Medium grade pertains to unquoted financial assets other than cash in banks, short-term placements and receivables from counterparties with average capacity to meet their obligations.

Past due but not impaired pertains to receivables from counterparties with good track records with the Company or those with on-going transactions. Based on past experience, the Company believes that no allowance for impairment is necessary.

Impaired pertains to the allowance for impairment losses that the Company recognizes due to the uncertainty of the collectability of the Company's receivables.

The Company did not have any significant concentration of credit risk with a single counter party or group of counterparties as at December 31, 2024 and 2023. In terms of the type of the financial asset, the credit risk is concentrated in cash and cash equivalents and HTM investments since it amounted to P1.20 billion (92.41%) and P1.39 billion (93.60%) of the Company's total financial assets as at December 31, 2024 and 2023, respectively.

Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values, counterparty failing on repayment of a contractual obligation, insurance liability falling due for payment earlier than expected, or inability to generate cash inflows as anticipated.

Because of the difficulty in accurately forecasting the amount of claims that the Company will incur and pay, the major liquidity risk confronting the Company is the daily calls on its available cash resources in respect of claims arising from insurance contracts.

The Company addresses its liquidity risk through a liquidity risk policy which sets out the following:

- determining the level of acceptable liquidity risk for the Company;
- specifies minimum proportion of funds to meet emergency calls especially with respect to claims;
- setting up of contingency funding plans;
- cash flow projections which specify the sources of funding and uses for such funds;
- reporting of conditions which might trigger liquidity risk deviations; and
- review of liquidity risk policy for applicability in relation to market changes, government control and the environment in general.

The table below analyzes financial assets and liabilities, including reinsurance assets and insurance liabilities, of the Company into their relevant maturity group based on the remaining period at the reporting date to their undiscounted contractual maturities or expected repayment dates.

		2024				
	Note	**Within a Year**	**1 - 3 Years**	**3 - 5 Years**	**No Term**	**Total**
Cash and cash equivalents*	*4, 31*	**P872,364,786**	**P -**	**P -**	**P -**	**P872,364,786**
Insurance receivables	*5, 28*	**50,020,239**	**-**	**-**	**-**	**50,020,239**
Investment at FVPL	*6, 28, 31*	**-**	**-**	**-**	**115,195**	**115,195**
AFS financial assets	*6, 28, 31*	**-**	**-**	**-**	**214,456**	**214,456**
HTM investments	*6, 28, 31*	**188,418,051**	**139,934,043**	**-**	**-**	**328,352,094**
Investment in a subsidiary		**-**	**-**	**-**	**81,821,881**	**81,821,881**
Loans and receivables	*6, 28, 31*	**4,157,453**	**-**	**-**	**-**	**4,157,453**
Advances to a subsidiary	*6, 28, 31*	**200,000,000**	**-**	**-**	**-**	**200,000,000**
Total Financial Assets		**1,314,960,529**	**139,934,043**	**-**	**82,151,532**	**1,537,046,104**
Insurance contract liabilities**	*12, 31*	**52,218,550**	**-**	**-**	**-**	**52,218,550**
Lease liability	*25, 28*	**3,548,750**	**2,480,382**	**-**	**-**	**6,029,132**
Insurance payables	*13, 28, 31*	**7,769,518**	**-**	**-**	**-**	**7,769,518**
Commissions payable	*28, 31*	**11,942,435**	**-**	**-**	**-**	**11,942,435**
Other Payables***	*14, 31*	**6,113,967**	**-**	**-**	**-**	**6,113,967**
Total Financial Liabilities		**P81,593,220**	**P2,480,382**	**P -**	**P -**	**P84,073,602**

**excluding cash on hand.*
***excluding IBNR and UPR.*
****excluding Taxes Payable*

		2023				
	Note	Within a Year	1 - 3 Years	3 - 5 Years	No Term	Total
Cash and cash equivalents*	*4, 31*	P1,065,153,305	P -	P -	P -	P1,065,153,305
Insurance receivables	*5, 28*	58,029,721	-	-	-	58,029,721
Investment at FVPL	*6, 28, 31*	-	-	-	109,670	109,670
AFS financial assets	*6, 28, 31*	-	-	-	16,273,113	16,273,113
HTM investments	*6, 28, 31*	292,054,633	27,311,867	3,551,037	-	322,917,537
Investment in a subsidiary		-	-	-	81,821,881	81,821,881
Loans and receivables	*6, 22,28, 31*	1,696,062	-	-	-	1,696,062
Advances to a subsidiary	*6, 22, 28, 31*	4,000,000	-	-	-	4,000,000
Total Financial Assets		1,420,933,721	27,311,867	3,551,037	98,204,664	1,550,001,289
Insurance contract liabilities**	*12, 31*	64,400,805	-	-	-	64,400,805
Lease liability	*25, 28*	3,352,702	6,029,132	-	-	9,381,834
Insurance payables	*13, 28, 31*	14,799,554	-	-	-	14,799,554
Commissions payable	*28, 31*	12,723,210	-	-	-	12,723,210
Other Payables***	*14, 31*	6,671,155	-	-	-	6,671,155
Total Financial Liabilities		P101,947,426	P6,029,132	P -	P -	P107,976,558

**excluding cash on hand.*
***excluding IBNR and UPR.*
****excluding Taxes Payable*

It is unusual for a company primarily transacting insurance business to predict the requirements of funding with absolute certainty as theory of probability is applied on insurance contracts to ascertain the likely provision and the time period when such liabilities will require settlement.

The amounts and maturities in respect of insurance liabilities are, thus, based on management's best estimate using information that develops during the course of the loss adjustment process.

Market Risk

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

The Company manages market risks through a market risk policy that sets out the following:

- acceptable level of market risk for the Company;
- basis used to determine the fair value of financial assets and liabilities;
- asset allocation and portfolio limit structure by type of instrument and geographical area, counterparty or group of counterparties, and industry segments;
- market risk exposures and conditions that might trigger market risk deviations; and market risk policy for pertinence in relation to market changes and in the environment.

Currency Risk

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

The Company's financial assets are denominated in the same currency as its insurance liabilities, which mitigate the foreign currency exchange rate risk. Thus, the main foreign exchange risk arises from recognized assets and liabilities denominated in currencies other than those in which the insurance liabilities are expected to be settled.

The table below summarizes the Company's exposure to foreign currency exchange risk on its cash in banks as at December 31, 2024 and 2023:

	USD	PHP
2024	**USD29,034**	**P1,679,482**
2023	USD29,034	1,613,419

The exchange rates of Philippine Peso to US Dollar were P57.85 and P55.57 per USD 1.00 from Banker's Association of the Philippines, as at December 31, 2024 and 2023, respectively.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of cash).

	Increase (Decrease) In Exchange Rate	Impact on Income before Tax Increase (Decrease)
2024	**+5%**	**P83,974**
	-5%	**(83,974)**
2023	+5%	80,667
	-5%	(80,667)

There is no other impact on the Company's equity other than those already affecting the profit and loss.

Interest Rate Risk

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

Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value risk.

The following table shows the information relating to the Company's financial instruments that are exposed to interest rate risk presented by maturity profile.

			2024				
			Maturity				
	Note	Interest Rates	Within a Year	1 - 3 Years	4 - 5 Years	Over 5 Years	Total
HTM financial assets	*6, 28, 31*	2.100%-5.000%	**P188,418,051**	**P139,934,043**	P -	P -	**P328,352,094**
Insurance payables	*13, 28, 31*	5%	**7,769,518**	-	-	-	**7,769,518**

			2023				
			Maturity				
	Note	Interest Rates	Within a Year	1 - 3 Years	4 - 5 Years	Over 5 Years	Total
HTM financial assets	*6, 28, 31*	2.375%-6.25%	P292,054,633	P27,311,867	P3,551,037	P -	P322,917,537
Insurance payables	*13, 28, 31*	5%	14,799,554	-	-	-	14,799,554

Price Risk

The Company's price risk exposure at year-end relates to financial assets whose values will fluctuate as a result of changes in market prices, principally AFS equity securities.

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

The Company's market risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plan, limits on investment in each sector and market, and careful and planned use of derivative instruments.

The analysis below is performed for reasonably possible movements in Philippine Stock Exchange index (PSEi) with all other variables held constant, showing the impact on other comprehensive income (that reflects adjustments on changes in fair value of listed AFS equity financial assets).

	2024	
Market Indices	**Change in Variable**	**Impact on Equity Increase (Decrease)**
PSEi	**+5.00%**	**P4,455**
	-5.00%	**(4,455)**

	2023	
Market Indices	Change in Variable	Impact on Equity Increase (Decrease)
PSEi	+5.00%	P807,388
	-5.00%	(807,388)

Deferral of PFRS 9
PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39 (effective January 1, 2018): Recognition and Measurement, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

Amendments to PFRS allows insurance entities whose predominant activities at its annual reporting date that immediately precedes April 1, 2016 are to issue contracts within the scope of PFRS 4 an optional temporary exemption from applying PFRS 9 (deferral approach). The Company is qualified for and elected to take the deferral approach as its activities are predominantly connected with insurance since as at December 31, 2015, the Company's total carrying amount of liabilities connected with insurance represents more than 90% of its total liabilities. The Company did not subsequently reassess its eligibility for the temporary exemption from PFRS 9 as there was no change in the Company's activities for the year ended December 31, 2020. Consequently, the Company will continue to apply PAS 39, the existing financial instrument standard until the effectivity date of PFRS 17.

The separate financial statements have been prepared on a going concern basis using the measurement bases specified by PFRS for each type of asset, liability, income and expense. These separate financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets. The measurement bases are more fully described in the accounting policies that follow.

The following table provides an overview of the fair values as at December 31, 2024 and 2023, and the amounts of change in the fair values during the reporting period separately for financial assets that meet the solely payments of principal and interest (SPPI) criterion (i.e. financial assets with contractual terms that give rise on specified dates to cash flows that are SPPI on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in PFRS 9, or that is managed and whose performance is evaluated on a fair value basis) and all other financial assets:

		2024			
		Financial Assets that Meet the SPPI Criteria*		All Other Financial Assets	
	Note	Fair Value	Fair Value Change During the Reporting Period	Fair Value	Fair Value Change During the Reporting Period
Asset					
Cash and cash equivalents**	*4, 31*	**P872,364,786**	**P -**	**P -**	**P -**
Insurance receivables - net	*5, 28*	**50,020,239**	**-**	**-**	**-**
Financial assets:					
Available-for-sale financial assets	*6, 28, 31*	**-**	**-**	**214,456**	**(43,993)**
Held-to-maturity investments	*6, 28, 31*	**328,352,094**	**-**	**-**	**-**
Loans and receivables	*6, 28, 31*	**4,157,453**	**-**	**-**	**-**
Investment at FVPL	*6, 28, 31*	**-**	**-**	**115,195**	**6,898,704**
Advances to a subsidiary	*6, 28, 31*	**200,000,000**	**-**	**-**	**-**
Investment in a subsidiary		**-**	**-**	**81,821,881**	**-**
		P1,454,894,572	**P -**	**P82,151,532**	**P6,854,711**

** Excluding any financial asset that meets the definition of held for trading in PFRS 9, or that is managed and whose performance is evaluated on a fair value basis.*
*** Excluding cash on hand.*

		2023			
		Financial Assets that Meet the SPPI Criteria*		All Other Financial Assets	
	Note	Fair Value	Fair Value Change During the Reporting Period	Fair Value	Fair Value Change During the Reporting Period
Asset					
Cash and cash equivalents**	*4, 31*	P1,065,153,305	P -	P -	P -
Insurance receivables - net	*5, 28*	58,029,721	-	-	-
Financial assets:					
Available-for-sale financial assets	*6, 28, 31*	-	-	16,273,113	2,233,844
Held-to-maturity investments	*6, 28, 31*	322,917,537	-	-	-
Loans and receivables	*6, 28, 31*	1,696,062	-	-	-
Investment at FVPL	*6, 28, 31*	-	-	109,670	6,332
Advances to a subsidiary	*6, 28, 31*	4,000,000			
Investment in a subsidiary		-	-	81,821,881	-
		P1,451,796,625	P -	P98,204,664	P2,240,176

** Excluding any financial asset that meets the definition of held for trading in PFRS 9, or that is managed and whose performance is evaluated on a fair value basis.*
*** Excluding cash on hand.*

The information about the credit risk exposures for financial assets with contractual terms that meet the SPPI criterion at December 31, 2024 and 2023 is consistent with the credit risk disclosure above under PAS 39.

31. Fair Value Measurements

The table below sets forth the carrying values and estimated fair values of financial assets and liabilities recognized as at December 31, 2024 and 2023.

		2024		2023	
	Note	**Carrying Value**	**Fair Value**	Carrying Value	Fair Value
Financial Assets					
Cash and cash equivalents*	*4, 30*	**P872,364,786**	**P872,364,786**	P1,065,153,305	P1,065,153,305
Insurance receivables:	*5*				
Premiums receivable		**50,676,813**	**50,676,813**	49,856,168	49,856,168
Reinsurance recoverable on paid losses		**22,536,270**	**22,536,270**	12,147,242	12,147,242
Due from ceding companies		**8,940,656**	**8,940,656**	14,815,045	14,815,045
Funds held by ceding companies		**12,372,039**	**12,372,039**	12,372,039	12,372,039
AFS financial assets	*6, 28, 30*	**214,456**	**214,456**	16,273,113	16,273,113
HTM investments	*6, 28, 30*	**328,352,094**	**328,352,094**	322,917,537	322,917,537
Loans and other receivables	*6, 28, 30*	**4,157,453**	**4,157,453**	1,696,062	1,696,062
Advances to a subsidiary	*6, 28, 30*	**200,000,000**	**200,000,000**	4,000,000	4,000,000
Investment in a subsidiary		**81,821,881**	**81,821,881**	81,821,881	81,821,881
Investment at FVPL	*28, 30*	**115,195**	**115,195**	109,670	109,670
Total Financial Assets		**P1,581,551,643**	**P1,581,551,643**	P1,581,162,062	P1,581,162,062
Other Financial Liabilities					
Insurance contract liabilities**	*12, 30*	**P52,218,550**	**P52,218,550**	P64,400,805	P64,400,805
Insurance payables	*13, 28, 30*	**7,769,518**	**7,769,518**	14,799,554	14,799,554
Commission payable	*28, 30*	**11,942,435**	**11,942,435**	12,723,210	12,723,210
Other payables***	*14, 30*	**6,113,967**	**6,113,967**	6,671,155	6,671,155
Total Other Financial Liabilities		**P78,044,470**	**P78,044,470**	P98,594,724	P98,594,724

**excluding cash on hand.*
***excluding IBNR and UPR.*
****excluding Taxes Payable*

The carrying amount of financial assets and liabilities of the Company for the years 2024 and 2023 approximate the fair value.

Due to the short-term nature of cash and cash equivalents, insurance receivables, loans and other receivables, advances to a subsidiary, investment in a subsidiary, insurance contract liabilities (excluding IBNR and UPR), insurance payables, commission payables and other payables (excluding taxes payable), their carrying values reasonably approximate their fair values at reporting date.

The carrying amount of HTM investments and security and deposit fund (presented under the "Other assets" account) approximates fair value at year-end. The management believes that the effect of discounting and future cash flows of this instrument using the prevailing market rate is not significant.

The fair values of financial instruments under AFS that are actively traded in organized financial markets are determined by reference to quoted market prices at the close of business on the reporting date. For unquoted equity instruments that are not carried at fair value because fair value cannot be reliably determined, these are carried at cost.

Fair Value Hierarchy

The following table provides the fair value hierarchy of the Company's assets as at December 31, 2024 and 2023:

	2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets measured at fair value				
AFS financial assets:				
Common shares	**P89,101**	**P -**	**P -**	**P89,101**
Golf and club shares	**-**	**-**	**-**	**-**
Investment at FVPL	**115,195**	**-**	**-**	**115,195**
	P204,296	**P -**	**P -**	**P204,296**

	2023			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
AFS financial assets:				
Common shares	P147,758	P -	P -	P147,758
Golf and club shares	-	16,000,000	-	16,000,000
Investment at FVPL	109,670	-	-	109,670
	P257,428	P16,000,000	P -	P16,257,428

Nonfinancial Assets

As at December 31, 2024 and 2023, the fair value of the Company's property and equipment amounted to P15.85 million and P15.31 million, respectively, using level 2 inputs. The recurring fair value of nonfinancial assets under level 2 are determined using market data approach (see Note 10).

In 2024 and 2023, there were no transfers between level 1 and level 2 fair value movements, and no transfers into and out of level 3 fair value measurement of the Company's financial and nonfinancial assets.

32. Supplementary Information Required Under Revenue Regulation No. 15-2010 of the Bureau of Internal Revenue (BIR)

In addition to the disclosure mandated under PFRS Accounting Standards, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the separate financial statements, certain supplementary information for the taxable year. The amounts relating to such supplementary information may not necessarily be the same with those amounts disclosed in the separate financial statements which were prepared in accordance with PFRS Accounting Standards. Following are the tax information/disclosures required for the taxable year ended December 31, 2024:

A. VAT

	Amount
1. Output VAT	
Basis of the Output VAT:	
Vatable receipts	**P56,165,719**
Exempt receipts	-
Zero rated receipts	-
Total vatable receipts	**P56,165,719**
2. Input VAT	
Beginning of the year	**P3,238,471**
Current year's domestic purchases:	
a. Goods for resale/manufacture or further processing	-
b. Goods other than for resale or manufacture	**3,996,211**
c. Services lodged under other accounts	**16,970,456**
d. Importation of goods other than capital goods	-
Input tax deferred on capital goods exceeding P1 million	-
Claims for tax credit/refund and other adjustments	-
Input VAT on services lodged under other accounts	-
Total Input VAT claimed during the year	**(24,205,138)**
Balance at the end of the year	**P -**

B. Withholding Taxes

	Amount
Expanded withholding taxes	**P1,514,621**
Withholding taxes on compensation	**875,542**
Final withholding tax	**55,294**
	P2,445,457

C. All Other Taxes (Local and National)

	Amount
Other taxes paid during the year recognized as "Taxes and licenses" account under Operating Expenses	
Business tax	**P642,246**
Documentary stamp tax	**4,000,000**
Deficiency tax	**2,052,272**
Others	**1,728,272**
	P8,422,790

D. Tax Assessments and Tax Cases

The Company received the Formal Letter of Demand (FLD) on December 9, 2021 for deficiency income tax, VAT, EWT, documentary stamp tax, and compromise penalty for the taxable year 2018 in the total amount of P7.42 million. Management responded to the said FLD on January 6, 2022, the resolution of which remains pending as at December 31, 2024.

Further, Letter of Authority for the taxable years 2021 and 2022 were received on November 28, 2022 and January 11, 2024, respectively. The Company already settled the taxable year 2022 assessment amounting to P2.49 million.

Information on amounts of custom duties, tariff fees, excise taxes and documentary stamp taxes is not applicable since there are no transactions that the Company would be subjected to these taxes in 2024.

Based on RR No. 34-2020

In relation to Section 4 of BIR RR No. 34-2020, the Company is not covered by the prescribed requirements and procedures for the submission of BIR form No. 1709 Information Return on Related Party Transactions, transfer pricing documentation and other supporting documents.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **Metropolitan Insurance Company, Inc.** (the "Company") 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 form 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 shareholders of the Company.

R.G. Manabat & Co., the independent auditor appointed by the Board of Directors, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the shareholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

张梦圆

Signature: Mhengyuan Zhang
Vice Chairman

吴戈

Signature: Wu Ge
President

FOR

Signature: Andie G. Valencia
Finance Manager / Treasurer

Signed this __ day of __ 2025