
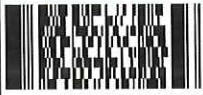






Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

For BIR Use Only: BCS/Item:

BIR Form No. 1702-RT January 2018(ENCS) Page 1		Annual Income Tax Return For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate <i>Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two Copies MUST be filed with the BIR and one held by the taxpayer.</i>		 1702-RT 01/18ENCS P1	
1 For <input checked="" type="radio"/> Calendar <input type="radio"/> Fiscal		3 Amended Return? <input type="radio"/> Yes <input checked="" type="radio"/> No		4 Short Period Return? <input type="radio"/> Yes <input checked="" type="radio"/> No	
2 Year Ended (MM/20YY) 12/2024		5 Alphanumeric Tax Code (ATC) IC055 Minimum Corporate Income Tax (MCIT) <input checked="" type="checkbox"/>			
Part I - Background Information					
6 Taxpayer Identification Number (TIN) 008 - 660 - 543 - 000		7 RDO Code 125			
8 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS) FWD LIFE INSURANCE CORPORATION					
9A Registered Address (Indicate complete registered address) 19TH FLR W FIFTH AVENUE BLDG., FORT BONIFACIO TAGUIG CITY, NCR, FOURTH DISTR					
9B Zipcode 1634					
10 Date of Incorporation/Organization (MM/DD/YYYY) 11/19/2013					
11 Contact Number 5587316		12 Email Address chona-sevilla.ventura@fwd.com			
13 Method of Deductions <input checked="" type="radio"/> Itemized Deductions [Section 34 (A-J), NIRC] <input type="radio"/> Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]					
Part II - Total Tax Payable (Do NOT enter Centavos)					
14 Total Income Tax Due (Overpayment) (From Part IV Item 43)				91,213,694	
15 Less: Total Tax Credits/Payments (From Part IV Item 55)				67,445,063	
16 Net Tax Payable (Overpayment) (Item 14 Less Item 15) (From Part IV Item 56)				23,768,631	
Add Penalties					
17 Surcharge				0	
18 Interest				0	
19 Compromise				0	
20 Total Penalties (Sum of Items 17 to 19)				0	
21 TOTAL AMOUNT PAYABLE (Overpayment) (Sum of Item 16 and 20)				23,768,631	
If Overpayment, mark "X" one box only (Once the choice is made, the same is irrevocable) <input type="radio"/> To be refunded <input type="radio"/> To be issued a Tax Credit Certificate (TCC) <input type="radio"/> To be carried over as tax credit next year/quarter					
We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If Authorized Representative, attach authorization letter and indicate TIN)					
Signature over printed name of President/Principal Officer/Authorized Representative				Signature over printed name of Treasurer/Assistant Treasurer	
Title of Signatory		TIN		22 Number of Attachments 4	
Part III - Details of Payment					
Particulars		Drawee Bank/Agency		Amount	
23 Cash/Bank Debit Memo				0	
24 Check				0	
25 Tax Debit Memo				0	
26 Others (Specify Below)				0	
Machine Validation/Revenue Official Receipts Details (if not filed with an Authorized Agent Bank)				Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)	

BIR Form No. 1702-RT January 2018(ENCS) Page 2	Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCS P2
Taxpayer Identification Number (TIN) 008 - 660 - 543 - 000		Registered Name FWD LIFE INSURANCE CORPORATION
Part IV - Computation of Tax (Do NOT enter Centavos)		
27 Sales/Receipts/Revenues/Fees		39,038,925,788
28 Less: Sales Returns, Allowances and Discounts		0
29 Net Sales/Receipts/Revenues/Fees (Item 27 Less Item 28)		39,038,925,788
30 Less: Cost of Sales/Services		37,575,923,808
31 Gross Income from Operation (Item 29 Less Item 30)		1,463,001,980
32 Add: Other Taxable Income Not Subjected to Final Tax		3,097,682,699
33 Total Taxable Income (Sum of Items 31 and 32)		4,560,684,679
Less: Deductions Allowable under Existing Law		
34 Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)	3,505,738,931	
35 Special Allowable Itemized Deductions (From Part VI Schedule II Item 5)	0	
36 NOLCO (only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Part VI Schedule III Item 8)	1,054,945,748	
37 Total Deductions (Sum of Items 34 to 36)	4,560,684,679	
OR [in case taxable under Sec 27(A) & 28(A)(1)]		
38 Optional Standard Deduction (40% of Item 33)		0
39 Net Taxable Income/(Loss) (If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)		0
40 Applicable Income Tax Rate		25%
41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) (Item 39 x Item 40)		0
42 MCIT Due (2% of Item 33)		91,213,694
43 Tax Due (Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher) (To Part II Item 14)		91,213,694
Less: Tax Credits/Payments (attach proof)		
44 Prior Year's Excess Credits Other Than MCIT		44,641,291
45 Income Tax Payment under MCIT from Previous Quarter/s		0
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s		0
47 Excess MCIT Applied this Current Taxable Year (From Part VI Schedule IV Item 4)		0
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307		16,801,191
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter		6,002,581
50 Foreign Tax Credits, if applicable		0
51 Tax Paid in Return Previously Filed, if this is an Amended Return		0
52 Special Tax Credits (To Part V Item 58)		0
Other Credits/Payments (Specify)		
53		0
54		0
55 Total Tax Credits/Payments (Sum of Items 44 to 54) (To Part II Item 15)		67,445,063
56 Net Tax Payable / (Overpayment) (Item 43 Less Item 55) (To Part II Item 16)		23,768,631
Part V - Tax Relief Availment		
57 Special Allowable Itemized Deductions (Item 35 of Part IV x Applicable Income Tax Rate)		0
58 Add: Special Tax Credits (From Part IV Item 52)		0
59 Total Tax Relief Availment (Sum of Items 57 and 58)		0

BIR Form No. 1702-RT January 2018(ENCS) Page 3		Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate		 1702-RT 01/18ENCS P3	
Taxpayer Identification Number (TIN)			Registered Name		
008 660 543 000			FWD LIFE INSURANCE CORPORATION		
Schedule I - Ordinary Allowable Itemized Deductions (Attach additional sheet/s, if necessary)					
1 Amortizations				0	
2 Bad Debts				0	
3 Charitable Contributions				0	
4 Depletion				0	
5 Depreciation				43,674,862	
6 Entertainment, Amusement and Recreation				7,548,930	
7 Fringe Benefits				0	
8 Interest				0	
9 Losses				0	
10 Pension Trust				0	
11 Rental				11,170,006	
12 Research and Development				0	
13 Salaries, Wages and Allowances				1,051,136,115	
14 SSS, GSIS, Philhealth, HDMF and Other Contributions				16,491,098	
15 Taxes and Licenses				0	
16 Transportation and Travel				15,312,581	
17 Others (Deductions Subject to Withholding Tax and Other Expenses) (Specify below; Add additional sheet/s, if necessary)					
a Janitorial and Messengerial Services				10,329,020	
b Professional Fees				78,765,217	
c Security Services				8,126,975	
d BANK CHARGES				69,410,465	
e ADVERTISING				112,504,738	
f COMMUNICATIONS				10,068,975	
g OTHERS				2,071,199,949	
h				0	
i				0	
18 Total Ordinary Allowable Itemized Deductions (Sum of Items 1 to 17) (To Part IV Item 34)				3,505,738,931	
Schedule II - Special Allowable Itemized Deductions (Attach additional sheet/s, if necessary)					
Description		Legal Basis		Amount	
1				0	
2				0	
3				0	
4				0	
5 Total Special Allowable Itemized Deductions (Sum of Items 1 to 4) (To Part IV Item 35)				0	

BIR Form No. 1702-RT January 2018(ENCS) Page 4	Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCS P4
Taxpayer Identification Number (TIN) 008 - 660 - 543 - 000		Registered Name FWD LIFE INSURANCE CORPORATION

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)	
1 Gross Income (From Part IV Item 33)	0
2 Less: Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)	0
3 Net Operating Loss (Item 1 Less Item 2) (To Schedule IIIA, Item 7A)	0

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)		
Net Operating Loss		B) NOLCO Applied Previous Year
Year Incurred	A) Amount	
4	0	0
5 2022	159,813,397	0
6 2023	2,256,672,900	0
7	0	0

Continuation of Schedule IIIA (Item numbers continue from table above)

C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) (E = A Less (B + C + D))
4	0	0
5	159,813,397	0
6	895,132,351	1,361,540,549
7	0	0
8 Total NOLCO (Sum of Items 4D to 7D) (To Part IV, Item 36)	1,054,945,748	

Schedule IV - Computation of Minimum Corporate Income Tax (MCIT)			
Year	A) Normal Income Tax as adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1 2023	0	8,346,848	8,346,848
2 2022	0	29,902,607	29,902,607
3 2021	0	26,969,926	26,969,926

Continuation of Schedule IV (Item numbers continue from table above)

D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s (G = C Less (D + E + F))
1	0	0	8,346,848
2	0	0	29,902,607
3	26,969,926	0	0
Total Excess MCIT Applied (Sum of Items 1F to 3F) (To Part IV Item 47)		0	

Schedule V - Reconciliation of Net Income per Books Against Taxable Income (attach additional sheet/s, if necessary)	
1 Net Income/(Loss) per books	1,061,223,446
Add: Non-deductible Expenses/Taxable Other Income	
2 NON-DEDUCTIBLE UNREALIZED FOREX LOSS	302,238,216
3 OTHERS	419,651,416
Ⓢ	
3.1 AMORTIZATION OF AFS BONDS	2,254,664
3.2 NON-DEDUCTIBLE DEPRECIATION EXPENSE	998,000
3.3 ACCRUED IBNR EXPENSE	123,085,406
3.4 NON-DEDUCTIBLE RETIREMENT EXPENSE	65,668,687
3.5 PROVISION FOR BAD DEBTS	67,001,576
3.6 OTHER NON-DEDUCTIBLE EXPENSES	160,643,083
4 Total (Sum of Items 1 to 3)	1,783,113,078
Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5 NON-TAXABLE UNREALIZED GAIN	292,012,588
6 OTHERS	436,154,742
Ⓢ	
6.1 INVESTMENT INCOME SUBJECT TO FINAL TAX	241,785,952
6.2 PFRS 16 ADJUSTMENTS - ACTUAL RENTAL PAYMENTS	112,745,979
6.3 OTHER NON-TAXABLE INCOME	53,184,140
6.4 REVERSAL OF PROVISION FOR BAD DEBTS	9,775,378
6.5 AMORTIZATION OF PAST SERVICE COST	18,578,358
6.6 RETIREMENT CONTRIBUTION - CURRENT SERVICE COST	84,935
B) Special Deductions	
7 NOLCO APPLICATION	1,054,945,748
8	0
Ⓢ	
9 Total (Sum of Items 5 to 8)	1,783,113,078
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)	0



Republika ng Pilipinas
Kagawaran ng Pananalapi
Kawanihan ng Rentas Internas

eFPS Payment Details

TIN : 008 - 660 - 543 - 000
Name : FWD LIFE INSURANCE CORPORATION
Tax Period : 12/31/2024
Reference Number : 462500065177810
Tax Type : IT - Annual Income Tax Return (REGULAR)

Payment Transaction Number		: 258098891					
Date		: 04/08/2025					
Cash Amount Paid		: 23,768,631.00					
Bank		: 027000 - SBTC					
Origin	Bank Code	Amount	Number	Date	Status	Message	CBR BCS No.
Pending Online Confirmation	027000	23,768,631.00	-		Unknown	60 - Details of Payment were redirected to the corresponding Bank. Please verify with your Bank.	58098
Batch Confirmation	027000	23,768,631.00	BIR-040825-013600000	04/08/2025	Authorized	0 - Successful	58098
Batch Acknowledgment	027000	23,768,631.00	BIR-040825-013600000	04/08/2025	Authorized	0 - Successful	58098

Total Payments (Successful/Unsuccessful): 23,768,631.00

Total Payments (Successful) : 23,768,631.00

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Transaction Code:
AFS-0-2VQ1ZX1Y08CCD9FAAQ52MWXTY07B97DGKH

Submission Date/Time:
Apr 22, 2025 09:32 AM

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2024-11-01 14:00



EDWARD OLIVER
ANG
FWD LIFE INS CORP

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Sign Out

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Upload Date	Document Type	File Name	File Size (MB)	Page Count	PDF file?
April 22, 2025 9:31:57 AM	OTHER	EAFS008660543OTHTY122024.pdf	0.114729	1	✓
April 22, 2025 9:31:59 AM	ITR	EAFS008660543ITRTY122024.pdf	0.307581	5	✓
April 22, 2025 9:31:59 AM	RPT	EAFS008660543RPTTY122024.pdf	1.386755	5	✓
April 22, 2025 9:32:00 AM	TCR_3	EAFS008660543TCRTY122024-03.pdf	95.393218	138	✓
April 22, 2025 9:32:02 AM	TCR_2	EAFS008660543TCRTY122024-02.pdf	82.933565	129	✓
April 22, 2025 9:32:03 AM	TCR_1	EAFS008660543TCRTY122024-01.pdf	78.703779	98	✓
April 22, 2025 9:32:04 AM	AFS	EAFS008660543AFSTY122024.pdf	74.957318	79	✓

← Back

From: [Edward M. Ang - PHL](#)
To: [Renan Del Fierro - PHL](#)
Subject: FW: Your BIR AFS eSubmission uploads were received
Date: Tuesday, April 22, 2025 11:22:05 AM

FYI

From: eafs@bir.gov.ph <eafs@bir.gov.ph>
Sent: Tuesday, April 22, 2025 9:32 AM
To: Edward M. Ang - PHL <EDWARD.ANG@FWD.COM>
Cc: Edward M. Ang - PHL <EDWARD.ANG@FWD.COM>
Subject: Your BIR AFS eSubmission uploads were received

Caution: External Email

This email originated from **outside FWD**. Please exercise caution when clicking links, opening attachments, or sharing sensitive information.

Hi FWD LIFE INSURANCE CORPORATION,

Valid files

- EAFS008660543TCRTY122024-03.pdf
- EAFS008660543ITRTY122024.pdf
- EAFS008660543AFSTY122024.pdf
- EAFS008660543OTHTY122024.pdf
- EAFS008660543RPTTY122024.pdf
- EAFS008660543TCRTY122024-02.pdf
- EAFS008660543TCRTY122024-01.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-2VQ1ZX1Y08CCD9FAAQS2MWXTY07B97DGKH**

Submission Date/Time: **Apr 22, 2025 09:32 AM**

Company TIN: **008-660-543**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;

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

This is a system-generated e-mail. Please do not reply.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

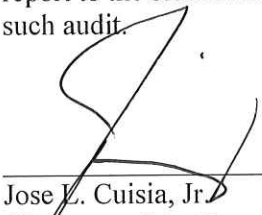
The management of FWD Life Insurance Corporation. (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

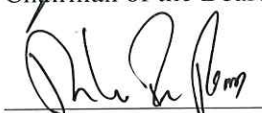
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

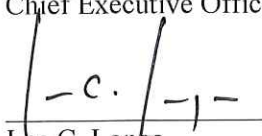
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.



Jose L. Cuisia, Jr.
Chairman of the Board

Antonio Manuel G. De Rosas
Chief Executive Officer

Lee C. Longa
Chief Financial Officer

Signed this 18th day of March 2025

COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	3	2	0	7	3	
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COMPANY NAME

F	W	D		L	I	F	E		I	N	S	U	R	A	N	C	E		C	O	R	P	O	R	A	T	I	O	N

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

1	9	/	F	,		W		F	i	f	t	h		A	v	e	n	u	e		B	u	i	l	d	i	n	g	,					
			5	t	h		A	v	e	n	u	e		c	o	r	n	e	r		3	2	n	d		S	t	r	e	e	t			
							B	o	n	i	f	a	c	i	o		G	l	o	b	a	l		C	i	t	y	,		T	a	g	u	i
							g		C	i	t	y																						

Form Type

A	A	F	S
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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

CustomerConnect.ph@fwd.com

Company's Telephone Number

888-8393

Mobile Number

No. of Stockholders

8

Annual Meeting (Month / Day)

4th Friday of March

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Lee Longa

Email Address

Lee.Longa@fwd.com

Telephone Number/s

888-8393

Mobile Number

CONTACT PERSON'S ADDRESS

19/F, W Fifth Avenue Building, 5th Avenue corner 32nd Street, Bonifacio Global City, Taguig City

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

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



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
FWD Life Insurance Corporation
19/F, W Fifth Avenue Building,
5th Avenue corner 32nd Street,
Bonifacio Global City, Taguig City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of FWD Life Insurance Corporation (the Company), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, 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 PSAs 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 PSAs, 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 Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 27 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 information is the responsibility of the management of FWD Life Insurance Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Ray Francis C. Balagtas

Ray Francis C. Balagtas

Partner

CPA Certificate No. 108795

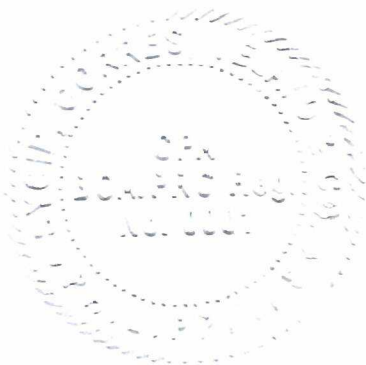
Tax Identification No. 216-950-288

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-107-2023, September 12, 2023, valid until September 11, 2026

PTR No. 10465263, January 2, 2025, Makati City

March 18, 2025



FWD LIFE INSURANCE CORPORATION
STATEMENTS OF FINANCIAL POSITION

		December 31	
	Notes	2024	2023
ASSETS			
Cash and cash equivalents	4, 24	₱1,376,484,650	₱1,454,381,690
Financial assets			
Financial assets at fair value through profit and loss (FVPL)	5, 6, 24	614,467,883	769,517,932
Available-for-sale (AFS) financial assets	5, 24	4,960,388,082	3,677,339,658
Assets held to cover unit-linked liabilities	6, 24	84,297,005,781	56,707,641,772
Loans and deposits	5, 24	247,012,646	265,422,374
Reinsurance assets	10	925,176,929	494,116,554
Property and equipment	7	162,812,196	155,753,320
Right-of-use assets	8	299,503,012	169,676,647
Intangible assets	9	123,275,052	144,967,938
Deferred tax assets	23	552,359,000	93,815,309
Insurance contract assets	12	920,102,946	1,104,249,781
Other assets	11, 22	3,129,711,047	1,509,792,172
TOTAL ASSETS		₱97,608,299,224	₱66,546,675,147
LIABILITIES AND EQUITY			
Liabilities			
Unit-linked liabilities	6	₱84,297,005,781	₱56,707,641,772
Retirement liability	21	348,202	205,162
Income tax liabilities		89,299,876	-
Other liabilities	13, 22	3,192,886,599	2,262,612,798
		87,579,540,458	58,970,459,732
Equity			
Capital stock	14	2,300,000,000	2,300,000,000
Additional paid-in capital	14	327,599,568	327,599,568
Contributed surplus	14	1,335,000,000	1,335,000,000
Contingency surplus	14	5,733,850,000	4,444,850,000
Defined benefit obligation revaluation reserve	21	34,824,279	34,870,074
Unrealized fair value loss on AFS financial assets	5	(102,802,201)	(98,480,227)
Other reserves			
Remeasurement gain on life insurance reserves	12	363,748,164	494,367,242
Reserve on share-based payment	20	69,756,978	69,756,978
Income/ (Deficit)	14	(33,218,022)	(1,331,748,220)
		10,028,758,766	7,576,215,415
TOTAL LIABILITIES AND EQUITY		₱97,608,299,224	₱66,546,675,147

See accompanying Notes to Financial Statements.



FWD LIFE INSURANCE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31	
	Notes	2024	2023
REVENUES			
Gross insurance premiums	15	₱37,874,247,773	₱23,038,687,587
Fees revenue	15	1,164,678,015	992,682,055
		39,038,925,788	24,031,369,642
Premiums ceded to reinsurers	15	(288,750,951)	(242,673,215)
Net insurance premiums and fees revenue	15	38,750,174,837	23,788,696,427
Investment returns	16	4,718,709,395	3,636,181,043
Non-operating investment losses	17	(362,498,098)	(68,503,032)
Other operating revenue	18	2,735,740,105	1,604,328,466
Total revenues		45,842,126,239	28,960,702,904
BENEFITS, CLAIMS, EXPENSES AND LOSSES			
Gross benefits and claims	19	9,613,817,289	7,242,061,552
Gross change in insurance contract assets		31,283,332	(149,584,878)
Increase in unit-linked liabilities		26,834,517,357	14,424,318,350
Gross insurance contract benefits		36,479,617,978	21,516,795,024
Reinsurers' share on benefits and claims incurred	19	(173,988,389)	(133,473,886)
Reinsurers' share of gross change in insurance contract liabilities		(109,102,619)	(4,130,264)
Net insurance contract benefits		36,196,526,970	21,379,190,874
General and administrative expenses	20	2,922,300,695	2,673,237,551
Commission expense and commission-related expenses	20	5,636,807,278	3,659,050,767
Investment expenses		13,206,646	13,466,878
Interest expense on lease liabilities	8	12,061,204	13,967,136
Total expenses		44,780,902,793	27,738,913,206
INCOME BEFORE INCOME TAX		1,061,223,446	1,221,789,698
Provision for income tax	23	(237,306,752)	79,738,759
NET INCOME		1,298,530,198	1,142,050,939
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Items that will be reclassified to profit or loss in subsequent periods:</i>			
Unrealized fair value gain (loss) on AFS financial assets	5	(4,321,974)	220,964,536
Remeasurement gain (loss) on life insurance reserves	12	(130,619,078)	19,584,313
<i>Item that will not be reclassified to profit or loss in subsequent periods:</i>			
Remeasurement gain on pension obligation	21	(45,795)	362,884
		(134,986,847)	240,911,733
TOTAL COMPREHENSIVE INCOME		₱1,163,543,351	₱1,382,962,672

See accompanying Notes to Financial Statements.



FWD LIFE INSURANCE CORPORATION

STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 14)	Additional Paid-in Capital (Note 14)	Contributed Surplus (Note 14)	Contingency Surplus (Note 14)	Reserve on Share-Based Payment (Note 20)	Remeasurement Gain on Pension Obligation (Note 21)	Remeasurement Gains (Losses) on Life Insurance Reserves (Note 12)	Deficit (Note 20)	Unrealized Fair Value Gain (Loss) on AFS Financial Assets (Note 5)	Total Equity
Balances at January 1, 2024	₱2,300,000,000	₱327,599,568	₱1,335,000,000	₱4,444,850,000	₱69,756,978	₱34,870,074	₱494,367,242	(₱1,331,748,220)	(₱98,480,227)	₱7,576,215,415
Unrealized fair value loss on AFS financial assets	—	—	—	—	—	—	—	—	(4,321,974)	(4,321,974)
Remeasurement gain on pension obligation	—	—	—	—	—	(45,795)	—	—	—	(45,795)
Impact of Gross Premium Valuation (GPV) reserves	—	—	—	—	—	—	(130,619,078)	—	—	(130,619,078)
Net income	—	—	—	—	—	—	—	1,298,530,198	—	1,298,530,198
Total comprehensive income	—	—	—	—	—	(45,795)	(130,619,078)	1,298,530,198	(4,321,974)	1,163,543,351
Reserve on share-based payment	—	—	—	—	—	—	—	—	—	—
Additional contingency surplus	—	—	—	1,289,000,000	—	—	—	—	—	1,289,000,000
Balances at December 31, 2024	₱2,300,000,000	₱327,599,568	₱1,335,000,000	₱5,733,850,000	₱69,756,978	₱34,824,279	₱363,748,164	(₱33,218,022)	(₱102,802,201)	₱10,028,758,766

	Capital Stock (Note 14)	Additional Paid-in Capital (Note 14)	Contributed Surplus (Note 14)	Contingency Surplus (Note 14)	Reserve on Share-Based Payment (Note 20)	Remeasurement Gain on Pension Obligation (Note 21)	Remeasurement Gains (Losses) on Life Insurance Reserves (Note 12)	Deficit (Note 20)	Unrealized Fair Value Gain (Loss) on AFS Financial Assets (Note 5)	Total Equity
Balances at January 1, 2023	₱2,300,000,000	₱327,599,568	₱1,335,000,000	₱3,324,850,000	₱69,430,193	₱34,507,190	₱474,782,929	(₱2,473,799,159)	(₱319,444,763)	₱5,072,925,958
Unrealized fair value loss on AFS financial assets	—	—	—	—	—	—	—	—	220,964,536	220,964,536
Remeasurement gain on pension obligation	—	—	—	—	—	362,884	—	—	—	362,884
Impact of Gross Premium Valuation (GPV) reserves	—	—	—	—	—	—	19,584,313	—	—	19,584,313
Net income	—	—	—	—	—	—	—	1,142,050,939	—	1,142,050,939
Total comprehensive income (loss)	—	—	—	—	—	362,884	19,584,313	1,142,050,939	220,964,536	1,382,962,673
Reserve on share-based payment	—	—	—	—	326,785	—	—	—	—	326,785
Additional contingency surplus	—	—	—	1,120,000,000	—	—	—	—	—	1,120,000,000
Balances at December 31, 2023	₱2,300,000,000	₱327,599,568	₱1,335,000,000	₱4,444,850,000	₱69,756,978	₱34,870,074	₱494,367,242	(₱1,331,748,220)	(₱98,480,227)	₱7,576,215,415

See accompanying Notes to Financial Statements.



FWD LIFE INSURANCE CORPORATION

STATEMENTS OF CASH FLOWS

		Years Ended December 31	
	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		₱ 1,061,223,446	₱1,221,789,698
Adjustments for:			
Net change in insurance contract assets	12	808,374,408	(184,397,163)
Increase in unit-linked liabilities	5	26,834,517,357	14,424,318,350
Depreciation of property and equipment	7	74,214,398	70,614,123
Depreciation of right-of-use assets	8	104,662,458	80,569,289
Amortization of prepaid assets	11	533,525,344	507,276,151
Amortization of intangible assets	9	39,248,567	56,042,374
Provision for doubtful accounts	20	81,610,298	11,854,167
Net fair value gain of assets held to cover unit-linked liabilities	6, 16	(4,229,462,081)	(3,431,767,374)
Interest expense on lease liabilities	8	12,061,204	13,967,136
Share-based payment	20	–	326,785
Interest income	16	(539,679,844)	(204,413,668)
Operating income before working capital changes		24,780,295,555	12,566,179,868
Decrease (increase) in:			
Loans and deposits	6	517,122	42,350,489
Financial assets at fair value through profit and loss	5, 6	205,482,580	(475,149,322)
Assets held to cover unit-linked liabilities	5	(23,410,334,459)	(10,749,369,258)
Reinsurance assets	10	(431,060,375)	122,738,970
Other assets	11	(2,451,650,733)	(1,228,061,053)
Increase (decrease) in:			
Pension liability	21	97,245	107,704
Other liabilities	13	1,042,368,696	40,654,650
Net cash generated from (used in) operations		(264,284,369)	319,452,048
Income taxes paid		(131,937,064)	(65,387,681)
Net cash provided by (used in) operating activities		(396,221,433)	254,064,367
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Available-for-sale financial assets	5, 24	(2,138,237,000)	(1,470,677,921)
Property and equipment	7	(83,071,816)	(88,094,605)
Intangible assets	9	(17,555,680)	(1,215,130)
Proceeds from maturity, disposal or exchange of:			
Available-for-sale financial assets	5, 24	848,611,938	408,420,000
Property and equipment		1,798,540	2,168,020
Interest received		541,934,508	203,247,893
Net cash used in investing activities		(846,519,510)	(946,151,743)
CASH FLOWS FROM FINANCING ACTIVITIES			
Additional infusion of contingency surplus	14	1,289,000,000	1,120,000,000
Payment of lease liabilities	8	(124,156,098)	(100,066,702)
Net cash provided by financing activities		1,164,843,902	1,019,933,298
NET INCREASE IN CASH AND CASH EQUIVALENTS		(77,897,039)	327,845,922
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4	1,454,381,690	1,126,535,768
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,376,484,652	₱1,454,381,690

See accompanying Notes to Financial Statements.



FWD LIFE INSURANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

FWD Life Insurance Corporation (the “Company”) was incorporated and domiciled in the Philippines and is registered with the Securities and Exchange Commission (SEC) on November 19, 2013. The registered principal office of the Company is at 19th floor W Fifth Avenue Bldg., 5th Avenue, Corner 32nd Street, Bonifacio Global City, Taguig City. The Company is a wholly-owned subsidiary of FWD Group Financial Services Pte. Ltd (the Parent Company), a company domiciled in Singapore engaged in private investment activities.

The Company was organized to primarily engage in and carry on the business of life insurance and to undertake and write insurance upon lives of individuals and every insurance appertaining thereto or connected therewith, including reinsurance; to make contracts for insurance and re-insurance for all risks, hazards, guarantees and contingencies to which life, accident or health insurance is applicable, to indemnify against legal liability, to compute endowments and grant, purchase or dispose annuities; to procure or acquire re-insurance of its risks; to issue policies stipulated to be with or without participation in profits and to purchase for its own benefit or for its obligations any policy of insurance, and perform such other powers related to or incidental to the business of life insurance.

On April 2, 2014, the Company was granted a Certificate of Authority by the Insurance Commission (IC) to operate as a life insurance company. The Company started its commercial operations on September 15, 2014.

On July 17, 2014, the Company received IC approval to sell variable unit linked (VUL) products. On April 6, 2015, the Company received IC approval to sell traditional products, on which the first policy was issued on April 23, 2015. The Company currently sells both variable life and traditional life products.

On September 15, 2014, the Company and Security Bank Corporation (SBC) signed an agreement which appoints SBC to sell exclusively the life insurance products of the Company. The agreement was filed on November 11, 2014 with the Bangko Sentral ng Pilipinas (BSP) and the IC for their respective approvals. On December 22, 2014, SBC received the approval of BSP through its Resolution No. 2073. On January 12, 2015, the Company received the approval of the agreement from IC.

The financial statements of the Company were approved and authorized for issuance by the Board of Directors (BOD) on March 18, 2025.

2. Summary of Material Accounting Policies

Basis of Preparation and Presentation

The financial statements of the Company have been prepared on the historical cost basis, except for available-for-sale (AFS) financial assets and financial assets at fair value through profit or loss (FVPL), which have been measured at fair value. The financial statements are presented in Philippine Peso (₱), which is the Company’s presentation and functional currency. All amounts are rounded to the nearest Peso unless otherwise indicated.



Statement of Compliance

The financial statements of the Company have been prepared in accordance with PFRS Accounting Standards.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new accounting pronouncements beginning January 1, 2024. Unless otherwise indicated, the adoption of these pronouncements did not have any significant impact on the Company's financial position or performance.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
The amendments clarify:
 - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
 - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
 - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*
The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Accounting Standard Effective but not yet Adopted

Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Company's financial statements, unless otherwise indicated.

Effective beginning on or after January 1, 2025

- Amendments to PAS 21, *Lack of exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted, and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

The Company's foreign denominated transactions are based on currencies with available exchange rate in the market (i.e. USD, HKD, SGD), and as such this amendment is not expected to have an impact on the financial statements.



Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
 - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
 - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
 - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the Financial and Sustainability Reporting Standards Council (FSRSC) amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

On February 14, 2025, the FSRSC approved the amendment to PFRS 17 *Insurance Contracts* that further defers the date of initial application by an additional two (2) years, to annual periods beginning on or after January 1, 2027.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2017, with full retrospective application from the transition date is required. The transition date is the beginning of the annual reporting period immediately preceding the date of initial application. If it is impracticable to apply PFRS 17 retrospectively for a group of insurance contracts, the Company must apply either the modified retrospective approach or the fair value approach. Early application is permitted.

The Company does not intend to early adopt PFRS 17. In line with Parent Company's adoption of IFRS 17 by 2023, the Company, as part of the group, took part in preparatory actions for the future implementation of the new insurance standard. The Parent Company-led preparatory actions



included technical trainings, gap analysis covering data, systems and resources, systems enhancements and upgrade, financial impact analysis and determination of key group accounting policies. Based on the preliminary assessment with FWD Regional Team, all insurance contracts will be considered under IFRS 17 and none under IFRS 15, while the transition approach has yet to be finalized.

The Company continues its assessment of the implications of this standard and expects that it will have a significant impact on the Company's financial statements as the requirements of the new standard are complex and requires application of significant judgments. The Company anticipates it will have an impact on the timing of earnings recognition and the presentation and disclosure of financial results in the financial statements. Specifically, the establishment of a Contractual Service Margin (CSM) on in-force insurance contracts is expected to lead to adjustments in insurance contract liabilities and corresponding movements in equity upon transition. The CSM represents unearned profits that are expected to amortize into income as services are provided. The Company is continuously assessing the potential impact of all other changes including accounting policy choices available under PFRS 17 on how insurance contract liabilities are measured. A reliable estimate of the impact of the changes required to the Company's accounting policies is not yet available as implementation is still in progress which will depend on the circulars and implementing guidelines to be issued by local regulator (IC), and as such will include enhancements to the Company's actuarial and accounting systems and updating of the accounting manual and operating controls.

- PFRS 18, *Presentation and Disclosure in Financial Statements*
PFRS 19, *Subsidiaries without Public Accountability*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Company does not have investments in subsidiaries, associates, and joint ventures and as such this amendment is not expected to have an impact on the financial statements.

- PFRS 9, *Financial Instruments*

PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted.



Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets and impairment methodology for financial assets.

- Amendments to PFRS 4, *Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts*

The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard, before implementing the new insurance contracts standard. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after January 1, 2018.

An entity may elect the overlay approach when it first applies PFRS 9 and apply that approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying PFRS 9.

Qualifying for temporary exemption from PFRS 9

The Company applied the temporary exemption from PFRS 9 as permitted by the Amendments to PFRS 4, *Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts* issued in September 2016. The temporary exemption permits entities whose activities are predominantly connected with insurance to continue applying PAS 39 rather than PFRS 9 for annual periods beginning before January 1, 2025 in line with the effectivity of PFRS 17.

The assessment for whether a reporting entity's activities are predominantly connected with insurance is based on the liabilities connected with insurance in proportion to the entity's total liabilities. An entity may elect the temporary exemption if, and only if:

- The carrying amount of its liabilities arising from contracts within the scope of PFRS 4 is significant compared to the total carrying amount of all its liabilities; and
- The percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is:
 - Greater than 90 percent; or
 - Less than or equal to 90 percent but greater than 80 percent, and the insurer does not engage in a significant activity unconnected with insurance.

The predominance assessment is performed using the carrying amounts of liabilities reported on the statement of financial position at the annual reporting date December 31, 2015. Applying the requirements, the Company performed the predominance assessment using the Company's statement of financial position as of December 31, 2015.

The Company concluded that it qualified for the temporary exemption from PFRS 9 because its activities are predominantly connected with insurance. As at December 31, 2015, the Company's gross liabilities arising from contracts within the scope of PFRS 4 represented 88% of the total carrying amount of all its liabilities, and the Company did not engage in any significant activities not connected with insurance. Since December 31, 2015, there has been no change in the activities of the Company that requires reassessment of the use of the temporary exemption.



- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*
- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Company shall also disclose information about:

- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition.

Fair value disclosures

The table below presents an analysis of the fair value of classes of financial assets as of December 31, 2024 and 2023, as well as the corresponding change in fair value for the year ended December 31, 2024 and 2023, respectively. In the table, the amortized cost of cash and cash equivalents and short-term receivables has been used as a reasonable approximation to fair value. The financial assets are divided into two categories:

- Assets for which their contractual cash flows represent solely payments of principal and interest (SPPI), excluding any financial assets that are held for trading or that are managed and whose performance is evaluated on a fair value basis; and
- All financial assets other than those specified in SPPI above (i.e. those for which contractual cash flows do not represent SPPI, assets that are held for trading and assets that are managed and whose performance is evaluated on a fair value basis).

Non-linked

	2024			
	SPPI financial assets		Other financial assets	
	Fair value	Fair value change	Fair value	Fair value change
Cash and cash equivalents	P–	P–	P1,376,484,650	P–
Loans and deposits	247,012,646	–	–	–
AFS financial assets:				
Government and corporate debt securities	4,960,388,083	(4,423,532)	–	–
Reinsurance assets	–	–	925,176,929	–
Other assets	–	–	627,361,522	–
	P5,207,400,729	(P4,423,532)	P2,929,023,101	P–



Unit-linked

	2024			
	SPPI financial assets		Other financial assets	
	Fair value	Fair value change	Fair value	Fair value change
Cash and cash equivalents	P-	P-	P1,391,213,073	P-
Other assets				
Receivables	-	-	584,403,883	-
Accrued income	-	-	127,327,610	-
Financial assets at FVPL:				
Debt securities	-	-	1,352,010,717	(230,921,334)
Equity securities	-	-	68,767,079,114	(3,119,102,336)
Unit investment trust fund	-	-	12,991,255,927	(879,438,411)
	P-	P-	P85,213,290,324	(P4,229,462,081)

Non-linked

	2023			
	SPPI financial assets		Other financial assets	
	Fair value	Fair value change	Fair value	Fair value change
Cash and cash equivalents	P-	P-	P1,454,381,690	P-
Loans and deposits	265,422,374	-	-	-
AFS financial assets:				
Government and corporate debt securities	3,677,339,658	220,964,536	-	-
Reinsurance assets	-	-	494,116,554	-
Other assets	-	-	463,983,003	-
	P3,942,762,032	P 220,964,536	P2,412,481,247	P-

Unit-linked

	2023			
	SPPI financial assets		Other financial assets	
	Fair value	Fair value change	Fair value	Fair value change
Cash and cash equivalents	P-	P-	P938,273,207	P-
Other assets				
Receivables	-	-	319,180,350	-
Accrued income	-	-	20,342,036	-
Financial assets at FVPL:				
Debt securities	-	-	1,424,744,544	(139,605,275)
Equity securities	-	-	41,751,882,989	(3,195,761,974)
Unit investment trust fund	-	-	13,205,263,275	(115,911,264)
	P-	P-	P57,659,686,401	(P3,451,278,513)

Credit risk disclosures

The following table shows the carrying amounts of the SPPI assets in accordance with PAS 39 categories by credit risk rating grades reported to key management personnel (with credit risk rating conventions detailed in Note 24) and non-SPPI assets. The carrying amounts are measured in accordance with PAS 39. For assets measured at amortized cost, the carrying amount shown is before any allowance for impairment losses.

2024

Non-linked

	2024				
	A	BBB	BB	Not rated	Total
Cash and cash equivalents	P108,392,663	P1,264,923,399	P-	P3,168,589	P1,376,484,650
Loans and deposits	-	-	-	247,012,646	247,012,646
AFS financial assets:					
Government and corporate debt securities	-	4,960,388,083	-	-	4,960,388,083
Reinsurance assets	-	-	-	925,176,929	925,176,929
Other assets	-	-	-	627,361,522	627,361,522
	P108,392,663	P6,225,311,481	P-	P1,802,719,686	P8,136,423,830



Unit-linked

	A	BBB	BB	Not rated	Total
Financial Assets:					
Cash and cash equivalents	₱638,755,651	₱752,457,422	₱—	₱—	₱1,391,213,073
Other assets					
Receivables	—	—	—	584,403,883	584,403,883
Accrued income	—	—	—	127,327,610	127,327,610
Financial assets as FVPL:					
Debt securities	1,352,010,717	—	—	—	1,352,010,717
Equity securities	—	—	—	68,767,079,114	68,767,079,114
Unit investment trust fund	—	—	—	12,991,255,927	12,991,255,927
	₱1,990,766,368	₱752,457,422	₱—	₱82,470,066,534	₱85,213,290,324

2023

Non-linked

	2023				
	A	BBB	BB	Not rated	Total
Cash and cash equivalents	₱161,792,461	₱1,289,646,782	₱—	₱2,942,447	₱1,454,381,690
Loans and deposits	—	—	—	265,422,374	265,422,374
AFS financial assets:					
Government and corporate debt securities	—	3,677,339,658	—	—	3,677,339,658
Reinsurance assets	—	—	—	494,116,554	494,116,554
Other assets	—	—	—	463,983,003	463,983,003
	₱161,792,461	₱4,966,986,440	₱—	₱1,226,464,378	₱6,355,243,279

Unit-linked

	A	BBB	BB	Not rated	Total
Financial Assets:					
Cash and cash equivalents	₱ 428,625,398	₱ 509,647,809	₱—	₱—	₱938,273,207
Other assets					
Receivables	—	—	—	319,180,350	319,180,350
Accrued income	—	—	—	20,342,036	20,342,036
Financial assets as FVPL:					
Debt securities	1,424,744,544	—	—	—	1,424,744,544
Equity securities	—	—	—	41,751,882,989	41,751,882,989
Unit investment trust fund	—	—	—	13,205,263,275	13,205,263,275
	₱1,853,369,942	₱ 509,647,809	₱—	₱55,296,668,650	₱57,659,686,401

The following table provides information on the fair value and carrying amount of non-linked and unit-linked financial assets under PAS 39. The carrying amounts are measured in accordance with PAS 39. For assets measured at amortized cost, the carrying amount shown is before any allowance for impairment loss.

	2024			
	Non-linked		Unit-linked	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets				
Cash and cash equivalents	₱1,376,484,650	₱1,376,484,650	₱1,391,213,073	₱1,391,213,073
Loans and deposits	247,012,646	247,012,646	711,731,493	711,731,493
AFS financial assets:				
Government and corporate debt securities	4,960,388,083	4,960,388,083	—	—
Financial assets at FVPL:				
Debt securities	—	—	1,352,010,717	1,352,010,717
Equity securities	—	—	68,767,079,114	68,767,079,114
Unit investment trust fund	—	—	12,991,255,927	12,991,255,927
Reinsurance assets	925,176,929	925,176,929	—	—
Other assets	627,361,522	627,361,522	—	—
	₱8,136,423,830	₱8,136,423,830	₱85,213,290,324	₱85,213,290,324



	2023			
	Non-linked		Unit-linked	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets				
Cash and cash equivalents	₱1,454,381,690	₱1,454,381,690	₱938,273,207	₱938,273,207
Loans and deposits	265,422,374	265,422,374	339,522,386	339,522,386
AFS financial assets:				
Government and corporate debt securities	3,677,339,658	3,677,339,658	—	—
Financial assets at FVPL:				
Debt securities	—	—	1,424,744,544	1,424,744,544
Equity securities	—	—	41,751,882,989	41,751,882,989
Unit investment trust fund	—	—	13,205,263,275	13,205,263,275
Reinsurance assets	494,116,554	494,116,554	—	—
Other assets	463,983,003	463,983,003	—	—
	₱6,355,243,279	₱6,355,243,279	₱57,659,686,401	₱57,659,686,401

Product Classification

Insurance contracts are defined as those contracts under which the Company (the insurer) accepts significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholder. As a general guideline, the Company defines significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Investment contracts are those contracts that transfer significant financial risk and insignificant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

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

Insurance contracts are classified with or without a Discretionary Participation Feature (DPF). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the issuer; and
- that are contractually based on the:
 - performance of a specified pool of contracts or a specified type of contract,
 - realized and or unrealized investment returns on a specified pool of assets held by the issuer, or
 - the profit or loss of the Company, fund or other entity that issues the contract.

For financial options and guarantees which are not closely related to the host insurance contract, bifurcation is required to measure these embedded financial derivatives separately at FVPL. Bifurcation is not required if the embedded derivative is itself an insurance contract or when the host insurance contract itself is measured as financial assets or liabilities at FVPL. 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 payments on the contract to units of an internal investment fund meets the definition of an insurance contract and is not therefore accounted for separately from the host insurance contract.



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

Material Accounting Policies

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from date of placement and that are subject to an insignificant risk of changes in value.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and in banks, including time deposits, which are not restricted as to use.

Financial Instruments

Date of recognition

The Company recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. The Company follows the trade accounting where an asset to be received and liability to be paid are recognized on the trade date and derecognition of an asset that is sold and the recognition of a receivable from the buyer is recognized on the trade date.

Initial Recognition and Measurement

Financial assets

Financial assets within the scope of PAS 39 are classified into the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS financial assets and loans and receivables. The Company determines the classification of its financial assets at initial recognition. Financial assets designated upon initial recognition as at FVPL are designated at the date of initial recognition only if the criteria under PAS 39 are satisfied. When financial assets are recognized initially, they are measured at fair value including transaction costs, except in the case of financial assets recorded at FVPL.

The Company's financial assets are recognized initially at fair value. Except for financial assets at FVPL, the initial measurement of financial assets includes transaction costs. The Company classifies its financial assets in the following categories: financial assets at FVPL, AFS financial assets and loans and receivables. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Financial liabilities

Financial liabilities within the scope of PAS 39 are classified as financial liabilities at FVPL and other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities at FVPL are designated at the date of initial recognition and only if the criteria of PAS 39 are satisfied. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, include directly attributable transaction costs.

The Company's financial liabilities include unit-linked liabilities and other financial liabilities.



'Day 1' profit or loss

Where the transaction price in a non-active market is different from 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' profit or loss) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss 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' profit or loss amount.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets

Financial assets at FVPL and assets held to cover unit-linked liabilities

Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Financial assets designated upon initial recognition at FVPL are designated only if the criteria under PAS 39 are satisfied.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the profit or loss.

The Company evaluates its financial assets at FVPL (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Company may elect to reclassify them. The reclassification from financial assets at FVPL to loans and receivables, AFS financial assets or HTM investments depends on the nature of the assets.

This evaluation does not affect any financial assets designated at FVPL using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

The Company's financial assets at FVPL pertains to the Company's seed capital on its unit-linked investment funds. The unit-linked investment funds set by the Company underlying the unit-linked insurance contracts are designated as financial assets at FVPL. This is consistent with the valuation basis of the reserve for variable units held by policyholders.

AFS financial assets

AFS financial assets are debt securities which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, AFS financial assets are subsequently measured at fair value, with unrealized gains or losses recognized in other comprehensive income in the "Unrealized fair value gain or loss on AFS financial assets" in equity until the investment is de-recognized, at which time the cumulative gain or loss is recognized in profit or loss, or until the investment is determined to be impaired, where the cumulative loss is reclassified to profit or loss. For AFS financial debt securities, the difference between their cost and par value is amortized using the effective interest rate method.



Interest and dividends earned while holding the AFS financial assets are reported as interest income and dividend income, respectively, in profit or loss as part of investment income.

The Company evaluates whether the ability and intention to sell its AFS financial assets in the near term are still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets and management's intent to do so in the foreseeable future significantly changes, the Company may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Company has the intent and ability to hold these assets for the foreseeable future or to maturity.

For a financial asset reclassified from the AFS category, the fair value amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on that asset that has been recognized in other comprehensive income is amortized to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in other comprehensive income is reclassified to profit or loss.

The Company's AFS financial assets pertain to government and corporate debt securities.

Loans and deposits

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortized cost using the effective interest rate method less any allowance for impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization and the loss arising from impairment are included in "Interest income" in profit or loss.

Financial liabilities

Financial liabilities at FVPL

Financial liabilities at FVPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Financial liabilities designated upon initial recognition at fair value through profit or loss are so designated only if the criteria of PAS 39 are satisfied. Gains or losses on liabilities held for trading are recognized in profit or loss.

The net fair value gain or loss recognized in profit or loss does not include any interest charged on these financial liabilities.

The Company's financial liabilities at FVPL pertain to its unit-linked liabilities.

Other financial liabilities

Other financial liabilities are stated at amortized cost, with any difference between net proceeds and redemption value recognized in the profit or loss over the period using the effective interest method.



The Company's other financial liabilities include insurance payables, accounts payables and accrued expenses (which also includes amounts payable on redemption) and payable to related parties.

Reinsurance Assets

The Company cedes insurance risk in the normal course of business. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

The impairment loss is recorded in the profit or loss under "General and administrative expenses". The impairment loss is calculated following the same method used for these financial assets.

In modified coinsurance (quota share) treaties, the Company records as reinsurance premiums the reinsurer's proportionate share in benefits reinsured for the covered policies. Reinsurance allowances due from the reinsurers, on the other hand, are recorded as a separate line item in the statements of comprehensive income in accordance with the Company's reinsurance policy.

Fair Value Measurement

The Company measures its debt and equity instruments classified as AFS financial assets and financial assets at FVPL at the end of each reporting period. Fair value is the price that would be received in the sale of an asset or the price paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

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

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

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



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

Level 1 - based on quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly.

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

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 reassessing 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.

The Company's management determines the policies and procedures for both the recurring fair value measurement and for non-recurring measurement. At each reporting date, the management analyses the movement in the value of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policy. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

Derecognition of Financial Instruments

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognized when:

- the right to receive cash flows from the asset has expired; or
- the Company has transferred its right to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and
- either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.



Financial liabilities

Financial liabilities are derecognized when the obligation under the liability is discharged or cancelled, or has expired.

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

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Impairment of Financial Assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Company first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through direct write off or through the use of an allowance and the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been realized.



If, in a subsequent period, the amount of the estimated 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 write-off is later recovered, the recovery is credited to other income in profit or loss.

AFS financial assets carried at fair value

For AFS financial assets, the Company assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired. Impairment of AFS debt securities are assessed based on the same criteria as financial assets carried at amortized cost.

Impairments are recorded when an issuer fails to make interest and/or principal payments (“payment default”) or if, based on an evaluation of all relevant available current evidence, it is likely that the issuer is unlikely to pay (more than 50% chance) interest and/or principal payments when due under the terms of the instrument.

If an AFS financial asset is impaired, the amount of cumulative loss that is removed from equity and recognized in net profit is the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in net profit. The fact that the impairment amount is measured using current fair value means that it reflects both adverse changes in the interest rate environment and any deterioration of the asset’s credit quality. Accordingly, the impairment charge also reflects both the interest risk and credit risk components of the impairment.

Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of investment income.

If in subsequent period, the amount of impairment loss relating to debt instrument carried as AFS decreases due to an event occurring after the impairment was originally recognized, the previously recognised impairment loss is reversed through profit and loss.

Insurance Receivables

Insurance receivables are recognized when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortized cost, using the effective interest rate method. The carrying value of insurance receivables are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the profit or loss. Insurance receivables are derecognized when derecognition criteria for financial assets have been met.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as these are consumed in operations or expire with the passage of time depending on the terms of the related agreements, if covered by a contract.

Property and Equipment

Property and equipment are measured at cost less any subsequent accumulated depreciation, amortization and impairment losses. The cost of an asset consists of its purchase price, restoration cost and costs directly attributable to bringing the asset to its working condition for its intended use.



Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation and amortization are computed using straight-line method over the estimated useful live (EUL) of the assets. Leasehold improvements are amortized over the term of the lease or the EUL of five (5) years of the improvement, whichever is shorter. The EUL of the different categories of property and equipment are as follows:

	Years
Motor vehicles	5
Electronic data processing equipment	3
Office equipment	3
Furniture and fixtures	3

The useful life and depreciation and amortization methods are reviewed periodically to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from these assets.

An item of property and equipment is derecognized upon disposal or when no further future economic benefits are expected from its use or disposal. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognized in the profit or loss.

Intangible Assets

Intangible assets are carried at cost less accumulated amortization and impairment in value, if any. Intangible assets, consisting mainly of access rights, and software (not an integral part of its related hardware), are capitalized at cost. These costs are amortized on a straight-line basis over their estimated useful lives ranging from three (3) to fifteen (15) years. Periods and method of amortization for intangible assets with finite useful lives are reviewed annually or earlier when an indicator of impairment exists.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Impairment of Non-financial Assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated formally by the Company. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value, less costs to dispose, 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 determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds 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 of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.



An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated.

A previously recognized impairment loss on an asset is reversed only if there has been a change in the estimate used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation and amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Insurance Contract Liabilities

Life insurance contract liabilities

Life insurance contract liabilities represent the accumulated total liability for policies in force 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. These are recognized when the contracts are entered into and the premiums are recognized. The provision for life insurance contracts, other than investment linked contracts, is calculated on the basis of a prudent prospective actuarial valuation method where the assumptions used depend on the circumstances prevailing at the valuation date. Assumptions and actuarial valuation methods are also subject to provisions of the Insurance Code (the Code) and guidelines set by IC under Circular Letter No. 2016-66 (Valuation of Life Insurance Policy Reserves).

For investment linked contracts, contract liabilities are directly linked to the underlying investment assets, which are portfolios maintained to meet specific investment objectives of policyholders who generally bear the credit and market risks on those investments. The liabilities are carried at fair value determined with reference to the accumulation value (current unit value). The costs of asset management fee inclusive of applicable taxes assessed against customers' account balances are presented in the profit or loss as part of "Management fee income".

Life insurance contract with fixed and guaranteed terms

A liability for contractual benefits that are expected to be incurred in the future is recorded under "Insurance contract liabilities" in the statement of financial position when the premiums are recognized. The liability is determined as the expected discounted value of the benefit payments and expenses less the expected discounted value of the gross premiums based on the best estimate assumptions with provision for adverse deviations. It also includes the expected discounted value of reinsurance premiums payable for the reinsurance treaties that cover the benefits of these products, less the corresponding reinsurance recoverables from the same reinsurance treaties.

The liability is based on mortality, morbidity, lapse and expense assumptions with due regard to the company's recent experience studies. However, liabilities for contractual benefits are computed to comply with statutory requirements, which require discount rates to be compliant with the approved rate issued by IC. Reserves are computed on a seriatim basis and depend on the issue age and policy duration.

Unit-linked insurance contracts

The Company issues unit-linked insurance contracts. In addition to providing life insurance coverage, a unit-linked contract links payment to units of internal investment funds (unit-linked funds) set up by the Company with the consideration received from the policyholders. As allowed by PFRS 4, the Company chose not to unbundle the investment portion of its unit-linked products.



Premiums received from the issuance of unit-linked insurance contracts are recognized as premium revenue. These are separated to fund assets from which the Company withdraws administrative and cost of insurance charges in accordance with the policy provisions of the unit-linked insurance contracts. After deduction of these charges together with applicable surrender fees, the remaining amounts in the fund assets are equal to the surrender value of the unit-linked policies, and could be withdrawn anytime.

The assets and liabilities of the unit-linked funds have been segregated and reflected in “Assets held to cover unit-linked liabilities” and “Unit-linked liabilities” in the statement of financial position. Income or loss arising from the unit-linked funds are classified under “Fair value gain (loss) on FVPL and assets held to cover unit-linked liabilities” in the profit or loss.

Investments under assets held to cover unit-linked liabilities are valued at market price. Changes in the assets held to cover unit-linked liabilities due to investment earnings or market value fluctuations result to the same corresponding change in the unit-linked liabilities. Such changes in fund value are presented as part of “Fair value gain (loss) on FVPL and assets held to cover unit-linked liabilities” in the Company’s profit or loss. As of end of the reporting period, unit-linked liabilities are computed on the basis of the number of units allocated to the policyholders multiplied by the unit price of the underlying funds.

The account value of each unit-linked policyholder in the fund is monitored through the designation of outstanding units for each policy. Hence, the account value of each unit-linked insurance contract in the fund is equal to the total number of outstanding units multiplied by the net asset value per unit (NAVPU). The NAVPU is the market value of the fund divided by the total number of outstanding units.

Equity

Capital stock

Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value.

Additional paid-in capital

When the shares are sold at premium, the difference between the proceeds and the par value is credited to “Additional paid-in capital” account.

Contributed surplus

Contributed surplus represents the contribution of the stockholders of the Company, in addition to the paid-up capital stock, in order to comply with the pre-licensing and capital requirements as provided under the Code.

Contingency surplus

Contingency surplus represents contributions of the stockholders to cover any unexpected deficiency in the Margin of Solvency (MOS) as required under the Code.

Deficit

Deficit represent accumulated net losses of the Company.

Revenue Recognition (within the scope of PFRS 15)

Upon adoption of PFRS 15, revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.



The following specific recognition criteria must also be met before income is recognized:

Management fee income

Unit-linked funds are charged for fund management and administration. These fees are recognized as revenue in the period in which the performance obligation of pooling together into a fund by the Company's designated fund manager of the investment portion of premium payments of policyholders based on its respective insurance contracts, and deduction of the management fees from the policyholders' premium payments are simultaneously completed.

Other income

Other income is recognized in the profit or loss as it is earned.

Revenue Recognition (outside the scope of PFRS 15)

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Premium income

Gross recurring premiums from life insurance contracts are recognized as revenue when payable by the policyholder. For single premium business, revenue is recognized on the date from which the policy becomes effective. For regular premium contracts, receivables are recorded at the date when payments are due.

Fee income

Fee income in respect of service provided by the insurer should be recognized in the profit and loss with the associated expenses (of the policyholder) recognized separately to reflect the charges borne by the policyholders and should not be offset/eliminated when preparing the company level financial information. This reflects the nature of the transactions (that fee income is earned by the insurer) and also considered IFRS Conceptual Framework that requires an entity to report income and expenses separately unless offsetting is required or permitted by an IFRS, or when offsetting reflects the substance of the transaction. Fee income also includes surrender charge which pertains to the fees to recover the initial costs of issuing and maintaining the policy, as the Company may have lost the potential of recovering them throughout the life of policy, if remained inforce.

Interest income

Investment income which pertains to interest income is recognized in profit or loss as it accrues, taking into account the effective yield of the asset. Interest income includes the amortization of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated using the effective interest rate.

Reinsurance allowance

Reinsurance allowance due from the reinsurer is computed based on the quota share that was agreed upon by the Company and its reinsurer, including any reinsurance recovery, profit share, loss carried forward balances and interest. This is recorded as income in accordance with the Company's reinsurance policy.

Benefits and Expenses

Expenses, in general, are recognized in the profit or loss in the period these are incurred.



Benefits and claims

Life insurance benefit claims reflect the cost of all claims arising during the year. Death claims and surrenders are recorded on the basis of notifications received. Benefits recorded are then accrued as liabilities.

For unpaid benefits, a provision is made for the estimated cost of all claims but not settled at the reporting date, net of reinsurance recoveries, using the information available at the time. Provision is also made for the cost of claims incurred but not reported (IBNR) until after the reporting date based on the Company's experience and historical data. These actual claims are those reported immediately following the reporting date, whether paid or unpaid, but wherein the date of loss occurred on or before the reporting date.

General and administrative expenses

General and administrative expenses are costs attributable to administrative and other business activities of the Company. These are recognized as expense in the period these are incurred.

Commission and agency related expenses

Commission and agency related expenses are charged against operations when the insurance contracts are entered into and related premiums are recognized. Commissions are paid to agents and financial executives for selling individual and group policies. Rates applied on collected premiums vary depending on the type of product and payment terms, and policy year of the contract.

Leases

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the lease term.

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.



In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Foreign Currency-denominated Exchange Transactions and Translations

Transactions in currencies other than Philippine Peso are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rate prevailing at the end of each reporting period. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rate prevailing at the date the fair value was determined. Gains and losses arising on retranslation are included in profit or loss for the year.

Nonmonetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of transaction and are not subsequently restated.

Foreign exchange gains or losses are considered as taxable income or deductible expense, respectively, only upon realization.

Income Tax

Current tax

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 substantially enacted at the reporting date.

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient taxable profit will be available against which the deductible temporary differences and carry forward of NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow all or part of the deferred tax assets to be recovered.



Current tax and deferred tax relating to items recognized directly in other comprehensive income are likewise recognized in other comprehensive income.

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

Movements in the deferred tax assets and liabilities arising from changes in the rates are charged or credited to profit or loss for the period.

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

Provisions and Contingencies

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Where the Company expects a provision to be reimbursed, for example under an insurance contract held, the reimbursement is recognized as a separate asset only when the reimbursement is probable. The Company recognizes a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract. Provision are reviewed at each reporting date and adjusted to reflect the current best estimates.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the expected future expenditures required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the profit or loss.

Contingencies are disclosed if material and if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event, but either a payment is not probable or the amount cannot be reliably estimated.

Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

Employee Benefits

Long-term employee incentives

Certain employees of the Company are eligible for long-term incentives based on the duration of their service to the Company as defined in their employment contracts. The Company is liable to make such payments in the event that the employee meets the circumstances specified in those employment contracts. Long-term employee benefits are recognized when the services are rendered and the measurement of the obligation reflects the probability that payment will be required and the length of time for which payment is expected to be made.

Short-term employee benefits

Short-term employee benefits include items such as salaries and wages, social security contributions, incentives and nonmonetary benefits, that are expected to be settled wholly within twelve months after the end of the reporting period in which the employees rendered the related services.



Short-term employee benefits are recognized as expense as incurred. When an employee has rendered service to the Company during the reporting period, the Company recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as a liability (accrued expense), after deducting any amount already paid.

Share-based compensation

FWD Group Management Holdings Pte. Ltd., (hereinafter referred to as “FWD Group”), an affiliate of the Company, offers a share-option award plan for the Company’s certain key employees as part of a compensation plan aligned with services provided in achieving shareholder value targets. This share-based compensation plan is an equity-settled plan and the compensation expense being re-charged by FWD Group to the Company is based on the fair value of the shares granted, the vesting period and the vesting conditions. The cost of the plans is recognised as an expense in profit or loss over the vesting period with a corresponding amount recorded in the Company’s equity as reserve.

In 2022, the FWD Group offered a long-term incentive bonus (share award plan) to eligible employees of the Company after meeting certain performance indicators over the agreed period. The Company has the obligation to settle the transaction with its employees in FWD Group’s equity instruments which is purchased by the Company from FWD Group resulting to a recognition of a liability.

At each period end, FWD Group assesses the number of shares and share-options that are expected to vest from those so far granted. Any impact arising from revisions to original estimates is recognised in profit or loss with a corresponding adjustment to equity. Where awards of share-based payment arrangements have graded vesting terms, each tranche is recognised as a separate award, and the fair value of each tranche is recognised over the applicable vesting period.

FWD Group estimates the fair value of share options using the Black-Scholes model and an assessment of performance of conditions (internal rate of return or IRR achievement) to calculate the fair value of the share-option awards, taking into account the terms and conditions upon which the awards were granted.

For the share award plan, the FWD Group utilizes an appraisal value method and an assessment of performance conditions to calculate the fair value of the share awards, considering the terms and conditions upon which the shares are granted.

Pension obligation

The Company operates a funded, defined contribution (DC) plan, which requires contributions to be made to a separately administered fund. Under its DC plan, the Company pays fixed contributions based on the employees’ monthly salaries. The Company, however, is covered under Republic Act (RA) No. 7641, The Philippine Retirement Law, which provides for its qualified employees a defined benefit (DB) minimum guarantee. The DB minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of RA 7641.

Accordingly, the Company accounts for its retirement obligation at each reporting date under the higher of the DB obligation relating to the minimum guarantee and the sum of DC liability and the present value of the excess of the projected DB obligation over projected DC obligation.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit (PUC) valuation method.



The net defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate) less the fair value of plan assets out of which the obligations are to be settled directly. Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to creditors of the Company, nor can they be paid directly to the Company. Fair value is based on market price information, and, in the case of quoted securities, it is the published bid price. The value of any net defined benefit asset is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment or the date that the Company recognizes related restructuring costs or termination benefits.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

Remeasurements, comprising actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Events after the Reporting Date

Post year-end events that provide additional information about the Company's financial position at the end of the reporting date (adjusting event) are reflected in the financial statements. Post year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. Significant Accounting Judgments, Estimates and Assumptions

The Company makes judgments, estimates and assumptions that affect the reported amounts of assets and liabilities. 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.

Judgments

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

Product classification

The Company has determined that the traditional and unit-linked insurance policies (that link the payments on the contract to units of insurance investment fund) have significant insurance risk and, therefore meet the definition of an insurance contract and should be accounted for as such.

Recognition of income taxes

Significant management judgment on the future tax treatment of certain transactions is required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to consider developments in tax laws. Tax laws evolve over time, and in some cases taxation positions are uncertain because the tax laws are subject to varied interpretation. When this is the case, management seeks to adopt a supportable and prudent tax treatment after consultation with professional tax advisers. However, as judicial and non-judicial interpretations develop, these taxation positions may change in the future.



Impairment of nonfinancial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

There were no impairment indicators identified on the Company's property and equipment, right-of-use-asset, intangible assets and prepaid assets as of December 31, 2024 and 2023. The carrying values of property and equipment, right-of-use assets, intangible assets, and prepaid assets under other assets are disclosed in Notes 7, 8, 9, and 11, respectively.

Determination of lease term of contracts with renewal and termination options - Company as a lessee

The Company has several lease contracts that include extension and termination options. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Refer to Note 8 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Share-based compensation - share-option award plan and share award plan

FWD Group has adopted a share-option award plan and share award plan to retain, motivate and align the interests of eligible officers of the Company. This share-based compensation plan is accounted for as equity-settled plans under which share-options are awarded, while the share award plan is cash settled.

FWD Group estimates the fair value of share options using the Black-Scholes model taking into account the terms and conditions upon which the awards were granted. The Group determines the fair value of share options by using the following input:

FWD Group determines the fair value of share options by following inputs:

- Dividend yield
- Expected share price volatility
- Risk-free interest rate
- Expected life of the share options
- Appraisal value per share, using the same valuation methodology as is used in the RSU plan

The assessment of achievement of performance conditions of share options is the same as described above for RSUs.

The judgments exercised in the determination of share-option fair value and the assessment of achievement of performance condition affect the amounts recognised in the consolidated financial statements as share-based payment expense and share-based payment reserve.

Under the market valuation approach, the Group estimates the fair value of the RSUs by applying valuation multiples based on market data of comparable listed companies.



To calculate the fair value of the awards with performance conditions, the Group utilises an appraisal value method (Embedded Value plus a multiple of Value of New Business) and market valuation approach, where applicable, and an assessment of performance conditions, taking into account the terms and conditions upon which the awards were granted. The fair value calculated for the awards is inherently subjective due to the assumptions made. The details of the assumptions used in the computation of share-based compensation are disclosed in Note 21.

Estimates and Assumptions

The key assumptions concerning future and other key sources of estimation uncertainty at the reporting date that have significant risks of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Claims liability arising from insurance contracts

The components of the claims liability (claims due and unpaid, claims in course of settlement, resisted claims, and IBNR) are based on the company's claims inventory report. The Company uses the Claims Development method, wherein projected ultimate claim are computed based on actual reported claims, in calculating for IBNR.

Estimates are also made as to future investment income arising from the assets backing life insurance contracts. These estimates are based on current market returns, as well as expectations about future economic and financial developments. The carrying value of the claims liabilities amounted to ₱963.54 million and ₱596.62 million as of December 31, 2024 and 2023, respectively (see Note 12).

Estimation of allowance for impairment losses

The Company maintains an allowance for impairment losses at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management based on factors that affect the collectability of the accounts.

These factors include, but are not limited to, the length of the Company's relationship with the debtors, the debtor's payment behaviour and known market factors. The Company reviews the age and status of receivables and identifies accounts that are to be provided with allowance on a continuous basis.

In addition to specific allowance against individually significant loans and receivables, the Company also makes a collective impairment allowance against exposures which, although not specifically identified as requiring specific allowance, have a greater risk of default than when originally granted. This collective allowance is based on any deterioration in the internal rating of the loan or investment since it was granted or acquired.

The carrying value of loans and deposits amounted to ₱247.01 million and 265.42 million as of December 31, 2024 and 2023, respectively (see Note 5). The carrying value of insurance receivables under 'Other Assets' amounted to ₱238.01 million and ₱148.64 million as of December 31, 2024 and 2023, respectively (see Note 11). The carrying value of accounts receivable under 'Other Assets' amounted to ₱90.36 million and ₱86.61 million as of December 31, 2024 and 2023, respectively. The total allowance for doubtful accounts on receivables under 'Loans and deposits' and 'Other assets' amounted to ₱140.96 million and ₱59.35 million as of December 31, 2024 and 2023, respectively (see Note 11).

Estimated useful lives of property and equipment and intangible assets and prepaid assets

The Company reviews annually the estimated useful lives of property and equipment based on the period over which the assets are expected to be available for use. It is possible that future results of operations could be materially affected by changes in these estimates. A reduction in the estimated useful lives of property and equipment would increase recorded depreciation and amortization expense and decrease the related asset accounts.



The depreciable amount of intangible assets and prepaid assets are allocated on a systematic basis over their useful lives. The amortization method shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the Company. These methods include the straight-line method and the unit of production method (UOP). On the other hand, software (not an integral part of its related hardware) which is included as part of intangible assets, are capitalized at cost and amortized over their estimated useful lives of three (3) years.

In this regard, UOP method of amortization which is based on quantifiable and reliable source (Actual over Target production) will be used for the subsequent measurements of the prepaid Expense asset, while intangible assets will be amortized using a straight-line method on its economic life of fifteen (15) years.

As of December 31, 2024 and 2023, the carrying values of property and equipment amounted to ₱162.81 million and ₱155.75 million, respectively (see Note 7), the carrying values of intangible assets amounted to ₱123.28 million and ₱144.97 million, respectively (see Note 9) and the carrying values of prepaid assets under other assets amounted to ₱2,359.38 million and ₱924.49 million, respectively (see Note 11).

Leases - Estimating the incremental borrowing rate

When the Company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for entities that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the entity's functional currency).

The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the entity's stand-alone credit rating).

The Company's lease liabilities under other liabilities amounted to ₱254.76 million and ₱143.06 million as of December 31, 2024 and 2023, respectively (see Note 8).

Employee benefits

The determination of pension obligation and other employee benefits is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rate, expected return on plan assets, salary increase rate, mortality rate, disability rate and turnover rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

The cost of defined benefit plan and the present value of the pension obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension obligation. All assumptions are reviewed at each reporting date.



As of December 31, 2024 and 2023, the carrying amount of retirement obligation amounted to ₱0.30 million and ₱0.21 million, respectively (see Note 21).

Deferred tax assets

Deferred tax assets are computed for all deductible temporary difference to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

As of December 31, 2024 and 2023, the Company recognized accumulated deferred tax assets amounting to ₱552.36 million and ₱93.82 million, respectively, while the Company has no unrecognized deferred tax assets as of December 31, 2024 and 2023 (see Note 23).

Provisions and contingencies

The estimate of the probable cost of the resolution of possible claims has been developed in consultation as necessary with outside counsel handling the Company's defence in these matters and is based upon an analysis of potential results. The Company is a party to certain assessments arising from the ordinary course of business. However, the Company's management and counsel believe that the eventual liabilities under these assessments, if any, will not have material effect on the Company's financial statements.

4. Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash on hand	₱3,168,589	₱2,942,448
Cash in banks	1,283,326,057	1,184,704,944
Short-term deposits	89,990,004	266,734,298
	₱1,376,484,650	₱1,454,381,690

Cash in banks and short-term deposits earn annual interest at the prevailing bank deposit rates ranging from 0.05% to 6.15% in 2024 and from 0.05% to 5.96% in 2023 (see Note 16).

5. Financial Assets

The Company's financial assets (other than receivables under other assets) are summarized as follows:

	2024	2023
Financial assets at FVPL	₱614,467,883	₱769,517,932
AFS financial assets	4,960,388,082	3,677,339,658
Assets held to cover unit-linked liabilities (Note 6)	84,297,005,781	56,707,641,772
Loans and deposits	247,012,646	265,422,374
	₱90,118,874,392	₱61,419,921,736



Financial assets at FVPL

This account consists of:

	At Cost		At Fair value	
	2024	2023	2024	2023
Investment in UITF	₱—	₱175,500,000	₱—	₱174,728,463
Seed capital in unit-linked funds (Note 6)	593,736,837	575,278,330	614,467,883	594,789,469
	₱593,736,837	₱750,778,330	₱614,467,883	₱769,517,932

AFS financial assets

This account consists of:

	At Amortized Cost		At Fair value	
	2024	2023	2024	2023
Government debt securities	₱4,888,970,143	₱3,551,326,327	₱4,790,307,706	₱3,456,940,328
Corporate debt securities	174,290,000	224,282,113	170,080,377	220,399,330
	₱5,063,260,143	₱3,775,608,440	₱4,960,388,083	₱3,677,339,658

Movements in AFS financial assets follow:

	2024	2023
At January 1	₱3,677,339,658	₱2,392,951,426
Additions	2,138,237,000	1,470,677,921
Disposals/maturities	(848,611,938)	(408,420,000)
Fair value gains (losses)	(4,321,974)	220,964,536
Amortization of discount (premium)	(2,254,663)	1,165,775
At December 31	₱4,960,388,083	₱3,677,339,658

AFS debt securities bear annual interest ranging from 2.375% to 7.25% in 2024 and 2023, respectively (Note 16).

As of December 31, 2024 and 2023, AFS financial assets amounting to ₱329.20 million, are deposited with the IC in accordance with the provisions of the Code as security for the benefit of policyholders and creditors of the Company.

The rollforward analyses of unrealized fair value gains (losses) on AFS financial assets follow:

	2024	2023
At January 1	(₱98,480,227)	(₱319,444,763)
Unrealized fair value movement	(4,321,974)	220,964,536
At December 31	(₱102,802,201)	(₱98,480,227)



Loans and deposits

This account consists of:

	2024	2023
Receivable from VUL funds	₱136,706,236	₱167,838,770
Agency loans	86,393,144	77,411,289
Employee loans	18,972,266	15,349,027
Policy loans	27,250,963	18,585,348
	269,322,609	279,184,434
Less:		
Allowance for doubtful accounts – Agent loans (Note 11)	(21,727,718)	(3,404,437)
Allowance for doubtful accounts – Employee loans (Note 11)	(582,245)	(10,357,623)
	₱247,012,646	₱265,422,374

Receivable from VUL funds consist of uncollected proceeds from policy surrenders and withdrawals of cost of insurance (COI) and cost of rider (COR).

Agency loans are granted to agents and settled through deduction against the agents' compensation. These loans earn interest at 6% per annum. Interest income earned on agency loans amounted to ₱2.89 million and ₱2.42 million in 2024 and 2023 (Note 16), respectively.

Employee loans are granted to employees and settled through payroll deductions. These loans earn interest at 6% per annum. For 2022, the Company started to recognized allowance for unpaid loans of resigned employees whose final pay is not sufficient to cover said employee loans.

Policy loans bearing interest of 8% per annum are those granted by the Company as a loan to policyholders in an amount no greater than the cash value of the policy. Interest accrued amounted to ₱0.84 million and ₱0.55 million as of December 31, 2024 and 2023, respectively (see Note 11)

The Company classifies its non-linked and unit-linked financial assets at fair value as follows:

	2024			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at FVPL (Note 6)	₱–	₱614,467,883	₱–	₱614,467,883
AFS financial assets	4,790,307,706	170,080,377	–	4,960,388,083
Assets held to cover unit-linked liabilities (Note 6)	–	84,297,005,781	–	84,297,005,781
	₱4,790,307,706	₱85,081,554,041	₱–	₱89,871,861,747

	2023			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at FVPL (Note 6)	₱174,728,463	₱594,789,469	₱–	₱769,517,932
AFS financial assets	3,677,399,658	–	–	3,677,399,658
Assets held to cover unit-linked liabilities (Note 6)	–	56,707,641,772	–	56,707,641,772
	₱3,852,128,121	₱57,302,431,241	₱–	₱61,154,559,362



In 2024 and 2023, there have been transfers amounting to Php 55 million from Level 1 to Level 2 category in fair value measurements pertaining to debt investment securities due to changes in market conditions.

6. Unit-Linked Funds

The total unit-linked funds of the Company are allocated as follows:

SBC Funds

	2024				
	FWD Peso Balanced Fund	FWD Peso Equity Fund	FWD Peso Fixed Income Fund	FWD Peso Stable Fund	FWD Peso Bond Fund
Financial assets at FVPL (Note 5)	₱25,980,213	₱34,966,966	₱9,668,017	₱11,440,950	₱35,891,968
Assets held to cover unit-linked liabilities (Note 5)	1,248,934,017	4,692,844,860	388,085,722	996,748,152	1,118,893,782
	₱1,274,914,230	₱4,727,811,826	₱397,753,739	₱1,008,189,102	₱1,154,785,750

	FWD Peso Growth Fund	FWD Peso High Dividend Equity	FWD Equity Index Fund	FWD Peso Pitstop	Total
Financial assets at FVPL (Note 5)	₱22,431,673	₱18,509,304	₱103,867,704	₱10,702,803	₱273,459,598
Assets held to cover unit-linked liabilities (Note 5)	6,380,749,074	4,127,193,844	4,662,495,274	274,178,372	23,890,123,097
	₱6,403,180,747	₱4,145,703,148	₱4,766,362,978	₱284,881,175	₱24,163,582,695

FWD Managed Funds

	2024					
	FWD Global Good Peso ESG Fund	FWD Diversity Fund	FWD Peso Nitro Global Payout Fund	FWD Peso Velocity Global Payout Fund	FWD PH Peso Structured Income Fund	FWD Global US Dollar Equity Index Fund
Financial assets at FVPL (Note 5)	₱301,790,684	₱3,599,604	₱1,114,805	₱1,159,571	₱12,275,533	₱4,100,061
Assets held to cover unit-linked liabilities (Note 5)	5,052,955,413	85,860,352	33,805,958,275	411,695,878	588,001,858	2,574,318,927
	₱5,354,746,097	₱89,459,956	₱33,807,073,080	₱412,855,449	₱600,277,391	₱2,578,418,988

	FWD Global Good USD ESG Fund	FWD Dollar Nitro Global Payout Fund	FWD Dollar Velocity Global Payout Fund	FWD Dollar Pitstop Liquidity Fund	Total
Financial assets at FVPL (Note 5)	₱1,963,139	₱1,203,472	₱1,248,955	₱12,552,462	₱341,008,286
Assets held to cover unit-linked liabilities (Note 5)	3,109,065,599	14,436,417,581	263,666,899	78,941,901	60,406,882,683
	₱3,111,028,738	₱14,437,621,053	₱264,915,854	₱91,494,363	₱60,747,890,969

BPI Funds

	2023			
	FWD Peso Balanced Fund	FWD Peso Equity Fund	FWD Peso Fixed Income Fund	Total
Financial assets at FVPL (Note 5)	₱93,042,892	₱18,262,007	₱99,816,270	₱211,121,169
Assets held to cover unit-linked liabilities (Note 5)	1,178,326,431	4,624,123,200	367,211,129	6,169,660,760
	₱1,271,369,323	₱4,642,385,207	₱467,027,399	₱6,380,781,929



SBC Funds

2023				
	FWD Peso Stable Fund	FWD Peso Bond Fund	FWD Peso Growth Fund	FWD Peso High Dividend Equity
Financial assets at FVPL (Note 5)	₱6,245,615	₱21,896,387	₱15,133,668	₱13,068,943
Assets held to cover unit-linked liabilities (Note 5)	1,028,616,114	1,115,145,069	6,631,994,015	4,364,152,848
	₱1,034,861,729	₱1,137,041,456	₱6,647,127,683	₱4,377,221,791

	FWD Equity Index Fund	FWD Peso EPitstop Liquidity Fund	Total
Financial assets at FVPL (Note 5)	₱82,226,372	₱10,243,800	₱148,814,785
Assets held to cover unit-linked liabilities (Note 5)	5,125,653,494	3,601,896	18,269,163,436
	₱5,207,879,866	₱13,845,696	₱18,417,978,221

FWD Managed Funds

2023						
	FWD Global Good Peso ESG Fund	FWD Diversity Fund	FWD Peso Nitro Global Payout Fund	FWD Peso Velocity Global Payout Fund	FWD Global US Dollar Equity Index Fund	FWD Global Good USD ESG Fund
Financial assets at FVPL (Note 5)	₱ 174,486,660	₱3,132,880	₱1,035,963	₱1,085,118	₱39,631,355	₱1,721,298
Assets held to cover unit-linked liabilities (Note 5)	4,128,714,490	60,988,556	13,194,929,766	265,095,383	3,241,497,512	4,455,284,059
	₱4,303,201,150	₱64,121,436	₱13,195,965,729	₱266,180,501	₱3,281,128,867	₱4,457,005,357

	FWD Dollar Nitro Global Payout Fund	FWD Dollar Velocity Global Payout Fund	FWD Dollar Pitstop Liquidity Fund	Total
Financial assets at FVPL (Note 5)	₱1,116,176	₱1,172,028	₱11,472,037	₱234,853,515
Assets held to cover unit-linked liabilities (Note 5)	6,688,767,403	215,892,694	17,647,713	32,268,817,576
	₱6,689,883,579	₱217,064,722	₱29,119,750	₱32,503,671,091

On November 13, 2024, FWD has appointed Security Bank Trust and Asset Management Group (SECB TAMG) as the new fund manager for the Peso Fixed Income, Peso Balanced, and Peso Equity Funds which was previously managed by BPI.

The unit-linked funds' net asset values consist of the following:

2024					
SBC Funds	FWD Peso Balanced Fund	FWD Peso Equity Fund	FWD Peso Fixed Income Fund	FWD Peso Stable Fund	FWD Peso Bond Fund
Asset					
Cash and cash equivalents	₱38,622,489	₱62,764,641	₱22,618,466	₱1,007,715,912	₱1,150,307,399
Other investments - feeder fund		-	-	-	-
Debt securities	981,591,227	-	370,419,490	-	-
Equity securities	244,293,287	4,682,867,850	-	-	-
Accrued income	12,701,963	2,226,502	4,605,756	-	-
Other receivables	3,363,778	5,789,540	1,274,105	1,584,685	5,994,309
Total Assets	1,280,572,744	4,753,648,533	398,917,817	1,009,300,597	1,156,301,708
Liabilities					
Amounts payable on redemption of units	2,122,630	11,304,403	189,691	604,496	907,830
Other payables	3,535,884	14,532,304	974,386	506,998	608,128
Total Liabilities	5,658,514	25,836,707	1,164,077	1,111,494	1,515,958
Net Asset Value	₱1,274,914,230	₱4,727,811,826	₱397,753,740	₱1,008,189,103	₱1,154,785,750



SBC Funds	FWD Peso Growth Fund	FWD Peso High Dividend Equity Fund	FWD Equity Index Fund	FWD Peso EPitstop Liquidity Fund	TOTAL
Asset					
Cash and cash equivalents	₱6,403,826,644	₱4,144,480,412	₱75,544,655	₱487	₱ 12,905,881,105
Other investments - feeder fund	-	-	-	284,925,560	284,925,560
Debt securities	-	-	-	-	1,352,010,717
Equity securities	-	-	4,701,204,678	-	9,628,365,815
Accrued income	-	-	45,997	-	19,580,218
Other receivables	12,664,484	6,980,943	19,960,841	29,598	57,642,283
Total Assets	6,416,491,128	4,151,461,355	4,796,756,171	284,955,645	24,248,405,698
Liabilities					
Amounts payable on redemption of units	3,855,589	2,495,524	2,816,221	45,869	24,342,253
Other payables	9,454,792	3,262,683	27,576,972	28,601	60,480,748
Total Liabilities	13,310,381	5,758,207	30,393,193	74,470	84,823,001
Net Asset Value	₱6,403,180,747	₱4,145,703,148	₱4,766,362,978	₱284,881,175	₱24,163,582,697

2024					
Dollar Equity Funds	FWD Global Good Peso ESG Fund	FWD Diversity Fund	FWD Peso Nitro Global Payout Fund	FWD Peso Velocity Global Payout Fund	FWD PH Peso Structured Income Fund
Asset					
Cash and cash equivalents	₱70,954,609	₱964,900	₱871,210,153	₱7,225,469	₱6,639,739
Equity Securities	5,298,775,763	88,303,013	32,625,975,480	404,468,407	593,700,000
Accrued income	-	-	60,082,772	888,921	20,057,000
Other receivables	969,686	338,264	336,328,992	1,163,762	11,107
Total Assets	5,370,700,058	89,606,177	33,893,597,397	413,746,559	620,407,846
Liabilities					
Amounts payable on redemption of units	5,633,324	53,595	15,647,220	-	-
Other payables	10,320,637	92,626	70,877,097	891,110	20,130,455
Total Liabilities	15,953,961	146,221	86,524,317	891,110	20,130,455
Net Asset Value	₱5,354,746,097	₱89,459,956	₱33,807,073,080	₱412,855,449	₱600,277,391

Dollar Equity Funds	FWD Global Dollar Equity Index Fund	FWD Global Good USD ESG Fund	FWD Dollar Nitro Global Payout Fund	FWD Dollar Velocity Global Payout Fund	FWD Dollar Pitstop Liquidity Fund	TOTAL
Asset						
Cash and cash equivalents	₱1,798,461	₱12,810,347	₱215,635,691	₱4,285,202	₱137,765	₱ 1,191,662,336
Equity Securities	2,589,389,279	3,142,670,279	14,040,910,605	263,050,064	91,470,408	59,138,713,298
Accrued income	-	-	26,135,475	583,224	-	107,747,392
Other receivables	814,255	(1,700,585)	188,264,257	571,865	0	526,761,603
Total Assets	2,592,001,995	3,153,780,041	14,470,946,028	268,490,355	91,608,173	60,964,884,629
Liabilities						
Amounts payable on redemption of units	9,239,139	36,673,313	3,037,456	3,006,484	27,478	73,318,009
Other payables	4,343,868	6,077,990	30,287,519	568,017	86,332	143,675,651
Total Liabilities	13,583,007	42,751,303	33,324,975	3,574,501	113,810	216,993,660
Net Asset Value	₱2,578,418,988	₱3,111,028,738	₱14,437,621,053	₱264,915,854	₱91,494,363	₱60,747,890,969

2023				
BPI Funds	FWD Peso Balanced Fund	FWD Peso Equity Fund	FWD Peso Fixed Income	TOTAL
Asset				
Cash and cash equivalents	₱41,007,703	₱97,444,296	₱14,723,754	₱153,175,753
Debt securities	977,042,906	-	447,701,638	1,424,744,544
Equity securities	242,629,555	4,547,890,227	-	4,790,519,782
Accrued income	11,416,902	3,320,380	5,187,226	19,924,508
Other receivables	3,417,108	9,430,614	483,612	13,331,334
Total Assets	1,275,514,174	4,658,085,517	468,096,230	6,401,695,921
Liabilities				
Amounts payable on redemption of units	1,065,268	2,593,701	158,617	3,817,586
Other payables	3,079,584	13,106,609	910,214	17,096,407
Total Liabilities	4,144,852	15,700,310	1,068,831	20,913,993
Net Asset Value	₱1,271,369,322	₱4,642,385,207	₱467,027,399	₱6,380,781,928



2023

SBC Funds	FWD Peso Stable Fund	FWD Peso Bond Fund	FWD Peso Growth Fund	FWD Peso High Dividend Equity Fund
ASSET				
Cash and cash equivalents	P=	P=	P=	P=
Other investments - feeder fund	1,034,669,771	1,134,223,299	6,646,913,658	4,375,600,863
Equity securities	-	-	-	-
Accrued income	-	-	-	-
Other receivables	1,633,951	5,476,839	17,514,571	10,691,267
Total Assets	1,036,303,722	1,139,700,138	6,664,428,229	4,386,292,130
Liabilities				
Amounts payable on redemption of units	613,256	880,962	4,444,893	2,592,604
Other payables	828,737	1,777,720	12,855,653	6,477,735
Total Liabilities	1,441,993	2,658,682	17,300,546	9,070,339
Net Asset Value	P1,034,861,729	P1,137,041,456	P6,647,127,683	P4,377,221,791

SBC Funds	FWD Equity Index Fund	FWD Peso EPitstop Liquidity Fund	TOTAL
Asset			
Cash and cash equivalents	P102,071,338	P=	P102,071,338
Other investments - feeder fund	-	13,855,684	13,205,263,275
Equity securities	5,178,977,333	-	5,178,977,333
Accrued income	25,230	-	25,230
Other receivables	13,942,521	2,479	49,261,628
Total Assets	5,295,016,422	13,858,163	18,535,598,804
Liabilities			
Amounts payable on redemption of units	5,658,345	11,504	14,201,564
Other payables	81,478,212	963	103,419,020
Total Liabilities	87,136,557	12,467	117,620,584
Net Asset Value	P5,207,879,865	P13,845,696	P18,417,978,220

2023

Dollar Equity Funds	FWD Global Good Peso ESG Fund	FWD Diversity Fund	FWD Peso Nitro Global Payout Fund	FWD Peso Velocity Global Payout Fund	FWD Global Dollar Equity Index Fund
Asset					
Cash and cash equivalents	P24,177,290	P516,247	P477,975,973	P 11,768,122	P1,271,941
Equity Securities	4,317,381,490	63,869,066	12,585,996,063	254,977,897	3,303,752,263
Accrued income	-	-	324,119	-	140
Other receivables	6,598,879	647,220	159,189,129	277	968,863
Total Assets	4,348,157,659	65,032,533	13,223,485,284	266,746,296	3,305,993,207
Liabilities					
Amounts payable on redemption of units	36,961,885	846,140	926,946	14,118	18,256,575
Other payables	7,994,624	64,958	26,592,609	551,676	6,607,766
Total Liabilities	44,956,509	911,098	27,519,555	565,794	24,864,341
Net Asset Value	P4,303,201,150	P64,121,435	P13,195,965,729	P266,180,502	P 3,281,128,866

Dollar Equity Funds	FWD Global Good USD ESG Fund	FWD Dollar Nitro Global Payout Fund	FWD Dollar Velocity Global Payout Fund	FWD Dollar Pitstop Liquidity Fund	Total
Asset					
Cash and cash equivalents	P16,840,546	P126,413,909	P6,974,345	P17,087,743	P683,026,116
Equity Securities	4,519,267,168	6,499,544,614	223,658,129	13,939,184	31,782,385,874
Accrued income	-	68,039	-	-	392,298
Other receivables	1,011,376	82,634,101	5,535,881	1,662	256,587,388
Total Assets	4,537,119,090	6,708,660,663	236,168,355	31,028,589	32,722,391,676
Liabilities					
Amounts payable on redemption of units	64,583,849	5,237,307	17,131,281	1,841,874	145,799,975
Other payables	15,529,883	13,539,778	1,972,352	66,963	72,920,609
Total Liabilities	80,113,732	18,777,085	19,103,633	1,908,837	218,720,584
Net Asset Value	P 4,457,005,358	P6,689,883,578	P 217,064,722	P29,119,752	P32,503,671,092



Financial assets at FVPL represent the seed capital of the Company in its three (3) Peso VUL Funds and one (1) USD VUL Fund at initial amount of ₱220.00 million and USD0.50 million respectively.

Assets held to cover unit-linked liabilities represent policyholders' money invested into these funds.

The movements in the unit-linked fund's net assets follow:

	2024	2023
At January 1	₱57,302,431,241	₱42,779,693,251
Contributions	35,234,488,904	16,108,256,761
Redemptions	(12,853,078,814)	(6,497,134,779)
Fair value gain	4,229,462,081	3,431,767,374
Foreign exchange rate	998,170,252	1,479,848,634
At December 31	₱84,911,473,664	₱57,302,431,241

Breakdown of the fair value gain pertaining to net income of unit-linked funds in 2024 and 2023 are as follow:

	2024	2023
Dividend income	₱2,827,321,983	₱1,362,221,515
Interest income	463,114,160	353,383,738
Unrealized gain on investments	6,482,169,290	4,480,660,155
Realized gain on investments	592,043,241	28,563,840
Total gain	₱10,364,648,674	6,224,829,248
Management fees	(3,043,672,462)	(1,714,052,226)
Other operating expenses	(2,940,316,716)	(964,330,315)
Total expenses	(5,983,989,178)	(2,678,382,541)
Net income (loss) before final tax	4,380,659,496	3,546,446,707
Provision for final tax	(151,197,415)	(95,168,194)
Net income (loss) after final tax	₱4,229,462,081	₱3,451,278,513

Investment in debt securities in the unit-linked funds bear an annual interest ranging from 3.750% to 12.125% and 4.425% to 8.025% in 2024 and 2023, respectively.

The breakdown of fair value gain pertaining to net income of unit-linked funds included in "Investment returns" and "Non-operating investment returns" follows:

	2024	2023
Investment returns (Note 16)	₱4,179,029,550	₱3,431,767,374
Non-operating investment returns (Note 17)	50,432,531	19,511,139
	₱4,229,462,081	₱3,451,278,513

7. Property and Equipment

The rollforward analysis of this account follow:

2024

	EDP Equipment	Office Equipment	Motor Vehicles	Leasehold Improvements	Furniture and Fixtures	Total
Cost						
At January 1	₱322,178,220	₱22,166,049	₱69,419,865	₱335,921,744	₱45,608,152	₱795,294,030



Additions	24,332,516	1,321,033	22,951,837	30,173,554	4,292,877	83,071,817
Disposals	(80,000)	-	(4,200,424)	-	(197,461)	(4,477,885)
At December 31	346,430,736	23,487,082	88,171,278	366,095,298	49,703,568	873,887,962
Accumulated depreciation						
At January 1	279,519,963	21,337,860	20,096,286	276,879,383	41,707,220	639,540,712
Depreciation (Note 20)	27,752,642	610,409	16,533,896	26,095,610	3,221,843	74,214,400
Disposals	(37,408)	2,096	(2,446,572)	-	(197,462)	(2,679,346)
At December 31	307,235,197	21,950,365	34,183,610	302,974,993	44,731,601	711,075,766
Net Book Values	₱39,195,539	₱1,536,717	₱53,987,668	₱63,120,305	₱4,971,967	₱162,812,196

2023

	EDP Equipment	Office Equipment	Motor Vehicles	Leasehold Improvements	Furniture and Fixtures	Total
Cost						
At January 1	₱300,431,961	₱21,360,695	₱47,773,117	₱309,619,141	₱43,802,094	₱722,987,008
Additions	31,061,953	805,354	28,118,636	26,302,603	1,806,058	88,094,604
Disposals	(9,315,694)	-	(6,471,888)	-	-	(15,787,582)
At December 31	322,178,220	22,166,049	69,419,865	335,921,744	45,608,152	795,294,030
Accumulated depreciation						
At January 1	260,195,177	21,198,066	12,900,875	249,565,870	38,686,162	582,546,150
Depreciation (Note 21)	28,640,480	139,793	11,499,280	27,313,512	3,021,058	70,614,123
Disposals	(9,315,694)	-	(4,303,869)	-	-	(13,619,563)
At December 31	279,519,963	21,337,859	20,096,286	276,879,382	41,707,220	639,540,710
Net Book Values	₱42,658,257	₱828,190	₱49,323,579	₱59,042,362	₱3,900,932	₱155,753,320

The costs of fully depreciated property and equipment that are still being used as of December 31, 2024 and 2023 amounted to ₱565.91 million and ₱518.66 million, respectively.

8. Leases

Company as a lessee

The Company entered into commercial leases on certain offices for its head office and branches. These leases have terms ranging between one (1) to five (5) years with renewal terms included in some of these contracts. Certain lease contracts also include escalation clauses. There are no restrictions placed upon the lessee by entering into these leases. Some of the leases entered by the Company include parking spaces within the office buildings. Lease term of these parking spaces are usually parallel with the lease term of their counterpart office premises and have similar escalation rates. These, however, has separate parking rental rates from their counterpart office premises, and hence, accounted for separately.

The Company had an existing five (5) year lease term agreement for its head office on the 19th Floor W Fifth Building, commencing on June 1, 2014 to May 31, 2019, renewable subject to mutually agreeable terms by parties. The rental charges shall be subject to 6% escalation each year over the five-year term of the lease.

The Company exercised its renewal option on May 31, 2019, with the extended lease term to commence on May 31, 2024 to May 31, 2029. However, the Company started to lease an office space on the penthouse of W Fifth Building covering the periods September 1, 2023 to May 31, 2026. The rental charges shall be subject to 5% escalation starting on the 2nd year term of the lease.

The Company has also entered into leases contracts on various motor vehicles for use of qualified employees under the Company's executive car program, generally with a total lease term of five (5) years.

The Company has also entered into an expressway partnership agreement with Ayala Corporation, the concessionaire of Daang Hari-South Luzon Expressway Link Road Project, also known as the Muntinlupa-Cavite Expressway (MCX), which grants the Company, on an exclusive, non-transferrable, and revocable basis, use of advertising space and all marketing rights and entitlements



within MCX for a period of eight (8) years starting December 7, 2019 to December 6, 2027, subject to a renewal option of another 8 years upon mutual agreement by both parties.

The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options, which are further discussed below.

The Company also has certain leases of office premises and parking spaces with lease terms of 12 months or less and/or with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The rollforward analysis of right-of-use assets follows:

2024					
	Head Office & Branch Premises	Parking Spaces	Motor Vehicles	Advertising Spaces	Total
Cost					
At January 1	₱292,123,086	₱22,702,175	₱19,584,093	₱101,696,186	₱436,105,540
Additions	200,774,982	33,260,591	453,250	—	234,488,823
Terminations/expiration	(177,109,349)	(19,493,159)	(10,409,685)	—	(207,012,193)
At December 31	315,788,719	36,469,607	9,627,658	101,696,186	463,582,170
Accumulated amortization					
At January 1	191,395,969	18,678,624	16,270,842	40,083,457	266,428,892
Depreciation (Note 20)	83,069,961	5,945,105	2,935,369	12,712,024	104,662,459
Terminations/expiration	(177,109,349)	(19,493,159)	(10,409,685)	—	(207,012,193)
At December 31	97,356,581	5,130,570	8,796,526	52,795,481	164,079,158
Net Book Values	₱218,432,138	₱31,339,037	₱831,132	₱48,900,705	₱299,503,012

2023					
	Head Office & Branch Premises	Parking Spaces	Motor Vehicles	Advertising Spaces	Total
Cost					
At January 1	₱244,807,610	₱21,283,714	₱34,747,128	₱101,696,186	₱402,534,638
Additions	105,551,400	3,381,000	—	—	108,932,400
Terminations/expiration	(58,235,924)	(1,962,539)	(15,163,035)	—	(75,361,498)
At December 31	292,123,086	22,702,175	19,584,093	101,696,186	436,105,540
Accumulated amortization					
At January 1	191,665,325	16,865,628	21,875,240	27,482,992	257,889,185
Depreciation (Note 20)	57,966,567	3,775,536	6,226,721	12,600,466	80,569,290
Terminations/expiration	(58,235,924)	(1,962,539)	(11,831,119)	—	(72,029,582)
At December 31	191,395,968	18,678,625	16,270,842	40,083,458	266,428,893
Net Book Values	₱100,727,118	₱4,023,550	₱3,313,251	₱61,612,728	₱169,676,647

The following are the amounts recognized in statement of income:

	2024	2023
Depreciation expense of right-of-use assets (Note 20)	₱104,662,458	₱80,569,289
Interest expense on lease liabilities	12,061,204	13,967,136
Operating lease rentals considered short-term lease and lease of low-value assets (Note 20)	26,065,240	26,869,347
Total amount recognized in statement of income	₱142,788,902	₱121,405,772



The rollforward analysis of lease liabilities follows:

	2024	2023
At January 1	₱143,055,291	₱138,909,077
Additions	234,488,823	108,932,400
Interest expense	12,061,204	13,967,136
Payments	(124,156,098)	(100,066,702)
Terminations	(10,684,300)	(18,686,620)
At December 31	₱254,764,920	₱143,055,291

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3).

Shown below is the maturity analysis of the undiscounted lease payments:

	2024	2023
Within one year	₱91,205,396	₱59,426,030
After one year but not more than five years	202,860,076	102,892,279
	₱294,065,472	₱162,318,309

9. Intangible Assets

The rollforward analyses of this account as of December 31 follow:

	2024		
	SBC Access fee	Software	Total
Cost			
At January 1	₱300,000,000	₱364,499,841	₱664,499,841
Additions	–	17,555,680	17,555,680
At December 31	300,000,000	382,055,521	682,055,521
Accumulated Amortization			
At January 1	180,000,000	339,531,903	519,531,903
Amortization (Note 20)	20,000,000	19,248,566	39,248,566
At December 31	200,000,000	358,780,469	558,780,469
Net book values	₱100,000,000	₱23,275,052	₱123,275,052

	2023		
	SBC Access fee	Software	Total
Cost			
At January 1	₱300,000,000	₱363,284,711	₱663,284,711
Addition	–	1,215,130	1,215,130
At December 31	300,000,000	364,499,841	664,499,841
Accumulated Amortization			
At January 1	160,000,000	303,489,528	463,489,528
Amortization (Note 20)	20,000,000	36,042,375	56,042,375
At December 31	180,000,000	339,531,903	519,531,903
Net book values	₱120,000,000	₱24,967,938	₱144,967,938



SBC access fee pertains to the non-refundable portion of Exclusive Access Fees paid to SBC on January 22, 2015. This is not a direct compensation for the production, but rather a purchase of a right and amortized until the estimated economic life of DA which is fifteen (15) years. Amortization expense is reported under “Commission expense and commission-related expenses” in the statement of income (see Note 20).

10. Reinsurance Assets

This account consists of:

	2024	2023
Reinsurance recoverable on paid losses	₱661,301,658	₱339,343,901
Reinsurance contract claims reserves	194,936,858	102,615,025
Ceded insurance and investment contracts	68,938,413	52,157,628
	₱925,176,929	₱494,116,554

Reinsurance recoverable on paid losses represents the amount recoverable from reinsurers under treaty agreements as their share in paid losses and loss adjustment expenses net of recoveries.

Reinsurance contracts claims reserves considers the ceded amounts per policy for the other applicable claims liability types and recognizes that should the claims be eventually paid, the ceded portion will be covered by the reinsurance contracts following the relevant treaties.

The ceded insurance and investment contracts can be broken further as follows:

	2024	2023
Reinsurer's share in legal policy reserves		
Unearned premium reserves from group life insurance contracts	₱8,008,955	₱2,884,954
Unearned premium reserves from unit-linked insurance contracts	1,222,894	1,181,356
Unearned premium reserves from individual life insurance contracts	59,706,564	48,091,318
	₱68,938,413	₱52,157,628

11. Other Assets

This account consists of:

	2024	2023
Prepaid assets	₱2,359,376,919	₱924,489,496
Insurance receivables	238,007,991	148,636,817
Accrued income	228,200,090	150,349,313
Accounts receivable	90,364,681	86,605,402
Deposits	56,553,762	52,583,535
Current tax receivables	-	35,046,438
Due from related parties (Note 22)	14,234,997	25,807,935
Others	142,972,607	86,273,236
	₱3,129,711,047	₱1,509,792,172



Prepaid assets

The rollforward analysis of this account as of December 31 is as follow:

	2024				
	SBC Access fee	Developmental fees	Prepaid Commission	Prepayments	Total
Cost					
At January 1	₱1,300,000,000	₱1,896,959,755	₱18,884,456	₱1,523,568,578	₱4,739,412,789
Additions	1,400,000,000	522,570,295	—	45,842,471	1,968,412,766
At December 31	2,700,000,000	2,419,530,050	18,884,456	1,569,411,049	6,707,825,555
Accumulated amortization					
At January 1	1,230,820,743	1,115,145,013	12,357,825	1,456,599,711	3,814,923,292
Amortization	260,713,988	211,686,869	—	61,124,487	533,525,344
At December 31	1,491,534,731	1,326,831,882	12,357,825	1,517,724,198	4,348,448,636
Net Book Values	₱1,208,465,269	₱1,092,698,168	₱6,526,631	₱51,686,851	₱2,359,376,919

	2023				
	SBC Access fee	Developmental fees	Prepaid Commission	Prepayments	Total
Cost					
At January 1	₱1,300,000,000	₱1,115,413,278	₱18,884,456	₱1,331,309,020	₱3,765,606,754
Additions	—	781,546,477	—	192,259,558	973,806,035
At December 31	1,300,000,000	1,896,959,755	₱18,884,456	1,523,568,578	4,739,412,789
Accumulated amortization					
At January 1	1,022,650,540	985,152,775	12,302,976	1,287,540,851	3,307,647,142
Amortization	208,170,203	129,992,239	54,849	169,058,860	507,276,151
At December 31	1,230,820,743	1,115,145,014	12,357,825	1,456,599,711	3,814,923,293
Net Book Values	₱69,179,257	₱781,814,741	₱6,526,631	₱66,968,867	₱924,489,496

SBC access fee pertains to the refundable portion of the Exclusive Access fees and the Initial Milestone fee stated in the Distribution Agreement (DA) between the Company and SBC, in case of early termination of the DA and non-achievement of the Annualized New Premium (ANP) targets stated in the DA. This is amortized based on UOP and presented under “Commission expense and commission-related expenses” in the profit or loss (see Note 20).

On March 21, 2024, the Company paid SBC ₱1.4 billion as second milestone fee for the achievement of milestone target as per Distribution Agreement.

On December 11, 2024, the Company and SBC signed the Amended and Restated Distribution Agreement (ARDA) which extends the contract to until 2039. The ARDA is submitted to and awaiting approval by the Insurance Commission.

Prepaid developmental fees paid to agency leaders are to be used exclusively in building and maintaining an agency organization for the purpose of selling solely the Company’s products. This is to be amortized based on the agents’ contractual obligation to the Company as indicated in the agreement (see Note 25).

Failure to meet the contractual obligations indicated in the agreement, the Company is authorized by the agents to clawback the unamortized amount of prepaid development fees paid. This will be converted to receivable from the agent and will be reported as “Accounts receivable – net” under “Other assets” in the statements of financial position (see Note 5). Amortization expense is reported under “Commission expense and agency-related expenses” in the statements of income (see Note 20).



Prepaid commission pertains to fees deducted in advance by Distribution Partner when remitting premium collected on behalf of the Company. This will be amortized once the policy is issued and recorded as premium.

Prepayments consist mainly of software maintenance fee advances and license fees with terms over one (1) year.

Accrued income

This account consists of:

	2024	2023
Management fee accrual	₱165,153,762	₱99,424,914
Accrued interest income on:		
AFS financial assets (Note 5)	62,066,767	49,841,141
Policy loans (Note 5)	838,898	552,752
Time deposits (Note 4)	140,663	530,506
	₱228,200,090	₱150,349,313

Management fee accrual pertains to unpaid fees relating to VUL funds of the Company and is accrued daily and collected from the BPI and SBC managed funds on monthly and quarterly basis, respectively.

Insurance receivables - net

This account consists of:

	2024	2023
Premiums due and uncollected	₱264,044,598	₱135,407,972
Premiums receivable	27,315,447	27,640,133
Receivable from switch fees	1,847,887	1,455,062
Insurance receivable from policyholders	293,207,932	164,503,167
Less: Allowance for doubtful accounts	(55,199,941)	(15,866,350)
	₱238,007,991	₱148,636,817

Premium due and uncollected - net pertains to premium earned, net of loadings, awaiting collection within the grace period from the date premium is due.

Premium receivable pertains to premiums of issued group insurance policies for remittance to the Company which is collected within a year.

Accounts receivable - net

This account consists of:

	2024	2023
Receivable from agents	₱117,674,580	₱57,014,890
Employee advances	17,966,624	50,004,037
Creditable withholding tax	18,402,699	9,536,892
	154,043,903	116,555,819
Less: Allowance for doubtful accounts-agency receivable	(53,868,037)	(29,483,936)
Allowance for doubtful account- employee advances	(9,811,185)	(466,481)
	₱90,364,681	₱86,605,402



Receivable from agents includes amounts to be recovered from agents resulting from clawback of prepaid developmental fees paid for failure to meet the contractual obligations as stated in contract, and cost of lost tablets, cost of trainings and memberships. These are settled through deductions from the agents' weekly commission payout.

Employee advances are non-interest bearing and are settled through payroll deductions. Creditable withholding taxes represent taxes withheld from the Company by its life insurance clients and collection partners. The amount is already withheld by counterparty and could be applied against future income tax liability of the Company.

The rollforward analysis for allowance for doubtful accounts follow:

	2024	2023
At January 1	₱59,352,699	₱47,498,531
Provision for (reversal of) doubtful accounts arising from:		
Receivable from agents (Notes 11)	24,384,100	6,700,187
Receivable from employees (Note 11)	-	20,813
Insurance receivables (Note 11)	39,333,591	(830,027)
Employee loans (Note 5)	(430,674)	9,747,063
Agents loans (Note 5)	18,323,280	(3,783,869)
At December 31	₱140,962,996	₱59,352,698

The Company provides for bad debts based on specific assessment of outstanding balances. The provision for bad debts is presented in Operating expenses under Provision for doubtful accounts expense, except for provision on bad debts on receivable from agents which is presented in Commission and commission related expense (see Note 20).

Deposits

This account consists of:

	2024	2023
Rental and other deposits	₱56,483,673	₱52,513,447
Security fund	70,089	70,089
	₱56,553,762	₱52,583,536

Rental and other deposits include security and reservation deposits, and construction bonds. Security and reservation deposits were transacted by the Company with W Fifth Avenue, Inc. for its Head Office and various lessors for its branch offices. These rental deposits are refundable to the Company within (3) months following the expiry of their respective lease terms. Construction bonds are those refundable from contractors upon completion of construction period.

Security fund pertains to contribution of the Company to the Security Fund - Life Account as required by the Insurance Commission on all insurance companies authorized to do business in the Philippines.



12. Insurance Contract Assets

This account consists of:

	2024	2023
Legal policy reserves	₱1,883,645,058	₱1,700,869,572
Policy and contract claims reserve	(963,542,110)	(596,619,791)
Insurance contract assets	₱920,102,948	₱1,104,249,781

The movements during the year in policy and contract claims reserve are as follows:

	2024	2023
At January 1	₱596,619,791	₱554,369,845
Provision during the year	366,922,319	42,249,946
At December 31	₱963,542,110	₱596,619,791

Details of the legal policy reserves follow:

	2024	2023
Gross legal policy reserves		
Unearned premium reserves from group life insurance contracts	₱99,632,929	₱86,849,953
Unearned premium reserves from unit-linked insurance contracts	137,608,473	85,947,857
Unearned premium reserves from individual life insurance contracts	466,986,243	110,918,789
Gross premium reserves from individual life insurance contracts	(2,587,872,703)	(1,984,586,171)
Legal policy reserves	(₱1,883,645,058)	(₱1,700,869,572)

Details of gross legal policy reserves follow:

	2024	2023
Negative legal policy reserves	(₱4,192,259,887)	(₱3,244,212,588)
Positive legal policy reserves	1,604,387,184	1,259,626,417
	(2,587,872,703)	(1,984,586,171)
Unearned premium reserves	704,227,645	283,716,599
Gross legal policy reserves	(₱1,883,645,058)	(₱1,700,869,572)

The movements during the year in remeasurement gain (loss) on life insurance reserves follow:

	2024	2023
At January 1	₱494,367,242	₱474,782,929
Due to change in discount rates	(130,619,078)	19,584,313
At December 31	₱363,748,164	₱494,367,242



On January 1, 2017, the Company has adopted GPV in valuing its life insurance policy reserves and the valuation result in a negative reserve. The Company has appropriated from the unassigned surplus an amount equal to the aggregate of the negative reserves calculated on a per policy basis (Note 14).

The remeasurement gains on life insurance reserves of ₱20 million for the year is driven by mostly steady level of interest rates in 2023, with some fluctuations around Q3 but mostly ending in the same range as 2022.

The movement in negative legal policy reserves can be attributed to the following: a) new issues and the aging of the in-force policies of the individual health products, b) impact of the change in the IC-prescribed discount rates, and c) strengthening of lapse assumptions.

13. Other Liabilities

This account consists of:

	2024	2023
Accrued expenses	₱1,312,623,434	₱892,298,668
Accounts payable	1,216,232,857	678,911,382
Lease liabilities (Note 8)	254,764,920	143,055,291
Reinsurance payables	187,200,288	163,152,519
Tax payables	148,546,544	116,939,206
Due to related parties (Note 22)	73,518,555	268,255,732
	₱3,192,886,598	₱2,262,612,798

Accrued expenses

This account consists of:

	2024	2023
Accruals for:		
Commission-related expenses	₱904,934,024	₱598,206,212
Employee incentives	133,403,532	141,220,078
Other accrued expenses	274,285,879	152,872,378
	₱1,312,623,435	₱892,298,668

Accrued commission-related expenses include agency, bancassurance and other channels-related sales expenses, such as commissions, bank fees, variable pay, bonuses and incentives. These are normally settled within one (1) year.

Accrued employee incentives include short-term incentives (STI) payable to Company's qualified employees, which is settled within one (1) year.

Other accrued expenses include accrual for utilities, information technology development costs, staff costs and various operating expense accruals.



Accounts payable

This account consists of:

	2024	2023
Unit-linked subscription payable	₱561,139,966	₱258,299,713
Insurance payables to policyholders	406,336,730	262,076,066
Premium received in advance	152,634,144	145,495,127
Supplier invoices	81,526,959	(6,609,529)
Agency payables	3,367,095	8,442,670
Others	11,227,963	11,207,333
	₱1,216,232,857	₱678,911,380

Reinsurance payables

This account consists of amounts due to domestic, local, and foreign reinsurers.

Taxes payable

This account consists of:

	2024	2023
Withholding VAT payable	₱69,209,660	₱45,694,962
Premium tax payable	46,884,157	33,229,561
Expanded Withholding tax payable	24,615,866	32,342,092
Final withholding tax payable	7,019,749	3,898,030
Fringe benefit tax payable	772,405	766,919
Others	44,707	1,007,642
	₱148,546,544	₱116,939,206

Others include Documentary Stamp Taxes payable and withholding tax on compensation. Taxes payable are normally settled the following month after year-end.

14. Equity

Capital Stock

This account consists of common shares of stock as of December 31, 2024 and 2023 as follows:

Authorized - 5,000,000,000 shares, ₱1 par value	₱5,000,000,000
Issued and outstanding - 2,300,000,000 shares	2,300,000,000

There were no movements in Company's common share in 2024 and 2023.

Contingency Surplus

On December 6, 2024 and March 22, 2024, the BOD approved the infusion of additional contingency surplus amounting to ₱589.00 million and ₱700.00 million, respectively, which were received on December 11, 2024 and March 26, 2024, respectively.



Deficit

Life insurance companies shall value their policy reserves for life business at the end of each calendar year as required by IC pursuant to Sections 216 and 423 of the Amended Insurance Code (RA 10607), in accordance with valuation standards, which was implemented on January 1, 2017.

The reserves for traditional life insurance policies shall be valued, where appropriate, using gross premium valuation. However, should the calculation result in a negative reserve, the Company shall appropriate from the unassigned surplus an amount equal to the aggregate of the negative reserves calculated on per policy basis.

The movements of the Company's deficit follow:

	2024	2023
Deficit	₱4,225,477,908	₱4,575,960,806
Appropriation for negative reserves (Note 12)	(4,192,259,887)	(3,244,212,588)
Deficit after reserves	₱33,218,021	₱1,331,748,218

15. Net Insurance Premiums

This account consists of:

	2024	2023
Premium revenue arising from contracts issued		
Unit-linked insurance contracts	₱33,779,606,529	₱19,815,155,008
Life insurance contracts	4,094,641,244	3,223,532,579
	37,874,247,773	23,038,687,587
Fee Income		
Cost of insurance and riders	951,939,452	831,616,203
Surrender Charge	162,699,935	138,665,870
Others	50,038,628	22,399,982
	1,164,678,015	992,682,055
Premium revenue ceded to reinsurers on contracts issued		
Unit-linked insurance contracts	(₱86,160,405)	(₱75,528,428)
Life insurance contracts	(202,590,546)	(167,144,787)
	(288,750,951)	(242,673,215)
Net insurance premiums and fees revenue	₱38,750,174,837	₱23,788,696,427

Fee income includes cost of insurance (COI) and cost of rider (COR) which are charged to the policyholder for the service provided by the insurer in respect of the investment-linked insurance policies (ILP). This is deducted from the policyholder's account value. Surrender charge is deducted from the proceeds of the surrendered ILP policies. Others includes reinstatement cost, fund switch charge and policy fee.



16. Investment Returns

This account consists of:

	2024	2023
Interest income arising from:		
AFS financial assets (Note 5)	₱226,527,683	₱167,546,833
Cash and cash equivalents (Note 4)	13,003,605	32,239,008
Other financial receivables (Note 5)	300,148,557	4,627,828
	539,679,845	204,413,669
Net fair value gains of assets held to cover unit linked liabilities (Notes 5 and 6)	4,179,029,550	3,431,767,374
	₱4,718,709,395	₱3,636,181,043

Interest income pertains to the interest earned on government and corporate debt securities, time deposits and short-term investments, agency loans, employee loans and policy loans.

17. Operating Investment Losses

This account consists of:

	2024	2023
Net foreign exchange losses – net	(₱404,777,318)	(₱88,014,171)
Net fair value gains of financial assets at FVPL (Notes 5 and 6)	50,432,531	19,511,139
Realized net gain on AFS Assets	(8,153,311)	–
	(₱362,498,098)	(₱68,503,032)

18. Other Operating Revenue

This account consists of:

	2024	2023
Management fee income	₱1,395,009,177	₱902,789,440
Reinsurance allowance	1,328,267,433	686,965,310
Other income	12,463,494	14,573,716
	₱2,735,740,104	₱1,604,328,466

Reinsurance allowance

The Company entered into a modified coinsurance agreement with Munich Re (the Reinsurer) in October 2018. On January 1, 2022, the Company also entered into modified coinsurance agreement with Hannover Re (the Reinsurer). Under both agreements, the balance due shall be the Reinsurer's proportionate share on the benefits reinsured less the reinsurance allowance. If the balance is positive, the amount shall be due from the Company to the Reinsurer and shall be accounted for as reinsurance premium. If the balance is negative, the absolute value of that amount shall be due from the Reinsurer to the Company and shall be accounted for as reinsurance allowance.



Management fee income

Management fee income pertains to fees earned for managing the VUL funds.

Other Income

Other income pertains to sundry income, gain (loss) on re-measurement of lease liability and various re-charges for the reimbursement of expense incurred by the Company on behalf of other entities within the FWD Group such as travel expenses, training and prizes to employees related to Group-led activities.

19. Benefits and Claims

This account consists of:

	2024	2023
Surrenders	₱8,807,832,151	₱6,867,762,323
Death and hospitalization benefits	805,985,138	374,299,229
Gross benefits and claims	9,613,817,289	7,242,061,552
Reinsurers' share on claims and benefits incurred	(173,988,389)	(133,473,886)
Net benefits and claims	₱9,439,828,900	₱7,108,587,666

20. Operating Expenses

General and administrative expenses

General and administrative expenses consist of:

	2024	2023
Employee benefits	₱1,104,156,045	₱1,074,118,296
Information technology expenses	261,111,892	168,806,530
Depreciation (Notes 7 and 8)	178,876,855	151,183,412
Marketing and advertising (Note 22)	112,504,738	127,516,155
Professional service fees	78,765,217	32,079,221
Operating lease rentals (Note 8)	26,065,240	26,869,347
Amortization (Note 9)	19,248,567	36,042,375
Other operating expenses		
Group Office management fee (Note 22)	520,775,552	659,808,535
Office-related expenses	92,666,575	83,370,349
Shared services fee (Note 22)	84,432,813	92,504,530
Bank service charges	69,410,465	51,727,532
Provision for doubtful accounts expense	57,226,198	5,153,980
Distribution-related expenses	50,870,830	72,354,663
Travel and entertainment	23,801,446	27,553,144
Tax-related expenses	22,216,607	19,557,295
Printing and stationery	10,040,413	2,505,551
Courier charges	6,908,252	1,714,047
Conference expenses	4,233,297	3,315,028
Other new business expenses	2,350,425	2,257,664
Others	196,639,268	34,799,897
	₱2,938,630,010	₱2,673,237,551



Employee benefits expenses consist of:

	2024	2023
Salaries and wages	₱846,213,035	₱847,121,556
Benefits and allowances	247,514,128	185,912,274
Directors' fees	13,995,255	11,900,717
Share-based payments	(3,663,618)	29,076,283
Net pension expense	97,245	107,466
	₱1,104,156,045	₱1,074,118,296

Share-based payments

FWD Group operates share-option award plans that provides FWD Group Limited share-options to participants from the Company upon vesting. Eligible employees are granted share-option awards to reward service and the achievement of shareholder value targets. These awards are in the form of a contingent right to receive share-options or a conditional allocation of share-options. These share-option awards have vesting periods of up to three years and are at nil cost to the employee. Vesting of certain awards is conditional upon the employee being in active employment at the time of vesting. Each share-option grant has a 10-year exercise period and confers the right to the award holder to subscribe for an ordinary share of FWD Group Limited at a nominal exercise price of US\$0.01.

On 30 January 2022, the Board of Directors approved a new Share Award Plan and a new Employee Share Purchase Plan to attract and retain eligible persons.

The following table shows the movement of number of share-options under the award plans charged to the Company:

	2024	2023
At January 1	—	345
Granted	—	—
Vested	—	—
Forfeited	—	—
Transferred out during the period	—	(345)
At December 31	—	—

The following table shows the number of share awards under the award plan charged to the Company in 2024 and 2023:

	2024	2023
At January 1	19,514	23,237
Granted	—	11,223
Vested	(1,224)	—
Forfeited	(24,335)	(2,943)
Transferred during the year	17,616	(12,003)
At December 31	11,571	19,514

During the year ended 31 December 2024, the awards under RSU Plan were granted based on fixed monetary value, in which the number of RSUs will be determined at a later stage based on the details set out in the RSU Plan. The awards granted based on fixed monetary value are not included in the above table.



For awards granted, FWD Group utilises an appraisal value methodology (embedded value plus a multiple of value of new business) (Embedded Value plus a multiple of Value of New Business) and market valuation approach, where applicable, and an assessment of performance conditions, taking into account the terms and conditions upon which the awards were granted. The fair value calculated for the awards is inherently subjective due to the assumptions made. The expected volatility reflects the assumption that historical volatility patterns continue, which may not be the actual outcome.

The expected life of the share options is derived from the output of the valuation model and is calculated based on an analysis of expected exercise behaviour of the Company's employees. Weighted average share price is determined by appraisal value per share.

The fair value calculated for share options is inherently subjective due to the assumptions made and the limitations of the model utilized.

	2024	2023
Risk-free interest rate (in %)	–	Not Applicable
Volatility (in %)	–	Not Applicable
Dividend yield (in %)	–	Not Applicable
Expected life of share-options (in years)	–	Not Applicable
Exercise price per share	–	Not Applicable
Weighted average price per share	–	Not Applicable

The total fair value of RSUs granted in 2024 is ₱52.82 million and ₱59.09 million in 2023.

The total recognised share-based payments related to share-option award by the Group included in "Employee benefit expense" amounted to (₱3.66) million and ₱29.08 million in 2024 and 2023, respectively.

Commission and commission-related expenses

Commission expense and commission-related expenses consist of:

	2024	2023
Commission expense	₱1,994,269,901	₱1,469,347,685
Commission-related expenses	1,616,708,109	886,340,070
Sales employees- Salaries and benefits	797,950,584	465,878,095
Override commission expense	489,331,825	313,451,614
Premium tax expense	164,289,060	133,695,690
Amortization of:		
Prepaid asset (SBC access fee) (Note 11)	260,713,988	208,170,204
Intangible asset (SBC access fee) (Note 9)	20,000,000	20,000,000
Prepaid asset (Developmental fees) (Note 11)	211,686,869	129,992,239
Distribution operation expenses	42,378,352	14,377,262
Provision for credit losses (Note 11)	24,384,100	6,700,188
Documentary stamp tax (policy-related)	15,094,490	11,097,720
	₱5,636,807,278	₱3,659,050,767

Commission-related expenses (CRE) consist mainly of bonuses such as annual performance bonus and annual over-achievement bonus given to bancassurance partner and various incentives and allowances granted to bancassurance sales staff and agents, for the issuance of policy contracts, activation of agents and achievement of sales targets.



Provision for credit losses amounting to ₱24.38 million and ₱6.7 million in 2024 and 2023, respectively, is based on specific assessment of outstanding balance of agent's receivable (see Note 11).

Distribution operation allowance represents expenses incurred by Agency and Bancassurance channel such as trainings, sales events, and sales tool.

21. Employee Benefits

The Company has a funded, defined contribution plan, covering all employees from the start of the date of employment which requires contributions to be made to a separately administered retirement fund. The plan is effective January 1, 2016 and was approved by the Bureau of Internal Revenue (BIR) last May 3, 2017. Under the plan, the Company makes contributions on behalf of the employees, but it allows employees to participate in the plan by way of voluntary contributions.

The Company's Employees' Retirement Funds are administered by its Trustee, BPI Asset Management and Trust Corporation. The Trustee has full and complete management and control of the funds and its investment strategy based on the parameters and limits approved by the Company in its Investment Policy. The Trustee has the absolute and sole right to sell, convert, invest, reinvest, commingle with other accounts, exchange, transfer, assign, endorse or otherwise dispose the moneys, assets or securities comprising the Trust Fund without necessity of prior approval or authority from the Trustor.

Upon normal retirement, the employee shall be entitled to a lump sum benefit equal to the following:

- 1) One hundred percent (100%) of individual account balance in the defined benefit plan attributable to employee voluntary contributions as of the most recent valuation date prior to normal retirement date and adjusted for subsequent contributions, if any,
- 2) And the higher of:
 - a) One hundred percent (100%) of individual account balance attributable to employer voluntary contributions as of the most recent valuation date prior to normal retirement date and adjusted for subsequent contributions, if any,
 - b) One hundred percent (100%) of employee's monthly salary for every year of service or the minimum statutory requirement at the time of the employee's retirement whichever is higher.

The Company recognized pension expense relating to its defined contribution plan included in the statement of comprehensive income which consists of:

	2024	2023
Current service cost	₱90,657,177	₱78,421,095
Net interest expense	12,310	30,383
	₱90,669,487	₱78,451,478

As of December 31, 2024 and 2023, the carrying amount of retirement obligation as shown in the statement of financial position amounted to ₱0.30 million and ₱0.21 million, respectively.



Changes in the present value of the defined benefit obligation are as follows:

	2024	2023
At January 1	₱299,859,996	₱231,291,042
Current service cost	90,742,112	84,026,390
Interest expense	17,991,600	15,265,209
Benefits paid	(64,007,704)	(49,224,996)
Remeasurement losses (gains)		
Defined contribution component	2,793,570	18,865,235
Changes in financial assumptions	–	10,311
Experience adjustment	45,796	(373,195)
At December 31	₱347,425,370	₱299,859,996

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

	2024	2023
At January 1	₱299,654,834	₱230,830,700
Contributions	85,159,025	60,451,648
Contributions from forfeitures	5,498,153	23,497,421
Interest income	17,979,290	15,234,826
Forfeitures	(21,209,643)	(26,522,432)
Benefits paid	(42,798,061)	(22,702,564)
Remeasurement losses	2,793,570	18,865,235
At December 31	₱347,077,168	₱299,654,834

The rollforward analysis of remeasurement gain on pension obligation follows:

	2024	2023
At January 1	₱34,870,074	₱34,507,190
Actuarial gain on obligation		
Experience adjustment	(45,795)	373,195
Change in financial assumptions	–	(10,311)
	(45,795)	362,884
At December 31	₱34,824,279	₱34,870,074

The principal actuarial assumptions used in determining net pension cost for the Company's retirement plan are shown below:

	2024	2023
Salary increase rate	5.50	5.50%
Discount rate	5.50	6.00%
Expected average remaining working lives	10 years	10 years



The following tables demonstrate the sensitivity to a reasonably possible change in discount rates and salary increase for the next financial year, with all other variables held constant, of the Company's total comprehensive income using the projected unit cost (PUC) method:

		2024	2023
	Change in Assumptions	Impact on total comprehensive income	Impact on total comprehensive income
Discount rate	+1.00%	(P280,476)	(P142,443)
	-1.00%	985,870	435,043
Salary rate	+1.00%	(919,317)	(419,007)
	-1.00%	P312,187	P146,346

The table below summarizes the maturity profile of the Company's benefit liabilities based on the remaining period at the end of the reporting period.

Year	2024	2023
1-5 years	P446,825	P266,888
6-10 years	134,460	662,959
11-15 years	-	-
	P581,285	P929,847

22. Related Party Disclosures

Transactions between related parties are based on terms similar to those offered to nonrelated parties. Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Related party transactions consist of the following:

Category	2024		2023		Terms	Conditions
	Amount*	Outstanding Balances	Amount	Outstanding Balances		
Receivables from Affiliates:						
FWD Group Management Holdings Ltd.	(P10,864,066)	P14,187,262	P25,732,640	P25,051,328	Interest-free, settlement in cash; annual	Unsecured
DeValdimir Pte. Ltd.	–	–	615,138	615,138	Interest-free, settlement in cash; annual	Unsecured
FWD Vietnam Life Insurance Company Limited	24,001	(3,001)	–	21,000	Interest-free, settlement in cash; annual	Unsecured
FWD Technology and Innovation Malaysia Sdn. Bhd.	69,733	50,736	120,469	120,469	Interest-free, settlement in cash; annual	Unsecured
		P14,234,997		P25,807,935		

(Forward)



Category	2024		2023		Terms	Conditions
	Amount*	Outstanding Balances	Amount	Outstanding Balances		
Payable to Affiliates:						
FWD Group Management Holdings Ltd. (a) (Note 20)	(P111,281,864)	P–	P458,458,091	P111,281,864	Interest-free, settlement in cash; annual	Unsecured
Valdimir Pte. Ltd. (b)	(24,735,792)	–	150,232,114	24,735,792	Interest-free, settlement in cash; annual	Unsecured
FWD Technology and Innovation Malaysia Sdn. Bhd.	(22,592,820)	–	84,941,367	22,592,820	Interest-free, settlement in cash; annual	Unsecured
FWD Information Technology (Guangzhou) Co., Ltd.	(18,696,584)	11,507,789	81,040,389	30,204,373	Interest-free, settlement in cash; annual	Unsecured
FWD Group Limited (Non-GO)	(10,126,610)	31,390,927	–	41,517,537	Interest-free, settlement in cash; annual	Unsecured
FWD Limited (Non-Go)	(7,303,508)	30,619,838	–	37,923,346	Interest-free, settlement in cash; annual	Unsecured
		73,518,554		P268,255,732		

*Amounts represent period charges taken to profit or loss before any settled balances.

In the normal course of business, the Company has various transactions with its related companies as follows:

- a. The amount due to FWD Group Management Holdings Ltd. (GMH) is in respect of expenditure incurred on behalf of the Company such as software amortization costs on software purchased by FWD Group for FWD PH, external service fees, data communication lines and traveling expenses. It is also comprised mainly of IT time charges and direct and indirect cost charged for the portion of time spent by GMH staff in providing service to the Company. These charges are included in “Group Office Management Fee” in Note 20.

The amount due to Valdimir Pte. Ltd. is in respect of brand licensing agreement (royalty fees) for the Company’s use of the FWD brand name which is based in the Company’s production for the year and expenditure incurred on behalf of the Company. The royalty fees is based on the Company’s production for the year and is included in “Marketing and advertising” in Note 20. This also includes the Company’s share in cost of conferences, travel expenses, and direct and indirect cost charged for the portion of time spent by Valdimir staff in providing service to the Company. These charges are included in “Group Office Management Fee” in Note 20.

The amount due to FWD Technology and Innovation Malaysia (TIM) pertains to the costs for Technology Services, Solutions Delivery, IT Security, Innovation Hub and Center of Excellence at no mark-up, as well as cost for time spent by TIM employees providing shared services and services for FWD enterprise application provided by Group IT Shared Service. These charges are included in “Shared services fee and Group Office Management fees” in Note 20.

The amount due to FWD Information Technology (Guangzhou) Co., Ltd. pertain to business as usual services for FWD enterprise application provided by Group IT Shared Service team to the Company such as system development & support and classified under pass-through charges. These charges are included in “Group Office Management Fees” in Note 20.

- b. The outstanding receivable from FWD Group Management Holdings Ltd. includes group-initiated activities and initiatives cost that the Company paid on behalf of GMH. Other receivables from affiliates pertains to meetings and travel-related expenses incurred by Company officers initially shouldered by the Company and will be recovered upon charge-back.



Outstanding balances are non-interest bearing, unsecured and will be settled in cash on an annual basis. No guarantees had been received or given.

Remunerations of Key Management Personnel

The Company's key management personnel include all management committee officers. The summary of compensation of key management personnel is as follows:

	2024	2023
Salaries and other short-term employee benefits	₱163,580,561	₱127,594,358
Directors' fees	13,995,255	11,900,717
Pension expense	7,521,236	5,799,136
Other long-term benefits	4,341,284	28,471,822
	₱189,438,336	₱173,766,033

23. Income Taxes

Provision for income tax consists of:

	2024	2023
Current		
MCIT	₱91,213,694	₱8,346,848
Final	130,023,245	46,374,123
	221,236,939	54,720,971
Deferred	(458,543,691)	25,017,788
	(₱237,306,752)	₱79,738,759

Reconciliation between provision for income tax and the income tax at statutory income tax rate follows:

	2024	2023
Income tax at statutory rate	₱265,305,862	₱305,447,424
Tax effects of:		
Interest income subjected to final tax	(26,983,992)	(3,280,894)
Non-deductible expenses	17,942,411	234,754
Non-taxable income	(35,027,342)	(858,254,086)
Change in deferred tax assets	(458,543,691)	635,591,561
Effective income tax	(₱237,306,752)	₱79,738,759

The Company is subject to regular corporate income tax (RCIT) of 25% of taxable income. It also recognizes the higher of RCIT and MCIT on modified gross income as current income tax expense. On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the Minimum Corporate Income Tax (MCIT) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises (CREATE)" Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

Consequently, the Company computed MCIT using the effective rate of 2% in 2024 in accordance with RMC 69-2023.



Details of the Company's MCIT that can be claimed as tax credits from future regular corporate income tax are as follows:

Year Recognized	MCIT	Application and Expired	Balance	Year of Expiry
2024	₱91,213,694	₱–	₱91,213,694	2027
2023	8,346,848	–	8,346,848	2026
2022	29,902,606	–	29,902,606	2025
2021	26,696,927	26,696,927	–	2024
	₱156,160,075	₱26,696,927	₱129,463,148	

Details of the Company's NOLCO, which is available for offset against future taxable income, follow:

Year Recognized	NOLCO	Application and Expired	Balance	Year of Expiry
2023	₱2,256,672,900	₱895,132,351	₱1,361,540,549	2026
2022	159,813,397	159,813,397	–	2025
	₱2,416,486,297	₱1,054,945,748	₱1,361,540,549	

The Company recognized deferred tax assets and liabilities from the following temporary differences:

	2024	2023
Deferred tax assets on:		
Provision for IBNR reserves	₱63,929,010	₱33,157,658
Retirement liability	18,008,808	6,257,459
Provision for credit losses	25,981,284	11,674,735
MCIT	129,463,149	65,219,381
NOLCO	340,385,137	–
	577,767,388	116,309,233
Deferred tax liabilities on:		
Right-of-use asset	(5,053,685)	(1,965,776)
Other unrealized gain	(8,709,832)	(6,326,870)
Net unrealized foreign exchange gain	(11,644,871)	(14,201,278)
	(25,408,388)	(22,493,924)
	₱552,359,000	₱93,815,309

As of December 31, 2024, the Company has no unrecognized deferred tax assets.

24. Capital Management and Management of Insurance and Financial Risk

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 risk. It also supports the effective implementation of policies at the overall company and individual business unit levels.



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

Regulatory Framework

Regulators are interested in protecting the rights of the policyholders and maintain close vigil to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Company maintains appropriate solvency position to meet liabilities arising from claims and that the risk levels are at acceptable levels.

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

Capital Management Framework

The Company maintains a certain level of capital to ensure sufficient solvency margins and to adequately protect the policyholders. The level of capital maintained is usually higher than the minimum capital requirements set by the regulators and the amount computed under the RBC Requirement Model.

Fixed capitalization requirements

Pursuant to the provision of Section 194 of the New Insurance Code ("the Code"), no new life or non-life insurance business will be licensed in the Philippines unless it has paid-up capital of One Billion Pesos (₱1,000,000,000).

The Code also provided the new capitalization requirement 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:

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

In 2024 and 2023, the Company fully complied with the externally imposed capital requirements with Statutory Net Worth amounting to ₱4.50 billion. This amount is still subject for examination of Insurance Commission.

Unimpaired capital requirement

IMC 22-2008 provided that for the purpose of determining compliance with the law, rules and regulations requiring that the paid-up capital should remain intact and unimpaired at all times, the statement of financial position should show that the net worth or equity is at least equal to the actual paid-up capital. The Company has complied with the unimpaired capital requirement.

RBC requirements

IC CL No. 2016-68 (Amended Risk-Based Capital (RBC2) Framework) provides the three pillar risk-based approach to solvency that is adopted by IC: (a) Pillar 1 includes the quantitative requirements in relation to the calculation of capital requirements and recognition of eligible capital; (b) Pillar 2 covers the governance and risk management requirement that consist of a supervisory review process



which may include a supervisory adjustment to capital; and (c) Pillar 3 comprises the disclosure requirements designed to encourage market discipline. Every life insurance company is quarterly required to maintain a minimum RBC ratio of 100% and not to fail the trend test. Trend Test has failed, in the event that all have occurred:

- a) The RBC ratio computed for the period (i.e. first quarter) is less than 125% but is not below 100%,
- b) The RBC ratio has decreased over the past period, and
- c) The difference between RBC ratio (presented in (i) above) and the decrease in the RBC ratio (presented in (ii) above) over the past period is less than 100%.

Failure to meet the minimum RBC ratio shall subject the insurance company to the corresponding regulatory intervention which has been defined at various levels.

In addition, IC issued CL No. 2016-69 (Implementation Requirements for Financial Reporting, Valuation Standards for Insurance Policy Reserves and Amended RBC2 Framework) which states RBC2 shall take effect beginning January 1, 2017. This CL also provided for relaxed requirements for initial implementation for RBC2 as follows:

	Level of sufficiency
2017	95 th percentile
2018	97.5 th percentile
2019	99.5 th percentile

The RBC ratio shall be calculated as Total Available Capital (TAC) divided by the RBC requirement. TAC, which is the aggregate of Tier 1 and Tier 2 capital minus deductions, and RBC requirement are defined in Section 2 of ICL 2016-68.

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

	2024	2023
Total Available Capital	₱6,806,000,667	₱6,232,735,003
RBC requirement	4,495,954,532	3,470,243,404
RBC Ratio	151%	180%

The final RBC Ratio for 2024 can be determined only after the accounts of the Company have been examined by IC specifically as to admitted and non-admitted assets as defined under the Code. RBC ratio for 2023 is based on the Synopsis of the Annual Statement as approved by the Insurance Commission dated February 5, 2025.

Product Design and Pricing Risk

Product design risk refers to potential defects in the development of a particular insurance product. The Company manages product design risk through its product approval process where products are reviewed against pricing, design and operational risk parameters. All new products and product enhancements are reviewed and approved by the Group Office and are certified by the Company's Chief Actuary.



Product pricing phase starts with reinsurance negotiation, assumption-setting, preparation of product approval report, review and sign-off by the Group Office of pricing model, key product metrics based on target range set by Group, and risk assessment and mitigation measures consistent with the risk management policy of Group. Approved products are then filed with IC and BSP (for Bancassurance products).

The Company closely monitors the performance of new products and actively manages the product portfolio to minimize risks in the in-force book and new products.

Insurance Risk

Nature of Risk

The risk under an insurance contract is the risk that an insured event will occur, including the uncertainty of the amount and timing of any resulting claim. The principal risk the Company faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency and severity of claims and actual benefit amount at the time of claim, and subsequent development of long-term claims. The variability of risks is improved by diversification of the risk of loss. A large diversified portfolio of insurance contracts is less likely to be affected across the board by changes in any subset of the portfolio. The variability of risks is also improved by careful selection and implementation of underwriting strategies and guidelines, as well as the use of reinsurance arrangements.

For contracts where death is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. These risks currently do not vary significantly in relation to the location of the risks insured by the Company while undue concentration by amounts could have an impact on the severity of benefit payments.

Terms and conditions

The Company principally writes life insurance where the life of policyholder is insured against death, illness, injury or permanent disability, usually for a pre-determined amount. Life insurance contracts currently offered by the Company are mainly unit-linked, accident and health and group life insurance products. Unit-linked products differ from conventional policies in that a pre-determined percentage of each premium is allocated to units in a pooled investment fund and the policyholder benefits directly from the total investment growth and income of the fund.

There are no mitigating terms and conditions that reduce the insured risk accepted for contracts with fixed, guaranteed terms and fixed future benefits.

The Company has an objective to control and manage insurance risk, and to maintain a strong capital base to safeguard the Company's ability to continue as a going-concern. The Company manages insurance risk through the following mechanism:

- The use and maintenance of sophisticated management information systems that provide up to date, accurate and reliable data on risk exposure at any point in time;
- Actuarial models based on industry past experience and sound actuarial formulations;
- Guidelines for concluding insurance contracts and assuming insurance risks;
- Pro-active compliance of claims handling procedures to investigate and adjust claims, thereby ensuring payment of valid claims;
- Reinsurance to limit the Company's exposure to large claims by placing risk with reinsurers providing high security; and



- Eventually, diversification strategy will be implemented to ensure that underwritten risks are well-diversified in terms of type and amount of risk, industry and geography.

Insurance risk is also affected by the policyholders' rights to terminate the contract, pay reduced premiums, and cease to pay premiums. Thus, the insurance risk is subject to the behaviour and decisions of the policyholders.

The Company's concentration of insurance risk, before and after reinsurance, in relation to the type of insurance contract is as follows:

	2024	2023
Variable unit-linked		
Gross	₱167,723,948,001	₱132,868,851,231
Net	142,829,317,959	111,466,821,449
Accident and health		
Gross	44,120,443,061	36,713,306,526
Net	23,378,053,710	19,948,327,382
Ordinary life		
Gross	37,680,332,604	29,616,703,995
Net	29,551,992,099	23,255,170,974
Group life		
Gross	187,104,022,222	161,844,545,236
Net	148,644,404,712	138,494,133,330
Total		
Gross	436,628,745,889	361,043,406,988
Net	344,403,768,480	293,164,453,135

The risks associated with the life and accident and health products are underwriting risk and investment risk.

Underwriting Risk

Underwriting risk represents the exposure to loss resulting from actual policy experience adversely deviating from assumptions made in the product pricing. Underwriting risks are brought about by a combination of the following:

- Mortality risk - risk of loss arising from the policyholders' death experience being different than expected.
- Morbidity risk - risk of loss arising from the policyholder's health experience being different than expected.
- Expense risk - risk of loss arising from expense experience being different than expected.
- Policyholder decision risk - risk of loss arising from the policyholder behavior (lapses and surrenders) being different than expected.

The Company's underwriting strategy is designed to ensure that risks are evaluated and rated appropriately. This is largely achieved through the use of health questionnaires and medical screening in order to ensure that pricing takes account of current health conditions family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria.



Investment Risk

The investment risk represents the exposure to loss resulting from cash flows from invested assets, primarily long-term fixed rate investments, being less than the cash flows required to meet the obligations of the expected policy contract liabilities and the necessary return on investments. Additionally, there exists a future investment risk associated with certain policies currently in force which will have premium receipts in the future. That is, the investment of those future premium receipts may be at a yield below that required to meet future policy liabilities.

To maintain an adequate yield to match the interest necessary to support future policy liabilities, management focus is required to reinvest the proceeds of the maturing securities and to invest the future premium receipts while continuing to maintain satisfactory investment quality.

The Company utilizes dynamic asset allocation strategies consistent with its risk appetite framework to manage investment risk and to ensure sustainable investment returns.

Financial Instruments

The following table sets forth the carrying values and fair values of non-linked and unit-linked financial assets and liabilities recognized as of December 31:

	December 31, 2024			
	Non-linked		Unit-linked	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets				
Cash and cash equivalents	₱1,376,484,650	₱1,376,484,650	₱1,391,213,073	₱1,391,213,073
Loans and deposits	247,012,646	247,012,646	711,731,493	711,731,493
AFS financial assets:				
Government and corporate debt securities	4,960,388,083	4,960,388,083	-	-
Financial assets at FVPL:				
Debt securities	-	-	1,352,010,717	1,352,010,717
Equity securities	-	-	68,767,079,114	68,767,079,114
Unit investment trust fund	-	-	12,991,255,927	12,991,255,927
Reinsurance assets	925,176,929	925,176,929	-	-
Other assets	627,361,522	627,361,522	-	-
	₱8,136,423,830	₱8,136,423,830	₱85,213,290,324	₱85,213,290,324
Financial liabilities				
Other liabilities	₱2,789,575,134	₱2,789,575,134	₱301,816,660	₱301,816,660

	December 31, 2023			
	Non-linked		Unit-linked	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets				
Cash and cash equivalents	₱1,454,381,690	₱1,454,381,690	₱938,273,207	₱938,273,207
Loans and deposits	265,422,374	265,422,374	339,522,386	339,522,386
AFS financial assets:				
Government and corporate debt securities	3,677,339,658	3,677,339,658	-	-
Financial assets at FVPL:				
Debt securities	-	-	1,424,744,544	1,424,744,544
Equity securities	-	-	41,751,882,989	41,751,882,989
Unit investment trust fund	-	-	13,205,263,275	13,205,263,275
Reinsurance assets	494,116,554	494,116,554	-	-
Other assets	463,983,003	463,983,003	-	-
	₱6,355,243,279	₱6,355,243,279	₱57,659,686,401	₱57,659,686,401
Financial liabilities				
Other liabilities	₱2,022,670,760	₱2,022,670,760	₱357,255,160	₱357,255,160



Fair values of financial assets and financial liabilities are estimated as follows:

- Due to the short-term nature of cash and cash equivalents, short-term investments, receivables, accrued income, insurance payables, accrued payables and accrued expenses, payable to related parties, and amounts payable on redemption, their carrying values reasonably approximate their fair values at year end.
- The fair value of financial assets at FVPL and AFS financial assets that are actively traded in organized financial markets is determined by reference to quoted market prices (BVAL/BSP 813 Reference rate for bonds, PSE closing price for equities and the published NAV per unit for investments in UITF), at the close of business on the reporting date, or the last trading day as applicable.

Financial Risk

The Company is exposed to financial risk through its financial assets and financial liabilities. In particular, the key financial risk is that the proceeds from its financial assets 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. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

The Company has established a risk management function with terms of reference and with responsibility for developing policies on market, credit, liquidity, insurance and operational risk. The investment policies define the Company's limit structure to ensure the appropriate quality and diversification of assets, in accordance with the Code.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company manages the level of credit risk it accepts through a credit risk policy which focuses on minimizing credit risk exposures. The credit risk policies are set as follows:

- a. Concentration limit - The Company sets maximum exposure to an individual issuer and to a particular sector.
- b. Counterparty ratings - The Company reviews and recommends financial institutions that will complement over-all investment objectives and service requirements.

Reporting of credit risk exposures, monitoring compliance with credit risk policy and review of credit risk policy is done on a regular basis.

A credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer may be unable to meet its obligations assumed under such reinsurance agreements. The Company selects only domestic and foreign companies with strong financial standing and excellent track records which are allowed to participate in the Company's reinsurance programs. The Company also set maximum exposure for deposit products of accredited banks which will be the equivalent to the maximum allocation for the said instruments.

As of December 31, 2024 and 2023, the Company's maximum exposure to credit risk and investment risk from its financial assets (loans and receivables, AFS financial assets and financial assets at FVPL) is equal to their carrying amount. In addition, there is no significant concentration of credit risk identified. The gross maximum exposure to credit risk of the Company approximates its net maximum exposure. There were no amounts that are set-off in accordance with the criteria in



PAS 32, *Financial Instruments: Presentation*. There were no amounts subject to an enforceable master netting arrangement or similar agreement as of December 31, 2024 and 2023.

Credit quality of financial assets

It is the Company's policy to maintain accurate and consistent risk ratings across the financial assets. The Company utilizes an internal credit rating system based on its assessment of the quality of the financial assets.

The Company uses conventions which have been adapted to conform to the various ratings as follows:

Standard and Poor's	Moody's	Reported as
AAA	AAA	AAA
AA+ to AA-	Aa1 to Aa3	AA
A+ to A-	A1 to A3	A
BBB+ to BBB-	Baa1 to Baa3	BBB
BB+ and below	Ba1 and below	Below investment grade

The tables below show the credit quality of the Company's financial assets as of December 31:

Non-linked

	2024				
	A	BBB	BB	Not rated	Total
Cash and cash equivalents	₱108,392,663	₱1,264,923,398	₱-	₱3,168,589	₱1,376,484,650
Loans and deposits	-	-	-	247,012,646	247,012,646
AFS financial assets:					
Government and corporate debt securities	-	4,960,388,083	-	-	4,960,388,083
Reinsurance assets	-	-	-	925,176,929	925,176,929
Other assets	-	-	-	627,361,522	627,361,522
	₱108,392,663	₱6,225,311,481	₱-	₱1,802,719,686	₱8,136,423,830

Unit-linked

	A	BBB	BB	Not rated	Total
Financial Assets:					
Cash and cash equivalents	638,755,651	752,457,422	₱-	₱-	₱1,391,213,073
Other assets					
Receivables	-	-	-	584,403,883	584,403,883
Accrued income	-	-	-	127,327,610	127,327,610
Financial assets as FVPL:					
Debt securities	1,352,010,717	-	-	-	1,352,010,717
Equity securities	-	-	-	68,767,079,114	68,767,079,114
Unit investment trust fund	-	-	-	12,991,255,927	12,991,255,927
	₱1,990,766,368	₱752,457,422	₱-	₱82,470,066,534	₱85,213,290,324

Non-linked

	2023				
	A	BBB	BB	Not rated	Total
Cash and cash equivalents	₱161,792,461	₱1,289,646,782	₱-	₱2,942,447	₱1,454,381,690
Loans and deposits	-	-	-	265,422,374	265,422,374
AFS financial assets:					
Government and corporate debt securities	-	3,677,339,658	-	-	3,677,339,658
Reinsurance assets	-	-	-	494,116,554	494,116,554
Other assets	-	-	-	463,983,003	463,983,003
	₱161,792,461	₱4,966,986,440	₱-	₱1,226,464,378	₱6,355,243,279



Unit-linked

	A	BBB	BB	Not rated	Total
Financial Assets:					
Cash and cash equivalents	₱428,625,398	₱509,647,809	₱–	₱–	₱938,273,207
Other assets					
Receivables	–	–	–	319,180,350	319,180,350
Accrued income	–	–	–	20,342,036	20,342,036
Financial assets as FVPL:					
Debt securities	1,424,744,544	–	–	–	1,424,744,544
Equity securities	–	–	–	41,751,882,989	41,751,882,989
Unit investment trust fund	–	–	–	13,205,263,275	13,205,263,275
	₱1,853,369,942	₱509,647,809	₱–	₱55,296,668,650	₱57,659,686,401

Liquidity Risk

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

The major liquidity risk confronting the Company is the daily calls on its available cash resources in respect of claims arising from insurance contracts and operating expenses. The Company manages liquidity by forecasting cash flow requirements. Investments are made in assets with maturities or interest payments which are matched against expected pay-outs of claims benefits (i.e., amount and duration of assets are matched against amount and duration of liabilities). In addition, significant outflows due to operating expenses (e.g., salaries, bonuses, IT expenditures, etc.) are scheduled based on an agreed budget timeline.

It is unusual for a company primarily transacting in insurance business to predict the requirements of funding with absolute certainty as theory of probability is applied on insurance contracts to ascertain the likely provision and the time period when such liabilities will require settlement. The amounts and maturities in respect of insurance liabilities are thus based on management's best estimate based on actuarial techniques and past experience.

The table below summarizes the maturity profile of the Company's financial assets and liabilities based on the remaining period at the end of the reporting period. Most of the Company's financial assets are used to support its insurance contract liabilities which are shown in the table below. Refer to Note 12 for additional information on the Company's insurance contract liabilities as well as to the Insurance Risks Section.

Non-linked

		December 31, 2024				
		Maturity Breakdown				
	Up to a year	1-3 years	3-5 years	Over 5 years	No term	Total
Financial assets:						
Cash and cash equivalents	₱1,376,484,650	₱–	₱–	₱–	₱–	₱1,376,484,650
Loans and deposits	182,347,220	64,665,426	–	–	–	247,012,646
AFS financial assets						
Government and corporate debt securities	221,244,750	92,560,800	486,345,772	4,160,236,761	–	4,960,388,083
Reinsurance assets	925,176,929	–	–	–	–	925,176,929
Other assets	598,837,334	8,577,871	12,005,882	7,940,435	–	627,361,522
Total financial assets	₱3,304,090,883	₱165,804,097	₱498,351,654	₱4,168,177,196	₱–	₱8,136,423,830
Other liabilities:	2,789,575,134	–	–	–	–	2,789,575,134
Total financial liabilities	₱2,789,575,134	₱–	₱–	₱–	₱–	₱2,789,575,134



Unit-linked

Financial assets:						
Cash and cash equivalents	₱1,391,213,073	₱–	₱–	₱–	₱–	₱1,391,213,073
Other assets						
Accounts receivable	584,403,883	–	–	–	–	584,403,883
Accrued income	127,327,610	–	–	–	–	127,327,610
Financial assets at FVPL						
Debt securities	11,075,698	99,169,727	418,066,023	823,699,269	–	1,352,010,717
Equity securities	–	–	–	–	68,767,079,114	68,767,079,114
Other Investment:						
Feeder Fund (UITF)	–	–	–	–	12,991,255,927	12,991,255,927
Total financial assets	₱2,114,020,264	₱99,169,727	₱418,066,023	₱823,699,269	₱81,758,335,041	₱85,213,290,324
Financial liabilities:						
Other financial liabilities:						
Accounts payable and accrued expenses	₱301,816,660	₱–	₱–	₱–	₱–	₱301,816,660
Total financial liabilities	₱301,816,660	₱–	₱–	₱–	₱–	₱301,816,660

Non-linked

Non-linked

		December 31, 2023					
		Maturity Breakdown					
	Up to a year	1-3 years	3-5 years	Over 5 years	No term	Total	
Financial assets:							
Cash and cash equivalents	₱1,454,381,690	₱–	₱–	₱–	₱–	₱1,454,381,690	
Loans and deposits	196,113,467	69,308,907	–	–	–	265,422,374	
AFS financial assets							
Government and corporate debt securities	183,444,587	23,973,500	334,887,733	3,135,033,838	–	3,677,339,658	
Reinsurance assets	494,116,554	-	–	–	–	494,116,554	
Other assets	415,415,502	12,782,030	26,822,027	8,963,444	–	463,983,003	
Total financial assets	₱2,743,471,800	₱106,064,437	₱361,709,760	₱3,143,997,282	₱–	₱6,355,243,279	
Other liabilities:	2,022,670,760	-	–	–	–	2,022,670,760	
Total financial liabilities	₱2,022,670,760	₱–	₱–	₱–	₱–	₱2,022,670,760	

Unit-linked

Financial assets:						
Cash and cash equivalents	₱938,273,207	₱–	₱–	₱–	₱–	₱938,273,207
Other assets						
Accounts receivable	319,180,350	–	–	–	–	319,180,350
Accrued income	20,342,036	–	–	–	–	20,342,036
Financial assets at FVPL						
Debt securities	24,830,044	52,185,139	201,735,073	1,145,994,288	–	1,424,744,544
Equity securities	–	–	–	–	41,751,882,989	41,751,882,989
Other Investment:						
Feeder Fund (UITF)	–	–	–	–	13,205,263,275	13,205,263,275
Total financial assets	₱1,302,625,637	₱52,185,139	₱201,735,073	₱1,145,994,288	₱54,957,146,264	₱57,659,686,401
Financial liabilities:						
Other financial liabilities:						
Accounts payable and accrued expenses	₱357,255,160	₱–	₱–	₱–	₱–	₱357,255,160
Total financial liabilities	₱357,255,160	₱–	₱–	₱–	₱–	₱357,255,160

Market Risk

- Currency risk**

Currency risk is the risk that the value of the Company's financial instruments will decrease resulting from changes in the foreign currency exchange rates. The Company's financial assets are predominantly denominated in the same currencies as its insurance and other financial liabilities, which serves to mitigate the foreign currency exchange risks on its intercompany payables.



The following tables show the details of the Company's foreign currency-denominated monetary transactions and their Philippine peso equivalents:

	2024		2023	
	USD	PHP	USD	PHP
Assets				
Cash	\$7,714,554	₱447,324,262	\$5,259,027	₱291,294,302
Financial assets at FVPL	363,340	21,068,089	927,138	51,353,619
Loans and deposits	(208,663)	(12,099,189)	2,071,588	114,743,976
Reinsurance assets	533,722	30,947,569	(3,360,738)	(186,149,230)
Property and equipment - net	126,863	6,868,905	126,863	6,868,905
Intangible assets - net	2,188,691	113,095,577	1,922,751	98,127,921
Other assets	140,325	13,748,047	(672,623)	(33,779,864)
Insurance contract assets	(48,566)	(2,816,070)	(45,286)	(2,508,276)
	10,810,266	618,137,190	6,228,720	339,951,353
Liabilities				
Other payables	(4,899,556)	(284,098,096)	2,226,869	123,344,897
Payable to related parties	(1,267,901)	(73,518,555)	(4,775,872)	(264,532,618)
	(\$6,167,457)	(₱357,616,651)	(\$2,549,003)	(₱141,187,721)

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rates, with all other variables held constant, of the Company's income before tax.

	2024		2023	
	Changes in foreign exchange rates	Impact on income before tax	Changes in foreign exchange rates	Impact on income before tax
Currency				
US Dollar	(-1.0%)	161,012,595	0.3%	83,381,672
	1.0%	(161,012,595)	(-0.3%)	(83,381,672)

- **Equity price risk**
Equity price risk is the risk that the fair value of equities will decrease resulting from changes in the levels of equity indices and the value of individual stocks. The Company is exposed to equity price risks arising from equity investments. Equity investments are held for the Company's variable unit linked funds. Exposure is being managed through equity asset class allocation target and range defined in the Investment Policy of the funds and is being monitored on a monthly basis.

The effect on profit or loss (as a result of a change in fair value of instruments held in the unit-linked assets) due to a reasonably possible change in indices, with all other variables held constant, is as follows:

	2024	
	Change in Equity Price (%)	Effect on profit or loss Increase (Decrease)
Equity securities	10%	₱49,155,859
	10%	(49,155,859)
2023		
	Change in Equity Price (%)	Effect on profit or loss Increase (Decrease)
Equity securities	10%	₱42,478,901
	10%	(42,478,901)



- *Interest rate risk*

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company's investments classified as AFS financial assets and financial assets at FVPL in particular are exposed to such risk. The Company's investment policy manages interest rate risk by aiming to match the maturities of interest-bearing financial assets and interest-bearing financial liabilities. The amount, duration and yield to maturity of assets are matched against the amount and duration of the liabilities.

The Company's exposure to interest rate risk arises from its investment in government bonds and corporate bonds for the VUL funds. Exposure is being managed through asset class allocation and ranges defined in the Investment Policy of the funds.

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates for the next financial year, with all other variables held constant, of the Company's total comprehensive income follows:

2024

	Change in Yield (bps)	Effect on profit or loss Increase (Decrease)	Effect on OCI Increase (Decrease)
Debt securities	+50 bps	(P31,557,132)	(P186,458,278)
	-50 bps	31,557,132	198,158,499

2023

	Change in Yield (bps)	Effect on profit or loss Increase (Decrease)	Effect on OCI Increase (Decrease)
Debt securities	+50 bps	(P6,143,623)	(P128,216,410)
	-50 bps	6,143,623	135,542,979

25. Commitments

Developmental Fees

The Company entered into Deeds of Undertaking (DOU) with the agency leaders to assist in building and maintenance of the agencies for the purpose of exclusively selling the Company's life insurance products.

Developmental fee commitments are as follows:

	2024	2023
Within one year	P11,056,237	P53,637,214
After one year but not more than five years	55,629,435	112,298,678
	P66,685,672	P165,935,892

Distribution Agreement

On September 15, 2014, FWD Life and Security Bank Corporation (SBC) signed a Distribution Agreement (DA) under which SBC will sell exclusively FWD Life products. The terms of the Agreement provides for payment by FWD Life of an Upfront Fee and Exclusive Access Fee in



consideration for FWD Life's exclusive access to the distribution network. The DA also provides for payment of Initial Milestone Fee (IMF) and Subsequent Milestone Fee (SMF) upon meeting the cumulative ANP target. On December 10, 2018, the Company paid SBC the Initial Milestone Fee.

Amortization of the 300.00 million Intangible Asset shall be amortized over its economic life of fifteen (15) years while the amortization of the Prepaid Asset for the remaining 300.00 million and 1.00 billion shall be expressed in terms of Unit of Production (UOP).

The bancassurance partner are given annual performance bonus and over-achievement bonus under the DA with SBC. Annual performance bonus is given in the event that the ANP generated from eligible sales during the year achieves the annual performance target of the bancassurance agent for the financial year. Annual over-achievement performance bonus is provided to bancassurance agents in the event that the ANP generated from eligible sales during the year achieves the annual over-achievement performance target.

The bancassurance agents are given annual performance bonus and over-achievement bonus under the DA with SBC. Annual performance bonus is given in the event that the ANP generated from eligible sales during the year achieves the annual performance target of the bancassurance agent for the financial year. Annual over-achievement performance bonus is provided to bancassurance agents in the event that the ANP generated from eligible sales during the year achieves the annual over-achievement performance target.

Management Fee Income

The Company entered into a Discretionary Investment Management Agreement with BPI wherein the Company availed of the services of BPI as investment manager relative to the management and investment of the funds of the Company for its unit-linked products. The Company has 3 Funds that were managed by BPI until November 2024.

The Company also entered into a Participating Trust Agreement with SBC wherein the Company agrees to participate in the Unit Investment Trust Fund established by SBC for the purpose of providing investment opportunities for higher investment yields through a diversified portfolio of investments for the Company's unit-linked products. Currently, the Company has participation in 6 Funds.

In 2017, the Company entered into a Discretionary Investment Management Agreement with SBC wherein the company availed of the services of SBC as investment manager relative to the management and investment of funds of the Company for its unit-linked products. The Company has 1 fund that is managed by SBC under this arrangement.

In 2017, the Company has also set up a US dollar denominated equity index-linked fund. The fund replicates an index-based strategy and is administered by the Company.

Management fees ranging from 0.5% up to 2.25% of the Net Asset Value are collected from the fund. Management fees are collected on a monthly and quarterly basis from the funds managed by BPI and SBC, respectively.



26. Contingencies

The Company has suits and claims that remain unsettled outside of provisions. Management believes, based on the opinion of its legal counsels, that the ultimate outcome of such cases and claims will not involve sums having a material or adverse effect on the financial statements.

27. Supplementary Tax Information Required Under Revenue Regulation (RR) 15-2010

The following supplementary information under RR 15-2010 is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

Output VAT

Details of the Company's output VAT declared are as follows:

Fee income:	
Management fee income on assets held to cover unit-linked liabilities	₱1,331,735,851
Interest – Staff loans	745,161
Interest – Agency loans	2,692,312
Other Income	6,523,915
Total	1,341,697,239
Output VAT rate	12%
	₱161,003,669

Documentary stamp tax

The Company's documentary stamp tax paid or accrued in 2023 follows:

Source	Payment
Life insurance premiums/coverage	₱15,094,490
Other documents	850,716
Total	₱15,945,206

Other taxes and licenses

This includes all local taxes including Premium Taxes under the account "Commission-related expenses" and licenses and permit fees under the account "Taxes and Licenses" and under "General and Administration" expenses.

<i>Local Taxes</i>	
Business registration fees	₱18,135,780
Real property tax	–
Community tax certificate	10,500
<i>National Taxes</i>	
Percentage taxes (see Note 20)	164,289,061
Insurance commission license	577,000
Notarial fee	244,701
BIR annual registration	–
Total	₱183,257,042



Withholding taxes

Details of the Company's withholding taxes paid and accrued during the year are as follows:

	Total remittance	Balance
Expanded withholding tax	₱607,962,601	₱32,818,535
Tax on compensation and benefits	355,271,510	803,988
Final withholding tax	24,058,670	10,836
Final Withholding VAT	8,795,273	5,201
Fringe benefit tax	2,411,362	772,405
	₱998,499,416	₱34,410,965

Tax assessments

On December 29, 2022. the Company received a final assessment notice (FAN) and final letter of demand covering all taxes for the taxable year 2017. The Company submitted its protest letter to the FAN on January 27, 2023. The Company requested for a reinvestigation and has submitted the documents pertinent to the 60-day period on March 28, 2023. On August 13, 2024. the Company received the Final Decision on Disputed Assessment (FDDA).

On September 8, 2023. the Company also received a final assessment notice (FAN) and final letter of demand covering all taxes for the taxable year 2019. The Company submitted its protest letter to the FAN on October 9, 2023. The Company has requested for a reinvestigation and has submitted the documents pertinent to the 60-day period on December 11, 2023. On July 16, 2024. the Company received the Final Decision on Disputed Assessment (FDDA).

The Company has already closed the 2017 and 2019 tax assessments on October 4, 2024. and July 16, 2024, respectively.

As of December 31, 2024, the Company does not have any tax cases outstanding or pending in courts or bodies outside the BIR in any of the open taxable years.



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
FWD Life Insurance Corporation
19/F, W Fifth Avenue Building,
5th Avenue corner 32nd Street,
Bonifacio Global City, Taguig City

We have audited the accompanying financial statements of FWD Life Insurance Corporation (the Company) as at and for the year then ended December 31, 2024, on which we have rendered the attached report dated March 18, 2025.

In compliance with Securities Regulation Code Rule 68, As Amended (2011), we are stating that the above Company is a wholly owned subsidiary of FWD Group Financial Services Pte. Ltd and therefore, has only one stockholder owning more than one hundred (100) shares.

SYCIP GORRES VELAYO & CO.

Ray Francis C. Balagtas

Ray Francis C. Balagtas
Partner

CPA Certificate No. 108795

Tax Identification No. 216-950-288

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-107-2023, September 12, 2023, valid until September 11, 2026

PTR No. 10465263, January 2, 2025, Makati City

March 18, 2025

