



SECURITIES AND EXCHANGE COMMISSION

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Company Type: Stock Corporation

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METROPOLITAN
INSURANCE COMPANY INC.

**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, 2023 and 2022, 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 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.

Signature: Jose M. Périnet Jr.
Chairman / President

Signature: Patrik Konrad P. Ticzon
Vice Chairman

Signature: Andie G. Valencia
Finance Manager / Treasurer

Signed this 29th day of May 2024



CO V E R S H E E T
 for
AUDITED SEPARATE FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

M	E	T	R	O	P	O	L	I	T	A	N	I	S	U	R	A	N	C	E	
C	O	M	P	A	N	Y	,	I	N	C	.									

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

3	/	F	A	t	h	e	n	a	e	u	m	B	l	d	g	.	,	1	6	0		
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V	i	l	l	a	g	e	,	M	a	k	a	t	i		C	i	t	y				

Form Type

A A F S

Department requiring the report

Secondary License Type, If Applicable

COMPANY INFORMATION

Company's email Address

metropolitan@miciph.com

Company's Telephone Number/s

02 8867 2888

Mobile Number

0996 815 6226

No. of Stockholders

8

Annual Meeting (Month / Day)

3rd Monday of June

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Andie G. Valencia

Email Address

avalencia@miciph.com

Telephone Number/s

02 8867 2888

Mobile Number

0927 832 5536

CONTACT PERSON's ADDRESS

3/F Athenaeum Bldg., 160 L.P. Leviste St., Salcedo Village, Makati City

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

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

METROPOLITAN INSURANCE COMPANY, INC.

**SEPARATE FINANCIAL STATEMENTS
December 31, 2023 and 2022**

With Independent Auditors' Report



R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Metropolitan Insurance Company, Inc.
3/F Athenaeum Bldg., 160 L.P. Leviste St.
Salcedo Village, Makati City

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Metropolitan Insurance Company, Inc. (the Company), which comprise the separate statements of financial position as at December 31, 2023 and 2022, and the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at December 31, 2023 and 2022, and its unconsolidated financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audit 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 Separate Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the separate financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with the ethical 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.



Firm Registration, Registration & Accreditation:
Registration No. 0003, valid until September 20, 2026
Registration No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



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

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

In preparing the separate 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.

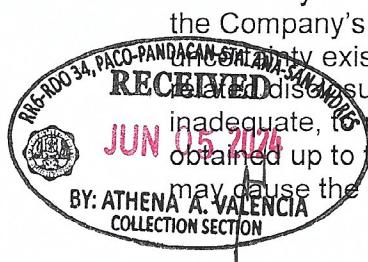
Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 separate 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 separate 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 disclosures in the separate 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 separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on the Supplementary Information Required Under Revenue Regulation No. 15-2010 and Revenue Regulation No. 34-2020 of the Bureau of Internal Revenue

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

R.G. MANABAT & CO.

FLORIZZA C. SIMANGAN

Partner

CPA License No. 0147917

IC Accreditation No. 147917-IC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements

Tax Identification No. 429-267-284

BIR Accreditation No. 08-001987-150-2022

Issued January 27, 2022; valid until January 26, 2025

PTR No. MKT 10075200

Issued January 2, 2024 at Makati City

June 3, 2024





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SUPPLEMENTAL WRITTEN STATEMENT OF AUDITORS

The Board of Directors and Stockholders
Metropolitan Insurance Company, Inc.
3/F Athenaeum Bldg., 160 L.P. Leviste St.
Salcedo Village, Makati City

We have audited the accompanying separate financial statements of Metropolitan Insurance Company, Inc. (the Company) as at and for the year ended December 31, 2023, on which we have rendered our report dated June 3, 2024.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the said Company has one (1) stockholder owning one hundred (100) or more shares.

R.G. MANABAT & CO.

FLORIZZA C. SIMANGAN

Partner

CPA License No. 0147917

IC Accreditation No. 147917-IC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements

Tax Identification No. 429-267-284

BIR Accreditation No. 08-001987-150-2022

Issued January 27, 2022; valid until January 26, 2025

PTR No. MKT 10075200

Issued January 2, 2024 at Makati City

June 3, 2024
Makati City, Metro Manila

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until September 20, 2026

IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)

BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

METROPOLITAN INSURANCE COMPANY, INC.
SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2023	2022
ASSETS			
Cash and cash equivalents	4, 27	P1,065,213,305	P1,129,276,633
Insurance receivables - net	5, 27, 29	58,029,721	35,249,799
Financial assets:	6, 27, 29, 30		
Available-for-sale financial assets		16,273,113	13,294,655
Held-to-maturity investments		322,917,537	227,304,522
Loans and receivables		5,696,062	76,973,435
Investment at fair value through profit or loss		109,670	103,338
Investment in associate	7, 27, 29, 30	-	9,533,881
Investment in a subsidiary	7, 27, 29, 30	81,821,881	-
Reinsurance assets	8, 27	63,063,701	20,272,140
Deferred acquisition costs	9, 27	12,708,059	13,721,548
Property and equipment - net	10, 27	15,720,653	14,914,274
Right-of-use asset - net	24, 27	8,619,088	11,851,246
Other assets	11, 27	18,254,578	17,896,028
		P1,668,427,368	P1,570,391,499
LIABILITIES AND EQUITY			
Liabilities			
Insurance contract liabilities	12, 27	P117,312,275	P69,692,682
Insurance payable	13, 27, 29, 30	14,799,554	8,734,038
Commissions payable	27, 29, 30	12,723,210	8,375,617
Deferred reinsurance commissions	9, 27	2,162,306	2,699,559
Pension liability	15, 27	1,044,083	740,722
Lease liability	24, 27	9,381,834	12,431,206
Deposit for future subscription	23, 27	400,000,000	400,000,000
Deferred tax liability - net	22, 27	7,815,503	6,785,124
Other payables	14, 27	10,991,619	5,227,672
Total Liabilities		576,230,384	514,686,620
Equity			
Capital stock	23	1,110,482,753	1,110,482,753
Contributed surplus	23	20,603,655	20,603,655
Revaluation reserve on:			
Available-for-sale financial assets	6	11,961,626	9,727,782
Property and equipment	10	5,988,834	5,269,584
Remeasurement gains on defined benefit plan	15	2,520,682	2,281,191
Deficit	23	(59,360,566)	(92,660,086)
Total Equity		1,092,196,984	1,055,704,879
		P1,668,427,368	P1,570,391,499



See Notes to the Separate Financial Statements.

JUN 05 2024

BY: ATHENA A. VALENCIA
COLLECTION SECTION

METROPOLITAN INSURANCE COMPANY, INC.
SEPARATE STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

		Years Ended December 31	
	Note	2023	2022
Gross earned premiums on insurance contracts		P106,364,636	P83,117,204
Reinsurers' share of gross earned premiums		(26,469,378)	(21,630,173)
NET EARNED INSURANCE PREMIUMS	16	79,895,258	61,487,031
Investment income	19	70,230,315	50,510,854
Commission income	9	5,159,495	4,048,101
Other income	17	1,274,322	184,436
OTHER REVENUE		76,664,132	54,743,391
TOTAL REVENUE		156,559,390	116,230,422
Gross insurance contract benefits and claims paid	12, 18	27,312,069	8,461,021
Reinsurers' share of gross insurance contract benefits and claims paid	12	(8,911,270)	(759,697)
Gross change in insurance contract liabilities	18	49,851,048	12,653,061
Reinsurers' share of gross change in insurance contract liabilities	18	(41,428,192)	(9,532,251)
NET INSURANCE BENEFITS AND CLAIMS		26,823,655	10,822,134
Operating expenses	20	40,496,217	56,895,271
Commissions expense	9	29,367,859	24,195,583
Other underwriting expense	21	12,895,641	10,972,210
OTHER EXPENSES		82,759,717	92,063,064
TOTAL BENEFITS, CLAIMS, AND OTHER EXPENSES		109,583,372	102,885,198
INCOME BEFORE INCOME TAX		46,976,018	13,345,224
Current income tax		13,630,483	1,405,663
Deferred income tax		46,015	(99,881)
PROVISION FOR INCOME TAX	22	13,676,498	1,305,782
NET INCOME		33,299,520	12,039,442
OTHER COMPREHENSIVE INCOME			
<i>Item that will be reclassified to profit or loss in subsequent periods</i>			
Net changes in the revaluation reserves on available-for-sale financial assets - net of tax	6	2,233,844	5,066,034
<i>Item that will not be reclassified to profit or loss in subsequent periods</i>			
Remeasurement gain on defined benefit plan	15	239,491	851,424
Revaluation reserve on property and equipment	10	719,250	1,080,750
Total other comprehensive income		3,192,585	6,998,208
TOTAL COMPREHENSIVE INCOME		P36,492,105	P19,037,650

See Notes to the Separate Financial Statements
BY ATHENA A. VALENCIA
COLLECTION SECTION



METROPOLITAN INSURANCE COMPANY, INC.
SEPARATE STATEMENTS OF CHANGES IN EQUITY

							Years Ended December 31
		Contributed	Revaluation Reserve on Available-for- Sale Financial Assets (Note 6)	Revaluation Reserve on Property and Equipment (Note 10)	Remeasurement Gains on Defined Benefit Plan (Note 15)	Deficit (Note 23)	Total
Note	Capital Stock (Note 23)	Surplus (Note 23)					
Balance at January 1, 2023	P1,110,482,753	P20,603,655	P9,727,782	P5,269,584	P2,281,191	(P92,660,086)	P1,055,704,879
Net income during the year	-	-	-	-	-	33,299,520	33,299,520
Other comprehensive income	6, 10, 15	-	2,233,844	719,250	239,491	-	3,192,585
Total comprehensive income for the year	-	-	2,233,844	719,250	239,491	33,299,520	36,492,105
Balance at December 31, 2023	P1,110,482,753	P20,603,655	P11,961,626	P5,988,834	P2,520,682	(P59,360,566)	P1,092,196,984
Balance at January 1, 2022	P1,110,482,753	P20,603,655	P4,661,748	P4,188,834	P1,429,767	(P104,699,528)	P1,036,667,229
Net loss during the year	-	-	-	-	-	12,039,442	12,039,442
Other comprehensive income	6, 10, 15	-	5,066,034	1,080,750	851,424	-	6,998,208
Total comprehensive income for the year	-	-	5,066,034	1,080,750	851,424	12,039,442	19,037,650
Balance at December 31, 2022	P1,110,482,753	P20,603,655	P9,727,782	P5,269,584	P2,281,191	(P92,660,086)	P1,055,704,879

See Notes to the Separate Financial Statements.

METROPOLITAN INSURANCE COMPANY, INC.
SEPARATE STATEMENTS OF CASH FLOWS

		Years Ended December 31	
	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		P46,976,018	P13,345,224
Adjustments for:			
Interest income	19	(70,223,983)	(50,510,854)
Commission expense	9	29,367,859	24,195,583
Commission income	9	(5,159,495)	(4,048,101)
Depreciation	20	3,449,063	4,554,956
Impairment loss - net	20	3,246,120	19,197,741
Change in unearned premium provision		(1,909,808)	13,011,922
Interest expense	20, 24	629,217	1,096,434
Pension expense	15, 20	542,852	522,450
Foreign exchange gain		(366,845)	(180,436)
Amortization expense	11	-	1,437,648
Change in fair value through profit or loss	19	(6,332)	-
Operating income before working capital changes		6,544,666	22,622,567
Changes in:			
Investment at fair value through profit or loss	6	-	(103,338)
Insurance receivables		(26,026,042)	(20,122,575)
Loans and receivables		23,474	(76,265,712)
Reinsurance assets		(43,113,208)	(9,532,251)
Deferred acquisition costs		(28,354,370)	(28,014,011)
Other assets		(666,110)	55,699,645
Insurance contract liabilities		49,851,047	12,653,062
Insurance payables		6,065,516	(1,445,709)
Commissions payable		4,347,593	3,244,338
Deferred reinsurance commissions		4,622,242	4,388,072
Other payables		5,763,947	(3,001,684)
Net cash used in operations		(20,941,245)	(39,877,596)
Interest received		52,084,511	-
Income tax paid	22	(13,323,240)	(742,171)
Net cash provided by (used in) operating activities		17,820,026	(40,619,767)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Held-to-maturity investments	6	(287,531,483)	(125,321,586)
Investment in subsidiary	7	(234,000)	-
Property and equipment	10	(64,284)	(52,722)
Investment in associate	7	-	(9,533,881)
Maturities of held-to-maturity investments	6	199,800,000	126,800,000
Interest received		9,458,157	55,860,188
Proceeds from sale of property and equipment	10	-	21,904
Net cash (used in) provided by investing activities		(78,571,610)	47,773,903

Forward

		Years Ended December 31	
	Note	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment in lease liability			
Payment in lease liability	24, 25	(P3,678,589)	(P4,826,018)
Receipt of deposit for future subscription	23	-	400,000,000
Net cash (used in) provided by financing activities		(3,678,589)	395,173,982
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS			
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(64,430,173)	402,328,118
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,129,276,633	726,768,079
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS			
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS		366,845	180,436
CASH AND CASH EQUIVALENTS AT END OF YEAR			
CASH AND CASH EQUIVALENTS AT END OF YEAR	4, 27	P1,065,213,305	P1,129,276,633

See Notes to the Separate Financial Statements.

METROPOLITAN INSURANCE COMPANY, INC.
NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. Reporting Entity

Metropolitan Insurance Company, Inc. (the Company) was registered with the Philippine Securities and Exchange Commission (SEC) on July 7, 1999. The Company is primarily engage in the business of nonlife insurance, indemnifying others against loss, damage, or liability from unknown or contingent events and to act as agent to other insurance or surety companies, or any of its branches, including life insurance. It includes lines such as health, accident, fire and allied lines, motor vehicle, casualty, surety, marine cargo, marine hull, comprehensive liability insurance and allied risks, and/or such other insurance coverage allied with, and incident to aforementioned lines.

On November 11, 2023, the Company obtained 59.99% of ownership OWN Bank, The Rural Bank of Cavite City, Inc. (OWN Bank). With this, the Company has become parent company of OWN Bank, a rural bank registered and incorporated located in Cavite, Philippines.

The Company is a wholly-owned subsidiary of Streetcorner Ecommerce Limited (SEL). The Company's ultimate parent is Silvrr Technology Co., Ltd, a holdings company. It is an unlisted company that is incorporated and registered in Cayman Islands.

On March 2, 2022, the Insurance Commission (IC) renewed the license of the Company as a nonlife domestic insurance company and valid until December 31, 2024.

The registered office address of the Company is 3/F Athenaeum Bldg., 160 L.P. Leviste St., Salcedo Village, Makati City.

2. Basis of Preparation

Statement of Compliance

The separate financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs), which include all applicable PFRSs, Philippine Accounting Standards (PASs), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and adopted by the SEC.

The Company is not required to prepare consolidated financial statements since the Ultimate Parent Company prepares consolidated financial statements that comply with Financial Reporting Standards, the Company's debt and equity securities are not traded in a public market, and it did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market. The consolidated financial statements have been produced for public use and are obtainable at the Ultimate Parent Company's registered office address.

These separate financial statements were authorized for issue by the Company's Board of Directors (BOD) on May 31, 2024.

Basis of Measurement

The separate financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement Bases
Available-for-sale (AFS) financial assets	Fair value unless not measured reliably
Investment at fair value through profit or loss (FVPL)	Fair value
Land and office condominiums (under Property and equipment)	Fair value
Retirement liability	Present value of the defined benefit obligation (DBO)
Lease liabilities	Present value of the lease payments not yet paid discounted using the Company's incremental borrowing rate

Functional and Presentation Currency

The separate financial statements are presented in Philippine Peso, the Company's functional currency, and all values represent absolute amounts except when otherwise indicated.

Presentation of Separate Financial Statements

The Company presents its separate statement of financial position in order of liquidity. An analysis regarding recovery or settlement within twelve (12) months after the reporting date (current) and more than 12 months after the reporting date (noncurrent) is presented in Note 27.

3. Significant Accounting Estimates and Judgments

The preparation of the separate financial statements in accordance with PFRSs requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, income and expenses, and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the separate financial statements as they become reasonably determinable.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

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

a. Classifying Financial Instruments

The Company exercises judgment in classifying a financial instrument, or its components, on initial recognition either as a financial asset, financial liability or an equity in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the separate statement of financial position.

b. Determination of Fair Value of Financial Instruments

The Company classifies financial assets by evaluating, among others, whether a financial asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination of whether quoted prices are readily and regularly available, whether the market from which the price quotes were obtained can be considered deep enough to qualify as an “active” market, and whether those prices represent actual and regularly occurring market transactions on an arms’ length basis.

Where the fair values of financial assets recorded in the separate statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The Company uses judgment to select from variety of valuation models and make assumptions regarding considerations of liquidity and model inputs such as correlation and volatility for longer dated financial instruments. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair value.

As at December 31, 2023 and 2022, the Company’s financial assets measured at fair value amounted to P16.27 million and P13.29 million, respectively (see Note 6).

c. Impairment of AFS Financial Assets

The Company treats AFS equity securities 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” or “prolonged” requires judgment.

In 2023 and 2022, the Company did not recognize any impairment on its AFS equity investments.

d. Ability to Continue as a Going Concern

The separate financial statements have been prepared on the assumption that the Company will continue as a going concern. Management rendered its judgment in assuming that the financial and operational support of SEL would be sufficient to allow the Company to pay its obligation as they fall due and will enable the Company to recover its deficit in the foreseeable future.

Estimates and Assumptions

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

a. Claims Liability Arising from Insurance Contracts

For nonlife insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of the Incurred But Not Reported (IBNR) Losses claims at the reporting date. It can take a significant period of time before the ultimate claim costs can be established with certainty. At each reporting date, prior year claims estimates are assessed for adequacy and changes made are charged to provision. Nonlife insurance claims provisions are not discounted for the time value of money.

The main assumption underlying the estimation of the claims provision is that the Company's past claims development experience can be used to project future claims development, and hence, ultimate claim costs. Historical claims development is mainly analyzed by accident years as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development.

Additional qualitative judgment is used to assess the extent to which past trends may not apply in the future (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as, internal factors such as portfolio mix, policy conditions and claims handling procedures), in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking into account the uncertainties involved.

The carrying values of claims reported and IBNR amounted to P68.32 million and P18.46 million as at December 31, 2023 and 2022, respectively (see Note 12).

b. 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 less. 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, 2023 and 2022, the carrying amount of the reserve for unearned premium, net of deferred acquisition cost, amounting to P36.29 million and P37.51 million, respectively, are adequate in light of the latest current estimates and taking into the provision of PFRS 4, *Insurance Contracts* (see Notes 9 and 12).

c. Impairment of Insurance Receivable

The Company reviews its insurance receivables at each reporting date to assess whether an allowance for impairment should be recorded in profit or loss. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

The level of this allowance is evaluated by management on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, age of balances, financial status of counterparties, payment behavior, and known market factors. The Company reviews the age and status of receivables and identifies accounts that are to be provided with allowance on a regular basis.

Insurance receivables net of allowance for doubtful accounts amounted to P58.03 million and P35.25 million as at December 31, 2023 and 2022, respectively. The Company recognized provision for impairment losses on receivables amounting to P4.93 million and P19.20 million in 2023 and 2022, respectively (see Note 5).

d. Valuation of Land and Office Condominium Units at Fair Value

The Company's land and office condominium units are carried at fair value, which has been determined based on market data approach. In determining the fair value, the Company's external appraiser used generally accepted methodologies. There have been no significant changes on the valuation methodology used by the external appraiser. The valuation methodology and significant inputs used in the valuation are detailed in Note 10.

The carrying value of properties carried at fair value amounted to P15.31 million and P14.35 million as at December 31, 2023 and 2022, respectively (see Note 10).

e. Realizability of Deferred Tax Assets

Deferred tax assets are recognized for all temporary future tax benefits to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized. These assets are periodically reviewed to determine the amount of deferred tax assets that can be recognized. Periodic reviews cover the nature and amount of deferred income and expense items, expected timing when assets will be used or liabilities will be required to be reported, reliability of historical profitability of businesses expected to provide future earnings and tax planning strategies which can be utilized to increase the likelihood that deferred tax assets will be realized.

As at December 31, 2023 and 2022, unrecognized deferred tax assets amounted to P23.97 million and P19.78 million, respectively (see Note 22).

f. Impairment of Investment in Subsidiary

The Company assesses impairment on investment in subsidiary whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

An assessment is made at each reporting date of whether there is any indication of impairment of an asset, or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated at the higher of the asset's value in use or its net selling price.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged against current operations in the year in which it arises.

The carrying amount of investment in subsidiary is disclosed in Note 7.

4. Cash and Cash Equivalents

This account consists of:

	Note	2023	2022
Short-term placements	29, 30	P988,054,326	P -
Cash in banks	29, 30	77,098,979	1,129,244,874
Cash on hand		60,000	31,759
	27	P1,065,213,305	P1,129,276,633

Cash in banks and short-term placements were not subjected to any restrictions.

Cash in banks consist of peso and foreign currency-denominated savings and current accounts with interest rate ranging from 0.25% to 3.00% and 0.10% to 3.00% in 2023 and 2022, respectively.

Short-term placements pertain to time deposits denominated in Philippine peso with various financial institutions and with maturities ranging from overnight to thirty days and interest ranging from 5.00% to 5.75% per annum in 2023.

Interest income from cash in bank and short-term placements recognized in profit or loss which is presented under "Investment income" amounted to P52.08 million and P2.03 million in 2023 and 2022, respectively (see Note 19).

5. Insurance Receivables - net

This account consists of:

	Note	2023	2022
Premium receivable	29, 30	P49,856,168	P33,967,178
Due from ceding companies	29, 30	14,815,045	9,680,621
Funds held by ceding companies	29, 30	12,372,039	12,372,039
Reinsurance recoverable on paid losses	29, 30	12,147,242	5,459,598
		89,190,494	61,479,436
Less: Allowance for doubtful accounts		31,160,773	26,229,637
	27, 29	P58,029,721	P35,249,799

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, 2022		P4,298,960	P1,127,567	P935,414	P669,955	P7,031,896
Provision	20	15,122,595	34,208	4,040,938	-	19,197,741
December 31, 2022		P19,421,555	P1,161,775	P4,976,352	P669,955	P26,229,637
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

6. Financial Assets

This account consists of:

	Note	2023	2022
Held-to-maturity (HTM) Investments		P322,917,537	P227,304,522
AFS financial assets		16,273,113	13,294,655
Loans and receivables		5,696,062	76,973,435
Investment at FVPL		109,670	103,338
	27, 29, 30	P344,996,382	P317,675,950

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, 2023 and 2022, respectively.

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

	Note	2023	2022
Balance at the beginning of the year		P227,304,522	P230,177,318
Additions		287,531,483	125,321,586
Maturities		(199,800,000)	(126,800,000)
Amortization		7,881,532	(1,394,382)
Balance at the end of the year	27, 29, 30	P322,917,537	P227,304,522

The interest income earned from HTM investments amounted to P14.53 million and P1.68 million in 2023 and 2022, respectively (see Note 19).

b) *Loans and Receivables*

	Note	2023	2022
Advances to a subsidiary		P4,000,000	P -
Accrued interest receivable		1,455,819	656,036
Employee salary advances		240,243	263,717
Advances to associate	7, 25	-	27,400,000
Advances to shareholders of associate	7	-	48,653,682
	27, 29, 30	P5,696,062	P76,973,435

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 (see Note 7).

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 2023 and 2022, no impairment losses have been recognized for loans and receivables.

c) *AFS Financial Assets*

	Note	2023	2022
Golf and club shares		P16,000,000	P13,100,000
Quoted securities - at fair value common shares		147,758	69,300
		16,147,758	13,169,300
Unquoted securities - at cost common shares		125,355	125,355
	27, 29, 30	P16,273,113	P13,294,655

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

	Note	2023	2022
Balance at the beginning of the year		P13,294,655	P6,539,944
Unrealized fair value gain		2,978,458	6,754,711
Balance at the end of the year	27, 29, 30	P16,273,113	P13,294,655

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

	2023	2022
Balance at the beginning of the year	P9,727,782	P4,661,748
Changes in fair value gain during the year, net of tax	2,233,844	5,066,034
Balance at the end of the year	P11,961,626	P9,727,782

d) *Investment at FVPL*

	Note	2023	2022
Balance at the beginning of the year		P103,338	P -
Additions		-	103,338
Unrealized fair value gain		6,332	-
Balance at the end of the year	27, 29, 30	P109,670	P103,338

7. Investment in Associate and Investment in a Subsidiary

As at December 31, 2023 and 2022, this account consists of investments in associate and investment in a subsidiary carried at cost as follows:

	2023	2022
Investment in associate	P -	P9,533,881
Investment in a subsidiary	81,821,881	-
Total Investment in Associate and Investment in a Subsidiary	P81,821,881	P9,533,881

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

	2023	2022
Total assets	P801,750,734	P153,426,455
Total liabilities	734,003,091	107,505,897
Net assets	67,747,643	45,920,558
Net income	13,082,124	1,141,654

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	2023	2022
Deferred reinsurance premiums	12	P10,079,230	P10,400,877
Reinsurance recoverable on unpaid losses	12	53,691,582	12,263,390
		63,770,812	22,664,267
Less: Allowance for doubtful accounts		707,111	2,392,127
	27	P63,063,701	P20,272,140

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

	Note	2023	2022
Balance at the beginning of the year		P2,392,127	P2,392,127
Reversal	20	(1,685,016)	-
Balance at the end of the year		P707,111	P2,392,127

9. Deferred Acquisition Costs and Deferred Reinsurance Commissions

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

	Note	2023	2022
Deferred Acquisition Costs			
Balance at the beginning of the year		P13,721,548	P9,903,120
Cost deferred during the year		28,354,370	28,014,011
Amortization during the year		(29,367,859)	(24,195,583)
Balance at the end of the year	27	P12,708,059	P13,721,548

	Note	2023	2022
Deferred Reinsurance Commissions			
Balance at the beginning of the year		P2,699,559	P2,359,588
Income deferred during the year		4,622,242	4,388,072
Amortization during the year		(5,159,495)	(4,048,101)
Balance at the end of the year	27	P2,162,306	P2,699,559

10. Property and Equipment - net

This account consists of property and equipment measured as follows:

	Note	2023	2022
At appraised value		P15,310,000	P14,351,000
At cost		410,653	563,274
Balance at end of year	27	P15,720,653	P14,914,274

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

Furniture, Fixtures and Office Equipment - At Cost	Note	2023	2022
Cost			
Balance at the beginning of the year		P1,415,217	P1,403,995
Additions		64,284	52,722
Disposal		-	(41,500)
Balance at end of year		1,479,501	1,415,217
Accumulated Depreciation			
Balance at the beginning of the year		851,943	626,127
Depreciation	20	216,905	245,412
Disposal		-	(19,596)
Balance at end of year		1,068,848	851,943
Net Book Value as at December 31		P410,653	P563,274

In 2022, one unit (1) of laptop with carrying amount of P0.02 million were disposed at carrying amount thus resulting to nil gain/loss.

There was no disposal of equipment happened in 2023.

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

2023	Office		
	Land	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

2022	Land	Condominium	Office	Total
At Appraised Value				
Balance at the beginning of the year	P4,990,000	P7,920,000	P12,910,000	
Revaluation	523,000	918,000	1,441,000	
Balance at end of year	5,513,000	8,838,000	14,351,000	
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, 2022	P5,513,000	P8,838,000	P14,351,000	

Accumulated depreciation on the appraisal increases on office condominium subsequently reversed through equity due to revaluation amounted to P0.38 million in 2023 and 2022.

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

	2023	2022
Cost	P3,570,155	P3,570,155
Less accumulated depreciation	1,993,623	1,614,445
Net carrying amount	P1,576,532	P1,955,710

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

	2023	2022
Beginning	P5,269,584	P4,188,834
Revaluation	719,250	1,080,750
Revaluation Reserve on Property and Equipment, End (after tax)	P5,988,834	P5,269,584

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 January 24, 2024 and February 2, 2024 for the year ended December 31, 2023.

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

Valuation Techniques	Unobservable Inputs Used	Range (Weighted Average)	
		2023	2022
Office Condominium Carried at Fair Value			
Keppel Building, Cebu Business Park, Cebu City	Market data approach	Price per square meter 98,175 to 117,300 (106,000)	80,526 to 112,101 (97,000)
Land carried at fair value representing deemed cost Brgy. Merville Paranaque City	Market data approach	Price per square meter 12,042 to 13,989 (12,900)	12,150 to 12,750 (12,400)

There were no transfers to or out of Level 3 hierarchy in respect of the above office condominium units as at December 31, 2023 and 2022. 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	2023	2022
Creditable withholding taxes (CWT)		P16,951,282	P16,862,776
Others		1,303,296	1,033,252
Balance at the end of the year	27	P18,254,578	P17,896,028

The gross carrying amounts and accumulated amortization of the intangible asset in 2023 and 2022 are shown below:

Intangible Asset	2023	2022
Cost	P1,990,590	P1,990,590
Accumulated amortization	(1,990,590)	(1,990,590)
	P -	P -

Reconciliation of the carrying amount of the intangible asset at the beginning and end of each year is shown below:

Intangible Asset	Note	2023	2022
Balance at January 1 net of accumulated amortization		P -	P1,437,648
Amortization expense for the year	20	-	(1,437,648)
		P -	P -

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

Others include other deposit fund and prepayment.

12. Insurance Contract Liabilities

Insurance contract liabilities analyzed as follows:

			2023	
			Reinsurers' Share of Liabilities (Note 8)	
	Note	Insurance Contract Liabilities		Net
Provision for claims reported and loss adjustment expenses	29, 30	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	29	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	27	P117,312,275	P63,770,812	P53,541,463

		2022	
		Insurance Contract Liabilities (Note 12)	Reinsurers' Share of Liabilities (Note 8)
	Note		Net
Provision for claims reported and loss adjustment expenses	29, 30	P15,338,487	P10,895,185
Provision for IBNR		3,125,784	1,368,205
Total claims reported and IBNR	29	18,464,271	12,263,390
Provision for unearned premiums		51,228,411	10,400,877
Total Insurance Contract Liabilities	27	P69,692,682	P22,664,267
			P47,028,415

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

		2023	
		Reinsurers' Share of Liabilities (Note 8)	
	Note	Insurance Contract Liabilities	Net
Balance at the beginning of the year		P18,464,271	P12,263,390
Claims incurred during the year		76,374,387	49,790,971
Claims paid during the year, net of salvage and subrogation	18	(27,312,069)	(8,911,270)
Increase in IBNR		788,730	548,491
Balance at the end of the year	29	P68,315,319	P53,691,582
			P14,623,737

		2022		
	Note	Insurance Contract Liabilities	Reinsurers' Share of Liabilities (Note 8)	Net
Balance at the beginning of the year		P5,811,210	P2,731,139	P3,080,071
Claims incurred during the year		20,232,548	10,281,079	9,951,469
Claims paid during the year, net of salvage and subrogation	18	(8,461,021)	(759,697)	(7,701,324)
Increase in IBNR		881,534	10,869	870,665
Balance at the end of the year	29	P18,464,271	P12,263,390	P6,200,881

Provision for unearned premiums may analyzed as follows:

		2023		
	Note	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

		2022		
	Note	Insurance Contract Liabilities	Reinsurers' Share of Liabilities (Note 8)	Net
Balance at the beginning of the year		P37,344,772	P9,529,160	P27,815,612
New policies written during the year	16	97,000,843	22,501,890	74,498,953
Premiums earned during the year	16	(83,117,204)	(21,630,173)	(61,487,031)
Balance at the end of the year		P51,228,411	P10,400,877	P40,827,534

13. Insurance Payable

The rollforward analysis of insurance payable is as follows:

	Note	2023	2022
Balance at the beginning of the year		P8,734,038	P10,179,747
Arising during the year		26,147,731	22,501,890
Settlements		(20,082,215)	(23,947,599)
Balance at the end of the year	27, 29, 30	P14,799,554	P8,734,038

14. Other Payables

This account consists of:

	Note	2023	2022
Taxes payable		P4,320,464	P392,194
Others	29, 30	6,671,155	4,835,478
	27	P10,991,619	P5,227,672

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	2023	2022
Balance at the beginning of the year		P740,722	P1,069,696
Included in Profit or Loss			
Interest cost		49,762	52,567
Current service cost		493,090	469,883
	20	542,852	522,450
Included in Other Comprehensive Income (Loss)			
Changes in demographic assumptions		(358,695)	(473,018)
Changes in financial assumptions		(49,762)	(387,455)
Experience adjustments		168,966	9,049
		(239,491)	(851,424)
Others			
Benefits paid		-	-
Balance at the end of the year	27	P1,044,083	P740,722

As at December 31, 2023 and 2022, 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:

	2023	2022
Balance at the beginning of the year	P2,281,191	P1,429,767
Actuarial gain on DBO	239,491	851,424
Balance at end of year	P2,520,682	P2,281,191

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

	2023	2022
Discount rate	5.97%	6.72%
Rate of salary increase	5.00%	5.00%
Mortality rate	PICM 2009 - 2014	PICM 2009 - 2014
	Age Last Birthday, Sex Distinct	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:

Position	2023		2022	
	Change in variables	Increase (Decrease)	Change in variables	Increase (Decrease)
Discount rate	+50bps -50bps	(P1,111,635) 1,101,194	+50bps -50bps	(P794,202) 786,795
Salary increase rate	+50bps -50bps	1,101,508 (1,091,067)	+50bps -50bps	781,462 (774,054)

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 2023 and 2022:

	2023	2022
Within one year to five years	P62,088	P38,051
More than five years to nine years	156,769	-
More than 10 years to 14 years	-	115,002
More than 15 years	1,695,957	2,017,479

The Company does not expect to contribute to its retirement plan in 2024.

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	2023	2022
Insurance contract premiums revenue:			
Direct insurance		P58,317,309	P46,984,386
Assumed reinsurance		45,815,872	50,016,457
Total insurance contract premiums revenue	12	104,133,181	97,000,843
Gross change in unearned premium provision		2,231,455	(13,883,639)
Total gross premiums on insurance contracts	12	106,364,636	83,117,204
Reinsurers' share of insurance contract premiums revenue:			
Direct insurance		18,713,078	14,889,625
Assumed reinsurance		7,434,653	7,612,265
Total reinsurers' share of insurance contract premiums revenue	12	26,147,731	22,501,890
Reinsurers' share of gross change in unearned premium provision		321,647	(871,717)
Total reinsurers' share of gross earned premiums on insurance	12	26,469,378	21,630,173
Net earned insurance premiums		P79,895,258	P61,487,031

17. Other Income

This account consists of:

	Note	2023	2022
Foreign exchange gain		P366,845	P180,436
Miscellaneous	25	907,477	4,000
		P1,274,322	P184,436

Miscellaneous income amounted to P0.91 million in 2023 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	2023	2022
Insurance contract benefits and claims paid:			
Direct insurance		P20,250,221	P6,005,484
Assumed reinsurance		7,061,848	2,455,537
Total insurance contract benefits and claims paid	12	27,312,069	8,461,021
Reinsurer's share of gross insurance contract benefits and claims paid		(8,911,270)	(759,697)
Gross change in insurance contract liabilities		P49,851,048	P12,653,061
Reinsurers' shares of gross change in insurance contract liabilities		(P41,428,192)	(P9,532,251)
Net insurance benefits and claims		P26,823,655	P10,822,134

19. Investment Income

This account consists of:

	Note	2023	2022
Interest income on:			
Short-term placements	4	P50,871,079	P -
HTM investments	6	14,531,686	1,680,892
Loans	25	3,607,786	46,800,000
Cash in banks	4	1,213,432	2,029,962
Change in fair value of FVPL investment		6,332	-
		P70,230,315	P50,510,854

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 year end.

20. Operating Expenses

This account consists of:

	Note	2023	2022
Salaries and wages		P8,992,082	P10,712,504
Professional fees		4,679,223	2,789,737
Referral incentives		4,013,129	1,950,510
Depreciation		3,449,063	4,554,956
Impairment loss - net	5, 8	3,246,120	19,197,741
Agency fees		1,993,397	904,988
Employee benefits		1,566,447	1,542,086
Taxes and licenses		1,114,706	1,123,346
Light and water		1,036,607	933,549
Bureau and association fees		979,508	737,086
Communication		918,794	945,415
Penalty fees		837,742	1,434,550
Transportation and travel		761,074	907,402
Social security and other contributions		719,064	836,213
Interest expense	24	629,217	1,096,434
Pension expense	15	542,852	522,450
Wages and allowances - temporary		353,095	458,025
Stationary supplies		345,660	841,366
Entertainment, amusement, and recreation		321,603	442,096
Medical expense		298,860	28,038
Rent		253,783	237,134
Repairs and maintenance		81,643	101,652
Collection fees		52,132	26,911
Amortization expense	11	-	1,437,648
Miscellaneous		3,310,416	3,133,434
		P40,496,217	P56,895,271

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

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	2023	2022
Depreciation expense - lease	24	P3,232,158	P4,309,544
Depreciation expense - furniture, fixtures and office equipment	10	216,905	245,412
		P3,449,063	P4,554,956

The impairment loss consists of:

	Note	2023	2022
Premiums receivable	5	P9,622,116	P15,122,595
Reinsurance recoverable on paid losses	5	(313,267)	34,208
Due from ceding company	5	(4,377,713)	4,040,938
Reinsurance recoverable on unpaid losses	8	(1,685,016)	-
		P3,246,120	P19,197,741

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

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

21. Other Underwriting Expenses

Other underwriting expenses amounted to P12.90 million and P10.97 million in 2023 and 2022, respectively. This account includes miscellaneous and administration charges from the assumed businesses.

22. Income Tax

The provision for income tax consists of:

	2023	2022
Final taxes	P13,323,240	P742,171
Minimum Corporate Income Tax (MCIT)	307,243	663,492
Current	13,630,483	1,405,663
Deferred	46,015	(99,881)
	P13,676,498	P1,305,782

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:

	2023	2022
Income before income tax	P46,976,018	P13,345,224
At statutory tax rate (25%)	P11,744,005	P3,336,306
Change in unrecognized DTA excluding unrecognized net operating loss carry over (NOLCO)	1,254,486	5,593,540
Final tax	13,323,240	742,171
Expired NOLCO	-	1,182,860
Change in unrecognized NOLCO	2,938,349	(8,621,381)
Income subjected to final tax	(16,655,632)	(927,714)
Nondeductible expense	1,072,050	-
	P13,676,498	P1,305,782

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, 2023 and 2022 are as follows:

	2023	2022		
	Tax Base	Deferred Tax Assets	Tax Base	Deferred Tax Assets
NOLCO	P54,345,607	P13,586,402	P42,592,213	P10,648,053
Pension liability - gross of remeasurement gain on defined benefit plan	4,108,859	1,027,215	3,566,007	891,502
Allowance for doubtful accounts	31,867,884	7,966,971	28,621,764	7,155,441
MCIT	1,388,282	1,388,282	1,081,039	1,081,039
	P91,710,632	P23,968,870	P75,861,023	P19,776,035

Below is the movement of the recognized deferred tax assets and deferred tax liability recognized as at December 31, 2023 and 2022.

	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)

	2022			
	Beginning Balance	Amount Charged to Profit or Loss	Amount Recognized in Other Comprehensive Income	Ending Balance
Right-of-use	P -	P1,077,386	P -	P1,077,386
Lease liability	-	(932,396)	-	(932,396)
Foreign exchange gain	-	(45,109)	-	(45,109)
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)	-	(360,250)	(1,756,528)
Revaluation reserve for quoted unlisted AFS	(1,553,916)	-	(1,688,678)	(3,242,594)
Deferred tax liabilities - net	(P4,836,077)	P99,881	(P2,048,928)	(P6,785,124)

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	

The details of the Company's NOLCO not covered by RR No. 25-2020 are as follows:

Year Incurred	NOLCO	Utilized	Expired	Balance	Expiry Year
2023	P11,753,394	P -	P -	P11,753,394	2026
2019	34,485,523	(29,754,086)	(4,731,437)	-	2022
	P46,238,917	(P29,754,086)	(P4,731,437)	P11,753,394	

The details of the Company's excess MCIT over Regular Corporate Income Tax (RCIT) available for offsetting against future current tax liabilities are as follows:

Year Incurred	MCIT	Expired	Balance	Expiry Year
2023	P307,243	P -	P307,243	2026
2022	663,492	-	663,492	2025
2021	417,547	-	417,547	2024
	P1,388,282	P -	P1,388,282	

Further, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises or the CREATE Act, with nine (9) provisions vetoed by the President on March 26, 2021. Below are the salient features of the Act that are relevant to the Company.

- a) RCIT rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5.00 million and with total assets not exceeding P100.00 million. All other domestic corporations and resident foreign corporations will be subject to 25% income tax. Said reductions are effective July 1, 2020.
- b) MCIT rate is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023. The measure is set to take effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation. After which, the implementing rules and regulation will be issued by the tax authority.

On April 08, 2021, the Bureau of Internal Revenue issued the following implementing revenue regulations that are effective immediately upon publication:

1. BIR Revenue Regulations (RR) No. 2-2021, Amending Certain Provisions of Revenue Regulations No. 2-98, As Amended, to Implement the Amendments Introduced by Republic Act No. 11534, or the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE), to the National Revenue Code of 1997, as Amended, Relative to the Final Tax on Certain Passive Income;
2. BIR RR No. 3-2021, Rules and Regulations Implementing Section 3 of Republic Act (RA). No. 11534, Otherwise Known as the "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE", Amending Section 20 of the National Internal Revenue Code of 1997, As Amended;
3. BIR RR No. 4-2021, Implementing the Provisions on Value-Added Tax (VAT) and Percentage Tax Under Republic Act (RA) No. 11534, Otherwise Known as the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE) Which Further Amended the National Revenue Code of 1997, as Amended, as Implemented by Revenue Regulations (RR) No. 16-2005 (Consolidated Value-Added Tax Regulations of 2005), As Amended; and
4. BIR RR No. 5-2021, Implementing the New Income Tax Rates on the Regular Income of Corporations, on Certain Passive Incomes, Including Additional Allowable Deductions from Gross Income of Persons Engaged in Business or Practice of Profession Pursuant to Republic Act (RA) No. 11534 or the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE), Which Further Amended the National Revenue Code (NIRC) of 1997.

Further, the BIR has issued its RR No. 5-2021 to promulgate the implementation of the new income tax rates on the regular income of corporations, on certain passive incomes and additional allowable deductions of persons engaged in business or practice of profession as provided for in CREATE Law.

Furthermore, MCIT was reduced to 1% from July 1, 2020 to June 30, 2023, under the Corporate Recovery and Tax Incentives for Enterprises Act Law and RR. No. 05-2021. This indicates that the MCIT for corporations will return to its previous 2% rate beginning July 1, 2023. Income earned from January to June 2023 was subjected to 1% MCIT while income earned from July to December 2023 is subject to 2% MCIT. As such, an average MCIT of 1.5% is imposed for the taxable year 2023.

23. Equity

The details of this account are as follows:

	2023	2022
Authorized		
Par value per share	1	1
Number of shares	1,110,482,753	1,110,482,753
Issued and Outstanding		
Number of shares	1,110,482,753	1,110,482,753
Capital stock	P1,110,482,753	P1,110,482,753
Contributed surplus	20,603,655	20,603,655
	P1,131,086,408	P1,131,086,408

Reconciliation of the issued and outstanding number of shares at the beginning and end of each year is shown below:

As at December 31, 2023 and 2022 the Company has a deficit of P59.36 million and P92.66 million, respectively.

Deposit for Future Subscription

On December 23, 2022, the Company received P400.00 million as deposit for future subscription from SEL to comply with the minimum net worth requirements capital from SEL. The increase was filed with the IC on January 24, 2023 which was endorsed to SEC on April 19, 2023. The approval of the increase in capital is not yet approved by SEC as of December 31, 2023. The required documents to be filed to SEC were completed on January 31, 2024. This was presented as liability rather than equity in the Company's statement of financial position as at December 31, 2023 since some of the above considerations are not yet complied with as at the end of the reporting period (See Notes 25, 27 and 31).

As at December 31, 2022 and 2023, the Company has an authorized capital stock of P1.11 billion.

24. Leases

Lease under PFRS 16

In September 2021, the Company entered into a lease contract with Mr. Jose Periquet, Jr. for their office space in The Athenaeum Building located at L.P. Leviste Street, Makati City. The lease term, which commenced on September 9, 2021, is for a period of five years with a further option to renew subject to mutual agreement. The contract is also subject to a 5.00% escalation effective on the third year of the lease term.

The following assets do not meet the definition of investment property.

Right-of-Use Asset

	Note	2023	2022
Cost			
Balance at the beginning of the year		P16,160,790	P -
Additions		-	16,160,790
Balance at end of year		16,160,790	16,160,790
Accumulated Depreciation			
Balance at the beginning of the year		4,309,544	-
Depreciation	20	3,232,158	4,309,544
Balance at end of year		7,541,702	4,309,544
Net Book Value as at December 31		P8,619,088	P11,851,246

Lease Liabilities

	Note	2023	2022
Balance at January 1		P12,431,206	P -
Additions		-	16,160,790
Interest	20	629,217	1,096,434
Payments	25	(3,678,589)	(4,826,018)
		P9,381,834	P12,431,206

	2023	2022
Maturity Analysis - Contractual Undiscounted Cash Flows		
Less than one (1) year	P3,796,739	P3,678,589
One to five (5) years	6,327,899	10,124,638
Total Undiscounted Lease Liabilities at December 31, 2023	10,124,638	13,803,227
Lease Liabilities included in the Statement of Financial Position	9,381,834	12,431,206
Current	3,352,702	3,049,372
Non-current	6,029,132	9,381,834

Amounts Recognized in Profit and Loss

	Note	2023	2022
Leased under PFRS 16			
Depreciation of right-of-use assets	20	P3,232,158	P4,309,544
Interest expense related to Lease liabilities	20	629,217	1,096,434

Amount Recognized in the Statement of Cash Flow

	2023	2022
Total cash outflow for leases	P3,678,589	P4,826,018

Renewal Option

The renewal option of this lease is exercisable by the Company by notice to the lessor not later than 180 days prior to the expiration of the initial lease term. The terms and conditions of the renewal shall be subject to mutual agreement of the parties. The lease does not include contingent rentals and restrictions.

25. Related Party Transactions

Related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making the financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel or members.

The Company has the following significant related party balances and transactions as at December 31, 2023 and 2022:

Category/Transaction	Note	Year	Amount of the Transaction	Outstanding Balances		
				Due from a Related Party	Due to Related Party	Terms
Key management remuneration		2023	P2,371,359	P -	P -	-
		2022	2,375,109	-	-	-
Advances to key officers	6a	2023	102,705	-	-	Unsecured, not impaired; noninterest-bearing; collectible on demand
		2022	126,179	-	-	Unsecured, not impaired; noninterest-bearing; collectible on demand
Advances to associate	6	2023	-	-	-	Unsecured, not impaired; interest bearing; collectible on demand
		2022	27,400,000	27,400,000	-	noninterest-bearing; collectible on demand
Advances to a subsidiary	6	2023	4,000,000	4,000,000	-	-
		2022	-	-	-	-
Leases expenditure	24	2023	3,678,589	-	-	-
		2022	4,826,018	-	-	-
Interest income on loans	19b	2023	3,607,786	-	-	-
		2022	46,800,000	-	-	-
Miscellaneous income	17c	2023	907,477	-	-	-
		2022	-	-	-	-
Deposit for future subscription	23,27	2023	-	-	-	-
		2022	400,000,000	-	-	-
Total		2023		P4,000,000	P -	
Total		2022		P27,400,000	P -	

- a. Key management personnel of the Company include all personnel having position of vice president and up. The transaction with key management personnel includes salaries and other employee benefits.
- b. Interest income on loans includes income of the Company from the Loan Agreement with Streetcorner Ecommerce Limited.
- c. Miscellaneous income includes pre-termination fees charged by the Company to the Parent Company. These fees are compensation for the foregone interest on the time deposit which was pre-terminated to fund the Advances Agreement between the Company and the Parent Company.

The related party transactions are normally settled in cash except for deposit for future subscription.

26. Contingencies

The Company is contingently liable for various claims arising in the ordinary conduct of business which are either pending decision by the courts or are being contested, the outcomes of which are not presently determinable. In the opinion of management, the eventual liability under these claims, if any, will not have a material or adverse impact on the Company's financial position and results of operations.

Disclosure of additional details beyond the present disclosures usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed as it may prejudice the Company's position and negotiation with counterparties.

Thus, as allowed by PAS 37, only general disclosures were provided.

27. Maturity Profile of Assets and Liabilities

The following table presents all assets and liabilities as at December 31, 2023 and 2022 analyzed according to when they are expected to be recovered or settled (based on contractual maturity).

	Note	2023			2022		
		Within One Year	Beyond One Year	Total	Within One Year	Beyond One Year	Total
Assets							
Cash and cash equivalents	4	P1,065,213,305	P -	P1,065,213,305	P1,129,276,633	P -	P1,129,276,633
Insurance receivables - net	5	65,702,672	(7,672,951)	58,029,721	38,461,760	(3,211,961)	35,249,799
Financial assets:							
Available-for-sale financial assets	6, 29, 30	-	16,273,113	16,273,113	-	13,294,655	13,294,655
Held-to-maturity investments	6, 29, 30	292,054,634	30,862,903	322,917,537	97,698,615	129,605,907	227,304,522
Loans and receivables	6, 29, 30	5,696,062	-	5,696,062	76,973,435	-	76,973,435
Investment at FVPL	6, 29, 30	109,670	-	109,670	103,338	-	103,338
Investment in associate	7	-	-	-	-	9,533,881	9,533,881
Investment in a subsidiary		-	81,821,881	81,821,881	-	-	-
Reinsurance assets	8	63,063,701	-	63,063,701	20,272,140	-	20,272,140
Deferred acquisition costs	9	12,708,059	-	12,708,059	13,721,548	-	13,721,548
Property and equipment - net	10	-	15,720,653	15,720,653	-	14,914,274	14,914,274
Right-of-use (net)	24	-	8,619,088	8,619,088	-	11,851,246	11,851,246
Other assets	11	18,254,578	-	18,254,578	17,896,028	-	17,896,028
		P1,522,802,681	P145,624,687	P1,668,427,368	P1,394,403,497	P175,988,002	P1,570,391,499
Liabilities							
Insurance contract liabilities	12	P117,312,275	P -	P117,312,275	P69,692,682	P -	P69,692,682
Insurance payables	13, 29, 30	14,799,554	-	14,799,554	8,734,038	-	8,734,038
Commissions payable	29, 30	12,723,210	-	12,723,210	8,375,617	-	8,375,617
Deferred reinsurance commissions	9	2,162,306	-	2,162,306	2,699,559	-	2,699,559
Pension liability	15	-	1,044,083	1,044,083	-	740,722	740,722
Lease liability	24	3,352,702	6,029,132	9,381,834	3,049,372	9,381,834	12,431,206
Deposit for future subscription	23, 25	400,000,000	-	400,000,000	400,000,000	-	400,000,000
Deferred tax liability - net	22	-	7,815,503	7,815,503	-	6,785,124	6,785,124
Other payables	14	10,991,619	-	10,991,619	5,227,672	-	5,227,672
		P561,341,666	P14,888,718	P576,230,384	P497,778,940	P16,907,680	P514,686,620

28. Material Accounting Policies

The accounting policies applicable and adopted in the preparation of the separate financial statements are consistent with those of the previous financial year, except for the adoption of amendments to standards as discussed below.

Adoption of Amendments to Standards

The Company has adopted the following amendments to standards starting January 1, 2023 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Company's separate financial statements.

- Disclosure of Accounting Policies (Amendments to PAS 1, *Presentation of Financial Statements* and PFRS Practice Statement 2, Making Materiality Judgements). The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events.

The amendments to PFRS Practice Statement 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures, assisting companies to provide useful, entity-specific accounting policy information that users need to understand other information in the separate financial statements.

The Company reviewed the accounting policies and although the amendments did not result in any changes to the accounting policies themselves, updates were made to the accounting policy information disclosed in Note 28 Summary of Material Accounting Policies in certain instances in line with the amendments.

Amendments to Standards Not Yet Effective

A number of amendments to standards are effective for annual periods beginning after January 1, 2023. However, the Company has not early adopted the following new and amendments to standards in preparing these separate financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Company's separate financial statements.

The Company will adopt the following amended standards on the respective effective dates:

Effective January 1, 2025

- PFRS 17, *Insurance Contracts* replaces the interim standard, PFRS 4, *Insurance Contracts*. Reflecting the view that an insurance contract combines features of both a financial instrument and a service contract, and considering the fact that many insurance contracts generate cash flows with substantial variability over a long period, PFRS 17 introduces a new approach that:
 - a) combines current measurement of the future cash flows with the recognition of profit over the period services are provided under the contract;
 - b) presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
 - c) requires an entity to make an accounting policy choice portfolio-by-portfolio of whether to recognize all insurance finance income or expenses for the reporting period in profit or loss or to recognize some of that income or expenses in other comprehensive income.

Under PFRS 17, groups of insurance contracts are measured based on fulfilment cash flows, which represent the risk-adjusted present value of the entity's rights and obligations to the policy holders, and a contractual service margin, which represents the unearned profit the entity will recognize as it provides services over the coverage period. Subsequent to initial recognition, the liability of a group of insurance contracts represents the liability for remaining coverage and the liability for incurred claims, with the fulfilment cash flows remeasured at each reporting date to reflect current estimates.

Simplifications or modifications to the general measurement model apply to groups of insurance contracts measured using the 'premium allocation approach', investment contracts with discretionary participation features, and reinsurance contracts held.

PFRS 17 brings greater comparability and transparency about the profitability of new and in-force business and gives users of separate financial statements more insight into an insurer's financial health. Separate presentation of underwriting and financial results will give added transparency about the sources of profits and quality of earnings.

PFRS 17 is effective for annual periods beginning on or after January 1, 2025. Full retrospective application is required, unless it is impracticable, in which case the entity chooses to apply the modified retrospective approach or the fair value approach. However, if the entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it applies the fair value approach. There is also a transition option allowing presentation of comparative information about financial assets using a classification overlay approach on a basis that is more consistent with how PFRS 9 *Financial Instruments* will be applied in future reporting periods. Early application is permitted for entities that apply PFRS 9 on or before the date of initial application of PFRS 17.

The Company is currently performing detailed assessment on the impact of the adoption of the new standard in its separate financial statements.

As of date, the actual impact of applying the PFRS 17 on the financial statements, including the impact on the Company's net worth, in the period of initial application is not known and cannot be reasonably estimated because it will be dependent on future economic conditions as well as accounting elections and judgements that the Company will make in the future.

- PFRS 9 (2014) *Financial Instruments* replaces PAS 39, *Financial Instruments* and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

The Company availed the temporary exemption in the implementation of PFRS 9 as allowed by PFRS 4 below as the Company has not previously applied any version of PFRS 9 and its activities are predominantly connected with insurance.

Product Classification

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 the policyholder 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 with 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.

Investment Contracts

Investment contracts mainly transfer financial risk but can also transfer insignificant insurance risk.

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

Gross Premium on Insurance Contracts

Gross premium on insurance contracts comprise the total premiums for the whole coverage period provided in the insurance contracts entered during the accounting period and are recognized on the inception date of the policy. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior periods.

Commission Expense and Deferred Acquisition Costs

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 statement of financial position. The net changes in deferred acquisition costs at the end of each reporting period is recognized as "Commission expense" account in profit or loss.

Commissions 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.

An impairment review is performed at the end of each reporting periods or more frequently when an indication of impairment arises. The carrying value is written down to the recoverable amount. The impairment loss is charged to profit or loss.

Deferred acquisition costs are derecognized when the related contracts are settled or disposed of.

Reinsurance

The Company cedes insurance risk in the normal course of business. Ceded insurance arrangements do not relieve the Company from its obligation to the policyholders. Premiums payable for reinsurance contracts are recognized as a contra-income account upon recognition of related premiums which are presented under "Reinsurers' share of gross earned premiums" account in profit or loss.

The related reinsurance premium ceded that pertains to the unexpired periods at end of the reporting period are accounted for as reinsurance premiums reserve shown as part of "Reinsurance assets" account in the statement of financial position. The net changes in reinsurance premiums reserve between each end of reporting period are recognized using the 24th method and are presented as part of "Reinsurers' share of gross earned premiums" account in profit or loss.

Reinsurance assets represents balances due from reinsurance companies for its share on the unpaid losses incurred by the Company. Recoverable amounts are estimated in the manner consistent with the outstanding claims provision and are in accordance with the reinsurance contract. Reinsurance recoverable on paid losses are included as part of "Insurance receivable - net" in the statement of financial position.

The benefits unpaid recoverable to which the Company is entitled under its reinsurance contracts held are recognized as reinsurance recoverable on unpaid losses classified under "Reinsurance assets" account in the statement of financial position. Reinsurance recoverable on unpaid losses are estimated in a manner consistent with the associated reinsured policies and in accordance with the reinsurance contracts.

When the Company enters into reinsurance agreements for ceding out its insurance business, the Company recognizes the amount payable to reinsurer under "Insurance payable" account in the statement of financial position for the reinsurer's share in premium.

The Company also assumes reinsurance risk in the normal course of business. Premiums and claims on assumed reinsurance are recognized in profit or loss as income and expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the assumed business. For the assumed insurance risk, the Company recognizes its share in premium and portion of the reinsurance premium withheld by ceding companies as due from ceding companies and funds held by ceding companies, respectively, presented under "Insurance receivables" in the statement of financial position.

Gains and losses on buying reinsurance, if any, are recognized in profit or loss immediately at the date of purchase and are not amortized.

Premiums and claims are presented on a gross basis for ceded reinsurance. Reinsurance premiums are presented as "Reinsurers' share of gross earned premiums". The reinsurers' share in claims paid by the Company and unpaid including IBNR claims are presented as "Reinsurer's share of gross insurance contract benefits and claims paid" and "Reinsurer's share of gross change in insurance contract liabilities", respectively, in profit or loss.

Reinsurance assets and liabilities are derecognized when the contractual right is extinguished or expired or when the contract is transferred to another party.

Impairment of Reinsurance Assets

The Company assesses its reinsurance assets for impairment at least annually. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance assets to its recoverable amount and recognize that impairment loss in profit or loss. The Company gathers the objective evidence that a reinsurance asset is impaired using specific assessment. The Company identifies individually which accounts should be provided with impairment loss.

Commission Income and Deferred Reinsurance Commissions

Commissions earned from reinsurance contracts are recognized as revenue over the period of the contracts using the 24th method. The portion of the commissions that relate to the unexpired periods of the policies at end of the reporting period are accounted for as "Deferred reinsurance commissions" in the statement of financial position. The net changes in deferred reinsurance commissions between each end of reporting period are recognized as "Commission income" in the profit or loss.

Insurance Contract Liabilities

Insurance contract liabilities are recognized when contracts are entered into and premiums are charged.

Provision for Unearned Premiums

The portion of written premiums, gross of commissions' payable to intermediaries, attributable to subsequent periods or to risks that have not yet expired, is deferred as provision for unearned premiums. Premiums from short-duration insurance contracts are recognized as revenue over the contract period using the 24th method. The change in the provision for unearned premiums is taken to 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 IBNR Losses

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

Liability Adequacy Test

At the end of each reporting period, liability adequacy test is performed to ensure the adequacy of insurance contract liabilities, net of the related deferred acquisition cost. The test considers current best estimates of future cash flows, claims handling cost and policy administrative expenses. Changes in expected claims that have occurred, but which have not been settled, are reflected by adjusting the liability for claims and future benefits. Any inadequacy arising from the test is immediately charged to profit or loss by establishing an unexpired risk provision for losses.

The Company's insurance contract liabilities are composed of premium liabilities and claims liabilities. Premium liabilities are calculated as the higher of provision for unearned premiums and the unexpired risk reserve. Unexpired risk reserve (URR) is an estimate of future claims and expenses, at a designated level of confidence, in respect of the risk during the unexpired period after the valuation date of the policies written prior to that date including maintenance and claims handling expense. If the unexpired risk reserve is higher than the provision for unearned premiums, the excess is set up as an additional insurance reserves on top of provision for unearned premiums. The estimation of URR is made for each class of business line.

While claims liabilities are composed of provision for claims reported and IBNR. The related significant accounting policies are disclosed in the preceding section of the notes to the separate financial statements.

Financial Assets

Date of Recognition

Financial instruments are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The purchase or sale of a non-derivative financial asset that will be delivered within the timeframe generally established by regulation or convention in the market concerned, except for equity securities, are recognized on the date on which the instrument is actually transferred (the settlement date).

Initial Recognition

On initial recognition, a financial asset or liability is measured at fair value plus directly attributable transaction costs, unless the instrument is classified at FVPL. Normally, the fair value on initial recognition is the transaction price - i.e., the fair value of the consideration given (in case of an asset) or received (in case of a liability) for the financial instrument.

Classification and Subsequent Measurement

The Company classifies its financial assets in the following categories: financial assets at FVPL, HTM investments, loans and receivables, and AFS financial assets. The Company classifies its financial liabilities as either financial liabilities at FVPL or other financial liabilities. The classification depends on the purpose for which the investments are acquired and whether they are quoted in an active market. Management determines the classification of its financial assets and financial liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at the end of each reporting period. As at December 31, 2023 and 2022, the Company did not have any financial liabilities at fair value and financial instruments at fair value, respectively.

Financial instruments issued by the Company are classified as a financial liability or equity in accordance with the substance of the contractual arrangement. Any interest, dividends, and realized and unrealized gains and losses from financial instruments or component considered as a financial liability are recognized in profit or loss for the period. On the other hand, distributions to holders of financial instruments classified as equity are treated as owner-related and thus charged directly to retained earnings.

As at December 31, 2023 and 2022, the Company did not issue any financial instruments classified as equity.

A more detailed description of the financial assets held by the Company is as follows:

Loans and Receivables

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

Subsequent to initial measurement, loans and receivables are carried at amortized cost using the effective interest method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on the acquisition and fees that are integral part of the effective interest rate (EIR). Loans and receivables that are perpetual and that have either a fixed or a market-based variable rate of interest are measured at cost.

Any interest earned on loans and receivables is recognized in profit or loss on an accrual basis. Gains or losses are recognized in profit or loss when loans and receivables are derecognized or impaired.

The Company's financial assets categorized as loans and receivables consist of cash and cash equivalents, insurance receivables and loans, security and deposit fund presented under "Other assets" and receivables.

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less while, short-term placements have maturities of more than three months to less than a year. Cash and cash equivalents and short-term placements are subject to an insignificant risk of changes in value.

HTM

HTM investments are non-derivative financial assets with fixed and determinable payments and a fixed maturity that the Company has the positive intention and ability to hold to maturity other than those that: (1) the Company designates on initial recognition as at FVPL, (2) the Company designates as AFS financial assets and (3) those financial assets that meet the definition of loans and receivables. HTM investments are initially measured at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method, less any impairment in value. The amortization of premiums and discounts and any impairment losses during the year are recognized in profit or loss.

AFS Financial Assets

AFS financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other financial asset categories. These financial assets are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions. These include debt and equity securities.

Subsequent to initial recognition, AFS financial assets are measured at fair value. Fair value changes are recognized in other comprehensive income. Cumulative change in the fair value is presented as "Revaluation reserve on AFS financial assets". Impairment losses and foreign exchange gains and losses on AFS debt instruments are recognized in profit or loss as they arise.

When the relevant asset is derecognized, on sale or other disposal, or is impaired, the cumulative fair value changes recognized in other comprehensive income are reclassified from equity to profit or loss. For a partial disposal, a proportionate share of the fair value gains and losses previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Such gains and losses include all fair value changes until the date of disposal.

The Company's listed and unquoted equity securities are classified under this category.

Financial Instruments at FVPL

This category consists of financial instruments that are held-for-trading or designated by management on initial recognition. Financial instruments at FVPL are recorded in the statement of financial position at fair value.

These are allowed to be designated by management on initial recognition in this category when any of the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on them on a different basis; or
- these are part of a group of financial assets, financial liabilities or both which are managed, and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- the financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or, it is clear, with little or no analysis, that it would not be bifurcated.

As at December 31, 2023 and 2022, the Company's financial asset designated by management as financial instruments at FVPL include unit investment trust funds.

Impairment of Financial Assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or group of financial assets may be impaired. A financial asset or a group of financial assets is impaired and impairment loss is incurred 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 (loss event) and that loss event(s) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

AFS Financial Assets Carried at Fair Value

In case of equity securities classified as AFS financial assets, impairment indicators would include a significant or prolonged decline in the fair value of the investments below cost. Where there is objective evidence of impairment, the cumulative loss lodged under equity account, measured as the difference between the acquisition cost and the current fair value, less any impairment previously recognized in other comprehensive income, is transferred to profit or loss.

In the case of AFS debt securities, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Interest continues to be accrued at the EIR on the reduced carrying amount of the asset and is recognized in profit or loss. If, in a subsequent year, the fair value of a debt instrument increased and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss to the extent that the resulting carrying amount of the security does not exceed its carrying amount had no impairment loss been recognized.

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

Gains (losses) on sale of AFS financial assets and impairment losses are reclassified from accumulated other comprehensive income to net gains (losses) on AFS financial assets.

Loans and Receivables and HTM Investments

For financial assets carried at amortized cost such as loans and receivables and HTM investments, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If no objective evidence of impairment has been identified for a particular financial asset that was individually assessed, the Company includes the asset as part of a group of financial assets with similar credit risk characteristics and collectively assesses the group for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in the collective impairment assessment.

Evidence of impairment for specific impairment purposes may include indications that a borrower or a group of borrowers is experiencing financial difficulty, default or delinquency in principal or interest payments, or may enter into bankruptcy or other form of financial reorganization intended to alleviate the financial condition of the borrower. For collective impairment purposes, evidence of impairment may include observable data on existing economic conditions or industry-wide developments indicating that there is a measurable decrease in the estimated future cash flows of the related assets.

If there is objective evidence of impairment, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original EIR (i.e., the EIR computed at initial recognition). Time value is generally not considered when the effect of discounting the cash flows is not material. If an asset has a variable rate, the discount rate for measuring any impairment loss is the current EIR, adjusted for the original credit risk premium. For collective impairment purposes, impairment losses are computed based on their respective default and historical loss experience.

The carrying amounts of the loans and receivables and HTM investments shall be reduced either directly or through the use of an allowance account. The impairment losses for the period shall be recognized in profit or loss. If, in a subsequent period, the amount of the impairment losses decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of impairment losses is recognized in profit or loss, to the extent that the carrying amounts of the loans and receivables and HTM investments do not exceed their amortized cost at the reversal date.

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

Financial Liabilities

Issued financial instruments or their components, which are not classified as FVPL, are classified as other financial liabilities, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial instrument to the holder or lender, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial assets.

Subsequent to initial measurement, these financial liabilities are carried at amortized cost using the effective interest method, less any impairment losses. Amortized cost is calculated by taking into account any discount or premium on the acquisition and fees and costs that are an integral part of the EIR of the liability. The amortization is recognized in profit or loss.

Included in this category are claims reported under "Insurance contract liabilities", insurance payable, commission payable, lease liabilities and other payables (excluding amounts payable to government agencies).

Fair Value Measurements

Fair Value Hierarchy

All assets and liabilities for which fair value is measured or disclosed in the separate 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 prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognized in the separate financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For purposes of the fair value disclosure, 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.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- the contractual rights to receive cash flows from the asset have 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 asset and either has:
 - transferred substantially all the risks and rewards of the asset; or
 - neither transferred nor retained substantially the risks and rewards of the financial asset but has transferred the control of the financial asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a “pass-through” arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset but transferred control of the asset, the Company continues to recognize the asset to the extent of the Company’s continuing involvement. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be acquired to pay.

Financial Liabilities

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

Investment in Associate

In its separate financial statements, an investor should use the equity method of accounting for investments in associates, other than in the following three exceptional circumstances:

- A parent that is exempted from preparing consolidated financial statements by paragraph 10 of PAS 27, *Consolidated and Separate Financial Statements*, may prepare separate financial statements as its primary financial statements. In those separate statements, the investment in the associate may be accounted for by the cost method or under PAS 39.
- An investor need not use the equity method if all of the following four conditions are met:
 - the investor is itself a wholly-owned subsidiary, or is a partially-owned subsidiary of another entity and its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the investor not applying the equity method;
 - the investor's debt or equity instruments are not traded in a public market;

- the investor did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market; and
- the ultimate or any intermediate parent of the investor produces consolidated financial statements available for public use that comply with PFRS.

The Company met the aforementioned criteria, thus, did not use the equity method in recognizing investment in associate on the financial statement.

The Company's investment in OWN Bank is accounted for as investment in associate using the cost method, in accordance with PAS 27. Under the cost method, the investment is initially recognized at cost in the statement of financial position. Subsequently, these are carried in the statement of financial position at cost less any accumulated impairment losses. The Company recognizes income from the investment only to the extent that the Company receives distributions from accumulated profits of the subsidiary arising after the date of acquisition.

Investment in Subsidiary

The Company's investment in subsidiary is accounted for in this its separate financial statements at cost, less any impairment loss. The cost of investment in subsidiary is the sum of the consideration given, including transaction costs, and the fair value of contingent consideration arrangement entered into which depends into future economic benefits. The Company recognized the subsequent changes of the contingent consideration in profit or loss.

If there is objective evidence that the investment in subsidiary will not be recovered, an impairment loss is provided. Impairment loss is measured as the difference between the carrying amount of the investment and present value of the estimated future cash flows discounted at the current market rate of return for similar financial asset. The amount of the impairment loss is recognized in profit or loss.

Property and Equipment

Property and equipment, except for office condominium and land, are stated at cost, net of accumulated depreciation and any impairment in value. The Company's parcel of land obtained through foreclosure is recognized at fair value as at the date of foreclosure. The said fair value is considered the deemed cost of the property.

The initial cost of property and equipment comprises its purchase price, including any directly attributable costs of bringing the asset to its working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged against profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

	Number of Years
Office condominium	14
Furniture, fixtures, and office equipment	5
Transportation equipment	5

The assets' residual values, estimated useful lives, and depreciation method are reviewed periodically to ensure that these are consistent to the expected pattern of economic benefits from the said property and equipment.

When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against profit or loss.

Land is measured at fair value, while the office condominium units are measured at fair value less accumulated depreciation and impairment losses recognized at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recorded in other comprehensive income under "Revaluation reserve on property and equipment" account, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss, in which case the increase is recognized in profit or loss. A revaluation deficit is recognized in the other comprehensive income, except to the extent that it offsets an existing surplus on the same asset recognized in the revaluation surplus.

Accumulated depreciation as of the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Transfers from revaluation reserve to retained earnings are not made through profit or loss.

Determination of Fair Value of Nonfinancial Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

External appraisers are involved for valuation of significant assets, such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

Impairment of Nonfinancial Assets

At each reporting date, the Company assesses whether there is any indication that its nonfinancial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Company makes a formal estimate of recoverable amount.

Recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash generating unit to which it belongs.

Where the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount, the asset (or cash generating unit) is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset (or cash generating unit).

An impairment loss is charged against operations in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is charged against the revaluation increment of the said asset.

For nonfinancial assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase under other comprehensive income.

After such a reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Deposit for Future Subscription

In accordance with Financial Reporting Bulletin No. 6 issued by the SEC in January 2013, an entity shall classify a contract to deliver its own equity instruments under equity as a separate account (e.g., Deposit for Stock Subscription) from "Outstanding Capital Stock" if and only if, all of the following elements are present as of the end of reporting date:

- The unissued authorized capital stock of the Company is insufficient to cover the amount of shares indicated in the contract;
- The BOD approved the proposed increase in the authorized capital stock (for which a deposit was received by the Company);
- The stockholders approved the said proposed increase;
- The application for the approval of the proposed increase has been filed with the SEC.

If any or all of the foregoing elements are not present, the transaction should be recognized as a liability (see Notes 23 and 25). The Company recorded this as part of liability as some of the above considerations are not yet complied as of the reporting period.

Revenue Recognition

The Company's revenue streams arising from insurance contracts falls under PFRS 4 while interest and dividend income falls under PAS 39 and other income under PFRS 15 *Revenue from Contracts with Customers*. The following specific criteria must also be met before revenue is recognized:

Premiums Revenue

Premiums from short-duration insurance contracts are recognized as revenue over the period of the contracts using the 24th method. The portion of the premiums written that relate to the unexpired periods of the policies at reporting date is accounted for as provision for unearned premiums presented as part of "Insurance contract liabilities" in the statement of financial position. The related reinsurance premiums that pertain to the unexpired periods at reporting date are accounted for as deferred reinsurance under "Reinsurance assets". The net changes in these accounts between reporting dates are included in the determination of net earned insurance premiums.

Reinsurance Commission Income

Commissions earned from short-duration insurance contracts are recognized as revenue over the contract period using the 24th method. The portion of the commissions that relate to the unexpired periods of the policies at the reporting date are accounted for as "Deferred reinsurance commissions" in the statement of financial position.

Interest Income

Interest income is recognized as it accrues in accordance with effective interest method.

Expense Recognition

Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distribution to equity participants.

Other Underwriting Expense

Other underwriting expense pertains to the costs incurred by the Company prior to the issuance of policies to its policyholders. These costs include expenses for technical inspections, actuarial reviews, and other work deemed necessary to determine whether or not to accept the risks to be written.

Taxes

Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at each reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax

Deferred tax is provided, using the asset-liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of MCIT over the regular income tax, and unused NOLCO, to the extent that it is probable that sufficient taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits from MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

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 taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is applicable 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 as of the reporting date. Movements in the deferred income tax assets and liabilities arising from changes in tax rates are charged against or credited to income for the period.

Current tax and deferred tax relating to items recognized directly in equity are also recognized in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred taxes related to the same taxable entity and the same taxation authority.

Final Tax

Interest income from cash in banks, debt securities, funds held by ceding companies and dividend income, which is subject to final withholding tax, is presented at gross amounts while taxes paid or withheld are recognized as final tax under "Current income tax" in profit or loss.

CWT

CWT pertains to the indirect tax paid by the Company that is withheld by its counterparty for the payment of premiums to the Company. CWT is initially recorded at cost under "Other assets" account in the statement of financial position.

At each end of the tax reporting deadline, CWT may either be offset against future income tax payable or be claimed as a refund from the taxation authorities at the option of the Company. If CWT is claimed as a refund, these will be reclassified to receivables in the statement of financial position when the refund is virtually certain.

At each end of the reporting period, an assessment for impairment is performed as to the recoverability of the CWT.

VAT

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

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

29. Management of Capital, Insurance Risks, and Financial Risks

Governance Framework

The primary objective of the Company's risk and financial management framework is to recognize, identify and measure risks and manage the Company's portfolio to achieve expected return consistent with the risks taken. The Company recognizes the importance of having efficient and effective risk management systems in place to minimize uncompensated and inappropriate risks.

The Company has established a risk management function with clear terms of reference for the BOD and senior management. Further, a clear organization structure with delegated authorities and responsibilities from senior management to department managers has been developed. Lastly, the Company policy framework which sets out the risk portfolio of the Company, including but not limited to geographical and industry segments, risk management, control and business conduct standards for the Company's operations has been put in place.

The Company's senior management together with the department managers meet once a month or as the need arises, to discuss the Company's identified risks, their quantification and disposition, whether they will be accepted, transferred or eliminated from the portfolios, taking into account the Company's retention limit structure, the prevailing commercial and regulatory requirements, and potential financial effects.

Regulatory Framework

Regulators are interested in protecting the rights of the policyholders and maintain close vigil to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Company maintains appropriate solvency position to meet liabilities arising from claims and that the risk levels are at acceptable levels. The operations of the Company are also subject to the regulatory requirements of the IC. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions (e.g., capital adequacy to minimize the risk of default and insolvency on the part of the insurance companies to meet the unforeseen liabilities as these arise).

Capital Management Framework

The primary objective for capital management is to enable the Company to determine the level of capital necessary to support its insurance operations, to provide a desired degree of protection for its policyholders, and to maintain an adequate margin of solvency at all times. The Company shall maintain capital equal to or higher than the minimum capital requirements set by the regulators and the amount computed under the Risk-Based Capital (RBC) Model. Management considers the Company's total equity as its capital.

Any inadequacy in the required capital will require capital infusion or the Company's license to operate insurance business could be revoked.

There were no changes made to its capital base, objectives, policies and processes from previous years.

Net Worth Requirements

Under Section 194 of the Amended Insurance Code RA) which was approved on August 15, 2013, every insurance company doing business in the Philippines needs to comply with the following net worth requirements:

Net Worth	Compliance Date
P250,000,000	On or before June 30, 2013
550,000,000	On or before December 31, 2016
900,000,000	On or before December 31, 2019
1,300,000,000	On or before December 31, 2022

As at December 31, 2023 and 2022, the Company has complied with the net worth requirements based on internal calculations. The final amount of net worth can be determined only after the accounts of the Company have been examined by the IC, especially as to the admitted and non-admitted assets as defined under the Amended Insurance Code.

The deposits for future stock subscription received by the Company amounting to P400.00 million as at December 31, 2022 (see Note 23) is presented as liability in the Company's statement of financial position was considered by management in the computation of the net worth requirement.

RBC Requirements

IC Circular Letter No. 2016-68, *Amended RBC2 Framework*, provides for the RBC2 framework for the nonlife insurance industry to establish the required amounts of capital to be maintained by the insurance companies in relation to the risks an insurance company is exposed to. Every nonlife insurance company is annually required to maintain an RBC2 ratio of at least 100% and not to fail the trend test. Failure to meet the minimum RBC2 ratio shall subject the insurance company to regulatory intervention which could be at various levels depending on the degree of the violation.

The RBC2 ratio shall be calculated as total available capital (TAC) divided by the RBC2 requirement. TAC is the aggregate of Tier 1 and Tier 2 capital minus deductions, subject to applicable limits determined by IC. With Tier 1 Capital being the capital fully available to cover losses at all times on a going concern and winding up basis. And Tier 2 Capital as the capital that can also provide additional buffer to the insurance company, though it is not of the same high quality as Tier 1 Capital.

The following table shows how the RBC ratio was determined by the Company based on internal calculations:

	2023	2022
Net worth	P1,480,146,581	P1,455,408,829
RBC capital	49,212,686	44,444,777
RBC ratio	3,008%	3,275%

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

Insurance Risk

The risk under an insurance contract is the possibility of occurrence of insured event and uncertainty of the amount and timing of any resulting claim. The principal risk the Company faces under such contracts is that the actual claims will exceed the carrying amount of insurance liabilities. This could occur due to any of the following:

Occurrence Risk

The possibility that the number of insured events will differ from those expected.

Severity Risk

The possibility that the cost of the events will differ from those expected.

Development Risk

The possibility that changes may occur in the amount of an insurer's obligation at the end of the contract period.

The variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The variability of risks is also improved by careful selection and implementation of underwriting strategies and guidelines.

The business of the Company comprises short term nonlife insurance contracts. For nonlife insurance contracts, claims are often affected by natural disasters, calamities, terrorist attacks, and the like events.

These risks currently do not vary significantly in relation to the location of the risk insured by the Company whilst undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Company has an objective to control and minimize insurance risk, to reduce volatility of operating profits and to maintain adequate solvency margins. The Company manages insurance risk through the mechanisms in the next page.

The use and maintenance of sufficient management records that provide up to date, accurate and reliable data on risk exposure by industry segment, geographical location, type of coverage at any point in time; deviations from set exposure limits; industry developments and changes in regulatory provisions.

Underwriting guidelines are issued for concluding insurance contracts both for direct insurance and treaty and facultative insurance acceptances.

Timely and judicious claims handling procedures are followed to investigate and adjust reported claims thereby preventing settlement of dubious or fraudulent claims.

Risk mitigation is accomplished by imposing deductibles on policies, placing of reinsurance business with reinsurers which offer the best security for limiting the Company's exposure to large claims and uncompensated risks.

Diversification of insurance coverage is achieved by including on the Company's underwriting portfolio various types of risks in different industry segments, geographical locations, and policy terms and conditions to reduce the potential overall impact of adverse losses in a specific risk.

There has been no change to the Company's exposure to insurance risk or the manner in which it manages and measure risk since the prior financial year.

The Company principally issued the following types of general insurance contracts:

Note	2023		
	Gross Claims Liabilities	Reinsurer's Share of Claims Liabilities	Net Claims Liabilities
Fire and special risk	P56,768,371	P52,713,308	P4,055,063
Motor car	9,524,470	166,942	9,357,528
Marine cargo	128,508	79,938	48,570
Casualty	79,480	44,746	34,734
Erection and machineries	743,700	150,851	592,849
Personal accident	1,070,790	535,797	534,993
	12 P68,315,319	P53,691,582	P14,623,737

Note	2022		
	Gross Claims Liabilities	Reinsurer's Share of Claims Liabilities	Net Claims Liabilities
Fire and special risk	P12,492,789	P10,858,163	P1,634,626
Motor car	3,535,400	256,025	3,279,375
Marine cargo	54,641	37,439	17,202
Casualty	7,736	7,736	-
Erection and machineries	1,406,378	703,344	703,034
Personal accident	967,327	400,683	566,644
	12 P18,464,271	P12,263,390	P6,200,881

Terms and Conditions

The major classes of general insurance written by the Company include fire and special risks, motor car, marine cargo, personal accident, casualty, and engineering. Risks under these policies usually cover a 12-month duration.

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

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

The measurement process primarily includes projection of future claim costs. In certain cases, where there is a lack of reliable historical data on which to estimate claims development, relevant benchmarks of similar business are used in developing claims estimates. Claim provisions are separately analyzed by class of business. In addition, larger claims are usually assessed separately by loss adjusters. The claims projection assumptions are generally intended to provide a best estimate of the most likely or expected outcome.

Assumptions

The principal assumption underlying the estimates is the Company's past claims development experience. Loss development factors are established by analyzing prior years' claims data and deriving the claims development trend by class of business.

Sensitivities

The insurance claims provision is sensitive to the above key assumptions. Because of delays that arise between occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claim provisions are not known with certainty at the reporting dates.

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

The table below indicates the impact of changes in certain key assumption in respect of general insurance business while other assumptions remain unchanged.

		Change in Assumption	Impact on Net Insurance Contract Liabilities (‘000)	Impact on Income before Income Tax (‘000)
2023	Average claim cost	84% increase	(P12,283)	(P12,283)
2022	Average claim cost	33% increase	(2,046)	2,046

Claims Development Table

The following tables reflect the cumulative incurred claims, including both claims notified and claims IBNR for each successive accident year at each reporting date, together with the cumulative payments to date:

Accident Year	Note	Gross Insurance Contract Liabilities for 2023										Total
		2014 and Prior Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Accident year	P181,028,564	P26,328,131	P14,657,115	P15,947,144	P4,237,812	P3,676,094	P5,732,325	P14,685,171	P21,114,082	P84,899,424	P84,899,424	
One year later	175,192,415	28,335,479	15,719,896	13,748,603	4,172,060	3,195,463	4,052,360	14,685,171	13,377,775	-	13,377,775	
Two years later	143,802,391	26,999,817	15,494,811	13,454,375	3,017,256	3,195,462	4,052,360	14,685,171	-	-	14,685,171	
Three years later	139,721,223	26,897,078	15,500,333	14,506,656	3,065,961	3,195,462	4,052,360	-	-	-	4,052,360	
Four years later	139,260,665	26,898,750	13,980,612	14,668,013	3,065,961	3,195,462	-	-	-	-	3,195,462	
Five years later	139,001,856	26,362,599	14,527,282	14,668,013	3,065,961	-	-	-	-	-	3,065,961	
Six years later	140,957,185	26,362,599	14,527,282	14,668,013	-	-	-	-	-	-	14,668,013	
Seven years later	135,740,231	26,362,599	14,527,282	-	-	-	-	-	-	-	14,527,282	
Eight years later	136,409,455	26,362,599	-	-	-	-	-	-	-	-	26,362,599	
Nine years later	141,796,613	-	-	-	-	-	-	-	-	-	141,796,613	
Current estimate cumulative claims	141,796,613	26,362,599	14,527,282	14,668,013	3,065,961	3,195,462	4,052,360	14,685,171	13,377,775	84,899,424	320,630,660	
Cumulative payments to date	(141,796,613)	(26,362,599)	(14,527,282)	(14,668,013)	(3,065,961)	(3,195,462)	(4,052,360)	(14,685,171)	(11,984,817)	(17,977,063)	(252,315,341)	
Gross insurance contract liabilities recognized in the statements of financial position	12	P -	P -	P -	P -	P -	P -	P -	P -	P1,392,958	P66,922,361	P68,315,319

Accident Year	Note	Net Insurance Contract Liabilities for 2023										Total
		2014 and Prior Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Accident year	P70,055,493	P23,518,877	P14,253,899	P11,567,454	P2,675,846	P2,972,004	P3,003,817	P10,130,550	P10,822,133	P30,964,946	P30,964,946	
One year later	80,102,775	24,295,424	14,765,540	11,686,243	2,480,212	3,082,216	4,578,890	10,130,550	6,680,842	-	6,680,842	
Two years later	78,459,478	24,204,448	14,400,886	11,415,891	2,410,929	3,095,579	4,578,890	10,130,550	-	-	10,130,550	
Three years later	78,400,215	23,979,467	14,386,699	13,541,137	1,517,991	3,095,579	4,578,890	-	-	-	4,578,890	
Four years later	77,793,778	24,183,662	11,625,171	13,456,679	1,517,991	3,095,579	-	-	-	-	3,095,579	
Five years later	77,719,961	24,067,885	8,939,702	13,456,679	1,517,991	-	-	-	-	-	1,517,991	
Six years later	77,803,253	24,067,885	8,939,702	13,456,679	-	-	-	-	-	-	13,456,679	
Seven years later	77,087,858	24,067,885	8,939,702	-	-	-	-	-	-	-	8,939,702	
Eight years later	77,676,354	24,067,885	-	-	-	-	-	-	-	-	24,067,885	
Nine years later	80,959,996	-	-	-	-	-	-	-	-	-	80,959,996	
Current estimate cumulative claims	80,959,996	24,067,885	8,939,702	13,456,679	1,517,991	3,095,579	4,578,890	10,130,550	6,680,842	30,964,946	184,393,060	
Cumulative payments to date	(80,959,996)	(24,067,885)	(8,939,702)	(13,456,679)	(1,517,991)	(3,095,579)	(4,578,890)	(10,130,550)	(6,121,544)	(16,900,507)	(169,769,323)	
Gross insurance contract liabilities recognized in the statements of financial position	12	P -	P -	P -	P -	P -	P -	P -	P -	P559,298	P14,064,439	P14,623,737

Gross Insurance Contract Liabilities for 2022												
Accident Year	Note	2013 and Prior Years	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Accident year	P158,957,603	P22,070,961	P26,328,131	P14,657,115	P15,947,144	P4,237,812	P3,676,094	P5,732,325	P14,685,171	P21,114,082	P21,114,082	
One year later	158,000,747	17,191,668	28,335,479	15,719,896	13,748,603	4,172,060	3,195,463	4,052,360	14,685,171	-	14,685,171	
Two years later	126,293,594	17,508,797	26,999,817	15,494,811	13,454,375	3,017,256	3,195,462	4,052,360	-	-	4,052,360	
Three years later	122,549,820	17,171,403	26,897,078	15,500,333	14,506,656	3,065,961	3,195,462	-	-	-	3,195,462	
Four years later	121,697,262	17,563,403	26,898,750	13,980,612	14,668,013	3,065,961	-	-	-	-	3,065,961	
Five years later	121,276,157	17,725,699	26,362,599	14,527,282	14,668,013	-	-	-	-	-	14,668,013	
Six years later	124,799,937	16,157,248	26,362,599	14,527,282	-	-	-	-	-	-	14,527,282	
Seven years later	119,582,983	16,157,248	26,362,599	-	-	-	-	-	-	-	26,362,599	
Eight years later	125,639,365	16,157,248	-	-	-	-	-	-	-	-	16,157,248	
Nine years later	125,639,365	-	-	-	-	-	-	-	-	-	125,639,365	
Current estimate cumulative claims	125,639,365	16,157,248	26,362,599	14,527,282	14,668,013	3,065,961	3,195,462	4,052,360	14,685,171	21,114,082	243,467,543	
Cumulative payments to date	(125,639,365)	(16,157,248)	(26,362,599)	(14,527,282)	(14,668,013)	(3,065,961)	(3,195,462)	(4,052,360)	(14,685,171)	(2,649,811)	(225,003,272)	
Gross insurance contract liabilities recognized in the statements of financial position	12	P -	P -	P -	P -	P -	P -	P -	P -	P -	P18,464,271	P18,464,271

Net Insurance Contract Liabilities for 2022												
Accident Year	Note	2013 and Prior Years	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Accident year	66,504,153	3,551,340	23,518,877	14,253,899	11,567,454	2,675,846	2,972,004	3,003,817	10,130,550	10,822,133	10,822,133	
One year later	69,421,680	10,681,095	24,295,424	14,765,540	11,686,243	2,480,212	3,082,216	4,578,890	10,130,550	-	10,130,550	
Two years later	67,943,753	10,515,725	24,204,448	14,400,886	11,415,891	2,410,929	3,095,579	4,578,890	-	-	4,578,890	
Three years later	68,474,727	9,925,488	23,979,467	14,386,699	13,541,137	1,517,991	3,095,579	-	-	-	3,095,579	
Four years later	67,901,572	9,892,206	24,183,662	11,625,171	13,456,679	1,517,991	-	-	-	-	1,517,991	
Five years later	67,829,993	9,889,968	24,067,885	8,939,702	13,456,679	-	-	-	-	-	13,456,679	
Six years later	68,078,940	9,724,313	24,067,885	-	-	-	-	-	-	-	8,939,702	
Seven years later	67,363,545	9,724,313	24,067,885	-	-	-	-	-	-	-	24,067,885	
Eight years later	67,952,041	9,724,313	-	-	-	-	-	-	-	-	9,724,313	
Nine years later	71,235,683	-	-	-	-	-	-	-	-	-	71,235,683	
Current estimate cumulative claims	71,235,683	9,724,313	24,067,885	8,939,702	13,456,679	1,517,991	3,095,579	4,578,890	10,130,550	10,822,133	157,569,405	
Cumulative payments to date	(71,235,683)	(9,724,313)	(24,067,885)	(8,939,702)	(13,456,679)	(1,517,991)	(3,095,579)	(4,578,890)	(10,130,550)	(4,621,252)	(151,368,524)	
Gross insurance contract liabilities recognized in the statements of financial position	12	P -	P -	P -	P -	P -	P -	P -	P -	P -	P6,200,881	P6,200,881

Financial Risk

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

These risks arise from open positions in interest rate, currency and equity securities, all of which are exposed to general and specific market movements. The risk that the Company primarily faces due to the nature of its investments and liabilities is interest rate risk.

There has been no change to the Company's exposure to financial risk or the manner in which it manages and measure risk since the prior financial year.

Credit Risk

Credit risk is the risk that one party will fail to perform fully its financial obligation which may pertain to risk of default on a loan as well as the risk of a counterparty failing to meet its obligation especially with respect to loss recoveries on reinsurance business.

The Company manages the level of credit risk it accepts through a comprehensive credit risk policy which sets out the following:

- assessment and determination of acceptable and desired credit risk levels for the Company by setting up of exposure limits by each counterparty or group of counterparties, geographical regions, and economic sectors, and specific products;
- right of offset where counterparties are both debtors and creditors;
- imposing collateral and guarantee requirements;
- reporting of credit risk exposures and deviations; and
- monitoring compliance with credit risk policy and review of credit risk policy for pertinence and changing environment.

Reinsurance of risk is placed with high-rated reinsurers and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year and are subject to regular reviews. The Company undertakes significant due diligence with respect to the reinsurers with which it has reinsurance agreements in place. An appropriate number of these reinsurers are utilized and additional protection is sought through information on security for these counterparties. Management performs assessment of creditworthiness of reinsurers to update reinsurance purchase strategies and ascertain suitable allowance for impairment of reinsurance assets.

In respect of investment securities, the Company's investments are subject to the regulatory requirements of the Insurance Code as supervised by the IC which set allowable investment assets, quantitative limits, and other pertinent restrictive provisions, and help mitigate the credit risk on investment assets. Credit risk arising from investment portfolios is addressed by setting authorized assets and limits and checking the level of credit risk related to a specific asset, adequacy of pricing, and returns for current and prospective investments.

The following table provides information regarding the maximum credit risk exposure, net of impairment losses, of the Company as at December 31, 2023 and 2022:

	Note	2023	2022
Cash and cash equivalents*	4, 30	P1,065,153,305	P1,129,244,874
Insurance receivables:			
Premiums receivable	5, 27	20,812,497	14,545,623
Reinsurance recoverable on paid losses	5, 27	11,298,734	4,297,823
Due from ceding companies	5, 27	14,216,406	4,704,269
Funds held by ceding companies	5, 27	11,702,084	11,702,084
HTM investments	6, 27, 30	322,917,537	227,304,522
Loans and receivables	6, 27, 30	5,696,062	76,973,435
		P1,451,796,625	P1,468,772,630

*Excluding Cash on hand

Carrying amount of all the other financial assets of the Company represents the maximum exposure to credit risk.

The tables below provide information regarding the credit risk exposure of the Company by classifying assets according to the Company's assessment of credit standing of the counterparties, historical dealings and experience with the counterparties, underlying collaterals, if any, and other factors.

Note	2023					
	Neither Past Due nor Impaired		Past Due but not Impaired	Impaired	Total	
	High	Medium			P -	P1,065,153,305
Cash and cash equivalents*	4, 30	P1,065,153,305	P -	P -	P -	P1,065,153,305
Insurance receivables:						
Premiums receivable	5, 27, 30	23,777,554	4,707,894	(7,672,951)	29,043,671	49,856,168
Reinsurance recoverable on paid losses	5, 27, 30	11,298,734	-	-	848,508	12,147,242
Due from ceding companies	5, 27, 30	14,216,406	-	-	598,639	14,815,045
Funds held by ceding companies	5, 27, 30	11,702,084	-	-	669,955	12,372,039
HTM Investments	6, 27, 30	322,917,537	-	-	-	322,917,537
Loans and receivables	6, 27, 30	5,696,062	-	-	-	5,696,062
		P1,454,761,682	P4,707,894	(P7,672,951)	P31,160,773	P1,482,957,398

*Excluding Cash on hand

Note	2022					
	Neither Past Due nor Impaired		Past Due but not Impaired	Impaired	Total	
	High	Medium			P -	P1,129,244,874
Cash and cash equivalents*	4, 30	P1,129,244,874	P -	P -	P -	P1,129,244,874
Insurance receivables:						
Premiums receivable	5, 27, 30	14,790,359	2,967,225	(3,211,961)	19,421,555	33,967,178
Reinsurance recoverable on paid losses	5, 27, 30	4,297,823	-	-	1,161,775	5,459,598
Due from ceding companies	5, 27, 30	4,704,269	-	-	4,976,352	9,680,621
Funds held by ceding companies	5, 27, 30	11,702,084	-	-	669,955	12,372,039
HTM Investments	6, 27, 30	227,304,522	-	-	-	227,304,522
Loans and receivables	6, 27, 30	76,973,435	-	-	-	76,973,435
		P1,469,017,366	P2,967,225	(P3,211,961)	P26,229,637	P1,495,002,267

*Excluding Cash on hand

The credit quality of the financial assets was determined as follows:

High grade pertains to cash in banks and short-term placements, HTM Investments, insurance receivable, and loans and receivables with high probability of collection.

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, 2023 and 2022. 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 P1.39 billion (93.60%) and P1.36 billion (90.74%) of the Company's total financial assets as at December 31, 2023 and 2022, 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.

	Note	Within a Year	1 - 3 Years	3 - 5 Years	No Term	2023 Total
Cash and cash equivalents*	4, 30	P1,065,153,305	P -	P -	P -	P1,065,153,305
Insurance receivables	5, 27	58,029,721	-	-	-	58,029,721
Investment at FVPL	6, 27, 30	-	-	-	109,670	109,670
AFS financial assets	6, 27, 30	-	-	-	16,273,113	16,273,113
HTM investments	6, 27, 30	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, 27, 30	5,696,062	-	-	-	5,696,062
Total Financial Assets		1,420,933,721	27,311,867	3,551,037	98,204,664	1,550,001,289
Insurance contract liabilities**	12, 30	64,400,805	-	-	-	64,400,805
Lease liability	24, 27	3,352,702	6,029,132	-	-	9,381,834
Insurance payables	13, 27, 30	14,799,554	-	-	-	14,799,554
Commissions payable	27, 30	12,723,210	-	-	-	12,723,210
Other Payables***	14, 30	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

	Note	Within a Year	1 - 3 Years	3 - 5 Years	No Term	2022 Total
Cash and cash equivalents*	4, 30	P1,129,244,874	P -	P -	P -	P1,129,244,874
Insurance receivables	5, 27	35,249,799	-	-	-	35,249,799
Investment at FVPL	6, 27, 30	-	-	-	103,338	103,338
AFS financial assets	6, 27, 30	-	-	-	13,294,655	13,294,655
HTM investments	6, 27, 30	97,698,615	98,636,250	30,969,657	-	227,304,522
Investment in associate	7, 27, 30	-	-	-	9,533,881	9,533,881
Loans and receivables	6, 27, 30	76,973,435	-	-	-	76,973,435
Total Financial Assets		1,339,166,723	98,636,250	30,969,657	22,931,874	1,491,704,504
Insurance contract liabilities**	12, 30	15,338,487	-	-	-	15,338,487
Lease liability	24, 27	3,049,372	9,381,834	-	-	12,431,206
Insurance payables	13, 27, 30	8,734,038	-	-	-	8,734,038
Commissions payable	27, 30	8,375,617	-	-	-	8,375,617
Other Payables***	14, 30	4,835,478	-	-	-	4,835,478
Total Financial Liabilities		P40,332,992	P9,381,834	P -	P -	P49,714,826

*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, 2023 and 2022:

	USD	PHP
2023	USD29,034	P1,613,419
2022	29,034	1,629,388

The exchange rates of Philippine Peso to US Dollar were P55.57 and P56.12 per USD 1.00 from Banker's Association of the Philippines, as at December 31, 2023 and 2022, 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)
2023	+5% -5%	P80,667 (80,667)
2022	+5% -5%	81,469 (81,469)

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.

Note	Interest Rates	Within a Year	Maturity			Total
			1 - 3 Years	4 - 5 Years	Over 5 Years	
HTM financial assets 6, 27, 30	2.375%-6.25% 5%	P292,054,633	P27,311,867	P3,551,037	P -	P322,917,537
Insurance payables 13, 27, 30		14,799,554	-	-	-	14,799,554

Note	Interest Rates	Within a Year	Maturity			Total
			1 - 3 Years	4 - 5 Years	Over 5 Years	
HTM financial assets 6, 27, 30	2.375%-6.25% 5%	P97,698,615	P98,636,250	P30,969,657	P -	P227,304,522
Insurance payables 13, 27, 30		8,734,038	-	-	-	8,734,038

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).

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

Market Indices	2022		
	Change in Variable		Impact on Equity Increase (Decrease)
	PSEi	+5.00%	P658,465
		-5.00%	(658,465)

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 effectiveness 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, 2023 and 2022, 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:

Asset	Note	2023			
		Financial Assets that Meet the SPPI Criteria*		All Other Financial Assets	
		Fair Value	Fair Value Change During the Reporting Period	Fair Value	Fair Value Change During the Reporting Period
Cash and cash equivalents**	4, 30	P1,065,153,305	P -	P -	P -
Insurance receivables - net	5, 27	58,029,721	-	-	-
Financial assets:					
Available-for-sale financial assets	6, 27, 30	-	-	16,273,113	2,233,844
Held-to-maturity investments	6, 27, 30	322,917,537	-	-	-
Loans and receivables	6, 27, 30	5,696,062	-	-	-
Investment at FVPL	6, 27, 30	-	-	109,670	6,332
Investment in associate	7, 27, 30	-	-	-	-
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.

	2022				
	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, 30	P1,129,244,874	P -	P -	P -
Insurance receivables - net	5, 27	35,249,799	-	-	-
Financial assets:					
Available-for-sale financial assets	6, 27, 30	-	-	13,294,655	5,066,034
Held-to-maturity investments	6, 27, 30	227,304,522	-	-	-
Loans and receivables	6, 27, 30	76,973,435	-	-	-
Investment at FVPL	6, 27, 30	-	-	103,338	-
Investment in associate	7, 27, 30	-	-	9,533,881	-
		P1,468,772,630	P -	P22,931,874	P5,066,034

* 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, 2023 and 2022 is consistent with the credit risk disclosure above under PAS 39.

30. 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, 2023 and 2022.

	Note	2023		2022	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets					
Cash and cash equivalents*	4, 29	P1,065,153,305	P1,065,153,305	P1,129,244,874	P1,129,244,874
Insurance receivables:	5				
Premiums receivable		49,856,168	49,856,168	33,967,178	33,967,178
Reinsurance recoverable on paid losses		12,147,242	12,147,242	5,459,598	5,459,598
Due from ceding companies		14,815,045	14,815,045	9,680,621	9,680,621
Funds held by ceding companies		12,372,039	12,372,039	12,372,039	12,372,039
AFS financial assets	6, 27, 29	16,273,113	16,273,113	13,294,655	13,294,655
HTM investments	6, 27, 29	322,917,537	322,917,537	227,304,522	227,304,522
Loans and other receivables	6, 27, 29	5,696,062	5,696,062	76,973,435	76,973,435
Investment in associate	7, 27, 29	-	-	9,533,881	9,533,881
Investment in a subsidiary		81,821,881	81,821,881	-	-
Investment at FVPL	27, 29	109,670	109,670	103,338	103,338
Total Financial Assets		P1,581,162,062	P1,581,162,062	P1,517,934,141	P1,517,934,141
Other Financial Liabilities					
Insurance contract liabilities**	12, 29	P64,400,805	P64,400,805	P15,338,487	P15,338,487
Insurance payables	13, 27, 29	14,799,554	14,799,554	8,734,038	8,734,038
Commission payable	27, 29	12,723,210	12,723,210	8,375,617	8,375,617
Other payables***	14, 29	6,671,155	6,671,155	4,835,478	4,835,478
Total Other Financial Liabilities		P98,594,724	P98,594,724	P37,283,620	P37,283,620

*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 2023 and 2022 approximate the fair value.

Due to the short-term nature of cash and cash equivalents, insurance receivables, loans and other receivables, 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, 2023 and 2022:

	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

	2022			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
AFS financial assets:				
Common shares	P69,300	P -	P -	P69,300
Golf and club shares	-	13,100,000	-	13,100,000
Investment at FVPL	103,338	-	-	103,338
	P172,638	P13,100,000	P -	P13,272,638

Nonfinancial Assets

As at December 31, 2023 and 2022, the fair value of the Company’s property and equipment amounted to P15.31 million and P14.35 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 2023 and 2022, 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.

31. Events After the Reporting Date

The Company also received P400.00 million as deposit for future subscription from the Parent Company to comply with the minimum net worth requirements (see Note 23, 25, and 27). The increase was filed with the IC on January 24, 2023 which was endorsed to SEC on April 19, 2023. The required documents to be filed to SEC were completed on January 31, 2024. The capital increase was approved by the SEC on February 15, 2024.

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

In addition to the disclosure mandated under PFRSs, 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 PFRSs. Following are the tax information/disclosures required for the taxable year ended December 31, 2023:

A. VAT

	Amount
1. Output VAT	
Basis of the Output VAT:	
Vatable receipts	P43,954,755
Exempt receipts	-
Zero rated receipts	-
Total vatable receipts	P43,954,755
2. Input VAT	
Beginning of the year	P -
Current year's domestic purchases:	
a. Goods for resale/manufacture or further processing	-
b. Goods other than for resale or manufacture	2,769,587
c. Services lodged under other accounts	30,246,991
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	(29,778,107)
Balance at the end of the year	P3,238,471

B. Withholding Taxes

	Amount
Expanded withholding taxes	P1,839,457
Withholding taxes on compensation	777,165
	P2,616,622

C. All Other Taxes (Local and National)

	Amount
<i>Other taxes paid during the year recognized as “Taxes and licenses” account under Operating Expenses</i>	
Business tax	P192,819
BIR annual registration	500
Others	921,387
	P1,114,706

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, 2023.

Further, Letter of Authority for the taxable years 2021 and 2022 were received on November 28, 2022 and January 11, 2024, respectively.

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 2023.

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.