

ANNEX B.1

FINANCIAL REPORTING FRAMEWORK FOR LIFE INSURANCE COMPANIES

MANUAL OF ACCOUNTS

A. STATEMENT OF FINANCIAL POSITION ACCOUNTS

ASSET ACCOUNTS

1 CASH AND CASH EQUIVALENTS

1.1. CASH ON HAND

Cash in the possession of the company or in transit under its control are generally classified as cash on hand. This represents the total amount of undeposited collections and the different types of working funds in the custody of the cashier and/or fund custodian at the company's head office and branches. This may consist of the following:

1.1.1. Undeposited Collections - This represents notes and coins, checks, bank drafts, and other cash items in favor of the company to be deposited in the bank on the following banking day. This does not include postdated checks and returned checks which have been dishonored by the bank due to insufficient funds.

1.1.2. Petty Cash Fund - This represents fund that is established to defray immediate minimal disbursements which are evidenced by duly accomplished and approved petty cash vouchers with the corresponding supporting receipts and other cash documents. This fund shall be maintained under an imprest system.

1.1.3. Commission Fund - This represents fund that is established for the purpose of paying commission to agents where the amounts are less than the minimum amount prescribed for check payments. This fund shall be maintained under an imprest system.

1.1.4. Policy Loan Fund - This represents fund that is established for the sole purpose of paying policyholder's cash loans and where the amounts are less than the minimum amount prescribed for check payments. This fund shall be maintained under an imprest system.

1.1.5. Documentary Stamps Fund - This represents fund that is set up for documentary stamps for affixture to policy loan agreements, promissory notes, certificates of authority and other legal documents. This fund shall be maintained under an imprest system.

1.1.6. Revolving Fund - This represents the fund set up for specified purposes with the provision that repayments to the fund will be used again for the same purposes. This fund shall be maintained under an imprest system.

1.1.7. Other Funds - This represents all other funds which cannot be classified under any of the foregoing accounts.

1.2 CASH IN BANKS

This represents non-interest and interest bearing account balances maintained in various banks by the company's head office and branches.

Cash in Banks - Current - This represents checking account balances in banks maintained by the company's head office and branches.

1.2.1 Cash in Banks - Current - Peso

1.2.2 Cash in Banks - Current - Foreign

Cash in Banks - Savings - This represents savings deposit account balances in banks maintained by the company's head office and branches.

1.2.3 Cash in Banks - Savings - Peso

1.2.4 Cash in Banks - Savings - Foreign

1.3 E-MONEY

This represents the amount of money stored in digital wallet. This shall not include cryptocurrencies.

1.4 CASH EQUIVALENTS

This account refers to short-term, highly liquid investments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent only when it has short maturity of three months or less from the date of acquisition (e.g. three-month debt securities, debt securities purchased three (3) months before maturity).

1.4.1 Time Deposits - This represents interest yielding bank account balances available upon maturity.

1.4.1.1 Peso Currency

1.4.1.2 Foreign Currency

1.4.2 Others - This represents other deposits or investment qualified as Cash Equivalents.

1.4.2.1 Peso Currency

1.4.2.2 Foreign Currency

1.5 ALLOWANCE FOR EXPECTED CREDIT LOSSES

Subsequent to initial recognition, cash equivalents shall be measured at amortized cost less allowance impairment using the Expected Credit Losses (ECL) model.

Under this model, an entity shall measure the ECL of debt instruments measured at Fair Value through Other Comprehensive Income (FVOCI) / Amortized Cost (AC) in a way that reflects:

- a) *an unbiased and probability-weighted amount that is determined by evaluating a wide range of possible outcomes;*
- b) *the time value of money; and*
- c) *reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.*

2 INSURANCE CONTRACT ASSETS

This represents the combination of rights and obligations up to the portfolio level resulting to an asset position arising from contracts issued under which the company accepts significant insurance risk.

This account shall comprise the following sub-accounts:

2.1 *Direct Insurance Business*

- 2.1.1 Assets (Liabilities) for Remaining Coverage;
- 2.1.2 Assets (Liabilities) for Incurred Claims; and
- 2.1.3 Assets (Liabilities) for Pre-recognition Cash Flows

2.2 *Reinsurance Contract Issued*

- 2.2.1 Assets (Liabilities) for Remaining Coverage;
- 2.2.2 Assets (Liabilities) for Incurred Claims; and
- 2.2.3 Assets (Liabilities) for Pre-recognition Cash Flows

3 REINSURANCE CONTRACT ASSETS

This represents the combination of rights and obligations up to the portfolio level resulting to an asset position for contracts held by the company under which it transfers significant insurance risk related to insurance contracts issued.

This account shall comprise the following sub-accounts:

- 3.1 Assets (Liabilities) for Remaining Coverage; and
- 3.2 Assets (Liabilities) for Incurred Claims

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

The following financial assets shall be measured at fair value through profit or loss (FVTPL):

- a) Financial assets held for trading known as “trading securities.” A financial asset is classified as held for trading if:
 - (A.1) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
 - (A.2) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
 - (A.3) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).
- b) Financial assets that, upon initial recognition, are irrevocably designated by the entity as at FVTPL. An entity may use this designation if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as “an accounting mismatch”) that would otherwise arise from measuring assets or recognizing the gains and losses on them on different bases.
- c) Financial assets that are mandatorily measured at FVTPL (e.g. those that fail the SPPI test).

4.1 *Securities Held for Trading*

This represents debt and equity securities that are:

- a) acquired principally for the purpose of selling or repurchasing it in the near term; or
- b) part of a portfolio of identified securities that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

This shall comprise of the following sub-accounts based on the types of securities held:

- 4.1.1. *Trading Debt Securities - Government*** - This represents debt instruments issued by the government and its instrumentalities (government agencies, local governments, government owned and controlled corporations). This includes treasury bills, treasury notes and ROP bonds.

4.1.2. Trading Debt Securities – Private - This represents debt instruments issued by private corporations, whether domestic or foreign, such as commercial papers, notes and bonds.

4.1.3. Trading Equity Securities - This represents common and preferred shares of stock of companies other than those of subsidiaries, associates and joint ventures.

4.1.4. Trading Investment Funds - This represents units held in mutual funds and such other similar types which are generally redeemable any time.

4.1.4.1 *Mutual Funds and Unit Investment Trusts*

4.1.4.2 *Real Estate Investment Trusts*

4.1.4.3 *Other Funds*

4.2 Financial Assets Designated at Fair Value Through Profit or Loss (DFVTPL)

This represents financial assets which the company, upon initial recognition, has designated at FVTPL.

This shall comprise of the following sub-accounts based on the types of securities held:

4.2.1 Debt Securities – Government

4.2.2 Debt Securities – Private

4.2.3 Trading Investment Funds

4.2.3.1 Mutual Funds and Unit Investment Trusts

4.2.3.2 Real Estate Investment Trusts

4.2.3.3 Other Funds

4.3 Derivative Assets - This represents the positive fair value of the company's derivatives which are not designated and considered effective hedging instruments.

A derivative is a financial instrument or other contract with all three (3) of the following characteristics:

- a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying');
- b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- c) it is settled at a future date.

This shall comprise of the following sub-accounts based on the types of derivative contracts:

4.3.1 Foreign Exchange Contracts - This represents contracts to purchase/sell foreign currencies at a future date at a fixed rate.

- 4.3.1.1 Forward Foreign Exchange Contracts
- 4.3.1.2 Cross Currency Interest Rate Swap
- 4.3.1.3 Foreign Exchange Futures
- 4.3.1.4 Foreign Exchange Options Contracts
- 4.3.1.5 Other Foreign Exchange Contracts

4.3.2 Interest Rate Contracts - This represents contracts related to an interest bearing financial instrument or whose cash flows are determined by referencing interest rates or another interest rate contract.

- 4.3.2.1 Interest Rate Forwards
- 4.3.2.2 Interest Rate Swaps
- 4.3.2.3 Interest Rate Futures
- 4.3.2.4 Interest Rate Option Contracts
- 4.3.2.5 Other Interest Rate Contracts

4.3.3 Equity Contracts - This represents contracts where the returns are linked to the price of a particular equity or equity index.

- 4.3.3.1 Equity Derivatives Forwards
- 4.3.3.2 Equity Swap
- 4.3.3.3 Equity Derivative Futures
- 4.3.3.4 Equity Options Contracts
- 4.3.3.5 Other Equity Contracts

4.3.4 Credit Derivative Contracts - This represents contracts that allow parties to minimize their exposure to credit risk, and consist of a privately held, negotiable bilateral contract traded over-the-counter (OTC) between two parties in a creditor/debtor relationship. These contracts also allow a creditor to effectively transfer some or all of the risk of a debtor defaulting to a third party, which in turn accepts the risk in return for payment, known as the premium.

- 4.3.4.1 Credit Default Swaps
- 4.3.4.2 Credit Spread Option
- 4.3.4.3 Other Credit Derivative Contracts

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

A financial asset shall be measured at fair value through other comprehensive income (FVOCI) if both of the following conditions are met:

- a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Principal is the fair value of the financial asset at initial recognition. Interest consists of consideration (a) for the time value of money, (b) for the credit risk associated with the principal amount outstanding during a particular period of time and (c) for other basic lending risks and costs, as well as profit margin.

This shall comprise the following sub-accounts:

5.1 Debt Securities at FVOCI– Government

5.1.1 Capital Investment/Mandatory Security Deposit

5.1.2 Others

5.2 Debt Securities at FVOCI– Private

5.3 Investment in Equity Securities Designated at FVOCI

5.3.1 Listed Securities

5.3.2 Unlisted Securities

6 INVESTMENT SECURITIES AT AMORTIZED COST (AC)

This represents investments in debt securities which are measured at amortized cost.

A financial asset is measured at amortized cost if both of the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- b) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This shall comprise of the following sub-accounts:

6.1 Debt Securities at AC - Government

6.1.1. Capital Investment/Mandatory Security Deposit

6.1.1.1 Unamortized (Discount)/Premium

6.1.1.2 Allowance for Expected Credit Losses

6.1.2. Others

6.1.2.1 Unamortized (Discount)/Premium

6.1.2.2 Allowance for Expected Credit Losses

6.2 Debt Securities at AC-Private

6.2.1. Unamortized (Discount)/Premium

6.2.2. Allowance for Expected Credit Losses

6.3 Investment Funds and Other Deposits at AC

6.3.1 Allowance for Expected Credit Losses

7 LOANS AND RECEIVABLES

This pertains to loans and receivables that are measured at amortized cost. This shall comprise the following sub-accounts:

7.1 Real Estate Mortgage Loans - This represents the outstanding balances of loans secured by first mortgage on real estate properties.

7.1.1 Allowance for Expected Credit Losses

7.2 Collateral Loans - This represents the outstanding balances of loans granted to companies or individuals secured by pledges of shares of stock, bonds and/or other securities.

7.2.1 Allowance for Expected Credit Losses

7.3 Guaranteed Loans - This represents the outstanding balances of loans granted to companies or individuals which are covered by guarantees from other entities or individuals.

7.3.1 Allowance for Expected Credit Losses

7.4 Chattel Mortgage Loans - This represents the outstanding balances of loans secured by mortgage of chattels or personal properties (i.e. car plan).

7.4.1 Allowance for Expected Credit Losses

7.5 Notes Receivable - This represents interest bearing loans granted by the company and evidenced by duly approved and notarized Promissory Notes.

7.5.1 Allowance for Expected Credit Losses

7.6 Housing Loans - This represents outstanding balances of loans granted to employees secured by a mortgage covering their house and lot.

7.6.1 Allowance for Expected Credit Losses

7.7 Car Loans - This represents outstanding balances of loans granted to employees secured by a mortgage covering their cars.

7.7.1 Allowance for Expected Credit Losses

7.8 Low Cost Housing - This represents the outstanding balances of loans granted to employees and other selected non-group employees for low cost housing projects as approved and participated upon by government agencies.

7.8.1 Allowance for Expected Credit Losses

7.9 Purchase Money Mortgages - This represents the note secured by a mortgage or deed of trust given by a buyer, as borrower, to a seller, as lender as part of the purchase price of the disposed real property held or otherwise held.

7.9.1 Allowance for Expected Credit Losses

7.10 Sales Contract Receivables - This represents the uncollected portion of the consideration on the sale of real estate owned by the company, whereby title to the property sold has been transferred to the buyer, and subject of a deed of sale with mortgage.

7.10.1 Allowance for Expected Credit Losses

7.11 Salary Loans - This represents loans secured by salaries of the borrower and, as approved by the Commission.

7.11.1 Allowance for Expected Credit Losses

7.12 Others Loans Receivables - This represents all other loans which cannot be classified under any of the foregoing loan accounts.

7.12.1 Allowance for Expected Credit Losses

8 OTHER RECEIVABLES

This represents receivable from non-insurance transactions of the company. It may comprise of the following accounts:

8.1 Advances to Agents (Agents Accounts) / Employees - This represents advances to insurance agents granted by the company to be liquidated thru regular deductions from commissions and salaries, respectively.

8.1.1 Allowance for Expected Credit Losses

8.2 Operating Lease Receivables - This represents the amount of rent receivables arising from operating lease contracts. Lease income should be recognized on a straight-line basis.

8.2.1 Allowance for Expected Credit Losses

8.3 Finance Lease Receivables - This represents the amount of rent receivables arising from finance lease contracts. Finance income is recognized based on a pattern reflecting a constant periodic rate of return on the net investment in the lease.

8.3.1 Allowance for Expected Credit Losses

8.4 Others - This represents receivables that do not fall under the definition of items above.

8.4.1 Allowance for Expected Credit Losses

9 INVESTMENT INCOME DUE AND ACCRUED

This represents income earned but not yet received as of the end of the accounting period. This account consists of the following sub-accounts:

9.1 Accrued Interest Income - Cash Equivalents

9.2 Accrued Interest Income - Financial Assets at FVTPL

9.2.1 Securities Held for Trading

9.2.1.1. Trading Debt Securities - Government

- 9.2.1.2. Trading Debt Securities - Private
- 9.2.1.3. Other Funds
- 9.2.2 Financial Assets DFVTPL
 - 9.2.2.1. Debt Securities - Government
 - 9.2.2.2. Debt Securities - Private
 - 9.2.2.3. Other Funds
- 9.3 *Accrued Interest Income - Financial Assets at FVOCI***
 - 9.3.1 Debt Securities - Government
 - 9.3.2 Debt Securities - Private
- 9.4 *Accrued Interest Income - Investment Securities at Amortized Cost***
 - 9.4.1 Debt Securities - Government
 - 9.4.2 Debt Securities - Private
- 9.5 *Accrued Interest Income - Loans and Receivables***
 - 9.5.1 Real Estate Mortgage Loans
 - 9.5.2 Collateral Loans
 - 9.5.3 Guaranteed Loans
 - 9.5.4 Chattel Mortgage Loans
 - 9.5.5 Notes Receivable
 - 9.5.6 Housing Loans
 - 9.5.7 Car Loans
 - 9.5.8 Low Cost Housing Loans
 - 9.5.9 Purchase Money Mortgages
 - 9.5.10 Sales Contract Receivable
 - 9.5.11 Salary Loans
 - 9.5.12 Others
- 9.6 *Accrued Dividends***
 - 9.6.1 Securities Held for Trading - Trading Equity Securities
 - 9.6.2 Equity Securities Designated at FVOCI
- 9.7 *Accrued Interest Income - Security Fund Contribution***
- 9.8 *Accrued Investment Income - Others***
- 9.9 *Allowance for Expected Credit Losses***

These are recognized when earned except for accrued dividends receivable where the asset is recognized when the stockholder's right to receive payment has been established.

10. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

This shall comprise of the following accounts:

- 10.1 *Investment in Subsidiaries*** - This represents the amount of the company's investment in the shares of stock of its subsidiaries. A subsidiary is an entity that is controlled by another entity (known as the parent). A company controls an investee when it 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.

10.2 Investment in Associates - This represents the amount of the company's investments in the shares of stock of its associates. An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

10.3 Investment in Joint Ventures - This represents the amount of the company's investments in joint ventures. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

11. SEGREGATED FUND ASSETS

This represents the amount of investment fund owned by unit-linked policyholders in addition to an insurance coverage. These constitute unit-linked premium collections that are placed to segregated funds which are generally managed by trustee bank.

12 PROPERTY AND EQUIPMENT

This account represents items that:

- a) are held for use in the company's business operations or for administrative purposes; and
- b) are expected to be used for more than one period.

Subsequent to initial recognition, an entity shall choose either the cost model or the revaluation model as its accounting policy and shall apply that policy to an entire class of property and equipment.

This account shall have sub-accounts as follows based on the nature of the fixed assets:

12.1 Land - at cost - This represents the acquisition cost of the land. Acquisition cost shall consist of the purchase price and all expenditures incurred directly attributable to acquisition.

12.2 Building and Building Improvements - at Cost - This represents acquisition / construction cost of the building and improvements, including costs incurred subsequent to initial recognition which meet the recognition criteria.

12.2.1. Accumulated Depreciation - Building and Building Improvements
- This represents the aggregate of the depreciation on the building and

building improvements charged by the company against current operations.

12.3 Leasehold Improvements - at Cost - This represents the cost of additions, improvements and /or alterations on the company's leased office premises which are incurred in making the property ready for use and occupancy. This should include the initial estimate of the costs of dismantling and removing the improvements and restoring the site, the obligation for which the company incurs when the property is leased.

12.3.1. Accumulated Depreciation - Leasehold Improvements

12.4 IT Equipment - at Cost - This represents the cost of the information processing systems of the company including the computer hardware, customized software, and peripherals.

12.4.1. Accumulated Depreciation – IT Equipment

12.5 Transportation Equipment – at Cost - This represents the cost of motor vehicle and other transportation equipment owned, operated, used, or to be used by the company in carrying out its business and/or insurance operations and as service vehicle of its officers and employees.

12.5.1. Accumulated Depreciation - Transportation Equipment

12.6 Office Furniture, Fixtures and Equipment – at Cost - This represents the costs of office machines, equipment, furniture and fixtures.

12.6.1. Accumulated Depreciation - Office Furniture, Fixtures and Equipment

12.7 Revaluation Increment - This represents the revaluation increase in the carrying amount of the company's property and equipment under the revaluation model.

12.7.1. Accumulated Depreciation – Revaluation Increment

This shall comprise of the following accounts:

- a) Land;
- b) Buildings and Building Improvements; and
- c) Others

12.8 Accumulated Impairment Losses - This represents the cumulative amount of impairment loss incurred on property and equipment.

12.9 Construction Work-In-Progress (WIP) - An item of property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost.

13. INVESTMENT PROPERTY

This represents property (land or building, or part of a building, or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- a) use in the company's business operations or for administrative purposes; or
- b) sale in the ordinary course of business.

This account shall be classified as follows:

- 13.1 Land – at Cost**
- 13.2 Building and Building Improvements – at Cost**
 - 13.2.1 Accumulated Depreciation – Building and Building Improvements**
- 13.3 Accumulated Impairment Loss**
- 13.4 Land – at Fair Value**
- 13.5 Building and Building Improvements – at Fair Value**
- 13.6 Foreclosed Properties** - This represents real properties acquired by company in settlement of loans through foreclosure of mortgage loan arrangements.
- 13.7 Construction Work-in-Progress**

14. RIGHT-OF-USE (ROU) ASSET

This represents the value of the lessee's license to utilize a leased asset over its lease term under a lease agreement.

The right-of-use asset is initially measured at the amount of the lease liability plus any direct costs incurred by the lessee. Adjustments may also be required for lease incentives, payments at a prior to commencement and restoration obligations or similar.

Under the cost model, a right-of-use asset is measured at cost less accumulate depreciation and accumulated impairment.

ROU Assets will be classified as follows:

- 14.1 ROU Asset – Property and Equipment**
 - 14.1.1. Accumulated Depreciation – ROU Property and Equipment**
 - 14.1.2. Accumulated Impairment Losses – ROU Property and Equipment**
- 14.2 ROU Asset – at Fair Value**
- 14.3 ROU Asset – at Cost**
 - 14.3.1 Accumulated Depreciation – ROU Asset**
 - 14.3.2 Accumulated Impairment Losses**

15 NON-CURRENT ASSETS HELD FOR SALE

This represents assets available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. This generally pertains to non-current assets such as land, building and equipment, whose carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This account shall be measured at the lower of its carrying amount and fair value less costs to sell.

16 SECURITY FUND CONTRIBUTION

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

This account shall be measured at amortized cost, which is generally equivalent to its face amount.

16.1 Allowance for Expected Credit Losses

17 NET PENSION ASSET

The net pension asset is the aggregate of the fair value of plan assets reduced by the present value of the defined benefit obligation at the end of the reporting period, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

18 DERIVATIVE ASSETS HELD FOR HEDGING

This represents the positive fair value of derivatives that are designated and considered effective hedging instruments.

18.1 Fair Value Hedge - This represents the positive fair value of derivatives that are designated and considered effective fair value hedging instruments. Fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.

18.2 Cash Flow Hedge - This represents the positive fair value of derivatives that are designated and considered effective cash flow hedging instruments. Cash flow hedge is a hedge of the exposure to variability in cash flows that (i) is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and (ii) could affect profit or loss. Any fair value changes are recognized as equity under Reserve for Cash Flow Hedge.

18.3 Hedges of a Net Investment in Foreign Operation - This represents the positive fair value of derivatives that are designated and considered to

effective hedging instruments for hedges of a net investment in foreign operation. Any fair value changes are recognized as equity under Reserve for Hedge of a Net Investment in Foreign Operation.

19 DEFERRED TAX ASSETS

This account refers to the amounts of income taxes recoverable in the future periods in respect of deductible temporary differences, the carry forward of unused tax losses, and the carry forward of unused tax credits.

20 OTHER ASSETS

This represents other assets which cannot be classified in any of the foregoing accounts.

To the extent admissible, this account shall be measured at amortized cost, which is generally equivalent to its face amount.

LIABILITY ACCOUNTS

21 INSURANCE CONTRACT LIABILITIES

This represents the combination of rights and obligations up to the portfolio level resulting to a liability position arising from contracts issued under which the company accepts significant insurance risk.

This account shall comprise the following sub-accounts:

21.1 Direct Insurance Business

21.1.1 Assets (Liabilities) for Remaining Coverage;

21.1.2 Assets (Liabilities) for Incurred Claims; and

21.1.3 Assets (Liabilities) for Pre-recognition Cash Flows

21.2 Reinsurance Contact Issued

21.2.1 Assets (Liabilities) for Remaining Coverage;

21.2.2 Assets (Liabilities) for Incurred Claims; and

21.2.3 Assets (Liabilities) for Pre-recognition Cash Flows

22 REINSURANCE CONTRACT LIABILITIES

This represents the combination of rights and obligations up to the portfolio level resulting to a liability position for contracts held by the company under which it transfers significant insurance risk related to insurance contracts issued.

This account shall comprise the following sub-accounts:

22.1 Assets (Liabilities) for Remaining Coverage; and

22.2 Assets (Liabilities) for Incurred Claims

23 SEGREGATED FUND LIABILITIES

This represents the segregated funds belonging to the unit-linked policy holders. Segregated fund liabilities are set up equal to the segregated fund assets less redemptions and plus subscriptions outside segregated funds.

24 INCOME TAX PAYABLE

This represents income taxes due and payable to the government net of creditable taxes.

25 OTHER TAXES PAYABLE

This pertains to taxes that are not attributable to insurance contracts.

26 OTHER PAYABLES

This represents obligations of the company as a result of indebtedness due to any corporations, individuals or suppliers which are non-insurance/reinsurance related. This may include the following accounts:

- 26.1. **SSS Premiums Payable** - This represents the unremitted SSS premiums/contributions withheld from the salaries of officers employees.
- 26.2. **SSS Loans Payable** - This represents the SSS salary loan amortizations deducted from the salaries of officers and employees.
- 26.3. **Pag-IBIG Premiums Payable** - This represents the unremitted contributions to the Home Development Mutual Fund (HDMF Pag-IBIG) deducted from the salaries of officers employees.
- 26.4. **Pag-IBIG Loans Payable** - This represents the unremitted Pag-IBIG loan amortizations deducted from the salaries of officers and employees.
- 26.5. **Philhealth Premiums Payable** - This represents the unremitted Philhealth premiums/contributions withheld from the salaries of officers and employees.
- 26.6. **Rent Payable** – This represents the unpaid rents for short term leases and low value assets.
- 26.7. **Accrued Utilities** - This represents accruals for utilities consumed by the company during the reporting period which have not yet been paid. This includes accruals for electricity, water and communications.
- 26.8. **Accrued Services** - This represents accruals for services rendered to the company such as janitorial, security, professional fees and others.
- 26.9. **Accrual for Unused Compensated Absences** - This represents the company's liability relating to unused compensated absences, incurred when the employees render service.
- 26.10. **Other Accrued Expenses** - This represents other accrual of expenses not classified under the foregoing accrued expenses accounts.
- 26.11. **Deferred Income** - This represents income received but not yet earned during the accounting period.
- 26.12. **Agency Retirement Plan** - This refers to the outstanding liability of the company under the retirement plan it administers for the members of its agency force.
- 26.13. **Agency Group Hospitalization Plan** - This represents the outstanding liability of the company pertaining to the group hospitalization coverage of member of the agency force and their dependents.

26.14. Agency Group Term Plan - This represents the outstanding liability of the company pertaining to the group insurance coverage of members of the agency force.

26.15. Agents Cash Bond Deposit - This represents the outstanding liability of the company pertaining to the cash bond deposits of members of the agency force.

26.16. Others - This represents all other liabilities not classified under the foregoing liability accounts.

27 DEPOSIT FOR REAL ESTATE UNDER CONTRACT TO SELL

This represents the installment payments received by the company on real estate sold under contract to sell, titles to which is still in the name of the company.

This account shall be measured at amortized cost, which is generally equivalent to its face amount.

28 DIVIDENDS PAYABLE

This represents cash dividends and other dividends, except stock dividends, already declared but still unpaid and due to the stockholders of the company.

29 FINANCIAL LIABILITIES AT FVTPL

This represents financial liabilities which are carried at FVTPL.

29.1 Financial Liabilities Held for Trading - This represents financial liabilities that are:

- a) Acquired principally for the purpose of selling or repurchasing it in the near term; or
- b) part of a portfolio of identified securities that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

29.2. Financial Liabilities DFVTPL - This represents financial liabilities which the company, upon initial recognition, has designated at FVTPL.

29.3. Derivative Liabilities - This represents the negative fair value of the company's derivatives which are not designated and effective hedging instruments.

This shall be comprised of the following sub-accounts:

29.3.1 Foreign Exchange Contracts.

- 29.3.1.1 Forward Foreign Exchange Contracts
- 29.3.1.2 Cross Currency Interest Rate Swap
- 29.3.1.3 Foreign Exchange Futures
- 29.3.1.4 Foreign Exchange Options Contracts
- 29.3.1.5 Other Foreign Exchange Contracts

29.3.2 Interest Rate Contracts.

- 29.3.2.1 Interest Rate Forwards
- 29.3.2.2 Interest Rate Swaps
- 29.3.2.3 Interest Rate Futures
- 29.3.2.4 Interest Rate Option Contracts
- 29.3.2.5 Other Interest Rate Contracts

29.3.3 Equity Contracts.

- 29.3.3.1 Equity Derivatives Forwards
- 29.3.3.2 Equity Swap
- 29.3.3.3 Equity Derivative Futures
- 29.3.3.4 Equity Options Contracts
- 29.3.3.5 Other Equity Contracts

29.3.4 Credit Derivative Contracts.

- 29.3.4.1 Credit Default Swaps
- 29.3.4.2 Credit Spread Option
- 29.3.4.3 Other Credit Derivative Contracts

30 NOTES PAYABLE

This represents long-term and short-term notes payable or any kind of indebtedness duly covered by promissory notes and which are interest-bearing. Payment of interest and principal is based on predetermined amortization schedule on due dates duly agreed upon in the loan agreement.

31 LEASE LIABILITY

This represents the present value of lease payments that are not paid at the measurement date and are discounted using the interest rate implicit in the lease, or the lessee's incremental borrowing rate if the implicit rate is not readily available.

32 NET PENSION OBLIGATION

This represents the company's net obligation with respect to the retirement and other postemployment benefits granted to employees. This is calculated as the net total of the following amounts:

- a) the present value of the defined benefit obligation at the reporting date;
- b) minus the fair value of the plan assets at the reporting date.

33 ACCRUAL FOR OTHER LONG-TERM EMPLOYEE BENEFITS

This represents accruals for the company's obligation for other types of long-term benefits provided to its employees other than those arising from post-employment benefits.

34 DEFERRED TAX LIABILITIES

This represents the total amount of deferred tax on taxable temporary differences.

These are measured at the tax rates that are applicable to the period when the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

35 PROVISIONS

This represents the amount recognized by the company for a liability which is uncertain in amount or timing.

A provision shall be recognized when:

- a) the company has a present obligation (legal or constructive) as a result of a past event;
- b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c) a reliable estimate can be made of the amount of the obligation.

36 CASH-SETTLED SHARE-BASED PAYMENT

This represents liability arising from cash-settled share based payments.

Until the liability is settled, the company shall re-measure the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value recognized in the income statement for the period.

37 DERIVATIVE LIABILITIES HELD FOR HEDGING

This represents the negative fair value of derivatives that are designated and considered effective hedging instruments.

37.1. Fair Value Hedge - This represents the negative fair value of derivatives that are designated and considered effective fair value hedging instruments.

37.2. Cash Flow Hedge - This represents the negative fair value of derivatives that are designated and effective cash flow hedging instruments.

37.3. Hedges of a Net Investment in Foreign Operation - This represents the negative fair value of derivatives that are designated and considered

effective hedging instruments for hedges of a net investment in foreign operation.

EQUITY ACCOUNTS

38 CAPITAL STOCK

This represents ownership of the stockholders in the company composed of capital stocks issued and outstanding as at report date. This shall be classified as follows:

38.1. Preferred Stock - This represents shares of stock which provide the stockholders preference as to dividends and upon liquidation. The features of the preferred stocks are varying and should be carefully analyzed whether these qualify as capital stock or creates an obligation on the part of the company. In the latter case, the preferred stocks issued should be classified as part of liabilities.

38.2. Common Stock - This represents shares of stock issued to stockholders which have the residual equity interest in the Company.

39 STATUTORY DEPOSIT

This represents the initial and subsequent inward remittances of the Home Office to the Philippine branch to comply with the statutory requirement.

40 CAPITAL STOCK SUBSCRIBED

This represents the par value of the total number of shares of capital stock subscribed by the stockholders of the company and duly covered by subscriptions agreements.

40.1 Subscription Receivable

This represents the amounts receivable from stockholders who signified their intention to subscribe to the capital stock of the company and duly covered by a subscription agreement.

41 DEPOSIT FOR FUTURE SUBSCRIPTION

This account represents payments made on subscription of shares which cannot be directly credited to Preferred or Common Stock pending registration with the Securities and Exchange Commission of the amendment to the Articles of incorporation increasing capital stock.

Deposits for future subscription shall be recognized as part of Net Worth (Equity) for prudential reporting purposes when all of the following conditions are met:

- a) The entity's existing authorized capital is already fully subscribed;
- b) The entity's stockholders and Board of Directors have approved the proposed increase in authorized capital;
- c) The entity has filed an application for the Amendment of its Articles of Incorporation for the increase in authorized capital with the appropriate government regulatory agency.

To deter abuse of these conditions, it is expected that the approval of the application for the Amendment of Articles of Incorporation for the increase in authorized capital be obtained within one (1) year from the date the said application was presented to the appropriate government regulatory agency.

Deposits for future subscription shall be classified as a Liability for prudential reporting purposes when:

- a) The nature of deposit for future subscription do not meet all the above-mentioned conditions;
- b) The application for the Amendment of Articles of Incorporation for the increase in authorized capital has been returned due to insufficiency of supporting documents; or
- c) The applications for the Amendment of Articles of Incorporation for the increase in authorized capital has not been obtained within one (1) year from the date the said application was presented to the appropriate government regulatory agency.

However, aforementioned provision is subject to SEC's amendment/s.

42 CONTRIBUTED SURPLUS

This represents original contributions of the stockholders as provided under the Insurance Code.

43 CONTINGENCY SURPLUS / HOME OFFICE INWARD REMITTANCES

This represents contributions of the stockholders to cover any impairment in Net Worth as required under the New Insurance Code. For foreign companies, the equivalent account for Contingency Surplus is Home Office Inward Remittances.

44 CAPITAL PAID IN EXCESS OF PAR

This represents payment for the shares of stock of the company bought or paid for in excess of its par value.

45 RETAINED EARNINGS / HOME OFFICE ACCOUNT

This represents the accumulated earnings of the company reduced by any losses the company may incur during a certain accounting period or by dividend declarations. For foreign companies, the equivalent account for Retained Earnings is Home Office account.

This may comprise of the following:

45.1 Retained Earnings-Appropriated

45.2 Retained Earnings-Unappropriated

45.3 Retained Earnings-Transition Adjustments

45.4 Retained Earnings- Seed Capital VUL

This represents the total seed capital for Variable Unit Linked Funds.

46 COST OF SHARE-BASED PAYMENT

This represents the cumulative amount of expenses recognized by the company arising from equity-settled share-based payment transactions. This account shall be measured at historical fair value at the time of initial recognition.

47 RESERVE ACCOUNTS

47.1 Reserve for Remeasurement of Debt Securities at FVOCI

This represents the net gains or losses arising from fair value changes of debt securities measured at FVOCI. Upon derecognition of the financial asset, this shall be transferred to profit or loss.

47.2 Reserve for Remeasurement of Equity Securities at FVOCI

This represents the net gains or losses arising from fair value changes of equity securities measured at FVOCI. Upon derecognition of the financial asset, this shall be transferred to Retained Earnings.

47.3 Reserve for Remeasurement of Financial Liabilities DFVTPL

This represents the fair value changes related to changes in the company's own credit risk of a financial liability designated at DFVTPL. Upon derecognition of the financial liability, this shall be transferred to Retained Earnings.

47.4 Reserve for ECL of Investments in Debt Securities at FVOCI

This represents the allowance for ECL of debt securities measured at FVOCI. Upon derecognition of the financial asset, this shall be transferred to P&L.

47.5 Reserve for Cash Flow Hedge

This represents gains or losses arising from fair value changes of hedging instruments in a cash flow hedge.

47.6 Reserve for Hedge of a Net Investment in Foreign Operations

This represents gains or losses arising from change in fair value of hedging instruments in a hedge of a net investment in foreign operations.

47.7 Cumulative Foreign Currency Translation

This represents gains or losses arising from foreign currency translations on the following:

- a) foreign currency denominated non-monetary items, where such gains or losses are recognized directly in equity; and
- b) translation of foreign operations with different functional currency.

47.8 Net Finance Income (Expense) from Insurance Contracts

This amount comprises the gains and losses due to change in the carrying amount of the group of insurance contracts issued arising from the following (except due to interest accretion), which the company elected to recognize as OCI:

- a) the effect of the time value of money and changes in the time value of money; and
- b) the effect of financial risk and changes in financial risk.

47.9 Net Finance Income (Expense) from Reinsurance Contracts Held

This amount comprises the gains and losses due to change in the carrying amount of the group of reinsurance contracts held arising from the following (except due to interest accretion), which the company elected to recognize as OCI:

- a) the effect of the time value of money and changes in the time value of money; and
- b) the effect of financial risk and changes in financial risk.

47.10 Reserve for Share in OCI Items of Subsidiaries, Associates and Joint Venture

The entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method.

47.11 Reserve for Appraisal Increment – Property and Equipment

This represents the appraisal increment on property and equipment when the company applies the revaluation model. This is calculated as a difference between the property and equipment's carrying amount and its revalued amount.

47.12 Remeasurement Gains (Losses) on Retirement Pension Asset (Obligation)

This represents the accumulated balance of remeasurement gains or losses of a net define benefit liability or asset.

47.13 Others

This represents other reserve accounts which cannot be appropriately classified under the foregoing reserve accounts.

48 TREASURY STOCK

This represents stocks already issued but reacquired by the company. This account shall be measured at cost.

B. STATEMENT OF COMPREHENSIVE INCOME ACCOUNTS

51. INSURANCE REVENUE

51.1 INSURANCE CONTRACTS NOT MEASURED UNDER THE PREMIUM ALLOCATION APPROACH (PAA)

For insurance and reinsurance contracts issued other than those to which the premium allocation approach has been applied, an entity shall disclose an analysis of the insurance revenue recognized in the period comprising:

51.1.1 Amounts Relating to the Changes in Liability for the Remaining Coverage (LRC)

51.1.1. a. Contractual Service Margin (CSM) Recognized for Services Provided

This refers to the amount recognized as insurance revenue due to the transfer of services in the period, determined by the allocation of the CSM at the end of the reporting period (before any allocation) over the current and remaining coverage period.

51.1.1. b. Change in Risk Adjustment for Non-Financial Risk

This refers to the adjustment to the compensation that the entity requires for bearing the uncertainty about the amount and timing of cash flows that results from non-financial risks.

51.1.1. c. Expected Incurred Claims and Other Insurance Service expenses Incurred for the Period

This represents the amount recognized as insurance revenue arising from the reduction in the LRC for the services provided in the period.

51.1.1. d. Others

This represents other insurance service revenue that cannot be classified under the foregoing accounts.

51.1.2 Recovery of Insurance Acquisition Cash Flows

This refers to the amount notionally allocated to revenue as compensation for the amortization of the acquisition cost for the period.

51.2 INSURANCE CONTRACTS MEASURED UNDER PAA

For qualifying insurance contracts, this represents the amount of expected premium receipts (excluding any investment component and adjusted to reflect the time value of money and the effect of financial risk) allocated for the period.

The allocation of the expected premium receipts should be based:

- a) on the basis of passage of time; but
- b) if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then on the basis of the expected timing of incurred service expenses.

52. INSURANCE SERVICE EXPENSES

For insurance and reinsurance contracts issued, these shall comprise the following accounts:

52.1. Incurred Claims and Other Expenses

This represents the aggregate losses and claims and other allocated directly attributable costs the company has incurred on its underwriting business.

52.2. Amortization of Insurance Acquisition Cash Flow

This refers to the amortization of insurance acquisition cash flows for the period which is equal to the amount of recovery of insurance acquisition cash flows included in the insurance revenue.

52.3. Losses on Onerous Group of Contracts

This represents the losses incurred for the onerous contracts. An entity shall recognize a loss in profit or loss for the net outflow for the group of onerous contracts, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows and the contractual service margin of the group being zero.

52.4 Reversal of Losses on Onerous Contracts

This represents reversals of losses on onerous groups of contracts and are consequently excluded from the determination of insurance revenue.

52.5. Changes to Liabilities for Incurred Claims

This represents the changes in fulfillment cash flows that relate to past services.

52.6. Impairment of Assets for Insurance Acquisition Cash Flow and Reversal of Impairment Losses

52.7. Other Pre-recognition Cash Flows Assets Derecognized at the Date of Initial Recognition

53. NET EXPENSE FROM REINSURANCE CONTRACTS HELD

53.1 REINSURANCE EXPENSES – CONTRACTS MEASURED UNDER PAA

For qualifying reinsurance contracts, this represents the amount of ceded premiums allocated for the period.

53.2 REINSURANCE EXPENSES – CONTRACTS NOT MEASURED UNDER PAA

This shall comprise the following accounts:

53.2.1 Amounts Relating to the Changes in the Remaining Coverage

53.2.1.1 Expected Claims and Other Expenses Recovery

This represents the amount recognized as reinsurance expense arising from the reduction in the remaining coverage for the services received in the period.

53.2.1.2. Change in Risk Adjustment for Non-Financial Risk

This refers to the adjustment to the non-financial risk transferred by the company to the reinsurer.

53.2.1.3 CSM Recognized For Services Received

This represents the amount recognized in profit or loss due to the services already received from reinsurer in the period, determine by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period of the group of reinsurance contracts held.

53.2.1.4 Experience Adjustments

This pertains to the ceded premiums paid in the period other than those that relate to future service.

53.3 Other Incurred Directly Attributable Expenses

This represents amounts incurred that are directly attributable to reinsurance contracts.

53.4 Effect of Changes in the Risk of Non-Performance of the Reinsurers

This represents the effect in the amounts due to changes non-performance risk that do not relate to future service and do not adjust the CSM.

53.5 Recovery of Incurred Claims

This represents the aggregate share of the reinsurers on the claims and losses and adjustment expenses of the company on the business it cedes.

53.6 Changes in Fulfillment Cash Flows with No Effect to CSM

53.7 Adjustments to Incurred Claims

This pertains to the changes in fulfillment cash flows that relate to the past services.

53.8 Income on Initial Recognition of Onerous Underlying Contracts

This represents the gain recognized for proportion of the losses on onerous contracts that are recovered by reinsurance contracts.

53.9 Reversals of Loss-Recovery Component

53.10 Changes in the Fulfillment Cash Flow (FCF) of Reinsurance Contracts Held From Onerous Underlying Contracts

54. INSURANCE FINANCE INCOME AND EXPENSES

54.1 FINANCE INCOME/EXPENSES FROM INSURANCE CONTRACTS ISSUED

This amount comprises the gains and losses due to change in the carrying amount of the group of insurance contracts issued arising from:

- a) the effect of the time value of money and changes in the time value of money; and
- b) the effect of financial risk and changes in financial risk.

54.1.1 Changes in fair value of underlying assets of contracts measured under the Variable Fee Approach (VFA)

54.1.2 Interest accreted to insurance contracts using current financial assumptions

54.1.3 Interest accreted to insurance contracts using locked-in rate/Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates

54.1.4 Due to changes in interest rates, time value of money and other financial assumptions

54.1.5 Net foreign exchange gain (loss)

54.2 FINANCE INCOME/EXPENSES FROM REINSURANCE CONTRACTS HELD

This amount comprises the gains and losses due to change in the carrying amount of the group reinsurance contracts held arising from:

- a) the effect of the time value of money and changes in the time value of money; and
- b) the effect of financial risk and changes in financial risk.

54.2.1 *Interest accreted to insurance contracts using current financial assumptions*

54.2.2 *Interest accreted to reinsurance contracts using locked-in rate*

54.2.3 *Due to changes in interest rates, time value of money and other financial assumptions*

54.2.4 *Changes in risk related to non-performance reinsurer*

54.2.5 *Net foreign exchange gain (loss)*

55 INVESTMENT INCOME

55.1 INTEREST INCOME

This represents interest income due and accrued which is earned by the company from its various investments. This shall be comprised of the following sub-accounts:

55.1.1 Interest Income - Cash in Banks and Cash Equivalents

55.1.2 Interest Income - Financial Assets at FVTPL

55.1.2.1 *Securities Held for Trading*

55.1.2.1.1 Debt Securities – Government

55.1.2.1.2 Debt Securities – Private

55.1.2.2 *Financial Assets Designated at FVTPL*

55.1.2.2.1 Debt Securities – Government

55.1.2.2.2 Debt Securities - Private

55.1.3 Interest Income – Financial Assets at FVOCI

55.1.3.1 *Debt Securities – Government*

This account represents interest received and/or accrued arising from investments in government securities (such as Treasury Bills, Treasury Notes, and government bonds). These shall be classified into two: Non-taxable (NT) and those subject to Final tax (FT).

55.1.3.2 *Debt Securities – Private*

This represents interest income received and/or accrued arising from investments in debt instruments issued by the private sector such as commercial papers, corporate notes and bonds.

55.1.4 Interest Income – Investment at Amortized Costs

55.1.4.1 Debt Securities - Government

55.1.4.2 Debt Securities - Private

55.1.5 Interest Income - Loans and Receivables

55.1.5.1 Real Estate Mortgage Loans - This represents interest earned during the period from real estate mortgage loans.

55.1.5.2 Collateral Loans - This represents interest earned during the period from collateral loans.

55.1.5.3 Guaranteed Loans - This represents interest earned during the period from guaranteed loans.

55.1.5.4 Chattel Mortgage Loans - This represents interest earned during the period pertaining to interest bearing loans duly secured by a mortgage on chattels, such as cars or motor vehicles.

55.1.5.5 Notes Receivable - This represents interest earned during the period derived from interest bearing promissory notes.

55.1.5.6 Housing Loans - This represents interest earned during the period derived from housing loans.

55.1.5.7 Car Loans - This represents interest earned during the period derived from car loans.

55.1.5.8 Low Cost Housing Loans - This represents interest earned during the period arising from low cost housing loans.

55.1.5.9 Sales Contracts Receivables - This represents interest earned on sales contracts receivable.

55.1.5.10 Purchase Money Mortgages - This represents interest earned on purchase money mortgages.

55.1.5.11 Salary Loans - This represents interest earned on salary loans.

55.1.5.12 Others - This represents interest income earned which are not otherwise classified under any of the other accounts. Included in this account are the interest earned from the Security Deposit Fund held by the Insurance Commission; special loans; etc.

- 55.1.6 Interest Income - Security Fund Contribution
- 55.1.7 Interest Income - Finance Lease Receivables

55.2 DIVIDEND INCOME

This represents income derived from cash dividend declaration on stock investments, including those accrued or earned but not yet received.

This account shall be recognized when the stockholders' right to receive payment is established and shall be measured at fair value of the consideration received or receivable.

55.3 NET GAIN/LOSS ON SALE OF INVESTMENTS

- 55.3.1 Financial Assets and Liabilities Held for Trading
- 55.3.2 Financial Assets and Liabilities at DFVTPL
- 55.3.3 Investment Property
- 55.3.4 Others

55.4 NET UNREALIZED GAIN (LOSS) ON INVESTMENT

- 55.4.1 Financial Assets and Liabilities Held For Trading
- 55.4.2 Financial Assets and Liabilities at DFVTPL
- 55.4.3 Derivative Assets/Liabilities
- 55.4.4 Investment Property

55.5 NET GAIN (LOSS) FROM RECLASSIFICATION OF FINANCIAL ASSETS

55.5.1 Reclassification from Amortized Cost to FVPL

This represents the net gains arising from the reclassification financial assets from amortized cost to FVTPL measurement due to change in business model.

55.5.2 Reclassification from FVOCI to FVPL

This represents the net gains arising from the reclassification of financial assets from FVOCI to FVTPL measurement due to change in business model.

55.6 PROVISION FOR CREDIT LOSSES (REVERSALS)

This represents the provision for impairment losses (including reversals) of financial assets measured at amortized cost and FVOCI.

- 55.6.1 Debt Securities at Fair Value through Other Comprehensive Income
- 55.6.2 Debt Securities at Amortized Cost
- 55.6.3 Loans and Receivables
- 55.6.4 Finance Lease Receivables

55.6.5 Others

55.7 RENTAL INCOME

This represents the income generated from the rental of investment property. Rent income shall be recognized on a straight-line basis over the lease term.

55.8 NET FOREIGN EXCHANGE GAIN (LOSS)

This represents the net foreign exchange gain or loss on accounts other than those pertaining to insurance accounts.

55.9 SHARE IN PROFIT/LOSS OF ASSOCIATES AND JOINT VENTURES

This represents the company's share in the profit or loss of its associates or joint ventures under the equity method of accounting.

55.10 OTHER INVESTMENT MANAGEMENT EXPENSES

This represents the other expenses related to investment management including fees paid to investment management consultants for the handling of the Company's investment portfolio and other special projects, among others.

56 OTHER INCOME

56.1 NET GAIN (LOSS) ON SALE OF PROPERTY AND EQUIPMENT

This represents gain realized on sale of property and equipment.

56.2 MISCELLANEOUS INCOME

This represents income received or earned from various sources which cannot be properly classified under any of the income accounts. It includes, among other things, income derived from SSS collection fee, proceeds from sale of old newspapers, recoveries from accounts receivables, and other collections.

57 OTHER OPERATING EXPENSES

This pertains to expenses other than those reported as part of the Net Insurance and Investment Result.

57.1 EMPLOYEE BENEFITS

This represents the following:

57.1.1 Salaries and wages

This represents basic salaries, wages and allowances, including bonuses and 13th month pay of all company officers and staff.

57.1.2 SSS Contributions

This represents the company's share in the contribution to the SSS for the benefit of the officers and staff of the company.

57.1.3 PhilHealth Contributions

This represents the company's share in the contribution for the PhilHealth benefits of officers and staff.

57.1.4 Pag-IBIG Contribution

This represents the company's share in the contribution for the Pag-IBIG Fund or the Home Development Mutual Fund for the benefit of the employees of the company.

57.1.5 Employees Compensation and Maternity Contributions

This represents the company's share in the contribution to the SSS for the maternity, sickness and disability benefits of all company employees.

57.1.6 Hospitalization Contribution

This represents the company's contribution for the employee's hospitalization benefits under the group insurance coverage.

57.1.7 Medical Supplies

This represents expenses incurred by the company for the purchase of medicines and other medical supplies for the use of or issuance to the employees.

57.1.8 Employees' Welfare

This represents other benefits given to the employees by the company including uniform, service awards, annual excursion expenses, Christmas party benefits, expenses incurred during company meetings, and others not specifically classified under any of the other foregoing accounts.

57.1.9 Other Employee Benefits

This represents other employee benefits granted to employees such as compensated absences (sick leaves, vacation leaves, emergency leaves), cost of share based payment transactions

and other long-term employee benefits other than post-employment benefits.

57.1.10 Post-Employee Benefit Cost

This represents the retirement benefits of the company's employees for services rendered. It shall comprise of the following items:

- a) Current service cost;
- b) Interest expense;
- c) Interest income; and
- d) Effect of any curtailment or adjustment.

57.2 DOCUMENTARY STAMP TAX

57.2.1 Documentary Stamps – Stocks. This represents the cost of documentary stamps affixed to new or original issues of stocks during the year.

57.2.2 Documentary Stamps – Others. *This represents cost of documentary stamps expense for transactions not classified under any of the above accounts such as BIR assessment for deficiency of documentary stamps in the prior years, reimbursement of documentary stamps affixed to agents' certificate of authority, affixtures of documentary stamps to the company's certificate of authority and the annual statement for filing with the Insurance Commission, and others.*

57.3 PROFESSIONAL AND TECHNICAL DEVELOPMENT

This represents the expenses in developing the professional and technical capabilities of the officers and staff of the Company.

57.4 REPRESENTATION AND ENTERTAINMENT

This represents the cost of representation and entertainment incurred by the officers and staff for the promotion of the business of the Company.

57.5 TRANSPORTATION AND TRAVEL EXPENSES

This represents expenses for travel and transportation of the directors, officers, employees in connection with the business operations.

57.6 DIRECTOR'S FEES AND ALLOWANCES

This represents fees and allowance granted to the members of the Board of Directors for their attendance in the monthly and annual meetings or whatever special meetings that the Board may have.

57.7 CORPORATE SECRETARY'S FEES

This represents fees granted to the corporate secretary for services rendered during the monthly Board of Directors' meetings, annual stockholders' meetings or any other special meetings that the Board of Directors or the stockholders may hold.

57.8 AUDITORS' FEES

This represents professional fees paid to the external auditors for the year-end audit/examination of the company's books of accounts. It also includes the monthly retainers fees, charges for the auditors' out of pocket expenses and fees for any special audit examination or consultations, including any audit and tax consultations which may be required by the company from time to time.

57.9 ACTUARIAL FEES

This represents professional fees paid to the external actuaries for whatever actuarial services that they may render for the company.

57.10 SERVICE FEES

This represents fees paid to certain authorized individuals for services rendered to the company on a contractual or temporary basis.

57.11 LEGAL FEES

This represents retainer fees and other professional fees paid to external lawyers and the company's legal counsel for whatever legal services that they may render. It includes fees for the legal assistance that they may extend in handling court cases, court settlements, notarial fees, consultancy fees, and other legal matters.

57.12 ASSOCIATION DUES

This represents membership and monthly dues and fees paid to various professional organizations/association such as Personal Management Association of the Philippines, Life Insurance Management Research Association, Philippine Society of Medicine, Philippine Life Insurance Association, Insurance Institute of Asia and the Pacific, Actuarial Society of the Philippines, Philippine Insurance Institute, Business Club, MIB, Philippine Institute of Certified Public Accountants, etc.

57.13 LIGHT AND WATER

This represents the cost of power and water consumption of the Company's Head Office and its branches.

57.14 COMMUNICATION AND POSTAGE

This represents the cost of telephone and cellphone services both local and long distance toll charges; telegrams and mailing expenses, including postages and freight charges for the delivery of mails or cargoes sent to or received from the branches.

57.15 PRINTING, STATIONERY AND SUPPLIES

This represents expenses incurred by the company for the printed forms/materials, stationery and office supplies used in the business operations.

57.16 BOOKS AND PERIODICALS

This represents the cost of books and reference materials for office use and subscriptions to newspapers, magazines, etc.

57.17 CONTRIBUTIONS AND DONATIONS

This represents donations given to civic associations, government agencies and contributions to charitable institutions and fund raising drives.

57.18 RENTAL EXPENSE

This represents rental expense incurred on leased properties and shall only refer to short-term and low value assets. Rental expense shall be recognized on a straight-line basis over the lease term

57.19 INSURANCE EXPENSES

This represents premiums paid on insurance coverage of office furniture, fixtures and equipment, IT equipment, company cars and others. It also includes premium charges on the guarantee or fidelity bond of accountable officers and staff as may be required by the Insurance Commission.

57.20 TAXES AND LICENSES

This represents taxes which are allowable deductions or expenses for income tax computation such as payment of business license, mayor's permit, etc. It does not include taxes not deductible for income tax purposes, such as income tax assessments and penalty charges and renewal of the agent's certificates of authority.

57.21 BANK CHARGES

This represents the cost of checkbooks and charges imposed by the banks for overdrafts and bounced checks, payment of safety deposit box (if any), charges for the regional clearing of provincial checks and other such charges.

57.22 INTEREST EXPENSES

This represents interest expense incurred by the Company.

57.23 REPAIRS AND MAINTENANCE - MATERIALS

This represents the cost of materials used in the repair and maintenance of company assets.

57.24 REPAIRS AND MAINTENANCE - LABOR

This represents the cost of labor pertaining to the repairs and maintenance of company assets.

57.25 DEPRECIATION AND AMORTIZATION

This represents the periodic depreciation and amortization of the cost of the company's assets.

57.26 PROVISION FOR IMPAIRMENT LOSSES

This represents the provision for impairment losses of non-financial assets.

57.27 MISCELLANEOUS EXPENSE

This represents other operating or administrative expenses which cannot be specifically classified under any of the other expense accounts.

58 PROVISION FOR INCOME TAX**58.1 PROVISION FOR INCOME TAX – FINAL**

This represents final taxes withheld from sale of shares of stock and from interest earned during the year on investments in government securities and savings deposits.

58.2 PROVISION FOR INCOME TAX – CURRENT

This represents the corporate income tax of the company for the period based on its taxable income.

58.3 PROVISION FOR INCOME TAX - DEFERRED

This represents provision for deferred tax assets and liabilities.

59. OTHER COMPREHENSIVE INCOME

This shall comprise the following accounts:

OCI items that will be reclassified subsequently to Profit or loss

Net Finance Income (Expense) from Insurance Contracts

This amount comprises the gains and losses due to change in the carrying amount of the group of insurance contracts issued arising from the following (except due to interest accretion), which the company elected to recognize as OCI:

- a) the effect of the time value of money and changes in the time value of money; and
- b) the effect of financial risk and changes in financial risk.

Net Finance Income (Expense) from Reinsurance Contracts Held

This amount comprises the gains and losses due to change in the carrying amount of the group of reinsurance contracts held arising from the following (except due to interest accretion), which the company elected to recognize as OCI:

- a) the effect of the time value of money and changes in the time value of money; and
- b) the effect of financial risk and changes in financial risk.

Reserve for Remeasurement of Debt Securities at FVOCI

This represents the net gains or losses arising from fair value changes of debt securities measured at FVOCI for the period.

Reserve for ECL of Investments in Debt Securities at FVOCI

Reserve for Cash Flow Hedge

This represents the net gains or losses arising from fair value changes of hedging instruments in a cash flow hedge for the period.

Reserve for Hedge of a Net Investment in Foreign Operation

This represents the net gains or losses arising from change in fair value of hedging instruments in a hedge of a net investment in foreign operations for the period.

Cumulative Foreign Currency Translation

This represents the net gains or losses arising from foreign currency translations on the following for the period:

- a) foreign currency denominated non-monetary items, where such gains or losses are recognized directly in equity, and,
- b) translation of foreign operations with different functional currency.

Reserve for share in OCI Items of Subsidiaries, Associates and Joint Venture

This represents the share in the Other Comprehensive Income of subsidiaries, associates, and joint ventures when measured under the Equity method.

Others

OCI items that will not be reclassified subsequently to Profit or loss

Reserve for Remeasurement of Equity Securities at FVOCI

This represents the net gains or losses arising from fair value changes of equity securities measured at FVOCI for the period.

Reserve for Remeasurement of Financial Liabilities DFVTPL

This represents the fair value changes related to changes in the company's own credit risk of a financial liability designated at FVTPL for the period.

Reserve for Appraisal Increment - Property and Equipment

This represents the appraisal increment when the company applies the revaluation model on properties. This is calculated as a difference between the property's carrying amount and its revalued amount.

Remeasurement Gains (Losses) on Retirement Pension Asset (Obligation)

Others

