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STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN

The management of Philippine AXA Life Insurance Corporation is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2021. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2021 and the accompanying Annual Income Tax Return are in accordance with the books and records of Philippine AXA Life Insurance Corporation, complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c) Philippine AXA Life Insurance Corporation has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Solomon S. Cua
Chairman of the Board

Rahul Hora
President and Chief Executive Officer

Gael Georges Ann Lapie
Chief Financial Officer

Signed this 31st day of March 2022

AXA Philippines 34th Floor, GT Tower International, 6813 Ayala Ave., corner H.V. Dela Costa St. Makati City, Metro Manila, Philippines 1227
Telephone: +63 (2) 885 0101 – axa.com.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Philippine AXA Life Insurance Corporation is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Philippine AXA Life Insurance Corporation'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 Philippine AXA Life Insurance Corporation or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing Philippine AXA Life Insurance Corporation'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 Philippine AXA Life Insurance Corporation in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed their opinion on the fairness of presentation upon completion of such audit.

Solomon S. Cua
Chairman of the Board

Rahul Hora
President and Chief Executive Officer

Gael Georges Ann Lapie
Chief Financial Officer

Signed this 31st day of March 2022

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Philippine AXA Life Insurance Corporation
34th Floor, GT Tower International
6813 Ayala Avenue corner H.V. Dela Costa Street
Makati City

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Philippine AXA Life Insurance Corporation (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2021 and 2020, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2021 and 2020, and its parent company 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 Parent 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 parent company 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 Parent Company Financial Statements

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

In preparing the parent company financial statements, management is responsible for assessing the Parent 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 Parent Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company 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 parent company 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 parent company 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 Parent 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 Parent 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 parent company 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 Parent Company to cease to continue as a going concern.

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

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

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 30 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic parent company financial statements. Such information is the responsibility of the management of Philippine AXA Life Insurance Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic parent company financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic parent company financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Juan Carlo Maminta

Juan Carlo B. Maminta
Partner
CPA Certificate No. 115260
Tax Identification No. 210-320-399
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 115260-SEC (Group A)
Valid to cover audit of 2020 to 2024 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-132-2020, November 27, 2020, valid until November 26, 2023
PTR No. 8854326, January 3, 2022, Makati City

March 31, 2022

PHILIPPINE AXA LIFE INSURANCE CORPORATION
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	Notes	December 31 2021	2020
ASSETS			
Cash and cash equivalents	4	**₱4,795,969,477**	₱3,223,433,010
Insurance receivables	5	**644,818,567**	536,059,769
Financial assets	6		
Financial assets at fair value through profit or loss		**1,995,626,150**	1,981,685,067
Available-for-sale financial assets		**12,233,220,135**	13,705,586,986
Loans and receivables - net		**1,281,671,490**	1,101,460,837
Accrued income	10	**202,032,296**	196,117,215
Investment in a subsidiary	7	**5,029,440,576**	5,029,440,576
Property and equipment - net	9	**667,195,201**	681,952,745
Intangible assets - net	11	**61,265,776**	40,993,650
Deferred tax assets - net	23	**598,432,514**	1,042,847,047
Right-of-use assets - net	26	**444,909,683**	469,567,119
Other assets		**188,071,249**	191,807,416
		28,142,653,114	28,200,951,437
Assets held to cover unit-linked liabilities	12	**141,975,208,640**	118,475,057,849
		₱170,117,861,754	₱146,676,009,286
LIABILITIES AND EQUITY			
Liabilities			
Insurance contract liabilities	13, 14	**₱10,099,022,097**	₱10,416,974,607
Premium deposit fund		**240,182,724**	191,165,741
Life insurance deposits		**518,246,218**	455,545,373
Insurance payables	15	**353,745,267**	397,363,273
Trade and other liabilities	16	**2,891,394,244**	2,628,706,932
Lease liability	26	**490,864,449**	513,307,531
Net pension liability	22	**204,307,850**	183,835,040
Income tax payable		**131,561,181**	288,304,429
		14,929,324,030	15,075,202,926
Unit-linked liabilities	12	**141,975,208,640**	118,475,057,849
		156,904,532,670	133,550,260,775
Equity			
Capital stock	17	**1,000,000,000**	1,000,000,000
Contributed surplus		**50,000,000**	50,000,000
Contingency surplus		**9,343,183**	9,343,183
Retained earnings	17	**12,336,904,668**	12,047,241,697
Revaluation reserves on available-for-sale financial assets	18	**291,764,460**	1,424,371,741
Remeasurement losses on life insurance reserves	13	**(433,564,677)**	(1,365,281,833)
Actuarial losses on defined benefit plan	22	**(40,955,172)**	(39,762,899)
Treasury stock	17	**(163,378)**	(163,378)
		13,213,329,084	13,125,748,511
		₱170,117,861,754	₱146,676,009,286

See accompanying Notes to Parent Company Financial Statements.

PHILIPPINE AXA LIFE INSURANCE CORPORATION
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Notes	**Years Ended December 31** **2021**	2020
REVENUE			
Gross premiums on insurance contracts issued		**₱39,346,949,105**	₱31,602,047,834
Premiums ceded to reinsurers		**(403,777,821)**	(334,970,712)
Net insurance premiums	19	**38,943,171,284**	31,267,077,122
Subscriptions allocated to investment in unit-linked funds	12	**(27,968,057,077)**	(20,813,816,261)
		10,975,114,207	10,453,260,861
Asset management fees	12	**2,456,878,741**	1,931,145,947
Gain on assets held to cover unit-linked liabilities	20	**5,338,182,748**	1,616,942,544
Investment income	19	**739,331,237**	679,805,786
Foreign exchange gains (losses) - net		**119,365,712**	(11,337,239)
Other income	25	**190,919,256**	103,011,562
		19,819,791,901	14,772,829,461
BENEFITS, CLAIMS AND OPERATING EXPENSES			
Gross benefits and claims		**15,778,445,569**	11,781,386,111
Reinsurers' share of gross benefits and claims	19	**(236,004,724)**	(113,894,585)
Decrease in unit-linked liabilities due to surrenders	12	**(12,573,347,159)**	(9,815,502,978)
Policyholders' dividends and interest	19	**53,313,257**	116,051,914
Net benefits and claims incurred	19	**3,022,406,943**	1,968,040,462
Increase in legal policy reserves	13	**186,848,641**	53,523,909
Net insurance benefits and claims		**3,209,255,584**	2,021,564,371
Operating and administrative expenses	21	**5,285,495,553**	4,886,637,137
Increase in unit-linked liabilities due to gain on assets held to cover unit-linked liabilities	20	**5,338,182,748**	1,616,942,544
Commission expense	25	**1,983,290,223**	1,827,762,399
Agency development expenses		**203,340,793**	240,627,889
Premium and documentary stamp taxes		**150,459,579**	130,602,797
Interest on lease liability	26	**33,879,559**	39,116,997
Interest on defined benefit obligation	22	**5,618,658**	11,198,491
Medical and inspection fees		**5,025,167**	3,908,431
Interest on premium deposit fund		**4,208,770**	3,643,459
		16,218,756,634	10,782,004,515
INCOME BEFORE INCOME TAX		**3,601,035,267**	3,990,824,946
PROVISION FOR INCOME TAX	23	**841,372,296**	1,160,962,859
NET INCOME		**2,759,662,971**	2,829,862,087
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified into profit or loss, net of tax:			
Remeasurement gains (losses) on defined benefit plan	22	**(1,192,273)**	103,959,213
Net change in remeasurement on life insurance reserves	13	**931,717,156**	(1,436,082,403)
		930,524,883	(1,332,123,190)
Item that will be reclassified into profit or loss:			
Net change in fair value of available-for-sale financial assets	18	**(1,132,607,281)**	688,006,109
		(202,082,398)	(644,117,081)
TOTAL COMPREHENSIVE INCOME		**₱2,557,580,573**	₱2,185,745,006

See accompanying Notes to Parent Company Financial Statements.

PHILIPPINE AXA LIFE INSURANCE CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 17)	Contributed Surplus	Contingency Surplus	Revaluation Reserves on Available-for-Sale Financial Assets (Note 18)	Remeasurement Losses on Life Insurance Reserves (Note 13)	Actuarial Losses on Defined Benefit Plan (Note 22)	Retained Earnings (Note 17)	Treasury Stock (Note 17)	Total
Balances as at January 1, 2021	**₱1,000,000,000**	**₱50,000,000**	**₱9,343,183**	**₱1,424,371,741**	**(₱1,365,281,833)**	**(₱39,762,899)**	**₱12,047,241,697**	**(₱163,378)**	**₱13,125,748,511**
Net income for the year	–	–	–	–	–	–	**2,759,662,971**	–	**2,759,662,971**
Other comprehensive income (loss) for the year	–	–	–	**(1,132,607,281)**	**931,717,156**	**(1,192,273)**	–	–	**(202,082,398)**
Total comprehensive income (loss)	–	–	–	**(1,132,607,281)**	**931,717,156**	**(1,192,273)**	**2,759,662,971**	–	**2,557,580,573**
Dividend declaration	–	–	–	–	–	–	**(2,470,000,000)**	–	**(2,470,000,000)**
As of December 31, 2021	**₱1,000,000,000**	**₱50,000,000**	**₱9,343,183**	**₱291,764,460**	**(₱433,564,677)**	**(₱40,955,172)**	**₱12,336,904,668**	**(₱163,378)**	**₱13,213,329,084**
Balances as at January 1, 2020	₱1,000,000,000	₱50,000,000	₱9,343,183	₱736,365,632	₱70,800,570	(₱143,722,112)	₱11,287,379,610	(₱163,378)	₱13,010,003,505
Net income for the year	–	–	–	–	–	–	2,829,862,087	–	2,829,862,087
Other comprehensive income (loss) for the year	–	–	–	688,006,109	(1,436,082,403)	103,959,213	–	–	(644,117,081)
Total comprehensive income (loss)	–	–	–	688,006,109	(1,436,082,403)	103,959,213	2,829,862,087	–	2,185,745,006
Dividend declaration	–	–	–	–	–	–	(2,070,000,000)	–	(2,070,000,000)
As of December 31, 2020	₱1,000,000,000	₱50,000,000	₱9,343,183	₱1,424,371,741	(₱1,365,281,833)	(₱39,762,899)	₱12,047,241,697	(₱163,378)	₱13,125,748,511

See accompanying Notes to Parent Company Financial Statements.

PHILIPPINE AXA LIFE INSURANCE CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS

		Years Ended December 31	
	Notes	**2021**	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱3,601,035,267**	₱3,990,824,946
Adjustments for:			
Interest income	19	**(705,889,006)**	(718,287,858)
Depreciation and amortization	21	**449,461,403**	348,590,758
Unrealized foreign exchange losses (gains)		**(81,987,577)**	11,337,239
Retirement expense	22	**89,691,292**	99,762,823
Amortization of bond premium	6	**45,023,875**	12,715,920
Interest on lease liability	26	**33,879,559**	39,116,997
Dividend income	19	**(27,726,664)**	(24,712,867)
Provision for credit and impairment losses	6, 21	**8,634,950**	–
Fair value losses (gains) on financial assets at fair value through profit or loss	6	**(7,485,296)**	100,661,947
Interest on defined benefit obligation	22	**5,618,658**	11,198,491
Gain on sale of available-for-sale financial assets	18, 19	**–**	(36,059,960)
Operating income before changes in working capital		**3,410,256,461**	3,835,148,436
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Insurance receivables		**(108,758,798)**	(111,122,373)
Loans and receivables		**(188,845,603)**	(39,681,343)
Other assets		**3,736,167**	(13,719,149)
Increase (decrease) in:			
Trade and other liabilities		**262,687,312**	467,061,454
Insurance contract liabilities		**1,054,363,873**	354,703,500
Life insurance deposits		**62,700,845**	276,551,775
Insurance payables		**(43,618,006)**	23,438,934
Premium deposit fund		**49,016,983**	23,329,674
Net cash generated from operations		**4,501,539,234**	4,815,710,90808
Proceeds from disposal/maturities of:			
Available-for-sale financial assets	6	**5,256,126,000**	5,317,930,569
Financial assets at fair value through profit or loss	6	**285,111,635**	1,113,739,894
Acquisitions of:			
Available-for-sale financial assets	6	**(4,961,390,305)**	(7,196,423,494)
Financial assets at fair value through profit or loss	6	**(291,567,422)**	(1,178,108,514)
Interest received		**699,401,720**	697,735,129
Interest paid on lease liability	26	**(33,879,559)**	(39,116,997)
Contributions paid to the pension fund	22	**(72,639,894)**	(46,462,338)
Dividends received		**28,298,869**	24,038,733
Income taxes paid		**(997,689,757)**	(1,292,711,401)
Net cash provided by operating activities		**4,413,310,521**	2,216,332,513

(Forward)

	Notes	Years Ended December 31 **2021**	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment	9	**(₱236,360,217)**	(₱383,201,808)
Intangible assets	11	**(28,842,370)**	(18,096,349)
Net cash used in investing activities		**(265,202,587)**	(401,298,157)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash dividends paid	17	**(2,470,000,000)**	(2,070,000,000)
Payment of principal portion of lease liabilities	26	**(187,559,044)**	(121,016,721)
Net cash used in financing activities		**(2,657,559,044)**	(2,191,016,721)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**1,490,548,890**	(375,982,389)
EFFECTS OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS		**81,987,577**	(11,337,239)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**3,223,433,010**	3,610,752,638
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	**₱4,795,969,477**	₱3,223,433,010

See accompanying Notes to Parent Company Financial Statements.

PHILIPPINE AXA LIFE INSURANCE CORPORATION
NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

Philippine AXA Life Insurance Corporation (the Parent Company) was incorporated in the Philippines on April 12, 1962 to engage in selling personal and group insurance, including life insurance, accident and other insurance products that are permitted to be sold by a life insurance company in the Philippines. On May 22, 2003, the Insurance Commission (IC) approved the Parent Company's license to sell variable or unit-linked insurance, a life insurance product which is linked to investment funds.

On February 20, 2019, Republic Act No. 11232, otherwise known as the "Revised Corporation Code of the Philippines" or "RCC", was signed into law. The RCC took effect on February 23, 2019. The corporate term of a corporation with certificate of incorporation issued prior to the effectivity of the RCC and which continue to exist, shall be deemed perpetual upon the effectivity of the RCC, without any action on the part of the corporation. As of February 23, 2019, the Company is deemed to have selected a perpetual term.

The Parent Company is 45% owned by the AXA Group of Companies through AXA Asia, a company based in France, 28% owned by First Metro Investment Corporation (FMIC), a domestic corporation, 25% owned by GT Capital Holdings, Inc. (GT Capital), a domestic corporation, and 2% owned by individual stockholders. Its principal place of business is at 34th Floor GT Tower International, 6813 Ayala Avenue corner H.V. Dela Costa Street, Makati City, 1227 Metro Manila, Philippines.

On June 24, 2021, the respective Board of Directors (BOD) of the Parent Company and Charter Ping An Insurance Corporation (CPAIC) approved the merger of the Parent Company and CPAIC with the Parent Company as the surviving entity. On December 21, 2021, the IC has approved the Parent Company's request for the endorsement of Articles of Merger, Increase of Authorized Capital Stock of the Parent Company and its Amended Articles of Incorporation and By-laws, subject to the usual financial examination and verification of the IC. On December 28, 2021, the application for the merger was submitted to the Securities and Exchange Commission (SEC). The Parent Company is still awaiting for the approval.

The accompanying parent company financial statements were authorized for issue by the BOD on March 31, 2022.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying financial statements of the Parent Company have been prepared on a historical cost basis, except for available-for-sale (AFS) financial assets and financial assets at fair value through profit or loss (FVPL), which have been measured at fair value. The Parent Company financial statements are presented in Philippine Peso (₱), which is the Parent Company's functional currency. All values are rounded to the nearest peso except when otherwise stated.

Statement of Compliance
The parent company financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except that the Parent Company has adopted the following new accounting pronouncements starting January 1, 2021. Except as otherwise indicated, these changes in the accounting policies did not have any significant impact on the financial position or performance of the Parent Company:

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

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
    - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
    - Relief from discontinuing hedging relationships
    - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Parent Company shall also disclose information about:
    - The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
    - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The Parent Company adopted the amendments beginning January 1, 2021 and have assessed that these had no impact on the financial statements of the Parent Company.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:
    - The rent concession is a direct consequence of COVID-19;
    - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
    - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendments are effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

As of December 31, 2021, the Parent Company did not have any lease concessions related to its contracts.

Foreign Currency Translation
Transactions in foreign currencies are initially recorded in the functional currency of the Parent Company, at the foreign exchange rates prevailing at the respective date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the functional currency rate of exchange ruling at the reporting date and are not subsequently restated. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All foreign exchange differences are taken to profit or loss, except where it relates to available-for-sale financial assets which gains or losses are recognized directly in other comprehensive income. In this case, the gain or loss is then recognized net of the exchange component in the other comprehensive income.

Product Classification
Insurance contracts are defined as those contracts under which the Parent 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 Parent Company defines significant insurance risk by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, a credit rating or credit index, or other variable. Investment contracts mainly transfer significant financial risk but can also transfer insignificant insurance risk.

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

Insurance and investment contracts are further classified as being with or without discretionary participation features (DPF).

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

For financial options and guarantees which are not closely related to the host insurance contract and/or investment contract with DPF, bifurcation is required to measure these embedded financial derivatives separately at FVPL. Bifurcation is not required if the embedded derivative is itself an insurance contract and/or investment contract with DPF or when the host insurance contract and/or investment contract with DPF itself is measured at FVPL. The options and guarantees within the insurance contracts issued by the Parent Company are treated as derivative financial instruments which are clearly and closely related to the host insurance and therefore not bifurcated subsequently. As such, the Parent 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 internal investment funds meets the definition of an insurance contract and is therefore not accounted for separately from the host insurance contract.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents (including those under ‘Assets held to cover unit-linked liabilities’) are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placement and that are subject to an insignificant risk of changes in value and are free of any encumbrances.

Insurance Receivables

Insurance receivables are recognized when due and measured on initial recognition at the fair value of the consideration received. Subsequent to initial recognition, insurance receivables are measured at amortized cost, using effective interest rate method. 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 following the derecognition criteria of financial assets.

Financial Instruments

Date of recognition

The Parent Company recognizes a financial asset or a financial liability in the parent company statement of financial position when the Parent 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 settlement date.

Initial recognition

Financial instruments are recognized initially at fair value. Except for financial instruments at FVPL, the initial measurement of financial assets includes transaction costs. The Parent Company classifies its financial assets in the following categories: financial assets at FVPL, AFS financial assets and loans and receivables. The Parent Company classifies its financial liabilities into financial liabilities at FVPL 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.

Fair value measurement

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 by the Parent Company.

For measurement and disclosure purposes, the Parent Company determines the fair value of an asset or liability at initial measurement or at each reporting date.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and ask 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.

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

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

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 observable current market prices exist, option pricing models, and other relevant valuation models. Any difference noted between the fair value and the transaction price is recognized in profit or loss, unless it qualifies for recognition as some type of asset or liability.

The Parent Company's Investment Committee determines the policies and procedures for fair value measurement.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the investment committee after discussion with and approval by the Parent Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The investment committee decides, after discussions with the Parent Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the investment committee analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Parent Company's accounting policies. For this analysis, the Investment Committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Investment Committee, in conjunction with the Parent Company's external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

'Day 1' difference
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 Parent Company recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only

recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Parent Company determines the appropriate method of recognizing the 'Day 1' difference amount.

Financial instruments at FVPL
This category consists of financial assets or financial liabilities that are held-for-trading or designated by management as at FVPL on initial recognition.

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

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

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

The investments (debt and equity securities) of the unit-linked fund set up by the Parent Company underlying the unit-linked insurance contracts (included under Assets held to cover unit-linked liabilities) are designated as at FVPL since these are managed and their performance are evaluated on a fair value basis, in accordance with the investment strategy. Also, the Parent Company designates the assets of the life insurance business that are managed under the Parent Company's Risk Management Statement on a fair value basis, and are reported to the Board on this basis. These assets have been valued on a fair value basis with movements taken through the profit or loss.

Financial assets at FVPL are recorded in the Parent Company statement of financial position at fair value, with changes in the fair value recorded in profit or loss, included in 'Investment income' account.

As of December 31, 2021 and 2020, the Parent Company has no financial liabilities classified as FVPL.

Loans and receivables
Loans and receivables are non-derivative 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, nor designated as AFS or at FVPL. This accounting policy relates to the Parent Company statement of financial position captions: (a) 'Insurance receivables', (b) 'Loans and receivables' (including those under 'Assets held to cover unit-linked liabilities'), and (c) 'Accrued income' (including those under 'Assets held to cover unit-linked liabilities').

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

AFS financial assets
AFS financial assets are those which are designated as such or do not qualify to be classified as financial assets at FVPL, held-to-maturity (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. These include government securities, equity investments, and other debt instruments.

After initial measurement, AFS financial assets are subsequently measured at fair value. The effective yield component of AFS debt securities, as well as the impact of restatement on foreign currency-denominated AFS debt securities, is reported in profit or loss.

Interest earned on holding AFS financial assets is reported as interest income using the effective interest rate. Dividends earned on holding AFS financial assets are recognized in profit or loss when the right to receive payment has been established. Interests and dividends are recognized under 'Investment income' account in profit or loss. The unrealized gains and losses arising from the fair valuation of AFS financial assets are reported in equity as 'Revaluation reserves on available-for-sale financial assets'. The losses arising from impairment of such financial assets are recognized as 'Provision for credit and impairment losses' under 'Operating and administrative expenses' in profit or loss. When a security is disposed of, the cumulative gain or loss previously recognized as other comprehensive income is reported as 'Gain or loss on sale of available-for-sale financial assets' under 'Investment income' in profit or loss.

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, less any allowance for credit and impairment losses.

Other financial liabilities
Issued financial liabilities or their components, which are not designated as financial liabilities at FVPL are classified as other financial liabilities, where the substance of the contractual arrangement results in the Parent Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy 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. This includes investment contracts which mainly transfer financial risk and has no or insignificant insurance risk.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest rate 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 effective interest rate. Interest expense are charged to profit or loss as incurred.

Any effects of restatement of foreign currency-denominated liabilities are recognized in profit or loss.

This accounting policy relates to the Parent Company statement of financial position captions: (a) 'Premium deposit fund', (b) 'Life insurance deposits', (c) 'Insurance payables', (d) 'Trade and other liabilities' and (e) 'Dividends payable' under 'Insurance contract liabilities' that meet the above definition (other than liabilities covered by other accounting standards, such as pension liability and income tax payable). This accounting policy relates also to the payables included under the 'Assets held to cover unit-linked liabilities' account.

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 Parent Company; or
- satisfy 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.

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

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

Distributions to holders of financial instrument classified as equity are charged directly to liabilities and equity, net of any related income tax benefits.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the Parent Company 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.

Impairment of Financial Assets
The Parent 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.

Financial assets carried at amortized cost
The Parent 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 there is objective evidence that an impairment loss on financial assets carried at amortized cost (i.e., receivables) has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash

flows discounted at the asset's original effective interest rate (EIR). The carrying amount of the asset is reduced through the use of an allowance account. The loss is recognized in the Parent Company statement of comprehensive income as 'Provision for credit and impairment losses' under 'Operating and administrative expenses'. The asset, together with the associated allowance accounts, is written off when there is no realistic prospect of future recovery.

If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtor's ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of income to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

The Parent Company performs a regular review of the age and status of its insurance receivables, designed to identify receivables with objective evidence of impairment and provide the appropriate allowance for credit and impairment losses. The review is accomplished using a combination of specific and collective assessment approaches, with the impairment loss being determined for each risk grouping identified by the Parent Company (see Note 5).

AFS financial assets carried at fair value
For equity investments classified as AFS financial assets, impairment indicators would include a significant or prolonged decline in the fair value of an investment below its cost or where other objective evidence of impairment exists. 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 equity 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 other comprehensive income.

In the case of debt instruments classified as AFS, 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 using the rate of interest used to discount future cash flows for the purpose of measuring impairment loss and is recorded as part of 'Investment income' account in profit or loss.

If, in a subsequent period, the fair value of a debt instrument increased and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

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 Parent 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 Parent 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 Parent Company has transferred its right to receive cash flows from an asset or has entered into a 'pass-through' arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Parent 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 the consideration that the Parent Company could be required to repay.

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

<u>Reinsurance</u>
The Parent 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 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 period. Impairment occurs when objective evidence exists that the Parent Company may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Parent Company will receive from the reinsurer can be measured reliably. The impairment loss is charged to profit or loss.

Ceded reinsurance arrangements do not relieve the Parent Company from its obligations to policyholders.

Premiums and claims are presented on gross basis for ceded reinsurance.

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

<u>Investment Properties</u>
Property held for long-term rental yields or for capital appreciation, or for both, is classified as investment property. These properties are initially measured at cost, which includes transaction cost, but excludes day-to-day servicing cost. Subsequently, at each end of the reporting period, such properties are carried at cost less accumulated depreciation and impairment in value.

Depreciation of investment property is computed using the straight-line method over its useful life, regardless of utilization. The estimated useful life and the depreciation method are reviewed periodically to ensure that the period and the method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties. The estimated useful life of the investment properties is twenty years.

Transfers are made to and from investment property when, and only when, there is a change in use, evidenced by ending of owner occupation, commencement of an operating lease to another party. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Parent Company accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.
Investment property is derecognized when it has been disposed of or when permanently withdrawn from use and no future benefit is expected from its disposal.

Any gain or loss on the retirement or disposal of investment properties is recognized in profit or loss in the year of derecognition.

Property and Equipment
The Parent Company's property and equipment consist of land, building and equipment that do not qualify as investment properties. Property and equipment, including owner occupied properties, are carried at cost less accumulated depreciation and amortization and accumulated impairment in value. Such cost includes initial transaction costs, but excludes day-to-day servicing cost. Replacement or major inspection cost is capitalized if it is probable that future economic benefits associated with the item will flow to the Parent Company and the cost of the item can be reliably measured.

Depreciation and amortization is computed using the straight-line method over the estimated useful life of the assets. Leasehold improvements are amortized over the estimated useful life of the improvements or the term of the related lease, whichever is shorter. The estimated useful lives of the different categories of property and equipment follow:

	Years
Building	20
Leasehold improvements	5-8 years or the related lease term whichever is shorter
Transportation equipment	5
Computer equipment	3
Furniture and equipment	5

The assets' residual values, useful lives and depreciation and amortization method are reviewed at each reporting date and adjusted if appropriate to ensure that the period, residual value and the method of depreciation and amortization are consistent with the expected pattern of consumption of future economic benefits embodied in the asset.

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 carrying value of the asset) is included in profit or loss in the year the asset is derecognized. This is not applicable to items that still have useful lives but are currently classified as idle. Depreciation continues for those items until fully depreciated or disposed.

Right-of-use assets
The Parent Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial

direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Unless the Parent 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 its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Intangible Assets

Intangible assets are carried at cost less accumulated amortization and impairment in value, if any. Intangible assets, consisting mainly of software (not an integral part of its related hardware), are capitalized at cost. These costs are amortized on a straight-line basis over their estimated useful lives ranging from three (3) to five (5) years. Periods and method of amortization for intangible assets with finite useful lives are reviewed annually or earlier when an indicator of impairment exists.

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

Investment in a Subsidiary

Investment in a subsidiary is accounted for under the cost method less accumulated impairment losses, if any.

A subsidiary is an entity over which the Parent Company has control. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Parent Company recognizes revenue from the investment in profit or loss only to the extent that the Parent Company receives distributions from retained earnings of the investee arising after the date of acquisition. Dividends received from the investee in excess of accumulated net income from the acquisition date are regarded as a recovery of investment and are recognized as a reduction in the cost of investment.

Impairment of Non-Financial Assets

At each reporting date, the Parent Company assesses whether there is any indication that non-financial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Parent 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 for the cash generating unit to which the asset 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 to operations in the year in which it arises, unless the asset is carried at revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset.

For non-financial 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 periods. 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 in other comprehensive income. After such reversal, the depreciation and amortization expense are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining 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 is calculated on the basis of a stringent prospective actuarial valuation method where the assumptions used depend on the best estimates 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 IC.

Subsequently, new estimates are developed at each reporting date to determine whether the liabilities reflect the current experience. Improvements and significant deteriorations in estimates have an impact on the value of the liabilities.

Life insurance contracts with fixed and guaranteed terms
Premiums are recognized as revenue when they become due from the policyholders except for single premium business where the revenue is recognized when 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 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 discount rates as published by IC. The expected future cash flows are determined using the best estimate assumptions with margins for adverse deviation (MfAD) determined as prescribed by IC.

Changes in legal policy reserves due to increase (decrease) in discount rate would be recorded as 'Net change in remeasurement on life insurance reserves' under other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent periods.

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 and updated at each valuation date, as needed. MfAD is also included in the assumptions. For policies with contract horizons of a year or less than a year (such as yearly renewable riders and most group policies), 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 Parent 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 periods, when such revisions arise. Policy and contract claims payable forms part of the insurance contract liabilities section of the Parent Company statement of financial position.

Unit-linked Insurance Contracts

The Parent Company issues unit-linked insurance contracts. In addition to providing life insurance coverage, unit-linked contract links payments to units of unit-linked funds set up by the Parent Company with the consideration received from the policyholders. As allowed by PFRS 4, the Parent 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 premiums revenue. Consideration received from the policyholders that are transferred to the unit-linked funds is recognized as 'Subscriptions allocated to investment in unit-linked funds' in the Parent Company statement of comprehensive income. These are separated to fund assets from which the Parent Company withdraws administrative and cost of insurance charges in accordance with the policy provisions of the unit-linked insurance contracts. After deduction of these charges together with applicable surrender fees, the remaining amounts in the fund assets are equal to the surrender value of the unit-linked policies and are withdrawable anytime. The assets and liabilities of the unit-linked funds have been segregated and reflected in 'Assets held to cover unit-linked liabilities' and 'Unit-linked liabilities' in the parent company statement of financial position, respectively. Income or loss arising from the unit-linked funds are classified under 'Loss (gain) on assets held to cover unit-linked liabilities' in the statement of comprehensive income. Withdrawals or surrenders of unit-linked funds are presented as 'Increase (decrease) in unit-linked liabilities due to gain (loss) on assets held to cover unit-linked liabilities in the parent company statement of comprehensive income.

Investments under assets held to cover unit-linked liabilities are valued at market price. Changes in the assets held to cover unit-linked liabilities due to investment earnings or market value fluctuations result to the same corresponding change in the unit-linked liabilities. Such changes in fund value have no effect on the Parent Company's statement of comprehensive income. As of end of the reporting period, unit-linked liabilities are computed on the basis of the number of units allocated to the policyholders multiplied by the unit price of the underlying funds.

The 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 assets 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. This also includes provision for incurred but not reported losses.

Leases
The Parent Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the control the use of an identified asset for a period of time in exchange for consideration.

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

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

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

Short-term leases and leases of low-value asset
The Parent Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below ₱250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Company as a lessor
Leases where the lessor does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income.

Pension Benefit Obligation
Pension cost is actuarially determined using the projected unit credit method. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur. Pension cost includes service cost, net interest cost and remeasurement cost.

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

The net pension liability or asset recognized by the Parent Company in respect of its defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The present value of the defined benefit obligation, as computed by an independent actuary, is determined using a single weighted average discount rate that reflects the estimated timing and amount of benefit payments.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Parent Company nor can they be paid directly to the Parent Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Equity

Capital stock

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

Contributed surplus

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

Contingency surplus

Contingency surplus represents contributions of the stockholders to cover any unexpected deficiency in the Margin of Solvency (MOS) as required under the Insurance Code and can be withdrawn upon the approval of the IC.

Retained earnings

Retained earnings represent accumulated net income of the Parent Company less dividends declared.

Treasury stock
Own equity instruments which are acquired (treasury stocks) are deducted from equity and accounted for at cost. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. Voting rights related to treasury stocks are nullified for the Parent Company and no dividends are allocated to them.

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 Parent Company expects to be entitled in exchange for those services.

The Parent Company follows a five-step model to account for revenue arising from contracts with customers. The five-step model is as follows:
a. Identify the contract(s) with a customer
b. Identify the performance obligations in the contract
c. Determine the transaction price
d. Allocate the transaction price to the performance obligation in the contract
e. Recognize revenue when (or as) the entity satisfies a performance obligation

The Parent Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Parent 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:

Asset management fees
Unit-linked funds are charged for fund management and administration. These fees are recognized as revenue in the period in which the related services are rendered.

Other income
Other income is recognized in the profit or loss as it accrues when there is reasonable degree of certainty as to its collectability. This includes administrative fees and collections of shared service cost and shared administrative expenses.

Revenues outside the scope of PFRS 15

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

Interest income
For all financial instruments measured at amortized cost and interest-bearing financial instruments classified as AFS financial assets, interest income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. 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, future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount future cash flows for the purpose of measuring impairment loss.

For interest-bearing financial assets at FVPL, loans and receivables, cash and cash equivalents and short-term investments, interest income is recognized as it accrues.

Fair value gains
Fair value gains include gain and losses from changes in fair value of financial assets at FVPL.

Gain on sale of AFS financial asset
The unrealized gains and losses arising from the fair valuation of AFS financial assets.
The cumulative gain or loss previously recognized as other comprehensive income

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

Rental income
Rental income from investment properties is recognized on a straight-line basis over the lease term.

Benefits, Claims and Expenses Recognition

Benefits and claims
Benefits and claims consist of cost of all claims and benefits incurred during the period, which includes excess benefit claims for unit-linked contracts, as well as changes in the valuation of legal policy reserves and reserves for policyholders' dividends. Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due. Ceded reinsurance recoveries are accounted for in the same period as the underlying claim.

Interest expense
Interest expense on accumulated policyholders' dividends and premium deposit fund is recognized through profit or loss as it accrues and is calculated by using the effective interest rate method. Accrued interest is credited to the liability account every month.

Commission expense
Commission expense is recognized as incurred. Commissions are paid to agents and financial executives from selling individual and group policies. Rates applied on collected premiums vary depending on the type of product and payment terms of the contract. Referral fees are also paid in relation to the referrals made through the bancassurance business.

Taxes, operating and administrative and other expenses
Taxes, operating and administrative and other expenses are recognized in the parent company statement of comprehensive income as incurred.

Income Tax
Income tax for the year consists of current and deferred tax. Income tax is determined in accordance with Philippine tax laws. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or other comprehensive income. Tax on these items is recognized in equity or other comprehensive income. The Parent Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

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 this amount are those that are enacted or substantively enacted as of the reporting date.

Deferred tax
Deferred tax is provided, using the liability method, on all temporary differences, with certain exceptions, 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 excess of minimum corporate income tax (MCIT) over the regular corporate income tax 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 excess MCIT and NOLCO can be utilized.

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

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

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of end of the reporting period. Movements in the deferred tax assets and liabilities arising from changes in the rates are charged or credited to profit or loss for the period.

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

Provisions
Provisions are recognized when the Parent Company has a present obligation (legal or constructive) as a result of a past event, and when 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 discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Contingencies
Contingent liabilities are not recognized in the parent company 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 parent company financial statements but are disclosed when an inflow of economic benefits is probable.

In cases where disclosure of some or all of the information relating to the provisions, contingent assets and contingent liabilities can be expected to prejudice the position of the Parent Company, the Parent Company discusses only general information regarding the nature of the provision, contingent assets or contingent liabilities, as allowed by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

Events after the Reporting Date
Post period-end events that provide additional information about the Parent Company's financial position at the end of the reporting date (adjusting events) are reflected in the parent company financial statements. Post period-end events that are not adjusting events, if any, are disclosed when material to the parent company financial statements.

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

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16 , *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs* 2018-2020 Cycle
    - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
    - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*
    - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*
- 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

PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted. In line with this, the IC issued circular Memorandum Circular No. 2020-62 stating that the IC sees the need to provide support to the insurance industry and further defer the implementation of PFRS 17 two (2) years after the IASB implemented it.

The Parent Company is currently assessing the impact of adopting PFRS 17.

The Parent Company applies the exemption from applying PFRS 9 as permitted by the amendments to PFRS 4 *Applying PFRS 9 Financial Instruments with PFRS 4, Insurance Contracts* issued in September 2016. The temporary exemption permits the Parent Company to continue applying PAS 39 rather than PFRS 9 for annual periods beginning before January 1, 2022. The Parent Company concluded that it qualified for the temporary exemption from PFRS 9 because its activities are predominantly connected with insurance. As at December 31, 2015, the Parent Company's gross liabilities arising from contracts within the scope of PFRS 4 represented 87% of the total carrying amount of all its liabilities. Since December 31, 2015, there has been no change in the activities of the Parent Company that requires reassessment of the use of the temporary exemption.

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 Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (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.

3. Significant Accounting Judgments and Estimates

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

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

Judgments

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

Product classification

The Parent Company has determined that the traditional insurance policies and the unit-linked insurance policies have significant insurance risks and therefore meet the definition of insurance contracts 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. As a general guideline, the Parent Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

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 insurance risk becomes significant.

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

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

Leases - Company as a lessor

The Parent Company has entered into property leases on its investment property portfolio. The Parent Company has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Contingencies

The Parent Company is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with legal counsels handling the defense in these matters and is based upon an analysis of potential results. The Parent Company currently does not believe these proceedings will have a material adverse effect on the Parent Company's financial position. It is possible, however, that the results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

Uncertainties over income tax payments

The Parent Company applies significant judgement in identifying uncertainties over income tax treatments.

Since the Parent Company operates in a highly regulated environment, it assessed whether the Interpretation had an impact on its financial statements.

The Parent Company applies significant judgment whether it is probable that a particular uncertain income tax treatment will be acceptable to the taxation authority. The Parent Company considers the following:

- Past experience related to similar tax treatments
- Legal advice or case law related to other entities
- Practice guidelines published by the taxation authority that are applicable to the case

The Parent Company reassesses the judgement if the facts and circumstances on which the judgement was based change or as a result of new information that affects the judgement.

Estimates

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

Leases - estimating the incremental borrowing rate

The Parent 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 is the rate of interest that the Parent Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Parent Company ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Parent Company estimates the IBR using observable inputs such as market interest rates when available and is required to make certain entity-specific estimates.

The Parent Company’s lease liabilities amounted to ₱490.86 million and ₱513.31 million as of December 31, 2021 and 2020, respectively (see Note 26).

Valuation of legal policy reserves

In determining the legal policy reserves, estimates are made as to the expected number of deaths, illness or injury for each of the years in which the Parent Company is exposed to risk. These estimates are based on standard mortality and morbidity tables as required by the Code. The estimated number of deaths, illness or injury determines the value of possible future benefits to be paid out, which will be factored into ensuring sufficient cover by reserves, which in return is monitored against current and future premiums. Estimates are also made as to future investment income arising from the assets backing life insurance contracts. These estimates are based on current market returns, as well as expectations about future economic and financial developments.

In accordance with the provisions of the Code, estimates for future deaths, illness or injury and investment returns are determined at the inception of the contract and are used to calculate the liability over the term of the contract. Discount rate assumptions are based on current observed rates in the market and consistent with the discount rates published by IC. The key assumptions used in the valuation of legal policy reserves are detailed in Note 14.

The carrying values of legal policy reserves net of recoverable from reinsurers, shown as part of insurance contract liabilities, amounted to ₱6.29 billion and ₱7.48 billion as of December 31, 2021 and 2020, respectively (see Note 13).

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

The level of this allowance is evaluated by management on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, age of balances, financial status of counterparties, payment behavior and known market factors. The Parent 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 Parent 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 amount and timing of recorded expenses for any period would differ if the Parent Company made different judgments or utilized different estimates. An increase in allowance for credit and impairment losses would increase recorded expenses and decrease net income.

Insurance receivables consist of (see Note 5):

	2021	2020
Premiums due and uncollected	**₱154,969,592**	₱198,348,306
Recoverable from reinsurers	**198,363,109**	178,805,000
Due from reinsurers	**291,485,866**	158,906,463
	₱644,818,567	₱536,059,769

As of December 31, 2021 and 2020, the Parent Company determined that its insurance receivables are not impaired.

Loans and receivables consist of the following (see Note 6):

	2021	2020
Loans and receivables	**₱1,308,251,354**	₱1,121,781,746
Less allowance for credit and impairment losses	**26,579,864**	20,320,909
	₱1,281,671,490	₱1,101,460,837

Impairment of AFS financial assets
The Parent Company treats AFS equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is ‘significant’ or ‘prolonged’ requires judgment. The Parent Company treats ‘significant’ generally as 20% or more and ‘prolonged’ as greater than 12 months for quoted equity investments.

In addition, the Parent 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 amount and timing of recorded expenses for any period would differ if the Parent Company made different judgments or utilized different estimates. An increase in allowance for credit and impairment losses would increase recorded expenses and decrease net income. As of December 31, 2021 and 2020, the carrying value of AFS equity investments amounted to ₱30.78 million and ₱29.28 million, respectively (see Note 6).

Impairment of nonfinancial assets
The Parent Company assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amounts of assets may not be recoverable. The factors that the Parent Company considers important which could trigger an impairment review include the following:

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

The Parent Company recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is computed using the value in use approach. Recoverable amounts are estimated for individual assets or, if not possible, for the cash-generating unit to which the asset belongs.

The non-financial assets of the Parent Company are composed of its investment in subsidiary, property and equipment, intangible assets and right-of-use assets. The carrying value of the non-financial assets as of December 31, 2021 and 2020 are as follows:

	Notes	**2021**	2020
Investment in a subsidiary	7	**₱5,029,440,576**	₱5,029,440,576
Property and equipment - net	9	**667,195,201**	681,952,745
Intangible assets - net	11	**61,265,776**	40,993,650
Right-of-use assets - net	26	**444,909,683**	469,567,119

The Parent Company performed impairment assessment for its investment in subsidiary by computing for the recoverable amount of CPAIC's cash generating unit (CGU) and comparing it to the carrying value of the investment. The recoverable amount was based on value-in-use calculations using cash flow projections from financial budgets approved by management covering nine years.

The projections are most sensitive to the following assumptions:

	2021	2020
Long term growth rate	**8.68%**	8.68%
Discount rate	**9.93%**	9.00%
Premium growth rate	**1.45% - 18.29%**	8.98% - 15.66%
Gross claims ratio	**41.80% - 42.94%**	45.31% - 47.93%

Management considered in its projections the growth to be derived from focusing on the profitable lines of business (i.e., residential property and motor car), pruning accounts with high risk of incurring losses based on historical experience and increased penetration to its affiliates and related parties. The management expects these plans to materialize starting 2023.

No impairment on investment in a subsidiary was recognized for the years ended December 31, 2021 and 2020 (see Note 7).

As of December 31, 2021 and 2020, the Parent Company did not recognize any impairment losses on its property and equipment, intangible assets and right-of-use assets.

Recognition of 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 Parent Company recognized deferred tax assets amounting to ₱598.43 million and ₱1.04 billion as of December 31, 2021 and 2020, respectively, as the Parent Company believes sufficient taxable income will allow these deferred tax assets to be utilized (see Note 23).

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

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

While the Parent 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 22 for the details of assumptions used in the calculation.

The carrying value of net pension liabilities as of December 31, 2021 and 2020 amounted to ₱204.31 million and ₱183.84 million, respectively (see Note 22).

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

Accrued incentives and bonuses included under 'Trade and Other Liabilities' amounted to ₱484.36 million and ₱314.72 million as of December 31, 2021 and 2020, respectively (see Note 16).

4. Cash and Cash Equivalents

This account consists of:

	2021	2020
Petty cash fund	**₱243,000**	₱337,708
Cash in banks	**1,964,945,110**	1,584,365,107
Cash equivalents	**2,830,781,367**	1,638,730,195
	₱4,795,969,477	₱3,223,433,010

Cash in banks earn interest at the prevailing bank deposit rates that ranged from 0.05% to 0.40% and 0.10% to 0.25% in 2021 and 2020, respectively. Cash equivalents are made for varying periods not exceeding three months depending on the immediate cash requirements of the Parent Company and earned interest at the prevailing short-term deposit rates that ranged from 0.13% to 0.58% and 0.13% to 3.25% in 2021 and 2020, respectively.

Interest income from cash and cash equivalents amounted to ₱14.03 million and ₱31.50 million in 2021 and 2020, respectively (see Note 19). Interest receivable as of December 31, 2021 and 2020 amounted to ₱0.51 million and ₱0.31 million, respectively (see Note 10).

5. Insurance Receivables

This account consists of:

	Note	2021	2020
Due from reinsurers		**₱291,485,866**	₱158,906,463
Recoverable from reinsurers	13	**198,363,109**	178,805,000
Premiums due and uncollected	25	**154,969,592**	198,348,306
		₱644,818,567	₱536,059,769

Due from reinsurers pertains to amounts recoverable from the reinsurers in respect of claims already incurred and paid by the Parent Company which are due and demandable.

Recoverable from reinsurers pertains to amounts expected to be recovered in respect of the legal policy reserves of the Parent Company (see Note 13).

Premiums due and uncollected pertains to premiums receivable from policyholders that are due within the grace period (see Note 25).

The following table shows aging information of insurance receivables:

	December 31, 2021							
	< 30 days	30 – 60 days	61 – 120 days	121 – 180 days	181-360 days	> 360 days	No term	Total
Premiums due and uncollected	₱86,472,565	₱32,857,164	₱13,425,909	₱6,428,924	₱15,785,030	₱–	₱–	₱154,969,592
Recoverable from reinsurers	–	–	–	–	–	–	198,363,109	198,363,109
Due from reinsurers	19,982,453	37,256,807	31,345,042	74,207,237	73,099,060	55,595,267	–	291,485,866
	₱106,455,018	₱70,113,971	₱44,770,951	₱80,636,161	₱88,884,090	₱55,595,267	₱198,363,109	₱644,818,567

	December 31, 2020							
	< 30 days	30 – 60 days	61 – 120 days	121 – 180 days	181-360 days	> 360 days	No term	Total
Premiums due and uncollected	₱86,447,120	₱61,861,550	₱26,343,366	₱11,054,305	₱12,641,965	₱–	₱–	₱198,348,306
Recoverable from reinsurers	–	–	–	–	–	–	178,805,000	178,805,000
Due from reinsurers	1,280,536	4,405,458	45,942,698	23,379,094	13,458,477	70,440,200	–	158,906,463
	₱87,727,656	₱66,267,008	₱72,286,064	₱34,433,399	₱26,100,442	₱70,440,200	₱178,805,000	₱536,059,769

Management performed assessment of impairment for its insurance receivables. For the years ended December 31, 2021 and 2020, management assessed that no provision for impairment is necessary.

6. **Financial Assets**

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

	2021	2020
Financial assets at FVPL	**₱1,995,626,150**	₱1,981,685,067
AFS financial assets	**12,233,220,135**	13,705,586,986
Loans and receivables - net	**1,281,671,490**	1,101,460,837
	₱15,510,517,775	₱16,788,732,890

As of December 31, 2021 and 2020, the financial assets at FVPL are designated by management as at FVPL on initial recognition.

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

Financial assets at FVPL

	Note	**2021**	2020
Listed equity securities		**₱1,576,408,983**	₱1,442,986,742
Investment in unit-linked funds	12	**168,213,645**	83,927,308
Government debt securities		**158,565,692**	175,283,632
Unit investment trust funds		**92,437,830**	279,487,385
		₱1,995,626,150	₱1,981,685,067

Dividend income from listed equity securities classified by the Parent Company as financial assets at FVPL amounted to ₱27.73 million and ₱24.71 million in 2021 and 2020, respectively (see Note 19). As of December 31, 2021 and 2020, dividend receivable amounted to ₱0.10 million and ₱0.67 million, respectively (see Note 10).

Investment in unit investment trust funds (UITFs) classified as financial assets at FVPL are ready-made investments that allow the pooling of funds from different investors with similar investment objectives. These funds are managed by professional fund managers and are invested in various financial instruments such as money market securities, bonds and equities, which are normally available to bigger investors only. As of December 31, 2021, the Parent Company owns 66,346,747 outstanding number of units with cost and net asset value of ₱86.18 million and ₱92.44 million, respectively. As of December 31, 2020, the Parent Company owns 237,041,332 outstanding number of units with cost and net asset value of ₱270.56 million and ₱279.49 million, respectively.

Investments in government debt securities classified as financial assets at FVPL bear interest ranging from 8.50% to 10.25% in both 2021 and 2020. As of December 31, 2021 and 2020, interest receivable on financial assets at FVPL amounted to ₱3.25 million (see Note 10). Interest income classified by the Parent Company as FVPL amounted to ₱12.45 million in both 2021 and 2020 (see Note 19).

AFS financial assets

	2021	2020
Government debt securities	**₱10,704,446,564**	₱11,822,243,799
Corporate debt securities	**1,497,998,571**	1,854,068,187
Golf club shares	**30,775,000**	29,275,000
	₱12,233,220,135	₱13,705,586,986

Investments in government and corporate debt securities classified as AFS financial assets bear interest ranging from 3.60% to 18.25% and 3.92% to 18.25% in 2021 and 2020, respectively.

The carrying values of financial assets at FVPL and AFS financial assets have been determined as follows:

	Financial Assets at FVPL	**AFS Financial Assets**	**Total**
At January 1, 2021	**₱1,981,685,067**	**₱13,705,586,986**	**₱15,687,272,053**
Additions	**291,567,422**	**4,961,390,305**	**5,252,957,727**
Disposals/maturities	**(285,111,635)**	**(5,256,126,000)**	**(5,541,237,635)**
Fair value gains (losses)	**7,485,296**	**(1,132,607,281)**	**(1,125,121,985)**
Amortization of premium	**–**	**(45,023,875)**	**(45,023,875)**
At December 31, 2021	**₱1,995,626,150**	**₱12,233,220,135**	**₱14,228,846,285**

	Financial Assets at FVPL	AFS Financial Assets	Total
At January 1, 2020	₱2,017,978,394	₱11,115,743,912	₱13,133,722,306
Additions	1,178,108,514	7,196,423,494	8,374,532,008
Disposals/maturities	(1,113,739,894)	(5,317,930,569)	(6,431,670,463)
Fair value gains (losses)	(100,661,947)	724,066,069	623,404,122
Amortization of premium	–	(12,715,920)	(12,715,920)
At December 31, 2020	₱1,981,685,067	₱13,705,586,986	₱15,687,272,053

Interest income from corporate and government debt securities classified by the Parent Company as AFS financial assets amounted to ₱643.37 million and ₱634.36 million in 2021 and 2020, respectively (see Note 19). Interest receivable as of December 31, 2021 and 2020 amounted to ₱185.51 million and ₱177.92 million, respectively (see Note 10).

As of December 31, 2021 and 2020, government securities classified under AFS financial assets totaling ₱237.50 million for both periods, are deposited with the IC in accordance with the provisions of the Code as security for the benefit of policyholders and creditors of the Parent Company.

Loans and receivables

	Notes	**2021**	2020
Intercompany receivables	12, 25	**₱629,306,053**	₱557,458,770
Policy loans		**317,309,276**	319,413,368
Due from unit-linked funds	12	**192,554,916**	162,039,270
Due from agents		**101,609,000**	21,527,080
Due from officers and employees	25	**60,244,156**	55,020,164
Other receivables		**7,227,953**	6,323,094
		1,308,251,354	1,121,781,746
Less allowance for credit and impairment losses		**26,579,864**	20,320,909
		₱1,281,671,490	₱1,101,460,837

Policy loans pertain to loans granted to policyholders. The loan is granted with the cash surrender value of the policyholder's insurance policy as collateral. Interest rates on peso and dollar policy loans are granted at 9.00% and 7.00% in 2021 and 10.00% and 8.00% in 2020.

Due from unit-linked funds pertains to redemptions of units held by policyholders from unit-linked investments advanced by the Parent Company. These are due and collected within one to two days from the unit-linked funds through the fund custodian.

Due from officers and employees include secured interest-bearing loans pertaining to salary loans, and other unsecured non-interest-bearing loans and advances granted to the Parent Company's officers and employees. The interest rate on interest-bearing loans is 8.00% in both 2021 and 2020. The Parent Company's loans to officers and employees are secured by promissory note.

Due from agents are interest bearing accounts which pertain to receivable owed by certain agents that are due within one year. Interest rates on interest-bearing loans is at 12.00% and 8.00% to 12.00% in 2021 and 2020, respectively, and are secured by promissory note.

Other receivables are non-interest-bearing accounts which pertain to receivables owed by employees other than those covered in due from officers and employees account, such as payroll adjustments, cash advances and SSS loans, which are due within one year. Interest income from loans and receivables amounted to ₱36.04 million and ₱39.97 million 2021 and 2020, respectively (see Note 19). As of December 31, 2021 and 2020, interest receivable from loans and receivable amounted to ₱12.66 million and ₱13.96 million, respectively (see Note 10).

In 2020, the Parent Company implemented a 90-day grace period for all loans with principal and/or interest falling due within the ECQ Period without incurring interest on interest, penalties, fees and other charges. Based on the Parent Company's assessment, the modifications in the contractual cash flows as a result of the relief are not substantial and therefore do not result in the derecognition of the affected financial assets. The impact of the modification is not material to the Parent Company.

The rollforward of the changes in the allowance for credit and impairment losses on loans and receivables follows:

	Notes	Due from Officers and Employees	Due from Agents	Other Receivables	Total
At January 1, 2020		**₱13,299,985**	**₱6,390,145**	**₱1,438,557**	**₱21,128,687**
Write-off/Others		**–**	**(807,778)**	**–**	**(807,778)**
At December 31, 2020		**13,299,985**	**5,582,367**	**1,438,557**	**20,320,909**
Write-off/Others		**(307,368)**	**(2,068,627)**	**–**	**(2,375,995)**
Provision for credit and impairment losses	21	**7,059,605**	**–**	**1,575,345**	**8,634,950**
At December 31, 2021		**20,052,222**	**3,513,740**	**3,013,902**	**26,579,864**
Specific allowance		**₱20,052,222**	**₱3,513,740**	**₱3,013,902**	**₱26,579,864**

7. Investment in a Subsidiary

On April 4, 2016, the Parent Company acquired 5,124,975 shares of stock of Charter Ping An Insurance Corporation (CPAIC or the "Subsidiary") amounting to ₱2.10 billion representing 100% of its total shares. CPAIC is presently engaged in the business of nonlife insurance which includes fire, motor, car, marine hull, marine cargo, personal accident insurance and other products that are permitted to be sold by a nonlife insurance company in the Philippines.

The Subsidiary's principal place of business is at 29th Floor, GT Tower International, 6813 Ayala Avenue, Makati City.

On November 28 and December 23, 2016, the Parent Company made capital infusion to CPAIC amounting to ₱1.50 billion and ₱0.30 billion, respectively. Subsequently on May 15, September 17, and December 4, 2019, the Parent Company made an additional capital infusion of ₱300.00 million,

₱410.00 million and ₱760.00 million, respectively. These were made for CPAIC to meet its minimum capital requirement and risk-based capital (RBC) ratio as required by the Insurance Code.

For the years ended December 31, 2021 and 2020, the Parent Company did not recognize any impairment loss on its investment in a subsidiary. As of December 31, 2021 and 2020, the carrying value of the investment in a subsidiary amounted to ₱5.03 billion.

Financial information of CPAIC are as follows:

	2021	2020
Total assets	**₱11,414,275,818**	₱11,604,524,168
Total liabilities	**9,164,368,665**	8,775,308,445
Total equity	**2,249,907,153**	2,829,215,723
Total comprehensive income (loss)	**(579,308,570)**	197,636,464

8. Investment Properties

The rollforward analyses of this account follow:

Residential and Condominium Units	**2021**	2020
Cost		
Beginning and end of the year	**₱16,285,068**	₱16,285,068
Accumulated Depreciation		
Beginning and end of the year	**16,285,068**	16,285,068
Net book value	**₱–**	₱–

As of December 31, 2021 and 2020, the investment properties have a total fair value of ₱13.00 million and ₱12.71 million, respectively. The values were arrived using the market approach. This approach requires establishing of comparable property by reducing reasonable comparative sales and offerings to a common denominator. This is done by adjusting the differences between the property and those sales and listings regarded as comparable. The fair values of the properties are based on valuations performed by Colliers International Philippines, Inc., an accredited independent appraiser, on December 31, 2021. Colliers International Philippines, Inc. is a specialist in valuing these types of investment properties.

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

December 31, 2021

Valuation techniques	**Level**	**Significant unobservable inputs**	**Range**
Market Approach	3	Estimated Computed Value per square meter	₱88,000 per square meter

December 31, 2020

Valuation techniques	Level	Significant unobservable inputs	Range
Market Approach	3	Estimated Computed Value per square meter	₱86,000 per square meter

The Parent Company has determined that the highest and best use of its investment properties is for commercial utilization. The Parent Company has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Rental income amounted to ₱6.24 million and ₱1.41 million in 2021 and 2020, respectively (see Note 19). In 2021 and 2020, there are no direct operating expenses incurred in relation to the Parent Company's investment properties.

9. Property and Equipment

The rollforward analyses of this account follow:

	December 31, 2021					
	Building	**Leasehold Improvements**	**Transportation Equipment**	**Computer Equipment**	**Furniture and Equipment**	**Total**
Cost						
At January 1	**₱160,744,831**	**₱735,111,030**	**₱14,828,583**	**₱705,074,835**	**₱152,707,764**	**₱1,768,467,043**
Additions	**–**	**71,835,087**	**4,349,239**	**146,211,428**	**13,964,463**	**236,360,217**
Reclassification	**–**	**–**	**(240,000)**	**–**	**–**	**(240,000)**
At December 31	**160,744,831**	**806,946,117**	**18,937,822**	**851,286,263**	**166,672,227**	**2,004,587,260**
Accumulated Depreciation						
At January 1	**129,195,590**	**364,059,040**	**14,608,952**	**487,366,442**	**91,284,274**	**1,086,514,298**
Depreciation (Note 21)	**4,601,757**	**104,967,245**	**665,151**	**121,675,907**	**19,207,701**	**251,117,761**
Reclassification	**–**	**–**	**(240,000)**	**–**	**–**	**(240,000)**
At December 31	**133,797,347**	**469,026,285**	**15,034,103**	**609,042,349**	**110,491,975**	**1,337,392,059**
Net Book Value	**₱26,947,484**	**₱337,919,832**	**₱3,903,719**	**₱242,243,914**	**₱56,180,252**	**₱667,195,201**

	December 31, 2020					
	Building	Leasehold Improvements	Transportation Equipment	Computer Equipment	Furniture and Equipment	Total
Cost						
At January 1	₱160,744,831	₱566,701,954	₱15,942,326	₱528,736,429	₱118,986,173	₱1,391,111,713
Additions	–	171,895,542	–	176,338,406	34,967,860	383,201,808
Write-off	–	(3,486,466)	(1,113,743)	–	(1,246,269)	(5,846,478)
At December 31	160,744,831	735,111,030	14,828,583	705,074,835	152,707,764	1,768,467,043
Accumulated Depreciation						
At January 1	124,593,838	277,071,387	15,296,731	386,357,241	80,029,425	883,348,622
Depreciation (Note 21)	4,601,752	90,474,119	425,964	101,009,201	12,501,118	209,012,154
Write-off	–	(3,486,466)	(1,113,743)	–	(1,246,269)	(5,846,478)
At December 31	129,195,590	364,059,040	14,608,952	487,366,442	91,284,274	1,086,514,298
Net Book Value	₱31,549,241	₱371,051,990	₱219,631	₱217,708,393	₱61,423,490	₱681,952,745

The cost of fully depreciated property and equipment still being used amounted to ₱804.84 million and ₱628.67 million as of December 31, 2021 and 2020, respectively.

10. Accrued Income

This account consists of:

	Notes	2021	2020
Interest receivable on:			
AFS financial assets	6	**₱185,512,015**	₱177,916,141
Loans and receivables	6	**12,656,665**	13,961,315
Financial assets at FVPL	6	**3,254,222**	3,254,222
Cash and cash equivalents	4	**507,465**	311,403
Dividends receivable	6	**101,929**	674,134
		₱202,032,296	₱196,117,215

11. Intangible Assets

The rollforward analyses for this account follow:

	Note	2021	2020
Cost			
At January 1		**₱132,387,708**	₱114,291,359
Additions		**28,842,370**	18,096,349
At December 31		**161,230,078**	132,387,708
Accumulated Amortization			
At January 1		**91,394,058**	85,546,013
Amortization	21	**8,570,244**	5,848,045
At December 31		**99,964,302**	91,394,058
Net Book Value		**₱61,265,776**	₱40,993,650

Intangible assets pertain to computer software purchased from third parties and internally-generated software.

12. Assets Held to Cover Unit-Linked Liabilities / Unit-Linked Liabilities

Assets held to cover unit-linked liabilities consist of:

	Notes	2021	2020
Net asset values of the unit-linked funds		**₱141,911,498,177**	₱117,991,539,482
Subscriptions subsequently transferred to unit-linked funds	16	**231,924,108**	567,445,675
Investment in unit-linked funds under financial assets at FVPL	6	**(168,213,645)**	(83,927,308)
		₱141,975,208,640	₱118,475,057,849

The Parent Company is entitled to an asset management fee equivalent to 1.30% to 2.33% per annum both on December 31, 2021 and 2020, based on the net asset value of the unit-linked funds. The Parent Company's 'Asset management fees' from unit-linked funds amounted to ₱2.46 billion and ₱1.93 billion for the years ended December 31, 2021 and 2020, respectively. Asset management fees receivable included in 'Intercompany receivables' under 'Loans and receivables' amounted to ₱259.62 million and ₱217.40 million as of December 31, 2021 and 2020, respectively (see Note 6).

Investment in unit-linked funds under financial assets at FVPL pertains to the seed capital invested by the Parent Company. The unit-linked funds' net assets consist of:

	2021	2020
Assets		
Cash and cash equivalents		
Cash in banks	**₱3,127,018,100**	₱3,501,906,831
Cash equivalents	**475,635,752**	375,526,752
Financial assets at FVPL		
Debt securities	**10,264,389,221**	11,556,708,149
Equity securities	**61,624,005,381**	67,374,691,689
Exchange-traded funds	**51,397,034,189**	25,825,963,612
Unit investment trust funds	**15,723,068,246**	9,981,899,486
Investment income due and accrued	**196,224,712**	199,838,728
Accounts receivable	**42,122,517**	43,617,760
	142,849,498,118	118,860,153,007
Liabilities		
Accounts payable	**539,224,114**	541,195,136
Accrued expense	**398,775,827**	327,418,389
	937,999,941	868,613,525
	₱141,911,498,177	₱117,991,539,482

2021	1 GLOBAL ADVANTAGE FUND (GAF)	2 CHINESE TYCOON FUND (CEQY)	3 WEALTH EQUITY FUND (EQTY)	4 PESO GLOBAL ADVANTAGE FUND (PGAF)	5 WEALTH BALANCED FUND (BALF)	6 OPPORTUNITY FUND (OPPT)	7 GROWTH DYNAMIC ALLOCATION FUND (GDAF)	8 PREMIUM BOND FUND (APPB)	9 MULTI ASSET DYNAMIC ALLOCATION FUND (MDAF)	10 PESO GROWTH DYNAMIC ALLOCATION FUND (PGDAF)
Assets										
Cash and cash equivalents										
Cash in banks	₱1,157,721,288	₱246,046,508	₱233,814,430	₱416,460,327	₱370,335,465	₱195,135,001	₱116,894,204	₱49,549,049	₱25,167,099	₱37,137,385
Cash equivalents	–	–	–	–	–	–	–	76,728,416	–	–
Financial assets at FVPL										
Debt securities	–	–	–	–	3,856,533,857	–	–	3,862,786,935	–	–
Equity securities	–	33,309,538,597	14,867,325,472	–	3,915,471,618	7,731,595,306	–	–	–	–
Exchange-traded funds	38,379,398,119	–	–	11,779,614,047	–	–	–	–	–	–
Unit investment trust	–	2,272,051	1,137,478	–	204,886,868	7,340,423	7,829,958,964	5,102,766	3,168,196,491	1,764,424,168
Investment income due and accrued	35,553,639	3,694,168	4,664,094	13,610,361	38,750,982	2,497,670	–	65,057,528	–	–
Accounts receivable	5,658,926	6,876,070	20,279,658	49,994	1,079,728	214,171	–	144,341	–	(2,963)
	39,578,331,972	33,568,427,394	15,127,221,132	12,209,734,729	8,387,058,518	7,936,782,571	7,946,853,168	4,059,369,035	₱3,193,363,590	1,801,558,590
Liabilities										
Accounts payable	20,199,065	48,475,878	5,264,395	294,841,460	4,664,500	3,067,463	85,316,998	455,257	18,223,111	46,898,280
Accrued expense	115,177,367	92,740,676	32,964,454	24,175,127	19,187,272	20,530,507	14,206,612	27,182,046	4,967,078	3,656,578
	135,376,432	141,216,554	38,228,849	319,016,587	23,851,772	23,597,970	99,523,610	27,637,303	23,190,189	50,554,858
	₱39,442,955,540	₱33,427,210,840	₱15,088,992,283	₱11,890,718,142	₱8,363,206,746	₱7,913,184,601	₱7,847,329,558	₱4,031,731,732	₱3,170,173,401	₱1,751,003,732

2021	11 WEALTH BOND FUND (BOND)	12 CAPITAL INVESTMENT FUND (APCI)	13 PESO LIQUIDITY FUND (PPLF)	14 ASIA GROWTH FUND (AGF)	15 STABLE DYNAMIC ALLOCATION FUND (SDAF)	16 EQUITY FUND (RS EQ)	17 SPANISH AMERICAN LEGACY FUND (SEQY)	18 PESO MULTI-ASSET DYNAMIC ALLOCATION FUND (PMDAF)
Assets								
Cash and cash equivalents								
Cash in banks	₱36,663,812	₱96,939,804	₱–	₱45,250,962	₱1,179,578	₱16,437,812	₱40,170,913	₱6,264,726
Cash equivalents	–	398,907,336	–	–	–	–	–	–
Financial assets at FVPL								
Debt securities	1,434,410,220	729,976,646	–	–	–	–	–	–
Equity securities	–	–	–	–	–	959,996,846	840,077,542	–
Exchange-traded funds	–	–	–	1,049,052,169	–	–	–	–
Unit investment trust	9,126,461	5,102,768	1,141,322,368	–	1,010,141,530	–	2,143,780	391,279,586
Investment income due and accrued	13,745,560	12,007,100	–	1,757,174	–	–	489,297	–
Accounts receivable	297,193	23,983	–	53,671	5,702,025	–	158,180	(5,632)
	1,494,243,246	1,242,957,637	1,141,322,368	1,096,113,976	1,017,023,133	976,434,658	883,039,712	397,538,680
Liabilities								
Accounts payable	223,736	133,210	416,960	208,635	7,753,036	(139,353)	88,095	2,821,310
Accrued expense	3,332,360	4,155,913	–	8,738,356	1,472,588	16,707,345	2,558,191	689,610
	3,556,096	4,289,123	416,960	8,946,991	9,225,624	16,567,992	2,646,286	3,510,920
	₱1,490,687,150	₱1,238,668,514	₱1,140,905,408	₱1,087,166,985	₱1,007,797,509	₱959,866,666	₱880,393,426	₱394,027,760

2021	19 GOVERNMENT BOND FUND (RS GOV)	20 EUROPEAN WEALTH FUND (EWF)	21 3GXCEED B26 FUND (BD26)	22 PESO STABLE DYNAMIC ALLOCATION FUND (PSDAF)	23 CORPORATE BOND FUND (RS CORP)	24 MONEY MARKET FUND (RS MM)	Total
Assets							
Cash and cash equivalents							
Cash in banks	₱9,438,779	₱12,250,723	₱10,518,116	₱2,004,021	₱1,181,222	₱456,876	₱3,127,018,100
Cash equivalents	–	–	–	–	–	–	475,635,752
Financial assets at FVPL							
Debt securities	268,515,841	–	112,165,722	–	–	–	10,264,389,221
Equity securities	–	–	–	–	–	–	61,624,005,381
Exchange-traded funds	–	188,969,854	–	–	–	–	51,397,034,189
Unit investment trust	–	–	–	87,063,701	68,139,527	25,429,316	15,723,068,246
Investment income due and accrued	2,424,195	–	1,972,944	–	–	–	196,224,712
Accounts receivable	–	53,525	1,809	1,537,838	–	–	42,122,517
	280,378,815	201,274,102	124,658,591	90,605,560	69,320,749	25,886,192	142,849,498,118
Liabilities							
Accounts payable	–	200,606	–	14,106	5,599	91,767	539,224,114
Accrued expense	718,538	4,103,578	1,209,268	131,088	168,722	2,553	398,775,827
	718,538	4,304,184	1,209,268	145,194	174,321	94,320	937,999,941
	₱279,660,277	₱196,969,918	₱123,449,323	₱90,460,366	₱69,146,428	₱25,791,872	₱141,911,498,177

2020	1 GLOBAL ADVANTAGE FUND (GAF)	2 CHINESE TYCOON FUND (CEQY)	3 WEALTH EQUITY FUND (EQTY)	4 WEALTH BALANCED FUND (BALF)	5 OPPORTUNITY FUND (OPPT)	6 PESO GLOBAL ADVANTAGE FUND (PGAF)	7 GROWTH DYNAMIC ALLOCATION FUND (GDAF)	8 PREMIUM BOND FUND (APPB)	9 MULTI ASSET DYNAMIC ALLOCATION FUND (MDAF)	10 PESO GROWTH DYNAMIC ALLOCATION FUND (PGDAF)
Assets										
Cash and cash equivalents										
Cash in banks	₱1,611,475,709	₱449,073,041	₱83,339,619	₱240,025,083	₱430,155,551	₱13,410,507	₱64,031,161	₱86,882,722	₱22,269,084	₱1,694,515
Cash equivalents	–	–	–	–	–	–	–	24,169,798	–	–
Financial assets at FVPL										
Debt securities	–	–	–	4,357,913,518	–	–	–	4,264,841,683	–	–
Equity securities	–	39,240,503,427	15,009,541,160	4,165,969,915	7,589,244,057	–	–	–	–	–
Exchange-traded funds	24,467,761,560	–	–	–	–	264,877,741	–	–	–	–
Unit investment trust	–	2,252,355	1,128,250	203,226,335	107,839,751	–	4,941,797,356	–	2,050,622,487	43,751,558
Investment income due and accrued	32,085,822	13,787,666	6,430,168	40,179,760	3,081,201	406,596	–	69,514,984	–	–
Accounts receivable	5,327,927	1,092,166	354,232	1,079,727	197,566	17,015,734	–	135,918	–	244,914
	26,116,651,018	39,706,708,655	15,100,793,429	9,008,394,338	8,130,518,126	295,710,578	5,005,828,517	4,445,545,105	2,072,891,571	45,690,987
Liabilities										
Accounts payable	369,488,998	37,359,454	15,284,344	13,075,420	8,201,309	36,771	10,585,670	1,385,397	19,046,720	–
Accrued expense	67,624,212	113,476,252	32,861,803	20,608,091	21,018,756	410,873	9,254,663	26,887,391	3,214,481	71,104
	437,113,210	150,835,706	48,146,147	33,683,511	29,220,065	447,644	19,840,333	28,272,788	22,261,201	71,104
	₱25,679,537,808	₱39,555,872,949	₱15,052,647,282	₱8,974,710,827	₱8,101,298,061	₱295,262,934	₱4,985,988,184	₱4,417,272,317	₱2,050,630,370	₱45,619,883

2020	11 WEALTH BOND FUND (BOND)	12 PESO LIQUIDITY FUND (PPLF)	13 CAPITAL INVESTMENT FUND (APCI)	14 ASIA GROWTH FUND (AGF)	15 STABLE DYNAMIC ALLOCATION FUND (SDAF)	16 EQUITY FUND (RS EQ)	17 SPANISH AMERICAN LEGACY FUND (SEQY)	18 PESO MULTI-ASSET DYNAMIC ALLOCATION FUND (PMDAF)
Assets								
Cash and cash equivalents								
Cash in banks	₱108,490,446	₱–	₱193,504,768	₱51,737,369	₱51,383,078	₱4,694,383	₱35,964,321	₱1,361,996
Cash equivalents	–	–	351,356,954	–	–	–	–	–
Financial assets at FVPL								
Debt securities	1,611,346,677	–	776,890,801	–	–	–	–	–
Equity securities	–	–	–	–	–	619,330,228	750,102,902	–
Exchange-traded funds	–	–	–	909,631,620	–	–	–	–
Unit investment trust	9,052,618	1,514,684,996	–	–	1,029,372,110	–	2,129,341	12,265,364
Investment income due and accrued	13,173,231	–	12,587,866	1,654,635	–	272,061	582,214	–
Accounts receivable	297,192	–	22,583	50,357	–	12,260,690	151,280	372,699
	1,742,360,164	1,514,684,996	1,334,362,972	963,073,981	1,080,755,188	636,557,362	788,930,058	14,000,059
Liabilities								
Accounts payable	1,434,544	679,903	2,393,570	807,051	45,409,263	15,712,265	294,457	–
Accrued expense	3,863,433	84,524	4,478,783	8,037,060	1,424,102	1,714,422	2,277,545	16,394
	5,297,977	764,427	6,872,353	8,844,111	46,833,365	17,426,687	2,572,002	16,394
	₱1,737,062,187	₱1,513,920,569	₱1,327,490,619	₱954,229,870	₱1,033,921,823	₱619,130,675	₱786,358,056	₱13,983,665

2020	19 GOVERNMENT BOND FUND (RS GOV)	20 EUROPEAN WEALTH FUND (EWF)	21 3GXCEED B26 FUND (BD26)	22 CORPORATE BOND FUND (RS CORP)	23 PESO STABLE DYNAMIC ALLOCATION FUND (PSDAF)	24 MONEY MARKET FUND (RS MM)	25 3GXCEED B21 FUND (BD21)	26 3GXCEED B21 DOLLAR FUND (DB21)	Total
Assets									
Cash and cash equivalents									
Cash in banks	₱15,367,676	₱13,670,922	₱6,800,733	₱345,782	₱1,705,709	₱140,329	₱8,067,656	₱6,314,671	₱3,501,906,831
Cash equivalents	–	–	–	–	–	–	–	–	375,526,752
Financial assets at FVPL									
Debt securities	174,504,934	–	124,044,025	–	–	–	155,165,649	92,000,862	11,556,708,149
Equity securities	–	–	–	–	–	–	–	–	67,374,691,689
Exchange-traded funds	–	183,692,691	–	–	–	–	–	–	25,825,963,612
Unit investment trust	–	–	–	45,846,627	1,218,699	16,711,639	–	–	9,981,899,486
Investment income due and accrued	1,669,607	–	2,048,500	–	–	–	681,051	1,683,366	199,838,728
Accounts receivable	3,610,303	50,357	–	902,576	–	342,318	106,268	2,953	43,617,760
	195,152,520	197,413,970	132,893,258	47,094,985	2,924,408	17,194,286	164,020,624	100,001,852	118,860,153,007
Liabilities									
Accounts payable	–	–	–	–	–	–	–	–	541,195,136
Accrued expense	578,914	3,927,586	1,244,304	173,764	2,904	123,501	1,500,072	2,543,455	327,418,389
	578,914	3,927,586	1,244,304	173,764	2,904	123,501	1,500,072	2,543,455	868,613,525
	₱194,573,606	₱193,486,384	₱131,648,954	₱46,921,221	₱2,921,504	₱17,070,785	₱162,520,552	₱97,458,397	₱117,991,539,482

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.

Debt securities
Debt securities bear interest ranging from 1.38% to 10.63% as of December 31, 2021 and 2020.

Equity securities
Equity securities includes quoted equity securities traded in the Philippine Stock Exchange.

Exchange-traded funds
Investment in exchange-traded funds (ETFs) classified as financial assets at FVPL are investment funds traded on stock exchanges, on which it trades close to its net asset value over the course of the trading day. As of December 31, 2021, the cost and net asset values of the investment in ETFs amounted to ₱29.05 billion and ₱51.40 billion, respectively. As of December 31, 2020, the cost and net asset values of the investment in ETFs amount to ₱12.33 billion and ₱25.83 billion, respectively.

Unit investment trust funds
Investment in unit investment trust funds (UITFs) classified as financial assets at FVPL are ready-made investments that allow the pooling of funds from different investors with similar investment objectives. These funds are managed by professional fund managers and are invested in various financial instruments such as money market securities, bonds and equities, which are normally available to bigger investors only. As of December 31, 2021, the cost and net asset values of the investment in UITFs amounted to ₱13.14 billion and ₱15.72 billion, respectively. As of December 31, 2020, the cost and net asset values of the investment in UITFs amounted to ₱9.72 billion and ₱9.98 billion, respectively.

Interest receivable
Interest receivable pertains to interest accrued on short-term deposits and government debt securities.

Dividend receivable
Dividend receivable pertains to dividends accrued on listed equity securities.

Accounts receivable
Accounts 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. This also includes subscriptions from unit holders.

Accounts payable
Accounts payable pertains 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. This also includes redemptions payable to unit holders amounting to ₱192.55 million and ₱162.04 million as of December 31, 2021 and 2020, respectively (see Note 6).

Asset management fees payable and service fees payable
Unit-linked funds were established through a Service Level Agreement (SLA) between the unit-linked funds and Metropolitan Bank and Trust Company (MBTC). Under the SLA, MBTC shall manage the unit-linked funds faithfully in accordance with the terms and conditions of the SLA. The Parent Company is entitled to an asset management fee equivalent to 0.34% to 2.61% per annum in 2021 and 0.30% to 2.33% in 2020, based on the net asset value of the unit-linked funds.

As compensation for services rendered, MBTC shall be entitled to a service fee equivalent to 0.10% to 0.30% per annum both in 2021 and 2020, based on the net asset value of the unit-linked funds (see Note 25).

Administration and custody fees payable
The unit-linked funds and Citibank entered into a fund administration services agreement wherein Citibank shall perform administrative functions, which include, among others, the preparation and maintenance of books of accounts, computation of net asset value, and payment of expenses incurred by the unit-linked funds. As compensation for services rendered, Citibank shall be entitled to an administration and custody fee equivalent to 0.03% to 0.06% in 2021 and 0.01% to 0.06% per annum in 2020, based on the net asset value of the unit-linked funds.

The net asset values of the various unit-linked funds follow:

	2021	2020
AXA Philippine Global Advantage Fund	**₱39,442,955,540**	₱25,679,537,808
AXA Philippine Chinese Tycoon Fund	**33,427,210,840**	39,555,872,949
AXA Philippine Wealth Equity Fund	**15,088,992,283**	15,052,647,282
AXA Peso Global Advantage Fund	**11,890,718,142**	295,262,934
AXA Philippine Wealth Balanced Fund	**8,363,206,746**	8,974,710,827
AXA Philippine Opportunity Fund	**7,913,184,601**	8,101,298,061
AXA Philippine Growth Dynamic Allocation Fund	**7,847,329,558**	4,985,988,184
AXA Philippine Premium Bond Fund	**4,031,731,732**	4,417,272,317
AXA Philippine Multi-Asset Dynamic Allocation Fund	**3,170,173,401**	2,050,630,370
AXA Peso Growth Dynamic Allocation Fund	**1,751,003,732**	45,619,883
AXA Philippine Wealth Bond Fund	**1,490,687,150**	1,737,062,187
AXA Philippine Capital Investment Fund	**1,238,668,514**	1,327,490,619
AXA Philippine Peso Liquidity Fund	**1,140,905,408**	1,513,920,569
AXA Philippine Asia Growth Fund	**1,087,166,985**	954,229,870
AXA Philippine Stable Dynamic Allocation Fund	**1,007,797,509**	1,033,921,823
AXA Philippine Equity Fund	**959,866,666**	619,130,675
AXA Philippine Spanish American Legacy Fund	**880,393,426**	786,358,056
AXA Peso Multi-Asset Dynamic Allocation Fund	**394,027,760**	13,983,665
AXA Philippine Government Bond Fund	**279,660,277**	194,573,606
AXA Philippine European Wealth Fund	**196,969,918**	193,486,384
AXA Philippine 3GXceed B26 Fund	**123,449,323**	131,648,954
AXA Peso Stable Dynamic Allocation Fund	**90,460,366**	2,921,504
AXA Philippine Corporate Bond Fund	**69,146,428**	46,921,221
AXA Philippine Money Market Fund	**25,791,872**	17,070,785
AXA Philippine 3GXceed B21 Fund	**–**	162,520,552
AXA Philippine 3GXceed B21 Dollar Fund	**–**	97,458,397
	₱141,911,498,177	₱117,991,539,482

The movements in unit-linked liabilities during the period follow:

	Note	**2021**	2020
At January 1		**₱118,475,057,849**	₱107,552,485,888
Subscriptions allocated to unit-linked funds		**27,968,057,077**	20,813,816,261
Withdrawals and redemptions		**(12,573,347,159)**	(9,815,502,978)
Gain on assets held to cover unit-linked liabilities	20	**5,338,182,748**	1,616,942,544
Foreign exchange gain (loss)		**2,767,258,125**	(1,692,683,866)
At December 31		**₱141,975,208,640**	₱118,475,057,849

13. **Insurance Contract Liabilities**

This account consists of:

	Note	**2021**	2020
Legal policy reserves		**₱6,490,218,125**	₱7,656,127,758
Claims and benefits payable	25	**3,477,590,583**	2,587,169,522
Policyholders' dividends		**131,213,389**	173,677,327
		₱10,099,022,097	₱10,416,974,607

Legal policy reserves, net of recoverable from reinsurers (see Note 5), may be analyzed as follows (in thousands):

	2021	2020
Gross		
Aggregate reserves for ordinary life policies	**₱4,935,501**	₱6,371,439
Aggregate reserves for group life policies	**126,382**	145,967
Cost of insurance related reserves	**1,301,798**	932,354
Aggregate reserves for accident and health policies	**126,537**	206,368
	6,490,218	7,656,128
Recoverable from reinsurers		
Aggregate reserves for ordinary life policies	**9,802**	17,611
Aggregate reserves for group life policies	**35,792**	38,195
Cost of insurance related reserves	**33,346**	33,802
Aggregate reserves for accident and health policies	**119,423**	89,197
	198,363	178,805
Net		
Aggregate reserves for ordinary life policies	**4,925,699**	6,353,828
Aggregate reserves for group life policies	**90,590**	107,772
Cost of insurance related reserves	**1,268,452**	898,552
Aggregate reserves for accident and health policies	**7,114**	117,171
	₱6,291,855	₱7,477,323

The movements in legal policy reserves, net of recoverable from reinsurers (see Note 5), during the period follow:

	2021			2020		
	Insurance Contract Liabilities	**Reinsurers' Share of Liabilities**	**Net**	Insurance Contract Liabilities	Reinsurers' Share of Liabilities	Net
At January 1	**₱7,656,127,758**	**₱178,805,000**	**₱7,477,322,758**	₱5,523,992,019	₱151,739,460	₱5,372,252,559
Due to change in discount rates	**(1,372,316,383)**	**–**	**(1,372,316,383)**	2,051,546,290	–	2,051,546,290
Due to change in policies and assumptions	**206,406,750**	**19,558,109**	**186,848,641**	80,589,449	27,065,540	53,523,909
At December 31	**₱6,490,218,125**	**₱198,363,109**	**₱6,291,855,016**	₱7,656,127,758	₱178,805,000	₱7,477,322,758

As of December 31, 2021, the Parent Company recognized remeasurement loss on life insurance reserves amounting to ₱433.56 million, net of deferred tax asset amounted to ₱144.52 million. As of December 31, 2020, the Parent Company recognized remeasurement loss on life insurance reserves amounting to ₱1.37 billion, net of deferred tax asset amounted to ₱0.59 billion (see Note 23).

The movements during the period in claims and benefits payable follow:

	Note	**2021**	2020
At January 1		**₱2,587,169,522**	₱2,313,175,954
Arising during the year	19	**3,205,098,410**	1,965,883,133
Paid during the year		**(2,314,677,349)**	(1,691,889,565)
At December 31		**₱3,477,590,583**	₱2,587,169,522

The movements during the period in policyholders' dividends follow:

	Note	**2021**	2020
At January 1		**₱173,677,327**	₱173,556,844
Arising during the year	19	**53,313,257**	116,051,914
Paid during the year		**(95,777,195)**	(115,931,431)
At December 31		**₱131,213,389**	₱173,677,327

14. Life Insurance Contract Liabilities and Reinsurance Assets - Terms, Assumptions and Sensitivities

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 Parent 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 Parent 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, 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.

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 IC.

The key assumptions to which the estimation of liabilities is particularly sensitive are as 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 Parent Company's actual experience.

- *Discount rates*
  Discount rates relate to the time value of money. Discount rate assumptions are based on current observed rates in the market and consistent with the discount rates published by IC. The discount rates are reviewed and revised at each reporting date. An increase (decrease) in discount rate would result in remeasurement gain (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 Parent Company's duty to treat its policyholders fairly and meet policyholders' reasonable expectations.

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

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

The estimation of liabilities include margin for adverse deviations (MfADs) of +/-10% of the best estimate assumptions as prescribed by IC Circular Letter No. 2016-66.

Under the Circular, the reserves for traditional life insurance policies must be valued, where appropriate, using 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. For reserves of variable life insurance contracts, there were no changes in the valuation method. Furthermore, these shall be valued as the sum of:

a. market value of the underlying assets backing the separate accounts relating to the policy, excluding any seed capital; and
b. unearned cost of insurance or unearned risk charge.

Sensitivities
The analysis below is performed for a reasonably possible movement in key assumptions with all other assumptions held constant on liabilities. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumption changes had to be done on an individual basis.

	December 31, 2021	
	Change in assumptions	**Increase/(decrease) in liabilities**
Mortality/morbidity	**10%**	**₱378,805,675**
	-10%	**(386,881,258)**
Lapse	**10%**	**197,244,923**
	-10%	**(208,271,189)**
Expense	**10%**	**184,062,250**
	-10%	**(184,062,250)**
Discount rate	**-10%**	**836,400,451**
	10%	**(719,085,349)**

	December 31, 2020	
	Change in assumptions	Increase/(decrease) in liabilities
Mortality/morbidity	10%	₱377,841,401
	-10%	(385,867,413)
Lapse	10%	121,889,256
	-10%	(127,203,671)
Expense	10%	232,573,233
	-10%	(232,573,233)
Discount rate	-10%	845,386,731
	10%	(738,261,342)

The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

Reinsurance - Assumptions and Methods
The Parent Company limits its exposure to loss within insurance operations through participation in reinsurance arrangements. Amounts receivable from reinsurers are estimated in a manner consistent with the assumptions used for ascertaining the underlying policy benefits and are presented under 'Insurance receivables' in the Parent Company statement of financial position. Even though the Parent Company may have reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Parent Company is neither dependent on a single reinsurer nor are the operations of the Parent Company substantially dependent upon any reinsurance contract.

15. Insurance Payables

The rollforward analysis of this account follows:

	Note	2021	2020
At January 1		**₱397,363,273**	₱373,924,339
Arising during the year	19	**403,777,821**	334,970,712
Paid during the year		**(447,395,827)**	(311,531,778)
At December 31		**₱353,745,267**	₱397,363,273

Insurance payables pertain to premiums due to reinsurers which are payable on a quarterly basis.

16. Trade and Other Liabilities

This account consists of:

	Notes	2021	2020
Accrued expenses and provisions		**₱1,648,693,376**	₱976,797,109
Commissions payable	25	**342,818,070**	518,415,614
Accounts payable		**295,644,797**	193,397,062
Taxes payable		**280,576,929**	239,259,545
Subscriptions payable	12	**231,924,108**	567,445,675
Accrued shared service costs	25	**49,343,991**	102,823,504
Others		**42,392,973**	30,568,423
		₱2,891,394,244	₱2,628,706,932

Accrued expenses include incentives and bonuses which pertains to incentive plans based on business performance, accrual of unused leaves, mid-year, medical reimbursements and provident plan contribution. In addition, no provisions for estimated losses was recognized by the Parent Company as of December 31, 2021 and 2020. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* is not disclosed on the grounds that it can be expected to prejudice the Parent Company's position. These are non-interest bearing and payable within approved terms within one year.

Commissions payable pertain to sales force commissions which are non-interest bearing and payable every month.

Subscriptions payable pertain to investment subscriptions from policyholders to be transferred to unit-linked funds. These are non-interest bearing and are payable on demand.

Accounts payable include amounts due to suppliers which represent payables for goods and services purchased that have been contracted for but not yet settled as of the end of the reporting period which are payable on demand.

Taxes payable include taxes withheld from staffs and agents, fringe benefits taxes, stamp duties and premium taxes. These are remitted to government agencies one month after reporting date.

Accrued shared service costs pertain to regional charges for Information Technology (IT) services, consultancy and support services. These are charged based on actual costs incurred. These are non-interest bearing and are payable on demand.

Other liabilities pertain to accrued professional fees, accrued advertising expenses and other miscellaneous payables. These are non-interest bearing and are payable on demand.

17. **Equity**

Capital stock
This account consists of common stock as of December 31, 2021 and 2020 as follows:

Authorized - 10,000,000 shares, ₱100 par value	
Issued - 10,000,000 shares	₱1,000,000,000
	₱1,000,000,000

Retained earnings
On December 9, 2021, the Parent Company's BOD approved the declaration of cash dividends amounting to ₱247 per share totaling ₱2.47 billion to the shareholders of record as of November 30, 2021. The Parent Company paid the dividends on December 17, 2021.

On November 16, 2020, the Parent Company's BOD approved the declaration of cash dividends amounting to ₱207 per share totaling ₱2.07 billion to the shareholders of record as of November 16, 2020. The IC approved the declaration of cash dividends on December 4, 2020. The Parent Company paid the dividends on December 23, 2020.

Retained earnings are restricted for the payment of dividends to the extent of the cost of common shares held in treasury, unrealized income such as fair value adjustments, and increases in deferred tax assets. As of December 31, 2021 and 2020, ₱8.25 billion and ₱8.08 billion retained earnings, respectively, were determined to be available for dividend declaration.

Under IC Circular Letter 2016-66, the Parent Company's BOD is required to appropriate from its unassigned retained earnings an amount equal to the aggregate of the negative reserves of traditional life insurance policy. On March 21, 2022 and March 10, 2021, the Parent Company's BOD has appropriated ₱47.24 million and ₱366.76 million of its unappropriated retained earnings relating to the movement of the negative reserves for 2021 and 2020, respectively. The total appropriated earnings relating to the aggregate negative reserves is ₱3.64 billion and ₱3.59 billion as of December 31, 2021 and 2020, respectively.

The balances of the Parent Company's unappropriated retained earnings follow:

	2021	2020
Retained earnings	**₱12,336,904,668**	₱12,047,241,697
Appropriation for negative reserves	**(3,638,354,704)**	(3,591,112,626)
Unappropriated retained earnings	**₱8,698,549,964**	₱8,456,129,071

Treasury stock
Common shares held in treasury are 207 shares amounting to ₱0.16 million as of December 31, 2021 and 2020.

18. Revaluation Reserves for Available-for-sale Financial Assets

The rollforward analysis of this account follows:

	Notes	2021	2020
At January 1		**₱1,424,371,741**	₱736,365,632
Transferred to profit and loss:			
Gain on sale of AFS financial assets	19	**–**	(36,059,960)
Fair value gains (losses)	6	**(1,132,607,281)**	724,066,069
At December 31		**₱291,764,460**	₱1,424,371,741

The revaluation reserve for AFS financial assets pertains to the difference between the amortized cost and fair value for debt instruments and the acquisition cost and fair value for equity investments classified as AFS financial assets.

19. Revenue and Benefits and Claims

The net insurance premium revenue consists of:

	Note	2021	2020
Premium revenue arising from contracts issued			
Unit-linked insurance contracts		**₱34,396,576,526**	₱26,755,584,161
Life insurance contracts		**4,950,372,579**	4,846,463,673
		39,346,949,105	31,602,047,834
Premium revenue ceded to reinsurers on contracts issued			
Life insurance contracts		**326,352,475**	241,164,062
Unit-linked insurance contracts		**77,425,346**	93,806,650
	15	**403,777,821**	334,970,712
		₱38,943,171,284	₱31,267,077,122

The investment income consists of:

	Notes	2021	2020
Interest on:			
AFS financial assets	6	**₱643,370,951**	₱634,362,577
Loans and receivables	6	**36,035,286**	39,970,474
Cash and cash equivalents	4	**14,032,769**	31,504,807
Financial assets at FVPL	6	**12,450,000**	12,450,000
		705,889,006	718,287,858
Dividend income	6	**27,726,664**	24,712,867
Fair value gains (losses) from financial assets at FVPL	6	**7,485,296**	(100,661,947)
Rental income	8	**6,236,976**	1,407,048
Gain (loss) on sale of AFS financial assets	18	**–**	36,059,960
Loss on sale of financial assets at FVPL		**(8,006,705)**	–
		₱739,331,237	₱679,805,786

Net claims and benefits incurred during the year consist of (see Note 13):

	Notes	2021	2020
Death and hospitalization benefits		**₱2,670,140,510**	₱1,454,050,737
Maturities		**393,522,846**	395,785,810
Surrenders		**125,613,688**	98,518,781
Gross experience refunds		**15,821,366**	17,527,805
	13	**3,205,098,410**	1,965,883,133
Reinsurers' share on claims and benefits incurred		**(236,004,724)**	(113,894,585)
		2,969,093,686	1,851,988,548
Policyholders' dividends and interest	13	**53,313,257**	116,051,914
		₱3,022,406,943	₱1,968,040,462

20. Gain on Assets Held to Cover Unit-linked Liabilities

This account consists of:

	2021	2020
Income		
Fair value gains on financial assets at FVPL	**₱6,743,824,661**	₱2,550,625,836
Dividend income	**1,248,567,801**	956,566,616
Interest income on:		
Financial assets at FVPL	**479,698,991**	580,168,452
Cash and cash equivalents	**2,513,501**	15,439,457
	8,474,604,954	4,102,800,361
Expenses		
Asset management and service fees	**2,976,903,143**	2,334,841,595
Fund administration and custody fees	**41,397,225**	39,717,887
Other expenses	**14,522,939**	7,881,671
	3,032,823,307	2,382,441,153
Gain before final tax	**5,441,781,647**	1,720,359,208
Final tax	**103,598,899**	103,416,664
	₱5,338,182,748	₱1,616,942,544

21. Operating and Administrative Expenses

This account consists of:

	Notes	2021	2020
Salaries, allowances and benefits	22	**₱2,727,535,698**	₱2,507,533,753
Project development costs		**455,036,689**	358,258,647
Depreciation and amortization	9, 11, 26	**449,461,403**	348,590,758
Collection fees		**352,003,884**	376,858,321
Shared service costs	25	**288,493,701**	218,294,155
Training and convention		**199,956,575**	256,127,967
Advertising and promotions		**129,395,049**	123,718,339

(Forward)

	Notes	**2021**	2020
Management and directors' fees	25	**₱99,126,109**	₱62,717,257
Communication, light and water		**89,184,376**	127,240,881
Bank charges and other fees		**88,555,693**	90,813,087
Rent	26	**82,150,840**	99,410,267
Transportation and travel		**77,520,802**	74,229,092
Repairs and maintenance		**70,795,418**	70,789,470
Taxes, licenses and fees		**43,335,038**	38,672,192
Supplies		**14,623,188**	23,477,462
Courier costs		**14,376,508**	27,145,988
Provision for credit and impairment losses	6	**8,634,950**	–
Professional fees		**3,147,511**	3,603,441
Miscellaneous		**92,162,121**	79,156,060
		₱5,285,495,553	₱4,886,637,137

Collection fees pertain to accrual of services in relation to premium collections of salary deduction policies and group policies. Fees are applied to collected premiums at various rates.

Project development costs pertain to charges for information technology services and other expenditures.

Shared service costs pertain to allocated regional charges for IT services, consultancy and support services based on the service level agreement.

Miscellaneous includes credit card fees, legal fees, bank charges and other expenses.

22. Employee Benefits

The Parent Company has a noncontributory defined benefit pension plan, covering substantially all of its employees, which requires contributions to be made by the Parent Company to an administered fund. The Parent Company's retirement fund is administered by MBTC as trustee (see Note 25), 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 an Investment Committee, which also consists of members of the Board of Trustees.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

Changes in net pension liability are as follow:

	2021											
		Net benefit cost in statements of comprehensive income				**Remeasurements in other comprehensive income**						
	At January 1	**Current/Past service cost**	**Net interest**	**Subtotal**	**Benefits paid**	**Return on plan assets (excluding amount included in net interest)**	**Actuarial changes arising from changes in demographic assumptions**	**Actuarial changes rising from changes in financial assumptions**	**Actuarial changes arising from experience adjustments**	**Subtotal**	**Contribution by employer**	**At December 31**
Present value of defined benefit obligation	**₱492,450,830**	**₱89,691,292**	**₱17,961,041**	**₱107,652,333**	**(₱52,939,480)**	**₱–**	**₱–**	**(₱12,205,873)**	**(₱11,118,130)**	**(₱23,324,003)**	**₱–**	**₱523,839,680**
Fair value of plan assets	**(308,615,790)**	**–**	**(12,342,383)**	**(12,342,383)**	**52,939,480**	**21,126,757**	**–**	**–**	**–**	**21,126,757**	**(72,639,894)**	**(319,531,830)**
	₱183,835,040	**₱89,691,292**	**₱5,618,658**	**₱95,309,950**	**₱–**	**₱21,126,757**	**₱–**	**(₱12,205,873)**	**(₱11,118,130)**	**(₱2,197,246)**	**(₱72,639,894)**	**₱204,307,850**

	2020											
		Net benefit cost in statements of comprehensive income				Remeasurements in other comprehensive income						
	At January 1	Current/Past service cost	Net interest	Subtotal	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes rising from changes in financial assumptions	Actuarial changes arising from experience adjustments	Subtotal	Contribution by employer	At December 31
Present value of defined benefit obligation	₱517,843,504	₱99,762,823	₱25,126,038	₱124,888,861	(₱10,897,239)	₱–	(₱7,600,957)	(₱104,492,973)	(₱27,290,366)	(₱139,384,296)	₱–	₱492,450,830
Fair value of plan assets	(249,994,279)	–	(13,927,547)	(13,927,547)	10,897,239	(9,128,865)	–	–	–	(9,128,865)	(46,462,338)	(308,615,790)
	₱267,849,225	₱99,762,823	₱11,198,491	₱110,961,314	₱–	(₱9,128,865)	(₱7,600,957)	(₱104,492,973)	(₱27,290,366)	(₱148,513,161)	(₱46,462,338)	₱183,835,040

The cumulative amount of actuarial losses on defined benefit plan recognized in equity follow:

	2021	2020
Balance at beginning of period	**(₱39,762,899)**	(₱143,722,112)
Impact of CREATE Law in CY2020	**(2,840,207)**	–
Remeasurement gains (losses), net of tax:		
Defined benefit obligation	**17,493,002**	97,569,007
Plan assets	**(15,845,068)**	6,390,206
Total amount to be recognized in OCI	**(1,192,273)**	103,959,213
Actuarial losses on defined benefit plan	**(₱40,955,172)**	(₱39,762,899)

The distribution of the plan assets follows:

	2021	2020
Assets		
Cash and cash equivalents	**₱3,430,983**	₱23,385,290
Debt securities	**251,751,121**	241,422,695
Equity securities	**64,593,651**	44,317,396
Other assets	**22,457**	31,983
	319,798,212	309,157,364
Liability		
Accounts payable	**266,382**	541,574
	₱319,531,830	₱308,615,790

The Parent Company's plan assets consist of:

- Cash and cash equivalents include regular savings and time deposits;
- Investments in debt securities include investments in government consisting of long-term treasury bills and bonds, which bear interest ranging from 2.38% to 8.75% and have maturities from July 2022 to January 2039;
- Equity instruments include investments in listed stocks and mutual funds and other equity instruments;
- Receivables consist of interest and dividend receivables;
- Accounts payable pertain to trust fees payable; and
- Benefit payable from the fund to the Parent Company.

The plan assets have diverse investments and do not have any concentration risk.

The Parent Company expects to contribute ₱136.36 million to the retirement fund in 2022.

The principal actuarial assumptions used in determining pension liability for the Parent Company's plan follow as of January 1, 2021 and 2020 are shown below:

	2021	2020
Discount rate	**3.80%**	4.97%
Rate of salary increase	**5.00%**	8.00%
Mortality rate	**2017 PICM**	2017 PICM
Average years of service	**3.86 years**	3.19 years

Discount rates used in computing for the present value of the obligation of the Parent Company as of December 31, 2021 and 2020 are 5.08% and 3.80%, respectively.

The Parent Company plans to continue making contributions to the fund which consist of normal cost and unfunded actuarial liability. To adjust the normal cost for future salary changes and new entrants to the plan, the contributions for normal cost will be made on the basis of 7.64% of the annual covered compensation in effect at the time.

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, 2021 and 2020, assuming if all other assumptions were held constant:

	December 31, 2021	
	Increase (decrease) in basis points	**Impact on defined benefit obligation**
Discount rate	**+100**	**(₱45,241,477)**
	(100)	**52,619,709**
Rate of salary increase	**+100**	**54,102,490**
	(100)	**(47,348,835)**

	December 31, 2020	
	Increase (decrease) in basis points	Impact on defined benefit obligation
Discount rate	+100	(₱44,651,380)
	(100)	52,188,691
Rate of salary increase	+100	53,385,499
	(100)	(46,523,091)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The management performed an Asset-Liability Matching Study (ALM) annually. The overall investment policy and strategy of the Parent Company's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risk of the plans.

The average duration of the expected benefit payments as of December 31, 2021 and 2020 is 16.62 years and 16.47 years, respectively.

The maturity analysis of the undiscounted benefit payments as of December 31, 2021 and 2020 follows:

	December 31, 2021		
	Normal Retirement	**Other than Normal Retirement**	**Total**
Less than one year	**₱2,798,724**	**₱37,562,739**	**₱40,361,463**
More than one year to five years	**59,020,581**	**148,910,104**	**207,930,685**
More than five years to 10 years	**133,648,506**	**248,238,486**	**381,886,992**
More than 10 years to 15 years	**310,170,916**	**288,534,029**	**598,704,945**
More than 15 years to 20 years	**549,818,799**	**231,621,495**	**781,440,294**
More than 20 years	**911,565,586**	**226,851,153**	**1,138,416,739**

	December 31, 2020		
	Normal Retirement	Other than Normal Retirement	Total
Less than one year	₱633,673	₱34,225,665	₱34,859,338
More than one year to five years	54,895,627	139,209,127	194,104,754
More than five years to 10 years	108,180,962	221,090,435	329,271,397
More than 10 years to 15 years	213,923,063	253,101,200	467,024,263
More than 15 years to 20 years	461,442,111	200,882,394	662,324,505
More than 20 years	750,830,340	192,647,218	943,477,558

Staff costs and other employee related costs (see Note 21) consist of:

	2021	2020
Salaries and wages	**₱2,338,194,278**	₱2,142,802,213
Short-term employee benefits	**228,625,944**	202,903,375
Retirement expense	**89,691,292**	99,762,823
Social security costs and Pag-ibig contributions	**59,491,250**	54,144,218
Others	**11,532,934**	7,921,124
	₱2,727,535,698	₱2,507,533,753

23. **Income Taxes**

Provision for income tax consists of:

	2021	2020
Current		
RCIT for CY2021	**₱816,288,221**	₱1,130,990,451
Impact of CREATE Law in CY2020	**(94,249,204)**	–
Final tax for CY2021	**118,907,490**	114,686,967
	840,946,507	1,245,677,418
Deferred		
Deferred income tax for CY2021	**(73,021,714)**	(84,714,559)
Impact of CREATE Law in CY2020	**73,447,503**	–
	425,789	(84,714,559)
	₱841,372,296	₱1,160,962,859

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Law introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

Applying the provisions of the CREATE Act, the Parent Company would have been subjected to lower regular corporate income tax rate of 25% effective July 1, 2020.

Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated CIT rate of the Parent Company for CY2020 is 27.5%. This resulted in a lower provision for current income tax of ₱94.25 million and higher provision for deferred tax of ₱73.45 million. The impact of CREATE Law is recognized in the 2021 financial statements.

Deferred tax assets are recognized only to the extent that realization of the related tax benefit is probable. Components of recognized deferred tax assets and liabilities follow:

	2021	2020
Deferred tax assets:		
Affecting profit and loss:		
Accrual of nondeductible expenses	**₱418,249,402**	₱382,269,510
Net pension liability	**37,425,240**	38,109,270
Unamortized past service cost	**7,781,051**	10,808,794
Allowance for credit and impairment losses	**6,644,966**	6,096,273
Unrealized foreign exchange losses	**–**	3,401,172
Affecting other comprehensive income:		
Remeasurement loss on defined benefit plan	**13,651,723**	17,041,242
Legal policy reserves	**144,521,559**	585,120,786
	628,273,941	1,042,847,047
Deferred tax liabilities on:		
Affecting profit and loss:		
Unrealized foreign exchange gains	**29,841,427**	–
	29,841,427	–
Net deferred tax assets	**₱598,432,514**	₱1,042,847,047

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

	2021	2020
Statutory income tax rate	**25.00%**	30.00%
Add (deduct) tax effects of:		
Impact of CREATE Law	**(0.56)**	–
Interest income subjected to final tax	**(1.29)**	(2.53)
Loss (income) exempt from/not subject to income tax	**(0.25)**	0.60
Nondeductible expenses	**0.46**	1.02
Effective income tax rate	**23.36%**	29.09%

24. **Management of Insurance and Financial Risks**

Governance Framework
The Parent Company has established a risk management function with clear terms of reference and with the responsibility for developing policies on market, credit, liquidity, insurance and operational risk. It also supports the effective implementation of policies at the overall company and individual business unit levels.

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

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

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

Capital Management
The Parent Company manages its capital through its compliance with the statutory requirements on minimum paid-up capital and minimum net worth. The Parent Company is also complying with the statutory regulations on RBC to measure the adequacy of its statutory surplus in relation to the risks inherent in its business. The RBC method involves developing a risk-adjusted target level of statutory surplus by applying certain factors to various asset, premium and reserve items. Higher factors are applied to more risky items and lower factors are applied to less risky items. The target level of statutory surplus varies not only as a result of the insurer's size, but also on the risk profile of the insurer's operations.

A substantial portion of the Parent Company's long-term insurance business comprises policies where the investment risk is borne by policyholders. Risk attributable to policyholders is actively managed keeping in view their investment objectives and constraints.

The Parent Company's policy to address the situations where the capital level maintained is lower than required is to oblige the shareholders to add more capital. The Parent Company currently holds surplus capital as a buffer for possible deviation in future profitability.

To ensure compliance with these externally imposed capital requirements, it is the Parent Company's policy to monitor the paid-up capital, net worth and RBC requirements on a quarterly basis as part of the Parent Company's internal financial reporting process.

Based on its calculations, the Parent Company fully complied with the externally imposed capital requirements during the reported financial periods and no changes were made to its capital base, objectives, policies and processes from the previous year.

The estimated amounts of non-admitted assets as defined under the Code, and are still subject to examination by the IC, which are included in the accompanying Parent Company statements of financial position, follow:

	2021	2020
Cash and cash equivalents	**₱67,860**	₱63,900
Insurance receivables	**24,593,712**	–
Loans and receivables - net	**112,917,090**	30,779,997
Investment in a subsidiary	**3,312,078,040**	2,829,546,234
Property and equipment - net	**398,003,800**	432,695,111
Other assets	**1,062,306,158**	1,022,948,522
	₱4,909,966,660	₱4,316,033,764

Fixed capitalization requirements
On August 15, 2013, the President of the Philippines approved Republic Act No. 10607 to be known as the "New Insurance Code" which provides the new capitalization requirements for all existing insurance companies based on net worth on a staggered basis starting June 30, 2013 up to December 31, 2022.

On January 13, 2015, the IC issued Circular Letter No. 2015-02-A clarifying the minimum capitalization and net worth 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.

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

Net worth	Compliance Date
₱550,000,000	December 31, 2016
900,000,000	December 31, 2019
1,300,000,000	December 31, 2022

As of December 31, 2021 and 2020, the Parent Company has complied with the minimum net worth requirement.

RBC requirements
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 life insurance companies in relation to their investment and insurance risks. The RBC ratio of a company shall be calculated as Net worth divided by the RBC requirement. Net worth shall include the Parent Company's paid-up capital, 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 Insurance Commissioner.

In 2016, the IC issued Circular Letter No. 2016-68, Amended Risk-Based Capital (RBC2) Framework, pursuant to Section 437 of the Amended Insurance Code. The RBC ratio shall be calculated as Total Available Capital (TAC) divided by the RBC requirement.

TAC is the aggregate of Tier 1 and Tier 2 capital minus deductions, subject to applicable limits and determinations. Tier 1 Capital represents capital that is fully available to cover losses of the insurer at all times on a going-concern and winding up basis (e.g. Capital Stock, Statutory Deposit, Capital Stock Subscribed, Contributed Surplus, etc.). Tier 2 Capital does not have the same high-quality characteristics of Tier 1 capital, but can provide an additional buffer to the insurer [e.g. Reserve for

Appraisal Increment - Property and Equipment, Remeasurement Gains (Losses) on Retirement Pension Asset (Obligation)]. Tier 2 Capital shall not exceed 50% of Tier 1 Capital.

The minimum RBC ratio is set at 100%. All insurance companies are required to maintain the minimum RBC ratio and not fail the Trend Test.

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

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

	2021	2020
Total available capital	**₱8,081,854,164**	₱8,783,121,122
RBC requirement	**3,931,025,400**	3,247,785,933
RBC ratio	**206%**	270%

The final RBC ratio for 2021 can be determined only after the accounts of the Parent Company have been examined by the IC specifically as to admitted and non-admitted assets as defined under the Code. The 2020 RBC ratio was determined to be at 268% based on the examination made by the IC.

New regulatory framework
Pursuant to the powers vested in the Insurance Commissioner by Sections 189, 200, 437 and 438 of Republic Act (RA) No. 10607, otherwise known as the Insurance Code, as amended, the following regulatory requirements and actions for the new regulatory framework are hereby adopted and promulgated:

Circular Letter No. 2016-65, Financial Reporting Framework under Section 189 of the Amended Insurance Code (Republic Act No. 10607), prescribes the new financial reporting framework (FRF) that will be used for the statutory quarterly and annual reporting. This also includes rules and regulations concerning Titles III and IV of Chapter III of the Amended Insurance Code and all other accounts not discussed in the Amended Insurance Code but are used in accounting of insurance and reinsurance companies. This Circular was further amended by CL No. 2018-54 to clarify the provisions of Section 6.1 (“Miscellaneous Provisions”).

Circular Letter No. 2016-66, Valuation Standards for Life Insurance Policy Reserves, provides a change in the basis of valuation of the life insurance policy reserves from Net Premium Valuation (NPV) to Gross Premium Valuation (GPV) which now considers other assumptions such as morbidity, lapse and/or persistency, expenses, non-guaranteed benefits and margin for adverse deviation. This CL was further amended by *CL 2018-75, Discount Rates for Life Insurance Policy Reserves* as of December 31, 2018, which prescribes the use of PHP BVAL Reference rates from Bloomberg for Philippine Peso policies.

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.

Implementation requirements and transition accounting
Circular Letter No. 2016-69, Implementation Requirements for Financial Reporting, Valuation Standards for Insurance Policy Reserves and Amended Risk-based Capital (RBC2) Framework.
The new regulatory requirements under Circular Letters 2016-65, 2016-66, and 2016-68 shall take effect beginning January 1, 2017.

Circular Letter No. 2017-30, Regulatory Requirements and Actions for the New Regulatory Framework (Life Insurance Business)
The cumulative prior year impact of the changes arising from the adoption of the New Financial Reporting Framework, including the change in the valuation basis from Net Premium Valuation (NPV) to Gross Premium Valuation (GPV) as well as any change in assumptions under GPV computed based on the new valuation standards for life insurance policy reserves as provided under CL No. 2016-66, shall be recognized in Retained Earnings – Transition Adjustments account except for items listed in Section 2.1. All changes in valuation shall be measured net of any tax effect.

Circular Letter No. 2020-103, Amendment to Section 1 of Circular Letter No. 2020-60 dated 15 May 2020 on "Regulatory Relief on Net Worth Requirements and Guidelines on the Implementation of Amended Risk-Based Capital (RBC2) Framework for Calendar Year 2020"
All insurance companies already compliant with the net worth requirements as of December 31, 2019 under Section 194 of the Insurance Code of the Philippines, as amended by Republic Act No. 10607, that are adversely affected by the crisis are required to comply with CL No. 2016-68 (Amended Risk-Based Capital Framework) and Revised Regulatory Intervention (RBC ratio) as follows:

RBC Ratio (Y)	**Event**	**Action**
100% and above		No regulatory action needed
$75\% \leq Y < 100\%$	Trend Tests	Company required to submit linear extrapolation of the RBC ratio for the next period. If the RBC ratio falls below 75%, move to Company Action Event
$50\% \leq Y < 75\%$	Company Action	Company required to submit RBC plan and financial projections and implement the plan accordingly
$25\% \leq Y < 50\%$	Regulatory Action	IC authorized to issue Corrective Orders
$Y < 25\%$	Authorized and Mandatory Action	IC authorized and required to take control of the Company

<u>Insurance Risk</u>
The risk under an insurance contract is the risk that an insured event will occur, including the uncertainty of the amount and timing of any resulting claim. The principal risk the Parent Company faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities.

This is influenced by the frequency of claims, severity of claims, actual benefits paid that are greater than those originally estimated, and subsequent development of long-term claims.

Terms and conditions
The Parent Company principally writes life insurance where the life of policyholder is insured against death, illness, injury or permanent disability, usually for a pre-determined amount. Life insurance contracts offered by the Parent 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 investments/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.

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

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

The variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by change in any subset of the portfolio.

The variability of risks is also improved by careful selection and implementation of underwriting strategy and guidelines.

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

The Parent Company has an objective to control and minimize insurance risk to reduce volatility of operating profits. The Parent Company manages insurance risk through the following mechanisms:

- The use and maintenance of sophisticated management information systems that provide up to date, accurate and reliable data on risk exposure at any point in time.
- The use of actuarial models based on past experience and statistical techniques to aid in pricing decisions and monitoring claims pattern.
- Issuance of guidelines for concluding insurance contracts and assuming insurance risks.
- Pro-active compliance of claims handling procedures to investigate and adjust claims, thereby preventing settlement of dubious or fraudulent claims.
- The use of reinsurance to limit the Parent Company's exposure to large claims by placing risk with re-insurers providing high security.
- Diversification to achieve sufficiently large population of risks to reduce the variability of the expected outcome. The diversification strategy seeks to ensure that underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

The mix of insurance assets is driven by the nature and term of insurance liabilities. The management of assets and liabilities is closely monitored to attempt to match the expected pattern of claim payments with the maturity dates of assets.

Insurance risk is also affected by the policyholders' rights to terminate the contract, pay reduced premiums, refusal to pay premiums or to avail of the guaranteed annuity option. Thus, the insurance risk is subject to the policyholders' behavior and decisions.

Using the amounts in the legal policy reserves (see Note 13), the Parent Company's concentration of insurance risk before and after reinsurance in relation to the type of insurance contract follows:

	2021	2020
Whole Life		
Gross	**₱2,798,144,421**	₱3,979,464,598
Net	**2,688,061,111**	3,885,394,534
Endowment		
Gross	**1,764,281,755**	2,156,949,961
Net	**1,764,255,030**	2,156,924,749
Cost of insurance		
Gross	**1,301,797,663**	932,353,616
Net	**1,262,424,042**	898,551,731
Term insurance		
Gross	**501,435,203**	375,828,331
Net	**498,328,714**	372,261,382
Group insurance		
Gross	**(42,982,588)**	(39,164,789)
Net	**(78,774,567)**	(77,359,876)
Rider		
Gross	**167,541,671**	250,696,041
Net	**157,560,686**	241,550,238
Total		
Gross	**6,490,218,125**	7,656,127,758
Net	**6,291,855,016**	7,477,322,758

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 than 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 Parent Company utilizes dynamic asset allocation strategies consistent with its risk appetite framework to manage investment risk and to ensure sustainable investment returns. As a management tool, the Parent Company uses asset-liability matching to determine the composition of the invested assets and appropriate investment and marketing strategies. As part of these strategies, the Parent 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

Non-linked

Cash and cash equivalents, insurance receivables, accrued income, short-term loans and receivables, premium deposit fund, insurance payables, life insurance deposits, lease liability and trade and other liabilities

Carrying amounts approximate the fair values due to the relatively short-term maturities of these amounts.

Amounts due from and due to related parties

Carrying amounts of due from and due to related parties, which are payable on demand approximate their fair values.

Financial assets at FVPL and AFS financial assets

The fair value of financial assets at FVPL and AFS financial assets that are actively traded in organized financial markets are determined by reference to quoted market bid prices, at the close of business on the reporting date, or the last trading day as applicable.

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.

Unit-linked

Cash and cash equivalents, interest receivable, dividend receivable, accounts receivable and other financial liabilities

Carrying amounts approximate the fair values due to the relatively short-term maturities of these instruments.

Financial assets at FVPL

Fair values of financial assets designated as at FVPL that are actively traded in organized financial markets are determined by reference to quoted market bid prices, at the close of business on the reporting date, or the last trading day as applicable.

Fair value hierarchy

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

	December 31, 2021				
	Carrying Value	Level 1	Level 2	Level 3	Total
Assets measured at fair value:					
Financial assets at FVPL					
Listed equity securities	**₱1,576,408,983**	**₱1,576,408,983**	**₱–**	**₱–**	**₱1,576,408,983**
Investment in unit-linked funds	**168,213,645**	**–**	**168,213,645**	**–**	**168,213,645**
Government debt securities	**158,565,692**	**–**	**158,565,692**	**–**	**158,565,692**
Unit investment trust funds	**92,437,830**	**–**	**92,437,830**	**–**	**92,437,830**
AFS financial assets					
Government debt securities	**10,704,446,564**	**3,038,259,669**	**7,666,186,895**	**–**	**10,704,446,564**

(Forward)

	December 31, 2021				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Corporate debt securities	**₱1,497,998,571**	**₱1,497,998,571**	**₱–**	**₱–**	**₱1,497,998,571**
Golf club shares	**30,775,000**	**–**	**30,575,000**	**200,000**	**30,775,000**
	₱14,228,846,285	**₱6,112,667,223**	**₱8,115,979,062**	**₱200,000**	**₱14,228,846,285**

	December 31, 2020				
	Carrying Value	Level 1	Level 2	Level 3	Total
Assets measured at fair value:					
Financial assets at FVPL					
Listed equity securities	₱1,442,986,742	₱1,442,986,742	₱–	₱–	₱1,442,986,742
Unit investment trust funds	279,487,385	–	279,487,385	–	279,487,385
Government debt securities	175,283,632	–	175,283,632	–	175,283,632
Investment in unit-linked funds	83,927,308	–	83,927,308	–	83,927,308
AFS financial assets					
Government debt securities	11,822,243,799	3,228,684,309	8,593,559,490	–	11,822,243,799
Corporate debt securities	1,854,068,187	1,854,068,187	–	–	1,854,068,187
Golf club shares	29,275,000	–	29,075,000	200,000	29,275,000
	₱15,687,272,053	₱6,525,739,238	₱9,161,332,815	₱200,000	₱15,687,272,053

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

	December 31, 2021				
	Carrying value	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets measured at fair value:					
Financial assets at FVPL					
Debt securities	**₱10,264,389,221**	**₱–**	**₱10,264,389,221**	**₱–**	**₱10,264,389,221**
Equity securities	**61,624,005,381**	**61,624,005,381**	**–**	**–**	**61,624,005,381**
Exchange-traded funds	**51,397,034,189**	**–**	**51,397,034,189**	**–**	**51,397,034,189**
Unit investment trust funds	**15,723,068,246**	**–**	**15,723,068,246**	**–**	**15,723,068,246**
	₱139,008,497,037	**₱61,624,005,381**	**₱77,384,491,656**	**₱–**	**₱139,008,497,037**

	December 31, 2020				
	Carrying value	Level 1	Level 2	Level 3	Total
Assets measured at fair value:					
Financial assets at FVPL					
Debt securities	₱11,556,708,149	₱–	₱11,556,708,149	₱–	₱11,556,708,149
Equity securities	67,374,691,689	67,374,691,689	–	–	67,374,691,689
Exchange-traded funds	25,825,963,612	–	25,825,963,612	–	25,825,963,612
Unit investment trust funds	9,981,899,486	–	9,981,899,486	–	9,981,899,486
	₱114,739,262,936	₱67,374,691,689	₱47,364,571,247	₱–	₱114,739,262,936

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

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

As of December 31, 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

Fair value disclosure under the Amendments to PFRS 4
The table below presents an analysis of the fair value of classes of financial assets as of December 31, 2021 and 2020, as well as the corresponding change in fair value for the years ended December 31, 2021 and 2020. In the table below, the amortized cost of cash and cash equivalents and short-term receivables has been used as a reasonable approximation to fair value.

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

	December 31, 2021			
	SPPI financial assets		**Other financial assets**	
Financial asset	**Fair value**	**Fair value change**	**Fair value**	**Fair value change**
Cash and cash equivalents	**₱4,795,726,477**	**₱–**	**₱243,000**	**₱–**
Insurance receivables	**644,818,567**	**–**	**–**	**–**
Financial asset at FVPL	**–**	**–**	**1,995,626,150**	**7,485,296**
AFS financial assets	**12,202,445,135**	**(1,134,107,281)**	**30,775,000**	**1,500,000**
Loans and receivables	**1,281,671,490**	**–**	**–**	**–**
Accrued income	**202,032,296**	**–**	**–**	**–**
	₱19,126,693,965	**(₱1,134,107,281)**	**₱2,026,644,150**	**₱8,985,296**

	December 31, 2020			
	SPPI financial assets		Other financial assets	
Financial asset	Fair value	Fair value change	Fair value	Fair value change
Cash and cash equivalents	₱3,223,095,302	₱–	₱337,708	₱–
Insurance receivables	536,059,769	–	–	–
Financial asset at FVPL	–	–	1,981,685,067	(100,661,947)
AFS financial assets	13,676,311,986	728,566,069	29,275,000	(4,500,000)
Loans and receivables	1,101,460,837	–	–	–
Accrued income	196,117,215	–	–	–
	₱18,733,045,109	₱728,566,069	₱2,011,297,775	(₱105,161,947)

<u>Financial Risk</u>
The Parent Company is exposed to financial risk through its financial assets, financial liabilities, insurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts.

The most important components of this financial risk are credit risk, liquidity risk and market risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

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

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

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

Loans to policyholders granted against the surrender value of policies carry substantially no credit risk. A credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer may be unable to meet its obligations assumed under such reinsurance agreements. The Parent Company selects only domestic and foreign companies with strong financial standing and excellent track records which are allowed to participate in the Parent Company's reinsurance programs. In respect of investment securities, the Parent Company secures satisfactory credit quality by setting maximum limits of portfolio securities with a single issuer or group of issuers, excluding those secured on specific assets and setting the minimum ratings for the issuer or group of issuers. The Parent Company sets the maximum amounts and limits that may be advanced to/placed with individual corporate counterparties which are set by reference to their long-term ratings.

The table below shows the maximum exposure to credit risk for the components of the statements of financial position:

Non-linked

	2021	2020
Cash and cash equivalents	**₱4,795,726,477**	₱3,223,095,302
Insurance receivables		
Premiums due and uncollected	**154,969,592**	198,348,306
Recoverable from reinsurers	**198,363,109**	178,805,000
Due from reinsurers	**291,485,866**	158,906,463
Financial assets at FVPL		
Government debt securities	**158,565,692**	175,283,632
AFS financial assets		
Government debt securities	**10,704,446,564**	11,822,243,799
Corporate debt securities	**1,497,998,571**	1,854,068,187
Loans and receivables - net		
Intercompany receivables	**629,306,053**	557,458,770
Policy loan	**317,309,276**	319,413,368
Due from unit-linked funds	**192,554,916**	162,039,270
Due from agents	**101,609,000**	21,527,080
Due from officers and employee	**60,244,156**	55,020,164
Other receivables	**7,227,953**	6,323,094
Accrued income	**202,032,296**	196,117,215
	₱19,311,839,521	₱18,928,649,650

Unit-linked

	2021	2020
Cash and cash equivalents	**₱3,602,653,852**	₱3,877,433,583
Financial assets at FVPL		
Debt securities	**10,264,389,221**	11,556,708,149
Investment income due and accrued	**196,224,712**	199,838,728
Accounts receivable	**42,122,517**	43,617,760
	₱14,105,390,302	₱15,677,598,220

The Parent Company's investment policy mandates it to invest only in investment grade bonds. The peso funds are invested in cash and money market instruments, fixed income investments (fixed rate bond issuances of the Philippine government with a minimum credit rating of AA), corporate bonds and equities of Philippine corporations included in the Philippine Stock Exchange (PSE) Index.

The dollar funds are invested in dollar-denominated cash and money market instruments, fixed income investments, particular issuances of the Philippine government with a minimum credit rating of AAA, and corporate bonds.

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

	December 31, 2021				
	Neither Past-Due nor Impaired				
	Investment Grade	Non-investment Grade: Satisfactory	Past Due Not Impaired	Past Due or Impaired	Total
Cash and cash equivalents	**₱4,714,146,236**	**₱81,580,241**	**₱–**	**₱–**	**₱4,795,726,477**
Insurance receivables					
Premiums due and uncollected	–	**139,184,562**	**15,785,030**	–	**154,969,592**
Recoverable from reinsurers	–	**198,363,109**	–	–	**198,363,109**
Due from reinsurers	–	**235,890,599**	**55,595,267**	–	**291,485,866**
Financial assets at FVPL					
Government debt securities	**158,565,692**	–	–	–	**158,565,692**
AFS financial assets					
Government debt securities	**10,704,446,564**	–	–	–	**10,704,446,564**
Corporate debt securities	**1,497,998,571**	–	–	–	**1,497,998,571**
Loans and receivables					
Intercompany receivables	–	**629,306,053**	–	–	**629,306,053**
Policy loan	–	**317,309,276**	–	–	**317,309,276**
Due from unit-linked funds	–	**192,554,916**	–	–	**192,554,916**
Due from agents	–	**98,095,260**	–	**3,513,740**	**101,609,000**
Due from officers and employees	–	**40,191,934**	–	**20,052,222**	**60,244,156**
Other receivables	–	**4,214,051**	–	**3,013,902**	**7,227,953**
Accrued income	**189,375,631**	**12,656,665**	–	–	**202,032,296**
	₱17,264,532,694	**₱1,949,346,666**	**₱71,380,297**	**₱26,579,864**	**₱19,311,839,521**

	December 31, 2020				
	Neither Past-Due nor Impaired				
	Investment Grade	Non-investment Grade: Satisfactory	Past Due Not Impaired	Past Due or Impaired	Total
Cash and cash equivalents	₱3,223,095,302	₱–	₱–	₱–	₱3,223,095,302
Insurance receivables					
Premiums due and uncollected	–	185,706,341	12,641,965	–	198,348,306
Recoverable from reinsurers	–	178,805,000	–	–	178,805,000
Due from reinsurers	–	88,466,263	70,440,200	–	158,906,463
Financial assets at FVPL					
Government debt securities	175,283,632	–	–	–	175,283,632
AFS financial assets					
Government debt securities	11,822,243,799	–	–	–	11,822,243,799
Corporate debt securities	1,854,068,187	–	–	–	1,854,068,187
Loans and receivables					
Intercompany receivables	–	557,458,770	–	–	557,458,770
Policy loans	–	319,413,368	–	–	319,413,368
Due from unit-linked funds	–	162,039,270	–	–	162,039,270
Due from officers and employees	–	41,720,179	–	13,299,985	55,020,164
Due from agents	–	15,944,713	–	5,582,367	21,527,080
Other receivables	–	4,884,537	–	1,438,557	6,323,094
Accrued income	182,155,900	13,961,315	–	–	196,117,215
	₱17,256,846,820	₱1,568,399,756	₱83,082,165	₱20,320,909	₱18,928,649,650

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

	December 31, 2021				
	Neither Past Due nor Impaired				
	Investment Grade	**Non-investment Grade: Satisfactory**	**Neither Past Due nor Impaired**	**Past Due or Impaired**	**Total**
Cash and cash equivalents	**₱3,602,653,852**	**₱–**	**₱3,602,653,852**	**₱–**	**₱3,602,653,852**
Financial assets at FVPL					
Debt securities	**10,264,389,221**	**–**	**10,264,389,221**	**–**	**10,264,389,221**
Investment income due and accrued	**196,224,712**	**–**	**196,224,712**	**–**	**196,224,712**
Accounts receivable	**42,122,517**	**–**	**42,122,517**	**–**	**42,122,517**
	₱14,105,390,302	**₱–**	**₱14,105,390,302**	**₱–**	**₱14,105,390,302**

	December 31, 2020				
	Neither Past Due nor Impaired				
	Investment Grade	Non-investment Grade: Satisfactory	Neither Past Due nor Impaired	Past Due or Impaired	Total
Cash and cash equivalents	₱3,877,433,583	₱–	₱3,877,433,583	₱–	₱3,877,433,583
Financial assets at FVPL					
Debt securities	11,556,708,149	–	11,556,708,149	–	11,556,708,149
Investment income due and accrued	199,838,728	–	199,838,728	–	199,838,728
Accounts receivable	43,617,760	–	43,617,760	–	43,617,760
	₱15,677,598,220	₱–	₱15,677,598,220	₱–	₱15,677,598,220

The Parent Company uses a credit rating concept based on the borrowers' and counterparties' overall creditworthiness, as follows:

Investment grade	-	Rating given to counterparties who possess strong to very strong capacity to meet their obligations.
Non-investment grade	-	Rating given to counterparties who possess above average capacity to meet their obligations.

The table below shows the analysis of age of financial assets that are past-due but are not impaired:

	December 31, 2021			
	Past Due but not Impaired			
	< 30 days	**31 to 90 days**	**More than 90 days**	**Total Past-Due but not Impaired**
Insurance receivables				
Premiums due and uncollected	**₱–**	**₱5,059,565**	**₱10,725,465**	**₱15,785,030**
Due from reinsurers	**–**	**–**	**55,595,267**	**55,595,267**
	₱–	**₱5,059,565**	**₱66,320,732**	**₱71,380,297**

	December 31, 2020			
	Past Due but not Impaired			
	< 30 days	31 to 90 days	More than 90 days	Total Past-Due but not Impaired
Insurance receivables				
Premiums due and uncollected	₱–	₱–	₱12,641,965	₱12,641,965
Due from reinsurers	–	–	70,440,200	70,440,200
	₱–	₱–	₱83,082,165	₱83,082,165

The Parent Company conducts a periodic review of allowance for credit and impairment losses based on the corresponding age of past due accounts, payment behavior, credit capacity and length of relationship with the counterparty.

The Parent 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, 2021 and 2020.

Credit risk disclosure under the Amendments to PFRS 4
The following table shows the carrying amount of the SPPI assets included in the table above by credit risk rating grades reported to key management personnel. The carrying amount is measured in accordance with PAS 39. For assets measured at amortized cost, the carrying amount shown is gross of impairment allowance.

December 31, 2021

SPPI Financial asset	**Investment grade**	**Non-investment grade: Satisfactory**	**Unrated**	**Total**
Cash and cash equivalents	**₱4,714,146,236**	**₱81,580,241**	**₱–**	**₱4,795,726,477**
Insurance receivables	**–**	**644,818,567**	**–**	**644,818,567**
AFS financial assets	**12,202,445,135**	**–**	**–**	**12,202,445,135**
Loans and receivables	**–**	**1,281,671,490**	**–**	**1,281,671,490**
Accrued income	**189,375,631**	**12,656,665**	**–**	**202,032,296**

December 31, 2020

SPPI Financial asset	Investment grade	Non-investment grade: Satisfactory	Unrated	Total
Cash and cash equivalents	₱3,223,095,302	₱–	₱–	₱3,223,095,302
Insurance receivables	–	536,059,769	–	536,059,769
AFS financial assets	13,676,311,986	–	–	13,676,311,986
Loans and receivables	–	1,101,460,837	–	1,101,460,837
Accrued income	182,155,900	13,961,315	–	196,117,215

Financial assets that passed the SPPI test have low credit risk as of December 31, 2021 and 2020.

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

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

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

The table below summarizes the maturity profile of the Parent Company's financial assets and liabilities based on contractual undiscounted collections and payments except for the recoverable from reinsurers and legal policy reserves of the life insurance contracts (included in the insurance receivables and insurance contract liabilities accounts, respectively) which shows the maturity analysis based on the estimated timing of the net cash outflows using the recognized insurance liability amounts. The table also analyses the maturity profile of the Parent Company's financial assets in order to provide a complete view of the Parent Company's contractual commitments. For the unit-linked contracts, the Parent Company is ready to dispose its investments in securities to meet surrenders of unit-linked liabilities.

Non-linked

	December 31, 2021						
	On demand	**Up to a year**	**1-3 years**	**3-5 years**	**Over 5 years**	**No term**	**Total**
Financial assets:							
Cash and cash equivalents*	**₱1,965,188,110**	**₱2,831,288,832**	**₱–**	**₱–**	**₱–**	**₱–**	**₱4,796,476,942**
Insurance receivables							
Premiums due and uncollected	**154,969,592**	–	–	–	–	–	**154,969,592**
Due from reinsurers	–	**291,485,866**	–	–	–	–	**291,485,866**
Financial assets at FVPL							
Listed equity securities	–	–	–	–	–	**1,576,408,983**	**1,576,408,983**
Investment in unit-linked funds	–	–	–	–	–	**168,213,645**	**168,213,645**
Government debt securities*	–	–	–	**128,882,911**	**109,299,586**	–	**238,182,497**
Unit investment trust funds	–	–	–	–	–	**92,437,830**	**92,437,830**
AFS financial assets							
Government debt securities*	–	**636,430,165**	**492,566,962**	**1,189,434,950**	**15,871,664,042**	–	**18,190,096,119**
Corporate debt securities*	–	**182,749,008**	**522,864,084**	**781,776,094**	**261,514,204**	–	**1,748,903,390**
Golf club shares	–					**30,775,000**	**30,775,000**
Loans and receivables							
Intercompany receivables	–	**629,306,053**	–	–	–	–	**629,306,053**
Policy loans	–	**317,309,276**	–	–	–	–	**317,309,276**
Due from unit-linked funds	–	**192,554,916**	–	–	–	–	**192,554,916**
Due from agents	–	**101,609,000**	–	–	–	–	**101,609,000**
Due from officers and employees	–	**60,244,156**	–	–	–	–	**60,244,156**
Other receivables	–	**7,227,953**	–	–	–	–	**7,227,953**
Total financial assets	**₱2,120,157,702**	**₱5,250,205,225**	**₱1,015,431,046**	**₱2,100,093,955**	**₱16,242,477,832**	**₱1,867,835,458**	**₱28,596,201,218**
Financial liabilities:							
Other financial liabilities							
Insurance contract liabilities**	**₱131,213,388**	**₱2,715,851,363**	**₱323,090,025**	**₱346,549,688**	**₱92,099,508**	**₱–**	**₱3,608,803,972**
Premium deposit fund	–	**240,182,724**	–	–	–	–	**240,182,724**
Insurance payables	–	**353,745,267**	–	–	–	–	**353,745,267**
Trade and other liabilities***	–	**2,610,817,315**	–	–	–	–	**2,610,817,315**
Lease liability	–	**185,287,423**	**194,800,210**	**110,776,816**	–	–	**490,864,449**
Total financial liabilities	**₱131,213,388**	**₱6,105,884,092**	**₱517,890,235**	**₱457,326,504**	**₱92,099,508**	**₱–**	**₱7,304,413,727**
Liquidity gap							**₱21,291,787,491**

**Including future interest*
***Excluding legal policy reserves*
**** Excluding taxes payable*

	December 31, 2020						
	On demand	Up to a year	1-3 years	3-5 years	Over 5 years	No term	Total
Financial assets:							
Cash and cash equivalents*	₱1,584,702,815	₱1,638,730,195	₱–	₱–	₱–	₱–	₱3,223,433,010
Insurance receivables							
Premiums due and uncollected	198,348,306	–	–	–	–	–	198,348,306
Due from reinsurers	–	158,906,463	–	–	–	–	158,906,463
Financial assets at FVPL							
Listed equity securities	–	–	–	–	–	1,442,986,742	1,442,986,742
Unit investment trust funds	–	–	–	–	–	279,487,385	279,487,385
Government debt securities*	–	–	–	–	267,350,438	–	267,350,438
Investment in unit-linked funds	–	–	–	–	–	83,927,308	83,927,308
AFS financial assets							
Government debt securities*	–	1,061,374,033	485,514,381	802,418,848	16,987,271,279	–	19,336,578,541
Corporate debt securities*	–	587,629,183	409,122,649	794,188,767	350,261,312	–	2,141,201,911
Golf club shares	–	–	–	–	–	29,275,000	29,275,000
Loans and receivables							
Intercompany receivables	–	557,458,770	–	–	–	–	557,458,770
Policy loans	–	319,413,368	–	–	–	–	319,413,368
Due from unit-linked funds	–	162,039,270	–	–	–	–	162,039,270
Due from officers and employees	–	55,020,164	–	–	–	–	55,020,164
Due from agents	–	21,527,080	–	–	–	–	21,527,080
Other receivables	–	6,323,094	–	–	–	–	6,323,094
Accrued income	–	196,117,215	–	–	–	–	196,117,215
Total financial assets	₱1,783,051,121	₱4,764,538,835	₱894,637,030	₱1,596,607,615	₱17,604,883,029	₱1,835,676,435	₱28,479,394,065
Financial liabilities:							
Other financial liabilities							
Insurance contract liabilities**	₱173,677,327	₱1,748,702,594	₱433,745,895	₱58,898,426	₱345,822,607	₱–	₱2,760,846,849
Trade and other liabilities***	–	2,389,447,387	–	–	–	–	2,389,447,387
Insurance payables	–	397,363,273	–	–	–	–	397,363,273
Lease liability	–	513,307,531	–	–	–	–	513,307,531
Premium deposit fund	–	191,165,741	–	–	–	–	191,165,741
Total financial liabilities	₱173,677,327	₱5,239,986,526	₱433,745,895	₱58,898,426	₱345,822,607	₱–	₱6,252,130,781
Liquidity gap							₱22,227,263,284

**Including future interest*
***Excluding legal policy reserves*
**** Excluding taxes payable*

Unit-linked

	December 31, 2021						
	On demand	Up to a year	1-3 years	3-5 years	Over 5 years	No term	Total
Financial assets:							
Cash and cash equivalents	₱3,127,018,100	₱475,635,752	₱–	₱–	₱–	₱–	₱3,602,653,852
Investment income due and accrued	–	196,224,712	–	–	–	–	196,224,712
Accounts receivable	–	42,122,517	–	–	–	–	42,122,517
Financial assets at FVPL							
Debt securities*	–	13,532,084,597	–	–	–	–	13,532,084,597
Equity securities	–	–	–	–	–	61,624,005,381	61,624,005,381
Exchange-traded funds	–	–	–	–	–	51,397,034,189	51,397,034,189
Unit trust investment funds	–	–	–	–	–	15,723,068,246	15,723,068,246
Total financial assets	₱3,127,018,100	₱14,246,067,578	₱–	₱–	₱–	₱128,744,107,816	₱146,117,193,494
Financial liabilities:							
Other financial liabilities							
Accounts payable	₱–	₱539,224,114	₱–	₱–	₱–	₱–	₱539,224,114
Accrued expenses	–	398,775,827	–	–	–	–	398,775,827
Total financial liabilities	₱–	₱937,999,941	₱–	₱–	₱–	₱–	₱937,999,941
Liquidity gap							₱145,179,193,553

**Including future interest*

	December 31, 2020						
	On demand	Up to a year	1-3 years	3-5 years	Over 5 years	No term	Total
Financial assets:							
Cash and cash equivalents	₱3,501,906,831	₱375,526,752	₱–	₱–	₱–	₱–	₱3,877,433,583
Investment income due and accrued	–	199,838,728	–	–	–	–	199,838,728
Accounts receivable	–	43,617,760	–	–	–	–	43,617,760
Financial assets at FVPL							
Debt securities	–	15,758,561,043				–	15,758,561,043
Equity securities	–	–	–	–	–	67,374,691,689	67,374,691,689
Exchange-traded funds	–	–	–	–	–	25,825,963,612	25,825,963,612
Unit trust investment funds	–	–	–	–	–	9,981,899,486	9,981,899,486
Total financial assets	₱3,501,906,831	₱16,377,544,283	₱–	₱–	₱–	₱103,182,554,787	₱123,062,005,901
Financial liabilities:					`		
Other financial liabilities							
Accounts payable	₱–	₱541,195,136	₱–	₱–	₱–	₱–	₱541,195,136
Accrued expenses	–	327,418,389	–	–	–	–	327,418,389
Total financial liabilities	₱–	₱868,613,525	₱–	₱–	₱–	₱–	₱868,613,525
Liquidity gap							₱122,193,392,376

The Parent Company's investment policy is long term in nature. It is subject to annual review for update on asset-liability management, alignment with the Parent Company's latest business plan and other developments during the year. The investment policy is reviewed, approved and endorsed by the Local Management Investment Committee (LMIC), Regional Investment Asset Liability Committee (RIALC), AXA S.A. Board Investment Committee and Philippine AXA Life Board Investment Committee (BIC).

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

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

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

It is the Parent Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

Currency risk
The Parent Company's principal transactions are carried out in Philippine Peso and its foreign exchange risk arises primarily with respect to United States Dollars ($), where some of its products are denominated. The Parent 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 Parent Company's foreign currency denominated monetary assets and liabilities and their Philippine Peso equivalents.

	December 31, 2021	
	USD	**PHP**
Assets		
Cash and cash equivalents	**US$27,549,589**	**₱1,405,001,479**
Assets held to cover unit-linked liabilities	**1,138,782,555**	**58,076,771,535**
	1,166,332,144	**59,481,773,014**
Liabilities		
Unit-linked liabilities	**(1,138,782,555)**	**(58,076,771,535)**
	US$27,549,589	**₱1,405,001,479**

	December 31, 2020	
	USD	PHP
Assets		
Cash and cash equivalents	US$14,892,199	₱715,168,073
Assets held to cover unit-linked liabilities	848,343,830	40,740,015,772
	863,236,029	41,455,183,845
Liabilities		
Unit-linked liabilities	(848,343,830)	(40,740,015,772)
	US$14,892,199	₱715,168,073

The analysis below is performed for reasonably possible movements in US$ with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of currency sensitive monetary assets and liabilities). The exchange rate used to present the US Dollar denominated assets and liabilities to Peso denominations are the December 31, 2021 and 2020 closing rates. There is no impact on the Parent Company's equity other than those already affecting the profit.

	December 31, 2021	
	Change in variable	**Impact on profit before tax**
USD	**+6.20%**	**₱87,110,092**
USD	**-6.20%**	**(87,110,092)**

	December 31, 2020	
	Change in variable	Impact on profit before tax
USD	+5.36%	(₱38,348,816)
USD	-5.36%	38,348,816

As of December 31, 2021 and 2020, the Parent Company used the average of changes in year-end closing rate for the past three years in determining the reasonably possible change in foreign exchange rates.

Fair value 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 Parent Company's fixed rate investments classified as AFS financial assets and financial assets at FVPL in particular are exposed to such risk.

The Parent Company's investment policy manages interest rate risk by matching the maturities of interest-bearing financial assets and interest-bearing financial liabilities. The amount, duration and yield to maturity of assets are matched against the amount and duration of the liabilities.

The following table shows the information relating to the Parent Company's non-linked fixed interest-bearing financial instruments presented by maturity profile.

	December 31, 2021						
	Range of interest rate	On demand	Up to a year	1-3 years	3-5 years	Over 5 years	Total
Financial assets:							
Cash and cash equivalents*	**0.05% - 0.58%**	**₱1,964,945,110**	**₱2,830,781,367**	**₱–**	**₱–**	**₱–**	**₱4,795,726,477**
Loans and receivables							
Policy loans	**7.00% - 9.00%**	–	**317,309,276**	–	–	–	**317,309,276**
Due from agents	**12.00%**	–	**101,609,000**	–	–	–	**101,609,000**
Due from officers and employees	**8.00%**	–	**60,244,156**	–	–	–	**60,244,156**
Financial assets at FVPL							
Government debt securities	**8.50%-10.25%**	–	–	–	–	**158,565,692**	**158,565,692**
AFS financial assets							
Government debt securities	**3.63%-18.25%**	–	**626,373,004**	**422,976,156**	**916,284,005**	**8,738,813,399**	**10,704,446,564**
Corporate debt securities	**3.60-8.00%**	–	**177,743,532**	**467,211,256**	**663,654,000**	**189,389,783**	**1,497,998,571**
Total financial assets		**₱1,964,945,110**	**₱4,114,060,335**	**₱890,187,412**	**₱1,579,938,005**	**₱9,086,768,874**	**₱17,635,899,736**
Financial liabilities:							
Other financial liabilities							
Premium deposit fund	**1.50%**	**₱–**	**₱240,182,724**	**₱–**	**₱–**	**₱–**	**₱240,182,724**
Total financial liabilities		**₱–**	**₱240,182,724**	**₱–**	**₱–**	**₱–**	**₱240,182,724**

**Excluding petty cash fund*

	December 31, 2020						
	Range of interest rate	On demand	Up to a year	1-3 years	3-5 years	Over 5 years	Total
Financial assets:							
Cash and cash equivalents*	0.10% - 3.25%	₱1,584,365,107	₱1,638,730,195	₱–	₱–	₱–	₱3,223,095,302
Loans and receivables							
Due from officers and employees	8.00% - 12.00%	–	55,020,164	–	–	–	55,020,164
Due from agents	8.00% - 12.00%	–	21,527,080	–	–	–	21,527,080
Policy loans	8.00% - 10.00%	–	319,413,368	–	–	–	319,413,368
Financial assets at FVPL							
Government debt securities	8.50% -10.25%	–	–	–	–	175,283,632	175,283,632
AFS financial assets							
Government debt securities	4.13% -18.25%	–	1,058,519,859	445,459,499	617,828,719	9,700,435,722	11,822,243,799
Corporate debt securities	3.92% - 8.00%	–	576,215,436	364,342,353	663,716,781	249,793,617	1,854,068,187
Total financial assets		₱1,584,365,107	₱3,669,426,102	₱809,801,852	₱1,281,545,500	₱10,125,512,971	₱17,470,651,532
Financial liabilities:							
Other financial liabilities							
Premium deposit fund	1.25% - 2.25%	₱–	₱ 191,165,741	₱–	₱–	₱–	₱191,165,741
Total financial liabilities		₱–	₱ 191,165,741	₱–	₱–	₱–	₱191,165,741

**Excluding petty cash fund*

The following table shows the information relating to the Parent Company's unit-linked fixed interest-bearing financial instruments presented by maturity profile.

	December 31, 2021						
	Range of interest rate	On demand	Up to a year	3 years	3-5 years	Over 5 years	Total
Financial assets:							
Cash and cash equivalents	**0.05% to 0.40%**	**₱3,127,018,100**	**₱475,635,752**	**₱–**	**₱–**	**₱–**	**₱3,602,653,852**
Financial assets at FVPL							
Debt securities	**1.38% - 10.63%**		**1,599,813**	**1,398,119,450**	**2,976,964,915**	**5,887,705,043**	**10,264,389,221**
Total financial assets		**₱3,127,018,100**	**₱477,235,565**	**₱1,398,119,450**	**₱2,976,964,915**	**₱5,887,705,043**	**₱13,867,043,073**

	December 31, 2020						
	Range of interest rate	On demand	Up to a year	3 years	3-5 years	Over 5 years	Total
Financial assets:							
Cash and cash equivalents	0.09% - 0.32%	₱3,501,906,831	₱375,526,752	₱–	₱–	₱–	₱3,877,433,583
Financial assets at FVPL							
Debt securities	1.65% - 10.63%	–	247,166,511	887,797,254	3,459,785,529	6,961,958,855	11,556,708,149
Total financial assets		₱3,501,906,831	₱622,693,263	₱887,797,254	₱3,459,785,529	₱6,961,958,855	₱15,434,141,732

The analysis below is performed for reasonably possible movements in interest rates with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of fixed rate financial assets at FVPL) and equity (due to changes in fair value of fixed rate AFS financial assets). The impact on the Parent Company's equity already excludes the impact on transactions affecting the profit or loss in the Parent Company statement of comprehensive income.

	December 31, 2021		
	Change in yield	**Impact on Profit before Tax**	**Impact on equity**
Peso	**1.00%**	**(₱6,578,006)**	**(₱795,623,843)**
Peso	**-1.00%**	**6,973,204**	**812,031,322**

	December 31, 2020		
	Change in yield	Impact on Profit before tax	Impact on equity
Peso	+1.00%	(₱8,375,475)	(₱937,618,439)
Peso	-1.00%	8,972,527	865,847,527

Equity price risk

The Parent Company's equity price risk exposure at year-end relates to financial assets whose values will fluctuate as a result of changes in market prices, principally, equity securities classified as financial assets at FVPL and AFS financial assets. Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market.

The Parent Company's investment policy requires it to manage such risks by setting and monitoring objectives and constraints on investments; diversification plan; limits on investment in each sector and market. Investments in derivatives are also subject to such requirements.

The Parent Company has certain direct strategic minority investments in publicly traded companies. These investments are classified as AFS financial assets. The Parent Company also invests in equity shares through its unit-linked funds. Investments held by these unit-linked funds were designated as financial assets at FVPL.

The analysis below is performed for reasonably possible movements in the PSE index with all other variables held constant. The impact on profit before tax (due to changes in fair value of equity securities classified as financial assets at FVPL) and equity (due to changes in fair value of equity securities classified as AFS financial assets) is arrived at using the change in variable and the specific adjusted beta of each share of stock the Parent Company holds at the reporting date. Adjusted beta is the forecasted measure of the volatility of a security or a portfolio in comparison to the market as a whole. The impact on the Parent Company's equity already excludes the impact on transactions affecting profit or loss.

	December 31, 2021		
Market Index	**Change in variable**	**Impact on profit before tax**	**Impact on equity**
PSE index	**-3.32%**	**(₱50,978,360)**	**₱–**
PSE index	**3.32%**	**50,978,360**	**–**

	December 31, 2020		
Market Index	Change in variable	Impact on profit before tax	Impact on equity
PSE index	-4.68%	(₱65,554,223)	₱–
PSE index	4.68%	65,554,223	–

For the years ended December 31, 2021 and 2020, the change in variable was derived from the percentage changes of the composite PSE index for the past three years.

NAV price risk
NAV price risk is the risk that the NAV per share of the unit-linked funds decreases as a result of changes in the level of NAV.

The analysis below is performed for reasonably possible movements in NAV per share with all other variables held constant, showing the impact on equity:

	Change in NAV	**Impact on profit before tax**
December 31, 2021	**1.00%**	**₱1,419,114,982**
	-1.00%	**(1,419,114,982)**
December 31, 2020	1.00%	₱1,179,915,395
	-1.00%	(1,179,915,395)

25. Related Party Transactions

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

Related party transactions consist mainly of the following:

a. The Parent Company maintains savings and current accounts, short-term deposits and investment in unit investment trust funds with MBTC, the parent of FMIC, details of which follow:

	2021	2020
Savings and current deposits	**₱1,115,196,067**	₱1,243,325,802
Unit investment trust funds	**86,241,914**	273,348,534
Cash equivalents	**18,724,959**	668,672,695
	₱1,220,162,940	₱2,185,347,031

Cash equivalents are to mature within 7-59 days and 10-29 days in 2021 and 2020, respectively. Interest rates on savings accounts and short-term deposits range from 0.05% to 0.58% and 0.13% to 1.00% for the years ended December 31, 2021 and 2020, respectively.

Interest income from these savings accounts and short-term deposits included in 'Investment income' amounted to ₱1.43 million and ₱16.90 million for the years ended December 31, 2021 and 2020, respectively.

Investment in unit investment trust funds (UITFs) classified as financial assets at FVPL are invested in various financial instruments such as money market securities, bonds and equities, which are normally available to bigger investors only.

As of December 31, 2021, the Parent Company owns 62,032,767 outstanding number of units with cost and net asset value of ₱80.57 million and ₱86.24 million, respectively, while as of December 31, 2020, the Parent Company owns 231,727,352 outstanding number of units with cost and net asset value of ₱267.50 million and ₱273.35 million, respectively.

b. The Parent Company maintains savings account and short-term deposits with Philippine Savings Bank (PS Bank), a subsidiary of MBTC, details of which follow:

	2021	2020
Cash equivalents	**₱1,460,989,000**	₱570,057,500
Savings and current accounts	**218,721,910**	46,749,674
	₱1,679,710,910	₱616,807,174

Interest rates on savings account and short-term deposits range from 0.13% to 0.53% and 0.13% to 0.68% for the years ended December 31, 2021 and 2020, respectively. Interest income from these savings account and short-term deposits included in ‘Investment income’ amounted to ₱6.06 million and ₱4.05 million for the years ended December 31, 2021 and 2020, respectively.

c. The Parent Company maintains an SLA with MBTC-Trust Banking Group for the management of the Parent Company’s separate variable funds for its variable life insurance contracts. Under the SLA, MBTC shall manage the unit-linked funds faithfully in accordance with the terms and conditions of the SLA. As compensation for services rendered, MBTC shall be entitled to a service fee ranging from 0.10% to 0.30% per annum based on the net asset value of the unit-linked funds.

Service fees charged against the funds and included under ‘Gain on assets held to cover unit-linked liabilities’ amounted to ₱31.05 million and ₱201.05 million for the years ended December 31, 2021 and 2020, respectively (see Note 20). Service fees payable included under ‘Assets held to cover unit-linked liabilities’ amounted to ₱3.57 million and ₱19.42 million as of December 31, 2021 and 2020, respectively (see Note 12).

d. The Parent Company entered into a bancassurance agreement with MBTC in relation to the sale of policy insurance contracts to the clients of MBTC and through the Parent Company’s financial executives. In 2014, the Parent Company entered into same bancassurance agreement with PS Bank. The Parent Company pays referral fees recognized as ‘Commission expense’ in the profit or loss. Referral fees for banks and banks staff referrals are determined at various rates based on the collected premiums, as follow:

	2021	2020
Referral fees for banks		
MBTC	**₱378,490,702**	₱400,602,434
PS Bank	**27,395,161**	50,646,887
	405,885,863	451,249,321
Bank staff referrals		
MBTC	**25,640,418**	37,343,757
PS Bank	**4,582,490**	6,497,530
	30,222,908	43,841,287
	₱436,108,771	₱495,090,608

The outstanding balance included in 'Commissions payable' under 'Trade and other liabilities' amounted to ₱131.67 million and ₱107.82 million as of December 31, 2021 and 2020, respectively (see Note 16).

e. MBTC is the trustee bank of the Parent Company's retirement plan. The Parent Company's plan assets amounted to ₱319.53 million and ₱308.62 million as of December 31, 2021 and 2020, respectively (see Note 22). Trustee fees charged by MBTC amounted to ₱0.77 million and ₱0.68 million for the years ended December 31, 2021 and 2020, respectively.

f. The Parent Company has entered into several lease agreements with its related parties for the use of office spaces. The Parent Company leases commercial office spaces from Federal Land Inc. and MBTC. For the years ended December 31, 2021 and 2020, rental payments pertaining to these leases follow:

	2021	2020
Federal Land Inc.	**₱138,269,716**	₱119,360,895
MBTC	**1,303,792**	2,701,853
	₱139,573,508	₱122,062,748

The lease liability as of December 31, 2021 and 2020 amounted to ₱334.64 million and ₱399.54 million, respectively.

In 2021 and 2020, 'Rental income' from MBTC included in 'Investment income' (see Note 19) amounted to ₱2.30 million and ₱1.26 million, respectively. There is no rent receivable as of December 31, 2021 and 2020.

g. The Parent Company's outstanding receivables included in 'Intercompany receivables' under 'Loans and receivables', follow (see Note 6):

	2021	2020
CPAIC	**₱355,728,956**	₱295,888,333
AXA Asia	**8,471,141**	2,533,163
AXA Group Operations SAS	**673,679**	–
Architas	**532,406**	2,394,655
AXA Group Operations Philippines, Inc.	–	27,188,210
PT Mandiri Axa General Insurance	–	6,364,750
	₱365,406,182	₱334,369,111

The Parent Company's revenue related to these transactions included in 'Other income' follow:

	2021	2020
CPAIC	**₱187,096,715**	₱97,200,000
AXA Group Operations Philippines, Inc.	**2,333,333**	5,760,000
	₱189,430,048	₱102,960,000

i. The Parent Company has transactions with affiliates (companies belonging to Metrobank Group) in relation to group policies which are based on terms similar to those offered to nonrelated parties. These pertain to credit life and yearly renewable term policies. Details of the balances with affiliates follow:

Premiums earned

	2021	2020
MBTC	**₱697,127,838**	₱600,387,060
Philippine Savings Bank	**256,694,680**	257,596,718
Orix Metro Leasing and Finance Corporation	**24,549,102**	2,327,636
Toyota Motor Philippines Corporation	**21,106,354**	2,867,359
FMIC	**1,038,065**	869,099
Federal Land	**756,893**	983,612
Orix Rental Corporation	**673,407**	–
GT Capital Holdings Inc.	**323,273**	401,547
CPAIC	**–**	430,100
	₱1,002,269,612	₱865,863,131

Premiums due and uncollected (see Note 5)

	2021	2020
Philippine Savings Bank	**₱40,425,081**	₱44,645,837
MBTC	**65,589,311**	14,730,938
Federal Land	**833,496**	–
Toyota Motor Philippines Corporation	**12,375**	–
	₱106,860,263	₱59,376,775

Claims incurred (see Note 19)

	2021	2020
Philippine Savings Bank	**₱196,005,717**	₱82,921,131
MBTC	**62,256,269**	8,778,575
Toyota Motor Philippines Corporation	**6,202,584**	1,400,000
Orix Metro Leasing and Finance Corporation	**2,260,000**	–
	₱266,724,570	₱93,099,706

Claims payable (see Note 13)

	2021	2020
MBTC	**₱13,165,105**	₱10,517,117
Philippine Savings Bank	**425,000**	17,039,397
Toyota Motor Philippines Corporation	**–**	3,200,000
	₱13,590,105	₱30,756,514

Outstanding gross experience refunds

	2021	2020
MBTC	**₱73,000,740**	₱72,012,778
Philippine Savings Bank	**60,054,094**	67,161,988
Toyota Motor Philippines Corporation	**3,806,760**	2,191,361
FMIC	**1,722,759**	–
Federal Land	**958,042**	–
	₱139,542,395	₱141,366,127

AXA Asia allocated certain expenses to the Parent Company that pertain to shared service costs as a result of providing services on management planning, support and maintenance services, procurement regional projects and information technology service delivery charges. Shared service costs included in 'Operating and administrative expenses' amounted to ₱131.69 million and ₱134.11 million for the years ended December 31, 2021 and 2020, respectively (see Note 21). The outstanding balance included in 'Accrued shared services cost' under 'Trade and other liabilities' amounted to ₱49.34 million and ₱102.82 million as of December 31, 2021 and 2020, respectively (see Note 16).

The Parent Company entered into a Deposit Collection Agreement with MBTC for bill payments from the Parent Company's clients who are depositors of MBTC through delivery channels, online bills payments and auto-debit arrangements. MBTC shall debit the Parent Company's client accounts for the total amount of fees due at the end of every reference months, enable customers to perform online banking transactions and accept bill payments through extensive banking system and the se of various delivery channels such as over-the-counter payments, Metrobank ET, Metrophone, Mobile and Metrobank direct banking facilities.

The Parent Company entered into a memorandum of agreement with Metrobank Card Corporation to issue corporate guaranteed credit cards to certain authorized employees. The Parent Company shall bear complete liability for all the obligations, liabilities and charges incurred by the authorized employees arising from the use of credit cards.

j. Compensation of key management personnel

Key management personnel of the Parent Company include all management committee officers. The compensation of the key management personnel by benefit type follows:

	2021	2020
Salaries and short-term benefits	**₱207,830,119**	₱204,077,100
Post-employment benefits	**55,629,539**	25,596,862
	₱263,459,658	₱229,673,962

k. Due from officers and employees

Amounts due from officers and employees include secured interest-bearing loans pertaining to car plan and salary loans, and other unsecured noninterest-bearing loans and advances granted to the Parent Company's officers and employees. Interest rates on interest bearing loans range is 8% for the years ended December 31, 2021 and 2020.

Allowance for credit and impairment losses on due from officers and employees amounted to ₱20.05 million and ₱13.30 million as of December 31, 2021 and 2020, respectively (see Note 6).

The summary of balances arising from related party transactions for the relevant financial year follows:

	2021		2020		Terms	Conditions
	Amount/volume	**Outstanding Balance**	Amount/volume	Outstanding Balance		
Entities with joint control over the Parent Company						
MBTC						
Savings, current and short-term deposits	**₱–**	**₱1,133,921,026**	₱–	₱1,911,998,497	2021: 7-59 days, 0.05% to 0.58% 2020: 10-29 days, 0.13% to 1.00%	No impairment
Unit investment trust funds	**–**	**86,241,914**	–	273,348,534	At NAV, settlement in cash	No impairment
Realized gain on UITF	**1,048,037**	**–**	–	–	–	–
Interest income	**1,430,852**	**250**	16,898,024	144,698	2021: 7-59 days, 0.06% to 0.45% 2020: 10-29 days, 0.13% to 1.00%	No impairment
Investment in equity securities	**–**	**60,360,475**	–	43,180,971	Interest-free, settlement in cash	No impairment
Dividend income	**3,521,384**	**–**	880,346	–	Interest-free, settlement in cash	–
Service fees	**31,046,278**	**3,571,966**	201,052,156	19,415,949	0.10% to 0.30% of NAV	–
Commission expense	**549,817,491**	**125,625,051**	437,946,191	97,290,575	Interest-free, settlement in cash	Unsecured, no impairment
Plan assets	**–**	**319,531,830**	–	308,615,790	Interest-free, settlement in cash	No impairment
Trust fees	**774,688**	**–**	682,565	–	Interest-free, settlement in cash	Unsecured, no impairment
Rent expense	**1,303,792**	**–**	2,701,853	–	Interest-free, settlement in cash	Unsecured, no impairment
Association dues	**–**	**–**	243,940	–	Interest-free, settlement in cash	Unsecured, no impairment
Rent income	**2,299,476**	**–**	1,258,548	–	Interest-free, settlement in cash	Unsecured, no impairment
Rental deposits	**–**	**441,931**	–	4,528,273	Interest-free, settlement in cash	Unsecured, no impairment
Bank charges	**5,240,982**	**–**	4,767,252	–	Interest-free, settlement in cash	–
Premium income	**697,127,838**	**65,589,311**	600,387,060	14,730,938	Interest-free, settlement in cash	Unsecured, no impairment
Claims	**62,256,269**	**13,165,105**	8,778,575	10,517,117	Interest-free, settlement in cash	Unsecured, no impairment
Gross experience refund	**–**	**73,000,740**	–	72,012,778	Interest-free, settlement in cash	Unsecured, no impairment
Annual fees	**33,000**	**–**	63,000	–	Interest-free, settlement in cash	Unsecured, no impairment
Credit card fees	**62,856**	**–**	12,382,155	–	Interest-free, settlement in cash	Unsecured, no impairment
Accounts payable	**–**	**393,212**	–	–	Interest-free, settlement in cash	Unsecured, no impairment
FMIC					Interest-free, settlement in cash	Unsecured, no impairment
Premium income	**1,038,065**	**–**	869,099	–	Interest-free, settlement in cash	Unsecured, no impairment
Gross experience refund	**–**	**1,722,759**	–	–	Interest-free, settlement in cash	Unsecured, no impairment
Rental deposits	**–**	**659,450**	–	–	Interest-free, settlement in cash	Unsecured, no impairment
AXA Asia					Interest-free, settlement in cash	Unsecured, no impairment
Shared service costs	**131,686,803**	**49,343,991**	134,105,872	102,823,504	Interest-free, settlement in cash	Unsecured, no impairment
Receivables	**–**	**8,471,141**	–	2,533,163	Interest-free, settlement in cash	Unsecured, no impairment
GT Capital Holdings, Inc.						
Premium income	**323,273**	**–**	401,547	–	Interest-free, settlement in cash	Unsecured, no impairment
Investment in equity securities	**–**	**25,115,940**	–	22,112,415	Interest-free, settlement in cash	No impairment
Dividend income	**126,225**	**–**	226,794	–	Interest-free, settlement in cash	–

(Forward)

	2021		2020			
	Amount/volume	**Outstanding Balance**	Amount/volume	Outstanding Balance	Terms	Conditions
Subsidiary						
Charter Ping-An Insurance Corporation						
Premium income	**₱–**	**₱–**	₱430,100	₱–	Interest-free, settlement in cash	Unsecured, no impairment
Shared service income	**187,096,715**	**–**	97,200,000	–	Interest-free, settlement in cash	Unsecured, no impairment
Accounts receivable	**–**	**355,728,956**	–	295,888,333	Interest-free, settlement in cash	Unsecured, no impairment
Other related parties						
Philippine Savings Bank						
Savings, current and time deposits accounts	**–**	**1,679,710,910**	–	616,807,174	2021: 30-56 days, 0.13% to 0.53% 2020: 30-35 days, 0.13% to 0.68%	Unsecured, no impairment
Interest income	**6,058,225**	**176,969**	4,052,221	128,331	2021: 30-56 days, 0.13% to 0.53% 2020: 30-35 days, 0.13% to 0.68%	Unsecured, no impairment
Commission expense	**40,766,986**	**6,041,196**	57,144,417	10,526,300	Interest-free, settlement in cash	Unsecured, no impairment
Bank charges	**2,774,468**	**–**	2,074,445	–	Interest-free, settlement in cash	–
Premium income	**256,694,680**	**40,425,081**	257,596,718	44,645,837	Interest-free, settlement in cash	Unsecured, no impairment
Claims	**196,005,717**	**425,000**	82,921,131	17,039,397	Interest-free, settlement in cash	Unsecured, no impairment
Gross experience refund	**–**	**60,054,094**	–	67,161,988	Interest-free, settlement in cash	Unsecured, no impairment
Federal Land Inc.						
Premium income	**756,893**	**833,496**	983,612	–	Interest-free, settlement in cash	Unsecured, no impairment
Rental deposits	**–**	**29,969,803**	–	31,217,950	Interest-free, settlement in cash	Unsecured, no impairment
Rent expense	**138,269,716**	**–**	119,360,895	–	Interest-free, settlement in cash	Unsecured, no impairment
Association dues	**22,034,888**	**–**	13,730,055	–	Interest-free, settlement in cash	Unsecured, no impairment
Gross experience refund	**–**	**958,042**	–	–	Interest-free, settlement in cash	Unsecured, no impairment
Orix Metro Leasing and Finance Corporation						
Premium income	**24,549,102**	**–**	2,327,636	–	Interest-free, settlement in cash	Unsecured, no impairment
Rent Expense	**–**	**–**	284,826	–	Interest-free, settlement in cash	Unsecured, no impairment
Claims	**2,260,000**	**–**	–	–	Interest-free, settlement in cash	Unsecured, no impairment
Toyota Motor Philippines Corporation						
Premium income	**21,106,354**	**12,375**	2,867,359	–	Interest-free, settlement in cash	Unsecured, no impairment
Claims	**6,202,584**	**–**	1,400,000	3,200,000	Interest-free, settlement in cash	Unsecured, no impairment
Gross experience refund	**–**	**3,806,760**	–	2,191,361	Interest-free, settlement in cash	Unsecured, no impairment
Orix Rental Corporation						
Premium income	**673,407**	**–**	–	–	Interest-free, settlement in cash	Unsecured, no impairment
Rent expense	**464,710**	**–**	818,154	–	Interest-free, settlement in cash	Unsecured, no impairment
AXA GIE						
Expatriate expenses	**2,287,517**	**–**	–	–	Interest-free, settlement in cash	Unsecured, no impairment
AXA Healthcare Management						
Management fees	**–**	**–**	6,280,293	–	Interest-free, settlement in cash	Unsecured, no impairment

(Forward)

	2021		2020			
	Amount/volume	**Outstanding Balance**	Amount/volume	Outstanding Balance	Terms	Conditions
AXA PPP						
Reinsurance recoveries	**₱79,345,566**	**₱72,529,732**	₱20,687,395	₱10,852,229	Interest-free, settlement in cash	Unsecured, no impairment
Premiums ceded to reinsurer	**187,639,110**	**57,667,451**	88,140,302	85,976,528	Interest-free, settlement in cash	Unsecured, no impairment
AXA Global P&C						
Reinsurance recoveries	**25,275,006**	**25,279,203**	2,698,201	7,335,460	Interest-free, settlement in cash	Unsecured, no impairment
Premiums ceded to reinsurer	**14,311,595**	**17,325,542**	9,173,212	22,430,773	Interest-free, settlement in cash	Unsecured, no impairment
AXA France Vie						
Reinsurance recoveries	**12,257,649**	**20,131,541**	8,514,929	12,559,730	Interest-free, settlement in cash	Unsecured, no impairment
Premiums ceded to reinsurer	**4,835,311**	**15,660,797**	57,931,650	21,978,007	Interest-free, settlement in cash	Unsecured, no impairment
Architas						
Accounts Receivable	**–**	**532,406**	–	2,394,655	Interest-free, settlement in cash	Unsecured, no impairment
Expense recharge	**4,398,176**	**–**	–	–	Interest-free, settlement in cash	Unsecured, no impairment
AXA Group Operations SAS						
Software licenses	**67,307,677**	**–**	17,878,904	–	Interest-free, settlement in cash	Unsecured, no impairment
Accounts receivable	**–**	**673,679**	–	–	Interest-free, settlement in cash	Unsecured, no impairment
AXA Group Operations Hong Kong Limited						
IT services	**297,771,456**	**–**	183,003,856	–	Interest-free, settlement in cash	–
Assist and Assistance Concept, Inc.						
Service fees	**14,309,371**	**–**	30,202,901	–	Interest-free, settlement in cash	–
AXA Group Operations Philippines, Inc.						
IT services	**41,964,271**	**–**	40,223,812	–	Interest-free, settlement in cash	Unsecured, no impairment
Accounts receivable	**–**	**–**	–	27,188,210	Interest-free, settlement in cash	Unsecured, no impairment
Shared service income	**2,333,333**	**–**	5,760,000	–	Interest-free, settlement in cash	Unsecured, no impairment
AXA Group Operations Malaysia Sdn. Bhd.						
Actuarial services	**22,345,676**	**–**	28,476,298	–	Interest-free, settlement in cash	Unsecured, no impairment
PT Mandiri Axa General Insurance						
Accounts receivable	**–**	**–**	–	6,364,750	Interest-free, settlement in cash	Unsecured, no impairment
Key management personnel						
Compensation and benefits	**207,830,119**	**–**	204,077,100	–	–	–
Directors' fees	**12,500,000**	**–**	9,690,000	–	–	–
Due from officers and employees	**–**	**473,918**	–	55,020,164	–	–

26. **Leases Commitments**

Company as lessee
The Parent Company entered into commercial leases on certain offices for its branches. These leases have an average life of between one (1) to eight (8) years with renewal terms included in the contracts. There are several lease contracts that include extension and termination options, which are further discussed below. The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized in the statement of financial position is at 7.17% and 8.58% respectively in 2021 and 2020.

The Parent Company also has certain leases of office equipment with low value. The Parent Company applies the 'lease of low-value assets' recognition exemption for these leases.

The following are the amount recognized in statement of income:

	Notes	**2021**	2020
Depreciation expense of right-of-use assets	21	**₱189,773,398**	₱133,730,559
Interest expense on lease liabilities		**33,879,559**	39,116,997
Expenses relating to short-term leases	21	**73,817,721**	94,051,066
Expenses relating to leases of low-value assets	21	**8,333,119**	5,359,201
Total amount recognized in statement of income		**₱305,803,797**	₱272,257,823

Movements in the right-of-use assets are presented below:

	Note	**2021**	2020
Cost			
At January 1		**₱720,312,078**	₱457,485,359
Additions	28	**165,115,962**	262,826,719
Balance at end of year		**885,428,040**	720,312,078
Accumulated Depreciation			
At January 1		**250,744,959**	117,014,400
Depreciation (Note 21)		**189,773,398**	133,730,559
Balance at end of year		**440,518,357**	250,744,959
Net book value		**₱444,909,683**	₱469,567,119

The Parent Company also recognized lease liability with movements stated below:

	Note	**2021**	2020
At January 1		**₱513,307,531**	₱371,497,533
Additions	28	**165,115,962**	262,826,719
Accretion of interest		**33,879,559**	39,116,997
Payments	28	**(221,438,603)**	(160,133,718)
		₱490,864,449	₱513,307,531

The Parent Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased asset portfolio and align with the Parent Company's business needs. Management exercises significant judgment in determining whether these assets and termination options are reasonably certain to be exercised (see Note 3). Based on management's assessment, the Parent Company will not terminate any contracts and/or plan to avail of the extension of contracts. The maturity analysis of lease liabilities is disclosed in Note 27.

Company as lessor
The Parent Company has entered into property leases consisting of the Parent Company's surplus office spaces. These non-cancellable leases have remaining lease terms of less than 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases follow:

	2021	2020
Within one year	**₱1,387,560**	₱5,150,976
After one year but not more than five years	**2,986,740**	4,374,300
	₱4,374,300	₱9,525,276

27. Maturity Profile of Assets and Liabilities

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

	2021			2020		
	Due within one year	**Beyond one year**	**Total**	Due within one year	Beyond one year	Total
Assets						
Cash and cash equivalents	**₱4,795,969,477**	**₱–**	**₱4,795,969,477**	₱3,223,433,010	₱–	₱3,223,433,010
Insurance receivables						
Premiums due and uncollected	**154,969,592**	–	**154,969,592**	198,348,306	–	198,348,306
Recoverable from reinsurers	–	**198,363,109**	**198,363,109**	–	178,805,000	178,805,000
Due from reinsurers	**291,485,866**	–	**291,485,866**	158,906,463	–	158,906,463
Financial assets at FVPL						
Listed equity securities	**1,576,408,983**	–	**1,576,408,983**	1,442,986,742	–	1,442,986,742
Investment in unit-linked fund	**168,213,645**	–	**168,213,645**	83,927,308	–	83,927,308
Government debt securities	**158,565,692**	–	**158,565,692**	175,283,632	–	175,283,632
Unit investment trust funds	**92,437,830**	–	**92,437,830**	279,487,385	–	279,487,385
AFS financial assets						
Government debt securities	**626,373,004**	**10,078,073,560**	**10,704,446,564**	1,058,519,859	10,763,723,940	11,822,243,799
Corporate debt securities	**177,743,532**	**1,320,255,039**	**1,497,998,571**	576,215,436	1,277,852,751	1,854,068,187
Golf club shares	–	**30,775,000**	**30,775,000**	–	29,275,000	29,275,000
Loans and receivables						
Intercompany receivables	**629,306,053**	–	**629,306,053**	557,458,770	–	557,458,770
Policy loans	**317,309,276**	–	**317,309,276**	319,413,368	–	319,413,368
Due from unit-linked funds	**192,554,916**	–	**192,554,916**	162,039,270	–	162,039,270
Due from agents	**98,095,260**	–	**98,095,260**	15,944,713	–	15,944,713
Due from officers and employees	**40,191,934**	–	**40,191,934**	41,720,179	–	41,720,179
Other receivables	**4,214,051**	–	**4,214,051**	4,884,537	–	4,884,537
Accrued income	**202,032,296**	–	**202,032,296**	196,117,215	–	196,117,215
Investment in a subsidiary	–	**5,029,440,576**	**5,029,440,576**	–	5,029,440,576	5,029,440,576
Property and equipment - net	–	**667,195,201**	**667,195,201**	–	681,952,745	681,952,745
Intangible assets - net	–	**61,265,776**	**61,265,776**	–	40,993,650	40,993,650
Deferred tax assets - net	–	**598,432,514**	**598,432,514**	–	1,042,847,047	1,042,847,047
Right-of-use asset	–	**444,909,683**	**444,909,683**	–	469,567,119	469,567,119
Other assets	**88,035,389**	**100,035,860**	**188,071,249**	123,755,669	68,051,747	191,807,416
Assets held to cover unit-linked liabilities	**141,975,208,640**	–	**141,975,208,640**	118,475,057,849	–	118,475,057,849
	₱151,430,549,744	**₱18,528,746,318**	**₱170,117,861,754**	₱127,093,499,711	₱19,582,509,575	₱146,676,009,286
Liabilities						
Insurance contract liabilities						
Legal policy reserves	**₱–**	**₱6,490,218,125**	**₱6,490,218,125**	₱9,102,298	₱7,647,025,460	₱7,656,127,758
Claims and benefits payable	**3,477,590,583**	–	**3,477,590,583**	1,748,702,594	838,466,928	2,587,169,522
Policyholder's dividends	**131,213,389**	–	**131,213,389**	173,677,327	–	173,677,327
Premium deposit fund	**240,182,724**	–	**240,182,724**	191,165,741	–	191,165,741
Life insurance deposits	**518,246,218**	–	**518,246,218**	455,545,373	–	455,545,373
Insurance payables	**353,745,267**	–	**353,745,267**	397,363,273	–	397,363,273
Trade and other liabilities	**2,891,394,244**	–	**2,891,394,244**	2,628,706,932	–	2,628,706,932
Lease liability	**185,287,423**	**305,577,026**	**490,864,449**	140,617,230	372,690,301	513,307,531
Net pension liability	–	**204,307,850**	**204,307,850**	–	183,835,040	183,835,040
Income tax payable	**131,561,181**	–	**131,561,181**	288,304,429	–	288,304,429
Unit-linked liabilities	**141,975,208,640**	–	**141,975,208,640**	118,475,057,849	–	118,475,057,849
	₱149,904,429,669	**₱7,000,103,001**	**₱156,904,532,670**	₱124,508,243,046	₱9,042,017,729	₱133,550,260,775
	₱1,526,120,075	**₱11,528,643,317**	**₱13,213,329,084**	₱2,585,256,665	₱10,540,491,846	₱13,125,748,511

28. Notes to Statements of Cash Flows

The Parent Company engaged in the following financing activities:

	January 1, 2021	**Cash flows**	**Non-cash changes**	**December 31, 2021**
Lease liability (Note 26)	**₱513,307,531**	**(₱221,438,603)**	**₱198,995,521**	**₱490,864,449**
Dividends payable	**–**	**(2,470,000,000)**	**2,470,000,000**	**–**
	₱513,307,531	**(₱2,691,438,603)**	**₱2,668,995,521**	**₱490,864,449**

	January 1, 2020	Cash flows	Non-cash changes	December 31, 2020
Lease liability (Note 26)	₱371,497,533	(₱160,133,718)	₱301,943,716	₱513,307,531
Dividends payable	–	(2,070,000,000)	2,070,000,000	–
	₱371,497,533	(₱2,230,133,718)	₱2,371,943,716	₱513,307,531

The Parent Company also had non-cash additions to right-of-use assets amounting to ₱165.12 million and ₱262.83 million for the years ended December 31, 2021 and 2020, respectively (see Note 26).

29. Contingencies

The Parent Company is a defendant in several lawsuits arising from the normal course of carrying out its insurance business. The Parent Company currently does not believe these proceedings will have a material adverse effect on the Parent Company's financial position.

30. Supplementary Tax Information under Revenue Regulations No. 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.

a. Percentage Tax
The Company is engaged in the business of life insurance and paid the amount of ₱138.65 million as percentage tax pursuant to the provisions of Sec. 123 of the National Internal Revenue Code of 1997, as last amended by Revenue Memorandum Circular No. 22-2010.

b. Value Added Tax (VAT)
Revenue Memorandum Circular (RMC) No. 30-08, as amended by RMC 59-08 and RMC 49-2010, provides that management fees, rental income, or income earned by the life insurance company from services which can be pursued independently of the insurance business activity are not subject to 5% (now 2%) premium tax but the same are treated as income for services that are subject to the imposition of VAT pursuant to Section 108 of the Tax Code, as amended.

In compliance with the said RMC, the Company paid VAT amounting to ₱306.62 million.

Details are as follows:

	Tax base	VAT
Asset management charge	₱2,419,175,551	₱290,301,066
Rental income	5,395,803	647,496
Other income	130,626,237	15,675,148
	₱2,555,197,591	₱306,623,710

c. Documentary Stamp Tax (DST)
The DST paid/accrued on the following transactions are:

Transaction	Tax base	DST
Life insurance policies		
Sum insured	₱595,532,282,543	₱10,946,250
Policy loan	92,056,013	690,420
Agents' loan	19,749,092	148,118
Individual certificate of group insurance	211,705	6,351,150
	₱595,644,299,353	₱18,135,938

d. Other Taxes and Licenses
This includes all other taxes, local and national, including real estate taxes, licenses and permit fees lodged under the 'Operating and administrative expenses' sections in the Parent Company's 2021 Statement of Comprehensive Income. Details consist of the following:

Local	
Mayor's permit	₱24,667,408
Real estate taxes	455,551
Community tax	10,500
	25,133,459
National	
License fees	8,824,190
Fringe benefit tax	8,673,290
Regulatory body fees	676,599
BIR annual registration	27,500
	18,201,579
	₱43,335,038

e. Withholding Taxes
The amount of withholding taxes paid and accrued for the year 2021 amounted to:

	Amount paid	Amount outstanding
Tax on compensation and benefits	₱366,011,875	₱33,251,295
Expanded Withholding taxes	265,887,089	23,131,185
Final withholding taxes	802,525	114,810,249
Final withholding VAT	1,337,318	–
	₱634,038,807	₱171,192,729

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 000-485-226-000
Name	: PHILIPPINE AXA LIFE INSURANCE CORPORATION
RDO	: 125
Form Type	: 1702
Reference No.	: 462200047807564
Amount Payable (Over Remittance)	: -240,395.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2021
Date Filed	: 05/11/2022
Tax Type	: IT

[BIR Main | eFPS Login | User Menu | Help]

Reference No : 462200047807564
Date Filed : May 11, 2022 07:56 PM
Batch Number : 0

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

For BIR Use Only: BCS/ Item:

BIR Form No. **1702-RT** January 2018(ENCS) **Page 1**	**Annual Income Tax Return** **For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate** *Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two Copies MUST be filed with the BIR and one held by the taxpayer.*	1702-RT 01/18ENCS P1

1 For (X) Calendar ( ) Fiscal

2 Year Ended (MM/20YY): 12/2021

3 Amended Return? (X) Yes ( ) No

4 Short Period Return? ( ) Yes (X) No

5 Alphanumeric Tax Code (ATC):
- IC055 — Minimum Corporate Income Tax (MCIT)
- IC010 — DOMESTIC CORPORATION IN GENERAL

Part I - Background Information

6 Taxpayer Identification Number (TIN): 000 - 485 - 226 - 000 **7** RDO Code: 125

8 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*
PHILIPPINE AXA LIFE INSURANCE CORPORATION

9A Registered Address *(Indicate complete registered address)*
34/F GT TOWER INTERNATIONAL BU BEL-AIR CITY OF MAKATI, NCR, FOURTH DI

9B Zipcode: 1209

10 Date of Incorporation/Organization (MM/DD/YYYY): 11/08/1962

11 Contact Number: 8850101

12 Email Address: palic.taxteam@axa.com.ph

13 Method of Deductions (X) Itemized Deductions [Section 34 (A-J), NIRC] ( ) Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]

Part II - Total Tax Payable *(Do NOT enter Centavos)*

14 Total Income Tax Due (Overpayment) *(From Part IV Item 43)*	816,288,221
15 Less: Total Tax Credits/Payments *(From Part IV Item 55)*	816,528,616
16 Net Tax Payable (Overpayment) *(Item 14 Less Item 15) (From Part IV Item 56)*	(240,395)
Add Penalties	
17 Surcharge	0
18 Interest	0
19 Compromise	0
20 Total Penalties *(Sum of Items 17 to 19)*	0
21 TOTAL AMOUNT PAYABLE (Overpayment) *(Sum of Item 16 and 20)*	(240,395)

If Overpayment, mark "X" one box only *(Once the choice is made, the same is irrevocable)*

( ) To be refunded ( ) To be issued a Tax Credit Certificate (TCC) (X) To be carried over as tax credit next year/quarter

We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. *(If Authorized Representative, attach authorization letter and indicate TIN)*

WESLER H. FRANCISCO	WESLER H. FRANCISCO	**22** Number of Attachments
Signature over printed name of President/Principal Officer/Authorized Representative	Signature over printed name of Treasurer/Assistant Treasurer	
Title of Signatory: CHIEF ACCOUNTANT; TIN: 300994570	Title of Signatory: CHIEF ACCOUNTANT; TIN: 300994570	4

Part III - Details of Payment

Particulars	Drawee Bank/Agency	Number	Date *(MM/DD/YYYY)*	Amount
23 Cash/Bank Debit Memo				0
24 Check				0
25 Tax Debit Memo				0
26 Others *(Specify Below)*				
				0

Machine Validation/Revenue Official Receipts Details *(if not filed with an Authorized Agent Bank)*	*Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)*

BIR Form No. **1702-RT** January 2018(ENCS) **Page 2**	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	1702-RT 01/18ENCS P2

Taxpayer Identification Number (TIN)	**Registered Name**
000 - 485 - 226 - 000	PHILIPPINE AXA LIFE INSURANCE CORPORATION

Part IV - Computation of Tax *(Do NOT enter Centavos)*

27 Sales/Receipts/Revenues/Fees	38,949,408,259
28 Less: Sales Returns, Allowances and Discounts	0
29 Net Sales/Receipts/Revenues/Fees *(Item 27 Less Item 28)*	38,949,408,259
30 Less: Cost of Sales/Services	33,871,405,346
31 Gross Income from Operation *(Item 29 Less Item 30)*	5,078,002,913
32 Add: Other Taxable Income Not Subjected to Final Tax	2,683,833,283
33 Total Taxable Income *(Sum of Items 31 and 32)*	7,761,836,196

Less: Deductions Allowable under Existing Law

34 Ordinary Allowable Itemized Deductions *(From Part VI Schedule I Item 18)*	4,496,683,312
35 Special Allowable Itemized Deductions *(From Part VI Schedule II Item 5)*	0
36 NOLCO *(only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Part VI Schedule III Item 8)*	0
37 Total Deductions *(Sum of Items 34 to 36)*	4,496,683,312

OR *[in case taxable under Sec 27(A) & 28(A)(1)]*

38 Optional Standard Deduction *(40% of Item 33)*	0
39 Net Taxable Income/(Loss) *(If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)*	3,265,152,884
40 Applicable Income Tax Rate	25 %
41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) *(Item 39 x Item 40)*	816,288,221
42 MCIT Due *(2% of Item 33)*	77,618,362
43 Tax Due *(Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher) (To Part II Item 14)*	816,288,221

Less: Tax Credits/Payments (attach proof)

44 Prior Year's Excess Credits Other Than MCIT	882,007
45 Income Tax Payment under MCIT from Previous Quarter/s	0
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s	671,406,029
47 Excess MCIT Applied this Current Taxable Year *(From Part VI Schedule IV Item 4)*	0
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	12,439,005
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	11,961,390
50 Foreign Tax Credits, if applicable	0
51 Tax Paid in Return Previously Filed, if this is an Amended Return	119,840,185
52 Special Tax Credits *(To Part V Item 58)*	0

Other Credits/Payments *(Specify)*

53		0
54		0

55 Total Tax Credits/Payments *(Sum of Items 44 to 54) (To Part II Item 15)*	816,528,616
56 Net Tax Payable / (Overpayment) *(Item 43 Less Item 55)) (To Part II Item 16)*	(240,395)

Part V - Tax Relief Availment

57 Special Allowable Itemized Deductions *(Item 35 of Part IV x Applicable Income Tax Rate)*	0
58 Add: Special Tax Credits *(From Part IV Item 52)*	0
59 Total Tax Relief Availment *(Sum of Items 57 and 58)*	0

BIR Form No. **1702-RT** January 2018(ENCS) **Page 3**	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	1702-RT 01/18ENCS P3

Taxpayer Identification Number (TIN)	**Registered Name**
000 - 485 - 226 - 000	PHILIPPINE AXA LIFE INSURANCE CORPORATION

Schedule I - Ordinary Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

1 Amortizations	8,570,244
2 Bad Debts	0
3 Charitable Contributions	0
4 Depletion	0
5 Depreciation	153,642,431
6 Entertainment, Amusement and Recreation	0
7 Fringe Benefits	0
8 Interest	0
9 Losses	0
10 Pension Trust	0
11 Rental	239,002,483
12 Research and Development	0
13 Salaries, Wages and Allowances	1,595,274,283
14 SSS, GSIS, Philhealth, HDMF and Other Contributions	59,491,250
15 Taxes and Licenses	43,335,038
16 Transportation and Travel	35,379,403
17 Others (Deductions Subject to Withholding Tax and Other Expenses) *[Specify below; Add additional sheet(s), if necessary]*	
a Janitorial and Messengerial Services	0
b Professional Fees	141,794,888
c Security Services	0
d ADVERTISING AND PROMOTIONS	81,366,485
e COMMUNICATION LIGHT AND WATER	103,560,885
f DIRECTORS FEE	12,500,000
g INSURANCE	5,813,976
h MISCELLANEOUS	246,721,306
i OTHERS	1,770,230,640

i.1	OFFICE SUPPLIES	1,558,208
i.2	OTHER SERVICES	1,112,122,866
i.3	REPAIRS AND MAINTENANCE	70,795,418
i.4	REPRESENTATION AND ENTERTAINMENT	32,762,854
i.5	TRAININGS AND SEMINARS	4,930,380
i.6	OTHERS - AGENCY EXPENSES	312,365,699
i.7	OTHERS - BANK CHARGES	85,235,636
i.8	OTHERS - PREMIUM TAX	138,653,281
i.9	OTHERS - DST	11,806,298

18 Total Ordinary Allowable Itemized Deductions *(Sum of Items 1 to 17i) (To Part IV Item 34)*	4,496,683,312

Schedule II - Special Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

Description	Legal Basis	Amount
1		0
2		0
3		0
4		0

5 Total Special Allowable Itemized Deductions *(Sum of Items 1 to 4) (To Part IV Item 35)*	0

BIR Form No. **1702-RT** January 2018(ENCS) **Page 4**	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	1702-RT 01/18ENCS P4

Taxpayer Identification Number (TIN)	**Registered Name**
000 - 485 - 226 - 000	PHILIPPINE AXA LIFE INSURANCE CORPORATION

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)

1 Gross Income *(From Part IV Item 33)*	0
2 Less: Ordinary Allowable Itemized Deductions *(From Part VI Schedule I Item 18)*	0
3 Net Operating Loss*(Item 1 Less Item 2) (To Schedule IIIA, Item 7A)*	0

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) *(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)*

	Net Operating Loss		B) NOLCO Applied Previous Year
	Year Incurred	A) Amount	
4		0	0
5		0	0
6		0	0
7		0	0

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

	C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) *[E = A Less (B + C + D)]*
4	0	0	0
5	0	0	0
6	0	0	0
7	0	0	0
8 Total NOLCO *(Sum of Items 4D to 7D) (To Part IV, Item 36)*		0	

Schedule IV - Computation of Minimum Corporate Income Tax (MCIT)

	Year	A) Normal Income Tax as adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1		0	0	0
2		0	0	0
3		0	0	0

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

	D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	**F) Excess MCIT Applied this Current Taxable Year**	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]
1	0	0	0	0
2	0	0	0	0
3	0	0	0	0
Total Excess MCIT Applied *(Sum of Items 1F to 3F) (To Part IV Item 47)*			0	

Schedule V - Reconciliation of Net Income per Books Against Taxable Income *(attach additional sheet/s, if necessary)*

1	Net Income/(Loss) per books	3,601,035,267
	Add: Non-deductible Expenses/Taxable Other Income	
2	INVESTMENT EXPENSE	3,698,040
3	OTHERS	504,899,443
3.1	RETIREMENT EXPENSE	17,764,951
3.2	POLICY DIVIDEND	25,436,864
3.3	INTEREST EXPENSE	32,085,163
3.4	ACCRUED EXPENSES	398,765,901
3.5	PROVISION FOR DOUBTFUL ACCOUNTS	8,634,951
3.6	IFRS 16 ADJUSTMENTS	2,214,356
3.7	FAIR VALUE LOSS ON GOVERNMENT BONDS	16,717,940
3.8	NONDEDUCTIBLE TAXES	3,279,317
4	Total *(Sum of Items 1 to 3)*	4,109,632,750
	Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5	INTEREST INCOME SUBJECT TO FINAL TAX	669,853,720
6	OTHERS	174,626,146
6.1	FAIR VALUE GAIN ON SHARES OF STOCKS	16,196,532
6.2	NET UNREALIZED FOREX GAIN	130,702,951
6.3	DIVIDEND INCOME EXEMPT FROM INCOME TAX	27,726,663
	B) Special Deductions	
7		0

8	0
9 Total (Sum of Items 5 to 8)	844,479,866
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)	3,265,152,884

Bureau of Internal Revenue
Republic of the Philippines

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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 000-485-226-000
Name	: PHILIPPINE AXA LIFE INSURANCE CORPORATION
RDO	: 125
Form Type	: 1702
Reference No.	: 462200047227981
Amount Payable (Over Remittance)	: 119,840,185.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2021
Date Filed	: 04/12/2022
Tax Type	: IT

Proceed to Payment

[BIR Main | eFPS Login | User Menu | Help]

Reference No : 462200047227981
Date Filed : April 12, 2022 09:53 AM
Batch Number : 0

For BIR Use Only: BCS/ Item:

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

BIR Form No. **1702-RT** January 2018(ENCS) Page 1

Annual Income Tax Return

For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate

Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two Copies MUST be filed with the BIR and one held by the taxpayer.

1702-RT 01/18ENCS P1

1 For (X) Calendar ( ) Fiscal

2 Year Ended (MM/20YY): 12/2021

3 Amended Return? ( ) Yes (X) No

4 Short Period Return? ( ) Yes (X) No

5 Alphanumeric Tax Code (ATC): IC055 Minimum Corporate Income Tax (MCIT); IC010

Part I - Background Information

6 Taxpayer Identification Number (TIN): 000 - 485 - 226 - 000

7 RDO Code: 125

8 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*: PHILIPPINE AXA LIFE INSURANCE CORPORATION

9A Registered Address *(Indicate complete registered address)*: 34/F GT TOWER INTERNATIONAL BU BEL-AIR CITY OF MAKATI, NCR, FOURTH DI

9B Zipcode: 1209

10 Date of Incorporation/Organization (MM/DD/YYYY):

11 Contact Number: 8850101

12 Email Address: palic.taxteam@axa.com.ph

13 Method of Deductions: (X) Itemized Deductions [Section 34 (A-J), NIRC] ( ) Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]

Part II - Total Tax Payable *(Do NOT enter Centavos)*

14 Total Income Tax Due (Overpayment) *(From Part IV Item 43)*	816,288,221
15 Less: Total Tax Credits/Payments *(From Part IV Item 55)*	696,448,036
16 Net Tax Payable (Overpayment) *(Item 14 Less Item 15) (From Part IV Item 56)*	119,840,185
Add Penalties	
17 Surcharge	0
18 Interest	0
19 Compromise	0
20 Total Penalties *(Sum of Items 17 to 19)*	0
21 TOTAL AMOUNT PAYABLE (Overpayment) *(Sum of Item 16 and 20)*	119,840,185

If Overpayment, mark "X" one box only *(Once the choice is made, the same is irrevocable)*

( ) To be refunded ( ) To be issued a Tax Credit Certificate (TCC) ( ) To be carried over as tax credit next year/quarter

We declare under the penalties of perjury that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. *(If Authorized Representative, attach authorization letter and indicate TIN)*

MARIA ADORACION R. GO Signature over printed name of President/Principal Officer/Authorized Representative	MARIA ADORACION R. GO Signature over printed name of Treasurer/Assistant Treasurer	**22** Number of Attachments
Title of Signatory: FINANCIAL CONTROLLI; TIN: 102095561	Title of Signatory: FINANCIAL CONTROLLI; TIN: 102095561	4

Part III - Details of Payment

Particulars	Drawee Bank/Agency	Number	Date *(MM/DD/YYYY)*	Amount
23 Cash/Bank Debit Memo				0
24 Check				0
25 Tax Debit Memo				0
26 Others *(Specify Below)*				
				0

Machine Validation/Revenue Official Receipts Details *(if not filed with an Authorized Agent Bank)*

Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)

BIR Form No. **1702-RT** January 2018(ENCS) **Page 2**	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	1702-RT 01/18ENCS P2

Taxpayer Identification Number (TIN)	**Registered Name**
000 - 485 - 226 - 000	PHILIPPINE AXA LIFE INSURANCE CORPORATION

Part IV - Computation of Tax	*(Do NOT enter Centavos)*
27 Sales/Receipts/Revenues/Fees	38,949,408,259
28 Less: Sales Returns, Allowances and Discounts	0
29 Net Sales/Receipts/Revenues/Fees *(Item 27 Less Item 28)*	38,949,408,259
30 Less: Cost of Sales/Services	33,871,405,346
31 Gross Income from Operation *(Item 29 Less Item 30)*	5,078,002,913
32 Add: Other Taxable Income Not Subjected to Final Tax	2,683,833,283
33 **Total Taxable Income** *(Sum of Items 31 and 32)*	7,761,836,196

Less: Deductions Allowable under Existing Law	
34 Ordinary Allowable Itemized Deductions *(From Part VI Schedule I Item 18)*	4,496,683,312
35 Special Allowable Itemized Deductions *(From Part VI Schedule II Item 5)*	0
36 NOLCO *(only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Part VI Schedule III Item 8)*	0
37 Total Deductions *(Sum of Items 34 to 36)*	4,496,683,312
OR *[in case taxable under Sec 27(A) & 28(A)(1)]*	
38 Optional Standard Deduction *(40% of Item 33)*	0

39 **Net Taxable Income/(Loss)** *(If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)*	3,265,152,884
40 **Applicable Income Tax Rate**	25 %
41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) *(Item 39 x Item 40)*	816,288,221
42 MCIT Due *(2% of Item 33)*	77,618,362
43 **Tax Due** *(Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher) (To Part II Item 14)*	816,288,221

Less: Tax Credits/Payments (attach proof)	
44 Prior Year's Excess Credits Other Than MCIT	882,007
45 Income Tax Payment under MCIT from Previous Quarter/s	0
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s	671,406,029
47 Excess MCIT Applied this Current Taxable Year *(From Part VI Schedule IV Item 4)*	0
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	12,439,005
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	11,720,995
50 Foreign Tax Credits, if applicable	0
51 Tax Paid in Return Previously Filed, if this is an Amended Return	0
52 Special Tax Credits *(To Part V Item 58)*	0
Other Credits/Payments *(Specify)*	
53	0
54	0

55 Total Tax Credits/Payments *(Sum of Items 44 to 54) (To Part II Item 15)*	696,448,036
56 **Net Tax Payable / (Overpayment)** *(Item 43 Less Item 55)) (To Part II Item 16)*	119,840,185

Part V - Tax Relief Availment	
57 Special Allowable Itemized Deductions *(Item 35 of Part IV x Applicable Income Tax Rate)*	0
58 Add: Special Tax Credits *(From Part IV Item 52)*	0
59 **Total Tax Relief Availment** *(Sum of Items 57 and 58)*	0

BIR Form No. **1702-RT** January 2018(ENCS) **Page 3**	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	1702-RT 01/18ENCS P3

Taxpayer Identification Number (TIN)	**Registered Name**
000 - 485 - 226 - 000	PHILIPPINE AXA LIFE INSURANCE CORPORATION

Schedule I - Ordinary Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

1 Amortizations	8,570,244
2 Bad Debts	0
3 Charitable Contributions	0
4 Depletion	0
5 Depreciation	153,642,431
6 Entertainment, Amusement and Recreation	0
7 Fringe Benefits	0
8 Interest	0
9 Losses	0
10 Pension Trust	0
11 Rental	239,002,483
12 Research and Development	0
13 Salaries, Wages and Allowances	1,595,274,283
14 SSS, GSIS, Philhealth, HDMF and Other Contributions	59,491,250
15 Taxes and Licenses	43,335,038
16 Transportation and Travel	35,379,403
17 Others (Deductions Subject to Withholding Tax and Other Expenses) *[Specify below; Add additional sheet(s), if necessary]*	
a Janitorial and Messengerial Services	0
b Professional Fees	141,794,888
c Security Services	0
d ADVERTISING AND PROMOTIONS	81,366,485
e COMMUNICATION LIGHT AND WATER	103,560,885
f DIRECTORS FEE	12,500,000
g INSURANCE	5,813,976
h MISCELLANEOUS	246,721,306
i OTHERS	1,770,230,640

i.1	OFFICE SUPPLIES	1,558,208
i.2	OTHER SERVICES	1,112,122,866
i.3	REPAIRS AND MAINTENANCE	70,795,418
i.4	REPRESENTATION AND ENTERTAINMENT	32,762,854
i.5	TRAININGS AND SEMINARS	4,930,380
i.6	OTHERS - AGENCY EXPENSES	312,365,699
i.7	OTHERS - BANK CHARGES	85,235,636
i.8	OTHERS - PREMIUM TAXES	138,653,281
i.9	OTHERS - DST	11,806,298

18 Total Ordinary Allowable Itemized Deductions *(Sum of Items 1 to 17i) (To Part IV Item 34)*	4,496,683,312

Schedule II - Special Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

Description	Legal Basis	Amount
1		0
2		0
3		0
4		0
5 Total Special Allowable Itemized Deductions *(Sum of Items 1 to 4) (To Part IV Item 35)*		0

BIR Form No. **1702-RT** January 2018(ENCS) **Page 4**	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	1702-RT 01/18ENCS P4

Taxpayer Identification Number (TIN)	**Registered Name**
000 - 485 - 226 - 000	PHILIPPINE AXA LIFE INSURANCE CORPORATION

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)

1 Gross Income *(From Part IV Item 33)*	0
2 Less: Ordinary Allowable Itemized Deductions *(From Part VI Schedule I Item 18)*	0
3 Net Operating Loss*(Item 1 Less Item 2) (To Schedule IIIA, Item 7A)*	0

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) *(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)*

	Net Operating Loss		B) NOLCO Applied Previous Year
	Year Incurred	A) Amount	
4		0	0
5		0	0
6		0	0
7		0	0

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

	C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) *[E = A Less (B + C + D)]*
4	0	0	0
5	0	0	0
6	0	0	0
7	0	0	0
8 Total NOLCO *(Sum of Items 4D to 7D) (To Part IV, Item 36)*		0	

Schedule IV - Computation of Minimum Corporate Income Tax (MCIT)

	Year	A) Normal Income Tax as adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1		0	0	0
2		0	0	0
3		0	0	0

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

	D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	**F) Excess MCIT Applied this Current Taxable Year**	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]
1	0	0	0	0
2	0	0	0	0
3	0	0	0	0
Total Excess MCIT Applied *(Sum of Items 1F to 3F) (To Part IV Item 47)*			0	

Schedule V - Reconciliation of Net Income per Books Against Taxable Income *(attach additional sheet/s, if necessary)*

1 Net Income/(Loss) per books	3,601,035,267
Add: Non-deductible Expenses/Taxable Other Income	
2 INVESTMENT EXPENSE	3,698,040
3 OTHERS	504,899,443
3.1 RETIREMENT EXPENSE	17,764,951
3.2 POLICY DIVIDEND	25,436,864
3.3 INTEREST EXPENSE	32,085,163
3.4 ACCRUED EXPENSES	398,765,901
3.5 PROVISION FOR DOUBTFUL ACCOUNTS	8,634,951
3.6 IFRS 16 ADJUSTMENTS	2,214,356
3.7 FAIR VALUE LOSS ON GOVERNMENT BONDS	16,717,940
3.8 NON-DEDUCTIBLE TAXES	3,279,317
4 Total *(Sum of Items 1 to 3)*	4,109,632,750
Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5 INTEREST INCOME SUBJECT TO FINAL TAX	669,853,720
6 OTHERS	174,626,146
6.1 FAIR VALUE GAIN ON SHARES OF STOCKS	16,196,532
6.2 NET UNREALIZED FOREX GAIN	130,702,951
6.3 DIVIDEND INCOME EXEMPT FROM INCOME TAX	27,726,663
B) Special Deductions	
7	0

8	0
9 Total (Sum of Items 5 to 8)	844,479,866
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)	3,265,152,884

Republika ng Pilipinas
Kagawaran ng Pananalapi
Kawanihan ng Rentas Internas

eFPS Payment Details

TIN : 000 - 485 - 226 - 000
Name : PHILIPPINE AXA LIFE INSURANCE CORPORATION
Tax Period : 12/31/2021
Reference Number : 462200047227981
Tax Type : IT - Annual Income Tax Return (REGULAR)

Payment Transaction Number : 227125890
Date : 04/12/2022
Cash Amount Paid : 119,840,185.00
Bank : 015000 - MBTC

Origin	Bank Code	Amount	Number	Date	Status	Message	CBR BCS No.
Pending Online Confirmation	015000	119,840,185.00	-		Unknown	60 - Details of Payment were redirected to the corresponding Bank. Please verify with your Bank.	51777
Batch Confirmation	015000	119,840,185.00	00301096220412840456	04/18/2022	Authorized	0 - Successful	51777
Batch Acknowledgment	015000	119,840,185.00	00301096220412840456	04/18/2022	Authorized	0 - Successful	51777

Total Payments (Successful/Unsuccessful): 119,840,185.00
Total Payments (Successful) : 119,840,185.00

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