Allianz PNB Life Insurance, Inc.

(Formerly: PNB Life Insurance, Inc.)

Financial Statements
As at and for the years ended December 31, 2024 and 2023

Independent Auditor's Report

To the Stockholders and the Board of Directors of
Allianz PNB Life Insurance, Inc.
(Formerly: PNB Life Insurance, Inc.)
9th Floor Allied Bank Center
6754 Ayala Avenue
Makati City

Report on the Audits of the Financial Statements

Our Opinion

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

What we have audited

The financial statements of the Company comprise:

- the statements of financial position as at December 31, 2024 and 2023;
- the statements of income for the years ended December 31, 2024 and 2023;
- the statements of comprehensive income for the years ended December 31, 2024 and 2023;
- the statements of changes in equity for the years ended December 31, 2024 and 2023;
- the statements of cash flows for the years ended December 31, 2024 and 2023; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing ("PSA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independence

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Report on the Bureau of Internal Revenue Requirement

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 29 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Isla Lipana & Co.

Imelda Dela Vega-Mangundaya
Partner
CPA Cert. No. 90670
PTR No. 0024586, issued on January 3, 2025, Makati City
TIN 152-015-124
BIR A.N. 08-000745-047-2024, issued on October 30, 2024; effective until October 29, 2027
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 25, 2025

Allianz PNB Life Insurance, Inc.
(Formerly: PNB Life Insurance, Inc.)

Statements of Financial Position
As at December 31, 2024 and 2023
(All amounts in Philippine Peso)

	Notes	2024	2023
Assets			
Cash and cash equivalents	2	2,795,253,583	1,822,889,582
Financial assets for unit-linked contracts	3	116,319,070,403	96,645,882,430
Financial assets at fair value through profit or loss	4	295,330,426	237,933,008
Available-for-sale financial assets	4	13,624,323,254	11,143,901,514
Held-to-maturity investments	4	3,868,499,785	3,875,551,331
Loans and receivables	4	674,669,390	696,976,907
Insurance receivables	5	105,677,601	84,233,426
Prepayments and deposits	6	78,765,244	85,511,228
Property and equipment, net	7	130,689,446	149,400,892
Deferred tax assets, net	24	315,947,561	223,182,461
Other assets, net	8	531,981,203	434,640,502
Total assets		**138,740,207,896**	**115,400,103,281**
Liabilities and Equity			
Insurance contract liabilities	9	14,244,242,021	12,162,267,075
Due to reinsurer		135,512,439	98,518,684
Financial liabilities for unit-linked contracts	3	116,319,070,403	96,645,882,430
Premium deposit fund	11	604,598,581	190,634,536
Accounts payable, accrued expenses, and provisions	12	3,170,569,213	2,631,219,889
Pension liability, net	23	91,502,250	84,641,941
Total liabilities		**134,565,494,907**	**111,813,164,555**
Equity			
Capital stock	13	250,000,000	250,000,000
Additional paid-in capital		50,000,000	50,000,000
Contingency surplus	13	2,350,000,000	2,600,000,000
Reserve for fluctuation on available-for-sale financial assets	4	(494,666,889)	(381,267,677)
Remeasurement on aggregate reserves for life policies	9	48,202,527	55,104,244
Remeasurement on defined benefit plan	23	(19,626,270)	(31,427,239)
Retained earnings		1,990,803,621	1,044,529,398
Total equity		**4,174,712,989**	**3,586,938,726**
Total liabilities and equity		**138,740,207,896**	**115,400,103,281**

The notes on pages 1 to 60 are integral part of these financial statements.

Allianz PNB Life Insurance, Inc.
(Formerly: PNB Life Insurance, Inc.)

Statements of Income
For the years ended December 31, 2024 and 2023
(All amounts in Philippine Peso)

	Notes	2024	2023
Premiums			
Gross premiums on insurance contracts		5,942,599,771	5,266,972,010
Reinsurers' share of gross premiums on insurance contracts		(181,749,733)	(167,594,523)
Net insurance premiums	14	**5,760,850,038**	**5,099,377,487**
Other income			
Investment income	15	1,032,216,965	806,640,629
Referral fee income	3,16	1,177,150,668	938,546,419
Net fair value gain (loss) on financial assets at fair value through profit or loss	4	14,540,904	31,230,451
Miscellaneous income (expense)	17	16,373,512	(12,750,878)
Total other income		**2,240,282,049**	**1,763,666,621**
Total premiums and other income		**8,001,132,087**	**6,863,044,108**
Benefits, claims and expenses			
Gross life insurance contract benefits and claims	18	1,143,131,014	863,287,045
Reinsurers' share of life insurance contract benefits and claims	18	(82,232,819)	(61,258,063)
Gross change in insurance contract reserves	9	1,723,760,556	2,036,314,065
Gross change in incurred but not reported claims	18	50,739,366	24,709,699
Net insurance benefits and claims		**2,835,398,117**	**2,863,052,746**
Insurance expenses			
Commissions and agency-related compensation	19	1,854,549,345	1,405,627,009
Salaries, wages and employee benefits	22	208,164,202	192,295,541
Taxes and licenses	20	88,131,020	84,849,613
Medical fees		8,635,246	6,180,122
Interest expense	11	2,069,835	873,187
Total insurance expenses		**2,161,549,648**	**1,690,890,472**
Other expenses			
General and administrative expenses	21	1,813,492,658	1,596,258,260
Foreign exchange loss, net		89,304,854	2,222,833
Total other expenses		**1,902,797,512**	**1,598,481,093**
Total insurance benefits, claims and other expenses		**6,899,745,277**	**6,151,359,311**
Income (loss) before income tax		**1,101,386,810**	**711,684,797**
Provision for income tax	24	155,112,587	130,545,809
Net income (loss) for the year		**946,274,223**	**581,138,988**

The notes on pages 1 to 60 are integral part of these financial statements.

Allianz PNB Life Insurance, Inc.
(Formerly: PNB Life Insurance, Inc.)

Statements of Comprehensive Income
For the years ended December 31, 2024 and 2023
(All amounts in Philippine Peso)

	Notes	2024	2023
Net income for the year		946,274,223	581,138,988
Other comprehensive income			
Item that will be reclassified subsequently to profit or loss			
Net unrealized (loss) gain on available-for-sale financial assets, net of tax	4	(113,399,212)	817,917,793
Items that will not be reclassified subsequently to profit or loss			
Remeasurement losses on aggregate reserves, net of tax	9	(6,901,717)	(254,039,481)
Remeasurement gains (losses) on retirement plan, net of tax	23	11,800,969	(18,807,375)
Total other comprehensive (loss) gain for the year, net of tax		(108,499,960)	545,070,937
Total comprehensive loss for the year		837,774,263	1,126,209,925

The notes on pages 1 to 60 are integral part of these financial statements.

Allianz PNB Life Insurance, Inc.
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Statements of Changes in Equity
For the years ended December 31, 2024 and 2023
(All amounts in Philippine Peso)

	Capital stock (Note 13)	Additional paid-In capital	Contingency Surplus (Note 13)	Reserve for fluctuation on available-for-sale financial assets (Note 4)	Remeasurement on insurance contract reserves (Note 9)	Remeasurement on defined benefit plan (Note 23)	Retained earnings	Equity
Balance at January 1, 2023	**250,000,000**	**50,000,000**	**2,600,000,000**	**(1,199,185,470)**	**309,143,725**	**(12,619,864)**	**463,390,410**	**2,460,728,801**
Comprehensive income (loss)								
Net income for the year	-	-	-	-	-	-	581,138,988	581,138,988
Other comprehensive income (loss) for the year	-	-	-	817,917,793	(254,039,481)	(18,807,375)	-	545,070,937
Total comprehensive income (loss) for the year	-	-	-	817,917,793	(254,039,481)	(18,807,375)	581,138,988	1,126,209,925
Balance at December 31, 2023	**250,000,000**	**50,000,000**	**2,600,000,000**	**(381,267,677)**	**55,104,244**	**(31,427,239)**	**1,044,529,398**	**3,586,938,726**
Transaction with owners								
Return of contingency surplus	-	-	(250,000,000)	-	-	-	-	(250,000,000)
Comprehensive income (loss)								
Net income for the year	-	-	-	-	-	-	946,274,223	946,274,223
Other comprehensive income (loss) for the year	-	-	-	(113,399,212)	(6,901,717)	11,800,969	-	(108,499,960)
Total comprehensive (loss) income for the year	-	-	(250,000,000)	(113,399,212)	(6,901,717)	11,800,969	946,274,223	587,774,263
Balance at December 31, 2024	**250,000,000**	**50,000,000**	**2,350,000,000**	**(494,666,889)**	**48,202,527**	**(19,626,270)**	**1,990,803,621**	**4,174,712,989**

The notes on pages 1 to 60 are integral part of these financial statements.

Allianz PNB Life Insurance, Inc.
(Formerly: PNB Life Insurance, Inc.)

Statements of Cash Flows
For the years ended December 31, 2024 and 2023
(All amounts in Philippine Peso)

	Notes	2024	2023
Cash flows from operating activities			
Income before income tax		1,101,386,810	711,684,797
Adjustments for:			
Decrease in insurance contract reserve, net of reinsurers' share	10	1,723,760,556	2,036,314,065
Depreciation and amortization	7,8,21	221,088,250	209,343,428
Unrealized foreign exchange loss	27	57,688,184	8,636,617
Net increase in restricted stock units	22	12,974,462	13,357,127
Net fair value gain on financial assets at fair value through profit or loss	4	(14,540,904)	(31,230,451)
Retirement benefits	22,23	26,713,784	21,270,073
(Gain) loss on disposal of fixed assets	17	(132,923)	56,632
Interest expense	11,12	5,373,873	4,767,336
Amortization of bond discount, net	4	45,171,722	34,614,237
Provision net incurred but not reported losses	9,18	50,739,366	24,709,699
Interest income	15	(1,076,172,825)	(840,103,119)
Dividend income	15	(1,215,864)	(1,151,747)
Operating income before changes in operating assets and liabilities		2,152,834,491	2,193,333,694
Changes in operating assets and liabilities			
(Increase) decrease in:			
Loans and receivables		15,427,096	(88,761,890)
Insurance receivables		(29,611,925)	(49,519,967)
Prepayments and deposits		6,745,984	(49,545,967)
Other assets		53,107,007	20,672,266
Increase (decrease) in:			
Accounts payable and accrued expenses		526,511,835	426,909,567
Insurance contract liabilities		238,419,317	(8,057,684)
Premium deposit fund		428,054,589	12,788,737
Due to reinsurer		36,993,755	45,846,525
Cash generated from operations		3,428,482,149	2,502,600,281
Interest income received	15	1,076,172,825	840,103,119
Dividends received		1,215,864	1,021,049
Income tax paid		(230,309,956)	(139,230,268)
Retirement contributions	23	(4,118,850)	-
Interest paid on leases	12	(3,304,038)	(3,894,149)
Net cash generated from operating activities		**4,268,137,994**	**3,200,600,032**

(forward)

Allianz PNB Life Insurance, Inc.
(Formerly: PNB Life Insurance, Inc.)

Statements of Cash Flows
For the years ended December 31, 2024 and 2023
(All amounts in Philippine Peso)

(forwarded)

	Notes	2024	2023
Cash flows from investing activities			
Proceeds from:			
Sale or maturities of available-for-sale financial assets	4	1,039,227,895	2,048,027,000
Sale of property and equipment	7	4,101,121	44,722
Purchases of:			
Available-for-sale financial assets	4	(3,589,712,073)	(658,721,457)
HTM Investments	4	-	(3,885,921,814)
Property and equipment	7	(37,386,261)	(25,070,313)
Software, net	8	(293,277,744)	(100,208,124)
(Increase) decrease in financial assets at fair value through profit or loss	4	(43,245,234)	43,797,279
Net cash used in investing activities		**(2,920,292,296)**	**(2,578,052,707)**
Cash flows from financing activities			
Return of contingency surplus	13	(250,000,000)	-
Payments of principal on leases	12	(50,767,065)	(45,348,553)
Net cash from financing activities		**(300,767,065)**	**(45,348,553)**
Net increase in cash and cash equivalents		1,047,078,633	577,198,772
Cash	2		
At January 1		1,822,889,582	1,250,191,448
Effect of exchange rate changes on cash		(74,714,632)	(4,500,638)
December 31		**2,795,253,583**	**1,822,889,582**

The notes on pages 1 to 60 are integral part of these financial statements.

1 General information

Allianz PNB Life Insurance, Inc. (the "Company"), formerly PNB Life Insurance, Inc., was registered with Philippines Securities and Exchange Commission (SEC) on November 10, 1999 to carry on the business of life insurance. The Company is among the major life insurers in the Philippines, which began operations on August 1, 2001 following the receipt of the Certificate of Authority from the Insurance Commission (IC) of the Philippines on July 1, 2000.

On June 5, 2016, Allianz SE, the ultimate and immediate parent company of the Company, (referred to herein as "Parent Company") completed its acquisition of 51% of the Company resulting to a shareholder interest of 44% for Philippine National Bank (PNB). Allianz SE is a holding and reinsurance company of the Allianz Group, domiciled and incorporated in Munich, Germany while PNB is a listed universal bank incorporated and domiciled in the Philippines. The remaining 5% is owned by an individual shareholder. Under the agreements signed in December 2015, Allianz SE will have management control. On September 21, 2016, the SEC approved the amendment of the Company's article of incorporation to reflect the change in corporate name to "Allianz PNB Life Insurance, Inc."

The Company's principal place of business is 9th Floor, Allied Bank Center 6754 Ayala Avenue, Makati City, Philippines. It has 321 employees as at December 31, 2024 (2023 - 318 employees).

Authorization of the financial statements

The accompanying financial statements were authorized for issue by the Board of Directors (BOD) on April 25, 2025.

2 Cash and cash equivalents

The account at December 31 consists of:

	2024	2023
Petty cash fund	206,754	261,754
Cash in banks		
Peso-denominated	1,709,107,002	1,494,096,336
Dollar-denominated	1,085,939,827	328,531,492
	2,795,253,583	1,822,889,582

Cash includes petty cash fund and cash in banks. Cash in banks earns interest at the prevailing bank deposit rates. Interest income from cash in banks for the year ended December 31, 2024 amounted to P8,922,840 (2023 - P181,884) (Note 15).

Cash equivalent pertains to time deposits that are made for varying periods with maturity not exceeding three months from the dates of placement with no loss of interest depending on the immediate cash requirements of the Company. Certain cash equivalents with interest at the prevailing cash equivalents deposit rates that ranged from 4.00% to 5.00% in 2024 (2023 - 3.88% to 4.50%) amounted to P1,000,000,000 were purchased and have matured in 2024 (2023 - P2,023,500,000 were purchased and have matured in 2023). Interest income from cash equivalents for the year ended December 31, 2024 amounted to P1,666,667 (2023 - P3,498,009) (Note 15).

Cash and cash equivalents is classified as current as at December 31, 2024 and 2023.

3 Financial assets and liabilities for unit-linked contracts

On March 15, 2005 and June 17, 2005, the IC approved the Company's license to sell single-pay and regular-pay unit-linked insurance products, respectively. These are life insurance products that have policy benefits that are linked to investment funds. The payments received for these products, less charges for mortality and administration fees, are invested in segregated funds.

Global Treasures in Philippine Peso-denominated, single-pay, 7-year unit-linked life insurance plan that was launched on April 24, 2026 and matured on April 24, 2023. Total fund value paid out from the maturity of Global Treasures amounts to P460,722,407.

In 2024, the Company launched four (4) additional open-ended funds. These are Peso Stability Plus Dividend Paying Fund and Dollar Stability Plus Dividend Paying Fund, which were launched on May 15, 2024, and Peso Equity Power Growth Fund and Dollar Equity Power Growth Fund, which were launched on October 21, 2024.

	Cash and cash equivalents	Investment securities carried at FVTPL	Accounts receivable	Accrued management fee	Seed capital (Note 4)	Net assets
At December 31, 2024						
Dollar Income and Growth Dividend Paying Fund	394,773,980	48,450,879,934	4,316,902	(94,603,098)	(1,041,418)	48,754,326,300
Peso-Hedged Global Real Assets Dividend Paying Fund	1,242,222,939	25,462,002,198	48,693,717	(19,564,111)	(628,380)	26,732,726,363
Peso-Hedged Income and Growth Dividend Paying Fund	292,044,475	6,080,479,679	23,430,089	(1,494,128)	(1,057,450)	6,393,402,665
Peso-Hedged Asian Multi Income Plus Dividend Paying Fund	69,774,568	5,093,378,128	402,504	(55,664,223)	(758,680)	5,107,132,297
Dollar Global Real Assets Dividend Paying Fund	201,102,216	4,615,431,081	37,547,095	(3,577,848)	(731,196)	4,849,771,348
Peso-Hedged Global Sustainability Fund	58,187,799	3,274,624,164	617,560	(6,996,345)	(1,500,740)	3,324,932,438
Peso-Hedged Systematic Global Equity Dividend-Paying Fund	176,358,916	3,051,246,292	2,674,931	(3,125,361)	(1,128,420)	3,226,026,358
Dollar Systematic Global Equity Dividend-Paying Fund	71,345,668	2,458,783,720	4,546,248	(2,559,679)	(1,381,605)	2,530,734,352
Dollar Global Income Dividend Paying Fund	58,093,458	2,357,739,269	44,093	(14,011,210)	(1,047,874)	2,400,817,736
Peso Multi-Sector Equity Fund	168,187,979	1,947,231,232	19,670,796	(18,767,346)	(820,262)	2,115,502,399
Dollar Global Equity Plus Fund	25,179,660	1,762,271,084	-	(5,989,911)	(1,084,328)	1,780,376,506
Peso Philippine Equity Fund	51,584,839	1,627,743,575	4,912,074	(5,615,056)	(2,827,669)	1,675,797,763
Peso Optimized Dividend Equity Fund	14,276,027	1,073,477,003	20,752,741	(16,000,730)	(1,138,086)	1,091,366,955
Dollar Flexi Asia Dividend Paying Bond Fund	5,642,260	1,038,828,332	53,641	(3,486,270)	(629,863)	1,040,408,100
Peso Stability Plus Dividend-Paying Fund	29,442,526	816,944,228	-	(63,595)	(988,790)	845,334,369
Peso Balanced Growth Fund	7,504,227	828,587,276	4,736,564	(2,595,839)	(2,920,079)	835,312,149
Dollar Income and Growth Fund	17,244,105	706,457,275	-	(569,944)	(1,934,210)	721,197,226
Dollar Stability Plus Dividend-Paying Fund	68,255,801	605,135,815	43,720,953	(599,218)	(1,144,382)	715,368,969
Peso Fixed Income Fund	2,619,578	514,657,497	7,210,857	(1,537,726)	(2,744,324)	520,205,882
Peso Dynasty Equity Fund	32,765,703	459,557,831	6,084,218	(10,889,734)	(6,676,100)	480,841,918
Dollar Bond Fund	9,508,717	335,275,236	8,475,640	(2,755,883)	(2,561,426)	347,942,284
Fixed Index Unit-Linked Fund	11,988,315	384,043,290	8,918,655	(1,954,088)	(142,815,598)	260,180,574
Dollar Flexi Asia Bond Fund	1,284,318	191,549,345	7,238	(907,892)	(925,786)	191,007,223
Dollar Global Opportunistic Dividend Paying Bond Fund	3,879,403	182,698,428	49,678	(273,591)	(916,068)	185,437,849
Peso-Hedged Diversified Income Dividend Paying Fund	3,155,486	139,063,635	-	(125,355)	(807,000)	141,286,766
Dollar Equity Power Growth Fund	11,692,693	9,323,671	-	(21,168)	(1,144,799)	19,850,397
Peso Equity Power Growth Fund	339,795	16,591,807	797,838	(5,861)	(972,770)	16,750,809
Peso Money Market Fund	15,077,037	1,152,305	14,000	(5,104)	(1,205,830)	15,032,408
	3,043,532,488	113,485,153,330	247,678,032	(273,760,314)	(183,533,133)	116,319,070,403

	Cash and cash equivalents	Investment securities carried at FVTPL	Accounts receivable	Accrued management fee	Seed capital (Note 4)	Net assets
At December 31, 2023						
Dollar Income and Growth Dividend Paying Fund	232,165,923	43,373,977,344	-	(12,722,792)	(983,655)	43,592,436,820
Peso-Hedged Global Real Assets Dividend Paying Fund	1,072,760,914	20,408,573,273	36,173,026	(7,719,635)	(724,586)	21,509,062,992
Peso-Hedged Asian Multi Income Plus Dividend Paying Fund	94,986,726	5,990,529,980	-	(2,989,522)	(721,579)	6,081,805,605
Dollar Global Real Assets Dividen Paying Fund	157,199,053	3,182,280,078	7,368,395	(1,216,024)	(799,662)	3,344,831,840
Peso-Hedged Global Sustainability Fund	71,638,065	2,747,283,047	2,367,290	(313,418)	(1,461,797)	2,819,513,187
Peso-Hedged Income and Growth Dividend Paying Fund	75,720,510	2,329,902,475	29,926,368	(295,747)	(1,033,510)	2,434,220,096
Peso Multi-Sector Equity Fund	84,236,999	2,161,677,499	2,285,803	(1,826,498)	(810,283)	2,245,563,520
Dollar Global Equity Plus Fund	1,903,904	2,207,811,749	-	(2,896,955)	(1,060,611)	2,205,758,087
Dollar Global Income Dividend Paying Fund	102,599,030	2,075,171,175	139,865	(413,334)	(990,432)	2,176,506,304
Peso Philippine Equity Fund	33,194,802	1,789,654,182	2,223,219	(4,229,778)	(2,725,268)	1,818,117,157
Dollar Flexi Asia Dividend Paying Bond Fund	7,328,251	1,277,218,531	-	(2,308,246)	(609,803)	1,281,628,733
Peso Optimized Dividend Equity Fund	28,754,291	1,132,792,118	492,542	(1,017,853)	(1,024,160)	1,159,996,938
Peso-Hedged Systematic Global Equity Dividend-Paying Fund	64,296,955	1,049,381,756	41,203,007	(74,300,418)	(1,042,331)	1,079,538,969
Peso Balanced Growth Fund	2,960,797	1,013,104,878	7,777,564	(5,932,208)	(2,823,647)	1,015,087,384
Dollar Systematic Global Equity Dividend-Paying Fund	45,889,397	854,363,897	246,715	(27,490,756)	(1,215,935)	871,793,318
Dollar Income and Growth Fund	12,427,268	675,834,060	-	(239,698)	(1,693,638)	686,327,992
Peso Fixed Income Fund	4,907,950	585,235,051	8,186,494	(1,290,618)	(2,672,820)	594,366,057
Peso Dynasty Equity Fund	20,226,629	507,875,247	2,591,919	(1,872,947)	(6,878,250)	521,942,598
Dollar Bond Fund	8,646,792	402,335,174	9,588,266	(1,877,424)	(2,464,824)	416,227,984
Fixed Index Unit-Linked Fund	10,226,195	334,434,792	7,748,625	(2,845,027)	(107,053,313)	242,511,272
Dollar Flexi Asia Bond Fund	1,418,280	198,741,971	-	(62,707)	(858,453)	199,239,091
Peso-Hedged Diversified Income Dividend Paying Fund	6,787,297	185,494,241	-	(44,323)	(935,528)	191,301,687
Dollar Global Opportunistic Dividend Paying Bond Fund	3,719,160	144,267,885	-	(1,802,918)	(807,318)	145,376,809
Peso Money Market Fund	12,763,793	1,104,934	29,333	(2,799)	(1,167,271)	12,727,990
	2,156,758,981	94,629,045,337	158,348,431	(155,711,645)	(142,558,674)	96,645,882,430

The segregated funds represent the financial assets for unit-linked contracts which are recorded at fair value, with changes in fair value recognized in the income statement together with the offsetting changes in fair value of the corresponding financial liabilities for unit-linked contracts. The related net assets to these segregated funds are presented as financial assets for unit-linked contracts in the statements of financial position. Financial liabilities for unit-linked contracts are set up equal to financial assets for unit-linked contracts, which serves as the Company's liability to unit-linked policyholders.

The Company's financial assets for unit-linked contracts are designated as FVTPL at initial recognition as they are managed and their performances are evaluated on a fair value basis, in accordance with a documented risk management or investment strategy. The Company's financial liabilities for unit-linked contracts are classified as FVTPL. Financial assets for unit-linked contracts have the same terms with its corresponding financial liability for unit-linked contracts (Note 27). The financial assets for unit-linked contracts are expected to be recovered following the maturity of the corresponding financial liability for unit-linked contracts.

The equity of each policyholder in the segregated fund is determined by assigning a number of units to each policyholder, corresponding to the net amount deposited in relation to the market value at the time of contribution. The value per unit may increase or decrease depending on the market value of the underlying assets of the corresponding segregated fund. The funds are valued regularly, and the net asset value per unit (NAVPU) is equal to the market value of the segregated fund divided by the number of outstanding units of the fund. Hence, the equity of each unit-linked insurance contract in the fund is equal to the total number of outstanding units of the policyholder multiplied by the NAVPU.

Collections received from unit-linked policies are separated to financial assets for unit-linked contracts from which the Company withdraws administrative and cost of insurance charges in accordance with the policy provisions of the unit-linked insurance contracts. Administrative charges are recognized as revenue under "Referral fee income" while cost of insurance charges are recognized as part of "Gross premiums on insurance contracts". In 2024, total premium income and referral fee income from the unit-linked products amounted to P3,229,893,219 (2023 - P2,404,663,202) (Note 14) and P1,177,150,668 (2023 - P938,546,419) (Note 16).

(a) Cash and cash equivalents

	2024	2023
Cash in banks		
Peso-denominated	1,878,403,058	1,385,453,133
Dollar-denominated	858,515,698	567,727,476
Cash equivalents		
Peso-denominated	297,127,152	194,940,653
Dollar-denominated	9,486,580	8,637,719
	3,043,532,488	2,156,758,981

(b) Investment securities carried at FVTPL

	2024	2023
Quoted equity securities		
Peso-denominated	49,450,614,878	38,767,701,437
Dollar-denominated	62,379,097,955	54,030,893,046
Government debt securities		
Peso-denominated	1,320,165,262	1,428,115,680
Dollar-denominated	298,592,905	352,212,630
Private debt securities		
Dollar-denominated	36,682,330	50,122,544
	113,485,153,330	94,629,045,337

(c) Accounts receivable

	2024	2023
Accrued income	29,491,360	33,790,752
Other receivables	218,186,672	124,557,679
	247,678,032	158,348,431

Other receivables include subscription receivables and uncollected investment transactions as at year end.

(d) Accrued management fee

Management fees are calculated based on net asset value (NAV) as of latest pricing date. The management fees are deducted from the cash portion of the fund. In instances when the cash portion is depleted, and until the next coupon payment is received, management fees are accrued and are treated as payable in NAV valuation. When the next coupon payment is received and cash portion of the fund is replenished, accrued management fees are then deducted and paid to the Company.

(e) Seed capital

This pertains to the Company's investment in unit-linked funds which is lodged under Financial assets at fair value through profit or loss (Note 4). As at December 31, 2024, the Company owns 145,321,151 (2023 - 117,219,022) outstanding number of units with net asset value of P183,533,133 (2023 - P142,558,674).

Significant accounting judgment: Classification of financial assets and liabilities unit-linked contracts

Considering the Company's level of ownership and varying terms and conditions of each unit-linked investment fund, the classification of such as structured entities is subject to significant judgement. As a general rule, the management of relevant activities of an investment fund is delegated to the fund manager via asset management agreements. In contrast, influence from investors on the relevant activities of investment funds is usually either precluded by legal or regulatory provisions or not deemed substantial.

These investment funds are generally subject to stringent regulatory requirements from financial institutions. Comprehensive regulation of funds protects fund investors and also helps to limit investment risk. These mechanisms result in a legal set-up of funds, agreed and accepted as structured entities under PFRS 12.

Management has assessed that the financial assets for unit-linked contacts are classified as structured entities based on the requirements of PFRS 12. Management has also assessed that the Company does not have control over these investment funds based on an analysis of the guidance in PFRS 10. Furthermore, neither the Company nor the fund managers have the ability to influence the investment fund returns and the fund managers are only acting as a manager whose responsibilities are limited to those activities provided in the asset management agreements. The Company's maximum exposure to loss arising from its interests in unconsolidated structured entities is limited to the carrying amount of its seed capital. The Company's income from these unconsolidated structured entities pertains to the change in fair value of seed capital. As such, the Financial assets and liabilities for unit-linked contracts are presented as a separate line item in the financial statements of the Company.

4 Financial assets at fair value through profit or loss ("FVTPL"); Available-for-sale ("AFS") financial assets; Held-to-maturity ("HTM") investments and Loans and receivables

The Company classifies its financial assets into the following categories:

	2024	2023
Financial assets at FVTPL	295,330,426	237,933,008
AFS financial assets	13,624,323,254	11,143,901,514
HTM investments	3,868,499,785	3,875,551,331
Loans and receivables	674,669,390	696,976,907
	18,462,822,855	15,954,362,760

(a) Financial assets at FVTPL

The financial assets at FVTPL at December 31 consist of the following:

	Notes	2024	2023
Quoted equity securities		7,505,920	7,424,000
Investment in unit-linked funds	3		
Peso-denominated		168,990,180	130,946,133
Dollar-denominated		14,542,953	11,612,541
Derivative asset	22	104,291,373	87,950,334
		295,330,426	237,933,008

The following financial assets are designated as FVTPL at initial recognition:

- Quoted equity securities - the investments contain an embedded derivative that significantly modifies the cash flows; and
- Investment in unit-linked funds - they are managed, and their performances are evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

The Company's derivative asset is in relation to its share-based obligation in the form of restricted stock units as at December 31, 2024 and 2023. These are classified as held for trading with changes in fair value recognized in the statements of income.

Quoted equity securities and derivative asset are denominated in Philippine Peso and Euro, respectively.

Details of net fair value gain (loss) on financial assets at FVTPL for the years ended December 31 are as follows:

	Note	2024	2023
Fair value gain (loss) on:			
Investment in unit-linked funds		10,610,207	28,215,771
Quoted equity securities		81,920	(256,000)
Derivative asset	22	3,848,777	3,270,680
		14,540,904	31,230,451

Dividend income from quoted equity securities for the year ended December 31, 2024 amounted to P1,215,864 (2023 - P1,151,747) (Note 15).

The Company assesses whether embedded derivatives are required to be separated from the host contracts when the Company becomes a party to the contract. Reassessment of embedded derivatives is only done when there are changes in the contract that significantly modifies the contractual cash flows. The Company determines whether modification to cash flows is significant by considering the extent to which the expected future cash flows associated with the embedded derivative, the host contract, or both have changed and whether the change is significant relative to the previously expected cash flows on the contract.

As of December 31, 2024 and 2023, the Company has no embedded derivatives requiring bifurcation since the hybrid instruments have been designated as financial assets at FVTPL of which the characteristics and risks are closely related to the host contract.

(b) AFS financial assets

The AFS financial assets at December 31:

	2024	2023
Government debt securities		
Peso-denominated	11,480,476,905	8,480,801,459
Dollar-denominated	1,051,328,728	1,235,173,011
Private debt securities		
Peso-denominated	764,215,712	1,004,436,300
Dollar-denominated	193,301,909	308,490,744
Proprietary shares	135,000,000	115,000,000
	13,624,323,254	11,143,901,514

AFS debt securities of the Company carry coupon rates as follows:

	2024	2023
Government debt securities		
Peso-denominated	2.88% - 18.25%	2.88% - 18.25%
Dollar-denominated	2.65% - 9.50%	2.88% - 10.63%
Private debt securities		
Peso-denominated	4.20% - 6.49%	4.20% - 6.49%
Dollar-denominated	3.00% - 8.60%	3.00% - 8.60%

These investments are designated as AFS financial assets or do not qualify to be designated as financial assets at FVTPL, HTM investments or loans and receivables. These investments are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions.

Details of the movements of AFS financial assets at December 31 are as follows:

	2024	2023
At January 1	11,143,901,514	11,747,826,127
Additions	3,589,712,073	658,721,457
Maturities or disposals	(1,039,227,895)	(2,048,027,000)
Amortization of bond premium	(26,977,774)	(23,008,468)
Fair value change in other comprehensive gain (loss)	(110,399,212)	823,467,793
Unrealized foreign exchange gains/losses	67,314,548	(15,078,395)
At December 31	13,624,323,254	11,143,901,514

Proceeds from the maturities or disposals of AFS financial assets for the year ended December 31, 2024 amount to P1,039,227,895 (2023 - P2,048,027,000). No gain on sale of AFS securities for the year ended December 31, 2024 and 2023.

Interest income from AFS debt securities amounted to P737,132,216 and P627,890,259 in 2024 and 2023, respectively (Note 15).

Details of the movements in the reserve for fluctuation on AFS financial assets at December 31 follow:

	2024	2023
At January 1	(381,267,677)	(1,199,185,470)
Unrealized fair value	(110,399,212)	823,467,793
Tax effect	(3,000,000)	(5,550,000)
At December 31	(494,666,889)	(381,267,677)

The fair value change charged to other comprehensive income are considered as a non-cash movement in the statement of cash flows.

Under Section 209 of the Amended Insurance Code (Republic Act No. 10607), to the extent of 25% of the insurance company's minimum net worth requirement, the insurance company should invest in bonds and other debt securities approved by the IC as security for the benefit of the Company's policyholders and creditors.

As at December 31, 2024, government debt securities valued at P352,620,660 (2023 - P360,481,545), are deposited with the Bureau of the Treasury and earmarked as non-tradable in accordance with the provisions of the Amended Insurance Code.

Significant accounting judgment: Impairment of AFS financial assets

The Company follows the guidance of PAS 39 to determine when an AFS financial asset is impaired. The assessment is based on whether the impairment is significant and prolonged. The determination of what is 'significant' or 'prolonged' requires judgment. The Company treats 'significant' generally as 20% or more and 'prolonged' as greater than 12 months. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health and near-term business outlook of the issuer, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Management believes, based on its assessment, that AFS financial assets are fully recoverable and not considered impaired as at December 31, 2024 and 2023. No allowance for impairment of AFS financial assets has been assessed and recognized for 2024 and 2023.

(c) HTM investments

The HTM investments at December 31 consist of the following:

	2024	2023
Government debt securities		
Peso-denominated	3,611,381,641	3,625,600,023
Dollar-denominated	257,118,144	249,951,308
	3,868,499,785	3,875,551,331

For these assets, the Company's management has the positive intention and ability to hold to maturity. The average interest rates on peso and dollar HTM investments for the year ended December 31, 2024 and 2023 are 6% and 4.64%, respectively. Interest income from HTM investments for the year ended December 31, 2024 amounted to P234,277,988 (2023 - P150,016,935) (Note 15).

Details of the movements in HTM investments at December 31 are as follows:

	2024	2023
At January 1	3,875,551,331	-
Additions	-	3,885,921,814
Amortization of bond premium	(18,193,948)	(11,605,769)
Foreign exchange adjustments	11,142,402	1,235,286
	3,868,499,785	3,875,551,331

(d) Loans and receivables

The account at December 31 consists of:

	Note	2024	2023
Policy loans		305,575,128	295,471,032
Accrued income		257,413,055	238,694,176
Advances to employees and agents		65,705,766	58,060,410
Receivable from related parties	25	-	52,754,626
Due from unit-linked funds		-	47,851,677
Other receivables		45,975,441	4,144,986
		674,669,390	696,976,907

Policy loans pertain to loans granted to policyholders. The loan is granted with the cash surrender value of the policyholder's insurance policy as collateral. Policy loans as at December 31 are carried at their unpaid balances plus accrued interest. The interest rates on peso and dollar policy loans for the year ended December 31, 2024 and 2023 are 10% and 10%, respectively. Interest income from policy loans for the year ended December 31, 2024 amounted to P48,901,392 (2023 - P23,901,795) (Note 15).

Accrued income as at December 31 consists mainly of accrued interest income on investments and policy loans.

Advances to employees and agents consists mainly of loans provided to the employees and agents.

Due from unit-linked funds pertain to the amount to be received by the Company from unit-linked funds as reimbursement for the settlement of withdrawals or surrenders made from unit-linked policies.

Receivable from related parties represent payments of employee benefits and travel and accommodation expenses which are reimbursable to related parties under common control (Note 25).

Other receivables consist of advances to policyholders.

The maturity profile of the Company's financial assets, based on contractual cash flows, as at December 31 is presented below:

	2024		2023	
	Within 12 months	Beyond 12 months	Within 12 months	Beyond 12 months
Financial assets at FVTPL				
Derivative assets	-	104,291,373	-	87,950,334
AFS financial assets				
Government debt securities	66,098,130	12,465,707,503	153,172,869	9,562,801,601
Private debt securities	408,312,551	549,205,070	375,237,756	937,689,288
HTM investments	-	3,868,499,785	-	3,875,551,331
Loans and receivables	674,669,390	-	696,976,907	-
	1,149,080,071	16,987,703,731	1,225,387,532	14,463,992,554

Investments in unit-linked funds (except those that are invested in structured products) classified under financial assets at FVTPL and equity instruments such as quoted equity securities (financial assets at FVTPL) and proprietary shares (AFS financial assets) have no contractual maturity, and therefore, these are generally considered to be current.

5 Insurance receivables

The account at December 31 consists of:

	2024	2023
Premiums due and uncollected	58,033,911	42,976,644
Reinsurance recoverable on paid losses	47,643,690	41,256,782
	105,677,601	84,233,426

Insurance receivables are recognized when due and are measured on initial recognition at the fair value of the consideration.

Premiums due and uncollected pertain to uncollected policyholder premiums within the grace period of 90 days.

Reinsurance recoverable on paid losses pertains to reinsured claims already settled by the Company but are not yet reimbursed by the reinsurers.

The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with adjustments recorded in the statement of income. Insurance receivables are derecognized following the derecognition criteria of financial assets.

Insurance receivables are collectible within 12 months from reporting date.

6 Prepayments and deposits

The account at December 31 consists of:

	Note	2024	2023
Prepayments to suppliers and service providers		60,585,113	64,425,581
Rental and other deposits	12	15,226,916	18,902,368
Prepaid rent	12	2,953,215	2,183,279
		78,765,244	85,511,228

Prepayments to suppliers and service providers mainly include advance payment for employee's health and medical insurance.

Rental and other deposit includes the bond requirement deposited for the appeal filed in the appellate court as of December 31, 2023 amounting to P7,169,566 (Note 12) and nil in 2024.

The Company's prepayments and deposits, excluding rental and other deposits, which are considered as non-current, are expected to be realized within 12 months after the reporting date.

7 Property and equipment, net

The roll forward analysis of this account for the years ended December 31 follows:

2024	Note	Computer and office equipment	Leasehold improvements	Office premises	Furniture and fixtures	Transportation equipment	Construction in progress	Total
Cost								
January 1		182,480,140	178,533,976	232,651,265	24,188,018	39,738,954	-	657,592,353
Additions		11,194,311	6,200,129	26,128,705	1,192,648	6,644,336	12,154,837	63,514,966
Disposals		(16,427,662)	-	(1,469,839)	-	(12,573,126)	-	(30,470,627)
		177,246,789	184,734,105	257,310,131	25,380,666	33,810,164	12,154,837	690,636,692
Accumulated depreciation and amortization								
January 1		161,819,144	153,803,397	145,144,215	20,319,587	27,105,118	-	508,191,461
Depreciation	21	15,931,136	10,886,308	46,513,947	1,059,522	3,867,301	-	78,258,214
Disposals		(16,427,662)	-	(1,469,839)	-	(8,604,928)	-	(26,502,429)
		161,322,618	164,689,705	190,188,323	21,379,109	22,367,491	-	559,947,246
Net book value		15,924,171	20,044,400	67,121,808	4,001,557	11,442,673	12,154,837	130,689,446

2023	Note	Computer and office equipment	Leasehold improvements	Office premises	Furniture and fixtures	Transportation equipment	Construction in progress	Total
Cost								
January 1		179,810,342	163,909,229	203,696,056	20,157,671	38,567,890	-	606,141,188
Additions		3,313,584	8,877,187	28,955,209	4,030,347	3,101,635	5,747,560	54,025,522
Disposals		(643,786)	-	-	-	(1,930,571)	-	(2,574,357)
Transfers		-	5,747,560	-	-	-	(5,747,560)	-
		182,480,140	178,533,976	232,651,265	24,188,018	39,738,954	-	657,592,353
Accumulated depreciation and amortization								
January 1		142,014,783	135,759,318	99,654,007	19,511,222	23,825,526	-	420,764,856
Depreciation	21	20,346,796	18,044,079	45,490,208	808,365	5,210,160	-	89,899,608
Disposals		(542,435)	-	-	-	(1,930,568)	-	(2,473,003)
		161,819,144	153,803,397	145,144,215	20,319,587	27,105,118	-	508,191,461
Net book value		20,660,996	24,730,579	87,507,050	3,868,431	12,633,836	-	149,400,892

Construction in progress (CIP) represents an item of property and equipment under construction or undergoing commissioning or major rehabilitation. CIP is not depreciated until such time that the relevant assets are completed and are ready for intended use. Transfers from construction in progress in 2023 pertain to completion of leasehold improvements under construction in the Company's office space. Additions to office premises in 2024 and 2023 pertain to lease agreements covering branch offices entered by the Company. The inception of new lease agreements resulted recognition of additions to office premises and lease liabilities amounting to P26,128,705 (2023 - P28,955,209). No corresponding cash outflow was made as a result of this transaction.

In 2024, the Company sold certain computer and office equipment and transportation equipment with a total proceeds of P4,101,121 (2023 - P44,722) which resulted to a loss on disposal of fixed assets amounting to P132,923 (2023 - loss of P56,632) and is presented under Miscellaneous expense (Note 17).

The Company computes its depreciation using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of the property and equipment follow:

	Years
Computer and office equipment	2 - 5
Furniture and fixtures	5
Transportation equipment	5
Leasehold improvements	5
ROU assets	Shorter of the asset's useful life and the lease term

8 Other assets, net

The account at December 31 consists of:

	2024	2023
Software and intangible assets under development, net	470,979,808	378,783,179
Agents' provident fund	49,191,061	47,029,869
Deferred input VAT	6,674,523	4,486,101
Office supplies	3,536,481	3,477,362
Documentary stamp tax fund	613,846	742,530
Security fund	121,461	121,461
Creditable withholding tax	864,023	-
	531,981,203	434,640,502

The roll forward analysis of Software and intangible assets under development, net for the years ended December 31 follows:

	Note	Software	Intangible assets under development	Total
2024				
Cost				
January 1		656,018,462	73,277,116	729,295,578
Additions		18,576,220	274,701,524	293,277,744
Transfers		42,980,603	(42,980,603)	-
Reclassification		-	(58,251,079)	(58,251,079)
		717,575,285	246,746,958	964,322,243
Accumulated amortization				
January 1		350,512,399	-	350,512,399
Amortization	21	142,830,036	-	142,830,036
		493,342,435	-	493,342,435
Net book value		224,232,850	246,746,958	470,979,808

	Note	Software	Intangible assets under development	Total
2023				
Cost				
January 1		503,019,893	126,067,561	629,087,454
Additions		16,381,122	83,827,002	100,208,124
Reclassification/transfers		136,617,447	(136,617,447)	-
		656,018,462	73,277,116	729,295,578
Accumulated amortization				
January 1		231,068,579	-	231,068,579
Amortization	21	119,443,820	-	119,443,820
		350,512,399	-	350,512,399
Net book value		305,506,063	73,277,116	378,783,179

Software pertains to computer applications and system enhancements being used for the Company's overall operations. Amortization is computed using the straight-line method over their estimated useful lives, which do not exceed five years.

Intangible assets under development pertain to acquired computer and application software licenses that are yet to be completed as of reporting date. These projects are expected to be completed by the third quarter of 2025. Intangible assets under development are reclassified to software at such time that the relevant assets are completed and are ready for intended use.

Agents' provident fund pertains to the assets held by the Company in a fiduciary capacity on behalf of its agents. The Company retains 5% of the agents' commissions and bonuses with a limit of P80,000 a year. The Company contributes to the fund an amount equivalent of what is retained from the agent. The related liability with respect to the fund is presented under "Accounts payable, accrued expenses, and provisions" (Note 12). In 2024, interest income relating to the fund amounts to P1,037,442 (2023 P1,065,000).

The security fund is maintained in compliance with Sections 365 and 367 of the Code. The amount of such fund is determined by and deposited with the IC to pay benefit claims against insolvent companies.

The Company's other assets, excluding software, agents' provident fund and security fund, which are considered as non-current, are expected to be realized within 12 months after the reporting date.

9 Insurance contract liabilities

Insurance contract liabilities refer to liabilities of the Company that are recognized due to the obligations arising from policy contracts issued by the Company. The account at December 31 consists of:

	2024	2023
Aggregate reserves for life policies	12,895,834,339	11,107,668,004
Payable to policyholders	628,784,390	441,824,481
Policyholders' dividends due and unpaid	374,483,714	360,473,036
Policy and contract claim payable	223,538,470	181,439,812
Provision for incurred but not reported (IBNR) claims	121,601,108	70,861,742
	14,244,242,021	12,162,267,075

(a) Aggregate reserves for life policies

Details of the aggregate reserves for life policies (including unearned charges for unit-linked policies) at December 31 follow:

	2024	2023
With fixed and guaranteed terms		
Fixed and guaranteed - non-participating	4,707,498,326	3,252,688,981
Partially fixed and guaranteed - participating	7,686,966,427	7,408,714,815
Unit-linked (unearned cost of insurance)	501,369,586	446,264,208
Total aggregate reserves for life policies	12,895,834,339	11,107,668,004

The aggregate reserves for life policies at December 31 may be analyzed as follows:

	2024		2023	
	Gross insurance	Net of reinsurance	Gross insurance	Net of reinsurance
Aggregate reserves for:				
Ordinary life policies	12,350,902,454	12,350,902,454	10,584,365,016	10,584,365,016
Group life policies	43,562,299	43,562,299	77,038,780	77,038,780
Unit-linked policies	501,369,586	501,369,586	446,264,208	446,264,208
Total aggregate reserves for life policies	12,895,834,339	12,895,834,339	11,107,668,004	11,107,668,004

Details of the movements in aggregate reserves at December 31 are as follows:

	2024			2023		
	Gross insurance	Reinsurers' Share	Net	Gross insurance	Reinsurers' share	Net
At January 1	11,107,668,004	-	11,107,668,004	8,827,898,420	-	8,827,898,420
Premiums received	4,148,527,793	181,749,733	3,966,778,060	4,058,832,419	167,594,523	3,891,237,896
Liability released for payments of death, maturities and surrender benefits and claims	(3,185,989,692)	(181,749,733)	(3,004,239,959)	(2,404,098,485)	(167,594,523)	(2,236,503,962)
Exchange rate effect	62,153,990	-	62,153,990	(10,583,962)	-	(10,583,962)
Accretion of investment income	763,474,244	-	763,474,244	635,619,612	-	635,619,612
At December 31	12,895,834,339	-	12,895,834,339	11,107,668,004	-	11,107,668,004

The gross change in aggregate reserves recorded in the statements of income follows:

	2024	2023
Ordinary life	1,766,537,439	2,150,742,660
Group life insurance	(33,476,481)	31,240,179
Unit-linked	55,105,378	97,786,745
Interest rate change	(2,251,788)	(254,039,481)
Foreign exchange revaluation	(62,153,992)	10,583,962
At December 31	1,723,760,556	2,036,314,065

Details of the movements in the remeasurement on aggregate reserves at December 31 are as follows:

	2024	2023
At January 1	55,104,244	309,143,725
Effect of remeasurement losses on aggregate reserves, net	(6,901,717)	(254,039,481)
At December 31	48,202,527	55,104,244

The aggregate reserves are expected to be settled following the maturity profile of the insurance contract liabilities based on the estimated timing of net cash outflows (Note 27).

Critical accounting estimate: Aggregate reserves for life policies

Reserves for traditional life insurance policies are valued using gross premium valuation (GPV) method. GPV requires the use of best estimate assumptions which include discount rates, decrements such as mortality, lapse, expenses, non-guaranteed benefits and a margin for adverse deviations in respect of the risks that arise under the insurance policy. Sensitivity analysis relating to these key assumptions are further disclosed in Note 10.

(b) Payable to policyholders

Payable to policyholders pertain to endowment payments which are due at anniversary dates, as well as maturities and surrenders payable.

The payables to policyholders are expected to be settled following the maturity profile of the insurance contract liabilities based on the estimated timing of net cash flows (Note 27).

(c) Policyholders' dividends due and unpaid

A number of insurance contracts are participating and contain a Discretionary Participating Feature (DPF). This feature entitles the policyholder to receive, as a supplement to guaranteed benefits, annual policy dividends that are credited at each policy anniversary, as long as the policy is in force. These annual policy dividends represent a portion of the theoretical investment and underwriting gains from the pool of contracts. Policy dividends are not guaranteed and may change based on the periodic experience review of the Company. Further, in accordance with regulatory requirements, dividends payable in the following year are prudently set up as a liability in the statement of financial position.

Local statutory regulations and the terms and conditions of these contracts set out the bases for the determination of the annual cash dividends at the time the product is priced. The Company may exercise its discretion to revise the dividend scale in consideration of the emerging actual experience on each block of participating policies.

There is no statutory requirement as to the level of eligible surplus that may be attributed to participating policyholders. The amount distributed to individual policyholders is at the discretion of the Company, subject to the endorsement of the Chief Finance Officer and approval by the BOD.

Policyholder dividends pertain to actual dividends that have already been paid by the Company but not yet withdrawn by the policyholder. Unpaid dividends earn interest ranging from 1.00% to 2.50% in 2024 and 2023, which depends on the dividend accumulation rate declared by the Company and can be withdrawn in full at the policyholders' discretion. Interest expense on accumulated policyholders' dividends is recognized in the statements of income as it accrues every policy anniversary date and is calculated using the effective interest rate method. Accretion of interest on dividends due and unpaid amounts to P331,955,429 (2023 - P324,900,064) was recognized in Policyholder's dividends due and unpaid of insurance contract liabilities.

The policyholders' dividends due and unpaid are expected to be settled following the maturity profile of the insurance contract liabilities based on the estimated timing of net cash outflows (Note 27).

(d) Policy and contract claims payable and provision for IBNR

The movements during the year in policy and contract claims payable and provision for IBNR follows:

	Note	2024	2023
At January 1		252,301,554	252,713,484
Arising during the year	18	310,095,278	136,919,057
Provision for IBNR	18	50,739,366	24,709,699
Paid during the year	18	(267,996,620)	(162,040,686)
At December 31		345,139,578	252,301,554

For unpaid claims and benefits, a provision is made for the estimated cost of all claims and dividends reported but not settled at the reporting date using the information available at reporting date.

Provision is also made for the cost of IBNR claims until after the reporting date based on the Company's experience and historical data. Differences between the provision for outstanding claims at the reporting date and subsequent revisions and settlements are included in the statement of income in later years.

The policy and contract claims payable and provision for IBNR are expected to be settled following the maturity profile of the insurance contract liabilities based on the estimated timing of net cash outflows (Note 27).

10 Insurance contract liabilities - terms and assumptions

10.1 Life insurance contract liabilities

For life insurance contracts with fixed and guaranteed terms (including partially fixed and guaranteed terms), the Company determines assumptions in relation to future deaths, investment returns and future expenses at inception of the contracts. These assumptions are used for calculating the liabilities during the life of the contract. These assumptions are in compliance with statutory requirements.

10.2 Valuation methodology

The IC issued Circular Letter No. 2016-66 "Valuation for Life Insurance Policy Reserves" on December 28, 2016 which provides the valuation standards for life insurance policy reserves. The IC also issued IC Circular No. 2016-69 on the same day to lay out the full implementation requirements for Financial Reporting, Valuation Standards for Insurance Policy Reserves and Amended Risk-Based Capital (RBC2) Framework. Implementation of these circulars was effective starting January 1, 2017.

The more significant provisions of the CL 2016-66 and 69 include the following, among others:

(i) Reserve for traditional life insurance policies to be valued, where appropriate, using Gross Premium Valuation (GPV) from Net Premium Valuation (NPV);
(ii) Risk free discount rate to be used for all cash flows to determine the liability of a traditional insurance policy;
(iii) Consideration of non-guaranteed benefits, expenses, mortality and lapse and/or persistency based on actual experience; and
(iv) Fixed Margin for Adverse Deviation (MfAD) to be used subject to a minimum of Interest: +/- 10% of discount rate; Expenses: 10% of best estimate expenses and Other Assumptions but not limited to mortality, lapse and conversion: +/-10% of best estimate assumption; and
(v) Use of a moving average of the 20-year government bond yield rate for the discounting of the insurance contract liability cash flows with duration of more than 20 years.

Reserves under the GPV method is calculated as the sum of the present value of future benefits and expenses, less the present value of future gross premiums arising from the policy discounted at the appropriate risk-free discount rate. For this purpose, the expected future cash flows shall be determined using best estimate assumptions with due regard to significant recent experience and appropriate margin for adverse deviation from the expected experience. Best estimate assumptions include discount rates, decrements such as mortality, lapse, expenses, and non-guaranteed benefits. Under this new standard, reserves must include appropriate margins for adverse deviations in respect of the risks that arise under the insurance policy. The calculation of reserves must also be in accordance with the internationally accepted actuarial standards and must consider the generally accepted actuarial principles concerning financial reporting framework promulgated by the Actuarial Society of the Philippines (ASP).

For any traditional life insurance policy with a term of one year or less, the Company calculates its reserve using the unearned premium method. Where appropriate, the reserves for traditional life insurance policies with terms of more than one year is valued using the GPV method stated above. For this purpose, the expected future cash flows are determined using best estimate assumptions with due regard to significant recent experience and appropriate margin for adverse deviation from the expected experience.

The aggregate reserve for life policies represents the accumulated total liability for policies inforce as of the reporting date. Such reserves are established at amounts adequate to meet the estimated future obligations of all life insurance policies in force. The reserves calculated using actuarial methods and assumptions in accordance with statutory requirements and as approved by the IC are subject to the minimum liability adequacy test.

10.3 Key assumptions

Assumptions used for product pricing are different from the assumptions used in calculating aggregate reserves for life policies. Assumptions used for aggregate reserve are based on past experience, current internal data and conditions and external market indices and benchmarking, which reflect current observable market prices and other published information. Such assumptions are determined as appropriate and prudent estimates at the date of valuation, and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations and the corresponding changes thereon are adjusted against insurance contract liabilities prospectively. Assumptions are also subject to the provisions of the Code and guidelines set by the Insurance Commission. The assumptions are reviewed and revised at each reporting date.

The key assumptions to which estimation of the aggregate reserves for life policies is particularly sensitive follows:

- *Mortality*

The mortality assumption is based on rates of mortality that are appropriate to the nature of the risks covered based on the Company’s actual experience.

- *Lapses and/or persistency rates*

Lapse and/or persistency rates reflective of the Company's actual experience are taken as the best estimate lapse and/or persistency assumption, with regard to changing Company practices and market conditions.

- *Expenses*

The expense assumptions are based on the Company's experience derived from its latest expense study.

- *Discount rates*

Discount rates relate to the time value of money. Discount rate assumptions are based on current observed rates in the market adjusted for default risk. The valuation interest rate assumptions are consistent with risk free rates as provided by IC.

10.4 Margin for Adverse Deviation (MfAD)

In line with the requirements of IC CL 2016-66 and 69, the Company has also applied +/- 10% MfAD on the best estimates of the key assumptions mentioned above.

10.5 Sensitivity tests

The analysis below is performed for a reasonable possible movement in key assumptions with all other assumptions held constant, on income and equity. The sensitivity rates used for reporting changes in key assumptions internally to Management is 10% for mortality, expense, lapse and/or persistency and morbidity and 100 bps for interest rate and these represent Management's assessment of the reasonably possible change in key assumptions.

The sensitivity in the key assumptions being monitored by the Company is presented as follows:

	Impact on income before income tax and equity Increase/(decrease)		
	Change in assumption	2024	2023
Mortality	+10%	(141,984,425)	(128,508,159)
	-10%	143,579,934	130,040,944
Interest rate	+100 bps	970,221,233	889,987,618
	-100 bps	(1,174,546,971)	(1,076,750,188)
Expense	+10%	(61,228,606)	(56,164,594)
	-10%	61,228,691	56,164,459
Lapse and/or persistency	+10%	(70,927,285)	(60,537,312)
	-10%	76,229,036	65,822,242
Morbidity	+10%	(11,237,990)	(11,172,106)
	-10%	11,262,422	11,198,594

MfAD requirements under the IC are incorporated as part of the above key assumptions estimates.

10.6 Non-guaranteed benefits

The Company provides non-guaranteed benefits to its policyholders such as policyholder dividends which shall be determined with due regard to the Company's duty to treat its policyholders fairly and meet policyholders' reasonable expectations.

10.7 Reinsurance - assumptions and methods

The Company cedes insurance risk in the normal course of business. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contract. Reinsured claims already settled by the Company but are not yet reimbursed by the reinsurers are presented as part of "Insurance receivables" in the assets section of the statement of financial position.

Even though the Company may have reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any reinsurance contract.

11 Premium deposit fund

This account pertains to excess payments received by the Company from the policyholders against contractual premium due. The excess payment could be applied to any future unpaid premiums. The accumulated fund shall not exceed the total future premium payments under the policy. As at December 31, 2024 premium deposit fund amounted to P604,598,581 (2023 - P190,634,536).

The fund bears interest at rates ranging from 1.50% to 2.50% in 2024 and 2023. The interest expense is calculated using the effective interest rate method and is recognized as it accrues every policy anniversary date. Interest expense of the Company charged against statements of income for the year ended December 31, 2024 amounted to P2,069,835 (2023 - P1,938,187).

The premium deposit fund is classified as financial liabilities at amortized cost. The premium deposit fund is expected to be recovered following the maturity profile based on remaining contractual obligations (Note 27).

12 Accounts payable, accrued expenses, and provisions

The account at December 31 consists of:

	Notes	2024	2023
Accrued expenses	20, 22	1,335,285,485	1,091,183,937
Accounts payable		825,705,203	751,589,888
Premium holding account		518,575,292	467,378,432
Due to unit-linked fund		190,639,434	-
Taxes payable		87,247,565	62,746,178
Lease liability		63,144,486	87,741,473
Others		149,971,748	170,579,981
		3,170,569,213	2,631,219,889

(a) Accrued expenses

Accrued expenses represent accruals for employee salaries and benefits and agents' commissions which are due to be settled within one year and the estimated amount vested for agents' provident fund.

Critical accounting estimate: Provisions and contingencies

In 2024 and 2023, the Company is involved in various legal proceedings. The Company has reasonably provided for probable costs that it may incur for the resolution of these claims. The estimate has been assessed in consultation with the Company's legal counsels and based upon an analysis of potential results.

Inclusion of details in addition to the current disclosure may prejudice the Company's position; thus, as allowed under PAS 37, Provisions, Contingent Liabilities, and Contingent Assets, only general disclosure is provided.

(b) Accounts payable

Accounts payable pertains to short-term outstanding payables to Social Security System, Pag-ibig and Philhealth which are due to be settled within one year. Stale checks for the period are also included in this account.

(c) Premium holding account

Premium holding account pertains to advance payment from unissued policies.

(d) Due to unit-linked fund

Due to unit-linked fund pertains to the investment portion of premiums received from the policyholders that are yet to be invested in unit-linked funds.

(e) Taxes payable

Taxes payable pertains to all taxes that are payable by the Company to tax authority. These includes premium taxes (Note 20), withholding taxes and Value-added Tax (VAT).

Revenue, expenses, assets, and liabilities are recognized net of the amount of VAT except:
- where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the VAT 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 VAT included.

(f) Lease liability

The Company leases various office for its back office and operations. The Company also has several lease agreements covering the head office premises and branch offices for periods ranging from 1 to 5 years until October 2029. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. These lease contracts are renewable upon mutual agreement of the Company and the lessors.

The Company has recognized a lease liability which was measured at the present value of the remaining lease payments using an incremental borrowing rate at initial recognition. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

The movement in the lease liability at December 31, 2024 is as follows:

	Notes	2024	2023
As at January 1		87,741,473	104,134,817
Principal and interest payments		(54,029,730)	(49,242,702)
Non-cash changes			-
Additions during the year	7	26,128,705	28,955,209
Interest expense	21	3,304,038	3,894,149
As at December 31		63,144,486	87,741,473

Additions to lease liability is accounted for as a non-cash movement in the statement of cash flows. The total cash outflow for leases as at December 31, 2024 is P54,029,730 (2023 - P49,242,702).

The statement of income shows the following amounts relating to leases for the year ended December 31:

	2024	2023
Depreciation expenses	46,513,947	45,490,208
Interest expense (included in general and administrative expenses)	3,304,038	3,894,149
Expense relating to short-term leases (included in general and administrative expense)	10,556,013	16,485,094

The interest expense is recognized in the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Discount rate

The lease payments, including lease payments to be made under reasonably certain extension options, are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Company's leases, the lessee's incremental borrowing rate is used.
Payments for leases of office space are discounted using the lessee's incremental borrowing rate. To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing, and
- makes adjustments specific to the lease (i.e. term, currency and security).

The incremental borrowing rates applied to measure the lease liabilities as at December 31, 2024 and 2023 range from 0.98% to 5.90%.

Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture. The Company recognizes operating lease for short-term leases and leases of low-value assets as expense in profit or loss on a straight-line basis over the lease term.

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date, whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

A restatement is made after the inception of the lease only if one of the following applies:

- there is a change in the contractual terms, other than a renewal or extension of the arrangement;
- a renewal option is exercised, or extension granted, unless the term of the renewal and extension was initially included in the lease term;
- there is a change in the determination of whether the fulfillment is dependent on a specified asset; or
- there is a substantial change to the asset.

Payments of refundable lease deposits are measured initially at fair value. After initial recognition, refundable lease deposits are subsequently measured at amortized cost using the effective interest rate. The difference between the carrying amount and the actual consideration given is treated as prepaid rent which is amortized using the straight-line method over the term of the lease.

(g) Others

Others pertains to unallocated payment of policyholders which can be withdrawn anytime.

The accrued expenses, accounts payable, due to unit-linked fund, and provisions are expected to be settled using the undiscounted contractual maturities disclosed in Note 27. Taxes payable are expected to be settled within 1 year.

13 Capital stock; Contingency surplus; Retained earnings

(a) Capital stock

The account at December 31, 2024 and 2023 consists of:

	No. of Shares	Amount
Common shares - P10,000 par value		
Authorized	25,000	250,000,000
Issued and outstanding		
At beginning of the year	25,000	250,000,000
Issuances during the year	-	-
At end of the year	25,000	250,000,000

Capital stock is measured at par value for all shares issued. Capital contribution to the Company in excess of par value of the capital stock is recognized by the Company as Additional paid-in capital (APIC).

(b) Contingency surplus

Contingency surplus represents additional capital contribution to cover the Company's capital requirements. Such amount is presented as part of "Contingency surplus" in accordance with the guidelines of the IC. The amount can be withdrawn only upon the approval of IC.

In May 27, 2024, the IC approved the return of a contingency surplus amounting to P250,000,000 to the shareholders. The Company is compliant with the paid-up capital, net worth and risk-based capital requirements pursuant to the provisions of the Amended Insurance Code, despite the return of the portion of contingency surplus.

As at December 31, 2024, the Company's contingency surplus amounts to P2,350,000,000 (2023 - 2,600,000).

(c) Retained earnings

Retained earnings represents the cumulative balance of earnings (losses) of the Company, dividend distribution, and impact of changes in accounting policy.

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the BOD.

14 Net insurance premiums

Details of the net insurance premiums based on product type for the years ended December 31 are as follows:

	Note	2024	2023
Gross premiums			
Ordinary life insurance		2,482,818,443	2,693,575,622
Group life insurance		229,888,109	168,733,186
Unit-linked	3	32,882,551,668	25,809,603,436
Total gross premiums on insurance contracts		35,595,258,220	28,671,912,244
Premiums allocated to unit-linked insurance investment funds	3	(29,652,658,449)	(23,404,940,234)
		5,942,599,771	5,266,972,010

The Company recognizes premium from life insurance contracts as revenue when payable by the policyholder. For new policies, revenue is first recognized on the effective date of the policy, provided that the single-pay premium or the first modal premium has been paid. Succeeding premiums are recorded as revenues on the date when the payments are due from policyholders. Cost of insurance charges pertain to portion of the collection received from unit-linked policies, in which these are recognized as revenue upon receiving the payment after separating the amount to be invested.

Reinsurers' share of gross premiums on insurance contracts for the years ended December 31 consists of:

	2024	2023
Reinsurers' share of gross premiums on insurance contracts		
Ordinary life insurance	181,749,733	167,594,523
Group life insurance	-	-
	181,749,733	167,594,523

15 Investment income

The sources of investment income for the years ended December 31 consist of:

	Notes	2024	2023
Interest income on:			
AFS financial assets	4	737,132,216	627,890,259
HTM investments	4	234,377,988	150,016,935
Policy loans	4	48,901,392	23,901,795
Cash equivalents	2	1,666,667	3,498,009
Cash in banks	2	8,922,838	181,884
Dividend income	4	1,215,864	1,151,747
		1,032,216,965	806,640,629

Interest income on financial instruments measured at amortized cost and interest-bearing financial instruments classified as AFS financial assets is recorded at the effective interest rate. Once the recorded value of a financial asset or group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the original effective interest rate applied to the new carrying amount.

Dividend income is recognized when the Company's right to receive the payment is established.

16 Referral fee income

Referral fee income pertain to the Company's share in fund administrative charges earned from policyholders of unit-linked insurance policies for management of unit-linked funds. The Company used rates ranging from 0.00% to 1.90% in 2024 and 2023. These fees are recognized as income in the period in which the related services are rendered.

17 Miscellaneous income (expense)

Miscellaneous income for the years ended December 31 consists of:

	2024	2023
Service fees	42,202,864	-
Investment management expenses	(25,824,678)	(12,901,354)
Gain (loss) on disposal of fixed assets	132,923	(56,632)
Reinstatement charges	3,939	147,949
Others	(141,536)	59,159
	16,373,512	(12,750,878)

Service fees represent income generated from delivering health care solutions through AWP Health, a related party under common control (Note 25).

Investment management expenses pertain to costs of advisory fees, subscription fees and Philippine Depository and Trust Corporation & service fees.

Reinstatement charges pertain to fees received by the Company to renew lapsed or terminated insurance policies.

Others consist of interest from advances to employees and agents and reversal of long outstanding suspense accounts.

18 Claims and policyholder benefits

The net insurance contract benefits and claims for the years ended December 31 consist of:

	2024	2023
Gross life insurance contract benefits and claims:		
Ordinary life insurance	807,073,285	633,348,087
Group life insurance	52,772,933	17,246,310
Unit-linked	283,284,796	212,692,648
	1,143,131,014	863,287,045
Reinsurers' share of gross life insurance contract benefits and claims on group life insurance	(82,232,819)	(61,258,063)
	1,060,898,195	802,028,982

These expenses consist of claims and insurance benefits incurred during the period, maturities and annuity payments, as well as changes in the valuation of insurance contract liabilities. Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due. Ceded reinsurance recoveries are accounted for in the same period as the underlying claim.

The breakdown of the net insurance contract benefits and claims follows:

	Note	2024	2023
Policyholder benefits		731,346,454	645,754,256
Claims and other benefits	9	310,095,278	136,919,057
Dividends to policyholders		19,456,464	19,355,669
		1,060,898,195	802,028,982

For the year ended December 31, 2024, provision for IBNR amounts to P50,739,366 (2023 - P24,709,699) (Note 9).

The breakdown of the net insurance contract benefits and claims paid follow:

	2024	2023
Policyholder benefits	810,330,820	362,223,836
Claims and other benefits	267,996,620	162,040,686
Dividends to policyholders	5,445,785	11,186,059
	1,085,773,225	535,450,581

Details of the net change in aggregate reserves are presented in Note 9.

19 Commissions and agency-related compensation

Details of the account for the years ended December 31 are as follows:

	2024	2023
Commissions and bonuses	1,318,303,324	938,350,478
Service fee	536,246,021	467,276,531
	1,854,549,345	1,405,627,009

Commissions and bonuses pertain to the commission expense incurred for approved and issued policy contracts provided by the agents and for which related premiums are recognized. Commission overrides are paid to managers based on the production made by the agents under them and bonuses are commissions granted to sales force after meeting certain criteria or conditions.

Service fees pertain to the fees incurred in exchange for referrals and amount paid to officers or non-officers of PNB and PNB Savings Bank in return of premiums written.

20 Taxes and licenses

Details of the account for the years ended December 31 are as follows:

	2024	2023
Premium tax	82,669,490	80,428,048
Documentary stamp tax	5,461,530	4,421,565
	88,131,020	84,849,613

Premium tax is a percentage tax pursuant to the Tax Code levied on premium income derived by the Company from selling life insurance contracts to its clients. The net amount of premium tax payable to the tax authority are included as part of accounts payable, accrued expenses and provisions in the statement of financial position (Note 12).

Documentary stamp tax pertains to stamp duties paid for all documents of issued policies.

21 General and administrative expenses

Details of the account for the years ended December 31 are as follows:

	Notes	2024	2023
Salaries, wages and employee benefits	22	618,668,862	518,419,799
Equipment maintenance		307,489,003	289,856,037
Meetings and marketing campaigns		269,275,357	143,609,816
Depreciation and amortization	7,8	221,088,250	209,343,428
Professional fees		78,224,626	72,111,431
Recruitment		68,399,584	41,091,858
Other taxes and licenses	29	41,441,573	43,813,091
Utilities		28,533,789	31,224,417
Travel		27,262,953	26,571,864
Communication		20,067,183	22,400,745
Entertainment, amusement and recreation		14,864,197	18,461,306
Rent	12	10,556,013	16,485,094
Printing and supplies		8,389,933	8,193,516
Interest expenses	12	3,304,038	3,894,149
Membership fees		1,727,199	1,859,115
Others		94,200,098	148,922,594
		1,813,492,658	1,596,258,260

Others pertain to regional charges, bank charges, company gifts, temporary help, and miscellaneous losses.

General and administrative expenses are recognized in the statements of income in the period these are incurred.

22 Salaries, wages and employee benefits

Details of the account for the years ended December 31 are as follows:

	Note	2024	2023
Salaries and wages		659,139,439	542,302,996
Other benefits		38,427,254	42,311,169
Net pension expense	23	26,713,784	21,270,073
Life and health insurance		23,559,106	20,021,953
Social security costs		20,815,286	15,559,000
Staff meetings and activities		19,484,805	18,390,963
Staff subsidy		15,007,842	12,875,089
Net increase in restricted stock units		12,974,462	13,357,127
Employee assistance		10,711,086	24,626,970
		826,833,064	710,715,340

Other benefits include sick leave conversion and employee rewards.

The total salaries, wages and employee benefits recorded as part of “Insurance expenses” and “General and administrative expenses” in the statements of income follows:

	Note	2024	2023
Insurance expenses		208,164,202	192,295,541
General and administrative expenses	21	618,668,862	518,419,799
Total salaries, wages and employee benefits		826,833,064	710,715,340

Restricted Stock Units (“RSUs”)

Allianz SE, the Company’s parent, has incentive compensation plan granting its qualified employees and employees of its subsidiaries worldwide share-based compensation under its Allianz Equity Incentive plan (the “Plan”). The Plan is granted in the form of RSUs and is part of a new variable compensation plan of the Allianz SE. RSUs are virtual stocks without dividend payments and a capped payout with vesting period of four years. The Plan obligates Allianz SE to pay in cash the average closing price of Allianz SE share on the last day of the vesting period and the prior nine trading days, or to convert one RSU into one Allianz SE share. The payout is capped at 200% share price above the grant price.

The RSUs under the Plan are subject to four years of vesting period and are accounted for as cash-settled plans. Upon death of beneficiaries, a change of notice control, or notice for operational reasons, the RSUs vest immediately and will be exercised by the Company.

Starting 2016, one of the Company’s employees has been covered by the Plan. Allianz SE directly bills the Company for the share of the employee in the fund, the related derivative, and the corresponding changes in fair value. The Company expenses the fair market value of the RSU, as determined on the grant date, ratably over the period during which the restrictions lapse. For 2024, compensation billed by Allianz SE to the Company in relation to the RSU under this Plan recorded under “General and administrative expense” account amounted to P12,974,462 (2023 - P13,357,127) (Note 21).

As of December 31, 2024, the Company accrues the fair value of the RSU at grant date as compensation expense over the vesting period under the “Accrued expenses” account of “Accounts payable, accrued expenses, and provisions” in the Company’s statement of financial position amounted to P72,738,733 (2023 - P60,842,601) (Note 12).

Reconciliation of outstanding grants as of December 31 follows:

	2024	2023
January 1	6,780	2,618
Granted	(371)	4,162
December 31	6,409	6,780

The RSUs under the Plan are valued based on the fair value after subtracting the net present value of expected future dividend payments until maturity as well as the fair value of the cap from the prevailing share price as of valuation date. The cap is valued as a European short call option, using prevailing market data as of the valuation date. The table below lists the inputs to the model used for the years ended December 31:

	2024	2023
Share price	€ 252.4	€ 219.06
Dividend yield	5.8%	5.3%
Expected volatility	17.10%	20.20%
Risk-free interest rate	3.20%	3.30%

The expected volatility reflects the assumption that the implied volatility applied to RSU under the Plan is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the RSU were incorporated into the measurement of fair value.

Derivative asset in relation to the RSU

In 2016, the Company and Allianz SE entered into an arrangement whereby the Company shall collect from or pay to the latter depending on the fair value of the assets underlying the hedging arrangement.

At any inception of a new RSU under the Plan, the Company agrees to buy from Allianz SE and the latter agrees to sell to the Company the same number of rights under this arrangement ("Rights"). The purchase price corresponds to the fair value of the Rights at the grant date. As a matter of principle, the fair value of the Rights is at all times identical to the fair value of RSU under the Plan. The number of Rights is continuously adjusted to reflect exercises, forfeitures, cancellations, and transfers of RSU within the Allianz group.

Allianz SE directly bills the Company for the fair value of the Rights. As at each reporting date as determined by Allianz SE, the net receivable or liability position between the Company and Allianz SE shall be settled in cash in terms of Euros.

The fair value of the Rights recognized under "Derivative asset" account for the year ended amounted to P104,291,373 (2023 - P87,950,334) (Note 4). The increase in fair value recorded under "Net fair value (loss) gain on financial assets at FVTPL" for the year ended amounted to P3,848,777 (2023 - P3,270,680) (Note 4).

The fair value of the Rights, as determined by Allianz SE, is based on best estimate for the value of a hedge right. The fair value of Rights is considered to be Level 2.

23 Employee benefits

The Company has a non-contributory defined benefit pension plan, covering substantially all of its employees, which requires contribution to be made to an administered fund. The Company's qualified retirement fund is administered by the PNB. The liability recognized in the statement of financial position in respect of defined benefit pension plan is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

The following tables summarize the components of net benefit expense recognized in the statements of comprehensive income and the amounts recognized in the statements of financial position.

(a) Net pension expense

	Note	2024	2023
Current service cost		21,576,018	18,562,590
Net interest cost		5,137,766	2,707,483
Net pension expense	22	26,713,784	21,270,073

Service costs comprising of current service costs, past service costs, and gains or losses on non-routine settlements. Past service costs are recognized when a plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest cost on the net defined benefit liability or asset is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.

These amounts are recognized as expense or income in profit or loss.

(b) Remeasurement adjustments

	2024	2023
Actuarial (loss) gain on defined benefit obligation	(9,209,063)	22,289,112
Actuarial loss on plan assets	(6,525,562)	2,787,388
Remeasurement losses (gains) for the year	(15,734,625)	25,076,500
Deferred income tax effect	3,933,656	(6,269,125)
Remeasurement losses (gains), net of tax	(11,800,969)	18,807,375

Remeasurements are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

(c) Net pension liability

	2024	2023
Present value of defined benefit obligation	168,857,515	151,418,318
Fair value of plan assets	(77,355,265)	(66,776,377)
Net pension liability	91,502,250	84,641,941

Changes in the present value of defined benefit obligation follow:

	2024	2023
Defined benefit obligation, beginning of year	151,418,318	107,968,822
Current service cost	21,576,018	18,562,590
Interest cost	9,191,092	7,633,396
Benefits paid	(4,118,850)	(5,035,602)
Remeasurements in other comprehensive income		
Actuarial changes arising from changes in financial assumptions	(901,742)	21,761,888
Actuarial changes arising from experience adjustments	(8,307,321)	527,224
Defined benefit obligation, end of year	168,857,515	151,418,318

Non-vested benefits for the year ended December 31, 2024 amounts to P168,857,515 (2023 - P151,418,318).

Changes in the fair value of plan assets follow:

	2024	2023
Fair value of plan assets, beginning of year	66,776,377	69,673,454
Contribution	4,118,850	-
Interest income	4,053,326	4,925,913
Benefits paid	(4,118,850)	(5,035,602)
Actuarial loss on plan asset	6,525,562	(2,787,388)
Fair value of plan assets, end of year	77,355,265	66,776,377

Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

The Company has no further transactions with the fund other than the contributions presented above for 2024 and 2023.

The principal assumptions used in determining pension obligation for the Company's plan are shown below.

	2024	2023
Discount rate	6.12%	6.07%
Rate of salary increases	5.50%	5.50%

Mortality table and disability table used in the valuation in 2024 and 2023 are the 1994 Group Annuity Table and the 1952 Disability Table, respectively. Employee turnover was assumed, based on the result of the most recent experience study with margins for fluctuations, as follows:

- For employees with less than 1 year of service: 10.00%
- For employees with 1 or more years of service:

Age	Rate (%)
20	10.00%
30	7.50%
40	5.00%
50	2.50%
60	100%

The Company applies asset-liability matching techniques to maximize investment returns at the least risk to reduce contribution requirements while maintaining a stable retirement fund. The Company has established a formal Asset-Liability Management Study conducted by the Company's actuary every three years to capture changes in the demographic profile changes of the employees and changes in the economic environment affecting the amounts of maturing obligations and rates of returns of available investment instruments. In the study, expected benefit payments are projected and classified into short-term, medium term or long-term liabilities. Investment instruments that would match the liabilities are identified. The investment mixes that would yield the maximum returns at certain risk levels are identified using Markowitz Portfolio Theory (MPT) or the Mean Variance Framework.

The following is the distribution of the Company's plan assets stated at fair value as of December 31:

	2024	2023
Cash	19,553,942	1,548,108
Fixed-income securities	57,482,696	64,948,009
Other receivables	71,780	134,922
Accrued interest	332,719	208,467
Other assets	-	110,245
Total assets	77,441,137	66,949,751
Liabilities	85,872	173,374
Net assets	77,355,265	66,776,377

Pension plan assets of the retirement plan include investments in PNB's unit investment trust funds for the year ended December 31, 2024 amounting to P23.41 million (2023 - P12.55 million). For 2024, unrealized loss coming from these investments amounted to P0.07 million (2023 - P0.04 million).

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 are held constant:

		Impact on defined benefit obligation	
2024	Change in assumption	Increase in Assumption	Decrease in Assumption
Discount rate	+/- 0.50%	(8,636,274)	9,350,533
Salary increase rate	+/- 0.25%	4,187,795	(4,048,197)
Turnover rate	+/- 10.00%	6,285,238	(6,285,238)

		Impact on defined benefit obligation	
2023	Change in assumption	Increase in Assumption	Decrease in Assumption
Discount rate	+/- 0.50%	(7,998,428)	8,661,963
Salary increase rate	+/- 0.25%	3,888,949	(3,759,348)
Turnover rate	+/- 10.00%	6,399,090	(6,399,090)

The maturity analysis of the undiscounted benefit payments as of December 31 based on normal retirements (retirement age of 60) is as follows:

	Percentage to pension obligation	
	2024	2023
Date of retirement		
Payable in the next 5 years	6%	5%
Payable in the next 6 - 10 years	14%	17%
Payable beyond 10 years	80%	78%

The average duration of the defined benefit obligation as of December 31, 2024 and 2023 is 17 years.

Risks typically associated with defined benefit plans are biometric risks such as longevity, disability, and death as well as economic risks such as interest rates, inflation and compensation increases. New plans are primarily based on contributions and may include, in some cases, guarantees such as the preservation of contributions or minimum interest rates.

24 Income tax

Provision for income tax for the years ended December 31 follows:

	2024	2023
Current		
Final tax	215,056,127	111,454,294
Minimum corporate income tax	39,755,216	27,775,974
Deferred	(99,698,756)	(8,684,459)
	155,112,587	130,545,809

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date. The Company periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company has no uncertain tax position at reporting date.

Details of net deferred income tax recognized at December are as follows:

	2024	2023
Tax effects of:		
Accrued expenses	303,969,559	224,142,786
Unrealized foreign exchange loss	12,817,166	724,433
Net pension liability	6,542,090	10,475,746
Unamortized excess contribution	964,834	1,652,221
Net increase in restricted stock units	15,778,032	7,383,960
Deferred tax assets	340,071,681	244,379,146
Tax effects of:		
Lease liability	(641,469)	(1,964,337)
Unrealized gain on derivative asset	(6,112,651)	(4,862,348)
Unrealized fair value changes in fluctuation of AFS	(17,370,000)	(14,370,000)
Deferred tax liabilities	(24,124,120)	(21,196,685)
Deferred tax assets, net	315,947,561	223,182,461

Details of the movements in net deferred income tax assets at December 31 follow:

	2024	2023
At January 1	223,182,461	213,778,877
Amounts recognized in statement of income	99,698,756	8,684,459
Amounts recognized in other comprehensive income	(6,933,656)	719,125
At December 31	315,947,561	223,182,461

Deferred income tax assets were not recognized on the following items as it is not expected that sufficient future taxable profits will be available against which these items can be utilized prior to their expiration:

	2024	2023
Net operating losses carry over	213,328,701	883,606,677
Minimum corporate income tax	64,535,139	29,619,493

Details of the Company's NOLCO at December 31 are as follows:

Year of Payment	Year of Expiry	2024	2023
2022	2025	406,273,338	406,273,338
2021	2026	399,595,479	399,595,479
2020	2025	77,737,860	197,885,950
		883,606,677	1,003,754,767
Applied NOLCO		(670,277,976)	(120,148,090)
		213,328,701	883,606,677

In 2024 and 2023, the Company is in a taxable income position. Therefore, no NOLCO was incurred. In the Company's Annual Income Tax Return, the NOLCO for year 2021 includes the NOLCO incurred in year 2020 due to the BIR eFPS system limitation. The BIR system only accepts NOLCO from immediate 3 prior years. However, with Bayanihan II act, the NOLCO validity incurred in years 2020 and 2021 have 5-year validity following the year of loss.

Details of the Company's MCIT at December 31 are as follows:

Year of Payment	Year of Expiry	2024	2023
2024	2027	39,755,216	-
2023	2026	19,395,195	19,395,195
2022	2025	5,384,728	5,384,728
2021	2024	4,839,570	4,839,570
2020	2023	-	11,994,297
		69,374,709	41,613,790
Expired MCIT		(4,839,570)	(11,994,297)
		64,535,139	29,619,493

Deferred tax assets are periodically reviewed for realization 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 tax assets to be utilized. 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 tax assets will be realized.

Significant accounting judgment: Recognition of deferred tax assets

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), and net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits from excess MCIT and NOLCO can be utilized. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which these can be utilized.

Gross deferred tax assets recognized for the year ended December 31, 2024 and 2023 are considered to be fully recoverable. As at December 31, 2024 and 2023, the Company has unrecognized deferred tax assets as management assessed that there are no sufficient taxable profit against which the deferred tax asset can be applied. The unrecognized deferred tax assets comprised both NOLCO and MCIT.

The reconciliation of the statutory income tax rate to the effective income tax rate follows:

	2024	2023
Statutory income tax rate	25.00	25.00
Add (Deduct) tax effects of:		
Interest income subjected to final tax	(4.45)	(8.74)
Income exempt from tax	(0.03)	(0.03)
Temporary deductible differences for which no deferred tax asset is recognized (MCIT)	3.61	0.10
Nondeductible expenses	(10.04)	2.02
Effective income tax rate	14.09	18.35

Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)

The CREATE bill which seeks to lower corporate income tax rates and to rationalize fiscal incentives had been approved by the House of Representatives on September 13, 2019 and by the Senate on the third and final reading on November 26, 2020. The bill was approved by the Bicameral Conference Committee on February 4, 2021 and signed into law by the President of the Philippines on March 26, 2021. Under the CREATE bill, effective July 1, 2020, the more significant changes are as follows:

- Reduction of corporate income tax (CIT) rate to 20% applicable to domestic corporations with total net taxable income not exceeding P5,000,000 and with total assets not exceeding P100 Million (excluding land on which the business entity's office, plant and equipment are situated);
- Reduction of CIT rate to 25% shall be applicable to all other corporations subject to regular CIT; and,
- MCIT rate shall also be amended to 1%, instead of 2%, for the period beginning July 1, 2020 until June 30, 2023.

25 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form. No provision for impairment has been made for amounts owed by related parties since collection is deemed to be reasonably certain.

Significant transactions and balances with related parties follow:

As at and for the year ended December 31, 2024:

	Transactions	Outstanding balances	Terms and conditions
Parent Company			
Allianz SE			
Net increase in RSU, including fair value adjustments (Note 22)	33,576,290	72,738,733	- Non-interest-bearing - Unsecured and unguaranteed - Due and demandable, settled in cash at gross
Net increase in derivative asset in relation to RSU, including fair value adjustment (Note 22)	24,450,605	104,291,373	- Non-interest-bearing - Unsecured and unguaranteed - Due and demandable, settled in cash at gross
Consultancy fee	41,883,522	1,917,711	- Non-interest-bearing - Unsecured and unguaranteed - Due and demandable, settled in cash at gross
Staff Training	1,628,124	307,000	- Non-interest-bearing - Unsecured and unguaranteed - Due and demandable, settled in cash at gross
Significant investor			
PNB			
Savings and current accounts	373,770	850,815,722	- Interest-bearing at 0.10% - Unsecured and unguaranteed
Retirement fund	4,118,850	77,355,265	- Refer to Note 23
Referral fees	385,783,156	66,932,248	- 15-day; non-interest bearing - Unsecured and unguaranteed - Settled in cash at gross
Premiums collected	54,984,223	-	- Due and demandable, settled in cash at gross - Noninterest-bearing - Unsecured and unguaranteed
Claims	26,678,355	9,032,792	- Due and demandable, settled in cash at gross - Noninterest-bearing - Unsecured and unguaranteed
Entities under common control			
Allianz Investment Management Singapore (AIMS)			
Investment management fees	5,007,518	-	- 30-day; non-interest-bearing - Unsecured and unguaranteed - Settled in cash at gross
Allianz Technology SE			
EDP-Software	32,075,943	26,791,326	- 30-day; non-interest-bearing - Unsecured and unguaranteed - Settled in cash at gross
Software maintenance	105,339,965	56,597,702	- 30-day; non-interest-bearing - Unsecured and unguaranteed - Settled in cash at gross
Software license fee	7,036,027	196,170	- 30-day; non-interest-bearing - Unsecured and unguaranteed - Settled in cash at gross
Allianz Technology Singapore			
Software maintenance	56,344,469	1,646,713	- 30-day; non-interest-bearing - Unsecured and unguaranteed - Settled in cash at gross
Software license fee	5,219,898	-	- 30-day; non-interest-bearing - Unsecured and unguaranteed - Settled in cash at gross

	Transactions	Outstanding balances	Terms and conditions
Allianz Asia Pacific			
Consultancy Fee	21,866,015	24,544,694	- 30-day; non-interest-bearing - Unsecured and unguaranteed - Settled in cash at gross
IDS Gmbh			- 30-day; non-interest-bearing
Software maintenance	1,074,030	1,748,333	- Unsecured and unguaranteed - Settled in cash at gross
Allianz Malaysia Berhad PLC			
Software maintenance	2,442,945	1,300,000	- 30-day; non-interest-bearing - Unsecured and unguaranteed - Settled in cash at gross
AWP Services (Thailand) Co. Ltd.			
Medical fees	4,337,076	600,000	- 30-day; non-interest-bearing - Unsecured and unguaranteed - Settled in cash at gross
Allianz Reinsurance Asia Pacific (ARAP)			
Reinsurance	77,553,727	60,406,818	- 90-day; non-interest-bearing - Unsecured and unguaranteed - Settled in cash at gross
AWP Health & Life S.A.			
Reinsurance	37,981,621	12,062,629	- 30-day; non-interest-bearing
Service Fee	42,202,864	18,915,067	- Unsecured and unguaranteed - Settled in cash at gross
Allianz Global Life DAC			
Reinsurance	8,819,834	-	
Allianz Services Pvt Ltd			
Outsourcing	8,809,109	-	
Other related parties			
PNB Holdings Corporation			
Rent expense	38,109,116	13,828,373	- 30-day; non-interest-bearing - Unsecured and unguaranteed - Settled in cash at gross
PNB Savings			
Premiums collected	70,545,259	-	- Due and demandable, settled in cash at gross - Noninterest-bearing - Unsecured and unguaranteed
Philippine Airlines, Inc.			
Premiums collected	Terminated	-	- Due and demandable, settled in cash at gross - Noninterest-bearing - Unsecured and unguaranteed
Key management compensation			
Salaries and other short-term benefits	140,012,384	-	Refer to Note 22 for RSU, salaries and other short-term benefits, relocation benefits, and retirement cost.
RSUs	33,576,290	-	
Retirement cost	6,713,048	-	

As at and for the year ended December 31, 2023:

	Transactions	Outstanding balances	Terms and conditions
Parent Company			
Allianz SE			
Net increase in RSU, including fair value adjustments (Note 22)	29,535,840	60,842,601	- Non-interest-bearing - Unsecured and unguaranteed - Due and demandable, settled in cash at gross
Net increase in derivative asset in relation to RSU, including fair value adjustment (Note 22)	61,678,045	87,950,334	- Non-interest-bearing - Unsecured and unguaranteed - Due and demandable, settled in cash at gross
Consultancy fee	22,609,496	4,882,839	- Non-interest-bearing - Unsecured and unguaranteed - Due and demandable, settled in cash at gross
Software Maintenance	4,791,594	-	- Non-interest-bearing - Unsecured and unguaranteed - Due and demandable, settled in cash at gross
Staff Training	1,815,051	2,155,848	- Non-interest-bearing - Unsecured and unguaranteed - Due and demandable, settled in cash at gross

	Transactions	Outstanding balances	Terms and conditions
Significant investor			
PNB			
Savings and current accounts	68,366,537	-	- Interest-bearing at 0.10% - Unsecured and unguaranteed
Time deposits (Note 2)	12,000,000	-	- Interest-bearing at 3.00% - Unsecured and unguaranteed
Retirement fund	5,035,602	66,776,377	- Refer to Note 23
Referral fees	271,867,179	72,792,786	- 15-day; non-interest bearing - Unsecured and unguaranteed - Settled in cash at gross
Rent expense	1,908,095	-	- Due and demandable, settled in cash at gross - Unsecured and unguaranteed
Premiums collected	30,047,080	-	- Due and demandable, settled in cash at gross - Noninterest-bearing - Unsecured and unguaranteed
Claims	2,053,693	7,161,087	- Due and demandable, settled in cash at gross - Noninterest-bearing - Unsecured and unguaranteed
Entities under common control			
Allianz Investment Management Singapore (AIMS)			
Investment management fees	13,865,352	-	- 30-day; non-interest-bearing - Unsecured and unguaranteed - Settled in cash at gross
Allianz Technology SE			
EDP-Software	20,046,733	5,825,194	- 30-day; non-interest-bearing - Unsecured and unguaranteed - Settled in cash at gross
Software maintenance	46,902,718	17,382,742	- 30-day; non-interest-bearing - Unsecured and unguaranteed - Settled in cash at gross
Software license fee	1,721,178	-	- 30-day; non-interest-bearing - Unsecured and unguaranteed - Settled in cash at gross
Allianz Technology Singapore			
Software maintenance	6,728,673	-	- 30-day; non-interest-bearing - Unsecured and unguaranteed - Settled in cash at gross
Software license fee	78,807,886	7,633,706	- 30-day; non-interest-bearing - Unsecured and unguaranteed - Settled in cash at gross
Allianz Asia Pacific			
Consultancy Fee	43,506,519	28,833,046	- 30-day; non-interest-bearing - Unsecured and unguaranteed - Settled in cash at gross
IDS Gmbh			- 30-day; non-interest-bearing
Software maintenance	443,187	-	- Unsecured and unguaranteed - Settled in cash at gross
Allianz Malaysia Berhad PLC			
Software maintenance	658,736	-	- 30-day; non-interest-bearing - Unsecured and unguaranteed - Settled in cash at gross
AWP Services (Thailand) Co. Ltd.			
Medical fees	4,563,770	-	- 30-day; non-interest-bearing - Unsecured and unguaranteed - Settled in cash at gross
Allianz Reinsurance Asia Pacific (ARAP)			
Reinsurance	39,192,691	-	- 90-day; non-interest-bearing - Unsecured and unguaranteed - Settled in cash at gross
AWP Health & Life S.A.			
Reinsurance	26,376,686	-	- 30-day; non-interest-bearing - Unsecured and unguaranteed - Settled in cash at gross
Other related parties			
PNB Holdings Corporation			
Rent expense	41,763,193	-	- 30-day; non-interest-bearing - Unsecured and unguaranteed - Settled in cash at gross

	Transactions	Outstanding balances	Terms and conditions
PNB Savings	64,377,407	-	- Due and demandable, settled in cash at gross
Premiums collected			- Noninterest-bearing - Unsecured and unguaranteed
Philippine Airlines, Inc.			
Premiums collected	33,371,056	-	- Due and demandable, settled in cash at gross - Noninterest-bearing - Unsecured and unguaranteed
Key management compensation			
Salaries and other short-term benefits	130,928,442	-	Refer to Note 22 for RSU, salaries and other short-term benefits, relocation benefits, and retirement cost.
RSUs	29,535,840	60,842,601	
Retirement cost	6,474,626	-	

Other related parties pertain to entities under control of the significant investor.

26 Significant accounting judgments and estimates

The preparation of the financial statements in accordance with PFRS requires the Company to make judgments and estimates 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 changes in estimates are reflected in the financial statements as these become reasonably determinable.

Judgments and estimates 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.

(a) Judgments

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

- Impairment of AFS financial assets (Note 4)
- Classification of financial assets and liabilities for unit-linked contracts (Note 3)
- Recognition of deferred tax assets (Note 24)
- Classification of HTM investments (Note 4)

  The Company follows the guidance of PAS 39, *Financial Instruments: Recognition and Measurement*, in classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as HTM financial assets. This classification requires significant judgment. In making this judgment, the Company evaluates its intention and ability to hold such investments to maturity. If the Company fails to keep these investments to maturity other than for the specific circumstances - for example, selling an insignificant amount close to maturity - it will be required to reclassify the entire class to AFS financial assets. The investments will therefore be measured at fair value and not at amortized cost.

  As at December 31, 2024 and 2023, the Company intends and has the ability to hold its HTM investments until maturity.

(b) Estimates

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are listed below.

- Aggregate reserves for life policies (Note 9)
- Provisions and contingencies (Note 12)

27 Capital management and management of insurance and financial risks

Although life insurance companies are in the business of taking risks, the Company limits its risk exposure only to measurable and quantifiable risks. The main objective of the Company's risk management policies is to ensure that the Company remains financially viable and capable in paying its liabilities. There are many risks associated in the life insurance business such as insurance risks, investment risks, and other business risks. These risks are managed separately to ensure that the Company is not exposed to risks that are unnecessary or risks with no commensurate expected benefits or returns.

(a) Governance framework

The Company has established a risk management function with clear terms of reference and with the responsibility for developing policies on market, credit, liquidity, insurance and operational risks. It also supports the effective implementation of policies at the overall company and individual business unit levels. The risk management committee performs procedures to identify various risks. The result of the procedures is reported to the BOD and necessary actions are taken to mitigate the risks identified.

The policies define the Company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets and alignment of underwriting and reinsurance strategies to the corporate goals and specific reporting requirements.

(b) Regulatory framework

Regulators are interested in protecting the rights of the policyholders and maintain close vigil to ensure that the Company is satisfactorily managing its 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 risks are at acceptable levels.

The operations of the Company are subject to the regulatory requirements of the IC. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions to minimize the risk of default and insolvency on the part of the insurance companies to meet the unforeseen liabilities as these arise, such as fixed capitalization requirements and risk-based capital (RBC) requirements.

(c) Regulatory capital

The Company manages its capital in accordance with the mandates of the IC being its regulator. Under the requirements of the IC and the Insurance Code, the Company should meet the minimum levels set for the following capital requirements: Minimum Statutory Net Worth and Paid-up Capital, and RBC. The Company regularly monitors its compliance with these capital requirements. Further, government bonds amounting to at least 25% of the Minimum Paid-up Capital are free from liens and encumbrances, and deposited under the IC, in accordance with Section 203 of the Code (Note 4).

Fixed capitalization requirements

On August 5, 2013, the President of the Philippines approved the New Insurance Code which provides the new capitalization requirements of all existing insurance companies based on net worth on a staggered basis starting June 30, 2013 up to December 31, 2022. The following presents the amount of required net worth and the schedule of compliance per New Insurance Code:

Net worth	Compliance date
250,000,000	June 30, 2013
550,000,000	December 31, 2016
900,000,000	December 31, 2019
1,300,000,000	December 31, 2022

On January 13, 2015, the IC issued IC CL No. 2015-02-A which supersedes IC CL No. 22-2008 was issued to ensure compliance with the minimum capitalization and net worth requirements set in Sections 194, 197, 200 and 289 of Republic Act No. 10607.

As of December 31, 2024, the Company's statutory net worth amounted to P3,279,644,269 (2023 - P2,902,148,208).

RBC requirement

Insurance Memorandum Circular (IMC) No. 6-2006 provides for the risk-based capital framework for the life insurance industry to establish the required amounts of capital to be maintained by the companies in relation to their investment and insurance risks. Every life insurance company is annually required to maintain a minimum RBC ratio of 100% and not fail the trend test. Failure to meet the minimum RBC ratio shall subject the insurance company to the corresponding regulatory intervention which has been defined at various levels.

The RBC ratio shall be calculated as total available capital divided by the RBC requirement. Total available capital shall include the company's paid-up capital, contributed and contingency surplus, unassigned surplus, and other items specified by regulation. Revaluation and fluctuation reserve accounts shall form part of net worth only to the extent authorized by the IC. The RBC requirement is the amount of required capital computed by taking into consideration the following major risks enumerated by IC guidelines; asset default risk, insurance pricing risk, interest rate risk and general business risk.

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

Consolidated compliance framework - IMC 10-2006 integrates the compliance standards for the fixed capitalization and risk-based capital framework.

Risk Based Capital 2

On December 28, 2016, IC CL No. 2016-68 was issued to supersede IC CL No. 2015-30. This circular provides solvency requirements based on accepted solvency frameworks, requires insurance companies to at all times hold the RBC requirement determined in accordance with the rules and guidelines set forth by the circular plus any additional supervisory adjustments that may be required by the IC, and requires the satisfaction of the minimum statutory ratio. The circular is fully implemented since January 1, 2017.

	2024	2023
Available capital	3,279,644,269	2,896,990,281
RBC requirement	553,038,572	323,093,191
RBC Ratio	593%	897%

(ii) Financial reporting framework

On December 28, 2016, IC Circular No. 2015-29 was superseded by Circular No. 2016-65 which includes the economic valuation of asset and liabilities based on internationally accepted accounting, actuarial, and insurance core principles which requires quarterly and annual reporting of net worth to the IC. The circular is fully implemented since January 1, 2017.

(d) Insurance risk

Nature of risk

The risk under any one insurance contract is the possibility that the insured event occurs. This event may be death, disability, accidental injury, hospitalization, or contraction of critical illness. By the very nature of an insurance contract, this risk is random and unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing, the principal risk that the Company faces under its insurance contracts is that future claims on death, accident, disability, and critical illness exceed the future premiums and the carrying amount of the insurance liabilities. This could occur if the frequency and magnitude of claims is greater than the assumptions used in calculating the Company's liabilities.

Occurrence of insured events is random, and the actual number of claims will vary from year to year from the mortality assumptions (and assumptions for other covered risks) made during product pricing. However, the law of large numbers is expected to be applicable as the pool of risk increases in volume and aggregate claims becomes more predictable.

In general, experience shows that the larger the portfolio of similar insurance contracts, the smaller is the relative variability compared to the expectations. Insurance risks generally vary by gender and age of the insured as these factors correlate greatly with the incidence rates of the insured events. Because of this, a more diverse demographic profile of insured lives may be more desirable since a more diverse risk profile reduces variability.

To minimize insurance risks, the Company strictly adheres to prudent underwriting standards in assessing insurance applications. These underwriting standards include a schedule of medical and non-medical requirements for specific range of ages and sum assured. Some policyholders are charged with additional premium in the form of flat or multiple extra premiums due to extra risks resulting from the applicant's occupation, health, and lifestyle. Applications for insurance may be denied or postponed for certain substandard cases. To guard against anti-selection, insurance applications that do not establish insurable interest are rejected. Statements of assets and liabilities may also be required from the applicant to justify the sum assured applied for, and his ability to pay the premium.

Frequency of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or widespread changes in lifestyle resulting in earlier or more claims than expected. In the Philippines, higher-than-expected claims also arise from typhoons, landslides, and other geologic events.

For contracts with discretionary participating feature, a portion of the insurance risk is effectively shared with the policy owner, as policy dividends may be reduced due to adverse claims and investment experience.

For unit-linked insurance policies where the cost of insurance charges is not guaranteed, insurance risk is borne mostly by the policyholders. The Company has the right to alter the related charges based on its mortality experience and hence minimize its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may reduce its mitigating effect.

The Company manages these risks through its underwriting strategy and reinsurance arrangements. The underwriting strategy is intended to ensure that the risks underwritten are pooled into a sufficiently large portfolio. Medical selection is also included in the underwriting procedures with premiums varied to reflect the health condition and family medical history of the applicants. The Company has a retention limit of P2.5 million on any individual standard risk. The Company reinsures the excess of the insured benefit over P2.5 million for standard risks (from a medical point of view) under an automatic reinsurance arrangement.

The tables below present the concentration of individually insured benefits across different bands of insured ages as measured by the face amount (before reinsurance) and net amount at risk or NAAR (after reinsurance).

2024						
			Before reinsurance		After reinsurance	
Age bands (in years)	Policy count	Face amount	NAAR	Concentration (%)	NAAR	Concentration (%)
0-15	32,242	42,098,443,805	31,968,941,972	10	18,735,859,459	10
16-25	28,052	40,674,171,036	30,547,700,130	10	19,314,760,191	10
26-35	44,956	65,132,688,372	49,873,930,691	16	31,799,325,290	17
36-45	49,457	87,814,695,594	66,468,650,841	22	40,561,121,789	21
46-55	48,989	92,649,537,925	64,780,638,687	21	39,161,883,710	21
56-65	38,627	81,310,999,340	49,312,101,958	16	30,827,044,753	16
66-75	9,195	24,931,964,269	13,679,595,284	5	8,467,829,443	5
76 and above	2	2,000,000	1,987,614	0	1,987,614	0
	251,520	434,614,500,341	306,633,547,177	100	188,869,812,249	100

2023						
			Before reinsurance		After reinsurance	
Age bands (in years)	Policy count	Face amount	NAAR	Concentration (%)	NAAR	Concentration (%)
0-15	30,646	36,198,059,576	26,931,147,004	10	15,974,896,391	10
16-25	26,042	35,941,387,262	27,225,655,323	11	17,277,616,798	11
26-35	40,596	57,599,018,729	44,508,210,791	17	28,358,860,858	18
36-45	43,947	72,608,668,965	54,758,437,656	21	33,873,446,100	21
46-55	42,535	76,537,096,635	53,307,002,111	21	32,612,876,626	20
56-65	32,725	65,224,360,232	38,795,612,845	15	24,946,359,245	16
66-75	7,353	18,822,998,074	11,004,172,087	5	6,986,810,444	4
76 and above	2	2,000,000	1,987,933	0	1,987,933	0
	223,846	362,933,589,473	256,532,225,750	100	160,032,854,395	100

These tables include whole life, endowment, anticipated endowment, and term insurance contracts; thus, the insured risk is a mixture of death and continued survival. NAAR is the net amount at risk, which is the difference between the face amount and the policy reserve. It is the net amount that would be payable upon death less liability released. The risk is spread over the younger through middle-aged bands.

Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in policyholder behavior.

The Company uses appropriate tables of standard mortality for pricing and valuation of liabilities. An investigation into the actual mortality experience of the Company is carried out annually, but the experience is not yet considered statistically significant.

The Company maintains persistency statistics to monitor actual lapse experience against pricing assumptions and performance standards. Statutory reserves are calculated using decrements such as mortality, lapse, expenses, non-guaranteed benefits and a margin for adverse deviations. This results in a more conservative liability as gains on surrender are not anticipated in the valuation method.

(e) Investment risk

The investment risk represents the risks associated with changing interest rates. Whenever interest rates increase, market values of AFS financial assets decrease while interest income on new investments increases. As interest rates decline, market values of AFS financial assets increase while interest income on new investments decreases.

Financial assets at FVTPL and AFS financial assets are subject to declines in fair value. Generally, insurance regulations restrict the type of assets in which an insurance company may invest. When permitted by regulatory authorities and when deemed necessary to protect insurance assets, including invested assets, from adverse movements of foreign currency exchange rates, interest rates and equity prices, the Company may also enter into derivative transactions as end users.

To minimize these risks, the Company monitors the projected asset and liability cash flows to make sure that an acceptable level of matching exists. In purchasing fixed income instruments, the Company selects bonds with tenors that narrow the gap between asset and liability cash flows of the Company. Investment risks are reduced when assets and liability cash flows are adequately matched.

VUL policyholders bear the risks and rewards of investment fund performance, including interest risks under the contractual arrangement.

Fair value of financial instruments

The following tables summarize the carrying amount and fair values of the financial assets, financial liabilities and non-financial assets, analyzed based on inputs to fair value:

	2024				
	Carrying value	Level 1	Level 2	Level 3	Total fair value
Financial assets at FVTPL					
Quoted equity securities	7,505,920	7,505,920	-	-	7,505,920
Derivative asset	104,291,373	-	104,291,373	-	104,291,373
Investment in unit-linked funds	183,533,133	183,533,133	-	-	183,533,133
Financial assets for unit-linked contracts	116,319,070,403	116,319,070,403	-	-	116,319,070,403
AFS financial assets					
Government debt securities	12,531,805,633	12,531,805,633	-	-	12,531,805,633
Private debt securities	957,517,621	957,517,621	-	-	957,517,621
Equity securities	135,000,000	135,000,000	-	-	135,000,000
Total financial assets carried at fair value	130,238,724,083	130,134,432,710	104,291,373	-	130,238,724,083
Financial liabilities for unit-linked contracts	116,319,070,403	116,319,070,403	-	-	116,319,070,403
Financial assets for which fair values are disclosed					
HTM investments - government securities	3,868,499,785	3,868,499,785	-	-	3,868,499,785
	17,788,153,465	17,683,862,092	104,291,373	-	17,788,153,465

	2023				
	Carrying value	Level 1	Level 2	Level 3	Total fair value
Financial assets at FVTPL					
Quoted equity securities	7,424,000	7,424,000	-	-	7,424,000
Derivative asset	87,950,334	-	87,950,334	-	87,950,334
Investment in unit-linked funds	142,558,674	142,558,674	-	-	142,558,674
Financial assets for unit-linked contracts	96,645,882,430	96,645,882,430	-	-	96,645,882,430
AFS financial assets					
Government debt securities	9,715,974,470	9,715,974,470	-	-	9,715,974,470
Private debt securities	1,312,927,044	1,312,927,044	-	-	1,312,927,044
Equity securities	115,000,000	115,000,000	-	-	115,000,000
Total financial assets carried at fair value	108,027,716,952	107,939,766,618	87,950,334	-	108,027,716,952
Financial liabilities for unit-linked contracts	96,645,882,430	96,645,882,430	-	-	96,645,882,430
Financial assets for which fair values are disclosed					
HTM investments - government securities	3,875,551,331	3,875,551,331	-	-	3,875,551,331
	15,257,385,853	15,169,435,519	87,950,334	-	15,257,385,853

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. In 2024 and 2023, there were no transfers between levels in the fair value hierarchy.

Fair values of financial instruments are estimated as follows:

(i) AFS financial assets and HTM investments

The fair values of AFS financial assets and HTM investments that are actively traded in organized financial markets is determined by reference to quoted market within bid-ask prices, at the close of business reporting date or the last reporting date (Level 1). If the market prices are not readily available, such as in private debt securities, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using the discounted cash flow methodology at the current market yield (Level 2).

(ii) Financial assets at FVTPL and financial assets and liabilities for unit-linked contracts

The fair values of equity and debt securities under Level 1 of the fair value hierarchy are determined by reference to quoted market bid prices, at the close of business reporting date, or the last reporting date.

In 2023, the fair values of equity-linked note (Global Treasures) under Level 2 of the fair value hierarchy are determined by running simulations on underlying indices that are directly observable to project the possible payouts of the instruments. The value of financial liabilities for unit-linked contracts follows those of the underlying assets. The management assessed that the underlying option's time value is close to zero as the maturity date of the structured note is less than one year, and as such, the intrinsic value of the underlying option has been used as reference.

(iii) Derivative asset

The fair value of derivative is the best estimate for the present value of an Allianz equity incentive plan hedge based on standard mathematical models and market data as of the valuation date (Level 2).

(iv) Other financial assets (at amortized cost)

The carrying values of other financial assets and fliabilities including cash and cash equivalents, short term investments and loans and receivables reasonably approximate their fair values due to their short-term nature.

Sensitivity

The structured VUL (Level 2) can be decomposed into underlying fixed income security, foreign exchange movements from Cross Currency Swap (CCS) and the value of the underlying option. The fair value of structured note has been computed by the Issuer using present value calculations and option pricing models, as applicable. Management performs reasonableness assessment of the Issuer's calculated value of the structured VUL. The inputs used in the reasonableness assessment are summarized in the table below:

Structured note	Significant observable Inputs
Dollar denominated	US Dollar/Philippine Peso Spot Rate INGUSGCE Index

Roll-forward analyses for the balances of Global Treasures are as follows:

	Note	2024	2023
Beginning		-	346,082,205
Purchases		-	-
Maturities		-	(460,722,407)
Revaluation*		-	114,640,202
	3	-	-

**Revaluation is reflected only as increase (decrease) in the asset and liability of the Company. No impact in profit or loss or other comprehensive income.*

(f) Financial risk

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

(g) Credit risk

Credit risk represents the loss that would be recognized if counterparties to investment transactions are unable or unwilling to fulfill their payment obligations. The credit risk arising from investment transactions is not significant as most of the Company's investments are in government securities, which are by definition risk-free. In addition, availability and trading of private debt securities are very limited. At present, the Company has exposure on private debt securities. All purchases, especially private debt securities, goes through a stringent process of credit review and must be approved by the Company's Investment Committee and are subject to approval of the IC. Credit valuations and review are performed on a regular basis. The Company does not have any credit risk concentrations other than to the Philippine National Government due to its government bond investments. Aggregate exposure to all non-investment grade and unrated counterparties is at a maximum of 12% of total investment assets.

The Company has no substantial credit risk for policy loans since the loan amount is covered by the cash surrender value of the life insurance policy.

The Company issues unit-linked insurance policies. In the unit-linked business, the policyholder bears the investment risk in the assets held in the unit-linked funds as the policy benefits are directly linked to the values of the assets in the fund. Therefore, the Company has no material credit risk on unit-linked financial assets except for certain capital guaranteed products wherein the total fund value is expected to be lower than the guaranteed pay-outs to the policyholders. As at December 31, 2024 and 2023, all of the remaining capital guaranteed products have already matured.

As of December 31, 2024 and 2023, the carrying values of the Company's financial instruments represent maximum exposure to credit risk at reporting date.

The tables below provide information regarding the exposure of the Company by classifying assets according to credit ratings of the counterparties.

	Neither past due nor impaired			
2024	Investment grade	Non-investment grade satisfactory	Past due or impaired	Total
Financial assets				
Cash and cash equivalents*	2,795,253,583	-	-	2,795,253,583
Insurance receivables	-	105,677,601	-	105,677,601
AFS financial assets				
Government debt securities	12,531,805,633	-	-	12,531,805,633
Private debt securities	957,517,621	-	-	957,517,621
Financial assets at FVTPL				
Derivative asset	104,291,373			104,291,373
HTM investments	3,868,499,785	-	-	3,868,499,785
Loans and receivables				
Policy loans	-	305,575,128	-	305,575,128
Accrued income	257,413,055	-	-	257,413,055
Advances from employees and agents	-	65,705,766	-	65,705,766
Other receivables	-	45,975,441	-	45,975,441
Rental and other deposits	-	15,226,916	-	15,226,916
Total financial assets	20,514,781,050	538,160,852	-	21,052,941,902

**Excluding petty cash fund.*

2023	Neither past due nor impaired: Investment grade	Neither past due nor impaired: Non-investment grade satisfactory	Past due or impaired	Total
Financial assets				
Cash and cash equivalents*	1,822,627,828	-	-	1,822,627,828
Insurance receivables	-	84,233,426	-	84,233,426
AFS financial assets				
Government debt securities	9,715,974,470	-	-	9,715,974,470
Private debt securities	1,312,927,044	-	-	1,312,927,044
Financial assets at FVTPL				
Derivative asset	87,950,334	-	-	87,950,334
HTM investments	3,875,551,331	-	-	3,875,551,331
Loans and receivables				
Policy loans	-	295,471,032	-	295,471,032
Accrued income	238,694,176	-	-	238,694,176
Due from unit-linked fund	47,851,677	-	-	47,851,677
Advances from employees and agents	-	58,060,410	-	58,060,410
Other receivables	-	4,144,986	-	4,144,986
Rental and other deposits	-	18,902,368	-	18,902,368
Total financial assets	17,101,576,860	460,812,222	-	17,562,389,082

**Excluding petty cash fund.*

The Company applies a credit rating concept based on the borrowers' and counterparties' overall credit worthiness, as follows:

1. Accrediting the financial institutions, brokers/dealers, intermediaries, and advisors with which the Company will do business. This accreditation is reviewed regularly.
2. Diversifying the portfolio so that risk exposure and concentration is minimized, and consequent potential losses could be managed. The Company limits exposure per issuer, per group of companies and per industry type.
3. Investing mainly on issues guaranteed by the Republic of the Philippines, or corporate papers issued by blue-chip companies with investment grade credit ratings.
4. Securing required approval by the Insurance Commission on investments other than sovereign issues as admitted assets / reserve investments of the Company.

In general, investment grade rating is given to counterparties who possess strong to very strong capacity to meet their obligations while non-investment grade rating is given to counterparties who posses above average capacity to meet their obligations.

All equity securities and financial assets for unit-linked contracts are classified as investment grade and there are no impaired securities. Hence, no impairment losses were recognized for the years ended December 31, 2024 and 2023.

(h) Liquidity risk

Major sources of liquidity for the Company's operational activities are insurance premiums received, investment income, and proceeds generated from the maturity or sale of investments. These funds are mainly used to pay life policy benefits, surrenders and cancellations, acquisition costs, and operating costs. Large part of premiums before payments of claims or policy benefits are required, generating solid cash flows from the insurance operations. This allows investment in funds in the interim to create investment income. The insurance operations also carry a high proportion of liquid investments, which can be converted into cash to pay for claims. Generally, investments in fixed-income securities are sequenced to mature when funds are expected to be needed.

The overall liquidity depends on capital market developments, interest rate levels, and the Company's ability to realize the market value of its investment portfolio to meet insurance claims and policyholder benefits. Liquidity needs are also influenced by trends in actual mortality rates compared to the assumptions underlying life insurance reserves. Market returns, crediting rates, and the behavior of the life insurance clients - for example, regarding the level of surrenders and withdrawals - can also have impacts. The Company, therefore, cannot predict the requirements of funding with absolute certainty since the 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, based on statistical techniques and past experience.

The tables below summarize the maturity profile of financial liabilities of the Company using undiscounted contractual maturities based on remaining contractual obligations, or for the insurance contract liabilities, based on the estimated timing of net cash outflows.

2024	Up to a year*	1 to 3 years	3 to 5 years	Over 5 years	Total undiscounted liabilities	Present value of liabilities
Insurance contract liabilities	1,222,172,742	2,365,046,062	2,520,150,769	20,468,051,688	26,575,421,261	14,244,242,021
Due to reinsurer	135,512,439	-	-	-	135,512,439	135,512,439
Premium deposit fund	604,598,581	-	-	-	604,598,581	604,598,581
Accounts payable and accrued expenses	3,020,177,163			-	3,020,177,163	3,020,177,163
Lease liability	41,215,852	23,263,094	2,529,946	-	67,008,892	63,144,486
Financial liabilities for unit-linked contracts	116,319,070,403	-	-	-	116,319,070,403	116,319,070,403
Total financial liabilities	121,342,747,180	2,388,309,156	2,522,680,715	20,468,051,688	146,721,788,739	134,386,745,093

**Maturities up to a year are all commitments which are either due within the time frame or are payable on demand.*

2023	Up to a year*	1 to 3 years	3 to 5 years	Over 5 years	Total undiscounted liabilities	Present value of liabilities
Insurance contract liabilities	1,134,358,675	1,652,771,873	2,359,401,860	18,762,098,255	23,908,630,663	12,162,267,075
Due to reinsurer	98,518,684	-	-	-	98,518,684	98,518,684
Premium deposit fund	190,634,536	-	-	-	190,634,536	190,634,536
Accounts payable and accrued expenses	2,480,732,328	-	-	-	2,480,732,328	2,480,732,328
Lease liability	47,925,558	48,649,815	-	-	96,575,373	87,741,473
Financial liabilities for unit-linked contracts	96,645,882,430	-	-	-	96,645,882,430	96,645,882,430
Total financial liabilities	100,598,052,211	1,701,421,688	2,359,401,860	18,762,098,255	123,420,974,014	111,665,776,526

**Maturities up to a year are all commitments which are either due within the time frame or are payable on demand.*

The Company manages liquidity risk through liquidity risk assessment and asset/liability management processes, where it reconciles liquidity sources (e.g., cash from premiums and investments) and liquidity needs (e.g., payments due to insurance claims and expenses) under its best-estimate plan as well as under hypothetical adverse scenarios. In its investment strategy, the Company also place particular focus on the quality of investments and ensure a sufficient portion of liquid assets in our portfolios.

The Company identifies the following events that might lead to liquidity shortages:

- Catastrophe claims
- Mass lapse
- Credit counterparty defaults that leads to default of expected cash inflows
- Strategic and reputational events
- Various operational events, including delayed payment by reinsurance counterparties
- Large penalties payable

The measures and limits below serve to address the above-mentioned sources of liquidity risk:

	Limit
Minimum working capital level	Higher of P100million or weekly funding requirement
Maximum liquidity intensity ratio (after stress) = Liquidity needs/Liquidity sources	80% of total invested assets
To further mitigate liquidity risk in extreme event	

The Investment team monitors the required minimum liquid asset allocation on a monthly basis. In case of breaches, the Investment department shall propose and execute action plan to ensure compliance.

The Risk team monitors the liquidity intensity ratio for the base case and for adverse scenarios, based on the Allianz Standard for Liquidity Risk Management, on a quarterly basis.

Target limit of allocation in liquid assets (cash and cash equivalents including repos) has a leeway of +/-10% for both PHP and USD. This is in line with the set Strategic Asset Allocation (SAA) of the Company.

(i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: foreign exchange rate (currency risk), market interest rate (interest rate risk), and market price (equity price risk).

In the unit-linked business, the policyholder bears the investment risk in the assets held in the unit-linked funds as the policy benefits are directly linked to the values of the assets in the fund. Therefore, the Company has no material market risk (currency risk, interest rate risk and other price risk) on unit-linked financial assets except for certain capital guaranteed products wherein the total fund value is expected to be lower than the guaranteed pay-outs to the policyholders. As at December 31, 2024 and 2023, all of the remaining capital guaranteed products have already matured.

The following BOD approved policies and procedures are in place to mitigate the Company's exposure to market risk:

- Market risk policy on the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

- Asset allocation and portfolio limit structure to ensure that assets back specific policyholders' liabilities and those assets are held to deliver income and gains for policyholders which are in line with expectations of the policyholders.

- Diversification benchmarks by type of instrument, as they are exposed to guaranteed bonuses, cash and annuity options when interest rates falls.

(j) Currency risk

Currency risk is the risk that the value of the financial instrument will fluctuate because of changes in foreign exchange rates.

Assets and liabilities are denominated both in PHP and USD. The assets are sufficient to match the corresponding liabilities except when an intentional currency mismatch is suitable during times of rapidly depreciating currency. The surplus of the Company is invested in Philippine Peso.

The following tables show the details of the Company's significant foreign currency-denominated monetary assets and liabilities and their Philippine Peso equivalents.

	2024		2023	
	US$	PHP	US$	PHP
Financial assets				
Cash and cash equivalents	18,773,270	1,085,939,826	5,933,384	328,531,492
Investment in unit-linked funds	251,412	14,542,954	209,726	11,612,541
AFS financial assets	21,516,650	1,244,630,637	27,879,064	1,543,663,755
HTM investments	4,444,950	257,118,144	4,514,201	249,951,308
Accrued income	508,638	29,422,141	568,038	31,452,276
Policy loans, including due and uncollected premiums	344,036	20,540,640	394,089	21,820,696
	45,838,956	2,652,194,342	39,498,502	2,187,032,068

	2024		2023	
	US$	PHP	US$	PHP
Financial liabilities				
Aggregate reserves on life policies	21,682,078	1,254,199,816	25,499,192	1,411,890,243
Premium deposit fund	1,349,404	78,056,249	285,605	15,813,931
	23,031,482	1,332,256,065	25,784,797	1,427,704,174
	22,807,474	1,319,938,277	13,713,705	759,327,894

The foreign exchange rate used in 2024 was P57.85 to US$1 (2023 - P55.37 to US$1).

Unrealized foreign exchange loss recognized in the statements of income under Foreign exchange loss, net in 2024 amounted to P57,699,158 (2023 - loss of P8,636,617).

The analysis below is performed for reasonably possible movements in the Philippine Peso to US Dollar foreign exchange rate with all other variables held constant, showing the impact on profit before tax (due to changes in the fair value of currency sensitive monetary assets and liabilities). There is no other impact on the Company's equity other than those already affecting the statements of income.

Period	Currency	Changes in Variable	Impact on profit after tax
2024	US$	0.29%	3,214,520
		(0.29%)	(4,403,177)
2023	US$	0.25%	1,597,180
		(0.25%)	3,390,466

The Company determined the reasonably possible change in foreign exchange rates by using management's assessment of shift in Bankers Association of the Philippines (BAP) closing rates as at December 27, 2024.

(k) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's fixed rate investments in government bonds and private debt securities classified as AFS financial assets are particularly exposed to fair value interest rate risk. The Company is not exposed to significant cash flow interest rate risk considering the nature and the terms of its significant financial assets and liabilities which carries fixed interest rates and/or measured at amortized cost.

The Company's investment policy requires it to buy and hold AFS financial assets, unless the need to sell arises, and to reduce the duration gap between financial assets and financial liabilities to minimize interest rate risk. Securities are also marked-to-market monthly to reflect and account for both unrealized gains and losses.

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

		Maturity				
2024	Range of Interest rate	Up to a year*	1-3 years	3-5 years	Over 5 years	Total
AFS financial assets						
Government debt securities						
Peso-denominated	2.88%-18.25%	66,098,130	455,417,552	2,199,468,930	8,759,492,295	11,480,476,906
Dollar-denominated	2.65%-9.50%	-	-	377,500,681	673,828,046	1,051,328,727
Private debt securities						
Peso-denominated	4.20%-6.49%	408,312,551	332,266,139	-	23,637,022	764,215,712
Dollar-denominated	3.00%-8.60%	-	62,392,774	-	130,909,135	193,301,909
Total AFS financial assets		474,410,681	850,076,464	2,576,969,611	9,587,866,498	13,489,323,254

**Maturities up to a year are all commitments which are either due within the time frame or are payable on demand.*

2023	Range of Interest rate	Maturity				Total
		Up to a year*	1-3 years	3-5 years	Over 5 years	
AFS financial assets						
Government debt securities						
Peso-denominated	2.88%-18.25%	-	439,427,607	945,566,613	7,095,807,239	8,480,801,459
Dollar-denominated	2.88%-10.63%	153,172,869	-	239,879,617	842,120,525	1,235,173,011
Private debt securities						
Peso-denominated	4.20%-6.49%	252,691,543	728,906,275	-	22,838,482	1,004,436,300
Dollar-denominated	3.00%-8.60%	122,546,213	60,335,028	-	125,609,503	308,490,744
Total AFS financial assets		528,410,625	1,228,668,910	1,185,446,230	8,086,375,749	11,028,901,514

**Maturities up to a year are all commitments which are either due within the time frame or are payable on demand.*

The analysis below is performed for reasonably possible movements in interest rates with all other variables held constant, showing the impact on equity (that reflects adjustments on the fair value of fixed rate AFS financial assets).

2024	Change in variables	Impact on equity
Peso	+0.25%	(30,611,731)
US Dollar	+0.25%	(3,111,576)
Peso	-0.25%	30,611,731
US Dollar	-0.25%	3,111,576

2023	Change in variables	Impact on equity
Peso	+0.25%	(146,911,394)
US Dollar	+0.25%	(30,659,160)
Peso	-0.25%	150,368,748
US Dollar	-0.25%	31,776,532

The Company determined the reasonably possible change in fair value interest rate risk by using management's assessment of the reasonable shift of the Company's sustainable portfolio yields.

(l) Equity price risk

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

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 investment policy requires it to manage such risks by setting and monitoring objectives and constraints on investments; diversification plan; limits on investment in each country, sector and market.

The Company has certain direct minority investments in publicly traded companies. These investments are classified as financial assets at FVTPL. The Company also has investments in proprietary shares classified as AFS financial assets.

The fair value of listed equity securities classified as financial assets at FVTPL as at December 31, 2024 amounted to P7,505,920 (2023 - P7,424,000) (Note 4). The fair value of proprietary shares classified as AFS financial assets as at December 31, 2024 amounted to P135,000,000 (2023 - P115,000,000) (Note 4).

The analysis below is performed for reasonably possible movements in the PSE index with all other variables held constant, showing the impact on equity and profit or loss after tax (that reflects changes in fair value of financial assets at FVTPL). The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are nonlinear.

2024	Change in variables	Impact on equity/profit or loss after tax
PSEi	1.22%	91,641
PSEi	1.22%	91,641

2023	Change in variables	Impact on equity/profit or loss after tax
PSEi	0.77%	58,079
PSEi	-0.77%	(58,079)

The impact to equity and profit or loss after tax is arrived at using the reasonably possible change of PSEi closing rate as at December 29, 2023 and the specific adjusted beta of each stock the Company holds. Adjusted beta is the forecasted measure of the volatility of a security or a portfolio in comparison to the market as a whole.

Based on the exposure to equity price risks of proprietary shares classified as AFS financial assets at December 31, 2024 and 2023, if prices had been 10% higher or lower, equity for the year ended December 31, 2024 and 2023, would have increased or decreased by P10,125,000 (2023 - P8,625,000). The shift in prices has been determined using management's assessment of a material fluctuation in fair value of proprietary shares.

(m) Deferral of PFRS 9, Financial instruments

The amendments to PFRS 4, Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts, issued in September 2016, allow entities that issue insurance contracts within the scope of PFRS 4 to defer the implementation of PFRS 9 until January 1, 2021 under certain circumstances.

In November 2018, the IASB Board voted to propose a one-year deferral of the effective date for PFRS 17 to 2022. As a consequence of the PFRS 17 deferral, the Board also agreed to revise the fixed expiry date of the temporary exemption from PFRS 9 in PFRS 4 to allow entities to continue applying the temporary exemption from PFRS 9 until January 1, 2023.

The IC, through its CL No. 2018-69, has deferred the implementation of PFRS 17 for life insurance and non-life insurance industry to January 1, 2023. On May 18, 2020, the IC, through its CL No. 2020-62, has further deferred the implementation of PFRS 17 for life insurance and non-life insurance industry to January 1, 2025 or two (2) years after its effective date as decided by the IASB (i.e., January 1, 2023).

The Company meets the eligibility requirements set out in 'Applying IFRS 9 Financial Instruments with PFRS 4 Insurance Contracts (Amendments to PFRS 4)'; and has elected to defer the application of PFRS 9 until the Company adopts PFRS 17.

In order to qualify for the temporary exemption, an entity has to prove that its activities are predominantly connected to insurance as of December 31, 2015. Under the amended PFRS 4, this condition is met if the insurer carries significant liabilities arising from contracts within the scope of PFRS 4.

Significant insurance-related liabilities are given, among others, if the percentage of the total carrying amount of liabilities connected with insurance relative to the total carrying amount of all liabilities is greater than 90%. A reassessment at a subsequent annual reporting date is required if, and only if, there was a change in the entity's activities during the annual period that ended on that date.

As of December 31, 2015, the Company's total carrying amount of liabilities connected with insurance amounted to P21,048,319,666 which represented 98.12% of its total liabilities of P21,452,621,009.

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 from December 31, 2015 to December 31, 2024 and 2023.

The following table provides an overview of the fair values as at December 31, 2024 and 2023, and the amounts of change in the fair values during the reporting period separately for financial assets that meet the SPPI criterion (i.e. financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest (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:

	Financial assets that meet the SPPI criteria		All other financial assets	
December 31, 2024	Fair value	Fair value change during the reporting period	Fair value	Fair value change during the reporting period
Cash and cash equivalents	2,795,253,583	-	-	-
Financial assets for unit-linked contracts	-	-	116,319,070,403	-
Financial assets at fair value through profit or loss	-	-	295,330,426	57,397,418
Available-for-sale financial assets	13,104,528,842	2,451,443,893	519,794,412	28,977,847
Loans and receivables	634,350,255	-	4,294,523	4,294,523
Held-to-maturity investments	3,868,499,785	-	-	-
Rental and other deposits	15,226,916	-	-	-
	20,417,859,381	2,451,443,893	117,138,489,764	90,669,788

	Financial assets that meet the SPPI criteria		All other financial assets	
December 31, 2023	Fair value	Fair value change during the reporting period	Fair value	Fair value change during the reporting period
Cash and cash equivalents	1,822,889,582	-	-	-
Financial assets for unit-linked contracts	-	-	96,645,882,430	-
Financial assets at fair value through profit or loss	-	-	237,933,008	(63,545,831)
Available-for-sale financial assets	10,653,084,949	(185,508,532)	490,816,565	(418,416,080)
Loans and receivables	401,505,875	-	-	-
Held-to-maturity investments	3,875,551,331	-	-	-
Rental and other deposits	18,902,368	-	-	-
	16,771,934,105	(185,508,532)	97,374,632,003	(481,961,911)

The financial assets for unit-linked contracts are exclusively held on behalf and for the benefit of unit-linked policyholders. To ensure consistency with the corresponding accounting treatment for the unit-linked contracts, these investments are designated at fair value through profit or loss under current accounting rules. This treatment is going to be maintained under the future PFRS 9 regime accordingly.

The following tables provide information about the credit risk exposures for financial assets with contractual terms that meet the SPPI criterion at December 31, 2024 and 2023. It includes the carrying amounts applying PAS 39 (in the case of financial assets measured at amortized cost before adjusting for any impairment allowances):

	Neither past due nor impaired			
December 31, 2024	Investment grade	Non-investment grade	Past due or Impaired	Total
Cash and cash equivalents	2,795,046,829	-	-	2,795,046,829
Available-for-sale financial assets	13,104,528,842	-	-	13,104,528,842
Loans and receivables	597,873,879	36,476,376	-	634,350,255
Held-to-maturity investments	3,868,499,785	-	-	3,868,499,785
Rental and other deposits	-	15,226,916	-	15,226,916
	20,365,949,335	51,703,292	-	20,417,652,627

	Neither past due nor impaired			
December 31, 2023	Investment grade	Non-investment grade	Past due or Impaired	Total
Cash and cash equivalents	1,822,627,828	-	-	1,822,627,828
Available-for-sale financial assets	10,653,084,949	-	-	10,653,084,949
Loans and receivables	349,509,212	51,996,663	-	401,505,875
Held-to-maturity investments	3,875,551,331		-	3,875,551,331
Rental and other deposits	-	18,902,368	-	18,902,368
	16,700,773,320	70,899,031	-	16,771,672,351

The fair values of financial assets included in the tables above that are non-investment grade, and thus do not have low credit risk as of December 31, 2024 and 2023, approximately equal the respective carrying amounts.

28 Summary of other potentially material accounting policies

28.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards comprise the following authoritative literature

- PFRS Accounting Standards
- PAS Standards, 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 Board of Accountancy, and adopted by the SEC.

The financial statements of the Company have been prepared on a historical cost basis, except for AFS financial assets, financial assets at FVTPL, financial assets and liabilities for unit-linked contracts, derivative financial instruments and retirement plan assets used in calculating pension liability which have all been measured at fair value. The financial statements are presented in Philippine Peso ("Peso" or "PHP"), which is the Company's functional currency.

The Company's statements of financial position is not presented using a current and non-current classification. The classification is included in the related notes disclosure.

28.2 Changes in accounting policies and disclosures

(a) New standards, amendments and interpretations to existing standards effective January 1, 2024

The following amendments to existing standards were relevant and adopted by the Company for the first time from January 1, 2024:

- Amendments to PAS 1, 'Presentation of Financial Statements'

  Amendments made to PAS 1 Presentation of Financial Statements in 2020 and 2022 clarified that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (for example, the receipt of a waiver or a breach of covenant that an entity is required to comply with only after the reporting period).

  Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

  The amendments require disclosures if an entity classifies a liability as noncurrent and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

  - the carrying amount of the liability
  - information about the covenants (including the nature of the covenants and when the entity is required to comply with them); and
  - facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

  The amendments must be applied retrospectively in accordance with the requirements in PAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current.

  The amendments to existing standards are not expected to have a material impact on the separate financial statements of the Company.

There are no new standards, other interpretations and amendments to existing standards effective January 1, 2024 that are considered to be relevant or expected to have a material impact on the Company's financial statements.

(b) New standards, amendments and interpretations to existing standards issued but not yet effective as at December 31, 2024

Certain new standards, and amendments and interpretations to existing standards have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Company. None of these are expected to be relevant and have a significant effect on the financial reporting of the Company, while the most relevant ones are set out as follows:

- Amendments to PAS 21, 'Lack of Exchangeability'

In August 2023, the IASB amended IAS 21 to add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not. Prior to these amendments, IAS 21 set out the exchange rate to use when exchangeability is temporarily lacking, but not what to do when lack of exchangeability is not temporary.These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. Early application is permitted (subject to any endorsement process). Refer to Filling the gap in currency accounting: new IFRS requirements for lack of exchangeability for further details.

- Amendments to PFRS 9 and PFRS 7, 'Classification and Measurement of Financial Instruments'

On May 25, 2024, the IASB issued targeted amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

a. clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
b. clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
c. add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
d. update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The amendments in (b) are most relevant to financial institutions, but the amendments in (a), (c) and (d) are relevant to all entities.

The amendments to IFRS 9 and IFRS 7 will be effective for annual reporting periods beginning on or after January 1, 2026, with early application permitted subject to any endorsement process.

- PFRS 18, 'Presentation and Disclosure in Financial Statements'

This is the new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates to the statement of profit or loss.

The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss with defined subtotals;
- requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss
- required disclosures in a single note within the financial statements for certain profit or loss
- performance measures that are reported outside an entity's financial statements (that is,
- management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The Company is still evaluating the impact of the new standard.

- PFRS 19, 'Subsidiaries without Public Accountability: Disclosures' This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements; and it applies instead the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries

  A subsidiary is eligible if:
  - it does not have public accountability; and
  - it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

- PFRS 17, 'Insurance Contracts' (effective January 1, 2027).

  IFRS 17 was issued in May 2017 as replacement for IFRS 4, "Insurance Contracts". The Financial and Sustainability Reporting Standards Council (FSRSC) and Professional Regulatory Board of Accountancy adopted IFRS 17 - Insurance Contracts as PFRS 17 which was later adopted by the SEC as part of its financial reporting framework.

PFRS 17 represents a fundamental change in the accounting framework for insurance contracts requiring liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. It requires a current measurement model where estimates are re- measured each reporting period. Contracts are measured using the building blocks of (1) discounted probability-weighted cash flows, (2) an explicit risk adjustment, and (3) a contractual service margin ("CSM") representing the unearned profit of the contract which is recognized as revenue over the coverage period. The standard allows a choice between recognizing changes in discount rates either in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under PFRS 9, "Financial instruments." An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

Through IC-CL 2020-62, FSRSC Pronouncement dated December 21, 2021, and BOA Resolution No. 1, s. 2022, the adoption of PFRS 17 was deferred from January 1, 2023 to January 1, 2025.

On March 10, 2025, the IC issued IC-CL 2025-04 further deferring the application of PFRS 17 effective January 1, 2027, due to gaps in the insurance industry's preparation for PFRS 17 and the need for additional time to ensure smooth transition while maintaining regulatory stability.

As at December 31, 2024, the Allianz Group has initially applied IFRS 17 and IFRS 9, including any consequential amendments to other standards, from January 1, 2023. These standards have brought significant changes to the accounting for insurance contracts and financial instruments.

The decision of Allianz Group in respect to the accounting policy choice for the transition approach involved the consideration of multiple criteria, such as availability of reliable and objective information, operational complexity, or the reasonableness of the split between earned and unearned profits. The Allianz Group applied modifications under the modified retrospective approach only to the extent that it did not have reasonable and supportable information available to apply IFRS 17 retrospectively. Under the fair value approach, the Allianz Group replaces entity-specific assumptions when determining the fair value of a group of contracts with objective assumptions that an average market participant would use for pricing the liability. For this, the Allianz Group has determined the exit price either based on a real-world projection of the present value of future profits of the group of contracts or using an internal rate of return methodology based on distributable earnings.

- PFRS 9, *'Financial instruments'* (effective January 1, 2018). PFRS 9 deals with the classification, measurement and impairment of financial instruments, as well as hedge accounting.

  PFRS 9 fully replaces PAS 39 and provides a new approach on how to classify financial instruments based on their cash flow characteristics and the business model under which they are managed. Furthermore, the standard introduces a new forward-looking impairment model for debt instruments and provides new rules for hedge accounting.

  It can be assumed that the main impact from PFRS 9 will arise from the new classification rules leading to more financial instruments being measured at fair value through income as well as the new impairment model. Interdependencies with PFRS 17 will need to be considered to assess the ultimate combined impact of both standards.

  Although PFRS 9 has an effective date for accounting periods beginning on or after January 1, 2018, the Company has elected to avail of the optional relief provided in *'Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts (Amendments to PFRS 4)'* given the strong interrelation between the measurement of direct participating insurance contracts and the underlying assets held until IFRS 17 becomes effective. The basis for Company's eligibility for electing to defer the application of PFRS 9 and associated required disclosures are set out in more detail in Note 27.

The Company is on track with its overall transition and implementation plans to fully adopt PFRS 17 and 9 effective January 1, 2027. However, management deemed it impracticable to reasonably determine and quantify the financial impact at this stage, in the light of the remaining phases of transition and implementation plans which are in progress at reporting date.

The new standards and amendments are effective for annual reporting periods beginning on or after January 1, 2025, and must be applied retrospectively. The Company does not expect the amendment to have a significant impact to the Company's separate financial statements, except for PFRS 18.

28.3 Insurance product classification

As a general guideline, the Company defines significant insurance risk, if an insured event could cause the Company to pay significant additional benefits, where additional benefits refer to amounts that exceed those that would be payable if no insured event occurred. An additional benefit is considered to be significant if it is at least 10% more than what would be payable if the policy was surrendered. Insurance contracts 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 or price or rates, a credit rating or credit index or another variable. Investment contracts mainly transfer financial risk but may also transfer insignificant insurance risk.

The options and guarantees within the insurance contracts issued by the Company are treated as derivative financial instruments which are closely related to the host insurance and therefore not bifurcated subsequently. As such, the Company does not separately measure options to surrender insurance contracts for a fixed amount (or an amount based on a fixed amount and an interest rate). Likewise, the embedded derivative in unit-linked insurance contracts linking the payment on the contract to units of internal investment funds meets the definition of an insurance contract and is therefore not accounted for separately from the host insurance contract.

Based on Company's guidelines, all products in its portfolio meet the definition of insurance contracts, including unit-linked products, which contain features that make use of funds specifically segregated for the benefit of unit-linked policyholders.

28.4 Financial instruments

28.4.1 Initial recognition

Financial assets and liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and liabilities, except for financial instruments at FVTPL. Financial instruments are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

28.4.2 Day 1 difference

Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the statement of income. In cases where no observable data is used, the difference between the transaction price and model value is only recognized in the statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the Day 1 difference amount.

28.4.1 Classification

The Company classifies its financial assets into the following categories: AFS financial assets, HTM investments, loans and receivables, and financial assets at FVTPL. Financial liabilities are classified as financial liabilities at FVTPL and other financial liabilities. The Company determines the classification at initial recognition and where appropriate and applicable, re-evaluates such designation at every reporting date.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains, and losses relating to a financial instrument or a component that is a financial liability are reported as expense or income.

Financial assets or financial liabilities at FVTPL

This category consists of financial assets or financial liabilities that are held for trading or designated by management as financial assets or financial liabilities at FVTPL on initial recognition. Derivative instruments, except those covered by hedge accounting relationships, are classified under this category. Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value, with changes in the fair value recorded in the statement of income, included under the net fair value gains or losses accounts. Interest earned or incurred is recorded in investment income or interest expense, respectively, while dividend income is recorded when the right of the payment has been established under the investment income account

Financial assets or financial liabilities classified in this category are designated by management on initial recognition 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 liabilities or recognizing gains or losses on them on a different basis; or
- The assets and liabilities 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 separately recorded.

The Company's financial assets at FVTPL pertain to the Company's investments in listed equity securities, derivative asset in relation to the RSU (Note 4) and financial assets for unit-linked contracts (Note 3). The Company's financial liability at FVTPL pertains to financial liabilities for unit-linked contracts (Note 3).

The financial assets and liabilities for unit-linked contracts are designated as such since they are managed and their performances are evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Derivative financial instruments

Derivative financial instruments are classified as held for trading unless they are designated as effective hedging instruments. All derivatives are carried as assets when the fair values are positive and as liabilities when fair values are negative. Derivative financial instruments held-for-trading are initially recorded at fair value and are typically entered into with the intention to settle in the near future. Subsequent to initial recognition, these instruments are measured at fair value. Changes in fair value of derivative instruments not accounted as hedges are recognized immediately in the statement of income.

The Company has derivative financial instruments in relation to its share-based obligation in form of restricted stock units (Note 22) as of December 31, 2024 and 2023. These are classified as held for trading with changes in fair value recognized in the statement of income.

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met: (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (c) the hybrid or combined instrument is not at FVTPL. Bifurcated embedded derivatives are accounted for at FVTPL.

The Company assesses whether embedded derivatives are required to be separated from the host contracts when the Company becomes a party to the contract. Reassessment of embedded derivatives is only done when there are changes in the contract that significantly modifies the contractual cash flows. The Company determines whether modification to cash flows is significant by considering the extent to which the expected future cash flows associated with the embedded derivative, the host contract, or both have changed and whether the change is significant relative to the previously expected cash flows on the contract.

As of December 31, 2024 and 2023, the Company has no embedded derivatives requiring bifurcation since the hybrid instruments have been designated as financial assets at FVTPL of which the characteristics and risks are closely related to the host contract.

HTM investments

HTM investments are quoted non-derivative financial assets with fixed or determinable payments and fixed maturities which the Company's management has the positive intention and ability to hold to maturity. Where the Company sells or reclassifies other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified as AFS financial assets.

After initial measurement, these investments are subsequently measured at amortized cost using the effective interest rate, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in the statement of income when the HTM investments are derecognized and impaired, as well as through the amortization process. The losses arising from impairment of such investments are recognized in the statement of income.

The effects of restatement of foreign currency denominated HTM investments are recognized in the statement of income.

In the case of a financial asset with a fixed maturity (such as Debt Securities classified as AFS) reclassified to HTM, the cumulative gain or loss arising from the equity portion of the AFS shall be amortized to profit or loss over the remaining life of the held-to-maturity investment using the effective interest method. Any difference between the new amortized cost and maturity amount shall also be amortized over the remaining life of the financial asset using the effective interest method, similar to the amortization of a premium and a discount. If the financial asset is subsequently impaired, any gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

The Company's HTM Investments consist of government debt securities (Note 4).

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale. This accounting policy relates to the statement of financial position captions "Cash and cash equivalents", "Insurance receivables", "Loans and receivables", and rental deposits under "Prepayments and deposits".

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included under "Investment income" in the statement of income. The losses arising from impairment of such loans and receivables are recognized under "Impairment loss" in the statement of income.

The Company's Loans and receivables consist of cash and cash equivalents, premiums due and uncollected, policy loans, accrued income, advances to employees and agents, due from unit-linked funds, receivable from related parties, other receivables and rental and other deposits.

AFS financial assets

AFS financial assets are those which are designated as such or do not qualify to be designated as financial assets at FVTPL, HTM investments, or loans and receivables. They are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions. They include government securities, equity investments, and other debt instruments

After initial measurement, AFS financial assets are subsequently measured at fair value. The effective yield component of AFS debt securities, as well as the impact of restatement of foreign currency denominated AFS debt securities, is reported in the statement of income. Interest earned on AFS financial assets are reported as interest income using the effective interest rate method. Dividends earned on AFS financial assets are recognized in the statement of income as investment income when the right of the payment has been established. The unrealized gains and losses arising from the fair valuation of AFS financial assets are reported as “Reserve for fluctuation on AFS financial assets” in the statement of comprehensive income and financial position. The losses arising from impairment of such investments are recognized as “Impairment loss” in the statement of income. When the security is disposed, the cumulative gain or loss previously recognized in other comprehensive income is recognized as “Gain or loss on sale of AFS financial assets” in the statement of income.

In the case of a financial asset with a fixed maturity (such as Debt securities classified as HTM) reclassified to AFS, it should be remeasured at fair value at the date of reclassification. The difference between its previous carrying amount and fair value should be recognized in other comprehensive income.

The Company’s AFS financial assets consist of government debt securities, private debt securities and proprietary shares (Note 4).

Other financial liabilities

Other financial liabilities pertain to issued financial instruments or their components that are not classified or designated as financial liabilities at FVTPL and contain contractual obligations to deliver cash or another financial asset to the holder or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest rate. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Any effects of restatement of foreign currency-denominated liabilities are recognized in the statement of income.

This accounting policy applies primarily to the Company’s “Premium deposit fund”, “Due to reinsurer” and “Accounts payable and accrued expenses” that meet the above definition (other than liabilities covered by other accounting standards, such as pension liability and income tax payable).

28.4.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Company’s statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

The Company does not have enforceable master netting arrangement or similar arrangement that meet the requirements for offsetting in line with PAS 32.

28.4.4 Impairment of financial assets

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

AFS financial assets carried at fair value

In the case of equity investments classified as AFS financial assets, impairment indicators would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the statement of income, is removed from other comprehensive income and recognized in the statement of income. Impairment losses on equity investments are not reversed through the statement of income. Increases in fair value after impairment are recognized in other comprehensive income.

In the case of debt instruments classified as AFS financial assets, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Interest continues to be accrued at the original effective interest rate on the reduced carrying amount of the asset and is recorded as part of "Investment income" in the statement of income. If, in 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 the statement of income, the impairment loss is reversed through the statement of income.

Financial assets carried at amortized cost

If there is objective evidence that an impairment loss on financial assets carried at amortized cost has been incurred, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows (excluding expected future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate or the effective interest rate computed at initial recognition. The carrying amount of the financial asset shall be reduced either directly or through the use of an allowance account. HTM investments and loans and receivables, together with the associated allowance accounts are written off when there is no realistic prospect of future recovery and all the collaterals have been realized. The amount of the loss shall be recognized in the statement of income.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. Objective evidence includes observable data that comes to the attention of the Company about loss events such as but not limited to significant financial difficulty of the Company, a breach of contract, such as a default or delinquency in interest or principal payments, probability that the borrower will enter bankruptcy or other financial reorganization. If it is determined that no objective evidence exists for an individually assessed financial asset, whether significant or not, the financial assets is included in a group of financial assets with similar characteristics such as customer type, payment history, pass due status and term, and that group of financial assets is collectively assessed for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtor's ability to pay all amounts due according to the contractual terms of the assets being revaluated. Financial assets that are individually assessed for impairment and for which an impairment loss is or continuous to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognized in the statement of income. Any subsequent reversal of an impairment loss is recognized in the statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

28.5 Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that its non-financial assets, mainly property and equipment, software and intangible assets under development, may be impaired. When an indicator of impairment exists or when an 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 assessments of the time value and the risks specific to the property and equipment (or cash-generating unit). An impairment loss is charged against operations in the year in which it arises.

For non-financial assets, 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 the statement of income unless the asset is carried at a revalued amount, in which case the reversal is treated as an adjustment to the revaluation increment. After such a reversal, the depreciation and amortization 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 life.

28.6 Liability adequacy test

Liability adequacy tests are performed annually to ensure the adequacy of the insurance contract liabilities. In performing these tests, current best estimates of future contractual cash flows, claims handling, and policy administration expenses are used. Any deficiency is immediately charged against the statement of income initially by establishing a provision for losses arising from the liability adequacy tests. The adequacy of the liability on insurance contracts is tested based on the pricing assumptions set out at the inception of the contract. When the liability adequacy test requires the adoption of a new set of revised best estimate assumptions, such assumptions are used for the subsequent measurement of these liabilities. The liability adequacy test is addressed by the gross premium valuation performed by the Company for the aggregate reserves for life policies.

28.7 Provisions and contingencies

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies

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

28.8 Comparatives

Some comparative amounts have been restated to conform to current year presentation.

29 Supplementary tax information under Revenue Regulations No. 15-2010

The Company reported and paid the following taxes in 2024:

(i) Premium tax

The Company is primarily engaged in the business of life insurance and paid the amount of P82,669,490 (Note 20) as percentage tax pursuant to the Tax Code and based on the amount reflected in the premiums on insurance contracts.

(ii) VAT

As of December 31, 2024, the Company recognized taxable sales from management fee revenue and other income in the amount P1,212,211,650 and output tax in the amount of P145,465,398. Output VAT payable as at December 31, 2024 amounts to P47,214,054 which is presented in taxes payable under "Accounts payable, accrued expenses, and provisions" account.

Details of input VAT in 2024 follows:

	Amounts
Beginning balance	-
Add: Current year's domestic purchases/payments for:	
Services	19,899,438
Goods other than capital goods	413,393
Capital goods not subject to amortization	2,975,522
Capital goods subject to amortization	-
Input Tax Carried Over from Previous Quarter	332,427
Input VAT applied against output VAT	(23,620,780)
Total input VAT	-

(iii) Custom duties and tariff

The Company does not have transactions subject to customs duties and tariff fees.

(iv) Documentary Stamp Tax (DST)

The DST paid/accrued on the following transactions are as follows:

	Base	DST
Life insurance policies (based on face amount)	200,011,903,041	5,219,260
Policy loans	30,091,816	225,689
	200,041,994,857	5,444,949

DST above includes remittances of DST that were paid on behalf of the counterparty.

(v) Other taxes and licenses

This includes all other taxes, local and national, including real estate taxes, licenses and permit fees. Details consist of the following:

	Amounts
Mayor's permit	36,233,094
Penalties including interest and surcharge	7,000
BIR annual registration	-
CTC	10,500
Others (IC Fees, Notarial Fees, PTR, etc.)	5,190,979
Total	41,441,573

The above other taxes and licenses are presented in taxes and licenses under “General and administrative expenses” account.

(vi) Withholding taxes

The amount of withholding taxes paid and accrued for the year amounted to:

	Paid	Accrued	Total
Tax on compensation and benefits	122,444,051	12,910,604	135,354,655
Creditable withholding taxes	136,142,191	10,012,643	146,154,834
Fringe benefit taxes	4,647,028	3,021,011	7,668,039
Final withholding taxes	390,941	133,419	524,360
Withholding VAT	1,871,541	538,758	2,410,299
Total	265,495,752	26,616,435	292,112,187

Accrued withholding taxes are included in taxes payable under “Accounts payable, accrued expenses, and provisions” account.

(vii) Tax assessment

Taxable year 2021, 2022 and 2023 are open tax years as at December 31, 2024. The Company has received a Letter of Authority (LOA) for taxable year 2022 on May 24, 2024.

The Company has no outstanding tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside BIR as at December 31, 2024.

Allianz PNB Life Insurance, Inc.
(Formerly: PNB Life Insurance, Inc.)

Supplementary Schedule of External Auditor Fee-Related Information
December 31, 2024 and 2023

	2024	2023
Total audit fees	1,200,000	950,000
Non-audit services fees	-	-
Total audit and non-audit fees	1,200,000	950,000