**110,501,122**	78,060,761
	₱160,410,566	₱112,797,606

The weighted average duration of the net retirement benefit liability is 19.9 years.

The plan exposes the Company to the following risks:

- *Salary risk* - any increase in the retirement plan participants' salary will increase the retirement plan's liability.

- *Longevity risk* - any increase in the plan participants' life expectancy will increase the retirement plan's liability.

- *Interest rate risk* - a decrease in the bond interest rate will increase the present value of the retirement benefit liability. However, partially counterbalanced by an increase in the return on the plan assets.

- *Investment risk* - if the actual return on plan assets is below the discount rate used in calculating the present value of the retirement benefit liability, a plan deficit will arise. However, the compositions of plan assets are balanced enough not to expose the Company to significant concentrations of investment risk.

22. Income Taxes

Under the "Corporate Recovery and Tax Incentives for Enterprises" (CREATE) Act which took effect on July 1, 2020, the regular corporate income tax of domestic corporations is 25% or 20% depending on the amount of total assets or total amount of taxable income while MCIT is computed at 1% of gross income for a period of three years up to June 30, 2023 and reverted to 2% effective July 1, 2023.

The income tax rates used in preparing the financial statements are 25% for RCIT in 2024 and 2023, and 2% for MCIT in 2024 and 1.5% for MCIT in 2023. The Company's provision for current tax pertains to RCIT in 2024 and 2023.

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The Company's net deferred tax liabilities relate to the tax effect of the following temporary differences:

	Note	2024	2023
Deferred tax liabilities on:			
Revaluation of property and equipment carried at revalued amount	11	**₱48,463,001**	₱41,885,588
Fair value gain on investment properties		**25,630,054**	20,739,226
Accumulated depreciation for investment property		**3,319,371**	2,590,550
Unrealized foreign exchange gain		**13,686**	–
		77,426,112	65,215,364
Deferred tax assets on:			
Allowance for impairment losses on receivables		**19,836,424**	14,408,392
Net retirement benefit liability		**3,331,227**	2,471,915
Provision for IBNR losses		**1,237,732**	3,637,802
Excess of lease liability over ROU asset		**1,095,019**	1,057,789
Unrealized foreign exchange loss		**–**	82,370
		25,500,402	21,658,268
Net deferred tax liabilities		**₱51,925,710**	₱43,557,096

The movement of net deferred tax liabilities are as follows:

	Note	2024	2023
In profit or loss		**₱1,300,679**	₱2,190,694
In OCI:			
Revaluation increment for property and equipment	11	**7,276,747**	2,364,674
Remeasurement gain (loss) on net retirement benefit liability	21	**(772,419)**	(225,379)
Impact of transfer of net retirement benefit liability	21	**563,607**	–
		₱8,368,614	₱4,329,989

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

	2024	2023
Provision for income tax at statutory income tax rate	**₱13,300,359**	₱23,176,530
Income tax effects of:		
Interest income already subjected to final tax	**(7,043,660)**	(6,193,726)
Nondeductible expenses	**3,561,053**	66,813
Dividend income exempt from income tax	**(1,526,886)**	(1,324,859)
Transfers of net retirement benefit liability	**(563,607)**	–
Realized gain on sale of AFS investments	**–**	(50,527)
	₱7,727,259	₱15,674,231

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23. **Operating Lease Commitments**

Operating Lease Commitments - The Company as a Lessor

The Company, as a lessor, has entered into several operating lease agreements with related parties covering office spaces for various periods ranging between one to five years, renewable upon mutual consent of both parties.

Rental income earned by the Company amounted to ₱34.7 million and ₱33.7 million in 2024 and 2023, respectively (see Note 20). These amounts are presented under “Other income - net” account in the statements of comprehensive income.

By the end of 2024, certain lease agreements expired which were subsequently renewed in 2025.

Future minimum rental receivables in 2024 and 2023 under the said lease agreements are as follows:

	2024	2023
Within one year	**₱13,520,094**	₱38,559,938
After one year but not more than five years	**31,999,388**	35,256,063
More than five years	**–**	17,328,656
	₱45,519,482	₱91,144,657

Operating Lease Commitments - The Company as a Lessee

The Company, as a lessee, has entered into operating lease agreements for the land where its newly-constructed building is located and several of its branch offices with varying terms ranging between one to ten years with and escalation rate of 5% every three years. The leases are renewable under certain terms and conditions.

The ROU asset and lease liability are measured at the present value of lease payments to be made over the lease term using the Company’s incremental borrowing rate of 4.68% at adoption date.

Movements in ROU asset follows:

	Note	**2024**	2023
Balance at beginning of year		**₱27,954,333**	₱32,487,468
Depreciation	11	**(4,533,135)**	(4,533,135)
Carrying amount	11	**₱23,421,198**	₱27,954,333

Movements in lease liability follows:

	2024	2023
Balance as at beginning of year	**₱32,185,490**	₱36,324,073
Interest expense	**1,411,783**	1,611,417
Payments	**(5,796,000)**	(5,750,000)
Balance at end of year	**27,801,273**	32,185,490
Current portion	**(4,593,667)**	(4,384,217)
Noncurrent portion	**₱23,207,606**	₱27,801,273

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Lease-related accounts recognized in the statements of comprehensive income are as follows:

	Note	2024	2023
Depreciation of ROU asset	11	**₱4,533,135**	₱4,533,135
Interest expense on lease liability		**1,411,783**	1,611,417
Rent expense on short term leases	19	**1,280,544**	1,155,564
		₱7,225,462	₱7,300,116

Rent expense for short-term operating lease agreements with third party lessors for its branch offices are recognized as on a straight-line basis over the lease term.

Future minimum payments on lease liability follows:

	2024	2023
Within one year	**₱4,593,667**	₱4,384,217
After one year but not more than five years	**23,207,606**	20,610,003
More than five years	**–**	7,191,270
	₱27,801,273	₱32,185,490

24. **Insurance and Financial Risk Management Objectives and Capital Management**

Insurance Risk

The risk under an insurance contract is the risk that an insured event will occur, including the uncertainty of the amount and timing of any resulting claim. The principal risk the Company faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This is influenced by the frequency of claims, severity of claims, when actual benefits paid are greater than originally estimated and subsequent development of long-term claims.

Concentration of Insurance Risk. The following tables set out the concentration of the claims liabilities by the type of contract as of December 31.

	2024		
	Insurance Contract Liabilities	**Reinsurers' Share of Liabilities**	**Net**
Motor	**₱252,883,379**	**₱5,164,426**	**₱247,718,953**
Fire	**10,481,242**	**7,833,835**	**2,647,407**
Engineering	**7,293,455**	**4,908,765**	**2,384,690**
Accident	**166,367**	**55,453**	**110,914**
Marine	**95,649**	**44,866**	**50,783**
Others	**113,333**	**31,857**	**81,476**
	₱271,033,425	**₱18,039,202**	**₱252,994,223**

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	2023		
	Insurance Contract Liabilities	Reinsurers' Share of Liabilities	Net
Motor	₱182,398,192	₱468,140	₱181,930,052
Engineering	8,367,331	6,749,856	1,617,475
Fire	6,310,306	169,268	6,141,038
Accident	312,514	82,596	229,918
Marine	73,487	39,632	33,855
Others	130,822	1,453	129,369
	₱197,592,652	₱7,510,945	₱190,081,707

For general insurance contracts, the most significant risks which arise from motor are car accidents, carnapping, weather disturbances, natural disasters, and terrorist activities. These risks vary significantly in relation to the location of the risk insured by the Company and the types of risks insured.

The variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diverse portfolio is less likely to be affected by across the board changes in any subset of the portfolio.

The variability of risks is also improved by careful selection and implementation of underwriting strategies, strict claims review policies to assess all new and ongoing claims, as well as the investigation of possible fraudulent claims. The Company also enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can impact the Company negatively.

The Company has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements. The purpose of these underwriting and insurance strategies is to limit exposure to catastrophes to a predetermined maximum amount based on the Company's premiums retained.

The majority of reinsurance business ceded is placed on a surplus and excess-of-loss basis with retention limits varying by the product line and territory. Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for ascertaining the underlying policy benefits and are presented in the statements of financial position as reinsurance assets.

Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders. Thus, a credit exposure exists with respect to the reinsurance ceded to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon a single reinsurance contract. There is no single counterparty exposure that exceeds 5% of the total reinsurance assets at the reporting date.

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

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

Financial Risk Management Objectives

The Company's principal financial instruments consist of cash, short-term investments, long-term investments, real estate mortgage loans receivable, HTM investments and AFS investments. The Company also has various other financial assets and liabilities such as loans and receivables, accounts and other payables (excluding statutory liabilities) and lease liability which arise directly from its operations. Financial assets arise from the Company's investing activities. The Company also has insurance assets and liabilities such as insurance receivables, provision for claims reported (included under "Insurance contract liabilities" account) and premiums due to reinsurers which are subject to financial risk.

The main risks arising from the Company's financial instruments and insurance assets and liabilities are credit risk, liquidity risk and equity price risk. The Company's BOD and management review and approve the policies for managing each of the risks summarized below.

Credit Risk. Credit risk is a risk that the Company will incur financial loss when its counterparties fail to discharge their contractual obligations. The Company deals with reputable banks to limit this risk.

The table below shows the credit risk exposure of the Company's financial assets and insurance assets as at December 31, 2024 and 2023.

	2024	2023
Financial assets:		
Cash in banks	**₱370,959,884**	₱407,980,211
Short-term investments	**374,711,067**	268,219,217
Long-term investments	**10,661,482**	10,431,167
HTM investments	**418,078,307**	409,186,947
Real estate mortgage loans receivable	**92,857,143**	121,666,667
Loans and receivables	**50,836,280**	25,173,758
Insurance assets:		
Insurance receivables	**201,929,970**	157,671,430
	₱1,520,034,133	₱1,400,329,397

The tables below show the credit quality of financial assets as at December 31, 2024 and 2023.

	2024							
	Neither past due or impaired			Past due but not impaired				
	High Grade	Substandard Grade	Standard Grade	Over 30 Days	Over 90 Days	Over 180 Days	Impaired	Total
Financial assets:								
Cash in banks	₱370,959,884	₱–	₱–	₱–	₱–	₱–	₱–	₱370,959,884
Short-term investments	374,711,067	–	–	–	–	–	–	374,711,067
Long-term investments	10,661,482	–	–	–	–	–	–	10,661,482
HTM investments	418,078,307	–	–	–	–	–	–	418,078,307
Real estate mortgage loans receivable	92,857,143	–	–	–	–	–	–	92,857,143
Loans and receivables	–	50,836,280	–	–	–	–	–	50,836,280
Insurance assets:								
Insurance receivables	–	201,929,970	–	–	–	–	79,345,695	281,275,665
	₱1,267,267,883	₱252,766,250	₱–	₱–	₱–	₱–	₱79,345,695	₱1,599,379,828

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	2023							
	Neither past due or impaired			Past due but not impaired				
	High Grade	Substandard Grade	Standard Grade	Over 30 Days	Over 90 Days	Over 180 Days	Impaired	Total
Financial assets:								
Cash in banks	₱407,980,211	₱–	₱–	₱–	₱–	₱–	₱–	₱407,980,211
Short-term investments	268,219,217	–	–	–	–	–	–	268,219,217
Long-term investments	10,431,167	–	–	–	–	–	–	10,431,167
Real estate mortgage loans receivable	121,666,667	–	–	–	–	–	–	121,666,667
HTM investments	409,186,947	–	–	–	–	–	–	409,186,947
Loans and receivables	–	25,173,758	–	–	–	–	–	25,173,758
Insurance assets:								
Insurance receivables	–	157,671,430	–	–	–	–	57,633,567	215,304,997
	₱1,217,484,209	₱182,845,188	₱–	₱–	₱–	₱–	₱57,633,567	₱1,457,962,964

Cash in banks, short-term and long-term investments and real estate mortgage loan receivable are classified as high grade since these are deposited in reputable banks or loaned to a related party with good credit rating and low probability of insolvency.

HTM and AFS investments are assessed as high grade since these include investment in government treasury bonds and investment in equity securities of companies having good financial condition and operating in an industry which has potential growth.

High grade receivables pertain to those receivables from counterparties that consistently pay before the maturity date. Standard grade includes receivables that are collected on their due dates even without an effort from the Company to follow them up while receivables which are collected on their due dates provided that the Company made a persistent effort to collect them are included under substandard grade receivables.

The Company has concentration of credit risk with respect to premium receivables with its related parties. Outstanding premium receivables from related parties amounted to ₱152.7 million and ₱103.3 million as at December 31, 2024 and 2023, respectively. These related parties are engaged in the business of car dealerships.

Management assessed that concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Liquidity Risk. Liquidity risk arises from the possibility that the Company may encounter difficulties in raising funds to meet commitments from financial liabilities and insurance liabilities.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated funds. The Company manages its liquid funds through cash planning, using historical figures and experiences as well as reasonable forecasts for its collections and disbursements.

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The tables below summarize the maturity profile of the Company's financial liabilities and insurance liabilities as at December 31 based on contractual undiscounted payments:

	2024				
	Within 1 Year	**1 to 3 Years**	**>3 to 5 Years**	**Over 5 Years**	**Total**
Financial liabilities:					
Accounts and other payables*	**₱68,270,245**	**₱–**	**₱–**	**₱–**	**₱68,270,245**
Lease liability**	**5,796,000**	**12,123,300**	**12,425,175**	**1,065,015**	**31,409,490**
Insurance liabilities:					
Provision for claims reported***	**260,648,720**	**–**	**–**	**–**	**260,648,720**
Premiums due to reinsurers	**4,567,463**	**–**	**–**	**–**	**4,567,463**
	₱339,282,428	**₱12,123,300**	**₱12,425,175**	**₱1,065,015**	**₱364,895,918**

** Excluding statutory payables amounting to ₱36.9 million as at December 31, 2024.*
*** Including future interest payments amounting to ₱3.6 million as at December 31, 2024.*
**** Included under "Insurance contract liabilities" account*

	2023				
	Within 1 Year	1 to 3 Years	>3 to 5 Years	Over 5 Years	Total
Financial liabilities:					
Accounts and other payables*	₱57,504,556	₱–	₱–	₱–	₱57,504,556
Lease liability**	5,796,000	11,833,500	12,171,600	7,404,390	37,205,490
Insurance liabilities:					
Provision for claims reported***	183,041,445	–	–	–	183,041,445
Premiums due to reinsurers	3,519,360	–	–	–	3,519,360
	₱249,861,361	₱11,833,500	₱12,171,600	₱7,404,390	₱281,270,851

** Excluding statutory payables amounting to ₱45.4 million as at December 31, 2023.*
*** Including future interest payments amounting to ₱5.0 million as at December 31, 2023.*
**** Included under "Insurance contract liabilities" account*

Equity Price Risk. The Company's price risk exposure at year-end relates to financial instruments whose values will fluctuate as a result of changes in market prices, principally, AFS investments. Such investment securities are subject to price risk due to changes in market values of instruments arising either from factor specific to individual instruments or their issuers or factors affecting all instruments traded in the market.

The Company's assessment of reasonably possible change, based on its expectations, was determined to be an increase of 20.6% and 18.7% in the index resulting to a possible increase on other comprehensive income of ₱8.3 million and ₱12.6 million as at December 31, 2024 and 2023, respectively. There is no material impact on the Company's equity other than those already affecting the other comprehensive income.

<u>Capital Management</u>

The primary objective of the Company's capital management is to ensure that it complies with the IC requirements. The Company manages its capital structure and makes adjustments whenever there are changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and process in 2024 and 2023.

On August 5, 2013, the President of the Philippines approved the Republic Act No. 10607 to be known as "The Insurance Code" (the Code) which provides the new capitalization requirements of all existing insurance companies based on net worth on a staggered basis starting June 30, 2013 up to December 31, 2022.

The minimum required net worth for the Company starting December 31, 2022 amounted to ₱1,300.0 million.

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On January 13, 2015, the IC issued CL No. 2015-02-A which provides for the clarification of minimum capital requirements under Sections 194, 197, 200 and 289 of The New Insurance Code. The said circular supersedes the Department Order Nos. 27-06 and 15-2012 and CL Nos. 22-2008 and 26-2008.

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

Pursuant to Section 202 of the Code, the Company's estimated net worth as at December 31, 2024 and the actual net worth as at December 31, 2023 based on the examination of IC follows:

	2024 (Estimated)	2023 (Actual)
Total assets	**₱2,300,722,348**	₱2,192,746,207
Total liabilities	**721,621,078**	663,182,570
Equity	**1,579,101,270**	1,529,563,637
Less: Non-admitted assets	**161,493,559**	138,783,341
Net worth	**1,417,607,711**	1,390,780,296
Less: Net worth requirements	**1,300,000,000**	1,300,000,000
Excess over net worth requirement	**₱117,607,711**	₱90,780,296

The final net worth of the Company and status of compliance can be determined only after the accounts of the Company have been examined by the IC specifically as to admitted and non-admitted assets as defined under the Code.

The Company's annual synopsis, which includes its net worth, admitted and non-admitted assets, as at December 31, 2023 was approved by the IC on March 10, 2025. The Company's net worth for 2024 is still pending approval from IC as of report date.

As at December 31, 2024 and 2023, the Company's estimated and actual net worth respectively, is compliant with the minimum statutory net worth requirements of the IC.

Risk-based Capital (RBC) Requirements

The RBC ratio shall be computed as net worth divided by the RBC requirement. Net worth shall include the Company's paid-up capital, contributed and contingency surplus and unassigned surplus. Revaluation and fluctuation reserve shall form part of the net worth only to the extent authorized by the IC. The RBC requirement is the ratio of the number of insurers which are able to meet the corresponding RBC Hurdle Rate requirement for a given year to the total number of insurers in the industry.

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

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The following table shows how the RBC ratio as at December 31, 2024 and 2023 was determined by the Company based on its internal calculations:

	2024 (Estimated)	2023 (Actual)
Total available capital	**₱1,407,670,388**	₱1,390,780,296
RBC requirement	**272,174,724**	187,689,649
RBC ratio	**517%**	741%

The final amount of the RBC ratio as at December 31, 2024 can be determined only after the accounts of the Company have been examined by IC specifically for the determination of admitted and non-admitted assets as defined under the Code.

CL No. 2016-65, *Financial Reporting Framework under Section 189 of the Amended Insurance Code (Republic Act No. 10607),* prescribes the new financial reporting framework (FRF) that will be used for the statutory quarterly and annual reporting. This also includes rules and regulations concerning Titles III and IV of Chapter III of the Code and all other accounts not discussed in the Code but are used in accounting of insurance and reinsurance companies.

CL No. 2016-67, *Valuation Standards for Non-Life Insurance Policy Reserves,* prescribes the new valuation methodology for the non-life insurance companies. Non-life insurance companies will be changing the basis of valuation of their non-life insurance reserves. In addition to the unearned premium reserves, the concept of unexpired risk reserves is also included in the calculation of the premium liability. The IBNR reserves will now be computed using actuarial projection techniques such as but not limited to the chain ladder method, expected loss ratio method, and Bornheutter-Ferguson method. A margin for the adverse deviation is estimated based on standard projection techniques or combination of such techniques, such as but not limited to Mack method, Bootstrapping Method, Stochastic Chain Ladder Method to bring the actuarial estimate of the Policy Liabilities at the 75th percentile level of sufficiency. Discount rates to be used shall be current risk-free rates. The rates shall exactly match the duration of the policy and the currency of the cash flows and shall be prescribed by the IC.

CL No. 2016-69, implementation requirements for FRF, valuation standards for insurance policy reserves and new risk-based capital framework provides that the level of sufficiency for the RBC 2 Framework shall be at 95% level in 2017, 97.50% in 2018, and 99.50% in 2019.

The new regulatory requirements under CL Nos. 2016-65, 2016-67, 2016-68, and 2016-69 shall take effect on January 1, 2017.

As at December 31, 2024 and 2023, the Company is compliant with the RBC ratio requirements of the IC.

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25. Fair Value of Financial Instruments

The table below presents a comparison by category of carrying amounts and fair values of all the Company's financial instruments that are carried in the financial statements as at December 31, 2024 and 2023:

	2024		2023	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Loans and receivables				
Cash	**₱377,606,063**	**₱377,606,063**	₱457,008,353	₱457,008,353
Short-term investments	**374,711,067**	**374,711,067**	268,219,217	268,219,217
Loans and receivables	**50,836,280**	**50,836,280**	25,173,758	25,173,758
Long-term investments	**10,661,482**	**10,661,482**	10,431,167	10,431,167
Real estate mortgage loans receivable	**92,857,143**	**95,752,552**	121,666,667	137,073,541
HTM investments	**418,078,307**	**440,386,670**	409,186,947	436,395,930
AFS investments	**87,953,507**	**87,953,507**	101,799,752	101,799,752
	₱1,412,703,849	**₱1,437,907,621**	₱1,393,485,861	₱1,436,101,718
Financial Liabilities				
Other financial liabilities				
Accounts and other payables*	**₱68,270,245**	**₱68,270,245**	₱57,502,681	₱57,502,681
Lease liability	**27,801,273**	**27,017,359**	32,185,489	30,444,622
	₱96,071,518	**₱95,287,604**	₱89,688,170	₱87,947,303

**Excluding statutory payables amounting to ₱36.9 million and ₱45.4 million in 2024 and 2023, respectively.*

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash, Short-term Investments, Loans and Receivables, and Accounts and Other Payables (excluding Statutory Payables). The carrying amounts of these instruments approximate their fair values due to their short-term maturities.

AFS investments. The fair values were determined based on Level 1 in which the inputs are based on quoted prices in active markets.

Long-term Investments. Long-term investments consist of cash time deposits that have a maturity of more than one year. Its carrying amount approximates its fair value because the interest rate that it earns approximates the interest rate for comparable instrument in the market.

HTM Investments and Real Estate Mortgage Loans Receivable. The fair value of HTM investments and real estate mortgage loans receivable were determined based on Level 2, in which the inputs are based on the discounted interest rate of the prevailing comparable instruments in the market. The discount rates used in determining the fair value of the Company's HTM investments and real estate mortgage loans receivable ranges from 5.8% to 6.2% in 2024 and 5.2% and 6.0% in 2023.

Lease Liability. Fair value is generally based upon quoted market prices. If the market prices are not readily available, fair value is estimated using adjusted quoted market prices of comparable investments or using the discounted cash flow methodology. As at December 31, 2024 and 2023, the discount rates used in determining the fair value of lease liability is 6.58% and 6.68%, respectively. Lease liability is measured using level 2 valuation technique.

Fair Value Hierarchy

For the year ended December 31, 2024 and 2023, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

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Annual Corporate Governance Report 2024

BOA/PRC Accreditation No. 4782
April 14, 2024, valid until June 6, 2026
SEC Registration No. PP201007009

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8741 Paseo de Roxas
Makati City 1209 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors
Corporate Guarantee & Insurance Company, Incorporated
Doing business under the name and style of
Corporate Guarantee (A Non-Life Insurance Company)
2nd Floor, CGIC Building
Jose Abad Santos Avenue, San Jose
City of San Fernando, Pampanga, 2000

We have audited the accompanying financial statements of Corporate Guarantee & Insurance Company, Incorporated doing business under the name and style of Corporate Guarantee (A Non-Life Insurance Company) (the Company) as at and for the years ended December 31, 2024 and 2023, on which we have rendered our report dated April 11, 2025.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has six (6) stockholders owning one hundred or more shares each.

REYES TACANDONG & CO.

Pamela Ann P. Escuadro

PAMELA ANN P. ESCUADRO
Partner
CPA Certificate No. 128829
Tax Identification No. 216-321-918-000
BOA Accreditation No. 4782/P-013; Valid until June 6, 2026
IC Accreditation No. 128829-IC
Issued February 22, 2021
Valid for Financial Periods 2020 to 2024
BIR Accreditation No. 08-005144-013-2023
Valid until January 24, 2026
PTR No. 10467125
Issued January 2, 2025, Makati City

April 11, 2025
Makati City, Metro Manila

EXCLUSIVE PURPOSE
This document is being issued exclusively for below purpose only:
Requirement/s for submission to IC for Annual Corporate Governance Report 2024 compliance purposes

REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULE OF
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

The Stockholders and the Board of Directors
Corporate Guarantee & Insurance Company, Incorporated
Doing business under the name and style of
Corporate Guarantee (A Non-Life Insurance Company)
2nd Floor, CGIC Building
Jose Abad Santos Avenue, San Jose
City of San Fernando, Pampanga, 2000

We have audited, in accordance with Philippine Standards on Auditing, the basic financial statements of Corporate Guarantee & Insurance Company, Incorporated doing business under the name and style of Corporate Guarantee (A Non-Life Insurance Company) (the Company) as at and for the year ended December 31, 2024, and have issued our report thereon dated April 11, 2025. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Supplementary Schedule of Retained Earnings Available for Dividend Declaration as at December 31, 2024 is the responsibility of the Company's management.

This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

REYES TACANDONG & CO.

Pamela Ann P. Escuadro

PAMELA ANN P. ESCUADRO
Partner
CPA Certificate No. 128829
Tax Identification No. 216-321-918-000
BOA Accreditation No. 4782/P-013; Valid until June 6, 2026
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Issued January 2, 2025, Makati City

April 11, 2025
Makati City, Metro Manila

EXCLUSIVE PURPOSE
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Reyes Tacandong & Co. is a member of the RSM network. Each member of the RSM network is an independent accounting and consulting firm, and practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2024

CORPORATE GUARANTEE & INSURANCE COMPANY, INCORPORATED
Doing business under the name and style of Corporate Guarantee
(A Non-Life Insurance Company)
2nd Floor, CGIC Building, Jose Abad Santos Avenue
San Jose, City of San Fernando, Pampanga, 2000

		Amount
Unappropriated retained earnings, beginning of reporting period		₱660,925,800
Add: Category A: Items that are directly credited to unappropriated retained earnings		
Reversal of retained earnings appropriation/s	–	
Effect of restatements or prior-period adjustments	–	
Others (describe nature)	–	–
Less: Category B: Items that are directly debited to unappropriated retained earnings		
Dividend declaration during the reporting period	–	
Retained earnings appropriated during the reporting period	–	
Effect of restatements or prior-period adjustments	–	
Others (describe nature)	–	–
Unappropriated retained earnings, as adjusted		660,925,800
Add/less: Net income (loss) for the current year		45,474,176
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	–	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPL)	–	
Unrealized fair value gain of investment property	(14,672,484)	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the Philippine Financial Reporting Standards (PFRS) (describe nature)	–	
Sub-total		(14,672,484)

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			Amount
Add:	**Category C.2: Unrealized income recognized in profit or loss in prior periods but realized in the current reporting period (net of tax)**		
	Realized foreign exchange gain, except those attributable to cash and cash equivalents	–	
	Realized fair value adjustment (mark-to-market gains) of financial instruments at FVPL	–	
	Realized fair value of investment property	–	
	Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	–	
	Realized foreign exchange gain, except those attributable to cash and cash equivalents	–	
	Sub-total		–
Add:	**Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)**		
	Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	–	
	Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at FVPL	–	
	Reversal of previously recorded fair value of investment property	–	
	Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	–	
	Sub-total		–
Adjusted net income (loss)			30,801,692
Add:	**Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)**		
	Transfer to retained earnings from revaluation surplus	2,438,677	
	Sub-total		2,438,677
Add/less:	**Category E: Adjustments related to relief granted by the SEC**		
	Amortization of the effect of reporting relief	–	
	Total amount of reporting relief granted during the year	–	
	Others (describe nature)	–	–
	Sub-total		–

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			Amount
Add/less:	**<u>Category F</u>: Other items that should be excluded from the determination of the amount of available for dividends distribution**		
	Net movement of treasury shares (except for reacquisition of redeemable shares	–	
	Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(3,069,715)	
	Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right-of-use of asset and lease liability, set up of asset and asset retirement obligation, and set up of service concession asset and concession payable	–	
	Adjustment due to deviation from PFRS/GAAP - gain (loss)	–	
	Others (describe nature)	–	
	Sub-total		(3,069,715)
Total retained earnings, end of the reporting period available for dividend			**₱691,096,454**

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Requirement/s for submission to IC for Annual Corporate Governance Report 2024 compliance purposes

CORPORATE GUARANTEE & INSURANCE COMPANY, INCORPORATED

Doing business under the name and style of Corporate Guarantee

(A Non-Life Insurance Company)

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION

AS OF DECEMBER 31, 2024 AND 2023

	2024	2023
Total audit fees	**₱950,000**	₱900,000
Non-audit services fees:		
Other assurance services	**–**	–
Tax services	**–**	–
All other services	**–**	–
Total non-audit fees	**–**	–
Total audit and non-audit fees	**₱950,000**	₱900,000

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