5. Insurance Receivables - net

This account consists of:

	Note	**2024**	2023
Premiums receivable	*30, 31*	**P50,676,813**	P49,856,168
Due from ceding companies	*30, 31*	**8,940,656**	14,815,045
Funds held by ceding companies	*30, 31*	**12,372,039**	12,372,039
Reinsurance recoverable on paid losses	*30, 31*	**22,536,270**	12,147,242
		94,525,778	89,190,494
Less: Allowance for doubtful accounts		**44,505,539**	31,160,773
	28, 30	**P50,020,239**	P58,029,721

The Company utilizes reinsurance agreements to minimize its exposure to large losses in all aspects of its insurance business. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Company as direct insurer of the risk reinsured.

The rollforward analysis of the allowance for doubtful account is as follows:

	Note	Premiums Receivable	Reinsurance Recoverable on Paid Losses	Due from Ceding Company	Funds Held by Ceding Company	Total
Balance at January 1, 2023		P19,421,555	P1,161,775	P4,976,352	P669,955	P26,229,637
Provision	*20*	9,622,116	-	-	-	9,622,116
Reversal	*20*	-	(313,267)	(4,377,713)	-	(4,690,980)
December 31, 2023		P29,043,671	P848,508	P598,639	P669,955	P31,160,773
Balance at January 1, 2024		**P29,043,671**	**P848,508**	**P598,639**	**P669,955**	**P31,160,773**
Provision	*20*	**13,344,766**	-	-	-	**13,344,766**
Reversal	*20*	-	-	-	-	-
December 31, 2024		**P42,388,437**	**P848,508**	**P598,639**	**P669,955**	**P44,505,539**

6. Financial Assets

This account consists of:

	Note	**2024**	2023
Held-to-maturity (HTM) Investments		**P328,352,094**	P322,917,537
Loans and receivables	*22*	**4,157,453**	1,696,062
AFS financial assets		**214,456**	16,273,113
Investment at FVPL		**115,195**	109,670
Advances to a subsidiary	*22*	**200,000,000**	4,000,000
	28, 30, 31	**P532,839,198**	P344,996,382

The assets included in each of the categories above are detailed below:

a) *HTM Investments*

The Company's HTM investments consist of investments in government securities amounting to P322.92 million and P227.30 million as at December 31, 2024 and 2023, respectively.

The carrying value of HTM Investments has been determined as follows:

	Note	**2024**	2023
Balance at the beginning of the year		**P322,917,537**	P227,304,522
Additions		**294,934,936**	287,531,483
Maturities		**(295,800,000)**	(199,800,000)
Amortization		**6,299,621**	7,881,532
Balance at the end of the year	*28, 30, 31*	**P328,352,094**	P322,917,537

The interest income earned from HTM investments amounted to P18.52 million and P14.53 million in 2024 and 2023, respectively (see Note 19).

b) *Loans and Receivables*

	Note	**2024**	2023
Accrued interest receivable		**P3,801,812**	P1,455,819
Employee salary advances		**355,641**	240,243
	28, 30, 31	**P4,157,453**	P1,696,062

In 2024 and 2023, no impairment losses have been recognized for loans and receivables.

c) *AFS Financial Assets*

	Note	**2024**	2023
Quoted securities - at fair value			
common shares		**P89,101**	P147,758
Golf and club shares		**-**	16,000,000
		89,101	16,147,758
Unquoted securities - at cost			
common shares		**125,355**	125,355
	28, 30, 31	**P214,456**	P16,273,113

The fair value of AFS financial assets has been determined as follows:

	Note	**2024**	2023
Balance at the beginning of the year		**P16,273,113**	P13,294,655
Sale		**(16,000,000)**	-
Unrealized fair value gain (loss)		**(58,657)**	2,978,458
Balance at the end of the year	*28, 30, 31*	**P214,456**	P16,273,113

The rollforward analysis of the reserves on AFS financial assets is as follow:

	2024	2023
Balance at the beginning of the year	**P11,961,626**	P9,727,782
Transferred to profit or loss during the year, net of tax	**(11,881,250)**	-
Changes in fair value gain (loss) during the year, net of tax	**(43,993)**	2,233,844
Balance at the end of the year	**P36,383**	P11,961,626

d) *Investment at FVPL*

	Note	**2024**	2023
Balance at the beginning of the year		**P109,670**	P103,338
Additions		**277,793,857**	-
Redemption		**(284,687,036)**	-
Realized fair value gain		**6,893,179**	-
Unrealized fair value gain		**5,525**	6,332
Balance at the end of the year	*28, 30, 31*	**P115,195**	P109,670

e) *Advances to a subsidiary*

In 2024 and 2023, the Company has outstanding advances to its subsidiary amounting to P200.00 million and P4.00 million, respectively.

In 2022, the advances to associate and to shareholders of associate amounting to P27.40 million and P48.65 million, respectively. The full amount of P48.65 million advances to shareholders of associate and P23.40 million out of the advances to associates pertains to the payments made by the Company to acquire shares of OWN Bank to the previous shareholders and unsubscribed shares, respectively. These advances amounting to P76.05 million was transferred to Investment in subsidiary in 2023 upon completion of the transfer of stock certificates of OWN Bank to the Company.

While the remaining P4.00 million in 2022 under advances to associate were made by the Company for the use of the associate in its operation and was reclassified as advances to a subsidiary in 2023 as a result of the aforementioned stock transfer.

In 2024, the Company paid P200.00 million to OWN Bank for subscription of additional common shares wherein the latter is still on the process of increasing its authorized capital.

7. Investment in a Subsidiary

As at December 31, 2024 and 2023, this account is carried at cost amounting to P81.82 million.

The summarize financial information of the Own Bank as at and for the years ended December 31 is as follows:

	2024	2023
Total assets	**P7,519,227,092**	P801,750,734
Total liabilities	**7,594,169,032**	734,003,091
Net assets	**(74,941,940)**	67,747,643
Net income	**(142,689,583)**	13,082,124

OWN Bank is a subsidiary of the Company having 59.99% of ownership as of December 31, 2023. OWN Bank is a rural bank located in Cavite City, Philippines. The bank's products and services are traditional deposits, offers various types of loans and is engaged in all aspects of rural banking, financing and real estate. In January 26, 2022, OWN Bank was granted by the Technology Risk and Supervision Department (TRISD) of the BSP a license to offer Type-A Advanced Electronic Payment Facility System (EPFS). OWN Bank's Mobile Banking App was launched on June 15, 2022 with products and services such as banking on mobile platform, savings and time deposit account opening and interbank fund transfer. OWN Bank is registered and incorporated in Cavite City, Philippines.

On June 30, 2021, the Company entered into a Purchase Agreement with previous owners of OWN Bank to set up an escrow fund to purchase 366,000 shares amounting to P58.19 million. During the year, the Company was able to purchase 365,998 shares.

The 60,000 shares or P9.53 million of OWN Bank's common shares were acquired from previous owners representing 9.84% of all subscribed and paid shares. While the 305,998 shares amounting to P48.65 million or 50.16% represent the common shares from OWN Bank's previous owners and shall be issued to the Company upon approval by the SEC of the amendments to by-laws (see Note 6).

Further, the Company acquired additional 234,000 shares for P23.40 million and paid P0.23 million direct attributable cost from the Bank's unsubscribed shares to maintain the 60% ownership on December 23, 2022 subject to the approval of the amendments to by-laws (see Note 6).

As at December 31, 2023, these transactions has been fully settled and is accounted as investment in subsidiary following the SEC's approval of OWN Bank increase in authorized capital and the completion of the transfer of stock certificates to the Company on November 11, 2023.

In the special meeting of the BOD of the Company on November 16, 2023, it authorized the execution of the deed of assignment of 599,997 shares of stock of OWN Bank with the Parent Company. To date, the Company and the Parent Company is yet to agree on the terms of agreement.

8. Reinsurance Assets

This account consists of:

	Note	**2024**	2023
Deferred reinsurance premiums	*12*	**P7,413,381**	P10,079,230
Reinsurance recoverable on unpaid losses	*12*	**37,969,776**	53,691,582
		45,383,157	63,770,812
Less: Allowance for doubtful accounts		**707,111**	707,111
	28	**P44,676,046**	P63,063,701

The rollforward analysis of allowance for doubtful accounts of reinsurance asset is as follows:

	Note	**2024**	2023
Balance at the beginning of the year		**P707,111**	P2,392,127
Reversal	*20*	**-**	(1,685,016)
Balance at the end of the year		**P707,111**	P707,111

9. Deferred Acquisition Costs and Deferred Reinsurance Commissions

The details of deferred acquisition costs and deferred reinsurance commissions follow:

	Note	**2024**	2023
Deferred Acquisition Costs			
Balance at the beginning of the year		**P12,708,059**	P13,721,548
Cost deferred during the year		**22,964,078**	28,354,370
Amortization during the year		**(25,749,317)**	(29,367,859)
Balance at the end of the year	*28*	**P9,922,820**	P12,708,059

	Note	**2024**	2023
Deferred Reinsurance Commissions			
Balance at the beginning of the year		**P2,162,306**	P2,699,559
Income deferred during the year		**3,667,524**	4,622,242
Amortization during the year		**(4,181,074)**	(5,159,495)
Balance at the end of the year	*28*	**P1,648,756**	P2,162,306

10. Property and Equipment - net

This account consists of property and equipment measured as follows:

	Note	**2024**	2023
At appraised value		**P15,854,000**	P15,310,000
At cost		**512,164**	410,653
Balance at end of year	*28*	**P16,366,164**	P15,720,653

The rollforward analysis of property and equipment accounted for under the cost model is as follows:

Furniture, Fixtures and Office Equipment - At Cost	***Note***	**2024**	2023
Cost			
Balance at the beginning of the year		**P1,479,501**	P1,415,217
Additions		**337,112**	64,284
Balance at end of year		**1,816,613**	1,479,501
Accumulated Depreciation			
Balance at the beginning of the year		**1,068,848**	851,943
Depreciation	*20*	**235,601**	216,905
Balance at end of year		**P1,304,449**	1,068,848
Net Book Value as at December 31		**P512,164**	P410,653

The rollforward analysis of property and equipment accounted for under the revaluation model is as follows:

2024	**Land**	**Office Condominium**	**Total**
At Appraised Value			
Balance at the beginning of the year	**P5,735,000**	**P9,575,000**	**P15,310,000**
Revaluation	**217,000**	**327,000**	**544,000**
Balance at end of year	**5,952,000**	**9,902,000**	**15,854,000**
Accumulated Depreciation			
Balance at the beginning of the year	-	-	-
Depreciation	-	**379,178**	**379,178**
Reversal	-	**(379,178)**	**(379,178)**
Balance at end of year	-	-	-
Net Book Value as of December 31, 2024	**P5,952,000**	**P9,902,000**	**P15,854,000**

2023	Land	Office Condominium	Total
At Appraised Value			
Balance at the beginning of the year	P5,513,000	P8,838,000	P14,351,000
Revaluation	222,000	737,000	959,000
Balance at end of year	5,735,000	9,575,000	15,310,000
Accumulated Depreciation			
Balance at the beginning of the year	-	-	-
Depreciation	-	379,178	379,178
Reversal	-	(379,178)	(379,178)
Balance at end of year	-	-	-
Net Book Value as of December 31, 2023	P5,735,000	P9,575,000	P15,310,000

Accumulated depreciation on the appraisal increases on office condominium subsequently reversed through equity due to revaluation amounted to P0.38 million in 2024 and 2023.

Had the office condominiums been carried at cost less accumulated depreciation, the amounts would have been as follows:

	2024	2023
Cost	**P3,570,155**	P3,570,155
Less accumulated depreciation	**2,372,801**	1,993,623
Net carrying amount	**P1,197,354**	P1,576,532

Below is the rollforward of the revaluation reserve on property and equipment:

	2024	2023
Beginning	**P5,988,834**	P5,269,584
Revaluation	**408,000**	719,250
Revaluation Reserve on Property and Equipment, End (after tax)	**P6,396,834**	P5,988,834

The fair values of the office condominium units, considered as Level 2, were determined using the market data approach. This means that the valuation performed by the appraiser is based on sales, listings, and other market data of comparable properties registered within the vicinity of subject property. The technique requires reducing reasonably comparative sales and listings to a common denominator in order to conform to the subject property. The comparison among the subject property and the comparable units was premised on the factors of location, size and shape of the lot, highest and best use, and the time element. The fair values of the properties and equipment are based on the valuations performed by an independent professionally qualified appraiser, E-Value Phils., Inc.

The Company's latest appraisal report was made on February 10, 2025 for the office condominiums and February 24, 2025 for land for the year ended December 31, 2024.

Description of the valuation techniques used and key inputs to valuation on properties and equipment follow:

	Valuation Techniques	**Unobservable Inputs Used**	**Range (Weighted Average)**	
			2024	2023
Office Condominium Carried at Fair Value				
Keppel Building, Cebu Business Park, Cebu City	Market data approach	Price per square meter	**104,400 to 113,399 (110,000)**	98,175 to 117,300 (106,000)
Land carried at fair value representing deemed cost Brgy. Merville Paranaque City	Market data approach	Price per square meter	**12,018 to 15,038 (13,400)**	12,042 to 13,989 (12,900)

There were no transfers to or out of Level 3 hierarchy in respect of the above office condominium units as at December 31, 2024 and 2023. Significant increase (decrease) in price per square meter would result in a significantly higher (lower) fair value.

11. Other Assets

This account consists of:

	Note	**2024**	2023
Creditable withholding taxes (CWT)		**P16,978,766**	P16,951,282
Input VAT - net		**4,195,142**	-
Others		**1,602,892**	1,303,296
Balance at the end of the year	*28*	**P22,776,800**	P18,254,578

CWTs pertain to taxes withheld at source by its customers and are creditable against the income tax liability of the Company.

Input VAT - net pertains to 12% tax paid by the Company on commissions and local purchase of goods or services. It is used to offset against output VAT due to the BIR.

Others include other deposit fund and prepayment.

12. Insurance Contract Liabilities

Insurance contract liabilities analyzed as follows:

		2024		
	Note	**Insurance Contract Liabilities**	**Reinsurers' Share of Liabilities** (Note 8)	**Net**
Provision for claims reported and loss adjustment expenses	*30, 31*	**P52,218,550**	**P36,269,447**	**P15,949,103**
Provision for IBNR		**3,626,573**	**1,700,329**	**1,926,244**
Total claims reported and IBNR	*30*	**55,845,123**	**37,969,776**	**17,875,347**
Provision for unearned premiums		**41,049,545**	**7,413,381**	**33,636,164**
Total Insurance Contract Liabilities	*28*	**P96,894,668**	**P45,383,157**	**P51,511,511**

		2023		
	Note	Insurance Contract Liabilities	Reinsurers' Share of Liabilities (Note 8)	Net
Provision for claims reported and loss adjustment expenses	*30, 31*	P64,400,805	P51,774,886	P12,625,919
Provision for IBNR		3,914,514	1,916,696	1,997,818
Total claims reported and IBNR	*30*	68,315,319	53,691,582	14,623,737
Provision for unearned premiums		48,996,956	10,079,230	38,917,726
Total Insurance Contract Liabilities	*28*	P117,312,275	P63,770,812	P53,541,463

Provisions for claims reported by policyholders and IBNR analyzed as follows:

		2024		
	Note	**Insurance Contract Liabilities**	**Reinsurers' Share of Liabilities** (Note 8)	**Net**
Balance at the beginning of the year		**P68,315,319**	**P53,691,582**	**P14,623,737**
Claims incurred during the year		**19,437,982**	**(678,030)**	**20,116,012**
Claims paid during the year, net of salvage and subrogation	*18*	**(31,620,237)**	**(14,827,409)**	**(16,792,828)**
Increase in IBNR		**(287,941)**	**(216,367)**	**(71,574)**
Balance at the end of the year	*30*	**P55,845,123**	**P37,969,776**	**P17,875,347**

		2023		
	Note	Insurance Contract Liabilities	Reinsurers' Share of Liabilities (Note 8)	Net
Balance at the beginning of the year		P18,464,271	P12,263,390	P6,200,881
Claims incurred during the year		76,374,387	49,790,971	26,583,416
Claims paid during the year, net of salvage and subrogation	*18*	(27,312,069)	(8,911,270)	(18,400,799)
Increase in IBNR		788,730	548,491	240,239
Balance at the end of the year	*30*	P68,315,319	P53,691,582	P14,623,737

Provision for unearned premiums may analyzed as follows:

		2024		
	Note	**Insurance Contract Liabilities**	**Reinsurers' Share of Liabilities** (Note 8)	**Net**
Balance at the beginning of the year		**P48,996,956**	**P10,079,230**	**P38,917,726**
New policies written during the year	*16*	**89,882,818**	**21,781,596**	**68,101,222**
Premiums earned during the year	*16*	**(97,830,229)**	**(24,447,445)**	**(73,382,784)**
Balance at the end of the year		**P41,049,545**	**P7,413,381**	**P33,636,164**

	Note	2023		
		Insurance Contract Liabilities	Reinsurers' Share of Liabilities (Note 8)	Net
Balance at the beginning of the year		P51,228,411	P10,400,877	P40,827,534
New policies written during the year	*16*	104,133,181	26,147,731	77,985,450
Premiums earned during the year	*16*	(106,364,636)	(26,469,378)	(79,895,258)
Balance at the end of the year		P48,996,956	P10,079,230	P38,917,726

13. Insurance Payable

The rollforward analysis of insurance payable is as follows:

	Note	**2024**	2023
Balance at the beginning of the year		**P14,799,554**	P8,734,038
Arising during the year		**21,781,596**	26,147,731
Settlements		**(28,811,632)**	(20,082,215)
Balance at the end of the year	*28, 30, 31*	**P7,769,518**	P14,799,554

14. Other Payables

This account consists of:

	Note	**2024**	2023
Taxes payable		**P2,155,795**	P4,320,464
Others	*30, 31*	**6,113,967**	6,671,155
	28	**P8,269,762**	P10,991,619

Taxes payable consists of documentary stamps, business tax, fire service tax, premium tax, and withholding tax. These are subsequently remitted within one month after the reporting date.

Others pertain to the obligation of the Company for various expenses shouldered by the officers. These obligations do not bear interest.

15. Employee Benefits

The Company has an unfunded, noncontributory, defined benefit pension plan covering substantially all of its regular employees. The benefits are based on years of service and compensation on the last year of employment.

Below is the rollforward analysis of the Company's DBO.

	Note	**2024**	2023
Balance at the beginning of the year		**P1,044,083**	P740,722
Included in Profit or Loss			
Interest cost		**62,352**	49,762
Current service cost		**644,429**	493,090
	20	**706,781**	542,852
Included in Other Comprehensive Income (Loss)			
Changes in demographic assumptions		**(707,612)**	(358,695)
Changes in financial assumptions		**(62,352)**	(49,762)
Experience adjustments		**654,139**	168,966
		(115,825)	(239,491)
Balance at the end of the year	*28*	**P1,635,039**	P1,044,083

As at December 31, 2024 and 2023, the Company's pension liability is equal to the present value of defined benefit obligation as it has no plan assets.

The rollforward of remeasurement gains on defined benefit plan is as follows:

	2024	2023
Balance at the beginning of the year	**P2,520,682**	P2,281,191
Actuarial gain on DBO	**115,825**	239,491
Balance at end of year	**P2,636,507**	P2,520,682

The principal assumptions used in determining pensions for the Company's plan are shown below:

	2024	2023
Discount rate	**6.16%**	5.97%
Rate of salary increase	**5.50%**	5.00%
Mortality rate	**PICM 2009 – 2014 Age Last Birthday, Sex Distinct**	PICM 2009 - 2014 Age Last Birthday, Sex Distinct
Disability rate	**1952 Disability Study of the Society of Actuaries**	1952 Disability Study of the Society of Actuaries

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

	2024		2023	
Position	**Change in variables**	**Increase (Decrease)**	Change in variables	Increase (Decrease)
Discount rate	**+50bps**	**(P1,743,933)**	+50bps	(P1,111,635)
	-50bps	**1,727,582**	-50bps	1,101,194
Salary increase rate	**+50bps**	**1,733,141**	+50bps	1,101,508
	-50bps	**(1,716,791)**	-50bps	(1,091,067)

There were no changes in the methodology and assumptions used in determining the above sensitivity analysis.

Maturity Profile
Shown below is the maturity analysis of the undiscounted benefits payments as at end of the reporting date for 2024 and 2023:

	2024	2023
Within one year to five years	**P81,616**	P62,088
More than five years to nine years	**179,349**	156,769
More than 10 years to 14 years	**450,559**	-
More than 15 years	**3,102,452**	1,695,957

The weighted average duration of the defined benefit obligation at the end of the reporting period is 11 years.

The Company does not expect to contribute to its retirement plan in 2025.

16. Net Earned Insurance Premiums

Gross earned premiums on insurance contracts and reinsurers' share of gross earned premiums on insurance contracts consist of the following:

	Note	**2024**	2023
Insurance contract premiums revenue:			
Direct insurance		**P47,331,395**	P58,317,309
Assumed reinsurance		**42,551,423**	45,815,872
Total insurance contract premiums revenue	*12*	**89,882,818**	104,133,181
Gross change in unearned premium provision		**7,947,411**	2,231,455
Total gross premiums on insurance contracts	*12*	**97,830,229**	106,364,636
Reinsurers' share of insurance contract premiums revenue:			
Direct insurance		**19,759,303**	18,713,078
Assumed reinsurance		**2,022,293**	7,434,653
Total reinsurers' share of insurance contract premiums revenue	*12*	**21,781,596**	26,147,731
Reinsurers' share of gross change in unearned premium provision		**2,665,849**	321,647
Total reinsurers' share of gross earned premiums on insurance	*12*	**24,447,445**	26,469,378
Net earned insurance premiums		**P73,382,784**	P79,895,258

17. Other Income

This account consists of:

	Note	**2024**	2023
Foreign exchange gain		**P157,258**	P366,845
Miscellaneous	*26*	**367,658**	907,477
		P524,916	P1,274,322

Miscellaneous income in 2024 includes subscription fees from the Company's subsidiary while in 2023 it includes termination fees incurred and charged to the Parent Company in relation to the advances agreement.

18. Net Insurance Benefits and Claims

Details of the gross change in insurance contract liabilities are as follows:

	Note	**2024**	2023
Insurance contract benefits and claims paid:			
Direct insurance		**P25,166,045**	P20,250,221
Assumed reinsurance		**6,454,192**	7,061,848
Total insurance contract benefits and claims paid	*12*	**31,620,237**	27,312,069
Reinsurer's share of gross insurance contract benefits and claims paid	*12*	**(14,827,409)**	(8,911,270)
Gross change in insurance contract liabilities		**(12,470,196)**	49,851,048
Reinsurers' shares of gross change in insurance contract liabilities		**15,721,806**	(41,428,192)
Net insurance benefits and claims		**P20,044,438**	P26,823,655

19. Investment Income

This account consists of:

	Note	**2024**	2023
Interest income on:			
Short-term placements	*4*	**P42,617,953**	P50,871,079
HTM investments	*6*	**18,517,239**	14,531,686
Cash in banks	*4*	**1,199,621**	1,213,432
Loans	*26*	**162,444**	3,607,786
Change in fair value of FVPL investment		**6,898,704**	6,332
Net gain on sale of AFS investments		**891,667**	-
		P70,287,628	P70,230,315

Interest income on loans pertains to the interest earned from the Loan Agreement with Streetcorner Ecommerce Limited. The loans are payable within 60 days and 30 days from the date of release of the amount advanced, with the principal amounting to P520.00 million and P570.00 million respectively, and at an interest of 8% per annum. The principal and interest are fully collected as at December 31, 2023.

20. Operating Expenses

This account consists of:

	Note	**2024**	2023
Impairment loss - net	*5, 8*	**P13,344,766**	P3,246,120
Salaries and wages		**10,535,769**	8,992,082
Taxes and licenses		**8,422,790**	1,114,706
Professional fees		**3,784,103**	4,679,223
Depreciation	*10,25*	**3,467,759**	3,449,063
Referral incentives		**3,184,940**	4,013,129
Penalty fees		**2,637,995**	837,742
Agency fees		**1,953,748**	1,993,397
Employee benefits		**1,678,256**	1,566,447
Light and water		**1,213,480**	1,036,607
Bureau and association fees		**982,859**	979,508
Social security and other contributions		**943,147**	719,064
Communication		**886,915**	918,794
Stationary supplies		**822,096**	345,660
Pension expense	*15*	**706,781**	542,852
Transportation and travel		**644,853**	761,074
Entertainment, amusement, and recreation		**530,715**	321,603
Interest expense	*25*	**444,037**	629,217
Medical expense		**413,982**	298,860
Wages and allowances - temporary		**349,090**	353,095
Rent		**260,083**	253,783
Repairs and maintenance		**56,506**	81,643
Collection fees		**24,385**	52,132
Miscellaneous		**2,597,271**	3,310,416
		P59,886,326	P40,496,217

The impairment loss consists of:

	Note	**2024**	2023
Premiums receivable	*5*	**P13,344,766**	P9,622,116
Reinsurance recoverable on paid losses	*5*	**-**	(313,267)
Due from ceding company	*5*	**-**	(4,377,713)
Reinsurance recoverable on unpaid losses	*8*	**-**	(1,685,016)
		P13,344,766	P3,246,120

Salaries and wages consist of the compensation and benefits paid to the Company's employees for the services rendered.

Taxes and licenses consist of business taxes, BIR annual registration and other related expenses incurred by the Company.

Professional fees consist of the payments made to various consultants and other expenses associated with legal and contractual services provided to the Company.

The depreciation consists of:

	Note	**2024**	2023
Depreciation expense - lease	*25*	**P3,232,158**	P3,232,158
Depreciation expense - furniture, fixtures and office equipment	*10*	**235,601**	216,905
		P3,467,759	P3,449,063

Miscellaneous consists mainly of other administrative expenses incurred by the Company.

21. Other Underwriting Expenses

Other underwriting expenses amounted to P12.56 million and P12.90 million in 2024 and 2023, respectively. This account includes miscellaneous and administration charges from the assumed businesses.

22. Reclassification

In 2024, the Company reclassified certain accounts in the statements of financial position as at December 31, 2023 to conform with the current year's presentation.

The table presents the reclassification adjustments including impact to the statements of financial position:

December 31, 2023

	Note	As previously presented	Reclassification Adjustment	As reclassified
Loans and receivables	*6*	P5,696,062	(P4,000,000)	P1,696,062
Advances to a subsidiary	*6*	-	4,000,000	4,000,000

Advances to a subsidiary which was previously presented as part of "Loans and receivables" is now presented separately as single line item in the statements of financial position in accordance with PAS 1 *Presentation of Financial Assets* considering the materiality of the account balance as at December 31, 2024.

The above reclassifications has no material effect on the statements of financial position, statements of income, statements of comprehensive income, statements of cash flow and income tax as at and for the years then ended. Accordingly, there was no need to present a statement of financial position at the beginning of the earliest comparative period.

23. Income Tax

The provision for income tax consists of:

	2024	2023
Final taxes	**P12,466,963**	P13,323,240
Minimum Corporate Income Tax (MCIT)	**394,939**	307,243
Current	**12,861,902**	13,630,483
Deferred	**68,052**	46,015
	P12,929,954	P13,676,498

The reconciliation of the income tax expense computed at statutory tax rate to the income tax shown in the profit or loss is as follows:

	2024	2023
Income before income tax	**P30,137,468**	P46,976,018
At statutory tax rate (25%)	**P7,534,367**	P11,744,005
Change in unrecognized DTA excluding unrecognized net operating loss carry over (NOLCO)	**3,490,279**	1,254,486
Final tax	**12,466,963**	13,323,240
Expired MCIT	**417,547**	-
Change in unrecognized NOLCO	**4,730,210**	2,938,349
Income subjected to final tax	**(17,531,296)**	(16,655,632)
Nondeductible expense	**1,821,884**	1,072,050
	P12,929,954	P13,676,498

Deferred tax assets have not been recognized because it was not probable that future taxable profit will be available against which the Company can utilize the benefits from. The unrecognized deferred tax assets as at December 31, 2024 and 2023 are as follows:

	2024		2023	
	Tax Base	**Deferred Tax Assets**	Tax Base	Deferred Tax Assets
NOLCO	**P73,266,445**	**P18,316,611**	P54,345,607	P13,586,402
Pension liability - gross of remeasurement gain on defined benefit plan	**4,815,640**	**1,203,910**	4,108,859	1,027,215
Allowance for doubtful accounts	**45,212,650**	**11,303,163**	31,867,884	7,966,971
MCIT	**1,365,674**	**1,365,674**	1,388,282	1,388,282
	P124,660,409	**P32,189,358**	P91,710,632	P23,968,870

Below is the movement of the recognized deferred tax assets and deferred tax liability recognized as at December 31, 2024 and 2023.

	2024			
	Beginning Balance	**Amount Charged to Profit or Loss**	**Amount Recognized in Other Comprehensive Income**	**Ending Balance**
Right-of-use	**P1,885,426**	**P808,040**	**P -**	**P2,693,466**
Lease liability	**(1,694,739)**	**(838,176)**	**-**	**(2,532,915)**
Foreign exchange gain	**(136,821)**	**(37,916)**	**-**	**(174,737)**
Deferred acquisition costs net of deferred reinsurance commission	**(1,885,883)**	**-**	**-**	**(1,885,883)**
Revaluation reserve on revalued Property, Plant and Equipment (PPE) - net	**(1,996,278)**	**-**	**(136,000)**	**(2,132,278)**
Revaluation reserve for quoted unlisted AFS	**(3,987,208)**	**-**	**3,975,081**	**(12,127)**
Deferred tax liabilities - net	**(P7,815,503)**	**(P68,052)**	**P3,839,081**	**(P4,044,474)**

	2023			
	Beginning Balance	Amount Charged to Profit or Loss	Amount Recognized in Other Comprehensive Income	Ending Balance
Right-of-use	P1,077,386	P808,040	P -	P1,885,426
Lease liability	(932,396)	(762,343)	-	(1,694,739)
Foreign exchange gain	(45,109)	(91,712)	-	(136,821)
Deferred acquisition costs net of deferred reinsurance commission	(1,885,883)	-	-	(1,885,883)
Revaluation reserve on revalued Property, Plant and Equipment (PPE) - net	(1,756,528)	-	(239,750)	(1,996,278)
Revaluation reserve for quoted unlisted AFS	(3,242,594)	-	(744,614)	(3,987,208)
Deferred tax liabilities - net	(P6,785,124)	(P46,015)	(P984,364)	(P7,815,503)

The Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 25-2020 to implement Section 4 (bbbb) of R.A. No. 11494, Bayanihan to Recover as One Act, which provides that the NOLCO incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. The said RR also defined taxable years 2020 and 2021 to include those corporations with fiscal years ending on or before June 30, 2021 and June 30, 2022, respectively.

The details of the Company's NOLCO covered by RR No. 25-2020 is as follows:

Year Incurred	NOLCO	Expired	Balance	Expiry Year
2021	P3,744,735	P -	P3,744,735	2026
2020	38,847,478	-	38,847,478	2025
	P42,592,213	P -	P42,592,213	