

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

S	U	N	L	I	F	E	G	R	E	P	A	F	I	N	A	N	C	I	A	L	,	I	N	C	.

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

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e	,	M	a	k	a	t	i	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

<p>Company's Email Address</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">wecare@sunlifegrepa.com</td></tr> </table>	wecare@sunlifegrepa.com	<p>Company's Telephone Number</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">8866-6800</td></tr> </table>	8866-6800	<p>Mobile Number</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">N/A</td></tr> </table>	N/A
wecare@sunlifegrepa.com					
8866-6800					
N/A					
<p>No. of Stockholders</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">11</td></tr> </table>	11	<p>Annual Meeting (Month / Day)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">06/06</td></tr> </table>	06/06	<p>Fiscal Year (Month / Day)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">12/31</td></tr> </table>	12/31
11					
06/06					
12/31					

CONTACT PERSON INFORMATION

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

<p>Name of Contact Person</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">CANDY ESTEBAN</td></tr> </table>	CANDY ESTEBAN	<p>Email Address</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">Candy.Esteban@sunlife.com</td></tr> </table>	Candy.Esteban@sunlife.com	<p>Telephone Number/s</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">8555-8888</td></tr> </table>	8555-8888	<p>Mobile Number</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">N/A</td></tr> </table>	N/A
CANDY ESTEBAN							
Candy.Esteban@sunlife.com							
8555-8888							
N/A							

CONTACT PERSON'S ADDRESS

6th Floor, Greplife Building, 221 Senator Gil J. Puyat Avenue, Makati City
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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.



Venjovi Pondevida

From: Rejjie A Ragadio
Sent: Monday, April 29, 2024 3:41 PM
To: Venjovi Pondevida
Subject: FW: Your BIR AFS eSubmission uploads were received

Regards,

Rejjie Ragadio (She/Her)

Finance Department – Financial Accounting and Reporting | Sun Life Financial
+632 5558888 x 5773 | Rejjie.Ragadio@sunlife.com
5F Sun Life Center 5th Ave cor. Rizal Drive, BGC, Taguig 1634

From: eafs@bir.gov.ph <eafs@bir.gov.ph>
Sent: Saturday, April 27, 2024 4:55 PM
To: Rejjie A Ragadio <Rejjie.Ragadio@sunlife.com>
Cc: Ma. Lani I Bartolo <MaLani.Bartolo@sunlife.com>
Subject: Your BIR AFS eSubmission uploads were received

CAUTION This email originated from outside the organization. Please proceed only if you trust the sender.

Hi SUN LIFE GREPA FINANCIAL INC.,

Valid files

- EAFS000460716ITRTY122023.pdf
- EAFS000460716AFSTY122023.pdf
- EAFS000460716RPPTY122023.pdf
- EAFS000460716OTHTY122023.pdf
- EAFS000460716TCRTY122023-01.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-CL9FJ5550CHJL9778Q3NQX4Y2095JBJ8J8**

Submission Date/Time: **Apr 27, 2024 04:55 PM**

Company TIN: XXXXXXXXXX

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 THE FINANCIAL STATEMENTS


The management of **SUN LIFE GREPA FINANCIAL, INC.** (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2023 and 2022, in accordance with the Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.


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 or members, has expressed its opinion on the fairness of presentation upon completion of such audit.



HELEN Y. DEE
Chairman of the Board



RICHARD S. LIM
President



CANDY S. ESTEBAN
Treasurer

Signed this 5th day of March 2024.

Subscribed and sworn to before me this day of APR 05 2024 2024 at
CITY OF MAKATI, affiants exhibiting to me competent evidence of identity, as follows:

Name

Helen Y. Dee
Richard S. Lim
Candy S. Esteban

Government ID



Place of Issue

Quezon City
Pasay City
Mandaluyong City

Doc. No. 53 ;
Page No. 12 ;
Book No. XIV ;
Series of 2024

ATTY. SERVACIO B. ORTIZ JR.
Notary Public, City of Makati
Until December 31, 2024
IBP No. 05729 / Lifetime Member
MCLE Compliance No. VII-0022734
valid until April 14, 2025
Appointment No. M-39 (2023-2024)
PTR No. 10073909 Jan. 2, 2024 / Makati
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Sun Life Grepa Financial, Inc.
6th Floor, Grepalife Building
221 Senator Gil J. Puyat Avenue
Makati City

Opinion

We have audited the financial statements of Sun Life Grepa Financial, Inc. (the Company), which comprise the statements of financial position as at December 31, 2023 and 2022, 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, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our 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 No. 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 Revenue Regulations 15-2010 in Note 36 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 Sun Life Grepa Financial, Inc. 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.

Lucy L. Chan

Lucy L. Chan
Partner

CPA Certificate No. 88118

Tax Identification No. 152-884-511

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-046-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10079917, January 5, 2024, Makati City

March 26, 2024



SUN LIFE GREPA FINANCIAL, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Cash and cash equivalents (Notes 6 and 31)	₱1,246,084,370	₱1,621,645,189
Insurance receivables (Notes 7 and 31)	167,505,502	252,362,362
Financial assets (Notes 8, 18 and 31)		
Financial assets at fair value through profit or loss	4,711,207,650	3,315,851,003
Available-for-sale financial assets - net	15,207,969,101	13,129,585,547
Loans and receivables - net	686,359,354	693,238,705
Segregated fund assets (Note 18)	37,564,380,317	31,842,003,558
Accrued income (Notes 10 and 31)	347,522,733	250,748,359
Investments in subsidiaries (Note 9)	1,076,092,200	1,076,092,200
Property and equipment - net (Note 11)	98,321,160	110,948,681
Deferred tax assets - net (Note 28)	111,031,986	60,465,402
Right-of-use assets - net (Notes 11 and 33)	25,574,548	58,288,852
Other assets (Note 12)	81,154,559	69,776,317
	₱61,323,203,480	₱52,481,006,175
LIABILITIES AND EQUITY		
Liabilities		
Segregated fund liabilities (Note 18)	₱37,564,380,317	₱31,842,003,558
Insurance contract liabilities		
Legal policy reserves - net (Notes 13 and 31)	13,405,176,560	11,749,994,685
Policy and contract claims payable (Notes 14 and 31)	1,476,003,441	1,464,991,246
Policyholders' dividends (Notes 15 and 31)	313,648,287	266,716,339
Premium deposit fund (Notes 16 and 31)	445,561,530	394,694,976
Insurance payables (Notes 17 and 31)	263,710,270	241,342,762
Accounts payable and accrued expenses (Notes 19 and 31)	482,374,278	310,170,701
Income tax payable (Note 28)	-	98,594,847
Net pension liability (Note 27)	77,215,400	52,855,600
Lease liabilities (Note 33)	25,632,988	57,080,997
Other liabilities (Note 33)	105,579,126	95,811,593
	54,159,282,197	46,574,257,304
Equity		
Capital stock (Note 20)	350,000,000	350,000,000
Contributed surplus	1,093,545	1,093,545
Revaluation reserve on available-for-sale financial assets (Note 8)	(404,233,054)	(1,285,820,499)
Actuarial losses on retirement benefit plan (Note 27)	(104,089,875)	(84,021,450)
Remeasurement on legal policy reserves (Note 13)	(99,275,439)	264,787,369
Retained earnings (Note 21)	7,420,426,106	6,660,709,906
	7,163,921,283	5,906,748,871
	₱61,323,203,480	₱52,481,006,175

See accompanying Notes to Financial Statements.



SUN LIFE GREPA FINANCIAL, INC.
STATEMENTS OF INCOME

	Years Ended December 31	
	2023	2022
REVENUE		
Gross earned premiums on insurance contracts	₱13,513,501,136	₱11,563,667,685
Reinsurers' share of gross premiums on insurance contracts	(28,584,778)	(24,368,668)
Insurance premiums net of reinsurance (Note 22)	13,484,916,358	11,539,299,017
Investment income (loss) - net (Note 23)	2,988,724,226	(945,396,968)
Fee income (Note 24)	1,407,024,728	1,252,114,789
Foreign exchange gain (loss) - net	(16,958,004)	220,442,833
Other income	15,741,670	21,947,592
Investment and other income	4,394,532,620	549,108,246
Total revenue	17,879,448,978	12,088,407,263
BENEFITS AND EXPENSES		
Insurance benefits and claims incurred (Notes 14 and 25)	6,079,268,451	5,408,539,338
Reinsurers' share in insurance benefits and claims incurred (Note 25)	(9,389,872)	(9,349,313)
Change in variable unit-linked segregated fund liabilities (Note 18)	5,722,682,809	(999,656,046)
Gross change in legal policy reserves (Notes 13 and 25)	1,291,119,067	3,363,532,653
Net insurance benefits and claims	13,083,680,455	7,763,066,632
Commissions and other direct expenses (Note 26)	2,223,741,965	1,700,294,054
General and administrative expenses (Note 26)	1,037,336,054	865,722,137
Insurance taxes	124,764,703	154,991,006
Interest expense (Note 26)	30,698,834	23,824,255
Expenses	3,416,541,556	2,744,831,452
Total benefits and expenses	16,500,222,011	10,507,898,084
INCOME BEFORE INCOME TAX	1,379,226,967	1,580,509,179
PROVISION FOR INCOME TAX (Note 28)	269,510,767	297,591,061
NET INCOME	₱1,109,716,200	₱1,282,918,118

See accompanying Notes to Financial Statements.



SUN LIFE GREPA FINANCIAL, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2023	2022
NET INCOME	₱1,109,716,200	₱1,282,918,118
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Item that will be reclassified to profit or loss:</i>		
Fair value gain (loss) on available-for-sale financial assets (Note 8)	838,158,317	(2,224,212,276)
Transfers to profit or loss (Note 8)	43,429,128	45,484,921
	881,587,445	(2,178,727,355)
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurements of legal policy reserves (Note 13)	(364,062,808)	2,123,311,206
Net remeasurement gain (loss) on defined benefit plan (Note 27)	(26,757,900)	40,055,800
Tax effect on actuarial losses on retirement liability	6,689,475	(10,013,950)
	(384,131,233)	2,153,353,056
	497,456,212	(25,374,299)
TOTAL COMPREHENSIVE INCOME	₱1,607,172,412	₱1,257,543,819

See accompanying Notes to Financial Statements.



SUN LIFE GREPA FINANCIAL, INC.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	Capital Stock (Note 20)	Contributed Surplus	Revaluation Reserve on Available-for-sale Financial Assets (Note 8)	Actuarial Gains (Losses) on Retirement Benefit Plan (Note 27)	Remeasurement on Legal Policy Reserves (Note 13)	Retained Earnings (Note 21)	Total
As at January 1, 2023	₱350,000,000	₱1,093,545	(₱1,285,820,499)	(₱84,021,450)	₱264,787,369	₱6,660,709,906	₱5,906,748,871
Net income	–	–	–	–	–	1,109,716,200	1,109,716,200
Other comprehensive income (loss)	–	–	881,587,445	(20,068,425)	(364,062,808)	–	497,456,212
Total comprehensive income (loss)	–	–	881,587,445	(20,068,425)	(364,062,808)	1,109,716,200	1,607,172,412
Cash dividends (Note 21)	–	–	–	–	–	(350,000,000)	(350,000,000)
As at December 31, 2023	₱350,000,000	₱1,093,545	(₱404,233,054)	(₱104,089,875)	(₱99,275,439)	₱7,420,426,106	₱7,163,921,283
As at January 1, 2022	₱350,000,000	₱1,093,545	₱892,906,856	(₱114,063,300)	(₱1,858,523,837)	₱5,677,791,788	₱4,949,205,052
Net income	–	–	–	–	–	1,282,918,118	1,282,918,118
Other comprehensive income (loss)	–	–	(2,178,727,355)	30,041,850	2,123,311,206	–	(25,374,299)
Total comprehensive income (loss)	–	–	(2,178,727,355)	30,041,850	2,123,311,206	1,282,918,118	1,257,543,819
Cash dividends (Note 21)	–	–	–	–	–	(300,000,000)	(300,000,000)
As at December 31, 2022	₱350,000,000	₱1,093,545	(₱1,285,820,499)	(₱84,021,450)	₱264,787,369	₱6,660,709,906	₱5,906,748,871

See accompanying Notes to Financial Statements.



SUN LIFE GREPA FINANCIAL, INC.**STATEMENTS OF CASH FLOWS**

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱1,379,226,967	₱1,580,509,179
Adjustments for:		
Changes in legal policy reserves (Note 13)	1,291,119,067	3,363,532,653
Interest income (Note 23)	(1,192,247,933)	(826,322,386)
Unrealized foreign exchange loss (gain) - net (Note 8)	18,148,817	(226,186,658)
Depreciation and amortization (Notes 11 and 26)	94,733,818	87,627,948
Amortization of bond premium on available-for-sale financial assets (Note 8)	70,349,006	54,103,183
Provision for impairment loss on available-for-sale financial asset (Notes 8 and 23)	100,543,371	48,456,640
Dividend income (Note 23)	(27,442,154)	(23,038,465)
Fair value gain of financial assets at fair value through profit or loss (Note 8)	(135,356,647)	(15,892,491)
Interest expense on asset retirement obligation (Note 26 and 33)	5,602,771	-
Interest expense on lease liabilities (Note 26 and 33)	2,187,288	3,938,621
Gain on:		
Sale of available-for-sale financial assets (Note 23)	(57,114,243)	(2,971,719)
Sale of property and equipment and other adjustment (Note 11)	(1,728,829)	(10,402)
Operating loss before changes in working capital	1,548,021,299	4,043,746,103
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Insurance receivables	84,856,860	(23,803,354)
Loans and receivables	6,879,351	22,574,790
Segregated fund assets	(5,722,376,759)	1,016,419,102
Other assets	(11,378,242)	6,656,181
Increase (decrease) in:		
Segregated fund liabilities	5,722,376,759	(1,016,419,102)
Policy and contract claims payable	11,012,195	42,340,268
Policyholders' dividends	46,931,948	24,982,307
Premium deposit fund	50,866,554	25,358,561
Insurance payables	22,367,508	(67,348,974)
Accounts payable and accrued expenses	172,203,577	(13,204,988)
Net pension liability	(2,398,100)	(8,413,100)
Other liabilities	(4,939,213)	(84,580,363)
Net cash flows generated from operations	1,924,423,737	3,968,307,431
Income tax paid	(411,982,723)	(184,367,964)
Net cash flows provided by operating activities	1,512,441,014	3,783,939,467

(Forward)

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Financial assets at fair value through profit or loss (Note 8)	(₱1,260,000,000)	(₱3,299,958,512)
Available-for-sale financial assets (Note 8)	(2,473,828,405)	(1,220,249,721)
Property and equipment (Note 11)	(38,515,819)	(30,715,554)
Proceeds from sale/maturities of:		
Available-for-sale financial assets (Note 8)	1,145,105,345	390,749,746
Property and equipment (Note 11)	3,760,297	10,402
Interest received	1,095,763,006	770,784,723
Dividends received	27,152,708	23,062,755
Net cash flows used in investing activities	(1,500,562,868)	(3,366,316,161)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to stockholders (Note 21)	(350,000,000)	(300,000,000)
Payments of lease liabilities (Note 33)	(37,438,965)	(44,549,721)
Net cash flows used in financing activities	(387,438,965)	(344,549,721)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(375,560,819)	73,073,585
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,621,645,189	1,548,571,604
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱1,246,084,370	₱1,621,645,189

See accompanying Notes to Financial Statements.



SUN LIFE GREPA FINANCIAL, INC.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Sun Life Grepa Financial, Inc. (the Company), was incorporated and registered with the Securities and Exchange Commission (SEC) in 1954 and renewed its corporate existence in 2003. The Company was formed to undertake life insurance business, including accident and health insurance; to write insurance contracts providing for all risks, hazards, guarantees and contingencies to which life, accident or health insurance is applicable; to grant endowment and annuities; to issue insurance policies providing for participation or nonparticipation of profits; to reinsure all or part of the risks underwritten by the Company; to undertake all kinds of reinsurance to the extent allowed by the law; and to act as agent or general agent of another insurance company. The Company also offers investment linked products to meet both protection and investment needs.

On December 29, 2023, the Company's 51% ownership interest was acquired by House of Investments, Inc. (HI), an investment holding and management company, from GPL Holdings, Inc. (GPLHI). Previously, the Company was a subsidiary of GPLHI, a corporation registered in the Philippines which is majority owned by the Company's ultimate parent company, Pan Malayan Management and Investment Corporation (PMMIC), with registered office located at 4th Floor, Grepalife Building, 221 Senator Gil J. Puyat Avenue, Makati City. Both HI and its ultimate parent company, PMMIC are registered companies in the Philippines with offices located at 9th Floor, Grepalife Building, 221 Senator Gil J. Puyat Avenue, Makati City and 48th Floor, Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue, Makati City, respectively.

Effective December 29, 2023, the Company is 51% owned by HI and 49% owned by Sun Life Financial Philippine Holding Company, Inc. (SLFPHI). Previously, the Company was 51% owned by GPLHI and 49% owned by SLPHI.

The registered office address of the Company is 6th Floor, Grepalife Building, 221 Senator Gil J. Puyat Avenue, Makati City.

The accompanying financial statements of the Company were approved and authorized for issue by the Board of Directors (BOD) on March 26, 2024.

2. Basis of Preparation and Statement of Compliance

The financial statements of the Company have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVPL), available-for-sale (AFS) financial assets and certain financial instruments under segregated fund assets, which have been measured at fair value.

The financial statements are presented in Philippine Peso (₱), which is the Company's functional currency. All amounts are rounded off to the nearest peso amount, unless otherwise indicated.

The Company has made use of the exemption from consolidation under Philippine Financial Reporting Standard (PFRS) 10, *Consolidated Financial Statements*. These financial statements are the separate financial statements of the Company. The financial statements of the Company and its subsidiaries are included in the consolidated financial statements of HI and PMMIC, which are in accordance with PFRS. The registered office address of HI is 48th Floor, Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue, Makati City, where the consolidated financial statements can be obtained.



Statement of Compliance

The accompanying financial statements have been prepared for submission with the Bureau of Internal Revenue (BIR) and the Philippine SEC in compliance with PFRS.

Presentation of Financial Statements

The statements of financial position of the Company are presented in order of liquidity. An analysis regarding the recovery of assets or settlement of liabilities within twelve (12) months after the statement of financial position date (current) and more than twelve (12) months after the statement of financial position date (noncurrent) is presented in Note 35.

3. **Changes in Accounting Policies and Disclosures**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments to standards effective in 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these amendments did not have an impact on the financial statements of the Company.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance.

The amendments have had an impact on the Company’s disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company’s financial statements.

- Amendments to PAS 8, *Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.



The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as ‘Pillar Two legislation’ and ‘Pillar Two income taxes’, respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

Standards and Interpretations Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2024

- 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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

- 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.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.



The amendments have no impact on the Company's reported balances since there are no sale and leaseback transactions occurring in its business.

- 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.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted and that fact must be disclosed.

The amendments have no impact on the Company's reported balances as the Company does not have supplier finance arrangements.

Effective beginning on or after January 1, 2025

- 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 Standard 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.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

PFRS 17 will affect how the Company account for insurance contracts and how it reports financial performance in the statements of comprehensive income. The Company is currently assessing the impact that PFRS 17 will have on the financial statements.



- *PFRS 9, Financial Instruments*

Starting 2018, the Company applies the temporary exemption from PFRS 9 as permitted by the amendments to PFRS 4 *Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts*. The temporary exemption permits the Company to continue applying PAS 39 rather than PFRS 9 for annual periods beginning before 1 January 2023.

The assessment on 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.

The predominance assessment is performed using the carrying amounts of liabilities reported on the statement of financial position at the annual reporting date after March 31, 2015 and before April 1, 2016. Applying the requirements, the Company performed the predominance assessment using the statement of financial position as of December 31, 2015 and concluded that it qualified for the temporary exemption from PFRS 9. 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.

Fair value disclosures

The table below presents an analysis of the fair value of classes of financial assets of the Company as of December 31, 2023 and 2022, as well as the corresponding change in fair value for the year then ended. 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).

	2023			
	SPPI financial assets		Other financial assets	
	Fair value	Fair value change	Fair value	Fair value change
AFS financial assets				
Debt securities	₱13,991,852,522	₱855,292,562	₱-	₱-
Equity securities	-	-	673,428,130	(43,641,524)
Seed capital in variable unit-linked segregated funds	-	-	501,065,822	21,684,388
Mutual funds	-	-	41,622,627	4,822,891
FVPL financial assets				
Debt securities	-	-	4,711,207,650	135,356,547
Cash and cash equivalents	1,244,705,670	-	-	-
Loans and receivables - net	686,359,354	-	-	-
Insurance receivables	167,505,502	-	-	-
Accrued income	347,522,733	-	-	-
Segregated fund assets	-	-	37,564,380,317	646,750,134
	₱16,437,945,781	₱855,292,562	₱43,491,704,546	₱764,972,436



	2022			
	SPPI financial assets		Other financial assets	
	Fair value	Fair value change	Fair value	Fair value change
AFS financial assets				
Debt securities	₱11,811,432,036	(₱2,076,590,619)	₱–	₱–
Equity securities	–	–	866,369,659	(89,822,862)
Seed capital in variable unit-linked segregated funds	–	–	451,236,534	(57,808,001)
Mutual funds	–	–	547,318	9,203
FVPL financial assets				
Debt securities	–	–	3,315,851,003	15,892,491
Cash and cash equivalents	1,620,309,689	–	–	–
Loans and receivables - net	693,238,705	–	–	–
Insurance receivables	252,362,362	–	–	–
Accrued income	250,748,359	–	–	–
Segregated fund assets	–	–	31,842,003,558	(2,634,704,351)
	₱14,628,091,151	(₱2,076,590,619)	₱36,476,008,072	(₱2,766,433,520)

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. 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.

	2023					
	Total	Credit Rating				
		AAA	AA/A	BBB	BB/B	Unrated
AFS financial assets						
Debt securities	₱13,991,852,522	₱13,991,852,522	₱–	₱–	₱–	₱–
FVPL financial assets						
Debt securities	4,711,207,650	4,711,207,650	–	–	–	–
Cash and cash equivalents	1,244,705,670	1,244,705,670	–	–	–	–
Loans and receivables - gross	689,411,327	–	–	–	–	689,411,327
Insurance receivables	167,505,502	–	–	–	–	167,505,502
Accrued income	347,522,733	347,522,733	–	–	–	–
	₱21,152,205,404	₱20,295,288,575	₱–	₱–	₱–	₱856,916,829

	2022					
	Total	Credit Rating				
		AAA	AA/A	BBB	BB/B	Unrated
AFS financial assets						
Debt securities	₱11,811,432,036	₱11,811,432,036	₱–	₱–	₱–	₱–
FVPL financial assets						
Debt securities	3,315,851,003	3,315,851,003	–	–	–	–
Cash and cash equivalents	1,620,309,689	1,620,309,689	–	–	–	–
Loans and receivables - gross	696,995,413	–	–	–	–	696,995,413
Insurance receivables	252,362,362	–	–	–	–	252,362,362
Accrued income	250,748,359	250,748,359	–	–	–	–
	₱17,947,698,862	₱16,998,341,087	₱–	₱–	₱–	₱949,357,775

Financial assets that passed the SPPI test have low credit risk as of December 31, 2023 and 2022.

The Company shall adopt PFRS 9 concurrently with PFRS 17 for annual periods beginning 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 does not anticipate that the application of the amendments in the future will have an impact on the financial statements since there is no exchangeability issue for Philippines.

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 anticipate any impact of the amendments to the financial statements as it is not in the process of selling or contributing or has no plans to sell or contribute assets to its related parties.

4. Summary of Material Accounting Policy Information

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 no significant 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 expire. Investment contracts can, however, be reclassified as insurance contracts after inception if the insurance risk becomes significant.



Insurance contracts are classified with and 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,
 - realised and or unrealised 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 fair value through profit or loss. 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.

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 (EIR). The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in profit or loss. Insurance receivables are derecognized when derecognition criteria of financial assets have been met.

Financial Instruments (including those under Segregated Fund Assets)

Date of recognition

Financial instruments are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Initial recognition of financial instruments

Financial instruments are recognized initially at fair value. Except for financial instruments at FVPL, the initial measurement of financial assets includes transaction costs. The Company classifies its financial instruments in the following categories: financial assets at FVPL, AFS financial assets, held-to-maturity (HTM) investments, loans and receivables and other financial liabilities. 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.

As of December 31, 2023 and 2022, the Company has no financial assets classified as HTM investments.



Reclassification of financial assets

A financial asset is reclassified out of the FVPL category when the following conditions are met:

- the financial asset is no longer held for the purpose of selling or repurchasing it in the near term; and
- there is a rare circumstance.

A financial asset that is reclassified out of the FVPL category is reclassified at its fair value on the date of reclassification. Any gain or loss already recognized in profit or loss is not reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortized cost, as applicable.

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 an unobservable data is used, the difference between the transaction price and model value is only recognized in the statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the 'Day 1' profit or loss amount.

Financial assets or financial liabilities at FVPL

This category consists of financial assets or financial liabilities that are held for trading or designated by management as financial assets or financial liabilities at FVPL on initial recognition. Derivative instruments, except those covered by hedge accounting relationships, are classified under this category.

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value, with changes in the fair value recorded in profit or loss, included under the net fair value gains or losses account. Interest earned or incurred is recorded in investment income or interest expense, respectively, while dividend income is recorded when the right of the payment has been established under the investment income account.

Financial assets or financial liabilities are classified as held-for-trading if they are entered into for the purpose of short-term profit taking.

Designated financial assets or financial liabilities at FVPL

Financial assets or financial liabilities classified in this category are designated by management on initial recognition when the following criteria are met:

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



As of December 31, 2023 and 2022, the Company's financial assets designated at FVPL consist of private peso debts (see Note 8) and certain investments held under segregated fund such as government debt and equity securities, private peso and dollar bonds and structured notes. Segregated fund can be further divided into variable-unit-linked and GEM trust fund (see Note 18). These financial assets are managed and their performances are evaluated on a fair value basis, in accordance with the Company's investment strategy.

Derivative financial instruments

Derivative financial instruments are classified as held for trading unless they are designated as effective hedging instruments. Derivative financial instruments held for trading are typically entered into with the intention to settle in the near future. Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

Derivatives embedded in host contracts are accounted for as separate or as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at FVPL. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of FVPL category.

AFS financial assets

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

After initial measurement, AFS financial assets are subsequently measured at fair value. The effective yield component of AFS debt securities, as well as the impact of restatement on foreign currency-denominated AFS debt securities, is reported in earnings. Interest earned on holding AFS financial assets are reported as interest income using the EIR method. Dividends earned on holding AFS financial assets are recognized in profit or loss as investment income when the right to receive the payment has been established. The unrealized gains and losses arising from the fair valuation of AFS financial assets are reported as "Revaluation reserve on AFS financial assets" in OCI and in the equity section of the statement of financial position. The losses arising from impairment of such investments are recognized as provisions on impairment losses in profit or loss. When the security is disposed of, the cumulative gain or loss previously recognized in OCI is recognized as "Gain on sale of AFS financial assets" in statement of income.

When the fair value of AFS financial assets cannot be measured reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value of unquoted equity instruments, these investments are carried at cost, net of any impairment in value. The Company classified its investments in government debt securities, equity securities and other debt securities as AFS financial assets.

Loans and receivables

Loans and receivables are nonderivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets held for trading, designated as AFS financial assets or financial assets at FVPL. This accounting policy relates to the following accounts: (a) "Cash and cash equivalents", (b) "Insurance receivables", which arise primarily from



premiums due and uncollected and ceding companies and reinsurers; (c) “Loans and receivables”, (d) “Accrued income”, (e.) “Refundable deposits” under other assets and (f) “Subscription receivable” and “Investment receivable” under segregated fund assets.

After initial measurement, the loans and receivables are subsequently measured at amortized cost using the EIR method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in the “Interest income” under the “Investment income” account in profit or loss. The losses arising from impairment of such loans and receivables are recognized in “Provision for impairment losses” under “General and administrative expense”.

Other financial liabilities at amortized cost

Issued financial instruments or their components that are not designated as financial liabilities at FVPL are classified as other liabilities, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both asset or liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the asset or liability component on the date of issue. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR. Any effects of restatement of foreign currency-denominated liabilities are recognized in profit or loss.

This accounting policy applies primarily to the Company’s policy and contract claims payable, policyholders’ dividends, premium deposit fund, insurance payables, accounts payable and accrued expenses and other liabilities that meet the above definition (other than liabilities covered by other accounting standards, such as pension liability and income tax payable).

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 asset and settle the liability simultaneously.

Fair Values

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

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

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

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



Financial assets

The fair value for financial instruments traded in active markets at the end of the reporting period is based on their quoted market price or dealer price quotations, without any deduction for transaction costs. When current market prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models, and other relevant valuation models.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the reporting period ended December 31, 2023 and 2022, there were no transfers between level 1 and level 2 fair value movements, and no transfer into and out of level 3 fair value measurement.

Classification of Financial Instruments Between Debt and Equity

A financial instrument is classified as debt if it has a contractual obligation to:

- Deliver cash or another financial asset to another entity or
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company.

If the Company does not have an unconditional right to avoid delivering cash of another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Impairment of Financial Assets

The Company assesses at each reporting date whether a financial asset or 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 has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) 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 the borrower or a group of borrowers 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 where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

AFS financial assets carried at fair value

In case of equity investments classified as AFS, impairment indicators would include a significant or the prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the



current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from OCI and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss. Increases in fair value after impairment are recognized directly in OCI.

In the case of debt instruments classified as AFS financial assets, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of "Interest income" in profit or loss. If, in subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

AFS financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such unquoted equity instrument, 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 discounted at the current market rate of return for a similar financial asset. The carrying amount of the asset is reduced through the use of an allowance account.

Loans and receivables

For loans and receivables carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually 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 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 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 for 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 the estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged against profit or loss. If, in a subsequent period, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

The present value of the estimated future cash flows is discounted at the financial asset's original EIR. Time value is generally not considered when the effect of discounting is not material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate, adjusted for the original credit risk premium. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of credit risk characteristics such as type of borrower, collateral type, past-due status and term.



Financial assets, particularly trade receivables, are written off to the extent of the amount determined by management to be uncollectible. Those with pending cases in court are recommended for write-off, subject to management's approval.

Derecognition of Financial Assets and Liabilities

Financial asset

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

- The right to receive cash flows from the asset have expired;
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Company has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) 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 and 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. 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 liability

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

Reinsurance Transactions

The Company cedes insurance risk in the normal course of business. Reinsurance assets represent balances due from reinsurance companies. Recoverable amounts 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 reinsurance contract.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when objective evidence as a result of an event that occurred after initial recognition that the Company may not recover outstanding amounts due under the terms of the contract and when the impact on the amounts that the Company will receive from the reinsurer can be measured reliably. The impairment loss is charged against profit or loss. Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

The Company also assumes reinsurance risk in the normal course of business for life insurance contracts. Premiums and claims on assumed reinsurance are recognized as income and expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to ceding companies. Amounts payable are estimated in a manner consistent with the associated reinsurance contract.



Premiums and claims are presented on gross basis for both direct and assumed reinsurance. Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expired or when the contract is transferred to another party.

Investments in Subsidiaries

The Company controls an investee if, and only if, the Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure or rights to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other voting shareholders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

The investment in a subsidiary is carried at cost less any impairment in value. The Company recognizes income from the investment in subsidiaries only to the extent that the Company receives distributions from accumulated profits of the investee arising after the date of acquisition.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment comprises its purchase price, including any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the assets have been put into operation, such as repairs and maintenance, are charged to the statement of income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation and amortization are calculated on a straight-line basis over the estimated useful lives (EUL) of the properties, except for leasehold improvements, which are amortized over their useful lives or terms of the lease, whichever is shorter. The EUL of the property and equipment are as follows:

	Years
Building improvements	10
Office furniture and fixtures	10
Office and electronic data processing equipment	3
Transportation equipment	3

Leasehold improvements are amortized over ten (10) years or the related lease term, whichever is shorter.



The Company's policy is to present right-of-use assets separately in the statement of financial position. 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 initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, 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 shorter of their estimated useful life of 10 years and lease term. Right-of-use assets are subject to impairment.

The property and equipment's residual values, estimated useful lives and depreciation and amortization method are reviewed periodically and adjusted if appropriate to ensure that the residual value, period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the original cost of the asset) is included in profit or loss in the year the asset is derecognized.

Impairment of Nonfinancial Assets

This accounting policy applies primarily to the Company's property and equipment and right-of-use assets. At each reporting date, the Company assesses whether there is any indication that its nonfinancial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Company makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash generating unit to which it belongs. Where the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount, the asset (or cash generating unit) is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash generating unit).

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

For nonfinancial assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is



recognized in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its estimated remaining life.

Insurance Contract Liabilities

Life insurance contract liabilities

Life insurance contract liabilities are recognized when the contracts are entered into and the premiums are recognized. The provision for life insurance contracts and riders for variable unit-linked are calculated on the basis of a stringent prospective actuarial valuation method where the assumptions used depend on the circumstances prevailing at the inception of the contract. Assumptions and actuarial valuation methods are also subject to provisions of the Insurance Code (the Code) and guidelines set by the Insurance Commission.

Subsequently, new estimates are developed at each reporting date to determine whether the liabilities reflect the current experience using the gross premium valuation which considers assumptions on mortality, morbidity, lapse and/or persistency, expenses, non-guaranteed benefits, discount rate and margin for adverse deviation. The initial assumptions could not be altered if the Company deems the current assumptions to still be reflective of their experience. As a result, the effect of changes in the underlying variables on insurance liabilities and related assets is not symmetrical. Improvements and significant deteriorations in estimates have an impact on the value of the liabilities and related assets.

Movements in legal policy reserves attributable to changes in discount rate are recorded under "Remeasurement gain (loss) on legal policy reserves" in other comprehensive income and the changes in policies and assumptions are recorded under "Change in insurance contract liabilities" in the statement of income.

Insurance contracts with fixed and guaranteed terms

Premiums are recognized as revenue when they become due from the policyholders which for single premium business, is the date on which the policy becomes effective.

Benefits are recorded as an expense when they are incurred and are accrued as a liability.

An increase in liability for contractual benefits that are expected to be incurred in the future is recorded under 'change in legal policy reserves' in the statements of income when the premiums are recognized. The liability is determined as the sum of the present value of future benefits and expenses, less the present value of the future gross premiums arising from the policy contract discounted at the appropriate risk-free discount rate. The expected future cash flows is determined using the best estimate assumptions with due regard to significant recent experience and appropriate margin for adverse deviation from the expected experience.

The liability is based on actuarial assumptions such as mortality and morbidity, maintenance expenses, and lapse and/or persistency rates that are established at the time the contract is issued. A margin for adverse deviation (MfAD) is also included in the assumptions. For group life insurance and accident and health insurance, reserves are computed by calculating the unearned portion of the written premiums for the year.

Provision is also made for the cost of claims incurred but not reported (IBNR) as of the reporting date based on the Company's experience. Differences between the provision for outstanding claims at the reporting date and subsequent revisions and settlements are included in the statement of income in later years. Policy and contract claims payable forms part of the insurance contract liability section of the statement of financial position.



Unit-linked insurance contracts

The Company issues unit-linked insurance contracts. In addition to providing life insurance coverage, a unit-linked contract links payments to insurance investment funds set-up by the Company with 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. Consideration received from policyholders that are transferred to the segregated funds is recognized as part of gross change in legal policy reserves in the statements of income.

The Company withdraws the cost of insurance and administrative charges from the consideration received from the policyholders in accordance with the provisions of the unit-linked insurance contracts. After deduction of these charges, the remaining amounts in fund assets are equal to the surrender value of the unit-linked policies, and are withdrawable anytime.

The investment returns on the insurance investment funds belong to policyholders and the Company does not bear the risk associated with these assets (outside of guarantees offered). Accordingly, investment income earned and expenses incurred by these funds and payments to policyholders have the same corresponding change in the reserve for unit-linked liabilities. Such changes have no effect on the Company's results of operations. Management fee income earned by the Company for managing the insurance investment funds, periodic charges, and cost of insurance charges are included in fee income.

Insurance investment funds primarily include investments in debt securities, equities, short-term investments and cash and cash equivalents. The methodology applied to determine the fair value of the investments held in these funds is consistent with that applied to investments held by general fund. Reserve for unit-linked liabilities is measured based on the value of the insurance investment funds attributable to the policyholders.

The equity of each unit-linked policyholder in the fund is monitored through the designation of outstanding units for each policy. Hence, the equity of each unit-linked insurance contract in the fund is equal to its 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 its total number of outstanding units.

Policy and contract claims payable

Claims payable includes the sum of the individual amounts that are due and have already been approved for payment but have not actually been paid as of the end of the reporting period. This also includes accrual of reported claims that are not yet approved for payment. This is recognized when due and measured on initial recognition at fair value. Subsequent to initial recognition, this is measured at amortized cost using the effective interest rate method. This also includes provision for incurred but not reported losses.

Insurance payable and Other liabilities

These accounts include advanced or excess collections and unpaid policy related disbursements.

Policyholders' Dividends

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



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

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

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain and the expense relating to any provision is presented in profit or loss, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Retirement Cost

The Company has a funded, non-contributory retirement plan, administered by a trustee, covering its regular employees. Retirement cost is actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Defined retirement costs comprise the following:

- (a) Service costs
- (b) Net interest on the net defined benefit liability or asset
- (c) Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI under "Net remeasurement on loss on defined benefit plan" in the period in which they arise. Remeasurements are not recycled to profit or loss in subsequent periods.



Equity

Capital stock

Capital stock is measured at par value for all shares issued.

Contributed surplus

Contributed surplus represents the additional contribution of the stockholders in order to comply with the requirements of the Insurance Code (the Code).

Retained earnings

Retained earnings represent the cumulative balance of net income or loss of the Company, net of any dividend distribution.

Revenue Recognition

Revenue from contracts with customers is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Company concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized within the scope of PFRS 15:

Fee income

Insurance contract policyholders are charged for policy administration services, surrenders and other contract fees. These fees and charges are recognized as revenue over the period in which the related services are performed.

Revenue outside the scope of PFRS 15

Premium income

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 is effective. For regular premium contracts, revenue is recorded at the date when payments are due.

Estimates of premiums due as of the reporting date but not yet received are assessed based on the estimates from underwriting or past experience, and are included in premiums earned.

Ceded reinsurance recoveries are accounted for in the same period as the underlying claim.

Premiums from group insurance contracts are recognized as revenue over the period of the contracts using the 365th method. The portion of the premiums written that relates to the unexpired periods of the policies at the end of the reporting period is accounted for as 'Provision for unearned premiums' and presented as part of insurance contract liabilities under 'Legal policy reserves' in the statements of financial position.

Interest income

For all financial instruments measured at amortized cost and interest-bearing financial instruments classified as AFS financial assets or financial assets at FVPL, interest income is recorded at the EIR, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options), includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest



rate, but not future credit losses. The adjusted carrying amount is calculated based on the original EIR. The change in carrying amount is recorded as interest income.

Once the recorded value of a financial asset or group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the original EIR applied to the new carrying amount.

Dividend income

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Other income

Income from other sources is recognized when earned.

Benefits and Expenses

Expenses, in general, are recognized in the statement of income in the period these are incurred.

Benefits and claims

Benefits and claims consist of benefits and claims paid to policyholders, which includes excess benefit claims for unit-linked contracts, as well as changes in the valuation of insurance contract liabilities and reserve for policyholders' dividends. Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due.

Commissions

Commissions are recognized when the insurance contracts are entered into and the related premiums are recognized.

Interest expense

Interest expense on accumulated policyholders' dividends and premium deposit fund is recognized in the statement of comprehensive income as it accrues and is calculated using the EIR method. Accrued interest is credited to the liability account every policy anniversary date.

General expenses

Expenses are recognized in the statement of income in the period these are incurred.

Foreign Currency Transactions

Transactions in foreign currencies are initially recorded using the exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rates prevailing at reporting date; income and expenses are translated using the average rate for the year.

Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the year.

For income tax reporting purposes, foreign exchange gains or losses are treated as taxable income or deductible expenses, in the period these are realized.

Leases

The Company assesses at contract inception whether a contract is, or contains a lease. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. 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 ROU assets representing the right-of-use the underlying assets.



ROU assets

The Company recognizes ROU assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). ROU assets are measured at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized and lease payments made at or before the commencement date less any lease incentives received. ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the 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. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because 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 (included in 'Interest expense') 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 or a change in the lease payments.

The Company's lease liabilities are presented separately in the statement of financial position.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of branch offices (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). Another exemption that can be considered is the lease of low-value assets (i.e., those with value of less than ₱250,000), however the Company has no lease contracts that would qualify under this exemption. Lease payments on short-term leases or low-value assets are recognized as expense on a straight-line basis over the lease term.

For income tax purposes, expense under operating lease arrangement is treated as deductible expense in accordance with the term of the lease agreement.

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 substantively enacted at the reporting date.

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT), 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 carryforward of unused tax credits from MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.



Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic subsidiaries and associates.

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 asset 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 the deferred tax asset to be recovered.

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

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

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

The movement in deferred tax assets and liabilities arising from changes in tax rates are charged against or credited to income for the period.

Value-Added Tax (VAT)

Revenue, expenses and assets are recognized, net of the amount of sales tax, except:

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

The net amount of VAT payable to the tax authority is included under “Accounts payable and accrued expenses” in the statement of financial position.

Contingencies

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

Events after the Reporting Date

Post year-ends event up to the audit report date that provide additional information about the Company’s financial position at reporting date (adjusting event) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.



5. Significant Accounting Judgments, Estimates and Assumptions

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

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Capital management Note 30
- Management of insurance and financial risk Note 31

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:

(a) Product classification

The Company has determined that the unit-linked insurance policies it issues that link the payments on the contract to units of an internal investment fund has significant insurance risk and therefore meets the definition of an insurance contract and should be accounted for as such. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect.

(b) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to those models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

(c) Financial assets not quoted in an active market

The Company classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis. Related balances are shown in Note 8.

Estimates and Assumptions

(a) Claims liability arising from insurance contracts

Life Insurance Contracts

For life insurance contracts with fixed and guaranteed terms, estimates are made in two stages. At the inception of the contracts, the Company determines assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. These assumptions are used for calculating the liabilities during the life of the contract. A margin for risk and uncertainty is added to these assumptions.



Terms

Life insurance contracts offered by the Company mainly include whole life, term insurance, endowments, group medical insurance and unit-linked products.

Whole life and term insurance are conventional products where lump sum benefits are payable on death, provided death occurs within the terms of the policy.

Endowment products are products where lump sum benefits are payable after a fixed period or upon death if it occurs before the period is completed.

Group medical insurance is a supplementary benefit that provides assistance in times of hospitalization arising from sickness or accidents.

Unit-linked products differ from conventional policies in that premium, net of applicable charges, are allocated to units in a pooled investment fund and the policyholder benefits directly from the total investment growth and income of the fund.

Key assumptions

Material judgment is required in determining the liabilities and in the choice of assumptions relating to insurance and investment contracts. Assumptions used are based on past experience, current internal data and conditions and external market indices and benchmarking, which reflect current observable market prices and other published information. Such assumptions are determined as appropriate and prudent estimates at the date of valuation. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations. Assumptions are also subject to the provisions of the Code and guidelines set by the Insurance Commission.

The key assumptions to which the estimation of liabilities is particularly sensitive follows:

- *Mortality and morbidity*
The mortality and morbidity assumptions are based on rates of mortality and morbidity that are appropriate to the nature of the risks covered based on the Company's actual experience.
- *Discount rates*
Discount rates relate to the time value of money. The risk-free discount rate shall be the equivalent zero-coupon spot and forward yield of the yield curve with matching duration for durations less than or equal to 20 years. The valuation interest rate assumptions are consistent with risk free rates as provided by IC.

The assumptions are reviewed and revised at each reporting date. A decrease in discount rate would result in remeasurement loss on life insurance reserves.

- *Non-guaranteed benefits*
The level of non-guaranteed benefits under traditional life insurance policies to be valued, including policy dividends, are determined with due regard to the Company's duty to treat its policyholders fairly and meet policyholders' reasonable expectations.
- *Lapses and/or persistency rates*
Lapse and/or persistency rates reflective of the Company's actual experience are taken as the best estimate lapse and/or persistency assumption, with regard to changing Company practices and market conditions.



Other key assumption used is the expense assumptions which are based on the Company's experience derived from its latest expense study.

The carrying amounts of insurance contract liabilities are presented below:

	2023	2022
Legal policy reserves (Note 13)	₱13,405,176,560	₱11,749,994,685
Policy and contract claims payable (Note 14)	1,476,003,441	1,464,991,246
Policyholders' dividends (Note 15)	313,648,287	266,716,339
	₱15,194,828,288	₱13,481,702,270

(b) *Fair values of financial assets*

The Company carries certain financial assets at fair value, which requires extensive use of accounting estimates and judgments. Fair value determinations for financial assets and liabilities are based generally on listed or quoted market prices. If prices are not readily determinable or if liquidating the positions is reasonably expected to affect market prices, fair value is based on either internal valuation models or management's estimate of amounts that could be realized under current market conditions, assuming an orderly liquidation over a reasonable period.

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's-length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for terms with similar terms and risk characteristics; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation.

Certain financial instruments are valued using pricing models that consider, among other factors, contractual and market prices, correlation, time value, credit risk, yield curve volatility factors and or prepayment rates of the underlying positions. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates), the amount of changes in fair value of these financial assets and liabilities would affect profit or loss and equity.

As of December 31, 2023, the carrying value of financial assets at FVPL in which the determination of fair value require significant estimates amounted to ₱6.28 billion for the structured notes and ₱0.76 billion private peso bonds, both under the Segregated Funds (Note 18) and ₱4.71 billion for the private peso bonds with embedded derivatives (see Note 8).

As of December 31, 2022, the carrying value of financial assets at FVPL in which the determination of fair value require significant estimates amounted to ₱1.07 billion for the structured notes and ₱267.61 million private peso bonds, both under the Segregated Funds (Note 18) and ₱3.32 billion for the private peso bonds with embedded derivatives (see Note 8).

Refer to Note 18 for the segregated fund assets.



(c) *Impairment of financial assets*

The Company treats AFS equity securities as impaired when there has been a significant or prolonged decline in the fair value below cost or where other objective evidence of impairment exists. The determination of what is ‘significant’ or ‘prolonged’ requires judgment. The Company treats ‘significant’ generally as 30% or more and ‘prolonged’ as greater than twelve (12) months. In addition, the Company evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities. Impairment may be appropriate also when there is evidence of deterioration in the financial health of the investee, the industry and sector performance, changes in technology and operational and financing cash flows. The Company recorded impairment losses on its available-for-sale financial assets amounting to ₱100.54 million and ₱48.45 million in 2023 and 2022, respectively (see Note 8).

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

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

In addition to specific allowance against individually significant insurance receivables and loans and receivables, the Company also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. The process of identifying impairment includes an evidence-based judgment about the ability to recover the value of the investment at some point in the future. The severity and duration of the impairment is considered. A quarterly review for impairments in financial assets classified as AFS, loans or receivables is performed for all instruments with unrealized losses at the end of the reporting period.

The amount and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease net income.

	2023	2022
Loans and receivables (Note 8)	₱689,411,327	₱696,995,413
Insurance receivables (Note 7)	167,505,502	252,362,362
Provision for impairment losses (Note 8)	(3,051,973)	(3,756,708)
	₱853,864,856	₱945,601,067

(d) *Deferred tax assets*

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which these can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized. These assets are periodically reviewed for realization. Periodic reviews cover the nature and amount of deferred income and expense items, expected timing when assets will be



used or liabilities will be required to be reported, reliability of historical profitability of businesses expected to provide future earnings and tax planning strategies which can be utilized to increase the likelihood that tax assets will be realized.

The Company recognized deferred tax assets of ₱111.03 million and ₱60.46 million as of December 31, 2023 and 2022, respectively (see Note 28).

(e) *Pension and other employee benefits*

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.

In determining the appropriate discount rate, management considers the market yields on Philippine government bonds with terms consistent with the expected term of the defined benefit obligation as of reporting date. The mortality rate is based on publicly available mortality tables in the Philippines. Future salary increases are based on expected future inflation rates. Refer to Note 27 for the details of assumptions used in the calculation.

The Company also estimates other employee benefit obligations and expenses, including costs of paid leaves based on historical leave availments of employees and subject to the Company's policy. These estimates may vary depending on the future changes in salaries and actual experiences during the year.

(f) *Leases - Estimating the incremental borrowing rate*

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR for lease liabilities 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 Company estimates the IBR for lease liabilities using observable inputs (by reference to prevailing risk-free rates) adjusted to take into account the Company's credit risk (i.e., credit spread).

The Company's lease liabilities amounted to ₱25.63 million and ₱57.08 million in 2023 and 2022, respectively (see Note 33).

(g) *Estimating provision for asset restoration obligation*

The Company recognizes a provision for asset restoration when under the terms of the contract, the Company is required to restore the asset to its original state at the end of its useful life. The recognition of provision requires an estimation of the cost to restore or dismantle, on a per area basis, depending on the location, and is based on the best estimate of the expenditure required to settle the obligation at the future restoration date, discounted using a pre-tax rate that reflects the current market assessment of the time value of money and, where appropriate, the risk specific to the liability.



The carrying amounts of the asset restoration obligation as of December 31, 2023, is disclosed in Note 33.

(i) *Contingencies*

In the normal course of the Company's operations, there are various outstanding contingent liabilities which are not reported in the accompanying financial statements. The Company recognizes in its books losses and liabilities incurred in the normal course of operations as these become determinable and quantifiable. In the opinion of management and its legal and tax counsels, it is not liable to and has strong position on these contingent liabilities, and if decided adversely, will not have a material effect on the Company's financial position and result of operations.

6. **Cash and Cash Equivalents**

This account consists of:

	2023	2022
Cash on hand		
Petty cash funds and revolving funds	₱1,363,700	₱1,335,500
Cash in banks		
Commercial banks and trust companies	152,931,972	23,355,983
Thrift and rural banks	855,260	7,212,124
Cash equivalents	1,090,933,438	1,589,741,582
	₱1,246,084,370	₱1,621,645,189

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods up to three months, depending on the immediate cash requirements of the Company, and earned interest that ranged from 0.01% to 5.5% in 2023 and 2022. Interest income earned from cash and cash equivalents amounted to ₱58.42 million and ₱21.59 million in 2023 and 2022, respectively (see Note 23).

7. **Insurance Receivables**

This account consists of:

	2023	2022
Premiums due and uncollected	₱167,272,832	₱252,362,362
Reinsurance recoverable on paid losses	232,670	-
	₱167,505,502	₱252,362,362



8. Financial Assets

The Company's financial assets are summarized by measurement categories as follow:

	2023	2022
Financial assets at FVPL	₱4,711,207,650	₱3,315,851,003
AFS financial assets - net	15,207,969,101	13,129,585,547
Loans and receivables - net	686,359,354	693,238,705
	₱20,605,536,105	₱17,138,675,255

Financial assets at FVPL

This account consists of unquoted debt securities with embedded derivatives features such as credit linked notes and foreign currency swap amounting to ₱4.71 billion and ₱3.32 billion in 2023 and 2022, respectively, and are designated as financial assets at FVPL. These investments are all denominated in local currency with interest rates ranging from 6.8% to 8.7% in 2023 and 6.9% to 8.7% in 2022. These credit-linked notes will expire in 2029 and 2030.

Interest income from FVPL financial assets amounted to ₱267.76 million and ₱61.96 million, in 2023 and 2022, respectively (see Note 23).

The calculated range of fair values are based on the following combination of inputs/methodologies:

- Underlying index's volatility.
- Reference entity's credit risk.
- Discount rate

AFS financial assets

This account consists of:

	Cost		Fair Value	
	2023	2022	2023	2022
At fair value				
Government debt securities:				
Local currency	₱11,568,943,747	₱10,277,288,023	₱11,348,679,539	₱9,307,338,641
Foreign currency	2,447,681,463	2,488,891,651	2,171,425,259	2,113,437,522
Corporate debt securities:				
Local currency	490,581,984	415,899,597	471,747,724	390,655,873
Equity securities:				
Common shares	552,964,789	750,055,214	672,065,932	865,007,461
Preferred shares	138,759	138,759	147,198	147,198
Seed capital in variable unit-linked segregated funds (Note 18)				
Local currency	370,000,000	342,000,000	355,626,550	316,214,650
Foreign currency	139,532,400	139,387,500	145,439,272	135,021,884
SLAMCI Mutual funds				
Local currency	41,144,013	530,302	41,622,627	547,318
	15,610,987,155	14,414,191,046	15,206,754,101	13,128,370,547
At cost				
Equity securities- common shares	1,215,000	1,215,000	1,215,000	1,215,000
	₱15,612,202,155	₱14,415,406,046	₱15,207,969,101	₱13,129,585,547

The Company recognized impairment losses on AFS equity securities as follows:

	2023	2022
At January 1	₱213,452,457	₱164,995,817
Provision for impairment loss (Note 23)	100,543,371	48,456,640
At December 31	₱313,995,828	₱213,452,457



In 2023 and 2022, management recorded an allowance for impairment losses based on the assessment on each equity security.

In 2023, the fair values of financial assets have been determined as follows:

	Financial assets at FVPL	AFS financial assets	Total
At January 1	₱3,315,851,003	₱13,129,585,547	₱16,445,436,550
Additions	1,260,000,000	2,473,828,405	3,733,828,405
Maturities and disposals	–	(1,145,105,345)	(1,145,105,345)
Amortization of premium	–	(70,349,006)	(70,349,006)
Fair value gains	135,356,647	838,158,317	973,514,964
Foreign exchange adjustments	–	(18,148,817)	(18,148,817)
At December 31	₱4,711,207,650	₱15,207,969,101	₱19,919,176,751

In 2022, the fair values of financial assets have been determined as follows:

	Financial assets at FVPL	AFS financial assets	Total
At January 1	₱–	₱14,352,214,373	₱14,352,214,373
Additions	3,299,958,512	1,220,249,721	4,520,208,233
Maturities and disposals	–	(390,749,746)	(390,749,746)
Amortization of premium	–	(54,103,183)	(54,103,183)
Fair value gains (losses)	15,892,491	(2,224,212,276)	(2,208,319,785)
Foreign exchange adjustments	–	226,186,658	226,186,658
At December 31	₱3,315,851,003	₱13,129,585,547	16,445,436,550

Interest income from AFS financial assets amounted ₱812.10 million and ₱692.38 million, in 2023 and 2022, respectively (see Note 23).

Dividend income from AFS financial assets amounted to ₱27.44 million and ₱23.04 million in 2023 and 2022, respectively (see Note 23).

The government securities maintained at the Bureau of Treasury - Registry of Scripless Securities (BTR-Ross) amounted to ₱388.75 million and ₱403.75 million in 2023 and 2022, respectively. From these securities, ₱325.00 million were earmarked as non-tradable both in 2023 and 2022, pursuant to Section 203 in relation to Section 192 of the Insurance Code.

The rollforward analyses of revaluation reserve on AFS financial assets follow:

	2023	2022
At January 1	(₱1,285,820,499)	₱892,906,856
Fair value gains (losses)	838,158,317	(2,224,212,276)
Transferred to profit or loss (Note 23)		
Provision for impairment loss	100,543,371	48,456,640
Gain on sale of AFS financial assets	(57,114,243)	(2,971,719)
At December 31	(₱404,233,054)	(₱1,285,820,499)

“Revaluation reserve on AFS financial assets” records the difference between the amortized cost and fair value of AFS debt securities and the difference between carrying value and fair value of AFS equity securities.



Loans and receivables - net

	2023	2022
Policy loans	₱560,415,719	₱557,861,502
Due from:		
Employees	16,449,734	26,003,920
Related parties (Note 32)	9,990,791	2,488,661
Agents	3,102,079	7,847,117
GEM trust fund (Notes 18 and 32)	2,474,625	913,617
Held-in-trust	25,226,387	28,326,901
Others	71,751,992	73,553,695
	689,411,327	696,995,413
Less allowance for impairment losses	3,051,973	3,756,708
	₱686,359,354	₱693,238,705

Policy loans pertain to interest-bearing loans granted to policyholders. The policyholders' cash surrender values on their life insurance policies serve as collateral on the loans. Interest charged on these loans is at 6%-8% per annum on Peso and US Dollar loans, equivalent to the ceiling rates mandated by the IC.

Interest earned on policy loans amounted to ₱53.97 million and ₱50.39 million in 2023 and 2022, respectively (see Note 23).

Due from employees represents cash advances and personal loans granted to employees. These are collected through payroll deductions or through expense liquidations.

Due from agents represents advances for marketing and sales activities undertaken by agents on behalf of the Company. These are collected through deductions from the commissions due to agents.

Due from GEM trust fund pertains to amounts paid in advance by the Company on surrenders made by certain policyholders owning interests in the trust being held by GEM trust fund. This amount is non-interest bearing and due and demandable.

Held-in-trust investments refer to time deposit placements for minor beneficiaries.

Other receivables include investments receivable and receivable from hospital charges which represents excess in the hospital benefit limit. These are non-interest-bearing receivables which are due and demandable.

Movements in the allowance for impairment losses follow:

	2023	2022
At January 1	₱3,756,708	₱5,051,380
Reversal of impairment loss (Note 26)	(704,735)	(1,294,672)
At December 31	₱3,051,973	₱3,756,708



9. Investments in Subsidiaries

This account consists of:

	2023	2022
Grepa Realty Holdings Corporation (GRHC)	₱1,056,092,200	₱1,056,092,200
Grepalife Asset Management Corporation (GAMC)	20,000,000	20,000,000
	₱1,076,092,200	₱1,076,092,200

The Company's percentages of ownership in the shares of stock of investees follow:

	Percentage of ownership	
	2023	2022
GRHC	51%	51%
GAMC	100%	100%

All subsidiaries were incorporated in the Philippines.

	Principal Activities	Principal Address
Grepa Realty Holdings Corporation (GRHC)	Engaged in owning and managing building units	Makati, Philippines
Grepalife Asset Management Corporation (GAMC)	Provide management and technical advice and services to mutual fund companies	Makati, Philippines

GLFAC

The Company has another subsidiary named Great Life Financial Assistance Corporation (GLFAC) in which the corporate existence ended on July 31, 2013 through approval of its BOD and shareholders on December 7, 2012. GLFAC filed the tax clearance with the BIR last August 24, 2016. On October 18, 2017, GLFAC was issued a certificate of no outstanding liability by the large taxpayers' service of the BIR in relation to GLFAC's application for cessation of business. On March 9, 2018, GLFAC filed for corporate dissolution with the SEC and was approved on March 16, 2018. On March 9, 2018, GLFAC declared liquidating dividends of ₱590.87 million.

As of December 31, 2023 and 2022, remaining assets of GLFAC amounted to ₱16.31 million and ₱10.00 million, respectively.

GAMC

On December 6, 2018, the BOD of GAMC approved the shortening of its corporate life until December 31, 2019. This was subsequently ratified by the shareholders on March 7, 2019. The decision is in line with the direction of the Company to focus on core business.

On February 13, 2020, the Makati City local government unit has issued the Certificate of Business Retirement to GAMC. On March 11, 2020, GAMC submitted its application for business retirement with the Bureau of Internal Revenue (BIR). On December 3, 2020, the BIR advised that GAMC's tax returns were end-dated in the BIR's system effective November 20, 2020. On December 16, 2020, SEC approved GAMC's application to withdraw its Investment Company Adviser (ICA) license. In November 2022, GAMC has filed with the SEC the application for shortening of its corporate life. As of March 26, 2024, GAMC has yet to complete the submission of the remaining documentary requirements to the SEC, including clearance from the tax authorities.



GRHC

The Company's investment in GRHC resulted from a Deed of Exchange with Subscription Agreement (the "Deed") executed on October 20, 2011 to transfer ownership of land, buildings and condominium to GRHC with an aggregate appraised value of ₱1,056.09 million to the latter in exchange for 10,560,922 preferred shares of stock, representing 51% of the total outstanding capital stock. Subsequent to the agreements, certain properties were still being occupied by the Company as a lessee. The Company's ownership interest over GRHC remains the same as of December 31, 2023 and 2022.

Financial information of significant investments in subsidiaries follows:

GRHC

	2023	2022
Total assets	₱1,812,187,070	₱1,722,491,490
Total liabilities	45,909,969	40,502,587
Total revenues	166,515,606	162,635,937
Net income	76,206,988	76,431,163

GAMC

	2023	2022
Total assets	₱60,414,198	₱59,824,952
Total liabilities	2,813,665	900,916
Total revenues	1,744,968	1,106,894
Net income (loss)	(1,322,503)	174,928

10. Accrued Income

This account consists of:

	2023	2022
Interest	₱347,041,707	₱250,556,779
Dividend	481,026	191,580
	₱347,522,733	₱250,748,359

Interest receivable includes interest accrued arising from cash in banks, cash equivalents, AFS and FVPL debt securities, and policy loans.

Interest receivable rates from cash and cash equivalents range from 0.01% to 5.5% in 2023 and 2022. AFS debt securities have interest rates ranging from 2.1% to 11.25% in 2023 and 2022. Interest receivable rates from policy loans range from 6% to 8% in 2023 and 2022.

Dividend receivable represents dividends accrued arising from AFS equity securities.



11. Property and Equipment and Right-of-use Assets

The rollforward analyses of this account follow:

	2023					
	Building and Leasehold Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total Property and Equipment	Assets – Building (Note 33)	Total – Property and Equipment and Right -of-use Assets
Cost						
At January 1	₱209,743,618	₱82,352,424	₱466,308,401	₱758,404,443	₱203,341,319	₱961,745,762
Additions	2,263,000	10,816,658	25,436,161	38,515,819	12,907,643	51,423,462
Disposals	–	(10,717,242)	(449,500)	(11,166,742)	–	(11,166,742)
At December 31	212,006,618	82,451,840	491,295,062	785,753,520	216,248,962	1,002,002,482
Accumulated Depreciation						
At January 1	157,347,634	70,709,679	419,398,449	647,455,762	145,052,467	792,508,229
Depreciation (Note 26)	16,936,872	6,587,236	25,587,763	49,111,871	45,621,947	94,733,818
Disposals	–	(8,775,674)	(359,599)	(9,135,273)	–	(9,135,273)
At December 31	174,284,506	68,521,241	444,626,613	687,432,360	190,674,414	878,106,774
Net Book Value	₱37,722,112	₱13,930,599	₱46,668,449	₱98,321,160	₱25,574,548	₱123,895,708

	2022					
	Building and Leasehold Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total Property and Equipment	Assets – Building (Note 33)	Total – Property and Equipment and Right -of-use Assets
Cost						
At January 1	₱207,681,462	₱73,613,780	₱446,593,339	₱727,888,581	₱168,820,288	₱896,708,869
Additions	2,062,156	8,738,644	19,914,754	30,715,554	34,521,031	65,236,585
Disposals	–	–	(199,692)	(199,692)	–	(199,692)
At December 31	209,743,618	82,352,424	466,308,401	758,404,443	203,341,319	961,745,762
Accumulated Depreciation						
At January 1	139,834,362	63,175,551	397,117,314	600,127,227	104,952,746	705,079,973
Depreciation (Note 26)	17,513,272	7,534,128	22,480,827	47,528,227	40,099,721	87,627,948
Disposals	–	–	(199,692)	(199,692)	–	(199,692)
At December 31	157,347,634	70,709,679	419,398,449	647,455,762	145,052,467	792,508,229
Net Book Value	₱52,395,984	₱11,642,745	₱46,909,952	₱110,948,681	₱58,288,852	₱169,237,533

Details of depreciation and amortization expense charged against operations are as follow:

	2023	2022
General and administrative expenses (Note 26)	₱82,187,384	₱75,276,746
Commissions and other direct expenses (Note 26)	12,546,434	12,351,202
	₱94,733,818	₱87,627,948

The disposal of assets resulted to gain of ₱1,728,829 and ₱10,402 in 2023 and 2022, respectively.

12. Other Assets

This account consists of:

	2023	2022
Refundable deposits	₱40,169,762	₱41,395,426
Prepaid expenses	15,965,062	20,494,447
Creditable withholding taxes	12,443,519	7,866,743
Prepaid income tax	10,509,764	–
Input VAT	2,066,452	19,701
	₱81,154,559	₱69,776,317



Refundable deposits represent security and utility deposits made on lease and service agreements entered into by the Company. These are refunded upon termination of the related lease and service agreements.

Prepaid expenses pertain mainly to unexpired insurance. This is used in operations within one year after the reporting period. Advances to suppliers are also included in this line item.

Creditable withholding taxes are those withheld by the suppliers, service providers and clients of the Company. These are available for offset against income tax payable.

Prepaid income taxes pertain to overpayment of regular corporate income taxes for the year.

Input VAT pertains to the excess of input over output VAT. These are available for offset against output VAT.

13. Legal Policy Reserves

Insurance contract liabilities may be analyzed as follows:

	2023			2022		
	Insurance Contract Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contract Liabilities	Reinsurers' Share of Liabilities	Net
Ordinary life	₱13,278,815,031	₱5,347,455	₱13,273,467,576	₱11,544,714,391	₱4,018,844	₱11,540,695,547
Group life	461,367,788	1,819,879	459,547,909	496,517,353	2,093,020	494,424,333
Accident and health	88,403,212	-	88,403,212	78,033,551	-	78,033,551
Variable life	(410,317,674)	5,924,463	(416,242,137)	(357,943,889)	5,214,857	(363,158,746)
	₱13,418,268,357	₱13,091,797	₱13,405,176,560	₱11,761,321,406	₱11,326,721	₱11,749,994,685

The insurance contract liabilities under group life include unearned premium reserves (UPR) which amounted to ₱157.58 million and ₱204.46 million as of December 31, 2023 and 2022, respectively.

The movements during the year in legal policy reserves are as follows:

	2023	2022
At January 1	₱11,749,994,685	₱10,509,773,238
Due to change in discount rates	364,062,808	(2,123,311,206)
Due to change in policies and assumptions	1,291,119,067	3,363,532,653
At December 31	₱13,405,176,560	₱11,749,994,685

The movements in UPR are included under due to changes in policies and assumptions.

The movements in the legal policy reserves due to change in discount rates are recorded under "Remeasurements on legal policy reserves". The rollforward analyses of this account follow:

	2023	2022
At January 1	₱264,787,369	(₱1,858,523,837)
Net decrease due to change in discount rate	(364,062,808)	2,123,311,206
At December 31	(₱99,275,439)	₱264,787,369



14. Policy and Contract Claims Payable

This account consists of:

	2023	2022
Claims payable	₱934,880,095	₱944,312,435
Maturities and surrenders payable	541,123,346	520,678,811
	₱1,476,003,441	₱1,464,991,246

The rollforward analyses of policy and contract claims payable follow:

	2023	2022
At January 1	₱1,464,991,246	₱1,422,650,978
Arising during the year (Note 25)	6,079,268,451	5,408,539,338
Paid during the year	(6,068,256,256)	(5,366,199,070)
At December 31	₱1,476,003,441	₱1,464,991,246

Claims payable pertain to approved but unpaid claims which are due and demandable. This account also includes incurred but not reported (IBNR) claims that already occurred but notice still has not been received by the Company, based on unreported claims reasonably estimated using the Company's historical experience. The provision for IBNR claims amounted to ₱242.67 million and ₱206.97 million as of December 31, 2023 and 2022, respectively.

Maturities and surrenders payable represent claims on matured and surrendered policies which are due and unpaid as at reporting date.

15. Policyholders' Dividends

The movements in this account follow:

	2023	2022
At January 1	₱266,716,339	₱241,734,032
Accrual (Note 25)	35,816,831	29,987,674
Interest (Note 26)	8,741,222	7,761,671
Reversal (payment)	2,373,895	(12,767,038)
At December 31	₱313,648,287	₱266,716,339

Policyholders' dividends pertain to due and unpaid dividends on participating policies which are in-force for three (3) or more years. Policyholders are given an option to deposit the dividends with the Company to accumulate and earn interest. Interest expense on policyholders' dividends amounted to ₱8.74 million and ₱7.76 million in 2023 and 2022, respectively (see Note 26).

16. Premium Deposit Fund

This account pertains to funds held for policyholders which bear interest at annual rates ranging from 2.00% to 6.00% in 2023 and 2022. Interest expense of the Company related to premium deposit fund amounted to ₱14.17 million and ₱12.12 million in 2023 and 2022, respectively (see Note 26).



17. Insurance Payables

This account consists of:

	2023	2022
Life insurance deposits	₱249,805,427	₱210,777,406
Due to reinsurers	8,011,328	8,404,215
Subscriptions to variable unit-linked funds (Note 18)	5,893,515	22,161,141
	₱263,710,270	₱241,342,762

Life insurance deposits pertain to premiums collected in advance and are not yet credited to premium income until these become due.

Due to reinsurers represents premiums due and unpaid on treaty and facultative reinsurance agreements entered into by the Company.

Subscriptions to variable unit-linked funds pertain to unremitted contributions to the segregated funds relating to variable unit-linked policies.

18. Segregated Funds

This account consists of:

	2023	2022
Variable-unit linked fund	₱37,492,733,606	₱31,770,050,797
GEM trust fund	71,646,711	71,952,761
	₱37,564,380,317	₱31,842,003,558

Variable-Unit Linked (VUL) Fund

This fund consists of:

	2023	2022
Net asset value of segregated funds	₱37,993,799,428	₱32,221,287,331
Seed capital in segregated funds (Note 8)	(501,065,822)	(451,236,534)
	₱37,492,733,606	₱31,770,050,797

The rollforward analysis of variable unit-linked segregated fund follows:

	2023	2022
At January 1	₱31,770,050,797	₱32,769,706,843
Subscriptions allocated to unit-linked funds (Note 22)	8,474,416,666	4,488,550,377
Investment income (loss) - net (Note 23)	1,677,106,620	(1,765,165,389)
Withdrawals and redemptions (Note 25)	(4,428,840,477)	(3,723,041,034)
Net change in variable unit-linked	5,722,682,809	(999,656,046)
At December 31	₱37,492,733,606	₱31,770,050,797

Subscriptions allocated to unit-linked funds represent the investment portion of variable unit-linked policies issued by the Company which were subsequently invested to unit-linked funds at the discretion of the policyholder. These amounts are presented under "Gross earned premiums on insurance contracts" in the statements of income.



Investment income (loss) pertains to the results of operation of unit-linked funds. These amounts are presented under “Investment income (loss) - net” in the statements of income.

Withdrawals and redemptions pertain to benefit payments to VUL policyholders taken out of unit-linked funds. These amounts are presented under “Insurance benefits and claims incurred” in the statements of income.

Investment income account consists of:

	2023	2022
Fair value gains (losses)	₱646,750,134	(₱2,634,704,351)
Interest income	487,354,716	589,338,170
Dividend income	698,643,260	286,933,591
Investment expense	(155,641,490)	(6,732,799)
Investment income (loss) - net	₱1,677,106,620	(₱1,765,165,389)

The Company issues variable unit-linked insurance contracts where payments to policyholders are linked to internal investment funds set up.

Bond Fund

The SLG Bond Fund is one of the investment options for policyholders of Sun Grepa Power Builder 5 and 10. The fund is invested in high-quality fixed-income securities issued by the Philippine government and in high-quality corporate debt securities issued by Philippine companies.

Balanced and Opportunity Fund

These funds are designed to provide optimum returns consisting of current income and capital growth through investment in a mix of debt (bonds) and equity (stocks) securities from both domestic and foreign issuers.

Equity and Growth Fund

These funds are designed to generate long-term capital appreciation by investing in high-quality equities diversified across sectors.

Income Fund

This fund is designed to stay invested only in high-quality fixed income instruments that are classified as below average risk.

Global Asset Builder Fund ProIncome

This fund is designed to provide protection and also allows policyholders to participate in the performance of selected global investment assets.

Global Asset Builder (PriMO)

This fund is an investment-linked life insurance plan that provides protection for 7 years and enables the US dollars to benefit from global investment opportunities without the fear of losing its capital.

Peso Asset Builder

This fund is an investment-linked life insurance plan that provides protection for 7 years and enables the investment to benefit from global investment opportunities while protecting the capital.



Peso Global Growth

The fund is denominated in Philippine peso, but invests in foreign currency denominated financial assets, which may include, but are not limited to: Equity-centric mutual funds and Exchange-traded Funds (ETFs) or any other similar security; and common stocks and other equity-linked securities, such as preferred stock and convertible securities.

Peso Global Income

The fund is denominated in Philippine peso, but invests in foreign currency denominated financial assets, which may include, but are not limited to: Fixed income-centric mutual funds and Exchange-traded Funds (ETF) or any other similar security; and Fixed income instruments issued by Philippine, United States and other foreign governments and corporations.

Peso Global Opportunity

The fund is denominated in Philippine peso, but invests in foreign currency denominated financial assets, which may include, but are not limited to: Equity-centric and Fixed income-centric mutual funds and Exchange-traded Funds (ETF) or any other similar security; and Fixed income instruments issued by Philippine, United States and other foreign governments and corporations; and common stocks and other equity-linked securities such as preferred stock and convertible securities.

Peso Global Opportunity Payout

The fund is denominated in Philippine peso, but may invest in foreign currency denominated financial assets such as, but are not limited to: Mutual funds and Exchange-traded Funds (ETFs), Fixed income instruments issued by the Philippines, United States and other foreign governments and corporations; Equity-linked securities or any other similar security.

Global Opportunity Payout

The fund may invest in foreign currency denominated, income-generating financial assets such as, but not limited to: Mutual funds and Exchange-traded Funds (ETFs); Fixed income instruments issued by the Philippines, United States and other foreign governments and corporations; Equity-linked securities or any other similar security.

Dynamic Fund

This fund is an adaptive, agile and flexible fund that aims to maximize returns by taking advantage of market highs and engaging in opportunistic trades. It is designed to provide optimum returns consisting of current income and capital growth through investment in a mix of high quality fixed-income and equity instruments from domestic issuers.

Index Fund

This fund tracks the performance of the benchmark PSEi, mainly by investing in listed equities that are part of the PSEi, in such proportion that the performance of the Fund will match that of the PSEi.

Captains Fund

This fund invests in publicly-listed local firms that are among the country's largest in terms of revenues, profits, assets and market values, there is more opportunity for upside potential earnings.

My Future Fund

This fund is a target date fund that invests primarily in high-quality stocks and a mix of government and domestic corporate debt in accordance with an asset allocation strategy that promotes capital appreciation at the onset to maximize earning potential in the earlier years and shifts to wealth preservation to reduce exposure to risk as the maturity of the fund approaches.



Growth Plus Fund

This Fund aims to maximize returns through a combination of long-term capital growth and current income by investing in a portfolio of high-quality Philippine listed equity and equity-linked securities that yield dividends.

Global Opportunity Fund

This Fund may invest in, but is not limited to, USD-denominated mutual funds, USD-denominated exchange-traded funds (ETFs), and any securities similar to said funds.

Global Income Fund

This Fund is invested only in foreign currency-denominated high-quality fixed income and fixed income-linked instruments that are classified as average to below average risk.

Money Market Fund

This Fund is available in Philippine Peso and US Dollar currencies. Money Market Fund is designed to maximize yields on short to medium-term placements while ensuring adequate liquidity for the policy owners.

Global Growth Fund

The Fund is a pure equity mandate which endeavors to provide clients access to an active and concentrated suite of global equity outlets.

Opportunity Tracker Fund

The Fund provides a middle ground between equity and fixed income asset classes by utilizing an indexing strategy, which tracks the performance of the Philippine Stock Exchange Index (PSEi) and the portfolio duration of the Bloomberg Phil Sovereign Bond Index AI (BPHILR).

Peso Global Sustainability Growth Fund

The Fund is offered as a fund option exclusive to Sun Grepa Power Builder 1, Sun Grepa Power Builder 5, Sun Grepa Power Builder 10, and Sun Grepa Power Builder 100, which are investment-linked life insurance products regulated by the Insurance Commission. The Fund is denominated in Philippine Peso, but may invest in foreign currency denominated, ESG-focused financial assets, which may include, but not limited to: mutual funds and Exchange-traded Funds (ETFs); common stocks and other equity-linked securities, such as preferred stock and convertible securities.

Peso Asset Builder (Hybrid Income)

This Fund is a peso-denominated, investment-linked life insurance product that provides protection for seven years and allows policyholders to potentially grow their money through global investment opportunities.

Opportunity Fund

This is one of the investment options for policyholders of Sun Grepa Power Builder 1, which is an insurance product regulated by the Insurance Commission. The fund is designed to provide optimum returns consisting of current income and capital growth through investment in a mix of debt (bonds) and equity (stocks) securities from both domestic and foreign users.



The details of these internal investment funds, which comprise the assets backing unit-linked liabilities, are presented in the tables below:

	2023												
	Cash and cash equivalents	Government debt securities	Equity securities	Corporate loans	Private peso and dollar bonds	Structured notes	Subscriptions receivable (payable) (Note 17)	Investment receivable	Accrued income	Seed capital	Total Assets	Accounts payable and accrued expenses	Net Assets
Bond Fund	₱48,499,485	₱311,047,588	₱15,286,460	₱17,401,878	93,157,098	–	₱577,130	₱23,844	₱7,060,757	(₱2,128,050)	₱490,926,190	(₱1,576,472)	₱489,349,718
Balanced Fund	51,760,552	385,513,436	731,841,943	29,290,767	153,817,481	–	856,382	39,631	10,794,525	(1,642,650)	1,362,272,067	(3,643,383)	1,358,628,684
Equity Fund	45,822,042	–	1,115,693,842	–	–	–	3,823,768	1,642,040	654,899	(1,657,650)	1,165,978,941	(2,061,510)	1,163,917,431
Growth Fund	28,049,921	–	1,019,652,350	–	–	–	(13,906)	1,667,624	592,438	(1,637,100)	1,048,311,327	(1,874,977)	1,046,436,350
Opportunity Fund	90,055,706	775,315,045	1,505,733,540	121,689,001	342,098,099	–	(341,360)	173,702	25,708,558	(1,710,450)	2,858,721,841	(7,638,857)	2,851,082,984
Income Fund	60,585,944	495,068,759	–	67,529,501	152,333,623	–	45,292	96,128	12,859,228	(2,253,300)	786,265,175	(2,724,719)	783,540,456
Dynamic	38,803,310	478,951,959	742,993,788	–	–	–	(645,493)	–	5,565,188	(8,648,000)	1,257,020,752	(3,280,301)	1,253,740,451
Index	26,965,626	–	5,335,724,019	–	–	–	5,600,148	–	5,548,747	(7,667,000)	5,366,171,540	(9,845,047)	5,356,326,493
Captains	175,483,320	–	1,485,187,623	–	–	–	708,503	5,614,520	2,660,923	(9,490,000)	1,660,164,889	(13,096,644)	1,647,068,245
Money Market	1,313,366	–	24,237,996	–	–	–	(179)	–	153	(10,703,000)	14,848,336	(11,382)	14,836,954
My Future 2025	8,038,114	415,768,800	79,068,936	–	–	–	(247,253)	–	7,344,632	(1,507,350)	508,465,879	(2,364,060)	506,101,819
My Future 2030	8,188,148	96,596,816	81,645,567	–	–	–	186,725	–	1,786,212	(9,125,000)	179,278,468	(675,509)	178,602,959
My Future 2035	2,326,769	22,979,142	53,119,359	–	–	–	86,425	–	386,203	(8,708,000)	70,189,898	(205,411)	69,984,487
My Future 2040	2,668,498	17,118,958	72,075,045	–	–	–	39,821	–	352,127	(8,709,000)	83,545,449	(218,812)	83,326,637
Growth Plus Fund	288,555,246	–	6,632,583,177	–	–	–	2,365,594	–	1,663,516	(9,372,000)	6,915,795,533	(43,721,347)	6,872,074,186
MyFuture 2045	791,129	7,575,365	39,805,919	–	–	–	(57,235)	–	227,717	(47,410,000)	932,895	(122,850)	810,045
MyFuture 2050	729,431	6,603,840	40,435,435	–	–	–	4,812	–	211,244	(47,225,000)	759,762	(118,607)	641,155
MyFuture 2055	569,985	6,787,280	40,993,540	–	–	–	(3,260)	–	216,470	(47,220,000)	1,344,015	(120,597)	1,223,418
Global Opportunity	87,422,603	39,879,143	1,903,107,147	–	–	–	(87,736)	47,539,463	605,464	(33,628,970)	2,044,837,114	(53,353,557)	1,991,483,557
Global Income	38,324,059	74,701,996	576,488,924	–	17,919,149	–	(31,403)	5,813,850	1,158,348	(24,157,930)	690,216,993	(17,961,112)	672,255,881
Global Growth Fund	80,423,371	–	1,788,937,288	–	–	–	(981,424)	13,842,500	11,826	(33,961,190)	1,848,272,371	(3,324,850)	1,844,947,521
Global Asset Builder - PriMO	–	–	–	–	–	704,402,855	(5,987,712)	–	–	–	698,415,143	–	698,415,143
Peso Asset Builder - PriMO	–	–	–	–	–	365,129,600	–	–	–	–	365,129,600	–	365,129,600
Dollar Money Market	1,158,859	–	40,068,040	–	–	–	(110)	–	–	(28,443,569)	12,783,220	(18,530)	12,764,690
Opportunity Tracker	7,479,412	205,281,026	101,704,170	–	–	–	1,913,885	–	2,415,699	(1,574,700)	317,219,492	(1,023,333)	316,196,159
Peso Global Growth	12,044,345	–	230,349,356	–	–	–	80,137	–	1,438	(25,337,500)	217,137,776	(424,677)	216,713,099
Peso Global Income	998,541	3,213,858	30,747,688	–	–	–	29,040	–	27,363	(23,182,500)	11,833,990	(53,663)	11,780,327
Peso Global Opportunity	636,657	4,343,733	107,190,284	–	–	–	19,449	943,160	34,786	(24,297,500)	88,870,569	(474,823)	88,395,746
Global Opportunity Payout	103,630,706	–	2,030,277,254	–	–	–	2,063,791	–	15,134	(24,169,005)	2,111,817,880	(3,758,542)	2,108,059,338
Peso Global Opportunity Payout	16,751,487	–	293,597,215	–	–	–	397,842	–	2,460	(25,032,500)	285,716,504	(542,293)	285,174,211
Peso Global Sustainability Growth Fund	1,464,398	–	29,828,047	–	–	–	4,892	–	–	(26,485,000)	4,812,337	(54,580)	4,757,757
Peso Asset Builder - Hybrid Income	–	–	–	–	–	2,302,390,190	(3,340,350)	–	–	(962,900)	2,298,086,940	–	2,298,086,940
Peso Asset Builder - Hybrid Income 2	–	–	–	–	–	1,175,275,500	(2,267,800)	–	–	(970,500)	1,172,037,200	–	1,172,037,200
Peso Asset Builder - Hybrid Income 3	–	–	–	–	–	825,384,900	1,095,100	–	–	(969,900)	825,510,100	–	825,510,100
Global Asset Builder - ProIncome	–	–	–	–	–	904,412,473	–	–	–	(1,078,608)	903,333,865	–	903,333,865
	₱1,229,541,030	₱3,346,746,744	₱26,148,373,952	₱235,911,147	₱759,325,450	₱6,276,995,518	₱5,893,515	₱77,396,462	₱87,906,055	(₱501,065,822)	₱37,667,024,051	(₱174,290,445)	₱37,492,733,606



2022

	Cash and cash equivalents	Government debt securities	Equity securities	Corporate loans	Private peso bonds	Structured notes	Subscriptions receivable (Note 17)	Investment receivable	Accrued income	Seed capital (Note 8)	Total Assets	Accounts payable and accrued expenses	Net Assets
Bond Fund	₱80,600,195	₱227,177,689	₱32,725,834	₱62,195,399	₱20,143,792	₱-	₱225,740	₱24,390	₱6,041,828	(₱1,967,400)	₱427,167,467	(₱920,264)	₱426,247,203
Balanced Fund	32,237,725	387,064,302	730,262,577	111,931,101	33,806,489	-	992,369	1,900,487	7,984,732	(1,592,250)	1,304,587,532	(6,747,697)	1,297,839,835
Equity Fund	70,723,356	-	970,187,741	-	-	-	2,338,105	7,370,043	1,063,872	(1,661,550)	1,050,021,567	(8,578,947)	1,041,442,620
Growth Fund	70,589,754	-	1,035,083,213	-	-	-	17,893	7,011,298	836,891	(1,639,650)	1,111,899,399	(9,147,593)	1,102,751,806
Opportunity Fund	95,750,945	756,777,210	1,678,171,335	323,632,109	137,559,569	-	816,649	4,457,935	22,142,030	(1,655,550)	3,017,652,232	(14,551,397)	3,003,100,835
Income Fund	89,369,431	355,115,958	58,966,575	178,577,846	76,102,484	-	15,234	98,335	12,953,405	(2,082,000)	769,117,268	(1,844,746)	767,272,522
Dynamic Fund	38,127,980	493,319,546	815,723,849	-	-	-	(11,897)	2,518,723	4,332,148	(8,404,000)	1,345,606,349	(3,348,345)	1,342,258,004
Index Fund	27,191,021	-	5,291,444,742	-	-	-	6,232,755	2,905,051	1,776,359	(7,708,000)	5,321,841,928	(10,486,531)	5,311,355,397
Captains Fund	77,703,281	-	1,444,718,363	-	-	-	1,790,799	3,344,944	593,932	(9,259,000)	1,518,892,319	(2,755,303)	1,516,137,016
Money Market Fund	11,020,970	-	14,850,546	-	-	-	(168)	-	1,665	(10,448,000)	15,425,013	(12,223)	15,412,790
My Future 2025 Fund	32,358,367	424,099,975	81,846,847	-	-	-	(265,269)	-	7,437,715	(1,472,700)	544,004,935	(2,490,510)	541,514,425
My Future 2030 Fund	19,608,366	82,323,728	77,951,547	-	-	-	340,922	-	1,580,795	(8,827,000)	172,978,358	(645,232)	172,333,126
My Future 2035 Fund	5,904,772	18,038,688	51,106,907	-	-	-	55,833	-	317,635	(8,466,000)	66,957,835	(198,672)	66,759,163
My Future 2040 Fund	3,991,948	16,651,244	70,769,764	-	-	-	69,325	82,739	350,415	(8,555,000)	83,360,435	(233,282)	83,127,153
Growth Plus Fund Fund	320,176,898	-	6,815,150,769	-	-	-	2,540,718	151,876,507	835,072	(9,149,000)	7,281,430,964	(73,217,522)	7,208,213,442
MyFuture 2045 Fund	1,533,972	6,693,645	38,782,384	-	-	-	-	-	200,410	(46,875,000)	335,411	(124,373)	211,038
MyFuture 2050 Fund	1,569,126	5,837,616	39,835,332	-	-	-	(72)	-	183,553	(46,880,000)	545,555	(121,248)	424,307
MyFuture 2055 Fund	1,408,337	5,999,772	40,103,117	-	-	-	(1,359)	-	188,268	(46,855,000)	843,135	(122,677)	720,458
Global Opportunity Fund	89,663,008	15,694,520	1,958,930,899	-	-	-	(48,911)	40,979,925	218,395	(30,219,210)	2,075,218,626	(14,014,117)	2,061,204,509
Global Income Fund	40,973,883	23,170,311	650,402,368	-	-	-	(32,743)	-	315,135	(23,598,304)	691,230,650	(1,175,823)	690,054,827
Global Growth Fund	6,009,765	-	1,808,495,618	-	-	-	507,581	8,530,515	-	(29,600,330)	1,793,943,149	(7,111,763)	1,786,831,386
Global Asset Builder - PriMO	-	-	-	-	-	714,983,609	(5,011,259)	-	-	-	709,972,350	-	709,972,350
Peso Asset Builder - PriMO	-	-	-	-	-	357,595,340	-	-	-	-	357,595,340	-	357,595,340
Dollar Money Market Fund	3,217,760	-	43,211,110	-	-	-	(109)	-	-	(28,078,218)	18,350,543	(21,349)	18,329,194
Opportunity Tracker Fund	7,342,627	158,579,374	112,464,424	-	-	-	425,198	-	1,681,029	(1,525,050)	278,967,602	(845,822)	278,121,780
Peso Global Growth Fund	2,387,939	-	196,707,618	-	-	-	75,088	223,020	-	(21,967,500)	177,426,165	(2,105,497)	175,320,668
Peso Global Income Fund	512,619	555,852	27,922,332	-	-	-	5,196	168,155	7,422	(22,562,500)	6,609,076	(47,821)	6,561,255
Peso Global Opportunity Fund	3,194,686	1,480,056	91,557,731	-	-	-	83,180	281,000	11,904	(22,230,000)	74,378,557	(683,863)	73,694,694
Global Opportunity Payout Fund	34,603,102	-	1,687,473,586	-	-	-	9,632,572	-	2,394	(23,525,822)	1,708,185,832	(14,729,222)	1,693,456,610
Peso Global Opportunity Payout Fund	4,032,172	-	40,888,918	-	-	-	1,367,771	-	581	(24,432,500)	21,856,942	(69,898)	21,787,044
	₱1,171,804,005	₱2,978,579,486	₱25,905,736,046	₱676,336,455	₱267,612,334	₱1,072,578,949	₱22,161,141	₱231,773,067	₱71,057,585	(₱451,236,534)	₱31,946,402,534	(₱176,351,737)	₱31,770,050,797



Cash and cash equivalents

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are made for varying periods not exceeding three months depending on the immediate cash requirements of the funds and earn interest at the prevailing short-term deposit rates.

Government debt securities

Government securities pertain to peso denominated bonds with interest rates ranging from 2.375% to 9.25% and 2.375% to 8.75% in 2023 and 2022, respectively.

Equity securities

Equity securities consist mainly of shares which are listed and actively traded.

Corporate loans

This consists of unquoted corporate loans which are carried at amortized cost.

Private peso and dollar bonds

Private bonds are either a plain bond, a callable bond, a credit-linked bond or a structure product. The Company rely on counterparty valuations for plain bond and credit-linked notes while the Company use historical market price of a benchmark bond for callable bond.

Structured notes

Structured notes are issued by foreign investment-grade banks with underlying assets invested in pre-defined mix of equities, bonds, commodity-linked assets and exchange traded funds.

Subscriptions receivable/payable

Subscriptions receivable pertain to amounts due from/to the Company for subscriptions from unitholders which have not yet been transferred to the corresponding VUL fund as of reporting date.

Investment receivable

Investment receivable pertains to amounts due from brokers which represent receivables for securities sold that have been contracted for but not yet settled as of the end of the reporting period.

Accrued income

Accrued income includes interest receivable and dividends receivable. Interest receivable pertains to interest accrued on cash equivalents and government debt securities. Dividends receivable pertain to dividends accrued on listed equity securities.

Accounts payable and accrued expenses

Accounts payable and accrued expenses pertain to amounts due to brokers which represent payables for securities purchased that have been contracted for but not yet settled as of the end of the reporting period. It also includes redemptions payable to unitholders.

Seed capital

Seed capital is the initial funding that allows Exchange-traded Funds (ETFs) to launch and become available to investors.



The unit-linked financial assets at fair value are classified as follows:

	2023			
	Level 1	Level 2	Level 3	Total
Segregated fund assets				
Equity securities	₱26,148,373,959	₱–	₱–	₱26,148,373,959
Structured notes	–	–	6,276,995,518	6,276,995,518
Government debt securities	907,148,631	2,439,598,115	–	3,346,746,746
Corporate loans	–	–	235,911,147	235,911,147
Private peso and dollar bonds	–	759,325,450	–	759,325,450
	₱27,055,522,590	₱3,198,923,565	₱6,512,906,665	₱36,767,352,820

	2022			
	Level 1	Level 2	Level 3	Total
Segregated fund assets				
Equity securities	₱25,905,736,046	₱–	₱–	₱25,905,736,046
Government debt securities	–	2,978,579,486	–	2,978,579,486
Structured notes	–	–	1,072,578,949	1,072,578,949
Corporate loans	–	–	676,336,455	676,336,455
Private peso bonds	–	267,612,234	–	267,612,234
	₱25,905,736,046	₱3,246,191,720	₱1,748,915,404	₱30,900,843,170

Following are the stress testing schedules of the unit-linked financial assets classified as level 3 as of December 31, 2023:

1. Sun Grepa Global Asset Builder - PriMO

Bloomberg ISIN	XS1792287267		
Maturity	17-Dec-25		
Valuation Date	30-Dec-23		
Note Provider	Goldman Sachs		
Remaining Time to Maturity	1.96	<i>assume this is duration factor for the scenario/stress testing, given ZCB duration = remaining tenor</i>	
Option Value	2.20%		
Fixed Income Value	89.30%		
	Scenario 1	Scenario 2	Scenario 3
Current Value	91.50%	91.50%	91.50%
USD IRS	-1.09%	0.81%	-0.34%
ROP CDS	-1.09%	0.65%	-0.27%
GS CDS	-1.16%	0.85%	-0.34%
Fixed Income Level	88.15%	93.80%	90.55%
Option Sensitivity	-2.20%	-2.20%	-2.20%
MTM Level	85.95%	91.60%	88.35%

2. Sun Grepa Peso Asset Builder - PriMO

Bloomberg ISIN	XS1934993764		
Maturity	4-Mar-26		
Valuation Date	30-Dec-23		
Note Provider	Goldman Sachs		
Remaining Time to Maturity	2.18	<i>assume this is duration factor for the scenario/stress testing, given ZCB duration = remaining tenor</i>	
Option Value	1.90%		
Fixed Income Value	92.60%		
	Scenario 1	Scenario 2	Scenario 3
Current Value	94.50%	94.50%	94.50%
PHP NDS	-0.04%	0.00%	0.00%
ROP CDS	-1.21%	0.72%	-0.29%



2. Sun Grepa Peso Asset Builder - PriMO

GS CDS	-1.28%	0.94%	-0.38%
Fixed Income Level	91.97%	96.16%	93.83%
Option Sensitivity	-1.90%	-1.90%	-1.90%
MTM Level	90.07%	94.26%	91.93%

3. Sun Grepa Peso Asset Builder – Hybrid Income 1

Bloomberg ISIN	XS2617697359		
Maturity	29-Sep-30		
Valuation Date	30-Dec-23		
Note Provider	Nomura		
Remaining Time to Maturity	5.41	<i>Duration since bond is not zero coupon</i>	

Coupon	7.10%
Fixed Income Value	96.29%

	Scenario 1	Scenario 2	Scenario 3
Current Value	96.29%	96.29%	96.29%
PHP NDS	-0.09%	0.00%	0.00%
ROP CDS	-3.02%	1.79%	-0.73%
Nomura CDS	-12.93%	4.19%	0.01%
Fixed Income Level	80.25%	102.27%	95.57%
MTM Level	80.25%	102.27%	95.57%

4. Sun Grepa Peso Asset Builder – Hybrid Income 2

Bloomberg ISIN	XS2617537233		
Maturity	27-Oct-30		
Valuation Date	30-Dec-23		
Note Provider	Nomura		
Remaining Time to Maturity	5.44	<i>Duration since bond is not zero coupon</i>	

Coupon	7.15%
Fixed Income Value	97.05%

	Scenario 1	Scenario 2	Scenario 3
Current Value	97.05%	97.05%	97.05%
PHP NDS	-0.09%	0.00%	0.00%
ROP CDS	-3.03%	1.80%	-0.74%
Nomura CDS	-13.00%	4.22%	0.01%
Fixed Income Level	80.93%	103.07%	96.33%
MTM Level	80.93%	103.07%	96.33%

5. Sun Grepa Peso Asset Builder – Hybrid Income 3

Bloomberg ISIN	XS2692916302		
Maturity	21-Nov-30		
Valuation Date	30-Dec-23		
Note Provider	Nomura		
Remaining Time to Maturity	5.44	<i>Duration since bond is not zero coupon</i>	

Coupon	7.20%
Fixed Income Value	96.99%

	Scenario 1	Scenario 2	Scenario 3
Current Value	96.99%	96.99%	96.99%
PHP NDS	-0.09%	0.00%	0.00%
ROP CDS	-3.03%	1.80%	-0.74%
Nomura CDS	-13.00%	4.22%	0.01%
Fixed Income Level	80.87%	103.01%	96.27%
MTM Level	80.87%	103.01%	96.27%



6. Sun Grepa Global Asset Builder – (ProIncome)

Bloomberg ISIN	XS2692848208
Maturity	22-Dec-30
Valuation Date	30-Dec-23
Note Provider	Nomura
Remaining Time to Maturity	5.43 <i>Duration since bond is not zero coupon</i>
Coupon	6.90%
Fixed Income Value	97.40%

	Scenario 1	Scenario 2	Scenario 3
Current Value	97.40%	97.40%	97.40%
PHP NDS	-0.09%	0.00%	0.00%
ROP CDS	-3.03%	1.80%	-0.73%
Nomura CDS	-12.98%	4.21%	0.01%
Fixed Income Level	81.30%	103.40%	96.68%
MTM Level	81.30%	103.40%	96.68%

Following are the stress testing schedules of the unit-linked financial assets classified as level 3 as of December 31, 2022:

1. Sun Grepa Global Asset Builder - PriMO

Bloomberg ISIN	XS1792287267
Maturity	17-Dec-25
Valuation Date	30-Dec-22
Note Provider	Goldman Sachs
Remaining Time to Maturity	2.96 <i>assume this is duration factor for the scenario/stress testing, given ZCB duration = remaining tenor</i>
Option Value	2.10%
Fixed Income Value	85.30% <i>figures as disclosed by counterparty as of end-2022</i>

	Scenario 1	Scenario 2	Scenario 3
Current Value	87.40%	87.40%	87.40%
USD IRS	-3.23%	-1.57%	1.56%
ROP CDS	-2.97%	-1.21%	1.40%
GS CDS	-3.37%	-1.73%	1.65%
Fixed Income Level	77.83%	82.89%	92.02%
Option Sensitivity	-2.10%	-2.10%	-2.10%
MTM Level	75.73%	80.79%	89.92%

2. Sun Grepa Peso Asset Builder - PriMO

Bloomberg ISIN	XS1934993764
Maturity	4-Mar-26
Valuation Date	30-Dec-22
Note Provider	Goldman Sachs
Remaining Time to Maturity	3.18 <i>assume this is duration factor for the scenario/stress testing, given ZCB duration = remaining tenor</i>
Option Value	1.90%
Fixed Income Value	90.20% <i>figures as disclosed by counterparty as of end-2022</i>

	Scenario 1	Scenario 2	Scenario 3
Current Value	92.10%	92.10%	92.10%
PHP NDS	-0.05%	-0.04%	0.03%
ROP CDS	-3.19%	-1.30%	1.51%
GS CDS	-3.61%	-1.85%	1.77%
Fixed Income Level	85.25%	88.90%	95.40%
Option Sensitivity	-1.90%	-1.90%	-1.90%
MTM Level	83.35%	87.00%	93.50%



The rollforward analysis of structured notes follows:

	Structured notes - Goldman Sachs / Nomura	
	2023	2022
Beginning balance	₱1,072,578,949	₱1,149,864,679
Purchases	5,358,528,900	-
Disposals/maturities	(41,320,100)	(14,759,975)
Fair value gains/(losses)	(112,792,231)	(62,525,755)
Ending balance	₱6,276,995,518	₱1,072,578,949

GEM Trust Fund

On February 24, 2015, a supplemental Investment Management Agreement (IMA) was entered into by the Company and RCBC, as investment manager of the GEM trust fund portfolio, with legal title to the GEM trust fund in the name of the Company. As of December 31, 2023 and 2022, the Company recognized the net assets of the GEM trust fund on its books amounting to ₱71.65 million and ₱71.95 million, respectively. The same amount is recorded as part of the segregated fund liabilities.

The details of the GEM trust fund are presented below:

	2023	2022
Assets		
Cash and cash equivalents	₱12,966,047	₱9,032,075
Investment in equity securities	43,120,869	47,572,273
Investment in government securities	10,885,144	10,760,484
Investment in mutual fund	5,539,451	5,539,451
Investment receivables	109,980	81,966
	72,621,491	72,986,249
Liabilities		
Accounts payable and accrued expenses	974,780	1,033,488
	₱71,646,711	₱71,952,761

GEM trust fund is an old product of the Company with features of life insurance and investment portion. Its investments are being managed by the Company and held under trust with RCBC.

	2023	2022
Net Liabilities		
Accounts payable and accrued expenses	₱3,449,405	₱1,947,105
Due from general fund (Note 8)	(2,474,625)	(913,617)
	₱974,780	₱1,033,488

Due to general fund is the amount due from GEM trust fund recorded under “Loans and receivables” account representing amounts paid in advance by the Company on surrenders made by certain policyholders owning interests in the GEM trust.



19. Accounts Payable and Accrued Expenses

This account consists of:

	2023	2022
Accrued expenses	₱317,023,399	₱184,785,998
Other taxes payable	65,607,197	83,987,875
Accounts payable	55,795,547	13,927,072
Due to a related party (Note 32)	43,948,135	27,469,756
	₱482,374,278	₱310,170,701

Accrued expenses pertain mainly to employee incentives and bonuses computed based on current salary and length of service. These amounts are due to be paid within one year after the reporting date.

Taxes payable consist mainly of premium taxes and documentary stamp taxes on insurance policies, withholding taxes from employees' compensation and purchases from suppliers which are subsequently remitted within one month after the reporting date.

Accounts payable consist mainly of unpaid commissions, supplies, utilities, professional fees, repairs and maintenance, and security services which are due and demandable.

20. Capital Stock

As of December 31, 2023, and 2022, the Company's capital stock consists of the following:

Common shares - ₱10 par value	
Authorized - 78,000,000 shares	₱780,000,000
Issued and outstanding - 35,000,000 shares	350,000,000

21. Retained Earnings

On March 2, 2023, the Company declared cash dividend amounting to ₱350.00 million equivalent to ₱10.00 per share in favor of the stockholders of record as of December 31, 2022. The dividend was paid on April 28, 2023.

On March 3, 2022, the Company has declared cash dividends amounting to ₱8.571 per share totaling to ₱300.00 million in favor of the stockholders of record as of December 31, 2021. The dividend was paid on April 28, 2022.

The retained earnings available for dividend declaration amounted to ₱6.09 billion and ₱5.67 billion as of December 31, 2023 and 2022, respectively.

Under IC Circular Letter 2016-66, for traditional life insurance policy where the calculation based on the gross premium valuation results in a negative reserve, the Company shall appropriate from the unassigned surplus an amount equal to the aggregate of the negative reserves calculated on a per policy basis. The total amount of negative reserves is ₱1,071.23 million and ₱923.03 million as of December 31, 2023 and 2022, respectively. The appropriated surplus on account of the negative reserves are not available for dividend declaration. As per Board Resolution dated March 10, 2021,



the BOD delegated / authorized the President or the Treasurer to make annual appropriation of retained earnings on account of negative reserves. The appropriation for December 31, 2023 negative reserves was approved by the Treasurer on February 2, 2024 while the negative reserves as of December 31, 2022 was approved on February 3, 2023.

22. Net Insurance Premiums

Gross earned premiums on insurance contracts:

	2023	2022
Variable life (Note 18)	₱8,474,416,666	₱4,488,550,377
Ordinary life insurance	3,272,361,511	4,893,173,827
Group life insurance	1,764,562,076	2,180,756,796
Reinsurance assumed	2,160,883	1,186,685
	₱13,513,501,136	₱11,563,667,685

Reinsurers' share of gross premiums on insurance contracts:

	2023	2022
Ordinary life insurance	₱23,216,110	₱18,046,629
Group life insurance	5,368,668	6,322,039
	₱28,584,778	₱24,368,668

23. Investment Income (Loss) - net

Investment income (loss) - net account consists of:

	2023	2022
Interest income on:		
AFS financial assets (Note 8)	₱812,099,225	₱692,377,673
FVPL financial assets (Note 8)	267,760,970	61,963,554
Cash and cash equivalents (Note 6)	58,415,314	21,592,589
Policy loans (Note 8)	53,972,424	50,388,570
	1,192,247,933	826,322,386
Fair value gains on financial assets at FVPL (Note 8)	135,356,647	15,892,491
Gain on sale of AFS financial assets (Note 8)	57,114,243	2,971,719
Dividend income (Note 8)	27,442,154	23,038,465
Impairment loss on AFS financial assets (Note 8)	(100,543,371)	(48,456,640)
General fund	1,311,617,606	819,768,421
Segregated funds (Note 18)	1,677,106,620	(1,765,165,389)
Total	₱2,988,724,226	(₱945,396,968)



24. Fee Income

This account consists of:

	2023	2022
Management fees	₱625,697,040	₱615,157,608
Cost of insurance	416,083,208	371,678,211
Periodic charges	344,591,625	250,166,560
Policy administration fees	20,652,855	15,112,410
	₱1,407,024,728	₱1,252,114,789

Management fees represent charges to variable unit-linked funds for management services rendered by the Company. The Company charges management fees of 1.0% to 2.25% of assets under management.

Cost of insurance are the cost of the life insurance component of VUL policies.

Periodic charges are fees collected for the maintenance and administration of the VUL policies.

Policy administration fees represent charges collected by the Company for surrenders, policy reinstatement, amendments and other modifications requested by policyholders.

25. Net Insurance Benefits and Claims Incurred

This account consists of:

	2023	2022
Claims	₱915,010,141	₱1,083,562,118
Maturities and surrenders	649,575,798	542,625,180
Experience refunds	50,025,204	29,323,332
Policyholders' dividends	35,816,831	29,987,674
General fund	1,650,427,974	1,685,498,304
Segregated funds (Note 18)	4,428,840,477	3,723,041,034
Insurance contract benefits and claims incurred (Notes 14 and 15)	6,079,268,451	5,408,539,338
Reinsurers' share	(9,389,872)	(9,349,313)
	₱6,069,878,579	₱5,399,190,025

Gross insurance contract benefits and claims incurred arise from:

	2023	2022
Group life insurance	₱998,383,708	₱1,023,364,486
Ordinary life insurance	652,044,266	662,133,818
	₱1,650,427,974	₱1,685,498,304



Reinsurers' share of gross insurance contract benefits and claims incurred arise from:

	2023	2022
Ordinary life insurance	₱9,315,122	₱15,387,968
Group life insurance	74,750	(6,038,655)
	₱9,389,872	₱9,349,313

The changes in legal policy reserves follow:

	2023		
	Gross change in legal policy reserves	Reinsurers' share of change in legal policy reserves	Net
Ordinary life insurance	₱1,734,100,640	₱1,328,611	₱1,732,772,029
Group life insurance	(35,149,564)	(273,141)	(34,876,423)
Accident and health	10,369,660	–	10,369,660
Variable unit-linked policies	(52,373,784)	709,607	(53,083,391)
Sub-total	1,656,946,952	1,765,077	1,655,181,875
Net increase due to change in discount rate	(364,062,808)	–	(364,062,808)
	₱1,292,884,144	₱1,765,077	₱1,291,119,067

	2022		
	Gross change legal policy reserves	Reinsurers' share of change in legal policy reserves	Net
Ordinary life insurance	₱1,287,445,371	₱872,692	₱1,286,572,679
Group life insurance	(43,538,258)	(323,826)	(43,214,432)
Accident and health	6,258,680	–	6,258,680
Variable unit-linked policies	(8,836,440)	559,040	(9,395,480)
Sub-total	1,241,329,353	1,107,906	1,240,221,447
Net increase due to change in discount rate	2,123,311,206	–	2,123,311,206
	₱3,364,640,559	₱1,107,906	₱3,363,532,653

26. Expenses

Commissions and other direct expenses consist of:

	2023	2022
Commissions	₱1,794,556,336	₱1,340,215,539
Salaries, wages and benefits (Note 27)	256,741,195	235,023,217
Trainings, conventions and meetings	75,855,694	42,267,865
Contracted services (Note 32)	49,817,862	45,790,673
Rent	24,618,336	14,543,924
Depreciation and amortization (Note 11)	12,546,434	12,351,202
Others	4,945,503	1,505,608
Office supplies	4,660,605	8,596,026
	₱2,223,741,965	₱1,700,294,054



General and administrative expenses consist of:

	2023	2022
Contracted Services (Note 32)	₱343,383,978	₱315,704,630
Salaries, wages and benefits (Note 27)	239,137,992	212,705,496
Depreciation and amortization (Note 11)	82,187,384	75,276,746
Taxes and licenses	56,552,930	26,062,717
Office supplies	42,034,062	29,278,808
Trainings, conventions and meetings	39,772,243	17,881,184
Professional fees	33,161,913	29,884,767
Rent	30,255,823	22,663,331
EDP expenses	28,081,412	17,081,362
Communication	23,713,722	16,986,959
Transportation and travel	21,584,717	14,330,133
Advertising	20,092,283	4,792,238
Membership fees	16,386,779	17,385,314
Donation and dues	13,349,118	6,946,099
Entertainment, amusement, and recreation	9,595,825	3,158,769
Bank fees	8,772,267	7,006,457
Repairs and maintenance	5,155,656	3,038,602
Utilities	4,287,745	4,323,695
Insurance cost	2,442,148	3,694,638
Reversal of impairment losses	(704,735)	(1,294,672)
Others	18,092,792	38,814,864
	₱1,037,336,054	₱865,722,137

Interest expense arises from:

	2023	2022
Premium deposit fund (Note 16)	₱14,167,553	₱12,123,963
Policyholders' dividends (Note 15)	8,741,222	7,761,671
Asset retirement obligation (Note 33)	5,602,771	-
Lease liabilities (Note 33)	2,187,288	3,938,621
	₱30,698,834	₱23,824,255

27. Employee Benefits

The Company has a funded, noncontributory, tax-qualified defined benefit pension plan covering substantially all of its regular employees. The benefits are based on current salaries and years of service and compensation on the last year of employment.

The funds are administered by Rizal Commercial Banking Corporation (RCBC), an affiliated local bank, under the supervision of the Board of Trustees of the plan. The Board of Trustees is responsible for investment of the assets. It defines the investment strategy as often as necessary, at least annually, especially in the case of significant market developments or changes to the structure of the plan participants. When defining the investment strategy, it takes account of the plans' objectives, benefit obligations and risk capacity. The investment strategy is defined in the form of a long-term target structure (investment policy). The Board of Trustees delegates the implementation of the investment policy in accordance with the investment strategy as well as various principles and



objectives to a Pension Investment Committee, which consists of a bank representative, a Chief Investment Officer and a Chief Financial Officer.

The rollforward analyses of actuarial losses on retirement benefit plan recognized in other comprehensive income follow:

	2023	2022
At January 1	(₱84,021,450)	(₱114,063,300)
Actuarial losses (gains) on:		
Experience adjustments	2,736,200	(2,196,500)
Change in financial assumptions changes	19,121,000	(48,914,300)
Actuarial losses (gains) during the period	21,857,200	(51,110,800)
Return on plan assets (excluding amount included in net interest cost)	4,900,700	11,055,000
Deferred tax impact	(6,689,475)	10,013,950
Remeasurement effects recognized in OCI	20,068,425	(30,041,850)
At December 31	(₱104,089,875)	(₱84,021,450)



Changes in net pension liability follow:

2023										
	Net benefit cost in statement of income				Benefits paid	Remeasurements in other comprehensive income			Contribution by employer	At December 31
	At January 1	Current service cost	Net interest	Subtotal		Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experiences and changes in financial assumptions	Subtotal		
Present value of defined benefit obligation	₱235,251,800	₱20,005,800	₱15,784,200	₱35,790,000	(₱9,245,900)	₱-	₱21,857,200	₱21,857,200	₱-	₱283,653,100
Fair value of plan assets	(182,396,200)	-	(12,870,000)	(12,870,000)	9,245,900	4,900,700	-	4,900,700	(25,318,100)	(206,437,700)
	₱52,855,600	₱20,005,800	₱2,914,200	₱22,920,000	₱-	₱4,900,700	₱21,857,200	₱26,757,900	(₱25,318,100)	₱77,215,400

2022										
	Net benefit cost in statement of income				Benefits paid	Remeasurements in other comprehensive income			Contribution by employer	At December 31
	At January 1	Current service cost	Net interest	Subtotal		Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experiences and changes in financial assumptions	Subtotal		
Present value of defined benefit obligation	₱257,556,100	₱24,348,400	₱11,857,900	₱36,206,300	(₱7,399,800)	₱-	(₱51,110,800)	(₱51,110,800)	₱-	₱235,251,800
Fair value of plan assets	(156,231,600)	-	(7,916,700)	(7,916,700)	7,399,800	11,055,000	-	11,055,000	(36,702,700)	(182,396,200)
	₱101,324,500	₱24,348,400	₱3,941,200	₱28,289,600	₱-	₱11,055,000	(₱51,110,800)	(₱40,055,800)	(₱36,702,700)	₱52,855,600



The distribution of the plan assets as at December 31 follows:

	2023	2022
Investments in government debt securities	₱136,737,433	₱92,882,863
Cash and cash equivalents	48,210,169	55,297,968
Investments in equity securities	27,037,831	33,963,944
Accrued income	1,819,289	1,246,898
Other receivables	1	1
Accounts payable	(7,367,023)	(995,474)
	₱206,437,700	₱182,396,200

The asset allocation of the Plan is set and reviewed from time to time by the Management taking into account the membership profile and the liquidity requirements of the Plan. The Company's current strategic investment strategy consists of 23.35% of cash and cash equivalents, 13.10% of equities and 66.24% of government securities in 2023 and 30.32% of cash and cash equivalents, 18.62% of equities and 50.92% of government securities in 2022.

The Company's plan assets consist of:

- Cash and cash equivalents include regular savings and time deposits;
- Equity instruments include investments in listed stocks and mutual funds and other equity instruments
- Debt securities pertain to government peso denominated bonds

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as:

- plan experience differing from that anticipated by the economic or demographic assumptions
- changes in economic or demographic assumptions
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost based on the plan's funded status)
- changes in plan provisions or applicable law
- significant events since last actuarial valuation

The investment portfolio of the Company's retirement fund includes investments in equity and debt securities of related parties recognized at fair value as shown below:

	Relationship	2023	2022
Equity securities			
IPeople	Affiliate	₱12,824,357	₱12,898,809
Petro Energy Resources Corp.	Affiliate	9,850,001	3,310,944
RCBC Leasing & Finance Corp.	Affiliate	2,820,905	10,124,198
Grand Plaza Hotel Corporation	Affiliate	622,391	764,743
Panasonic Manufacturing Philippines Corp.	Affiliate	589,441	648,626
House of Investments Seafront Resources Corporation	Affiliate	276,545	279,670
Benguet Corporation	Affiliate	54,191	61,010
Malayan Credit Corp.	Affiliate	-	5,875,944
		₱27,037,831	₱33,963,944



Company contributions are agreed between the Plan Trustees and Company, in consideration of the contribution advice from the Plan Actuary. The expected contribution for 2024 is ₱30,680,000.

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

	2023	2022
Discount rate	6.25%	7.25%
Rate of salary increase	6.00%	6.00%
Average future working lives (in years)	8.62	8.67

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2023 and 2022, respectively, assuming all other assumptions were held constant:

	Increase (decrease)	Impact on present value of defined benefit obligation	
		2023	2022
Discount rate	1%	(₱20,564,850)	(₱19,408,274)
	(1%)	14,891,788	21,760,792
Future salary increase rate	1%	₱19,855,717	16,467,626
	(1%)	(14,182,655)	(11,762,590)

The maturity analysis of the undiscounted benefit payments follows:

	2023	2022
Within 1 year	₱36,675,300	₱35,076,800
More than 1 year to 5 years	111,003,300	79,350,300
More than 5 years	180,560,000	177,741,300

Staff costs and other employee-related costs consist of (see Note 26):

	2023	2022
Salaries and wages	₱406,277,995	₱364,016,112
Net benefit expense	20,005,800	24,348,400
Net interest expense	2,914,200	3,941,200
Other employee benefits	66,681,192	55,423,001
	₱495,879,187	₱447,728,713

28. Income Tax

The provision for income tax consists of:

	2023	2022
Final	₱134,852,094	₱130,872,547
RCIT	178,535,781	142,515,413
Current	313,387,875	273,387,960
Deferred	(43,877,108)	24,203,101
	₱269,510,767	₱297,591,061



The reconciliation of the statutory income tax to the effective income tax shown in the statements of income follows:

	2023	2022
Provision for income tax at statutory tax rate	₱344,806,742	₱395,127,295
Tax effects of:		
Income subjected to final tax	(71,774,446)	(63,484,528)
Income exempt from income tax	(54,806,029)	(10,475,669)
Nondeductible expenses, including PFRS 16 adjustments	41,387,219	28,983,198
Change in unrecognized deferred tax assets and others	6,776,935	–
Unrealized foreign exchange (gain)/loss related to bonds exempt from income tax	3,120,346	(52,559,235)
Effective income tax	₱269,510,767	₱297,591,061

Deferred tax assets are recognized to the extent that realization of the related tax benefit is probable. The components of deferred tax assets recognized by the Company as of December 31, 2023 and 2022 follow:

	2023	2022
Affecting profit and loss:		
Deferred tax assets		
Accruals	₱79,255,850	₱43,135,609
Lease liabilities	6,408,246	12,329,145
Asset retirement obligation	3,676,687	–
Advance rental	1,941,104	1,941,104
Unamortized past service cost	5,126,603	5,687,375
Allowance for impairment losses	762,993	939,177
Unrealized foreign exchange loss	950,290	–
Deferred tax liabilities		
Net pension liability	(15,392,775)	(14,793,250)
Right-of-use assets	(6,393,637)	(14,572,213)
Unrealized foreign exchange gain		(2,208,695)
	76,335,361	32,458,252
Affecting other comprehensive income:		
Deferred tax asset		
Actuarial losses on retirement benefit plan	34,696,625	28,007,150
	₱111,031,986	₱60,465,402

The regulations provide that the MCIT and net operating loss carryover (NOLCO) may be applied against the Group's income tax liability and taxable income, respectively, over a three-year period from the year of inception. As of December 31, 2023 and 2022, the Company no longer has excess MCIT and is at an RCIT position.

29. Subsequent Events

On March 5, 2024, the Company declared cash dividend amounting to ₱420.00 million equivalent to ₱12.00 per share in favor of the stockholders of record as of December 31, 2023.



30. Capital Management

This policy is intended to safeguard capital for the benefit of all the stakeholders including the shareholders and the policyholders. The BOD establishes the written policies, standards and procedures necessary to effectively implement policies. The level of capital adequacy risk accepted by the Company should be prudent as determined by management. Capital adequacy risk is mitigated through appropriate risk management policies and processes.

Capital Structure

Maximizing returns on capital requires maintenance of an optimal capital structure. The Company seeks to maintain the optimal mixture of available financial instruments within its capital structure. The overall quality of the capital base is a function of the characteristics and amounts of the individual types of capital within the overall capital structure. In general, the quality of individual capital item is measured by the capital's permanency, degree of subordination, ability to absorb losses and fixed charge obligations.

The Company is committed to maintaining a sufficiently high quality capital structure to:

- a. Maintain the target level of financial strength;
- b. Achieve the target financial ratings; and
- c. Comply with the capital adequacy requirements.

The Company has established capital risk management processes and the BOD and Management review the capital structure periodically. A corporate capital management committee monitors the capital management program of the Company to ensure adherence to the policies and to the local regulatory capital requirements. A capital plan is prepared on an annual basis as part of the business planning process. The capital structure of the Company consists of equity comprising issued capital, reserves and retained earnings.

The Company maintains at least the minimum capital required by the applicable local regulators. In addition, the Company maintains an appropriate operational minimum capital ratio and move towards an optimal target capital ratio.

The equity ratio at year end is as follows:

	2023	2022
Equity	₱7,163,921,283	₱5,906,748,871
Total assets	61,323,203,480	52,481,006,175
Equity ratio	0.12:1	0.11:1

Management believes that the above ratio is within the acceptable range.

Regulatory Capital Requirement

On January 13, 2015, the IC issued Circular Letter No. 2015-02-A clarifying the minimum capitalization and networth requirements of new and existing insurance companies in the Philippines. All domestic life and non-life insurance companies duly licensed by the IC must have a net worth of at least ₱250.00 million by December 31, 2013. (Sec. 194).



The minimum net worth of the said companies shall remain unimpaired at all times and shall increase to the amounts as follows:

<u>Minimum Net worth</u>	<u>Compliance Date</u>
₱550,000,000	December 31, 2016
900,000,000	December 31, 2021
1,300,000,000	December 31, 2022

On February 12, 2024, the IC provided the result of the verification of the 2021 annual statement of the Company. Accordingly, the following requirements have been duly complied:

- Minimum Network Requirement - Section 194 of the Amended Insurance Code
- Capital Investment - Section 209 of the Amended Insurance Code
- Reserve Investment - Section 212 of the Amended Insurance Code
- Minimum Risk-based Capital Ratio - IMC 6-2006

The estimated amounts for 2023 and approved amounts by the IC for 2022 of the Company's non-admitted assets, as defined in the Code, are included in the accompanying statements of financial position as follows:

	2023	2022
Other assets	₱192,439,866	₱130,069,282
Loans and receivables	88,879,760	95,252,840
Property and equipment – net	74,292,726	90,032,137
Right-of-use asset	–	2,416,899
	₱355,612,352	₱317,771,158

The Excess Solvency shall be the excess of the value of its admitted assets (as defined under the same Code), over the amount of its liabilities and the required minimum capital/net worth.

If an insurance company failed to meet the minimum required capital, the Insurance Commission is authorized to suspend or revoke all certificates of authority granted to such companies, its officers and agents, and no new business shall be done by and for such company until its authority is restored by the Insurance Commission.

The final amount of the net worth as of December 31, 2023 can be determined only after the accounts of the Company have been examined by the Insurance Commission, specifically as to admitted and non-admitted assets as defined under the Code.

Unimpaired Capital Requirement

On August 7, 2008, the Insurance Commission issued IMC 22-2008 providing that for purposes of determining compliance with the law, rules and regulations requiring that the paid-up capital should remain intact and unimpaired at all times, the statements 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.



Risk-based Capital Requirements (RBC)

In 2006, the IC issued Memorandum Circular (IMC) No. 6-2006 adopting a risk-based capital framework to establish the required amounts of capital to be maintained by the life insurance companies in relation to their investment and insurance risks. The investments and insurance risks of the company are classified under four major categories as asset default risk, insurance pricing risk, interest rate risk and general business risk.

The RBC ratio shall be calculated as net worth divided by the RBC requirement. Net worth shall include the company's paid-up capital, capital in excess of par value, contributed and contingency surplus and unassigned surplus. Revaluation and fluctuation reserve accounts shall form part of net worth only to the extent authorized by the IC.

Every life insurance company is annually required to maintain a minimum RBC ratio of 100% and not fail the trend test. The trend test has failed, in the event that:

- a. The RBC ratio is less than 125% but is not below 100%
- b. The RBC ratio has decreased over the past year
- c. The difference between RBC ratio and the decrease in the RBC ratio over the past year is less than 100%

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

Below is the estimated RBC ratio in 2023 and approved RBC ratio in 2022 (based on IC approved Synopsis):

	2023	2022
Total available capital	₱5,228,184,399	₱4,221,323,180
RBC requirement	100%	100%
	441%	360%

The RBC ratio in 2023 can be determined only after the accounts of the Company have been examined by the IC.

In 2016, IC issued Circular Letter No. 2016-68, *Amended Risk-Based Capital (RBC2) Framework*, prescribes that all insurance companies must satisfy the minimum statutory RBC ratio of 100% and not fail the Trend Test as stated under Section 3 of this Circular. The RBC ratio of an insurance company shall be equal to the Total Available Capital (TAC) divided by the RBC requirement.

IC Circular Letter No. 2016-69, *Implementation Requirements for Financial Reporting, Valuation Standards for Insurance Policy Reserves and Amended Risk-Based Capital (RBC2) Framework*, provides that the level of sufficiency for the RBC2 Framework shall be at 99.50% beginning 2020.

Financial Reporting Framework (FRF)

In 2015, IC issued Circular Letter No. 2015-29, *Financial Reporting Framework under Section 189 of the amended Insurance Code (RA No. 10607)*. Whereas, the FRF will adopt the economic valuation of assets and liabilities based on internationally accepted accounting, actuarial and insurance core principles.



Subsequently, the IC issued Circular Letter No. 2016-65 which states that the new regulatory requirement is hereby promulgated effective January 1, 2020. Accordingly, the financial reporting framework will be used on the statutory quarterly and annual reporting for net worth requirements.

IC has released Circular 2016-66 on the Valuation Standards for Life Insurance Policy Reserves which provides a change in the basis of valuation of the life insurance policy reserves from Net Premium Valuation (NPV) to Gross Premium Valuation (GPV). Whereas, the methods and assumptions shall be in accordance with the internationally accepted actuarial standards and consider the generally accepted actuarial principles concerning financial reporting framework promulgated by the Actuarial Society of the Philippines (ASP) which now considers other assumptions such as morbidity, lapse and/or persistency, expenses, non-guaranteed benefits and margin for adverse deviation.

31. Management of Insurance and Financial Risk

Insurance Risk

Insurance risk pertains to the uncertainty of the amount and timing of any claim arising from the occurrence of an insured event. The principal risk the Company faces under an insurance contract is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, actual benefits paid are greater than originally estimated, and subsequent development of long-term claims.

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 pre-determined amount.

Life insurance contracts offered by the Company mainly include whole life, term insurance, endowments and unit-linked products.

Whole life and term insurance are conventional products where lump sum benefits are payable on death.

Endowment products are savings products where lump sum benefits are payable after a fixed period or on death before the period is completed.

Unit-linked products differ from conventional policies in that a guaranteed 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.

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

The main risks the Company are exposed to include:

- Mortality risk - risk of loss arising due to policyholder death experience being different than expected.
- Morbidity risk - risk of loss arising due to policyholder 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 due to policyholder experiences (lapses and surrenders) being different than expected.



These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured and by industry. Undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Company's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geographical locations, the use of medical screening in order to ensure that pricing takes account of current health conditions and 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.

The table below sets out the Company's concentration of insurance risk based on the sum assured:

	2023		2022	
	Number of Policies	Amount of Insurance	Number of Policies	Amount of Insurance
Group life	1,070	₱277,137,900,884	1,205	₱239,478,775,262
Whole life	45,931	23,450,354,659	44,797	20,953,485,645
Endowment	8,998	8,800,000,144	8,603	7,401,641,664
Term	15,265	17,999,644,588	14,809	13,178,210,091
Accident and health	442	197,884,828,483	341	113,327,159,352
Variable unit-linked	110,233	125,236,717,763	104,352	115,032,369,933
	181,939	₱650,509,446,521	174,107	₱509,371,641,947

Key assumptions

Material judgment is required in determining the liabilities and in the choice of assumptions relating to insurance contracts. Assumptions in use are based on past experience, current internal data and conditions and external market indices and benchmarks, which reflect current observable market prices and other published information. Such assumptions are determined as appropriate at inception of the contract and no credit is taken for possible beneficial effects of voluntary withdrawals.

Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations. Assumptions are subject to the provisions of the Code and guidelines set by the IC.

For insurance contracts, the Company determines the assumptions in relation to future deaths, illness or injury, policyholder experiences (lapses and surrenders) and investment returns at inception of the contract.

The reserves for traditional life insurance policies shall be valued, where appropriate, using the gross premium valuation. This is calculated as the sum of the present value of future benefits and expenses, less the present value of future gross premiums arising from the policy discounted at the appropriate risk-free discount rate. The expected future cash flows shall be determined using best estimate assumptions with due regard to significant recent experience and appropriate margin for adverse deviation from the expected experience.

For policies with coverages one year or less and for the risk portion of variable unit-linked policies, unearned premium reserves method is used.



The key assumptions to which the estimation and adequacy testing of liabilities are particularly sensitive are as follows:

- **Mortality and morbidity rates**
Assumptions are based on rates of mortality and morbidity that are appropriate to the nature of the risks covered based on the Company's actual experience. The increase in mortality and morbidity rates will increase the legal policy reserves and result in a corresponding decrease in profit or loss.
- **Discount rates**
The risk-free discount rate provided by IC shall be used for all cash flows to determine the liability of a traditional life insurance policy. The yield curve used as basis for the risk-free discount shall be obtained from the following sources:
 - For Philippine peso policies: BVAL rates
 - For US Dollar policies: International Yield Curve (IYC) from Bloomberg

The increase in discount rate will decrease the legal policy reserves and result in a corresponding increase in remeasurement on legal policy reserves in OCI.

- *Lapses and/or persistency rates*
Lapse and/or persistency rates reflective of the Company's actual experience are taken as the best estimate lapse and/or persistency assumption, with regard to changing Company practices and market conditions.
- *Non-guaranteed benefits*
The level of non-guaranteed benefits under traditional life insurance policies to be valued, including policy dividends, are determined with due regard to the Company's duty to treat its policyholders fairly and meet policyholders' reasonable expectations.

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 and 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's strategy is to invest primarily in high quality securities while maintaining diversification to avoid significant exposure to issuer, industry and or country concentrations. Another strategy is to produce cash flows required to meet maturing insurance liabilities. The Company invests in equities for various reasons, including diversifying its overall exposure to interest rate risk. AFS financial assets are subject to changes in fair value. Generally, insurance regulations restrict the type of assets in which an insurance company may invest.



The Company uses asset-liability matching as a management tool to determine the composition of the invested assets and appropriate investment and marketing strategies. As part of these strategies, the Company may determine that it is economically advantageous to be temporarily in an unmatched position due to anticipated interest rate or other economic changes.

Fair Value of Financial Instruments

Due to short-term nature of cash and cash equivalents, insurance receivables, loans and receivables, accrued income, refundable deposits, policy and contract claims, policyholders' dividends, premium deposit fund, insurance payables and accounts payable and accrued expense, the carrying values reasonably approximate fair values as of the end of the reporting date.

The fair values of financial assets at FVPL and AFS financial assets were determined using quoted market prices at the reporting date. For unquoted equity securities, these are carried at cost less allowance for impairment losses due to unpredictable nature of future cash flows and the lack of other suitable methods of arriving at a reliable fair value. For unquoted debt securities, these are measured using pricing models that consider, among other factors, contractual and market prices, correlation, time value, credit risk, yield curve volatility factors and or prepayment rates of the underlying positions.

The following tables show the analyses of financial instruments recorded at fair value by level of the fair value as of December 31, excluding Segregated fund assets (see Note 18):

	2023			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVPL				
Corporate debt securities	P-	P4,711,207,650	P-	P4,711,207,650
AFS financial assets				
Equity securities	672,213,130	-	-	672,213,130
Debt securities	1,371,639,354	12,620,213,168	-	13,991,852,522
Seed capital in segregated funds	-	501,065,822	-	501,065,822
Mutual fund	-	41,622,627	-	41,622,627
	P2,043,852,484	P17,874,109,267	P-	P19,917,961,751

	2022			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVPL				
Corporate debt securities	P-	P3,315,851,003	P-	P3,315,851,003
AFS financial assets				
Equity securities	865,154,659	-	-	865,154,659
Debt securities	-	11,811,432,036	-	11,811,432,036
Seed capital in segregated funds	-	451,236,534	-	451,236,534
Mutual fund	-	547,318	-	547,318
	P865,154,659	P15,579,066,891	P-	P16,444,221,550

The Company invests in government securities which are valued using the BVAL rates which is considered an input other than the quoted market price. Thus, these government securities were classified as either Level 1 and Level 2.

The Company invests in mutual funds in which fair values are determined based on published net asset value per share (NAVPS). NAVPS is computed as total assets of the fund less total liabilities over the total shares outstanding as of the end of the reporting period. The funds are primarily invested in quoted securities in various industries and quoted government securities.



The Company invests in its managed VUL funds which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods, redemption gates and side pockets. The Company's investment manager considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate and therefore the NAV of these funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the managed VUL funds and the Company as fund manager. In measuring fair value, consideration is also paid to any transactions in the units of the fund. The Company classifies these funds as AFS financial assets measured at fair value classified as Level 2 based on the nature and level of adjustments needed to the NAV and the level of trading in the fund.

Financial Risk

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

These risks arise from open positions in interest rate, currency, and equity products, all of which are exposed to general and specific market movements.

Credit risk

Credit risk is the risk that the company will incur a loss arising from its counterparties that fail to discharge their contractual obligations.

The Company manages the level of credit risk it accepts through a comprehensive group credit risk process, setting out the assessment and determination of what constitutes credit risk for the Company; setting up of exposure parameters by each counterparty or group of counterparties, geographical and industry segments; right of offset where counterparties are both debtors and creditors whenever possible; and procedures on obtaining collateral and guarantees as needed.

As of December 31, 2023 and 2022, the carrying values of the Company's financial instruments represent maximum exposure to credit risk as of reporting date.

The table below provides information regarding the credit risk exposure of the Company by classifying financial assets according to the Company's credit ratings of counterparties:

	2023			Total
	Investment Grade	Non-investment grade - Satisfactory	Past due or impaired	
Cash and cash equivalents	₱1,244,720,670	₱1,363,700	₱-	₱1,246,084,370
Insurance receivables				
Premiums due and uncollected	-	167,272,832	-	167,272,832
Reinsurance recoverable on paid losses	-	232,670	-	232,670
Financial assets at FVPL				
Debt securities	4,711,207,650	-	-	4,711,207,650
AFS financial assets				
Debt securities	13,991,852,522	-	-	13,991,852,522
Equity securities	672,213,130	1,215,000	-	673,428,130
Seed capital in segregated funds	501,065,822	-	-	501,065,822
Mutual Fund	41,622,627	-	-	41,622,627

(Forward)



	2023			
	Investment Grade	Non-investment grade - Satisfactory	Past due or impaired	Total
Segregated fund assets				
Cash and cash equivalents	₱1,229,541,030	₱-	₱-	₱1,229,541,030
Government debt securities	3,346,746,744	-	-	3,346,746,744
Corporate loans	235,911,147	-	-	235,911,147
Equity securities	26,148,373,952	-	-	26,148,373,952
Structured notes	6,276,995,518	-	-	6,276,995,518
Private peso bonds	759,325,450	-	-	759,325,450
Subscription receivable	-	5,893,514	-	5,893,514
Investment receivable	-	77,396,462	-	77,396,462
Accrued income	87,906,051	-	-	87,906,051
Loans and receivables				
Due from related parties and GEM Trust Fund	2,474,625	9,990,791	-	12,465,416
Due from agents	-	3,102,079	-	3,102,079
Policy loans	560,415,719	-	-	560,415,719
Held-in-trust	25,226,387	-	-	25,226,387
Others	70,345,990	14,803,763	3,051,973	88,201,726
Accrued income	347,522,733	-	-	347,522,733
Other assets - refundable deposits	-	40,169,762	-	40,169,762
	₱60,253,467,767	₱321,440,573	₱3,051,973	₱ 60,577,960,313

	2022			
	Investment Grade	Non-investment grade - Satisfactory	Past due or impaired	Total
Cash and cash equivalents	₱1,620,309,689	₱1,335,500	₱-	₱1,621,645,189
Insurance receivables				
Premiums due and uncollected	-	252,362,362	-	252,362,362
Financial assets at FVPL				
Debt securities	3,315,851,003	-	-	3,315,851,003
AFS financial assets				
Debt securities	11,811,432,036	-	-	11,811,432,036
Equity securities	865,154,659	1,215,000	-	866,369,659
Seed capital in segregated funds	451,236,534	-	-	451,236,534
Mutual Fund	547,318	-	-	547,318
Segregated fund assets				
Cash and cash equivalents	1,171,804,005	-	-	1,171,804,005
Government debt securities	2,978,579,486	-	-	2,978,579,486
Corporate loans	676,336,455	-	-	676,336,455
Equity securities	25,905,736,047	-	-	25,905,736,047
Structured notes	1,072,578,949	-	-	1,072,578,949
Private peso bonds	267,612,334	-	-	267,612,334
Subscription receivable	-	22,161,140	-	22,161,140
Investment receivable	-	231,773,067	-	231,773,067
Accrued income	71,057,585	-	-	71,057,585
Loans and receivables				
Due from related parties and GEM Trust Fund	913,617	2,488,661	-	3,402,278
Due from agents	-	7,847,117	-	7,847,117
Policy loans	557,861,502	-	-	557,861,502
Short term investments	28,326,901	-	-	28,326,901
Others	81,660,858	14,140,049	3,756,708	99,557,615
Accrued income	250,748,359	-	-	250,748,359
Other assets - refundable deposits	-	41,395,426	-	41,395,426
	₱51,127,747,337	₱574,718,322	₱3,756,708	₱51,706,222,367

Investment grade financial assets are assets which have strong capacity to meet the Company's financial commitments and are unsusceptible to adverse effects of changes in economic conditions.

Non-investment grade financial assets are assets that are likely to be impaired in adverse economic conditions.



Cash and cash equivalents are substantially deposited to a related party commercial bank in good financial standing and covered by the standard deposit insurance. As part of Company policy, bank deposits are only maintained with reputable financial institutions.

Segregated fund assets are the Company's financial assets designated at FVPL which mostly consist of government and corporate debt securities, equity securities, structured notes and private peso bonds that are rated investment grade.

AFS securities consist mostly of government bonds while others are private local corporations issued debt and equity securities. Loans and receivables are composed significantly of loan to policyholders which are 100% secured by earned cash values, net of outstanding premiums and due from cedants.

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty or group of counterparty, and to geographical and line of risk segments. The policy of the Company is to deal only with creditworthy counterparties.

The tables below show the analyses of age of financial assets that are past due and impaired.

	Past-due and impaired	
	2023	2022
Loans and receivables	₱3,051,973	₱3,756,708
	₱3,051,973	₱3,756,708

There are no financial assets which are past-due but not impaired for 2023 and 2022.

The Company conducts a periodic review of allowance for impairment losses based on the corresponding age of past due accounts, payment behavior, credit capacity and length of relationship with the counterparty. The Company did not have any significant concentration of credit risk with a single counterparty or group of counterparties, geographical and industry segments as of December 31, 2023 and 2022.

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 the counterparty failing on repayment of a contractual obligation; or the insurance liability falling due for payment earlier than expected; or inability to generate cash inflows as anticipated.

The following processes and procedures are in place to mitigate the Company's exposure to liquidity risk:

- A liquidity risk process sets out the assessment and determination of what constitutes liquidity risk for the Company. Compliance with this is monitored and exposures and breaches are reported to the Company risk committee. This is regularly reviewed for pertinence and for changes in the risk environment.
- Providing guidelines on asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance and investment contract obligations.
- Setting up contingency funding plans which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.



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

The Company has not recognized any contingent assets on the statements of financial position due to the uncertainty of the assets' recoverability.

The tables below summarize the maturity profile of financial assets and liabilities of the Company using undiscounted contractual maturities based on remaining contractual obligations.

	2023				Total
	Up to a year*	1- 5 years	Over 5 years	No maturity date	
Financial assets:					
Cash and cash equivalents	₱1,246,084,370	₱-	₱-	₱-	₱1,246,084,370
Insurance receivables					
Premiums due and uncollected	167,272,832	-	-	-	167,272,832
Reinsurance recoverable on paid losses	232,670	-	-	-	232,670
Financial assets at FVPL					
Debt securities	-	-	4,711,207,650	-	4,711,207,650
AFS financial assets					
Equity securities	-	-	-	673,428,130	673,428,130
Debt securities	78,405,548	1,109,363,530	12,804,083,444	-	13,991,852,522
Seed capital in segregated funds	-	-	-	501,065,822	501,065,822
Mutual funds	-	-	-	41,622,627	41,622,627
Loans and receivables					
Due from related parties and GEM					
Trust Fund	12,465,416	-	-	-	12,465,416
Due from agents	3,102,079	-	-	-	3,102,079
Policy loans	560,415,719	-	-	-	560,415,719
Held-in-trust	25,226,387	-	-	-	25,226,387
Others - net	74,004,866	14,196,860	-	-	88,201,726
Accrued income	347,522,733	-	-	-	347,522,733
Other assets - refundable deposits	-	40,169,762	-	-	40,169,762
Total financial assets	₱2,514,717,620	₱1,163,730,152	₱17,515,291,094	₱1,216,116,579	₱22,409,855,445
Financial liabilities:					
Policy and contract claims payable	₱541,123,346	₱692,210,021	₱242,670,074	₱-	₱1,476,003,441
Premium deposit fund	445,561,530	-	-	-	445,561,530
Insurance payables	263,710,270	-	-	-	263,710,270
Policyholders' dividend	313,648,287	-	-	-	313,648,287
Lease liabilities*	10,615,431	17,897,940	-	-	28,513,371
Accounts payable and accrued expenses**	416,767,081	-	-	-	416,767,081
Other liabilities	105,579,126	-	-	-	105,579,126
Total financial liabilities	₱2,097,005,071	₱710,107,961	₱242,670,074	₱-	₱3,049,783,106

*Lease liabilities disclosed here pertain to undiscounted lease payments (Note 33)

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



	2022				Total
	Up to a year*	1- 5 years	Over 5 years	No maturity date	
Financial assets:					
Cash and cash equivalents	₱1,621,645,189	₱-	₱-	₱-	₱1,621,645,189
Insurance receivables					
Premiums due and uncollected	252,362,362	-	-	-	252,362,362
Financial assets at FVPL					
Debt securities	-	-	3,315,851,003	-	3,315,851,003
AFS financial assets					
Equity securities	-	-	-	866,369,659	866,369,659
Debt securities	229,506,700	980,000,482	10,601,924,854	-	11,811,432,036
Seed capital in segregated funds	-	-	-	451,236,534	451,236,534
Mutual funds	-	-	-	547,318	547,318
Loans and receivables					
Due from related parties and GEM					
Trust Fund	3,402,278	-	-	-	3,402,278
Due from agents	7,847,117	-	-	-	7,847,117
Policy loans	557,861,502	-	-	-	557,861,502
Held for trust	28,326,901	-	-	-	28,326,901
Others - net	74,724,105	24,833,510	-	-	99,557,615
Accrued income	250,748,359	-	-	-	250,748,359
Other assets - refundable deposits	-	41,395,426	-	-	41,395,426
Total financial assets	₱3,026,424,513	₱1,046,229,418	₱13,917,775,857	₱1,318,153,511	₱19,308,583,299
Financial liabilities:					
Policy and contract claims	₱520,678,811	₱737,343,891	₱206,968,544	₱-	₱1,464,991,246
Premium deposit fund	394,694,976	-	-	-	394,694,976
Insurance payables	241,342,762	-	-	-	241,342,762
Policyholders' dividend	266,716,339	-	-	-	266,716,339
Lease liabilities*	44,222,458	24,814,405	-	-	69,036,863
Accounts payable and accrued expenses**	226,182,826	-	-	-	226,182,826
Other liabilities	95,811,593	-	-	-	95,811,593
Total financial liabilities	₱1,789,649,765	₱762,158,296	₱206,968,544	₱-	₱2,758,776,605

*Lease liabilities disclosed here pertain to undiscounted lease payments (Note 33)

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

The Company manages its liquid assets and investment positions to meet its obligations arising from its insurance contracts and other financial liabilities. In addition, the Company is required to maintain a certain margin of solvency under IC regulations. The estimated timing of net cash outflows for legal policy reserves included in the insurance contract liabilities are mostly expected to be settled beyond one year.

The Company has an Asset Liability Committee (“ALCO”), which is composed of the CEO, CFO/Head of Finance, Chief Actuary, CIO and ALM Director, and has ultimate responsibility for the ALM operations of SLGFI. It is accountable for the regular reporting and monitoring of ALM performance, and the development of ALM tactics and strategies. The functions of the SLGFI ALCO include the review of the annual investment plan, review of the asset and liability segmentation, and annual review of the Portfolio Policies and Parameters for each segment. SLGFI ALCO monitors ALM matching positions and overall compliance with the specific portfolio policies and limits as well as other policies and limits applicable to SLGFI. The compliance results are summarized and provided to the SLF Asia Chief Risk Officer on a quarterly basis.

Entities within the Sun Life Financial Group are required to have appropriate liquidity. This means having sufficient liquidity to be able to meet all obligations promptly under foreseeable adverse circumstances, whilst not having excessive liquidity that entails an opportunity cost in terms of product competitiveness and asset yields.



Market risk

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

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

- The Company's market risk process which sets out the assessment and determination of what constitutes market risk for the Company. Compliance with this is monitored and exposures and breaches are reported to the Company's risk committee. This is reviewed regularly for pertinence and for changes in the risk environment.
- Setting guidelines on asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and that assets are held to deliver income and gains for policyholders which are in line with expectations of the policyholders.
- Stipulated diversification benchmarks by type of instrument, as the Company is exposed to guaranteed bonuses, cash and annuity options when interest rates fall.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's principal transactions are carried out in Philippine Peso and its foreign exchange risk arises primarily with respect to the U.S. Dollar, where some of its products are denominated.

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

The following table shows the details of the Company's foreign currency denominated monetary assets and liabilities and their Philippine Peso equivalents.

	2023*	
	US\$	PHP
Assets		
Cash and cash equivalents	\$3,867,055	₱214,118,835
AFS financial assets	39,216,638	2,171,425,259
Accrued income	918,365	50,849,870
	44,002,058	2,436,393,964
Liabilities		
Legal policy reserves	16,850,878	933,033,115
Premium deposit fund	3,920,792	217,094,253
	20,771,670	1,150,127,368
	\$23,230,388	₱1,286,266,596

*The exchange rate used in 2023 was ₱55.37 to US\$1.



	2022*	
	US\$	PHP
Assets		
Cash and cash equivalents	\$3,379,971	₱188,450,283
AFS financial assets	37,905,794	2,113,437,522
Accrued income	918,212	51,194,910
	42,203,977	2,353,082,715
Liabilities		
Legal policy reserves	19,210,273	1,071,068,771
Premium deposit fund	3,959,670	220,771,401
	23,169,943	1,291,840,172
	\$19,034,034	₱1,061,242,543

*The exchange rate used in 2022 was ₱55.755 to US\$1.

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

	Currency	Change in variable	Impact on income before income tax
2023	USD	4.42%	₱63,323,960
	USD	-4.42%	(63,323,960)
2022	USD	3.06%	₱32,484,751
	USD	-3.06%	(32,484,751)

Reasonably possible movements in foreign exchange rates are computed based on average percentage changes in the Philippine Dealing & Exchange Corporation (PDEX) closing rate for the past three (3) years.

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 fixed rate investments classified as AFS financial assets are particularly exposed to such risk.

The tables below summarize the range of interest rate on the financial assets at AFS financial assets.

	Range of Interest Rate	2023			Total
		Up to a year*	1- 5 years	Over 5 years	
Financial assets at FVPL					
Debt securities	6.82% to 8.70%	₱-	₱-	₱4,711,207,650	₱4,711,207,650
AFS financial assets					
Debt securities	2.1% to 11.25%	78,405,548	1,109,363,530	12,804,083,444	13,991,852,522
Loans and receivables					
Policy loans	6.00% to 8.00%	560,415,719	-	-	560,415,719
		₱638,821,267	₱1,109,363,530	₱17,515,291,094	₱19,263,475,891

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



	2022				Total
	Range of Interest Rate	Up to a year*	1- 5 years	Over 5 years	
Financial assets at FVPL					
Debt securities	6.87% to 8.70%	₱-	₱-	₱3,315,851,003	₱3,315,851,003
AFS financial assets					
Debt securities	2.63% to 11.25%	229,506,700	980,000,482	10,601,924,854	11,811,432,036
Loans and receivables					
Policy loans	6.00% to 8.00%	557,861,502	-	-	557,861,502
		₱787,368,202	₱980,000,482	₱13,917,775,857	₱15,685,144,541

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

The Company's investment policy requires it to buy and hold AFS financial assets, unless the need to sell arises, and to reduce the duration gap between financial assets and financial liabilities to minimize interest rate risk.

The analysis below is performed for reasonably possible movements in interest rates with all other variables held constant, showing the impact on equity, due to changes in fair value of fixed rate classified as FVPL and AFS financial assets.

Analysis for AFS financial assets

	Currency	Change in variable	Impact on OCI
2023	Peso	+20 bps	(₱4,624,320)
	Peso	-20 bps	4,627,022
	USD	+20 bps	(₱1,036,100)
	USD	-20 bps	1,036,898
2022	Peso	+20 bps	(₱3,236,851)
	Peso	-20 bps	3,238,505
	USD	+20 bps	(₱960,917)
	USD	-20 bps	961,622

Analysis for FVPL financial assets

	Currency	Change in variable	Impact on P&L
2023	Peso	+20 bps	(₱1,576,470)
	Peso	-20 bps	1,577,364
2022	Peso	+20 bps	(₱946,124)
	Peso	-20 bps	946,601

The sensitivity rate used for reporting fair value interest rate risk internally to key management personnel represents management's assessment of the reasonably possible change in its fair value using the percentage changes in weighted average yield rates.

Equity price risk

The Company's equity price risk exposure at year-end relates to financial assets and liabilities whose values will fluctuate as a result of changes in market prices, principally, equity securities classified as AFS financial assets. The Company's price risk exposure relates to financial assets and liabilities whose values will fluctuate as a result of changes in market prices, principally investment securities not held for the account of unit linked business.



The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are nonlinear.

The Company is exposed to equity price risk arising from its significant investments in unquoted equity investments carried at fair value.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on other comprehensive income (that reflects changes in fair value of AFS financial assets).

	Change in variable	Impact on OCI
2023	+4%	₱20,094,800
	-4%	(20,094,800)
2022	+5%	₱13,416,051
	-5%	(13,416,051)

The Company determined the reasonably possible change in equity pricing using percentage changes in the Philippine Stock Exchange (PSE) composite index for the past three (3) years. The sensitivity analysis includes the Company's stock portfolio with amounts adjusted by the specific beta for these investments as at reporting date.

The Company measures the sensitivity of its investments in mutual funds through fluctuations in the net asset value per share (NAVPS). Since the Group's investments in mutual funds is limited only to seed capital in VUL segregated funds and SLAMCI mutual funds as of December 31, 2023, the sensitivity analysis on the reasonably possible movements of NAVPS and its impact to the net income is not material to the financial statements.

32. Related Party Transactions

Transactions between related parties are based on terms similar to those offered to nonrelated parties. Parties are considered to be 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 (referred to as affiliates). Related parties include subsidiaries, affiliates, directors, officers and stockholders (DOS), close family members of DOS, related interests, and any person or juridical entity whose interests may pose potential conflict with the interest of the Company.

Related party transactions are settled in cash.

A. Related party transactions consist mainly of the following:

Category	2023			
	Amount	Outstanding Balances	Terms	Conditions
Parent Company				
<i>Grepalife Holdings, Inc.</i>				
Dividend distribution	₱178,500,000	₱-	Non-interest-bearing, due and demandable	Unsecured
<i>Sun Life Financial Philippine Holding Company</i>				
Dividend distribution	171,500,000	-	Non-interest-bearing, due and demandable	Unsecured
<i>(Forward)</i>				



2023				
Category	Amount	Outstanding Balances	Terms	Conditions
<i>House Of Investment</i>				
Clinic procedures	₱24,169	₱-	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	1,079,022	-	Non-interest-bearing, due and demandable	Unsecured
Purchase/maintenance of company vehicles	10,488,616	-	Non-interest-bearing, due and demandable	Unsecured
Subsidiaries				
<i>Grepa Realty Holdings Corporation</i>				
Rent and other expenses	58,136,781	1,715,599	Non-interest-bearing, due and demandable	Unsecured
Shared expenses (a)	792,000	-	Non-interest-bearing, due and demandable	Unsecured, no impairment
Clinic procedures	16,981	960	Non-interest-bearing, due and demandable	Unsecured
<i>Grepalife Asset Management Corp</i>				
Shared expenses (a)	1,028,054	(908,054)	Non-interest-bearing, due and demandable	Unsecured
Other related parties				
<i>AY Foundation Inc.</i>				
Donation	6,627,726	-	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	86,038	-	Non-interest-bearing, due and demandable	Unsecured
Clinic Procedures	32,262	2,560	Non-interest-bearing, due and demandable	Unsecured
<i>Blackhounds Security.</i>				
Clinic procedures	24,750	2,550	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	201,079	-	Non-interest-bearing, due and demandable	Unsecured
<i>Bluehounds Security And Investigation Agency Inc.</i>				
Insurance premium	9,206	-	Non-interest-bearing, due and demandable	Unsecured
<i>EEl Corporation</i>				
Purchase of equity securities	4,388,145	28,633,644	Valued at Market, Segregated Funds and AFS security investment	Unsecured
Sale of Equity Securities	6,187,802	-	Valued at Market, Segregated Funds and AFS security investment	Unsecured
Refund of excess payment	667	-	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	10,632,152	-	Non-interest-bearing, due and demandable	Unsecured
Dividend income	2,112,545	-	Non-interest-bearing, due and demandable	Unsecured
<i>GOLDEN SPRING GROUP</i>				
Reimbursement of expenses	400,084	-	Non-interest-bearing, due and demandable	Unsecured
<i>Greyhounds Security and Investigation Agency Inc.</i>				
Clinic procedures	48,848	8,640	Non-interest-bearing, due and demandable	Unsecured
<i>HEXAGON LOUNGE, INC.</i>				
Reimbursement of expenses	152,450	-	Non-interest-bearing, due and demandable	Unsecured
<i>HI-Eisai Pharmaceutical Inc.</i>				
Insurance premium	539,984	-	Non-interest-bearing, due and demandable	Unsecured
Clinic procedures	-	2,190	Non-interest-bearing, due and demandable	Unsecured
<i>Honda Cars Kalookan Inc.</i>				
Insurance premium	83,465	-	Non-interest-bearing, due and demandable	Unsecured
<i>Honda Cars Philippines, Inc</i>				
Maintenance of company vehicles	18,546	-	Non-interest-bearing, due and demandable	Unsecured
<i>Honda Cars Quezon City</i>				
Insurance premium	511,207	-	Non-interest-bearing, due and demandable	Unsecured
Purchases of company vehicles	1,139,732	-	Non-interest-bearing, due and demandable	Unsecured
<i>(Forward)</i>				



2023				
Category	Amount	Outstanding Balances	Terms	Conditions
<i>IPeople, Inc.</i>				
Insurance premium	₱10,344	₱-	Non-interest-bearing, due and demandable	Unsecured
Clinic procedures	1,725	-	Non-interest-bearing, due and demandable	Unsecured
<i>ISUZU Manila</i>				
Insurance premium	86,100	-	Non-interest-bearing, due and demandable	Unsecured
Purchases/maintenance of company vehicles	91,357	-	Non-interest-bearing, due and demandable	Unsecured
<i>La Funeraria Paz - Sucat Inc.</i>				
Insurance premium	796,491	-	Non-interest-bearing, due and demandable	Unsecured
<i>Landev Corporation</i>				
Clinic procedures	15,604	2,200	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	3,324	-	Non-interest-bearing, due and demandable	Unsecured
<i>Malayan Colleges Laguna</i>				
Clinic procedures	3,287,655	63,000	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	1,195,035	-	Non-interest-bearing, due and demandable	Unsecured
<i>Malayan Colleges Mindanao</i>				
Clinic procedures	1,600,500	931,970	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	781,345	-	Non-interest-bearing, due and demandable	Unsecured
<i>Malayan Education System</i>				
Clinic procedures	3,173,671	-	Non-interest-bearing, due and demandable	Unsecured
<i>Malayan High School of Science</i>				
Insurance premium	10,459	-	Non-interest-bearing, due and demandable	Unsecured
<i>Malayan Insurance Co Inc.</i>				
Clinic procedures	272,805	24,860	Non-interest-bearing, due and demandable	Unsecured
Insurance cost	5,012,910	-	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	19,473,879	-	Non-interest-bearing, due and demandable	Unsecured
Rental	549,045	-	Non-interest-bearing, due and demandable	Unsecured
Refund of premium	3,261,800	-	Non-interest-bearing, due and demandable	Unsecured
Policy benefit	85,479	-	Non-interest-bearing, due and demandable	Unsecured
Reinsurance – collection	311,907	-	Non-interest-bearing, due and demandable	Unsecured
Reinsurance - disbursement	2,340,256	-	Non-interest-bearing, due and demandable	Unsecured
<i>Manila Memorial Park</i>				
Insurance premium	6,907,683	-	Non-interest-bearing, due and demandable	Unsecured
Policy benefit	97,696	-	Non-interest-bearing, due and demandable	Unsecured
Refund of premium	1,516	-	Non-interest-bearing, due and demandable	Unsecured
<i>Mapua Institute of Technology</i>				
Clinic procedures	46,550	44,250	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	2,766,105	-	Non-interest-bearing, due and demandable	Unsecured
<i>National Reinsurance Corporation of the Philippines</i>				
Reinsurance	4,103,272	-	Non-interest-bearing, due and demandable	Unsecured
Refund of premium	8,119,545	-	Non-interest-bearing, due and demandable	Unsecured
<i>(Forward)</i>				



2023				
Category	Amount	Outstanding Balances	Terms	Conditions
<i>Pan Malayan Express Inc</i>				
Clinic procedures	₱5,618	₱-	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	84,636	-	Non-interest-bearing, due and demandable	Unsecured
Reimbursement of expenses	15,750	-	Non-interest-bearing, due and demandable	Unsecured
Travel/plane fare	17,647,329	-	Non-interest-bearing, due and demandable	Unsecured
Others	188,607	-	Non-interest-bearing, due and demandable	Unsecured
<i>Pan Malayan Management and Investment Corporation</i>				
Clinic procedures	154,809	30,200	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	869,321	-	Non-interest-bearing, due and demandable	Unsecured
<i>Petro Energy Resources Corporation</i>				
Insurance premium	42,819	-	Non-interest-bearing, due and demandable	Unsecured
<i>Philippine Integrated Advertising Agency, Inc.</i>				
Insurance premium	50,804	-	Non-interest-bearing, due and demandable	Unsecured
Advertising	758,738	-	Non-interest-bearing, due and demandable	Unsecured
Refund of premium	19,656	-	Non-interest-bearing, due and demandable	Unsecured
<i>RCBC Bankard Inc.</i>				
Clinic procedures	1,415,293	339,394	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	34,534,236	-	Non-interest-bearing, due and demandable	Unsecured
Refund of premium	795	-	Non-interest-bearing, due and demandable	Unsecured
<i>RCBC Capital Corporation</i>				
Clinic procedures	61,515	22,560	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	120,909	-	Non-interest-bearing, due and demandable	Unsecured
<i>RCBC Leasing & Finance Corporation</i>				
Insurance premium	696,335	-	Non-interest-bearing, due and demandable	Unsecured
Clinic procedures	4,545	17,190	Non-interest-bearing, due and demandable	Unsecured
<i>RCBC Realty Corp.</i>				
Clinic procedures	8,885	2,750	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	161,152	-	Non-interest-bearing, due and demandable	Unsecured
Rental fee – branches	4,806,640	-	Non-interest-bearing, due and demandable	Unsecured
<i>RCBC Rental Corporation</i>				
Clinic procedures	135	-	Non-interest-bearing, due and demandable	Unsecured
<i>RCBC Savings Bank</i>				
Insurance premium	175,718,127	-	Non-interest-bearing, due and demandable	Unsecured
<i>RCBC Securities</i>				
Purchase of investment securities	162,177,050,942	-	Non-interest-bearing, due and demandable	Unsecured
Sale of investment securities	672,033,978	-	Non-interest-bearing, due and demandable	Unsecured
Maturity of investment securities	161,825,569,343	-	Non-interest-bearing, due and demandable	Unsecured
Clinic procedures	72,794	32,853	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	80,806	-	Non-interest-bearing, due and demandable	Unsecured

(Forward)



2023				
Category	Amount	Outstanding Balances	Terms	Conditions
<i>Rizal Commercial Banking Corporation</i>				
Bank deposits	₱428,380,690,581	₱2,354,059,948	Interest-bearing at 0.01% to 2.25%, due and demandable	Secured up to ₱500,000
Bank withdrawals	428,003,640,501	-	Non-interest-bearing, due and demandable	Unsecured
Bank fees	321,077,242	-	Non-interest-bearing, due and demandable	Unsecured
Purchase of investment securities	267,640,633,181	-	Non-interest-bearing, due and demandable	Unsecured
Sale of investment securities	201,845,332	-	Non-interest-bearing, due and demandable	Unsecured
Purchase of equity securities	5,433,442	-	Non-interest-bearing, due and demandable	Unsecured
Agents' benefit	7,726,027	-	Non-interest-bearing, due and demandable	Unsecured
Maturity of investment securities Retirement Fund (Contribution)	266,553,836,281	-	Non-interest-bearing, due and demandable	Unsecured
(a)	25,318,100	10,898,845	Non-interest-bearing, due and demandable	Unsecured
GEM Trust (Collection)	-	2,699,768	Non-interest-bearing, due and demandable	Unsecured
Clinic procedures	1,444,094	413,355	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	122,963,052	-	Non-interest-bearing, due and demandable	Unsecured
Interest income	41,250	-	Non-interest-bearing, due and demandable	Unsecured
Policy benefit	80,005,857	-	Non-interest-bearing, due and demandable	Unsecured
Refund of premium	14,391	-	Non-interest-bearing, due and demandable	Unsecured
Reimbursement of expenses	338,261	-	Non-interest-bearing, due and demandable	Unsecured
Rental	298,849	-	Non-interest-bearing, due and demandable	Unsecured
Others	102,746	-	Non-interest-bearing, due and demandable	Unsecured
<i>Rizal Microbank (An Affiliate Of RCBC)</i>				
Insurance premium	7,412,705	-	Non-interest-bearing, due and demandable	Unsecured
Policy benefit	2,271,499	-	Non-interest-bearing, due and demandable	Unsecured
Clinic procedures	13,519	-	Non-interest-bearing, due and demandable	Unsecured
<i>St. Lukes Medical Center, Inc.</i>				
Medical Services	4,894,872	-	Non-interest-bearing, due and demandable	Unsecured
<i>Sun Life Asset Management Company, Inc.</i>				
Rebates of transaction fees	476,769	30,672	Non-interest-bearing, due and demandable	Unsecured
<i>Sun Life Financial Philippines Foundation, Inc.</i>				
Donation	420,000	-	Non-interest-bearing, due and demandable	Unsecured
<i>Sun Life Of Canada, Phils.</i>				
Clinic procedures	20,413	-	Non-interest-bearing, due and demandable	Unsecured
Service level agreement fees (b)	391,340,442	43,948,135	Non-interest-bearing, due and demandable	Unsecured
Policy benefit	600,000	-	Non-interest-bearing, due and demandable	Unsecured
Sale of investment securities	555,140,381	-	Non-interest-bearing, due and demandable	Unsecured
<i>Sun Life Of Canada Prosperity Dollar Starter Fund.</i>				
Subscription in Mutual Fund	54,262,600	64,105,402	Non-interest-bearing, due and demandable	Unsecured
Redemption in Mutual Fund	57,308,196	-	Non-interest-bearing, due and demandable	Unsecured

(Forward)



2023				
Category	Amount	Outstanding Balances	Terms	Conditions
<i>Sun Life Prosperity Money Market Fund</i>				
Purchase of investment securities	₱36,984,114	₱–	Non-interest-bearing, due and demandable	Unsecured
Subscription in Mutual Fund	708,800,000	199,479,053	Non-interest-bearing, due and demandable	Unsecured
Redemption in Mutual Fund	846,294,985	–	Non-interest-bearing, due and demandable	Unsecured
<i>YGC CSI</i>				
Purchase of Equity Securities	–	1,200,000	Non-interest-bearing, due and demandable	Unsecured
Clinic procedures	74,627	12,960	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	334,183	–	Non-interest-bearing, due and demandable	Unsecured
Direct Marketing Services	4,918,723	–	Non-interest-bearing, due and demandable	Unsecured
<i>Yuchengco Museum Inc.</i>				
Clinic procedures	2,180	–	Non-interest-bearing, due and demandable	Unsecured
2022				
Category	Amount	Outstanding Balances	Terms	Conditions
<i>Parent Company</i>				
<i>Grepalife Holdings, Inc.</i>				
Dividend distribution	₱153,000,000	₱–	Non-interest-bearing, due and demandable	Unsecured
<i>Sun Life Financial Philippine Holding Company</i>				
Dividend distribution	147,000,000	–	Non-interest-bearing, due and demandable	Unsecured
<i>Subsidiaries</i>				
<i>Grepa Realty Holdings Corporation</i>				
Rent and other expenses	58,163,327	1,504,338	Non-interest-bearing, due and demandable	Unsecured
Shared expenses (a)	4,833,333	–	Non-interest-bearing, due and demandable	Unsecured, no impairment
Clinic procedures	21,454	1,920	Non-interest-bearing, due and demandable	Unsecured
<i>Grepalife Asset Management Corp</i>				
Dividend	–	–	Non-interest-bearing, due and demandable	Unsecured
Shared expenses (a)	226,538	381,538	Non-interest-bearing, due and demandable	Unsecured
<i>Other related parties</i>				
<i>AY Foundation Inc.</i>				
Donation	228,100	–	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	69,512	–	Non-interest-bearing, due and demandable	Unsecured
Clinic Procedures	51,391	3,110	Non-interest-bearing, due and demandable	Unsecured
<i>Blackhounds Security.</i>				
Clinic procedures	1,078	2,550	Non-interest-bearing, due and demandable	Unsecured
Reimbursement of Expenses	59,329	–	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	222,129	–	Non-interest-bearing, due and demandable	Unsecured
<i>Bluehounds Security And Investigation Agency Inc.</i>				
Clinic procedures	3,126	–	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	9,684	–	Non-interest-bearing, due and demandable	Unsecured

(Forward)



Category	Amount	Outstanding Balances	2022	
			Terms	Conditions
<i>EEI Corporation</i>				
Purchase of equity securities	₱6,249,964	₱2,280,040	Valued at Market, Segregated Funds and AFS security investment	Unsecured
Sale of Equity Securities	13,391,326	–	Valued at Market, Segregated Funds and AFS security investment	Unsecured
Refund of excess payment	2,551	–	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	6,650,077	–	Non-interest-bearing, due and demandable	Unsecured
Dividend income	2,009,722	–	Non-interest-bearing, due and demandable	Unsecured
<i>GOLDEN SPRING GROUP</i>				
Reimbursement of expenses	237,526	–	Non-interest-bearing, due and demandable	Unsecured
<i>Greyhounds Security and Investigation Agency Inc.</i>				
Clinic procedures	1,078	9,700	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	9,019	–	Non-interest-bearing, due and demandable	Unsecured
<i>HEXAGON LOUNGE, INC.</i>				
Reimbursement of expenses	180,688	–	Non-interest-bearing, due and demandable	Unsecured
<i>HI-EISAI Pharmaceutical Inc.</i>				
Insurance premium	595,617	–	Non-interest-bearing, due and demandable	Unsecured
<i>Honda Cars Kalookan Inc.</i>				
Insurance premium	76,510	–	Non-interest-bearing, due and demandable	Unsecured
Purchases of company vehicles	1,673,250	–	Non-interest-bearing, due and demandable	Unsecured
<i>Honda Cars Manila</i>				
Purchases of company vehicles	11,425	–	Non-interest-bearing, due and demandable	Unsecured
<i>Honda Cars Quezon City</i>				
Insurance premium	99,895	–	Non-interest-bearing, due and demandable	Unsecured
Purchases of company vehicles	2,585,116	–	Non-interest-bearing, due and demandable	Unsecured
<i>Honda Cars Philippines, Inc</i>				
Purchases of company vehicles	870,250	–	Non-interest-bearing, due and demandable	Unsecured
<i>House Of Investment</i>				
Clinic procedures	11,652	11,091	Non-interest-bearing, due and demandable	Unsecured
Purchases of company vehicles	9,993,311	–	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	572,729	–	Non-interest-bearing, due and demandable	Unsecured
<i>ISUZU Manila</i>				
Insurance premium	87,242	–	Non-interest-bearing, due and demandable	Unsecured
Purchases/maintenance of company vehicles	27,339	–	Non-interest-bearing, due and demandable	Unsecured
<i>La Funeraria Paz - Sucat Inc.</i>				
Insurance premium	741,693	–	Non-interest-bearing, due and demandable	Unsecured
<i>Landev Corporation</i>				
Clinic procedures	17,767	10,210	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	6,625	–	Non-interest-bearing, due and demandable	Unsecured

(Forward)



2022				
Category	Amount	Outstanding Balances	Terms	Conditions
<i>Malayan Colleges Laguna</i>				
Clinic procedures	₱470,802	₱1,163,250	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	1,215,045	-	Non-interest-bearing, due and demandable	Unsecured
<i>Malayan Colleges Mindanao</i>				
Clinic procedures	423,300	-	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	564,417	-	Non-interest-bearing, due and demandable	Unsecured
<i>Malayan High School of Science</i>				
Insurance premium	11,954	-	Non-interest-bearing, due and demandable	Unsecured
<i>Malayan Insurance Co Inc.</i>				
Clinic procedures	661,181	254,971	Non-interest-bearing, due and demandable	Unsecured
Insurance cost	4,168,255	-	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	3,644,001	-	Non-interest-bearing, due and demandable	Unsecured
Rental	470,359	-	Non-interest-bearing, due and demandable	Unsecured
Refund of premium	4,589,727	-	Non-interest-bearing, due and demandable	Unsecured
Others	13,328	-	Non-interest-bearing, due and demandable	Unsecured
<i>Malayan Education System</i>				
Reimbursement of expenses	111,866	-	Non-interest-bearing, due and demandable	Unsecured
Clinic procedures	207,270	-	Non-interest-bearing, due and demandable	Unsecured
<i>Manila Memorial Park</i>				
Insurance premium	6,255,492	-	Non-interest-bearing, due and demandable	Unsecured
Policy benefit	63,400	-	Non-interest-bearing, due and demandable	Unsecured
<i>Mapua Institute of Technology</i>				
Clinic procedures	94,586	47,443	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	2,647,961	-	Non-interest-bearing, due and demandable	Unsecured
<i>National Reinsurance Corporation of the Philippines</i>				
Reinsurance	2,039,211	-	Non-interest-bearing, due and demandable	Unsecured
Refund of premium	14,124,600	-	Non-interest-bearing, due and demandable	Unsecured
<i>Pan Malayan Express Inc</i>				
Clinic procedures	7,386	560	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	62,741	-	Non-interest-bearing, due and demandable	Unsecured
Travel/plane fare	15,634,409	-	Non-interest-bearing, due and demandable	Unsecured
<i>Pan Malayan Management And Investment Corporation</i>				
Clinic procedures	169,245	10,210	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	812,434	-	Non-interest-bearing, due and demandable	Unsecured
Reimbursement of expenses	1,056,490	-	Non-interest-bearing, due and demandable	Unsecured
<i>Philippine Integrated Advertising Agency, Inc.</i>				
Insurance premium	100,326	-	Non-interest-bearing, due and demandable	Unsecured
Advertising	572,906	-	Non-interest-bearing, due and demandable	Unsecured
<i>RCBC Bankard Inc.</i>				
Clinic procedures	1,467,409	590,850	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	30,959,260	-	Non-interest-bearing, due and demandable	Unsecured
Policy benefit	638,440	-	Non-interest-bearing, due and demandable	Unsecured

(Forward)



2022				
Category	Amount	Outstanding Balances	Terms	Conditions
<i>RCBC Capital Corporation</i>				
Clinic procedures	₱80,791	₱80	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	242,904	-	Non-interest-bearing, due and demandable	Unsecured
<i>RCBC Leasing & Finance Corporation</i>				
Insurance premium	887,846	-	Non-interest-bearing, due and demandable	Unsecured
Clinic procedures	930	-	Non-interest-bearing, due and demandable	Unsecured
<i>RCBC Realty Corp.</i>				
Clinic procedures	22,406	1,100	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	143,990	-	Non-interest-bearing, due and demandable	Unsecured
Rental fee – branches	5,082,878	-	Non-interest-bearing, due and demandable	Unsecured
<i>RCBC Savings Bank</i>				
Insurance premium	91,626,779	-	Non-interest-bearing, due and demandable	Unsecured
Policy benefit	2,524,332	-	Non-interest-bearing, due and demandable	Unsecured
<i>RCBC Securities</i>				
Purchase of investment securities	166,871,269,565	-	Non-interest-bearing, due and demandable	Unsecured
Sale of investment securities	55,727,704	-	Non-interest-bearing, due and demandable	Unsecured
Maturity of investment securities	165,960,780,791	-	Non-interest-bearing, due and demandable	Unsecured
Clinic procedures	23,393	(880)	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	152,590	-	Non-interest-bearing, due and demandable	Unsecured
<i>Rizal Commercial Banking Corporation</i>				
Bank deposits	342,039,384,173	8,034,314,494	Interest-bearing at 0.01% to 2.25%, due and demandable	Secured up to ₱500,000
Bank withdrawals	342,788,783,338	-	Non-interest-bearing, due and demandable	Unsecured
Bank fees	296,536,488	-	Non-interest-bearing, due and demandable	Unsecured
Purchase of investment securities	179,665,233,243	-	Non-interest-bearing, due and demandable	Unsecured
Sale of investment securities	15,888,358	-	Non-interest-bearing, due and demandable	Unsecured
Sale of equity securities	7,587,232	-	Non-interest-bearing, due and demandable	Unsecured
Agents' benefit	6,703,563	-	Non-interest-bearing, due and demandable	Unsecured
Maturity of investment securities	176,078,400,978	-	Non-interest-bearing, due and demandable	Unsecured
Retirement Fund (Contribution)	36,702,730	2,107,123	Non-interest-bearing, due and demandable	Unsecured
Retirement Fund (Collection)	17,972,112	-	Non-interest-bearing, due and demandable	Unsecured
GEM Trust (Collection)	-	1,128,844	Non-interest-bearing, due and demandable	Unsecured
Clinic procedures	1,306,808	360,901	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	206,272,555	-	Non-interest-bearing, due and demandable	Unsecured
Policy benefit	128,683,265	-	Non-interest-bearing, due and demandable	Unsecured
Refund of premium	31,060	-	Non-interest-bearing, due and demandable	Unsecured
Reimbursement of expenses	176,875	-	Non-interest-bearing, due and demandable	Unsecured
Rental	1,714,249	-	Non-interest-bearing, due and demandable	Unsecured
<i>Rizal Microbank (An Affiliate Of RCBC)</i>				
Insurance premium	6,212,475	-	Non-interest-bearing, due and demandable	Unsecured
Policy benefit	3,531,815	-	Non-interest-bearing, due and demandable	Unsecured
<i>(Forward)</i>				



Category	Amount	Outstanding Balances	2022	
			Terms	Conditions
Refund of premium <i>St. Lukes Medical Center, Inc.</i>	₱6,300	₱-	Non-interest-bearing, due and demandable	Unsecured
Medical Services <i>Sun Life Financial Philippines Foundation, Inc.</i>	4,945,708	-	Non-interest-bearing, due and demandable	Unsecured
Donation <i>Sun Life Asset Management</i>	320,000	-	Non-interest-bearing, due and demandable	Unsecured
Rebates of transaction fees <i>Sun Life Of Canada, Phils.</i>	806,502	55,488	Non-interest-bearing, due and demandable	Unsecured
Clinic procedures	35,858	2,720	Non-interest-bearing, due and demandable	Unsecured
Service level agreement fees (b)	360,708,528	27,469,756	Non-interest-bearing, due and demandable	Unsecured
Purchase of investment securities	534,248	-	Non-interest-bearing, due and demandable	Unsecured
Sale of investment securities <i>Sun Life Of Canada Prosperity Dollar Starter Fund.</i>	452,526,064	-	Non-interest-bearing, due and demandable	Unsecured
Subscription in Mutual Fund	334,474,245	65,964,357	Non-interest-bearing, due and demandable	Unsecured
Redemption in Mutual Fund <i>Sun Life Prosperity Money Market Fund</i>	422,525,530	-	Non-interest-bearing, due and demandable	Unsecured
Sale of investment securities	-	-	Non-interest-bearing, due and demandable	Unsecured
Subscription in Mutual Fund	570,292,400	326,015,902	Non-interest-bearing, due and demandable	Unsecured
Redemption in Mutual Fund <i>YGC CSI</i>	503,423,045	-	Non-interest-bearing, due and demandable	Unsecured
Purchase of Equity Securities		1,200,000	Non-interest-bearing, due and demandable	Unsecured
Clinic procedures	83,692	16,620	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	313,969	-	Non-interest-bearing, due and demandable	Unsecured
Direct Marketing Services <i>Yuchengco Family</i>	3,864,091	-	Non-interest-bearing, due and demandable	Unsecured
Clinic procedures	91,254	(1,290)	Non-interest-bearing, due and demandable	Unsecured
Insurance premium	3,830,761	-	Non-interest-bearing, due and demandable	Unsecured
Policy Benefit <i>Yuchengco Museum Inc.</i>	123,687	-	Non-interest-bearing, due and demandable	Unsecured
Clinic procedures	6,360	-	Non-interest-bearing, due and demandable	Unsecured

a. Due from related parties (Note 8)

	2023	2022
RCBC Trust		
Retirement fund receivables	₱10,898,845	₱2,107,123
Grepalife Asset Management Corp.		
Reimbursement	(908,054)	381,538
	₱9,990,791	₱2,488,661

In addition, the Company has outstanding receivable from GEM Trust Fund amounting to ₱2.47 million and ₱0.91 million as of December 31, 2023 and 2022, respectively (see Note 8).



b. Due to a related party (Note 19)

	2023	2022
Sun Life of Canada (Philippines) Inc.	₱43,948,135	₱27,649,756

B. Key management personnel of the Company include all officers with rank of Assistant Vice President and up. The summary of compensation of key management personnel follows:

	2023	2022
Salaries and other short-term employee benefits	₱120,432,663	₱99,395,123
Post-employment and other long-term benefits	23,997,033	5,769,877
	₱144,429,696	₱105,165,000

33. Leases

Company as a lessee

The Company has lease contracts for its branch office premises for a period of 3 years renewable by mutual agreement of the parties at the end of term of the lease.

The following are the amounts recognized in the statements of income:

	2023	2022
Depreciation expense of right-of-use assets (Note 26)	₱45,621,947	₱40,099,721
Interest expense on lease liabilities (Note 26)	2,187,288	3,938,621
Expenses relating to short-term leases (Note 26)	54,874,159	37,207,255
Total amount recognized in the statements of income	₱102,683,394	₱81,245,597

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

	2023	2022
Balance at beginning of year	₱58,288,852	₱63,867,542
Additions	12,907,643	34,521,031
Depreciation (Note 26)	(45,621,947)	(40,099,721)
Balance at end of year	₱25,574,548	₱58,288,852

The rollforward analysis of lease liabilities follows:

	2023	2022
Balance at beginning of year	₱57,080,997	₱63,171,066
Additions	3,803,668	34,521,031
Interest expense	2,187,288	3,938,621
Payments	(37,438,965)	(44,549,721)
Balance at end of year	₱25,632,988	₱57,080,997



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

	2023	2022
1 year	₱10,615,431	₱44,222,458
more than 1 year to 2 years	7,982,673	9,345,965
more than 2 years to 3 years	6,908,230	7,236,156
more than 3 years to 4 years	2,452,859	6,357,593
more than 4 years to 5 years	554,178	1,874,690
	₱28,513,371	₱69,036,862

The rollforward analysis of asset retirement obligation follows:

	2023	2022
Balance at beginning of year	₱-	₱-
Additions	9,103,975	-
Interest expense	5,602,771	-
Balance at end of year	₱14,706,746	₱-

The Company maintains lease contracts where the Company is required to remove leasehold improvements and installations made in the leased premises and restore such premises to its original condition at the end of the term of the lease contract. Accordingly, the Company's estimate of restoration cost as of 2023 is ₱14,706,746. Since the lease contracts will end in various dates ending June 2027, the asset restoration obligation non-current liability portion as of December 31, 2023 is ₱12,358,391.

Interest expense from the unwinding of the discount on the asset restoration obligation amounted to ₱5,602,771 in 2023. Discount rate used in 2023 is within the range of 3%-7%.

34. Notes to Statements of Cash Flows

The change in liabilities arising from the Company's financing activities in 2023 follows:

Dividends payable, January 1	₱-
Declaration	350,000,000
Payments	(350,000,000)
Dividends payable, December 31	₱-

Refer to Note 33 for the movements of lease liabilities.

In 2023 and 2022, non-cash additions of ROU assets amounted to ₱12.91 million and ₱34.52 million, respectively (see Note 11 and 33). Non-cash additions of ROU assets for the year include a portion for asset retirement amounting to ₱9.10 million.



35. Current and Non-current Classification

The following tables present the assets and liabilities by contractual maturity and settlement dates:

	2023			2022		
	Current	Non-current	Total	Current	Non-current	Total
Cash and cash equivalents	₱1,246,084,370	₱-	₱1,246,084,370	₱1,621,645,189	₱-	₱1,621,645,189
Insurance receivables	167,505,502	-	167,505,502	252,362,362	-	252,362,362
Financial assets						
Financial assets at fair value through profit or loss	-	4,711,207,650	4,711,207,650	-	3,315,851,003	3,315,851,003
Available-for-sale financial assets	78,405,548	15,129,563,553	15,207,969,101	229,506,700	12,900,078,847	13,129,585,547
Loans and receivables	675,214,467	11,144,887	686,359,354	672,161,903	21,076,802	693,238,705
Segregated fund assets	37,564,380,317	-	37,564,380,317	31,842,003,558	-	31,842,003,558
Accrued income	347,522,733	-	347,522,733	250,748,359	-	250,748,359
Investment in subsidiaries	-	1,076,092,200	1,076,092,200	-	1,076,092,200	1,076,092,200
Property and equipment - net	-	98,321,160	98,321,160	-	110,948,681	110,948,681
Deferred tax asset	-	111,031,986	111,031,986	-	60,465,402	60,465,402
Right-of-use assets - net	-	25,574,548	25,574,548	-	58,288,852	58,288,852
Other assets	40,984,797	40,169,762	81,154,559	28,380,891	41,395,426	69,776,317
Total Assets	₱40,120,097,734	₱21,203,105,746	₱61,323,203,480	₱34,896,808,962	₱17,584,197,213	₱52,481,006,175
Liabilities						
Segregated fund liabilities	₱37,564,380,317	₱-	₱37,564,380,317	₱31,842,003,558	₱-	₱31,842,003,558
Legal policy reserves - net	376,787,363	13,028,389,197	13,405,176,560	313,989,469	11,436,005,216	11,749,994,685
Policy and contract claims	541,123,346	934,880,095	1,476,003,441	520,678,811	944,312,435	1,464,991,246
Policyholders' dividends	313,648,287	-	313,648,287	266,716,339	-	266,716,339
Premium deposit fund	445,561,530	-	445,561,530	394,694,976	-	394,694,976
Insurance payables	263,710,270	-	263,710,270	241,342,762	-	241,342,762
Accounts payable and accrued expenses	482,374,278	-	482,374,278	310,170,701	-	310,170,701
Income tax payable	-	-	-	98,594,847	-	98,594,847
Net pension liability	-	77,215,400	77,215,400	-	52,855,600	52,855,600
Lease liabilities	10,615,431	15,017,557	25,632,988	34,746,584	22,334,413	57,080,997
Other liabilities	105,579,126	-	105,579,126	95,811,593	-	95,811,593
Total Liabilities	₱40,103,779,948	₱14,055,502,249	₱54,159,282,197	₱34,118,749,640	₱12,455,507,664	₱46,574,257,304

36. Supplementary Tax Information under Revenue Regulations 15-2010

In compliance with the requirements set forth by RR 15-2010, hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year.

Percentage Tax

The Company is engaged in the business of life insurance and paid the amount of ₱122,614,733 as percentage tax pursuant to the provisions of Sec. 244 of the National Internal Revenue Code of 1997, as last amended by Revenue Memorandum Circular No. 22-2010.

VAT

The Company had VAT output tax declaration of ₱77,971,688 for the year based on the amount reflected in the Summary List of Sales and Purchases of ₱649,764,064. The Company has ₱6,160,433,684 VAT exempt sales and no zero-rated sales of goods and services in 2023.



Details of the Company's output VAT declared in 2023 are as follows:

Fee Income:	
Management Fee-GEM	₱1,390,853
Partial Fund with charges	2,456,363
Surrender Charges	18,132,191
Management Fee	625,696,160
	<hr/>
	647,675,567
Other Income:	
Rental Income	951,953
Interest Income	937,677
Others	199,237
	<hr/>
	649,764,434
Output VAT Rate	12%
Output Tax	₱77,971,732
	<hr/> <hr/>

The amount of VAT Input taxes claimed are broken down as follows:

Balance at beginning of the year	₱19,701
Current year's purchases:	
Services lodged under other accounts	6,877,772
	<hr/>
	6,897,473
Claims for tax credit/refund and other adjustments	5,271,305
Balance at end of the year	₱1,626,168
	<hr/> <hr/>

Documentary Stamp Tax (DST)

The DST paid/accrued are the following:

Transaction	DST
Policies issued	₱2,149,970
Policy loans	440,016
Lease contracts	65,514
	<hr/>
	₱2,655,500
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Other Taxes and License Fees for 2023

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

Local	
Business and mayor's permit	₱48,333,538
Community tax certificate	10,500
	<hr/>
	48,344,038
National	
Fringe benefit taxes	1,220,455
IC certificate of authority/annual statements	217,150
BIR annual registration	42,500
Other taxes	6,728,786
	<hr/>
	8,208,891
	<hr/> <hr/>
	₱56,552,929



Insurance taxes

This includes all premium taxes and documentary stamp taxes. Details consist of the following:

Premium taxes	₱122,614,733
Documentary stamp tax	2,149,970
	<u>₱124,764,703</u>

Importations

The Company did not incur any excise tax in 2023.

Withholding Taxes

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

Withholding taxes on compensation and benefits	₱79,801,473
Expanded withholding taxes	69,456,897
Final withholding taxes	2,955,824
	<u>₱152,214,194</u>

Tax Assessments and Cases

As of December 31, 2023, the Company has outstanding tax case with Court of Tax Appeal for a tax assessment covering taxable year 2008 amounting to ₱11.45 million. Management believes that it is not liable to pay any deficiency taxes and has a strong position on the tax assessment, and if decided adversely, will not have a material effect on the Company's financial statements. Aside from the foregoing, the Company has not received any final assessment notices from the BIR and it has no tax cases, litigation and/or prosecution in court or bodies outside BIR.



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Sun Life Grepa Financial, Inc.
6th Floor, Grepalife Building
221 Senator Gil J. Puyat Avenue
Makati City

We have audited the financial statements of Sun Life Grepa Financial, Inc. (the Company) as at and for the year ended December 31, 2023, on which we have rendered the attached report dated March 26, 2024.

In compliance with Securities Regulation Code Rule 68, we are stating that the Company has two (2) stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.

Lucy L. Chan

Lucy L. Chan
Partner
CPA Certificate No. 88118
Tax Identification No. 152-884-511
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-046-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10079917, January 5, 2024, Makati City

March 26, 2024



**INDEPENDENT AUDITOR'S REPORT
ON THE SCHEDULE OF RECONCILIATION
OF RETAINED EARNINGS AVAILABLE
FOR DIVIDEND DECLARATION**

The Stockholders and the Board of Directors
Sun Life Grepa Financial, Inc.
6th Floor, Grepalife Building
221 Senator Gil J. Puyat Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Sun Life Grepa Financial, Inc. as at and for the years ended December 31, 2023 and 2022 and have issued our report thereon dated March 26, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic financial statements. This has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Lucy L. Chan
Partner
CPA Certificate No. 88118
Tax Identification No. 152-884-511
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
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PTR No. 10079917, January 5, 2024, Makati City

March 26, 2024



SUN LIFE GREPA FINANCIAL, INC.**SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE
FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

Unappropriated retained earnings, as reported, beginning		₱5,673,640,523
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	350,000,000	
Retained Earnings appropriated during the reporting period	148,195,185	
Others	3,563,276	501,758,461
Unappropriated Retained Earnings, as adjusted		5,171,882,062
Add/Less: Net income for the current year		1,109,716,200
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Unrealized fair value adjustment (mark-to-market gains) of financial		135,356,647
Adjusted Net Income		974,359,553
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of deferred tax asset not considered in reconciling items under the previous categories	(36,333,575)	
Net movement in deferred tax assets and liabilities related to same transactions, e.g., set up of ROU and lease liability, set up of asset and asset retirement obligation, and set-up of service concession asset and concession payable.	(3,691,296)	
Subtotal		(40,024,871)
Total retained earnings, end, available for dividend declaration		₱6,106,216,744