

COVER SHEET

SEC Registration Number

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Company Name

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A	N	Y	,	I	N	C	.																			

Principal Office (No./Street/Barangay/City/Town/Province)

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Form Type

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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A
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COMPANY INFORMATION

Company's Email Address

corpsec@benlife.com.ph

Company's Telephone Number/s

(+632) 8818 8671

Mobile Number

09992297694

No. of Stockholders

6784

Annual Meeting
Month/Day

Any Day in June

Fiscal Year
Month/Day

DECEMBER 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

MA. SIGRID R. PINLAC

Email Address

corpsec@benlife.com.ph

Telephone Number/s

(+632)8818 8671

Mobile Number

09992297694

Contact Person's Address

7F Beneficial Life Building, 166 Salcedo Street, Legaspi Village, Makati City

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

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A, AS AMENDED**

**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended DECEMBER 31, 2024
2. SEC Identification Number 16680
3. BIR Tax Identification No. 000-883-987
4. Exact name of issuer as specified in its charter
BENEFICIAL LIFE INSURANCE COMPANY, INC.
5. MANILA, PHILIPPINES
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
Life Insurance
7. BENEFICIAL LIFE (BENLIFE) BLDG., 166 SALCEDO ST., LEGASPI VILLAGE, MAKATI CITY
Address of principal office Postal Code 1229
8. (02) 88188671
Issuer's telephone number, including area code
9. N/A
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the Revised Securities Act ("RSA"):

Title of each class	No. of shares of Common Stock Outstanding
COMMON STOCK shares	N/A
11. Are any or all of these securities listed on the Philippine Stock Exchange ("PSE").

Yes [] No []
12. Check whether the issuer:
 - (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

Yes [] No []
 - (b) has been subject to such filing requirements for the past 90 days:

Yes [] No []
13. State the aggregate market value of the voting stock held by non-affiliates of the registrant:

118,624,760 shares x P1.50* = P177,937,140 * last known price on private sale

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

1.1 Business Development

BENEFICIAL LIFE INSURANCE COMPANY, INC. (the “Registrant”) is a domestic stock corporation established on March 16, 1960 with an initial authorized capitalization of P2.5Million. The primary purpose of the Registrant is to *undertake and write insurance upon the lives of individuals, and every insurance appertaining thereto or connected therewith, including reinsurance; to make contracts for insurance and reinsurance providing for all risks, hazards, guarantees and contingencies to which life, accident or health insurance is applicable; to compute endowments and grants, purchase or dispose of annuities; to procure reinsurance for its risks; to issue policies stipulated to be with or without participation in profits; and to purchase for its own benefit any policy of insurance or other obligation of the corporation as well as claims of policyholders.* The Registrant is under the regulation of the Insurance Commission (“IC”).

On April 10, 1997, the Philippine Securities and Exchange Commission (“SEC”) approved the increase in the Registrant’s authorized capital stock from P20Million to P70Million.

On July 15, 1996, the Registrant and Philippine National Bank (“PNB”) entered into a Memorandum of Agreement (“MOA”) whereby the latter bought equity in the former equal to 40% ownership. This partnership, however, was dissolved on May 30, 2008.

FMF Development Corporation (“FMF”) then acquired 50% of the said 40% equity of PNB, thus, increasing its shareholdings in the Registrant from 51% to 81%.

The SEC, effective October 06, 2009, approved the change in name of the Registrant from “Beneficial-PNB Life Insurance Company, Inc.” to “Beneficial Life Insurance Company, Inc.” and the extension of another 50 years of its corporate term.

On October 9, 2009, it was approved and resolved that the authorized capital stock of the Registrant be increased from P70Million, divided into 70,000,000 shares with par value of P1.00 per share to P500Million, divided into 500,000,000 shares with the same par value per share. The said increase was made in compliance with Department of Finance (“DOF”) Order 27-06, which was approved by the SEC on February 4, 2010.

The additional subscription on the increase in authorized capital stock of the Registrant shall be made by way of application of the 550% stock dividends declared on August 10, 2009.

On August 6, 2012, the Registrant’s Board of Directors (“BOD”) approved the increase in the Registrant’s authorized capital stock from P500Million, consisting of 500,000,000 common shares with P1.00 par value per share, to P1Billion, consisting of 1,000,000,000 common shares with the same par value per share. The application for the said increase in the authorized capital stock was submitted to the SEC on February 5, 2013.

Also, on August 6, 2012, the BOD approved the declaration of 58% stock dividend or a total of 188,584,808 shares to be taken from the Registrant’s unrestricted retained earnings as of December 31, 2011, and distributed to stockholders as of October 9, 2012. The full amount of P188,584,808 was previously presented as stock dividends for issuance under the stockholders’ equity in the statements of financial position pending the completion of the SEC requirements for the increase in authorized capital stock.

On April 10, 2014, the BOD approved the declaration of 22% stock dividend or a total of 113,020,283 shares to be taken from the Registrant’s unrestricted retained earnings as of December 31, 2013.

At least 25% of the increase in the authorized capital stock of P500Million, or the amount of P301,605,091 has been subscribed and fully paid up through the 58% and 22% stock dividend declarations.

The application for increase in the authorized capital stock that was initially submitted to the SEC on February 5, 2013 was re-filed on March 27, 2015. The SEC issued a certificate of approval to the said increase in capital stock on March 31, 2015.

During its 65 years in the life insurance industry, the Registrant has not undergone any bankruptcy, insolvency, receivership or similar proceeding.

1.2 Business of Issuer

DESCRIPTION OF THE REGISTRANT

Principal Product or Service:

Traditional LIFE INSURANCE POLICIES which may be grouped into Regular Plans, Term Plans, Special Corporate Plans and Product Mix Plans. The main business may be generally classified into 2, namely, ordinary/regular business which represents policies sold to individuals, and group business which is commonly known as term plans sold to groups, companies or institutions. Another business line is reinsurance wherein the Registrant accepts risk in consideration of premiums from institutional clients. The Registrant has also ventured into the microinsurance program in 2016. As of December 31, 2024, regular business accounts for 16% while group business accounts for 83% of the total direct business. Inward reinsurance contributed 4% of its gross premiums.

Foreign Sales: NONE

Distribution Methods of Product/Service:

The Registrant has always used its agency force nationwide as the main traditional distribution channel, and has also maintained its mall operations in Davao.

Status of Any Publicly Announced New Product or Service:

The Registrant has not submitted any new product/plan to the IC during the year 2024.

Competition:

As of the year ended December 31, 2024, there are 31 life insurance companies operating in the Philippines. Based on the unaudited figures released by the IC for 2024 (source: www.insurance.gov.ph), the Registrant ranks as follows:

According to Premium Income: 19th
According to Networth: 21st

The top 16 life insurance companies in terms of premium income are all selling variable products. The Registrant does not offer variable plans.

Many of the Registrant's institutional clients cover major target markets like teachers, soldiers, firemen, policemen, government agency employees, bank employees and the like. Price is a major factor in competition followed by service. Since insurance is not considered a basic necessity, its marketability highly depends on the economic status of the insuring public.

Of all the life insurance companies, the Registrant believes that, in terms of business line and target markets, its major competitors are Generali Life Assurance and Fortune Life insurance, which are both selling traditional insurance products and have no variable products like the Registrant. The Registrant believes that it can effectively compete with other companies, more specifically with its closest competitors, mainly because of its stability founded on 65 years of experience, skilled and numerous agency forces operating nationwide, financial

strength assuring solvency and liquidity, and marked presence in major cities nationwide. The Registrant continues to build strong business relationships with its institutional clients.

Transactions with and/or Dependence on Related Parties:

FMF, the Registrant's parent company, is its largest stockholder with 81% ownership of the outstanding shares of the Registrant, which is primarily engaged in direct equity investments in other companies, investments in fixed income securities and property leasing.

A former 100% owned subsidiary, Beneficial Financial Advisors, Inc. ("BFAI") was primarily engaged in providing training and consultancy services related to any marketing activities and promotions, and the administration and property management of the Beneficial Life Bldg. in Makati City. Moreover, the Registrant assigned to BFAI the right to lease out vacant spaces of the properties owned by the former. This subsidiary previously handled the training and marketing requirements of the bancassurance operations of the Registrant with PNB. On April 24, 2015, the SEC approved the change in its corporate name from "Beneficial-PNB Financial Advisors, Inc." to "Beneficial Financial Advisors, Inc." On October 21, 2021, the Board of Directors ("BOD") and stockholders of BFAI approved a resolution for the cessation of its business operations effective December 15, 2021 and shorten the company's term of existence until June 30, 2023. On April 22, 2022, the SEC approved the BFAI's Amended Articles of Incorporation to shorten its corporate term until June 30, 2023.

Another former subsidiary, Solana Investment Holdings Corp. ("SIHC"), was a foreign corporation and a wholly owned subsidiary of the Registrant. It was an investment company with holdings in foreign securities and bonds. On October 21, 2021, the Board and stockholders of SIHC approved its dissolution and authorized the transfer of its net assets amounting to P143.7Million to the Registrant.

Note 17 of the audited financial statements summarizes the Registrant's transactions and outstanding balances with related parties.

Trademarks:

On July 29, 2024, Registrant filed for the renewal of its trademarks registration with the Intellectual Property Office ("IPO"). These trademarks are the "Benlife" device and logo, and the marketing slogan "Alagang Tunay. Alagang Benlife." (the "Subject Marks"). Accordingly, the IPO renewed the Certificates of Registration for the Subject Marks in favor of Registrant on October 10, 2024. These Certificates of Registration of the Subject Marks have a term of ten (10) years or up to October 10, 2034. On account thereof, the Registrant has acquired the exclusive right to use such trademarks and prevent any and all persons from using in the course of trade, identical or similar marks for goods or services which are identical or similar to those in respect of which the Subject Marks are registered, where such use would result in a likelihood of confusion.

License:

License no. 2025/43-R was issued by the IC to the Registrant on January 7, 2025 which took effect on January 1, 2025 and to expire on December 31, 2027.

Need for any Governmental Approval of Principal Products/Services:

All products/services are first approved by the IC, in compliance with the Amended Insurance Code of the Philippines, prior to selling.

Effect of Existing or Probable Governmental Regulations on the Business:

The operations of the Registrant are subject to the regulatory requirements of the IC. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions (e.g., capitalization requirements, capital and reserve investments, admitted assets, risk based capital or "RBC" ratio requirements).

Tax regulations materially affect the cost of the product/service. Insurance premiums and policies are subject to premium tax and documentary stamp tax (“DST”), which are being passed on to the insured/client. These taxes are additional costs, which make the product more expensive. Republic Act (“RA”) No. 10001 reduced the premium tax from 5% to 2% (applicable on insurance policies issued after the effectivity of the said RA) and amended the DST to one-time payment based on the amount of insurance or coverage. RA 10963 or the Tax Reform for Acceleration and Inclusion (“TRAIN”), which became effective on January 1, 2018, increased the DST tax from the range of P10.00-P100.00 to P20.00-P200.00. Revenue Regulation (“RR”) 4-2018 was issued wherein the new rates are listed under Section 10.

On August 5, 2013, the President of the Philippines approved RA No. 10607, also known as the “Amended Insurance Code R.A.10607” which provides the new capitalization requirements of all existing insurance companies based on net worth on a staggered basis starting June 30, 2013 up to December 31, 2022. The following presents the amount of required net worth and the schedule of compliance per New Insurance Code:

Networth	Compliance Date
<i>P550,000,000.00</i>	<i>December 31, 2016</i>
<i>P900,000,000.00</i>	<i>December 31, 2019</i>
<i>P1,300,000,000.00</i>	<i>December 31, 2022</i>

On January 13, 2015, the IC issued the Circular Letter (“CL”) No. 2015-02-A, which provides for the clarification of minimum capital requirements under Sections 194, 197, 200 and 289 of the New Insurance Code. The said CL supersedes the Department Order Nos. 27-06 and 15-2012, and CL Nos. 22-2008 and 26-2008. The minimum networth requirements must remain unimpaired for the continuance of the Registrant’s license.

The required minimum statutory net worth for the Registrant is P1.3Billion as of December 31, 2024. The Registrant has complied with the minimum statutory net worth capital and minimum paid-up capital required by the IC.

The Amended Insurance Code provides that the Commissioner may require the adoption of the RBC approach and other internationally accepted forms of capital framework. In 2016, the IC issued CL 2016-68 regarding the Amended RBC framework to be known as “RBC2 Framework” which was effective starting January 1, 2017.

CL 2016-68 provides for the RBC2 framework for the life insurance industry which establishes the required amounts of capital to be maintained by the insurance companies in relation to their investment and insurance risks. Every life insurance company is annually required to maintain an RBC ratio of at least 100% and not to fail the trend test. Failure to meet the minimum RBC ratio shall subject the insurance company to regulatory intervention which could be at various levels depending on the degree of the violation.

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. Tier 2 Capital which includes reserve for appraisal increment and remeasurement gains or losses on retirement pension asset or obligation shall not exceed 50% of Tier 1 Capital. RBC requirement shall be computed based on the formula provided in the Circular and shall include asset default risk, insurance pricing risk, interest rate risk and general business risk.

Failure to meet the RBC ratio shall subject the insurance company to the corresponding regulatory intervention which has been defined at various levels. IC issued its Circular Letter no. 2017-30 dated May 2, 2017 wherein all insurance companies are required to take action in case its RBC ratio measures as follows:

RBC ratio (Y)	Event	Action
$100% < Y < 125%$	<i>Trend Test</i>	<i>Registrant is required to submit linear extrapolation of the RBC ratio for the next period. If the RBC ratio based on the trend test falls below 100%, move to Company Action Event</i>
$75% < Y < 100%$	<i>Registrant Action</i>	<i>Registrant is required to submit RBC plan and financial projections and implement the plan accordingly.</i>
$50% < Y < 75%$	<i>Regulatory Action</i>	<i>IC is authorized to issue Corrective O</i>
$Y < 50%$	<i>Authorized and Mandatory Control</i>	<i>IC is authorized and required to take control of the Registrant</i>

The final amount of the RBC ratio can be determined only after the accounts of the Company have been examined by the IC, specifically for the determination of admitted and non-admitted assets as defined under the Amended Insurance Code. The Registrant reported RBC ratio of not less than 125% during the 2024 interim quarterly reports and 137% as of the year end December 31, 2024. The IC-approved RBC ratio as of December 31, 2023 is equivalent to 106% and since this was below the 125% per table above, a trend test was calculated and the Registrant passed this test. The IC-approved synopsis of its 2023 annual report was published in the April 2, 2025 edition of the Philippine Daily Inquirer.

IC issued CL No. 2016-65 and 2015-29, Financial Reporting Framework (“FRF”) under Section 189 of the New Insurance Code. The FRF adopted the economic valuation of assets and liabilities based on internationally accepted accounting, actuarial, and insurance core principles.

IC also released CL No. 2016-66, Valuation Standards for Life Insurance Policy Reserves, pursuant to Sections 216 and 423 of The Insurance Code. Where appropriate, the life insurance policy reserves shall be valued using the Gross Premium Valuation (GPV) considering other assumptions such as morbidity, lapse and/or persistency, expenses, non-guaranteed benefits and margin for adverse deviation.

The full implementation of FRF and valuation standards took effect on January 1, 2017.

On April 8, 2025, the IC issued CL 2025-09 with the subject Omnibus Guidelines on Investments. The objective of the said CL is “to enhance the investment adaptability of insurance companies”. The CL identifies allowable investments which do not require prior approval of the IC, as well as those that require IC approval and assets which are non-admitted. If the said CL is applied to the year 2024, the RBC ratio of the registrant increases to 220%.

Sometime in March 2023, the IC Memorandum Circular No.2023-01 (“IC-MC No. 2023-01”) was published by IC pursuant to its mandate to safeguard the rights and interests of the insuring public and to effectively carry out the provisions of Republic Act (RA) No, 11765, otherwise known as the "Financial Products and Services Consumer Protection Act" (FCPA), in consonance with relevant Insurance Core Principles.

IC-MC No. 2023-01 lays down the Rules which provide measures to protect the following rights of financial consumers:

- a. Right to fair and equitable treatment;
- b. Right to disclosure and transparency of financial products and services;
- c. Right to protection of consumer assets against fraud and misuse;
- d. Right to data privacy and protection; and
- e. Right to timely handling and redress of complaints.

These Rules establish guidelines to institutionalize consumer protection as an integral component of corporate governance and risk management of financial service providers. These Rules aim to:

- a. Ensure adequate consumer protection against unfair business practices;
- b. Achieve fair and beneficial consumer outcomes;
- c. Empower consumers, and

d. Manage consumer risks and potential harms to financial consumers

IC-MC No. 2023-01 shall apply to all financial products or services regulated by the Insurance Commission, excluding reinsurance transactions. Moreover, under its transitory provision, the Registrant, and all regulated entities of the Insurance Commission are given a period of one (1) year and six (6) months from the effectivity of IC-MC No. 2023-01 to conduct a gap analysis of their current consumer protection practices vis-i-vis the provisions of IC-MC No. 2023-01; and create an Action Plan duly approved by the Board of Directors to achieve full compliance within a reasonable period of time but in no case longer than one (1) year and six (6) months from the effectivity of IC-MC No. 2023-01.

Total Number of Employees and Number of Full Time Employees as of December 31, 2024:

<i>Employees:</i>	228
<i>Full time employees:</i>	228
<i>No. of anticipated employees for the ensuing year:</i>	235

On February 12, 2018, the Collective Bargaining Agreement (“CBA”) has been signed and executed by the Registrant and the labor union which shall be valid and effective for a period of three (3) years and shall continue from year to year thereafter, unless otherwise terminated by either party pursuant to Article XVII, Section 1 thereof.

Training and Development:

The Registrant implements a training and development program where employees and officers are provided with the opportunity of attending relevant courses, conventions, and trainings provided by reputable entities, locally and abroad. The training and development program is designed to enhance the knowledge, skills, and competence of the Registrant’s employees and officers. For this purpose, the Registrant allocates on a yearly basis, a budget for such training and development. In 2024, the following seminars/trainings were taken by the Registrant’s appropriate employees and officers:

- 2024 Asian Banking & Finance Asia Forum
- AMLA - Awareness Training and Updates - Center For Global Best Practices
- AMLC Registration and Reporting Guidelines (ARRG)
- AMLC: Targeted Financial Sanctions (TFS)
- Anti-Money Laundering/Counter-Terrorism Financing (AML/CTF) Fundamentals
- Navigating AML Regulations: Online Anti-Money Laundering / Counter the Financing of Terrorism (AML/CFT) Training
- ASPLI'S 1st Learning Session - Service through Personalization
- ASPLI'S 3rd Learning Session - Beyond the Screen - Customer Engagement through Emerging Digitalization
- ASPLI'S 4th Learning Session: Surrender and Inner Peace Meditation
- Business Continuity Plan - MIS Disaster Recovery Plan 2024
- HOLLUAP and NATRE: Introduction to Reinsurance
- HOLLUAP Annual Convention: Rewind, Refresh, Restart
- Home Office Life Underwriters Association of the Philippines, Inc.
- IIAP - Basic Life Insurance Course
- IFRS17 Training Serie: AXIS Training by MOODY’s
- National Microinsurance Forum
- NATRE: Navigating the Future of Diabetes
- PAMET, INC. - 3 Days Pre Convention Workshop
- PAMET, INC. - PAMET @60: Inspiring Minds, Empowering Success and Embracing a Transparent Future
- Philippine Society of Insurance Medicine: The 2024 Advanced Medical Underwriting Course: Heart Stopper: EKG Brain Twisters
- PSIM - Baffling, Underwriting, Claims Impairments
- Society of Actuaries - Asia Pacific Symposium Embracing the New Norm - Beyond Actuarial Frontier

Risks:

The risk under an insurance contract is that an insured event may occur, including the uncertainty of the amount and timing of any resulting claim. The principal risk the Registrant faces under such contract is that the actual claims and/or benefit payments exceed the carrying amount of insurance liabilities. Such risk is influenced by the frequency of claims, severity of claims, actual benefits paid in excess of that originally estimated, and subsequent development of long-term claims.

Underwriting risk represents the exposure to loss resulting from actual policy experience adversely deviating from assumptions made in the product pricing. The Registrant's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geographical locations, the use of medical screening in order to ensure that pricing takes account the current health conditions and medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting risks are brought about by a combination of mortality, morbidity, expense and policyholder decision risks. Underwriting limits are in place to enforce appropriate risk selection criteria.

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

Operational risk arises from, among others, the Registrant's people and processes, threats to the security of its information technology ("IT") system facilities, personnel or data, business interruption risk, reputational risk, legal risks, and compliance obligations to regulatory or taxing authorities. Operational and IT risk management of the Registrant involves the formulation of policies, setting and monitoring of key risk indicators, and overseeing the thoroughness of insurance-wide risk, control self-assessments, and loss incident management; and in the process, creating and maintaining a sound business operating environment that ensures and protects the integrity of the Registrant's assets, transactions, reputation, records, data, and clients, the enforceability of the Registrant's claims, and compliance with all pertinent legal and regulatory requirements.

All required provisions and liabilities to cover these risks are being set up on a regular basis under the supervision and regulation of the IC. The RBC2 quarterly report, as required under CL2016-68 by the IC, monitors the adequacy of the Registrant's capital to cover the measured risks: credit risk, insurance risk, market risk, operational risk, catastrophe risk and surrender risk.

Note 26 of the audited financial statements presents Risk Management Objectives and Policies of the Registrant.

Item 2. Properties

The Registrant is the absolute and registered owner of the following purchased real estate properties, where office spaces are located:

- a. *Real estate property located at Pendatun Ave., General Santos City;*
- b. *Real estate property located at A. Pichon Sr. St., Davao City;*
- c. *Condominium properties located at Cebu Holdings Center, Cebu Business Park, Mabolo, Cebu City;*
- d. *Real estate property located at 166 Salcedo St., Legaspi Village, Makati City.*

There are no liens or encumbrances on any of the real estate properties listed above. The Registrant also purchased two (2) condominium offices located at One Vertis Plaza located at Bago Bantay, Quezon City, the total cost of which does not exceed 5% of the total assets. The said property has been completed and the Registrant is currently undergoing renovation works. The target date to occupy this new office space is on September 2025.

Item 3. Legal Proceedings

There are no material pending legal proceedings with claims to damages exceeding 10% of the current assets, to which the Registrant is a party or of which any of its properties is the subject. The Registrant has no knowledge that its subsidiaries and parent company are presently involved in any material legal proceeding affecting themselves and/or their properties before any court of law or administrative body in the Philippines.

There were no proceedings that initiated, commenced, pending or were terminated during the fourth quarter of 2024 with claims to damages exceeding 10% of the current assets.

Item 4. Submission of Matters to a Vote of Security Holders

The annual stockholders' meeting of the Registrant for the year 2024 where no solicitation of proxies made was held in a virtual format and the following were submitted to a vote of security holders along with the results of the votation:

- a. Approval of the Minutes of the Annual Stockholders Meeting Held on June 28, 2023.
The stockholders' approved the Minutes and adopted Resolution No. ASM-2024-01 to wit:

“Resolved, as it is hereby resolved, that the Minutes of the Annual Stockholders’ Meeting of the Company held on June 28, 2023 be, as the same are hereby approved.”

The final tabulation of votes for the approval of the Minutes and the adoption of Resolution No. ASM-2024-01 are as follows:

	For	Against	Abstain
No. of Voted Shares	588,619,260	0	0
% of Shares Voted	99.9994%	0	0

- b. Approval of the 2023 Annual Report and Audited Financial Statements (AFS)
The stockholders' noted the 2023 Annual Report, approved the AFS, and adopted Resolution No. ASM-2024-02 to wit:

“Resolved, as it is hereby resolved, that the Annual Report of the Company be, and is hereby noted, and the Audited Financial Statements of the Company as at December 31, 2023 be, as the same are hereby approved.”

The final tabulation of votes for the approval and adoption of Resolution No. ASM-2024-02 are as follows:

	For	Against	Abstain
No. of Voted Shares	588,619,260	0	0
% of Shares Voted	99.9994%	0	0

- c. Ratification of All Acts and Resolutions of the Board and Management Adopted During the Preceding Year

The Board & Management sought ratification of all acts & resolutions of the Board and all Board Committees which were adopted until June 28, 2024. Such acts & resolutions include the election of officers & members of the Board Committees, amendments to the amended By-Laws, contracts & transactions entered into by the Company, credit & loan transactions, projects & investments, manpower-related decisions, corporate governance-related actions & matters governed by disclosures to the Securities & Exchange Commission & the Insurance Commission. Stockholders' ratification for the acts of the Company's Officers to implement the resolutions of the Board or its Committees or made in the conduct of business was likewise sought during the regular stockholders' meeting. Below resolution, as

proposed by Management, was approved and adopted by the stockholders based on the following voting results:

Resolution No. ASM-2024-03

"Resolved, as it is hereby resolved, that the acts and resolutions of the Board and its Committees, as well as those of the Management, made and adopted since the last Annual Stockholders' Meeting of the Company be, as the same are hereby approved, ratified and confirmed."

	For	Against	Abstain
No. of Voted Shares	588,619,260	0	0
% of Shares Voted	99.9994%	0	0

d. Election of Directors

In accordance with the Registrant's Amended By-Laws and Revised Manual on Corporate Governance, as well as relevant rules and regulations, the following stockholders were duly nominated and elected to serve as directors for the year 2024-2025 and until their successors are elected and qualified, and that a Resolution to this effect had been approved:

Resolution No. ASM-2024-04

"Resolved, to elect the following as Directors of the Company to serve as such beginning today until their successors are elected and qualified:

Roberto C. Fernandez (as Non-Executive Director)
 Jaime C. Fernandez (as Executive Director)
 Maria Elena C. Fernandez (as Non-Executive Director)
 Santiago Gabriel O. Fernandez (as Non-Executive Director)
 Paul P. Sagayo, Jr. (as Non-Executive Director)
 Roberto F. De Ocampo (as an Independent Director)
 Jaime F. Panganiban (as an Independent Director)
 Cesar O. Virtusio (as an Independent Director)
 John E. Huang (as an Independent Director)"

Below is the result of the tabulation of votes received by the elected directors:

Nominees	FOR		AGAINST	ABSTAIN
	No. of shares	% share		
Roberto C. Fernandez	588,619,260	99.9994%	0%	0%
Jaime C. Fernandez	588,619,260	99.9994%	0%	0%
Maria Elena C. Fernandez	588,619,260	99.9994%	0%	0%
Santiago Gabriel O. Fernandez	588,619,260	99.9994%	0%	0%
Paul P. Sagayo Jr.	588,619,260	99.9994%	0%	0%
Roberto F. De Ocampo	588,619,260	99.9994%	0%	0%
Jaime F. Panganiban	588,619,260	99.9994%	0%	0%
Cesar O. Virtusio	588,619,260	99.9994%	0%	0%

John E. Huang	588,619,260	99.9994%	0%	0%
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e. Election of External Auditor

The Audit Committee & the Board of Directors endorsed for stockholders' approval the re-election of Reyes, Tacandong & Co. as the Company's External Auditor for the fiscal year 2024, and adoption of below resolution:

Resolution No. ASM-2024-05

“Resolved, as endorsed by the Board of Directors, to approve the election of the accounting firm of Reyes Tacandong & Co., as the External Auditor of the Company for the fiscal year 2024”.

The final tabulation of votes for the approval and adoption of Resolution No. ASM-2023-05 are as follows:

	For	Against	Abstain
No. of Voted Shares	588,619,260	0	0
% of Shares Voted	99.9994%	0	0

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

5.1 Market Information

The common share of the Registrant is not traded on the PSE. If there is any trading, it is a private transaction between stockholders and these are isolated cases. The last reported price (inclusive of all the processing fees to effect the sale/transfer) was at P1.50/share.

5.2 Holders

Number of stockholders as of December 31, 2024: **6,784**

Top 20 shareholders as of December 31, 2024:

NO. NAME OF STOCKHOLDERS	NO. OF SHRS.	PERCENTAGE	NATIONALITY
1 FMF Development Corporation	508,131,734	81.0732%	Filipino
2 MERJE Trading, Inc.	71,555,127	11.4167%	Filipino
3 JCF Investment Holdings, Inc.	4,163,321	0.6643%	Filipino
4 San Bartel Investments, Inc.	2,817,753	0.4496%	Filipino
5 IBank T/A No. 01-IMA-014	1,551,450	0.2475%	Filipino
6 Robert P. Agner	1,043,222	0.1664%	Filipino
7 FEBTC A/C No. 4124 - 00006-5	734,372	0.1172%	Filipino
8 FEBTC A/C No.116 - 00006	325,563	0.0519%	Filipino
9 Teresita S. Ela &/or Teodoro S. Ela III	308,874	0.0493%	Filipino
11 Odulina Lolita B. Fungo	297,007	0.0474%	Filipino
10 Teodoro M. Ela &/or Teodoro S. Ela III	294,977	0.0471%	Filipino
12 Benito Legarda, Jr.	225,529	0.0360%	Filipino
13 Herminio S. Ozaeta, Jr.	211,746	0.0338%	Filipino
14 Jose Roman S. Ozaeta	211,746	0.0338%	Filipino
15 Ma. Carmen S. Ozaeta	211,746	0.0338%	Filipino
16 Ma. Natividad S. Ozaeta	211,746	0.0338%	Filipino
17 Ma. Victoria S. Ozaeta	211,746	0.0338%	Filipino
18 Frank Y. Huang	176,449	0.0282%	Filipino
19 Carlos S. Martinez	176,449	0.0282%	Filipino
20 Melitona Estate, Inc.	176,449	0.0282%	Filipino
Total for the Top 20 Stockholders	593,037,006	94.6200%	
Various Stockholders	33,719,488	5.3800%	Various
Total Issued & Outstanding Shares	626,756,494	100.0000%	
No. of Stockholders as of 12/31/2024 -	<u>6,784</u>		

5.3 Dividend Policy and Dividends

REGISTRANT'S DIVIDEND POLICY STATEMENT

The Registrant complies and adopts as its policy, Section 201 of the Amended Insurance Code, which states that no domestic insurance corporation shall declare or distribute any dividend on its outstanding stocks unless it has met the minimum paid-up capital and net worth requirements, and except from profits attested in a sworn statement to the Commissioner by the president or treasurer to be remaining on hand after retaining unimpaired the entire paid-up capital stock, the solvency requirements, the legal reserve funds required by law, and the sum sufficient to pay all net losses and liabilities for expenses and taxes.

The Registrant recognizes the importance of providing a stable and sustainable dividend stream consistent with its commitment to its shareholders.

The BOD may, at its discretion and depending on the business results for the year, as well as the capital needs of the business, declare and approve the distribution of additional special dividends to all shareholders, normally announced at the Annual Stockholders' Meeting. The Registrant shall report to the IC any dividend declaration or distribution within 30 days after such declaration or distribution.

The Registrant has not declared and distributed any cash dividends for the last five years to address the RBC and networth requirements. The IC issued CL No. 2020-66 requiring insurance companies to secure prior approval from the IC together with the submission of certain relevant documents subject for evaluation before they can declare and/or distribute dividends. Furthermore, the effects of the adoption of PFRS 17 is still under assessment and will also have an impact on the Registrant's resolution for cash dividend declaration.

5.4 Recent Sales of Securities

There were no securities of the Registrant sold by it within the past 3 years which were not registered under the SRC. The common share of the Registrant is not traded on the PSE. If there is any trading, it is a private transaction between stockholders and these are isolated cases.

Item 6. Management's Discussion and Analysis or Plan of Operation

Plan of Operations for 2025:

The Registrant's Marketing team is aiming for conservative projection for gross premiums equivalent to P1.50Billion in 2025. To achieve this, licensed manpower should grow ideally by 50% by the year end. The Registrant has currently a sales force of 544 licensed agents based in 20 regional offices and 16 satellite agency offices. The Registrant expects to retain the existing agencies and regional offices, as well as mall operations up to the end of the year. The Registrant will leverage on the nationwide distribution network, and its expertise on "Value Innovation". Fast moving products in ordinary life-endowments and group term health insurance will be designed based on two (2) key parameters: consumer-need centricity and cost effectiveness; and these will be delivered efficiently to markets to adhere to both emerging consumer preferences and operational-financial benchmarks. Group insurance contracts on employee-member benefits, loan redemption, and health insurance will continue to contribute the largest share of 2025 revenues. These marketing thrusts are expected push the Registrant's total number of insured persons to over one (1) million individuals.

The Registrant is working to increase its premiums in group loan redemption insurance products through partnerships with new creditors in the banking and financial services sectors.

The Registrant continues to create enhancements in its operations with the objective of increasing efficiency in service deliverables through the use of mobile applications and servicing and various online and other payment options.

The Registrant continues to push its sales of the microinsurance products and spot cash, and plans with short term endowments for the year 2025. The Registrant has no plans to offer variable products in the market. The Registrant does not foresee undergoing a bancassurance program in 2025.

The Registrant continues to adhere to the regulations on its Salary Loan Program to the Department of Education (“DepEd”).

The Registrant is expecting to increase its investment and other income over the previous year given that the interest rates continues to improve. The Registrant can further maximize its returns by using its available credit limit amounting to P150Million to be used in buying investment securities.

The Registrant continues to be an active member of the industry by involving itself in various industry issues through its membership in the Philippine Life Insurance Association (“PLIA”).

The Registrant, in close coordination with the IC and as mandated by the SEC, ensures adherence to its ASEAN Corporate Governance and Anti Money Laundering Operating Manual. The Registrant also complied with the requirements of The Foreign Account Tax Compliance Act (“FATCA”) in 2014 by registering as a Foreign Financial Institution. The Registrant will ensure strict compliance with the revised Anti-Money Laundering and Combating the Financing of Terrorism Guidelines, and Sanctions Screening, Data Privacy Act, its Implementing Rules and Regulations, and relevant issuances of the National Privacy Commission.

The Registrant is undertaking preparations for the implementation of International Financial Reporting Standard (“IFRS”) 17 on Insurance Contracts which will become effective two years after its effective date as decided by the International Accounting Standards Board per CL 2020-62 issued by the IC. The IC issued CL 2024-04 dated March 01, 2024 and Advisory no. 2024-006 dated March 25, 2024 detailing the requirements for the application of the Philippine Financial Reporting Standard 17 (“PRFS 17”) and its periodic reporting. On March 10, 2025, the IC issued CL2025-04 wherein a new effectivity date of implementation was set to January 1, 2027 and new reportorial requirements. The Registrant will comply the mandatory date of compliance on January 1, 2027.

As in the previous years, funds shall be continually sourced internally for its insurance requirements and the Registrant does not foresee any uncertainty that has, or is reasonably likely to, have a material impact on the short or long-term liquidity. There are no material capital expenditures expected within the next 12 months that will require funds equivalent to 5% of the total assets.

The Registrant is not expecting a significant increase in the number of its employees for the year 2025.

Management’s Discussion and Analysis – 2024 vs. 2023:

The Registrant posted a decrease in gross premiums by 14% from P2.165Billion in 2023 to P1.86Billion in 2024. Net premiums also decreased by 14% between the two comparative years. The major driver of this decrease is the reduced group business in one of its major accounts due to competition.

The business of life insurance does not follow any particular seasonality or cyclicity as revenues are mainly dependent on the insurance requirements and capacity to pay of the insuring public, while most of the claims, benefits and underwriting expenses depend on mortality rates and economic conditions. Taking the two comparative years, premiums, net of reinsurance, are composed of the following:

	<u>2024</u>	<u>2023</u>
Regular (individual)	294,079,993	312,641,920
Group	1,496,096,222	1,771,752,064
Microinsurance	3,432,000	1,572,750
Inward reinsurance	66,369,188	69,191,912
	<u>1,859,977,403</u>	<u>2,155,158,646</u>
Less: Premiums ceded	42,952,658	35,913,940
Premiums, net of reinsurance	<u>1,817,024,745</u>	<u>2,119,244,706</u>

Except for microinsurance, premiums from all lines decreased in 2024 as compared to 2023.

No cycle, season or trend can also explain the amount of claims, surrenders and other benefits to be paid in any given period of time as these are mainly dependent on mortality rate and financial condition of the policyholders. This is the reason why the IC as the industry regulator, mandates its requirements on the issuer's minimum networth, capital investment, reserve investment and minimum RBC ratio. Net insurance benefits and claims incurred on insurance contracts, which decreased by 9% from 2023 to 2024 include death claim benefits on ordinary/individual and group businesses, maturities, health benefits, surrender values paid, dividends, and interests accruing on in force policies. There are still policyholders who opt to surrender their insurance policies, meaning, withdraw its cash value, due to financial needs, while other insurance policies have already matured during the year, at which time, the insured received its maturity value. Death claims still comprise the significant portion of benefits and claims expensed at 83% in 2024 versus 79% in 2023. These insurance risks can be reasonably calculated and estimated, based on Actuarial studies, and thus, reserves and fund allocations are made by the Registrant. An uncertainty, therefore, which will have a material impact on the operations of the issuer, is when death benefits will be claimed all at the same time. This is why the legal policy reserves should be enough to cover all the benefits due to the insured. The Registrant's annual legal policy reserves is certified by the Actuary and evaluated and reviewed by the IC. Legal policy reserves increased from 2023 to 2024 by P43,991,704 which included the effects of the change in inforce policies and in the discount rates used for the GPV valuation.

Investment and other income increased significantly again by 26% from 2023 to 2024 as compared to the 30% increase from 2022 to 2023. Investment income is composed of interests on investment securities, loans and notes, dividend income, rental income and gain on sale and fair value gains. Net fair value losses on FVPL financial assets was recorded in 2023 at P36.78Million in contrast to the gains booked in 2024 at P14.90Million. Improved market prices and increase in yields have driven the said significant changes in 2024 from 2023.

On a year to year basis, the Peso depreciated to P57.845 in 2024 as against the US Dollar from P55.37 as of the 2023 year end. This resulted in realized and unrealized foreign exchange gain amounting to P128.16Million in 2024 versus losses of P15.81Million 2023.

Commissions and other direct expenses decreased by 23%, which is a direct consequence of the decrease in premiums. General and administrative expenses increased by 6% from 2023 to 2024. Net income for the year ended 2024 amounted to P172.94Million as compared to the P112.70Million in 2023 or a 53% increase. Basic and diluted earnings per share, consequently, increased from P0.18 per share in 2023 to P0.28 in 2024.

The statement of financial position shows an increase of 5% in total assets from P10.41Billion in 2023 to P10.97Billion in 2024. Investment securities comprise 69% of the total assets in 2024, as the Registrant continues to maximize its earning potentials with its holdings in various peso and foreign currency denominated securities. Adding this portfolio to the cash and cash equivalents at P1Billion, short term investments of P11Million and accrued income of P98Million shows that the Registrant remains liquid and able to meet its obligations.

The stockholders' equity portion reflects a total of P4.50Billion in 2024, which is higher by 7% than the P4.21Billion in 2023.

In addition to the reasons for the increase/decrease discussed in the preceding paragraphs, the following are the explanations for the changes in material items (increase/decrease equivalent to at least 5%) from year 2023 to year 2024:

- a. Decrease in short term investments by 82% due to the shift to deposits with maturities of less than 90days.
- b. Increase in insurance receivables by 55% represent increase in collectible premiums with due dates falling on or before the year end and claims recoverable from reinsurers.
- c. Increase in investment securities by 10% was mainly due to additional acquisitions of debt securities and improved mark-to-market revaluations.
- d. Increase in accrued income by 19% was mainly due to the increase on interest collectibles on outstanding bonds with interest rates that generally are much higher compared to 2023.
- e. Decrease in loans receivables by 7% is due to the set-up of additional provision for doubtful accounts on salary loans.
- f. Increase by 25% in the property and equipment at cost was due to the acquisition of vehicles and software.
- g. Increase in insurance contract liabilities by 5% was the effect of the GPV calculation of legal policy reserves and set up of benefits due and payable.
- h. Decrease is deferred tax liability by 11% was the effect of the foreign exchange gains/losses.
- i. There is no income tax payable recorded as of the end of the year of 2024.
- j. Other liabilities increased by 7% due to the increase of life insurance deposits.
- k. Overall increase in net income by 53% was mainly driven by the increase in investment and other income and net foreign exchange gains.

Management’s Discussion and Analysis – 2023 vs. 2022:

The Registrant posted a slight decrease in gross premiums by 3% from P2.215Billion in 2022 to P2.155Billion in 2023. Net premiums also decreased by 2% between the two comparative years.

The performance of the Registrant in terms of gross and net premiums is summarized as follows:

	<u>2023</u>	<u>2022</u>
Ordinary (individual)	312,641,920	318,467,244
Group	1,771,752,064	1,786,140,123
Microinsurance	1,572,750	2,010,500
Inward reinsurance	69,191,912	108,866,424
	<hr/> 2,155,158,646	<hr/> 2,215,484,291
Less: Premiums ceded	35,913,940	53,873,361
Premiums, net of reinsurance	<hr/> 2,119,244,706	<hr/> 2,161,610,930

Premiums from all lines decreased in 2023 as compared to 2022.

Investment and other income increased significantly by 165% from 2022 to 2023 as compared to the 8% increase from 2021 to 2022. Investment income is composed of interests on investment securities, loans and notes, dividend income, rental income and gain on sale and fair value gains. Net fair value losses on FVPL financial assets also significantly decreased from P216.97M in 2022 to P13.70M in 2023. Improved market prices and increase in yields have driven the said significant changes in 2023 from 2022.

On a year to year basis, the Peso depreciated to P55.755 in 2022 as against the US Dollar and it recovered slightly at P55.37 as of the 2023 year end. This resulted in realized and unrealized foreign exchange gain amounting to P236.53Million in 2022 versus losses of P15.81Million 2023.

Commissions and other direct expenses increased by 5% while general and administrative expenses increased by 2% from 2022 to 2023. Consolidated net income for the year ended 2023 amounted to P112.59Million as compared to the P240.59Million in 2022 or a 39% decrease. Basic and diluted earnings per share, consequently, decreased from P0.18 per share in 2023 to P0.13 in 2022.

The consolidated statement of financial position shows an increase of 6% in total assets from P9.86Billion in 2022 to P10.41Billion in 2023. Investment securities comprise 66% of the total assets in 2023, as the Registrant continues to maximize its earning potentials with its holdings in various peso and foreign currency denominated securities. Adding this portfolio to the cash and cash equivalents at P1Billion, short term investments of P64Million and accrued income of P82Million shows that the Registrant remains liquid and able to meet its obligations..

The consolidated stockholders' equity portion reflects a total of P4.21Billion in 2023, which is higher by 3% than the P4.08Billion in 2022.

In addition to the reasons for the increase/decrease discussed in the preceding paragraphs, the following are the explanations for the changes in material items (increase/decrease equivalent to at least 5%) from year 2022 to year 2023:

- a. Decrease in cash and cash equivalents by 11% was used in mainly in investing activities;
- b. Increase in short term investments by 24% due to the shift to term deposits with maturities of more than 90days.
- c. Increase in insurance receivables by 44% represent increase in collectible premiums with due dates falling on or before the year end and claims recoverable from reinsurers.
- d. Increase in investment securities by 10% was mainly due to additional acquisitions of bonds.
- e. Increase in accrued income by 10% was mainly due to the increase on interest collectibles on outstanding bonds with interest rates that generally are much higher compared to 2022.
- f. Decrease by 19% in the property and equipment at cost was due to depreciation for the year.
- g. Increase in Other assets by 17% represents the installment payments made during the year for the acquisition of two condominium offices.
- h. Increase in insurance contract liabilities by 9% was the effect of the GPV calculation of legal policy reserves and set up of benefits due and payable.
- i. Insurance payables decreased by almost 100% due to payments made to reinsurers during the year.
- j. Loans payable were settled in 2023 resulting to zero balance.
- k. Decrease in deferred tax liability by 9% was the effect of the foreign exchange gains/losses.
- l. Net retirement liability increased by 9% mainly because of the effects of increase in interest rates on the Actuarial valuation of retirement expense and pension liability.
- m. Taxable investment income mainly contributed to the increase in income tax payable by 228%.
- n. Overall increase in net income by 39% was mainly due to increase in investment and other income and income tax benefit for the year.

Item 7.Financial Statements

Please refer to EXHIBITS - FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES.

Item 8.Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no disagreements with Reyes, Tacandong and Co., the external auditors of the Registrant, on any matter. Ms. Carolina P. Angeles is the partner in charge for the year 2024.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

The directors of the Registrant are elected at the Annual Stockholders' Meeting to hold office until the next succeeding annual meeting or until their respective successors have been elected or qualified.

The following persons are the Directors and Executive Officers of the Registrant as of **December 31, 2024**:

DIRECTORS:

JOHN E. HUANG	-	<i>Independent Director, Acting Chairman of the Board</i>
JAIME C. FERNANDEZ	-	<i>Director</i>
MARIA ELENA C. FERNANDEZ	-	<i>Director</i>
SANTIAGO GABRIEL O. FERNANDEZ	-	<i>Director</i>
ROBERTO F. DE OCAMPO	-	<i>Independent Director</i>
JOHN E. HUANG	-	<i>Independent Director</i>
JAIME F.PANGANIBAN	-	<i>Independent Director</i>
CESAR O. VIRTUSIO	-	<i>Independent Director</i>
PAUL P. SAGAYO, JR.	-	<i>Director</i>

EXECUTIVE OFFICERS:

JAIME C. FERNANDEZ	-	President and Chief Executive Officer
MA. EDITHA S. PALTONGAN	-	SVP – Treasurer & Compliance Officer
MA. SIGRID R. PINLAC	-	VP – HRLRAD, & Corporate Secretary
REX STEWART CHEUNG	-	VP – Chief Investment Officer
JOY S. VIANZON	-	VP – Chief Accountant
DANILO L.MERCADO	-	VP – Metro Manila Sales Division
TERESITA E. ULLEGUE	-	VP – Policy Administration
JUANITO B. TAN	-	Deputy Head, Company Operations
MARITESS M. LLAPITAN	-	AVP – Underwriting
GLENN P. ABUZO	-	AVP – Management Information Systems
DEVORAH Q. DELA CRUZ	-	AVP – Credit and Collection
ELIZABETH T. FLORES	-	AVP – Health Care Services
JOHN JORGE S. ORBE	-	AVP – Facilities Department
ANNA CHRISTINA H. DOCENA	-	Head, Internal Audit

DIRECTORS:

JOHN E. HUANG, age 67, *Filipino*, is currently the Acting Chairman of Registrant. He is an independent director since October 15, 2020. He is a member of the Board and Risk Oversight Committee, Audit Committee and alternate member of the Corporate Governance Committee and Related Party Transaction Committee of the Registrant. He is an experienced insurance and reinsurance professional. Before retiring in 2017, he was a Senior Vice President and the Head of Investments of National Reinsurance Corporation of the Philippines (NatRe) from 2014. From 2004 to 2006, he was the Chief Finance Officer and Treasurer of Universal Malayan Reinsurance Corporation and the Chief Financial Officer and Director of C&P Homes, Inc. from 1995 to 1999. He was a First Vice President and Treasurer of the Boston Bank of the Philippines in 1989 and a Vice President for The First National Bank of Boston in Boston Mass when he left the same after 6 years in 1988.

Mr. Huang received his Masters degree in Business Administration from the Graduate School of Business Administration – Harvard University in 1982. His Bachelor of Arts degree, Economic Honors Program came from Ateneo De Manila University where he graduated magna cum laude.

JAIME C. FERNANDEZ, age 69, Filipino, is the Registrant’s President and Chief Executive Officer (“CEO”) effective June 06, 2018. He is also currently the Chairman of AMSEC Holdings Corporation (formerly, Amalgamated Securities Corporation) and ETC Forest Lawn. He is the President of Merje Trading Inc., and FMF Development Corporation. He is a Director and Treasurer of the Investment Planning Corp. of the Phils. a director in Marilag Holdings, Inc. He is also the President of Beneficial Financial Advisors, Inc., He also sits in the Board of Trustees of PLIA Inc.

Mr. J Fernandez graduated from the Ateneo de Manila University and has a Masters in Finance degree from Golden Gate University.

MARIA ELENA C. FERNANDEZ, age 61, Filipino, is a director in the Registrant’s Board. She is also currently a director in AMSEC Holdings Corporation (formerly, Amalgamated Securities Corporation), Merje Trading Inc., and FMF Development Corporation. She is presently a Private Consultant and Investor of Global Equity Portfolios and of Residential Single and Multi-Family Development.

She was a Senior Global Equity Analyst for Janus Capital, CO from 1995 to 2001 and was a Vice President – Senior Risk Manager for ING (U.S.) Capital Holding Inc., NY prior thereto. Ms. M.E. Fernandez has a Masters degree in Business Administration from Darden Graduate School of Business Administration-University of Virginia and a Bachelor of Arts Degree Major in Zoology and Minor in Economics from Smith College.

ROBERTO F. DE OCAMPO, age 78, Filipino, is an Independent Director, Chairman of the Audit Committee, and member of the Board and Risk Oversight Committee, Corporate Governance Committee, of the Registrant.

Mr. de Ocampo also currently serves as the Chairman of Philippine Veterans Bank, Philam Asset Management, Inc., Hatch Asia, Inc., Stradcom Corporation, Tollways Association of the Philippines, Money Tree Publishing Corporation, Centennial Asia Advisors Pte Ltd.; the Vice-Chairman of the Tranzen Group, Montalban Methane Power Corporation, Agus 3 Hydro Power Corporation, and La Costa Development Corporation; a Director of Investment and Capital Corporation of the Philippines Group of Companies, PHINMA Corporation, Alaska Milk Corporation, Bankard, Inc., EEI Corporation, House of Investments, Robinson’s Land Corporation, and Salcon Power Corporation; and a Member of the Board of Advisers of ARGOSY Fund, Inc. AES Corporation (Philippines) and the CIMB Group. Moreover, Mr. de Ocampo holds several vital positions in both prestigious international organizations as well as civic organizations.

Mr. de Ocampo graduated from the Ateneo de Manila University, received his MBA degree from the University of Michigan, holds a post-graduate diploma from the London School of Economics, and has 4 doctorate degrees (Honoris Causa). He is the recipient of many international awards, including Finance Minister of the Year, Philippine Legion of Honor, Association of Development Financing in Asia and the Pacific (“ADFIAP”) Man of the Year, Chevalier of the Legion of Honor of France, Ten Outstanding Young Men Award (TOYM), several Who’s Who Awards, and the 2006 Asian Human Resource Development (“HRD”) Award. In June 2012, Mr. De Ocampo was awarded by Queen Elizabeth II with a medal for his appointment as an honorary officer of the Most Excellent Order of the British Empire.

JAIME F. PANGANIBAN, age 73, Filipino, was nominated as an Independent Director on May 19, 2014. He is the Chairman of the Board and Risk Oversight Committee, and member of the Audit Committee, Corporate Governance Committee, and Related Party Transaction Committee of the Registrant

Mr. Panganiban is also the Chairman and Chief Executive Officer (“CEO”) of Lakes Shore CCY Inc. and BGP Asia Pacific Ltd. Inc.; the Chairman and President of JFP Assets Corp.; a Co-Chairman at Compoint Networks, Inc.; and a Director of JP Latex Technology, Inc. In 2005, he served as the Advisor and Chief Financial Officer of Development Bank of the Philippines (“DBP”) and undertook the take over and rehabilitation of Al-Amanah Islamic Investment Bank of the Philippines where he was eventually appointed Chairman and CEO in 2008. Mr. Panganiban is an accomplished senior bank executive with widely recognized expertise in treasury, capital

markets, investment banking, trust, and wealth and risk management, built upon a foundation of exposures and postings in the Asia Pacific region.

Mr. Panganiban completed his Advanced Management Program (“AMP”) at the Templeton College, University of Oxford, United Kingdom, and Financial Asset Management and Engineering at the FAME, University of Lausanne, Switzerland. He received his BSC degree, major in Accounting, from the Ateneo de Zamboanga and took his MBA units at the Ateneo de Manila University.

CESAR O. VIRTUSIO, age 78, *Filipino*, has been an Independent Director since 2006, presently the Chairman of the Corporate Governance Committee and Related Party Transaction Committee, and a member of the Audit Committee and Board and Risk Oversight Committee of the Registrant.

Mr. Virtusio was until recently the Managing Director of the Bankers Association of the Philippines (“BAP”) where he served for 8 years and held Board and Executive positions in BAP related entities. He sits as a board member of a European-related automotive general distribution company, and Amalgamated Investment Corporation. He used to be the Chief Representative and an Adviser to Dresdner Bank and Dresdner Kleinwort. He has been with the Dresdner Bank Group in Germany, Hong Kong, Singapore, and the Philippines for over 20 years in various management positions in corporate and investment banking. He also had a stint with Citibank Manila where he participated in the Executive Development Program and was a Manager in the Bank’s World Corporation Group.

Mr. Virtusio has a Masters degree in Business Administration with a major in International Business from the George Washington University, Washington DC.

ATTY. PAUL P. SAGAYO, JR, age 58, *Filipino*, was elected to the BOD on June 06, 2018. He is also a member of the the Audit Committee, Board and Risk Oversight Committee, and Related Party Transaction Committee.of the Registrant.

Atty. Sagayo has 20 years of progressive law practice with extensive exposure in court litigation and arbitration. He is a Partner in Sagayo Evangelista &Rebuelta Law Offices. He also currently serves as a director in One Taipan Holdings, Inc., Calac High Power Corporation, Synergy Grid & Development Phils., Inc., ETC Realty Corporation, and Trinity University of Asia.

He graduated from Trinity College of Quezon City with a degree in Bachelor of Arts in Political Science. He received his Bachelor of Laws degree from San Beda College in 1992.

SANTIAGO GABRIEL O. FERNANDEZ, age 30, *Filipino*, was re-nominated and re-elected to Board at the Annual Stockholders Meeting held last June 28, 2023.

Mr. S. Fernandez served as an Investment Banking Associate in the Financial Institutions Group of Goldman Sachs International in London, United Kingdom from 2021 to 2023. He also worked as an Investment Banking Summer Associate in the Financial Institutions Group of Credit Suisse International in London, United Kingdom in 2020. In 2019, he served as Senior Financial Analyst in Fortman Cline Capital Markets and Boutique ASEAN M&A Firm.

Mr. S. Fernandez obtained his Bachelor of Commerce degree, major in Finance and Economics (with Third Class Honours), from the University of Melbourne, Australia. He completed his MBA degree at London Business School in 2021.

EXECUTIVE OFFICERS:

JOHN E. HUANG, Acting Chairman (see credentials under “Directors”)

JAIME C. FERNANDEZ, President and Chief Executive Officer (see credentials under “Directors”)

MA. EDITHA S. PALTONGAN, age 58, Filipino, is the Senior Vice President and Comptroller. Effective September 2023, she assumed the position of Compliance Officer in place of Atty. Kaima Velasquez.

Ms. EPaltongan worked with Sycip, Gorres, Velayo & Co. (“SGV & Co.”) from 1987 to 1991 as Senior Auditor, after which, she joined the Registrant. She was also a board member of Beneficial Financial Advisors, Inc.

Ms. Paltongan graduated Magna Cum Laude with a Bachelor of Science in Business Administration (“BSBA”) degree from University of the East and passed the CPA board examination in 1987.

REX STEWART Y. CHEUNG, age 47, Filipino, is the Chief Investment Officer and was appointed as such on August 24, 2021. Prior to his appointment as Chief Investment Officer, he was an Investment Counsellor-Director in Bank of Singapore since 2008. He was in charge of the Portfolio Investment Management of the Meralco Foundation Incorporated from November 2003 to December 2007. He served as Senior Financial Analyst in Clemente Capital Consultant Inc. from December 1999 and 2003.

Ms. Cheung successfully passed Series 3 exam (National Commodity Futures Examinations) administered by NASD in 2005. He passed his Chartered Financial Analyst (CFA) Level I examinations in June 2002. He also successfully passed the Philippine Fixed Income Certification for Treasury Operations administered by the SEC in October 2008, and is a licensed (SEC-PSE) stock broker.

He graduated from De La Salle University in 1998 with a degree of Bachelor of Arts Major in Economics and Bachelor of Science in Commerce Major in Management of Financial Institution.

JOY S. VIANZON, age 56, Filipino, is the Vice President / Chief Accountant. She re-joined the Registrant in August 2010 as Chief Accountant. She first joined the Registrant from 1995 to 2007. She was previously connected with IBM Business Services, Inc., Avida Corporation, HSBC, and SGV & Co. She was a Director of Beneficial Financial Advisors, Inc. She completed her BSC - Accounting degree at De La Salle University, and passed the CPA board examination in the same year.

ATTY. MA. SIGRID R. PINLAC, age 45, Filipino, is the Corporate Secretary and Head of Human Resources and Legal and Regulatory Affairs Department. Prior to joining the Registrant in February 2018, Atty. Pinlac worked as senior legal counsel of TPPH-FHCS, Inc. (Teleperformance), and Head of Corporate Services and Compliance Unit of Malayan Insurance Group of Companies. She was an associate lawyer in the Law Firm of Aquino Regino Arceo Palma Raagas & Associates.

Atty. Pinlac is an alumna of the University of Santo Tomas where she finished her degree in Bachelor of Science Major in Biology. She received her Bachelor of Laws degree from the University of the East in 2003.

JUANITO B. TAN, age 71, Filipino, is the Deputy Head for Company Operations. Prior to joining the Registrant in 2012, held various key management positions in different insurance companies. He was AVP in Aetna Phil Ventures and CAP Life Insurance. He served as Director – Market Alliances in MetLife Philippines. He was likewise employed with United Coconut Planters Life, Sector Insurance Agency, and Insular Life.

Mr. Tan received his AB Economics degree from the University of the Philippines. He finished his post graduate degree on Management Processes & Practice in Asian Institute of Management.

TERESITA E. ULLEGUE, age 71, Filipino, is the Vice President and Head of Policy Administration and Services Department. She has been with the Registrant since 1989 and held various positions, initially from the rank of Supervisor in the Actuarial Department, then Manager of the same department, to AVP and then VP and Head of Policy Administration and Services Department.

Ms. Ullegue is an alumna of Lyceum of the Philippines with a degree in BS Marketing.

DANILO L. MERCADO, age 65, Filipino, is the Vice President for Metro Manila Sales Operations. He began his employment career with the Registrant in April 2013. Prior to his employment with the Registrant, Mr. Mercado was connected to First National Surety and Philippine Prudential Life.

Mr. Mercado received his degree in B.S.C Accountancy from Colegio de San Juan de Letran in 1982.

DEVORAH Q. DELA CRUZ, age 64, Filipino, is the Assistant Vice President for Credit and Collections. Ms. Dela Cruz joined the Registrant in June 1993. She is also currently the Accountant of Beneficial Financial Advisors, Inc.

Ms. Dela Cruz graduated with a BSBA – Accounting degree at the Pamantasan ng Lungsod ng Maynila and she passed the CPA board examination in 1985.

MARITESS M. LLAPITAN, age 57, Filipino, is the Assistant Vice President for Underwriting. Prior to joining the Registrant in July 2016, Ms. Llapitan was the Compliance Officer and Head of New Business and Underwriting and Licensing Department of the Philippine Prudential Life Co., Inc. She also worked as the Senior Manager of the New Business and Underwriting Department of Sunlife–Grepa Life Insurance Co./Great Pacific Life Assurance Co., Operations Director at Manulife Financial Business Processing Services, Group Life Manager at The ManufactureLife Insurance Company Philippine Branch, Underwriting Manager of Philam Equitable Life Assurance Co., Manager of the Underwriting, New Business and Policy Department of John Hancock Life Assurance Co., and Senior Underwriter at First Guarantee Life Assurance Company, Inc.

Ms. Llapitan received her Bachelor of Science degree, major in Medical Technology, from San Juan De Dios College, Pasay City, graduating as a Bronze Medalist and with academic citation for Clinical Excellence.

ELIZABETH T. FLORES, age 65, Filipino, is the Assistant Vice President for Health Care Services. She held the position of Senior Vice President for Administration in Star Healthcare Systems, Inc. prior to joining the Registrant in October 2016. She likewise worked with First Guarantee Life Assurance Co., Inc. and Corregidor Life Insurance.

Ms. Flores graduated from the Polytechnic University of the Philippines with a BSC- Economics degree. She has a Masters degree in Business Administration from the same university.

JOHN JORGE S. ORBE, age 52, Filipino, is the Assistant Vice President for Facilities of the Registrant. He is a licensed Mechanical Engineer having passed the Professional Regulation Commission Licensure examination in 1994. His 26 year career as a Mechanical Engineer includes prior experience from EEI Corporation, LanDev Corporation and Quadriver Energy Corporation (Energy Company of Ayala Corporation).

Mr. Orbe received his degree of BS Mechanical Engineering from the Central Philippine University in Iloilo City.

GLENN P. ABUZO, age 54, Filipino, is the Assistant Vice President for Management Information System (MIS) of the Registrant. Before joining BenLife in 2016, he worked for several companies as an IT professional, the last

of which was with IBM Solutions Delivery Inc. as an IT Specialist where he handled IBM Internal, Deutsche Bank and Shell Petroleum Inc. accounts among others.

Mr. Abuzo graduated from the Central Colleges of the Philippines in 1991 with a Bachelor of Science Degree major in Computer Science in 1991.

ANNA CHRISTINA H. DOCENA, age 58, Filipino, is the Head of Internal Audit of the Registrant. Prior to joining the Registrant in December 2019, she was the Chief Accountant of Star HealthCare Systems, Inc. for 19 years. She also worked at the Far East Bank & Trust Co. from 1988-1999.

Ms. Docena is an alumna of Polytechnic University of the Philippines where she received her degree in Business Administration, major in Accounting.

9.1 Significant Employees

All employees are expected to make reasonable contributions to the success of the business of the Registrant. There is no “significant employee” as defined in Part IV (A)(2) of SRC Rule 12 (i.e., a person who is not an executive officer of the Registrant but who is expected to make a significant contribution to the business).

9.2 Family Relationships

FMF is the parent company of the Registrant with 81.0732% ownership in the total outstanding capital stock.

Merje Trading Inc. is the second major stockholder of the Registrant with 11.4167% shareholding. Roberto C. Fernandez (former Chairman of the Board of the Registrant) and Jaime C. Fernandez are officers and directors also of Merje Trading Inc. Director Roberto C. Fernandez is also the Chairman and President of Manila Cordage Co., a corporate borrower of the Registrant.

No other transaction was undertaken by the Registrant in which any Director or Executive Officer was involved or had a direct or indirect material interest aside from the loans granted as disclosed under Notes 7 and 17 of the audited financial statements and Supplementary schedule B.

President & CEO Jaime Fernandez, and Director Maria Elena C. Fernandez, and Mr. Roberto C. Fernandez are siblings. Director Santiago Gabriel O. Fernandez is the son of Mr. Roberto C. Fernandez.

9.3 Involvement in Certain Legal Proceedings

To the knowledge and/or information of the Registrant, none of its Directors or Executive Officers have been involved in any legal proceeding including, without limitation, being the subject of any: (a) bankruptcy petition; (b) conviction by final judgment in a criminal proceeding, domestic or foreign; (c) final order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement in any type of business, securities, commodities or banking activities, which is not subsequently reversed, suspended or vacated; or (d) final judgment of violation of a securities or commodities law or regulation by a domestic or foreign court of competent jurisdiction, the SEC (or comparable foreign body), or a domestic or foreign exchange, which has not been reversed, suspended or vacated, for the past 5 years that is material to the evaluation of their ability or integrity to hold the relevant positions in the Registrant.

Item 10.Executive Compensation

10.1 Summary Compensation Table

Information as to the aggregate compensation paid or accrued during the last 2 fiscal years and to be paid in the ensuing fiscal year to the Registrant's President and CEO and 4 other most highly compensated Executive Officers and all other officers/directors are as follows:

Name/Position	FY	Salaries	Bonus	Others
<i>Jaime C. Fernandez / President and CEO; Rex Stewart Y. Cheung, VP-Chief Investment Officer; Ma. Editha S. Paltongan, SVP- Comptroller; Danilo Mercado, VP; Glenn P. Abuzo, AVP</i>				
<i>Total</i>	2025*	22,260,000	8,000,000	6,200,000
	2024	21,198,188	8,437,353	6,080,178
<i>*estimate for 2025</i>	2023	21,450,511	7,177,475	5,527,435
<i>All other officers and directors as a group unnamed</i>				
	2025*	18,500,000	7,500,000	6,500,000
	2024	18,239,309	7,465,542	6,011,037
	2023	19,550,786	6,908,675	5,464,579

10.2 Compensation of Directors

All members of the BOD are entitled to a maximum total share of 5% Directors' Bonus based on the Net Income after Tax of the preceding year. Each member receives a per diem of P40,000.00 per board meeting and P20,000.00 per committee meeting.

There are no other arrangements or contracts pursuant to which any Director of the Registrant was compensated or is to be compensated, directly or indirectly during the last fiscal year and the ensuing year.

10.3 Employment Contracts and Termination of Employment

All Executive Officers, except Messrs. Juanito Tan and Danilo Mercado, Ms. Teresita Ullegue, Ms. Elizabeth Flores, and Ms. Devorah Dela Cruz who are on a retainer/consultancy fee basis, are under employment contracts and are entitled to a maximum total share of 3% Management Bonus based on Net Income after Tax of the preceding year. They are also entitled to receive retirement benefits as required by law. There is no other compensatory plan or arrangement, other than retirement, which any Executive Officer shall receive in case of resignation or termination.

There are no outstanding warrants or options held by any of the Executive Officers or Directors.

Item 11. Security Ownership of Certain Beneficial Owners and Management

11.1 Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2024, the Registrant knows of no one who beneficially owns in excess of 5% of its common stock except as set forth in the table below:

<u>Title of Class</u>	<u>Name and Address of beneficial owner</u>	<u>Amount of ownership*</u>	<u>Percent of class</u>
Common	FMF DEVELOPMENT CORP. 3F ALPAP Bldg., 140 Leviste St., Salcedo Village, Makati City	508,131,734	81.0732%
- do-	MERJE TRADING INC. 1381 Palm Avenue, Dasmariñas Village, Makati City	71,555,127	11.4167%

Both domestic companies are the registered owners on record per books of the Registrant's stock and transfer agent. Merje Trading Inc. is a closely-held corporation while FMF has **68,557** stockholders as of December 31, 2024.

Both FMF Development Corp. and Merje Trading, Inc, as corporations, are represented by Mr. Jaime C. Fernandez as President.

The officers and shareholders of Merje Trading, Inc. are the Fernandez family, which include Messrs. Jaime, and Roberto Fernandez.

11.2 Security Ownership of Management as of December 31, 2024:

<u>Title of Class</u>	<u>Name of Beneficial Owner</u>	<u>Amount and nature of beneficial ownership (all direct)</u>	<u>Percent of class</u>
Common	Ma. Editha S. Paltongan	99,143	0.0158%
-do-	Teresita E. Ullegue	8,205	0.0013%
-do-	Deborah Q. dela Cruz	8,957	0.0014%
-do-	Fernandez, Jaime C.	34,116	0.0054%
	All officers and directors as group including qualifying shares	167,089	0.0267%
Voting trust holders of 10% or more		NONE	
Change in Control		NONE	

Item 12. Certain Relationships and Related Transactions

FMF is the parent company of the Registrant with 81% ownership of the total outstanding capital stock. The Registrant's financial statements are consolidated with that of the parent on an annual basis.

No other transaction was undertaken by the Registrant in which any Director or Executive Officer was involved or had a direct or indirect material interest aside from the loans granted as disclosed under Notes 7 and 17 of the audited consolidated financial statements and Supplementary Schedule B.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

The IC, the primary regulator of the Registrant, requires the Registrant to adopt and comply with: (a) CL No. 2020-71 (Revised Code of Corporate Governance for Insurance Commission Regulated Companies) and 2020-72 (Submission of the Annual Corporate Governance Report); (b) CL No. 9-2002 dated May 8, 2002 (Operating Manual against Money-Laundering for Insurance Commission Covered Institutions); (c) CL No. 11-2006 (Money Laundering Self-Rating Form); (d) CL No. 2018-48, as amended (Anti-Money Laundering and Combating the Financing of Terrorism Guidelines for Insurance Commission Regulated Entities) and (e) CL No. 2015-02-A dated 13 January 2015 (Minimum Capitalization Requirement).

Registrant is likewise required to comply with SEC Memorandum Circular No. 13 Series of 2021 which pertains to the submission to the SEC of the Annual Corporate Governance Report. This is separate and distinct from the requirement of the Insurance Commission.

The evaluation by the Registrant to measure and determine the level of compliance of the BOD, the Executive Officers and top level management with its Manual on Corporate Governance (the “Manual”) is vested by the BOD on the Compliance Officer. The Compliance Officer is mandated to monitor compliance by all concerned with the provisions and requirements of the Manual.

The Registrant aims to create and sustain value for its stakeholders. To achieve this, the BOD, senior management, and employees must understand that compliance with regulations and best practice standards is everybody’s responsibility.

The Registrant commits to the highest standards of good corporate governance in realizing its vision and mission. The Registrant believes that sound corporate practice based on integrity, fairness, accountability, and transparency is essential in achieving growth and stability, as well as enhancing investors and stockholders’ confidence.

The Registrant’s Code of Ethics ensures that all employees adhere to the highest standards of honesty, transparency, and accountability. To further emphasize the Registrant’s commitment to integrity, employees are encouraged to report, in good faith, to higher management any misconduct within their respective departments/units.

Consistent with the foregoing policies and the provisions of the Manual, the Registrant has been continuously implementing the following:

Rights and Equitable Treatment of Stockholders:

The BOD acknowledges and respects the fundamental rights of shareholders to obtain adequate and timely information and commits not to act in a way that will violate the same.

The BOD will strive to achieve growth based on its potential and core competencies to ensure that shareholders, over the long term, will benefit from the productive performance and good operating results of the Registrant.

Policies on Employees Health and Safety:

The Registrant maintains the provisions for the health, safety and welfare benefits of its employees under the HealthCare Program being managed by the Registrant’s Health Care Department in coordination with the Human Resources Department. Under the foregoing, the Registrant’s employees throughout the country can go to any of the Registrant’s accredited medical clinics, laboratories and/or hospitals.

The Registrant is committed to promote the physical, social and mental well-being of its employees. It aims to provide and maintain a workplace free from all forms of discrimination and from all forms of physical, sexual or psychological abuse including harassment, bullying and intimidation. It is committed to maintain a positive,

harmonious and professional work environment with due importance accorded to occupational health and safety of the employees and its clients transacting business at its various offices.

Policies and Activities on Customer Welfare:

The Registrant recognizes that its clients are the reason for its continued business, hence, the Registrant is committed to meet the needs of its clients by providing them with high quality customer service, as well as relevant products and services.

The Registrant is also committed to treat clients fairly by complying with the Policy Holder's Bill of Rights issued by the IC as well as implementing the following minimum service standards:

- a. Communications are fair and not misleading;
- b. Ensure that clients are given clear and accurate information on the services offered, including the risks involved, prior to the conclusion of any business transaction;
- c. Products and services are suitable and beneficial, taking into account the needs of the clients, their financial and risk profiles and objectives; and
- d. Complaints and concerns are handled and addressed promptly in a professional manner.

To ensure the effective implementation of the foregoing policies, the Registrant has a customer service desk to address the concerns and receive the complaints of clients.

Community Interaction Policy:

The Registrant considers its host community as its growth partner, and contributes to its social development agenda by paying appropriate taxes and complying with relevant laws, regulations, resolutions and ordinances.

Through its various branches nationwide, the Registrant also empowers the local communities where they operate by providing employment, livelihood opportunities, and basic services that will help improve their quality of life.

The Registrant's Community Principles:

This policy affirms the Registrant's commitment to the range of communities with whom it interacts, guided by the following principles: (a) compliance with all laws and regulations, (b) transparency, (c) sustainability, (d) respect for human rights, (e) diversity and (f) contribution to economic development.

The Registrant's Community Approach:

The Registrant's approach to its stakeholders is guided by the following:

- a. Building positive community relations by being an active player in the society;
- b. Identifying opportunities for partnership with the communities to create shared values;
- c. Investing in community developments that will benefit the community and be sustainable in the long run;
- d. Valuing the diversity of the stakeholders, respecting their culture and aspirations as we strive for local procurement and local employment; and
- e. Anti-corruption programs.

The Registrant adopts and institutionalizes the highest ethical standards by strict implementation of the provisions of its Code of Conduct. The Registrant is committed in complying with and strictly enforcing anti-corruption laws in all its offices. Bribery of any form is strictly prohibited.

Employees are strictly prohibited from receiving gifts from clients, suppliers or third persons to ensure that they remain objective and partial in the performance of their respective duties and responsibilities.

Pursuant to its commitment to good governance and business practice, the Registrant continues to review and strengthen its policies and procedures, giving due consideration to developments in the area of good governance,

which it determines to be in the best interest of Registrant and its stockholders. The Registrant actively participates in industry discussions on good governance issues and concerns through the PLIA.

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-A

14.1 Exhibits

- A. Statement of Management's Responsibility
- B. Audited Financial Statements and Supplementary Schedules:
 - Supplementary Schedule of Financial Soundness Indicators*
 - Supplementary Schedule of the Retained Earnings*
 - SEC Supplementary Schedule as required by Part II of the Revised Securities Regulation Code Rule 68*
 - Schedule A: Financial Assets*
 - Schedule B: Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)*
 - Schedule C: Amounts receivable from related parties which are eliminated during the consolidation of financial statements*
 - Schedule D: Intangible assets – other assets (Not Applicable)*
 - Schedule E: Long term debt (Not Applicable)*
 - Schedule F: Indebtedness to related parties (Not Applicable)*
 - Schedule G: Guarantees of securities of other issuers (Not Applicable)*
 - Schedule H: Capital Stock*

14.2 Reports on SEC Form 17-C filed during the last 6 months:

Item Reported

Date filed

Resignation of Roberto C. Fernandez
from the Board due to personal reasons

December 12, 2024

SIGNATURES

Pursuant to the requirements of Section 17 of the SRC and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on April 16, 2025.

BENEFICIAL LIFE INSURANCE COMPANY, INC.

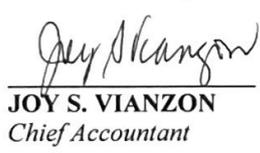
By:


JOHN E. HUANG
Acting Chairman of the Board


JAIME C. FERNANDEZ
President & CEO


ATTY. MA. SIGRID R. PINLAC
Corporate Secretary

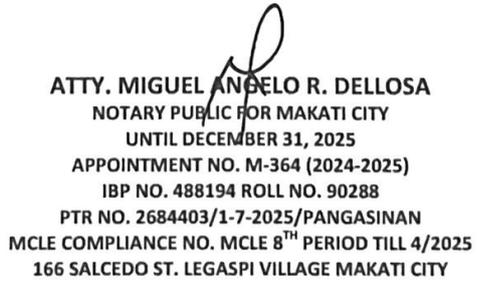

MA. EDITHA S. PALTONGAN
Senior Vice President, Comptroller & Compliance Officer


JOY S. VIANZON
Chief Accountant

SUBSCRIBED AND SWORN to before me this , affiants, personally known to me, exhibiting to me their government issued IDs, as follows:

Name(s)	Government Issued ID	Date and Place of Issue
JAIME C. FERNANDEZ	Passport No. P4426338B	01/17/20/DFA Manila
JOHN E. HUANG	Passport No. P8640188A	09/06/18 DFA Manila
MA. SIGRID R. PINLAC	Passport No. P7167294B	07/09/21/DFA Manila
MA. EDITHA S. PALTONGAN	Passport No. P2544046B	07/15/19/ DFA NCR South
JOY S. VIANZON	Passport No. P9135479B	03/08/22/DFA Manila

Doc. No. 214 ;
 Page No. 44 ;
 Book No. 1 ;
 Series of 2025.


ATTY. MIGUEL ANGELO R. DELLOSA
 NOTARY PUBLIC FOR MAKATI CITY
 UNTIL DECEMBER 31, 2025
 APPOINTMENT NO. M-364 (2024-2025)
 IBP NO. 488194 ROLL NO. 90288
 PTR NO. 2684403/1-7-2025/PANGASINAN
 MCLE COMPLIANCE NO. MCLE 8TH PERIOD TILL 4/2025
 166 SALCEDO ST. LEGASPI VILLAGE MAKATI CITY

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

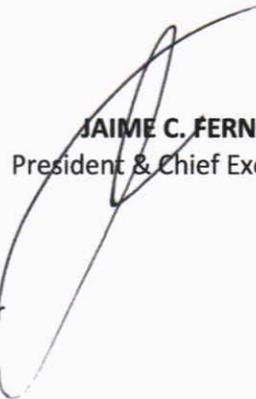
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

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

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

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


JOHN E. HUANG
Chairman of the Board


JAIME C. FERNANDEZ
President & Chief Executive Officer


MA. EDITHA S. PALTONGAN
Treasurer & SVP, Comptroller

Signed this 10th day of April 2025

SUBSCRIBED AND SWORN to before me this April 16, 2025, affiants exhibiting to me their Passport, as follows:

<u>Name</u>	<u>Passport</u>	<u>Issued at</u>	<u>Issued & Expiry Date</u>
John E. Huang	P8640188A	Manila	09/06/18 & 09/05/28
Jaime C. Fernandez	P4426338B	Manila	01/17/20 & 01/16/30
Ma. Editha S. Paltongan	P2544046B	NCR South	07/15/19 & 07/14/29

Doc. No. 212;
Page No. 44;
Book No. 1;
Series of 2025.




ATTY. MIGUEL ANGELO R. DELLOSA
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2025
APPOINTMENT NO. M-364 (2024-2025)
IBP NO. 488194 ROLL NO. 90288
PTR NO. 2684403/1-7-2025/PANGASINAN
MCLE COMPLIANCE NO. MCLE 8TH PERIOD TILL 4/2025
166 SALCEDO ST. LEGASPI VILLAGE MAKATI CITY

Beneficial Life Insurance Company, Inc.

166 Salcedo St., Legaspi Village, Makati City 1229 P.O. Box 1903
T (+632) 8818-8671 • F (+632) 8554-7539 to 30, (+632) 8554-7527

**BenLife**
www.benlife.com.ph
Alagang tunay. Alagang BenLife.

Your BIR AFS eSubmission uploads were received

From eafs@bir.gov.ph <eafs@bir.gov.ph>
Date Wed 4/30/2025 4:07 PM
To Accounting <ACCTG@BENLIFE.COM.PH>
Cc Edith Paltongan <ESPALTONGAN@BENLIFE.COM.PH>

Hi BENEFICIAL LIFE INSURANCE COMPANY, INC.,

Valid files

- EAFS000883987AFSTY122024.pdf
- EAFS000883987TCRTY122024-01.pdf
- EAFS000883987RPTY122024.pdf
- EAFS000883987ITRTY122024.pdf
- EAFS000883987OTHTY122024.pdf

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- <None>

Transaction Code: **AFS-0-HAEBJ8A076J9JEEP1WZLNZMT08EJK6J97**
Submission Date/Time: **Apr 30, 2025 04:06 PM**
Company TIN: **000-883-987**

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INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Beneficial Life Insurance Company, Inc.
Beneficial Life Building
166 Salcedo St.
Legaspi Village, Makati City

Opinion

We have audited the financial statements of Beneficial Life Insurance Company, Inc. (the Company), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2024, 2023 and 2022, and notes to financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years ended December 31, 2024, 2023 and 2022 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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



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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

REYES TACANDONG & Co.


CAROLINA P. ANGELES

Partner

CPA Certificate No. 86981

Tax Identification No. 205-067-976-000

BOA Accreditation No. 4782/P-007; Valid until June 6, 2026

IC Accreditation No. IC-EA-2024-0018-R Group A

Issued February 6, 2025

Valid for Financial Periods 2024 to 2026

BIR Accreditation No. 08-005144-007-2022

Valid until October 16, 2025

PTR No. 10467120

Issued January 2, 2025, Makati City

April 10, 2025

Makati City, Metro Manila

BENEFICIAL LIFE INSURANCE COMPANY, INC.

STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2024	2023
ASSETS			
Cash and cash equivalents	4	₱1,016,950,638	₱1,051,819,070
Short-term investments	4	11,735,929	64,458,355
Insurance receivables	5	18,322,407	11,842,614
Investment securities	6	7,563,055,517	6,853,204,834
Loans receivables	7	1,156,531,644	1,246,723,113
Accrued investment income	6	98,538,765	82,497,398
Property and equipment:	9		
At revalued amount		938,679,478	945,877,532
At cost		25,575,984	20,481,461
Other assets		136,353,152	130,046,995
		₱10,965,743,514	₱10,406,951,372
LIABILITIES AND EQUITY			
Liabilities			
Insurance contract liabilities	10	₱5,393,179,727	₱5,122,715,389
Premium deposit fund	11	299,280,463	295,605,836
Insurance payables	12	76,040	75,156
Accounts payable and accrued expenses	14	136,390,102	134,875,003
Net retirement liability	22	130,392,926	130,207,064
Net deferred tax liabilities	23	202,521,763	226,678,119
Income tax liability		-	6,342,816
Other liabilities	15	300,528,903	281,721,161
Total Liabilities		6,462,369,924	6,198,220,544
Equity			
Capital stock		626,756,494	626,756,494
Additional paid-in capital		489,265,675	489,265,675
Retained earnings:	16		
Appropriated		307,187,300	231,755,842
Unappropriated		1,967,826,601	1,861,791,807
Other comprehensive income		1,112,337,520	999,161,010
Total Equity		4,503,373,590	4,208,730,828
		₱10,965,743,514	₱10,406,951,372

See accompanying Notes to Financial Statements.

BENEFICIAL LIFE INSURANCE COMPANY, INC.

STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31		
		2024	2023	2022
REVENUES				
Gross premiums on insurance contracts	18	₱1,859,977,403	₱2,155,158,646	₱2,215,484,291
Reinsurers' share of gross premiums on insurance contracts	18	(42,952,658)	(35,913,940)	(53,873,361)
Net insurance premiums		1,817,024,745	2,119,244,706	2,161,610,930
Interest income	4	474,946,958	444,454,994	327,824,109
Dividend income	6	46,677,567	47,820,624	47,440,720
Gain on sale of investment securities	6	69,629,952	–	1,144,613
Net fair value gain on financial assets at fair value through profit or loss (FVPL)	6	14,899,387	–	–
Rental income	24	4,275,342	4,237,718	4,189,049
Other income		28,118,699	35,482,344	27,944,300
		2,455,572,650	2,651,240,386	2,570,153,721
BENEFITS, CLAIMS AND EXPENSES				
Net benefits and claims incurred on insurance contracts	19	1,271,541,324	1,403,391,364	1,353,211,604
Net change in legal policy reserves	19	129,362,339	141,870,234	147,608,393
Net insurance benefits and claims		1,400,903,663	1,545,261,598	1,500,819,997
General and administrative expenses	20	646,958,216	609,020,550	599,812,173
Commission and other direct expenses	21	176,489,231	228,961,768	217,900,903
Insurance taxes		35,963,975	42,174,633	42,606,912
Finance costs and charges	21	24,482,080	27,086,136	32,567,946
Net fair value loss on financial assets at fair value through profit or loss (FVPL)	6	–	13,696,100	216,970,571
Loss on sale of investment securities	6	–	10,651,959	–
		2,284,797,165	2,476,852,744	2,610,678,502
INCOME (LOSS) BEFORE FOREIGN EXCHANGE CHANGES AND IMPAIRMENT LOSSES				
		170,775,485	174,387,642	(40,524,781)
NET FOREIGN EXCHANGE GAIN (LOSS)		128,156,910	(15,806,957)	236,533,392
PROVISION FOR IMPAIRMENT LOSSES ON LOANS AND RECEIVABLES AND INVESTMENT SECURITIES				
	6	(96,113,617)	(13,229,929)	(1,799,386)
INCOME BEFORE INCOME TAX		202,818,778	145,350,756	194,209,225
INCOME TAX EXPENSE (BENEFIT)				
	23			
Current		2,703,503	14,481,694	6,403,880
Deferred		(22,132,052)	(21,257,488)	78,698,205
Final		49,306,437	39,428,538	28,172,640
		29,877,888	32,652,744	113,274,725
NET INCOME		172,940,890	112,698,012	80,934,500

(Forward)

	Note	Years Ended December 31		
		2024	2023	2022
NET INCOME		₱172,940,890	₱112,698,012	₱80,934,500
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Item that will be reclassified to profit or loss in subsequent periods -</i>				
Change in revaluation reserves on investment securities [debt instruments classified as financial assets at fair value through other comprehensive income (FVOCI)]	6	(45,088,463)	65,459,076	(216,158,462)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>				
Change in revaluation reserves on investment securities (equity instruments classified as financial assets at FVOCI)	6	78,967,250	2,784,958	18,625,319
Remeasurement gain (loss) on legal policy reserves	10	85,370,635	(11,783,475)	537,145,750
Remeasurement gain (loss) on retirement liability - net of deferred tax	22	(3,252,461)	(4,187,675)	25,326,646
Revaluation increase on property and equipment - net of deferred tax	9	–	–	230,199,371
		161,085,424	(13,186,192)	811,297,086
		115,996,961	52,272,884	595,138,624
TOTAL COMPREHENSIVE INCOME		₱288,937,851	₱164,970,896	₱676,073,124

See accompanying Notes to Financial Statements.

BENEFICIAL LIFE INSURANCE COMPANY, INC.

STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	2024	2023	2022
CAPITAL STOCK - P1 par value				
Authorized - 1,000,000,000 shares				
Issued and outstanding - 626,756,494 shares		P626,756,494	P626,756,494	P626,756,494
ADDITIONAL PAID-IN CAPITAL				
		489,265,675	489,265,675	489,265,675
RETAINED EARNINGS				
Appropriation for Negative Legal Policy Reserves				
	16			
Balance at beginning of year		231,755,842	172,643,555	90,010,323
Appropriation		75,431,458	59,112,287	82,633,232
Balance at end of year		307,187,300	231,755,842	172,643,555
Unappropriated				
Balance at beginning of year		1,861,791,807	1,843,207,064	1,865,551,986
Net income		172,940,890	112,698,012	80,934,500
Appropriation for negative legal policy reserves	16	(75,431,458)	(59,112,287)	(82,633,232)
Transfer from revaluation reserves on investment securities	6	4,764,761	(38,761,584)	(24,208,256)
Transfer of revaluation surplus on property and equipment	9	3,760,601	3,760,602	3,562,066
Balance at end of year		1,967,826,601	1,861,791,807	1,843,207,064
		2,275,013,901	2,093,547,649	2,015,850,619
OTHER COMPREHENSIVE INCOME (LOSS)				
Revaluation Reserves on Investment Securities				
Balance at beginning of year		(224,212,383)	(292,456,417)	(94,923,274)
Change in revaluation reserves	6	33,878,787	68,244,034	(197,533,143)
Balance at end of year		(190,333,596)	(224,212,383)	(292,456,417)
Revaluation Surplus on Property and Equipment - Net of deferred tax				
	9			
Balance at beginning of year		576,192,633	579,013,084	351,485,262
Transfer of revaluation surplus		(2,820,451)	(2,820,451)	(2,671,549)
Appraisal increase		-	-	230,199,371
Balance at end of year		573,372,182	576,192,633	579,013,084

(Forward)

	Note	Years Ended December 31		
		2024	2023	2022
Cumulative Remeasurement Gain on Legal Policy Reserves				
	10			
Balance at beginning of year		₱648,360,984	₱660,144,459	₱122,998,709
Remeasurement gain (loss)		85,370,635	(11,783,475)	537,145,750
Balance at end of year		733,731,619	648,360,984	660,144,459
Cumulative Remeasurement Gain (Loss) on Net Retirement Liability - Net of deferred tax				
	22			
Balance at beginning of year		(1,180,224)	3,007,451	(22,319,195)
Remeasurement gain (loss)		(3,252,461)	(4,187,675)	25,326,646
Balance at end of year		(4,432,685)	(1,180,224)	3,007,451
		1,112,337,520	999,161,010	949,708,577
		₱4,503,373,590	₱4,208,730,828	₱4,081,581,365

See accompanying Notes to Financial Statements.

BENEFICIAL LIFE INSURANCE COMPANY, INC.

STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		₱202,818,778	₱145,350,756	₱194,209,225
Adjustments for:				
Interest income	4	(474,946,958)	(444,454,994)	(327,824,109)
Unrealized foreign exchange loss (gain)		(106,594,924)	12,629,136	(212,870,902)
Provision for (reversal of) impairment losses on:				
Loans receivables	7	98,638,964	6,476,786	–
Investment securities	6	(2,525,347)	6,753,143	1,799,386
Loss (gain) on sale of investment securities	6	(69,629,952)	10,651,959	(1,144,613)
Dividend income	6	(46,677,567)	(47,820,624)	(47,440,720)
Depreciation	9	22,714,987	23,315,344	19,996,289
Retirement benefits cost	22	19,598,443	20,087,449	19,247,188
Finance costs	21	17,914,867	19,330,621	24,414,967
Net fair value loss (gain) on financial assets at FVPL	6	(14,899,387)	13,696,100	216,970,571
Gain on sale of property and equipment		–	–	(1,078,542)
Operating loss before working capital changes		(353,588,096)	(233,984,324)	(113,721,260)
Decrease (increase) in:				
Short-term investments		52,722,426	(12,276,253)	(40,301,883)
Insurance receivables		(6,479,793)	(3,626,568)	27,864,561
Loans receivables		59,229,061	(48,651,380)	58,991,604
Increase (decrease) in:				
Insurance contract liabilities		355,834,973	420,544,044	215,445,979
Premium deposit fund		(14,240,240)	(30,316,014)	(28,746,085)
Insurance payables		884	(21,156,533)	(64,544,891)
Accounts payable and accrued expenses		1,515,099	7,116,766	(32,905,680)
Other liabilities		19,851,060	26,919,273	23,474,576
Net cash generated from operations		114,845,374	104,569,011	45,556,921
Income tax paid		(60,661,196)	(49,500,908)	(33,203,353)
Benefits paid out of Company's fund	22	(13,749,196)	(5,360,424)	(2,727,815)
Contributions to retirement plan	22	(10,000,000)	(10,000,000)	(15,000,000)
Interest paid		–	(45,554)	(147,090)
Net cash provided by (used in) operating activities		30,434,982	39,662,125	(5,521,337)

(Forward)

		Years Ended December 31		
	Note	2024	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Investment securities	6	(P2,362,550,611)	(P3,330,428,170)	(P2,590,608,566)
Property and equipment	9	(20,611,456)	(13,753,913)	(17,148,416)
Other assets		(3,997,717)	(18,867,384)	(15,837,373)
Proceeds from sale/maturities of investment securities		1,876,895,925	2,718,292,398	2,083,015,741
Interest received		398,319,781	437,596,503	366,916,830
Dividends received		46,640,664	47,820,624	47,440,720
Proceeds from sale of property and equipment		-	-	1,100,000
Net cash used in investing activities		(65,303,414)	(159,339,942)	(125,121,064)
CASH FLOWS FROM FINANCING ACTIVITIES				
Loan payments	13	-	(5,309,184)	-
Cash dividends paid	13	-	(725,714)	(79,886)
Loan availments	13	-	-	497,550
Net cash provided by (used in) financing activities		-	(6,034,898)	417,664
NET DECREASE IN CASH AND CASH EQUIVALENTS		(34,868,432)	(125,712,715)	(130,224,737)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,051,819,070	1,177,531,785	1,307,756,522
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	P1,016,950,638	P1,051,819,070	P1,177,531,785

See accompanying Notes to Financial Statements.

BENEFICIAL LIFE INSURANCE COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS AS AT AND DECEMBER 31, 2024 and 2023 AND FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 and 2022

1. Corporate Information

Beneficial Life Insurance Company, Inc. (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on March 16, 1960 to engage and carry on the business of life insurance. The Company extended its corporate life for another 50 years commencing on March 16, 2010. However, as prescribed by the Revised Corporation Code of the Philippines which became effective on February 23, 2019, the Company shall have perpetual existence. The Company is also licensed to engage in the reinsurance business. The Company's Certificate of Authority issued by the Insurance Commission (IC) is valid until December 31, 2027.

The Company is 81%-owned by FMF Development Corporation (FMF or Parent Company), a holding company incorporated in the Philippines engaged primarily to own, invest or manage properties such as buildings or other structures and shares of stock and other types of securities.

The Company's registered office address is located at Beneficial Life Building, 166 Salcedo St., Legaspi Village, Makati City.

The accompanying financial statements of the Company as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 were approved and authorized for issuance by the Board of Directors (BOD) on April 10, 2025.

2. Summary of Material Accounting Policy Information

The material accounting policy information used in the preparation of the financial statements are consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation and Statement of Compliance

The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards issued by the Philippine Financial and Sustainability Reporting Standards Council. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS), and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards and adopted by the SEC, including SEC pronouncements.

Measurement Bases

The financial statements are presented in Philippine Peso (Peso), the Company's functional currency. All values represent absolute amounts unless otherwise stated.

The financial statements of the Company have been prepared on a historical cost basis, except for financial assets at FVPL and FVOCI which are carried at fair values, certain components of property and equipment which are carried at revalued amounts, and net retirement liability which is carried at the present value of the defined benefit obligation less fair value of plan assets. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and consideration received for incurring a liability.

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

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

Level 1 – Quoted (unadjusted) market prices in active market 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.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in measuring fair value is included in the following notes:

- Note 3 - Significant Judgments, Accounting Estimates and Assumptions
- Note 6 - Investment Securities
- Note 9 - Property and Equipment
- Note 26 - Risk Management Objectives and Policies

Adoption of Amendments to PRFS Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the amendments to PRFS Accounting Standards effective for annual periods beginning on or after January 1, 2024. The adoption of these amendments did not materially affect the financial statements of the Company. Additional disclosures were included in the financial statements, as applicable.

New and Amendments to PFRS Accounting Standards in Issue But Not Yet Effective

Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2024 and have not been applied in preparing the financial statements, are summarized below:

Effective for annual periods beginning on or after January 1, 2025 -

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability* – The amendments clarify when a currency is considered exchangeable into another currency and how an entity determines the exchange rate for currencies that lack exchangeability. The amendments also introduce new disclosure requirements to help users of financial statements assess the impact when a currency is not exchangeable. An entity does not apply the amendments retrospectively. Instead, an entity recognizes any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS Accounting Standards 9, *Financial Instruments*, and PFRS Accounting Standards 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at fair value through other comprehensive income (FVOCI). Earlier application is permitted.
- Annual Improvements to PFRS Accounting Standards Accounting Standards Volume 11:
 - Amendments to PFRS Accounting Standards 7, *Financial Instruments: Disclosures* – The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.
 - Amendments to PAS 7, *Statement of Cash Flows - Cost Method* – The amendments replace the term 'cost method' with 'at cost' following the deletion of the definition of 'cost method'. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2027:

- PFRS Accounting Standards 17, *Insurance Contracts* – This standard will replace PFRS Accounting Standards 4, *Insurance Contracts*. It requires insurance liabilities to be measured at current fulfillment value and provides a more uniform measurement and presentation approach to achieve consistent, principle-based accounting for all insurance contracts. It also requires similar

principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. An amendment to the standard was issued to (i) reduce costs of transition by simplifying some requirements of the standard, (ii) make financial performance easier to explain, and (iii) ease transition by deferring the effectivity of the standard from 2021 to 2023 and by providing additional relief to reduce the effort required when applying PFRS Accounting Standards 17 for the first time.

In response to the challenges brought by the COVID-19 pandemic, the Insurance Commission (IC) issued Circular Letter 2020-062, *Amendment of Section 1 of Circular Letter No. 2018-69, Deferral of IFRS 17 Implementation*, which provides a two-year deferral on the implementation of the standard from the 2023 effectivity date.

Consequently, on March 10, 2025, the IC issued Circular Letter No. 2025-004, *Application of PFRS Accounting Standards 17-Insurance Contracts in the Audited Financial Statements and Preparation of IC Reportorial Requirements*, to further defer the initial application date of PFRS Accounting Standards 17 for an additional two years. The IC, FSRSC and SEC recognized the need to provide more time for the adoption of PFRS Accounting Standards 17 due to gaps in the insurance industry's preparation. Therefore, all life and nonlife insurance companies in the Philippines shall adopt PFRS Accounting Standards 17 for annual periods beginning on or after January 1, 2027. Earlier application is permitted.

- Amendment to PFRS Accounting Standards 17, *Insurance Contracts - Initial Application of PFRS Accounting Standards 17* and PFRS Accounting Standards 9, *Financial Instruments - Comparative Information* – The amendment adds a transition option for a “classification overlay” to address temporary accounting mismatches between financial assets and insurance contract liabilities relating to comparative information presented on the initial application of PFRS Accounting Standards 17. If an entity elects to apply the classification overlay, it can only do so for comparative periods to which it applies PFRS Accounting Standards 17. No amendments have been made to the transition requirements of PFRS Accounting Standards 9.
- PFRS Accounting Standards 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out the requirements for the presentation and disclosure of information to help ensure that the financial statements provide relevant information that faithfully represents the entity's assets, liabilities, equity, income and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management-defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing new and amendments to PFRS Accounting Standards is not expected to have any material effect on the financial statements of the Company except for PFRS Accounting Standards 17. The management is currently in the process of performing detailed review and analysis to determine the financial impact of the new insurance contract standard. Additional disclosures will be included in the financial statements, as applicable.

Current and Noncurrent Classification

The Company presents assets and liabilities in the statements of financial position based on liquidity. The current portion is presented in Note 27.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when it is:

- Expected to be settled in its normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Financial Assets and Liabilities

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at FVPL, includes transaction cost.

“Day 1” Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference.

Financial Assets

In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Classification and Measurement

The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at FVOCI and (c) financial assets at FVPL. The classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- a. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; 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 on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process.

The Company's cash and cash equivalents, short-term investments, insurance receivables, loans receivables, accrued investment income and government debt securities assigned as investment deposit with IC and private debt securities which are held primarily to collect contractual cash flows until maturity included under "Investment securities" account in the statements of financial position are classified under this category.

Debt Instruments at FVOCI. Debt instruments shall be measured at 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 the 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 on the principal amount outstanding.

After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. Changes in the fair value of these instruments are recognized in other comprehensive income and accumulated in equity. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

The Company's investments in private and government debt securities which are denominated in foreign currencies are classified under this category.

Equity Instruments at FVOCI. On initial recognition, equity instruments that are not held for trading may be irrevocably designated as a financial asset to be measured at FVOCI.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment.

Changes in the fair value of these instruments including those arising from foreign currency changes are recognized in other comprehensive income and presented in the equity section of the statements of financial position. The cumulative gains or losses will not be reclassified to profit or loss on disposal of the equity instruments, instead, these will be transferred to retained earnings.

The Company's investments in equity instruments which are irrevocably designated at FVOCI at initial recognition are included under this category.

Financial Assets at FVPL. Financial assets that do not meet the criteria for being measured at amortized cost or FVOCI are classified under this category. Specifically, financial assets at FVPL include financial assets that are (a) held for trading, (b) designated upon initial recognition at FVPL, or (c) mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if these are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless these are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are measured at fair value at each reporting date, with any fair value gains or losses recognized in profit or loss to the extent these are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset.

The Company's investments in private debt securities which are held for trading and preferred equity instruments are classified under this category.

Impairment

The Company recognizes an allowance for expected credit losses (ECL) for all debt instruments not measured at FVPL. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

The Company's financial assets at amortized cost and debt instruments at FVOCI are subject to ECL using general approach. Under this approach, the ECL is based on the 12-month ECL which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date.

However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Reclassification

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in other comprehensive income, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Derecognition

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

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company’s continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities

Classification and Measurement

The Company classifies its financial liabilities at initial recognition under the following categories: (a) financial liabilities at amortized cost, or (b) financial liabilities at FVPL.

As at December 31, 2024 and 2023, the Company does not have financial liabilities measured at FVPL.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest 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. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

The Company's insurance contract liabilities, premium deposit fund, insurance payables, loans payable, accounts payable and accrued expenses (excluding statutory payables) and other liabilities are classified under this category.

Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

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

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a 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.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in profit or loss.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Insurance Contracts

Product Classification

Insurance contracts are defined as those contracts under which the Company (the insurer) accepts significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholder. As a general guideline, the Company defines significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of price or rates, a credit rating or credit index or other variables.

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 a certain period, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as insurance contracts after inception if the insurance risk becomes significant.

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

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

Conventional Long-term Insurance Contracts

These contracts ensure events associated with human life (for example, death or survival) over a long duration. Premiums are recognized as revenue when they become payable by the contract holder. Benefits are recognized as expense when they are incurred or when the policies reach maturity.

A liability for contractual benefits that is expected to be incurred in the future is recognized for policies that are in-force as at the reporting date. The liability is determined as the expected future discounted value of the benefit payments that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefit expenses based on the valuation assumptions used. The liability is based on assumptions as to mortality, reserve method, and interest rate approved by the IC.

Reinsurance Contracts

The Company cedes insurance risk in the normal course of business to reinsurers. Balances due from reinsurance companies for its share in benefits and claims of policyholders are recognized as "Due from reinsurers" under "Insurance Receivables" account in the statements of financial position. Amounts due to reinsurers representing their share in premiums are presented under "Insurance payables" account in the statements of financial position.

An impairment review is performed at each reporting date or more frequently when there are indications of impairment during the reporting year. Impairment occurs when there is objective evidence that the Company may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Company will receive from the reinsurer can be measured reliably. The impairment loss is charged to profit or loss.

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

The Company also assumes reinsurance risk in the normal course of business for life insurance contracts. Premiums and claims on assumed reinsurance are recognized as income and expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Estimating amounts payable is consistent with the provisions of the associated reinsurance contract.

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

Legal Policy Reserves

Legal policy reserves are liabilities for contractual benefits that are expected to be incurred in the future related to policies that are in-force as at the reporting date based on the valuation of an independent appraiser. The liability is calculated as the sum of the present value of future benefits and expenses, less the present value of future net premiums arising from the policy discounted at the appropriate risk-free discount rate. The liability is determined using best estimate assumptions with regard to significant recent experience and appropriate margin for adverse deviation from the expected experience.

The Company has different assumptions for different products. However, liabilities for contractual benefits are computed to comply with statutory requirements, which require discount rates to be based on the schedule of spot rates published by IC and mortality and morbidity rates to be in accordance with the standard table of mortality. Reserves are computed per thousand of sum insured and depend on the issue age and policy duration.

Adjustments to the liabilities arising from changes in in-force policies are recorded in "Net change in legal policy reserves" account in profit or loss. Changes in liabilities arising from changes in discount rates are recorded in "Remeasurement gain (loss) on legal policy reserves" account in other comprehensive income.

Policy and Contract Claims

Policy and contract claims are liabilities for unpaid claims and benefits of policyholders as a result of death of the insured, surrenders and maturities. This also includes cost of claims incurred but not yet reported as at reporting date based on the Company's experience and historical data.

Investment in a Subsidiary

The Company's investment in a subsidiary is accounted for in the financial statements at cost less any impairment in value.

An assessment of the carrying amount of the investments in a subsidiary is performed when there is an indication that these investments are impaired. If this is the case, the amount of impairment is calculated as the difference between the carrying amount of the investments and their recoverable amount. Impairment loss is recognized in profit or loss.

Property and Equipment

Property and equipment, other than land, buildings and office condominium, are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognized as a

asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. All other repairs and maintenance are charged against profit or loss during the financial period in which these were incurred.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value are removed from the accounts and any resulting gain or loss is recognized in profit or loss.

The Company's land, buildings and office condominium are stated at revalued amounts based on the valuation of an independent appraiser. Any increase in the value of property and equipment at revalued amounts is recognized under "Revaluation surplus on property and equipment" account in the equity section of the statements of financial position. Any decrease is first offset against an increase on earlier valuation in respect of the same class of property and is thereafter recognized as an expense. Annually, an amount from the revaluation surplus is transferred to retained earnings for the depreciation and related to the revaluation surplus.

Upon the disposal of a revalued property, the relevant portion of the revaluation surplus realized in respect of previous valuation is released directly from the revaluation surplus to retained earnings.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the property and equipment as follows:

	Number of years
Buildings and office condominium	10 - 40
Transportation equipment	3 - 5
Office furniture and equipment	2 - 5

The assets' residual values, useful lives and depreciation method are reviewed periodically to ensure that the residual values, period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated assets are retained in the accounts until these are no longer in use and no further charge for depreciation is made in respect of those assets.

Impairment of Nonfinancial Assets

The nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount exceeds its estimated recoverable amounts, the asset is written down to its recoverable amount. The estimated recoverable amount of the asset is the higher of an asset's fair value less costs to sell or value-in-use. 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

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. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Premium Deposit Fund

Premium deposit fund pertains to the premium deposits of the policyholders which earn interest at such rates as the Company declares but not less than the lowest interest rate prevailing on savings accounts of banks. The amount of premium deposits of the policyholders shall not exceed the future contractual premiums of the insurance contracts.

If at any premium date, premiums remain unpaid, and provided that the fund balance is sufficient to pay such premiums in full, the premium due shall be paid from this fund.

Equity

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

Additional Paid-in Capital (APIC). When the Company issues shares in excess of par, the excess is recognized as APIC. Incremental costs incurred directly attributable to the issuance of new shares are treated as deduction from APIC.

Retained Earnings. Retained earnings represent the cumulative balance of net income, net of any dividend declaration and prior period adjustments. Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders while appropriated retained earnings represent that portion which has been appropriated and therefore is not available for any dividend declaration.

Other Comprehensive Income. Other comprehensive income comprises items of income and expense (including items previously presented under equity) that are not recognized in profit or loss for the year in accordance with PFRS. Other comprehensive income includes revaluation reserves on investment securities, revaluation surplus on property and equipment, remeasurement gain or loss on legal policy reserves and remeasurement gain or loss on net retirement liability. Other comprehensive income items that will be reclassified subsequently to profit or loss are presented separately from those items that will not be reclassified to profit or loss subsequently.

Revenue Recognition

The company assesses its revenue arrangements to determine if it is acting as principal or as an agent. The company has assessed that it acts as a principal in all of its revenue sources.

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

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

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

Interest Income. For interest-bearing financial instruments classified as financial assets at FVPL, financial assets at FVOCI and financial assets at amortized cost, 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.

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

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

Other Income. Other income includes policy issue fees, reversal of denied claims and other income that are recognized in profit or loss when earned.

Benefits, Claims and Expenses Recognition

Benefits and Claims. Benefits and claims consist of benefits and claims incurred during the period and changes in the valuation of legal policy reserves (including incurred but not reported losses). Death claims and surrenders are recorded on the basis of notifications received. Maturities are recorded when due.

General and Administrative Expenses. General and administrative expenses constitute costs of administering the business. These are recognized as expense when incurred.

Commission and Other Direct Expenses. Commissions and other direct expenses are recognized when the insurance contracts are entered and the premiums are recognized.

Insurance Taxes. Insurance taxes pertain to premium taxes and documentary stamp taxes on life insurance policies which are expensed as incurred.

Finance Costs and Charges. Finance costs and charges consist mainly of interest expense and bank charges incurred by the Company. Interest expense is recognized in profit or loss as it accrues and is calculated using the effective interest method. Accrued interest is credited to the liability account every policy anniversary date.

Employee Benefits

Short-term Benefits. The Company provides short-term benefits to its employees in the form of basic pay, 13th month pay, bonuses, employer's share on government contribution and other short-term benefits. Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. The Company has a funded, noncontributory defined benefit plan covering all qualified employees. The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income in profit or loss.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes restructuring-related costs.

Net interest on the net retirement liability or asset is the change during the period in the net retirement 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 retirement liability or asset.

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 Company nor can they be paid directly to the Company. Fair value of plan assets is based on market price information.

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 retirement asset or liability is the aggregate of the present value of the defined benefit obligation and the fair value of plan assets on which the liabilities are to be settled directly. The present value of the defined benefit liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

Income Taxes

Current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rate and tax laws enacted or substantively enacted at the reporting date.

Final Tax. Final taxes are recognized for taxes paid on certain income payments. These are not creditable to income tax due on income subject to regular corporate income tax (RCIT). The applicable tax rates differ depending on the particular income subject to final tax.

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carry forward benefits of net operating loss carryover (NOLCO) and excess of minimum corporate income tax (MCIT) over the RCIT, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry forward benefits of NOLCO and excess MCIT over RCIT 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 future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) in effect at the reporting date.

Deferred tax assets and 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.

Deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items directly recognized in equity as OCI.

Leases

A contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, the lessee has both of the following:

- The right to obtain substantially the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Company as a Lessor. Leases where the Company does not transfer substantially all the risks and rewards of ownership of the assets are classified as operating leases. Operating lease payments are recognized as revenue in profit or loss on a straight-line basis over the lease term. 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.

The Company as a Lessee. At the commencement date, the Company recognizes ROU assets and lease liabilities for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange at the end of the reporting year. Foreign exchange differences are credited or charged directly to profit or loss.

Related Party Transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity, or between, and/or among the reporting entity and its key management personnel, directors or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form.

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

Provisions

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

Contingencies

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

Events After the Reporting Date

Events after reporting date that provide additional information about the Company's financial position at the end of reporting year (adjusting events) are reflected in the financial statements. Events after reporting that are non-adjusting events are disclosed in the notes to financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the Company's financial statements requires management to make judgments, accounting estimates and assumptions that affect the amounts of assets, liabilities, income and expenses reported in the financial statements. These are based on management's evaluation of relevant facts and circumstances as of the date of the financial statements. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

Judgments

In the process of applying the 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 financial statements.

Identifying the Product Classification. The Company has determined that the policies it issues have significant insurance risk and therefore meets the definition of an insurance contract and are accounted for as such. Insurance contracts are those contracts when the Company has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts also transfer financial risk.

Classifying the Financial Instruments. Classification of financial assets depends on the results of the business model test and "sole payment of principal and interest" test performed by the Company. The Company exercises judgment in determining the business model to be used in managing its financial instruments to achieve their business objectives.

Defining Default and Credit-Impaired Financial Assets. The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- a. Quantitative Criteria - the borrower is more than 1 year past due on its contractual payments, which is consistent with the Company's definition of default.
- b. Qualitative Criteria - The borrower meets unlikelihood to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:
 - The borrower is experiencing financial difficulty or is insolvent;
 - The borrower is in breach of financial covenants;
 - Concessions have been granted by the Company, for economic or contractual reasons relating to the borrower's financial difficulty; or
 - It is probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to the determination of ECL.

Grouping of the Financial Assets for Measurement of ECL on a Collective Basis. For ECL provisions that are assessed on a collective basis, grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. For loans receivables, debtors are grouped based on the type of loan and debtors' geographical location.

Determining the Lease Commitments - Company as a Lessor. The Company has entered into lease agreements as a lessor on its properties. The Company has determined that it retains the significant risks and rewards of ownership of the leased properties. The leases are therefore accounted for as operating leases.

Rental income earned by the Company is disclosed in Note 24.

Determining the Lease Commitments - Company as a Lessee. The Company has lease agreements for its branches and agency offices. The Company has determined that it obtains substantially all of the economic benefits from use of the identified assets and the right to direct the use of such assets. Moreover, the Company assessed that these lease agreements qualify as leases of low value assets or short-term leases.

Rental expense arising from leases of low value assets and short-term leases is disclosed in Note 24.

Estimates and Assumptions

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

Determining the Fair Value of Financial Instruments. The fair values of investments that are actively traded in organized financial markets are determined by reference to quoted market prices at the close of business on the reporting date.

In accordance with the amendments to PFRS Accounting Standards 7, *Financial Instruments: Disclosures*, disclosures about the level in the fair value hierarchy are required in which the fair value measurements are categorized for assets and liabilities measured in the statements of financial position. The Company uses judgment in assessing the significance of a particular input to the fair value measurements in its entirety, considering factors specific to the asset or liability.

Estimating the Legal Policy Reserves. Reserves are set up as requirement pursuant to the provision and guidelines set by the IC, which should not be less than the reserves required. These are computed using assumptions that are based on the standard mortality and morbidity tables, interest rates, lapse and/or persistency, expenses, non-guaranteed benefits and margin for adverse deviation as required by the IC.

The carrying amount of legal policy reserves is disclosed in Note 10.

Estimating the Claims Incurred but not Reported. Provision is made for the cost of claims incurred but not yet reported as at reporting date based on the Company's experience and historical data. Differences between the provision for outstanding claims at the reporting date and subsequent revisions and settlements are included in statements of comprehensive income of subsequent years.

The carrying amount of claims which are incurred but not reported and included under policy and contract claims are disclosed in Note 10.

Estimating the Allowance for ECL of Financial Assets at Amortized Cost and Debt Instruments under Financial Assets at FVOCI. The Company determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12-months unless there has been a significant increase in credit risk since initial recognition, in which case, ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors: (a) actual or expected external and internal credit rating downgrade; (b) existing or forecasted adverse changes in business, financial or economic conditions; and (c) actual or expected significant adverse changes in the operating results of the borrower.

The carrying amounts and allowance for ECL of the Company's financial assets at amortized cost and debt securities classified as financial assets at FVOCI are disclosed in Notes 4, 5, 6, and 7.

Estimating the Useful Lives of Property and Equipment. The useful life of each of the Company's property and equipment is estimated based on the year over which the asset is expected to be available for use. Such estimation is based on a collective assessment of similar businesses, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed at each financial yearend and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. However, it is possible that future financial performance could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment would increase the recorded depreciation and decrease its carrying amounts.

There were no changes in the estimated useful lives of the Company's property and equipment at cost and revalued amounts in 2024 and 2023. The carrying amounts of property and equipment are disclosed in Note 9.

Determining the Revalued Amount of Property and Equipment. The Company carries certain property and equipment at revalued amounts. The appraised values of land, buildings and office condominium were arrived using the market data approach and cost approach.

With market data approach, the values of the properties are based on sales and listings of comparable properties registered in the vicinity. The technique of this approach requires the establishment of comparable properties by reducing reasonable comparative sales and listings to a common denominator and adjustment of the differences between the subject property and those actual sales and listings regarded as comparable. The comparison was premised on the factors of location, characteristics of the lot, time element, quality and prospective use.

Cost approach is evidenced by the observed condition in comparison with new units of like kind tempered by consideration given to extent, character and utility of the property which is to be continued in its present use as part of a going concern but without specific relation to earnings.

The latest independent property valuation of land, building and office condominium was performed for December 31, 2022 valuation cut-off date. The carrying amounts of property and equipment at revalued amounts are disclosed in Note 9.

Assessing the Impairment of Nonfinancial Assets. The Company assesses impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable.

The factors that the 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 Company recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Determining such amount requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets.

The carrying amounts of investment in subsidiary and property and equipment are disclosed in Notes 8 and 9.

Determining the Retirement Liability. The determination of the obligation and cost of retirement benefits is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 22 to the financial statements and include, among others, discount rate and salary increase rate. Actual results that differ from the Company's assumptions are accumulated and recognized in other comprehensive income, therefore, generally affect the recognized expense and recorded obligation.

The carrying amount of net retirement liability is disclosed in Note 22.

Assessing the Realizability of Deferred Tax Assets. The Company's assessment of the recognition of deferred tax assets on deductible temporary differences is based on the Company's past results and future expectations on revenue and expenses. The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized.

The Company's recognized deferred tax assets are disclosed in Note 23.

4. Cash, Cash Equivalents and Short-term Investments

Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash on hand	P53,000	P53,000
Cash in banks	646,986,401	753,994,938
Short-term deposits	369,911,237	297,771,132
	P1,016,950,638	P1,051,819,070

Cash and cash equivalents include cash in banks and short-term deposits which earn interest at the prevailing bank deposit rates. Cash equivalents are short-term deposits made for varying periods of up to three months from date of maturity depending on the cash requirements of the Company.

Short-term Investments

Short-term investments amounted to P11.7 million and P64.5 million as at December 31, 2024 and 2023, respectively. Short-term investments are short-term placements with maturities of more than three months but less than one year from date of acquisition. The effective annual interest rates of these investments range between 1.80% to 6.20% and 0.62% to 6.00% in 2024 and 2023, respectively.

Interest Income

Interest income recognized in the statements of comprehensive income are as follows:

	Note	2024	2023	2022
Cash and cash equivalents		P12,267,899	P10,323,452	P7,743,929
Short-term investments		19,998,775	14,046,437	3,015,868
Investment securities:	6			
Financial assets at amortized cost		217,157,826	165,566,665	106,358,071
Financial assets at FVOCI		94,215,334	81,127,595	70,439,216
Financial assets at FVPL		49,918,462	47,701,969	48,681,911
Loans receivables	7	81,388,662	125,688,876	91,585,114
		P474,946,958	P444,454,994	P327,824,109

5. Insurance Receivables

This account consists of:

	2024	2023
Due from reinsurers	P9,293,591	1,575,086
Premiums due and uncollected	9,028,816	P10,267,528
	P18,322,407	P11,842,614

Premiums due and uncollected pertain to uncollected premiums on written policies which are collectible within the Company's 30-day grace period.

Due from reinsurers pertain to claims recoverable from reinsurers. These receivables are due and demandable.

6. Investment Securities

Movements of this account are as follows:

	2024			
	Financial Assets			Total
	At FVPL	At FVOCI	At Amortized Cost	
Balance at beginning of year	₱820,951,109	₱2,627,908,767	₱3,404,344,958	₱6,853,204,834
Additions	195,549,014	679,540,436	1,487,461,161	2,362,550,611
Maturities and disposals	(177,872,858)	(389,013,911)	(1,235,614,443)	(1,802,501,212)
Fair value changes	14,899,387	27,606,936	–	42,506,323
Foreign exchange changes	34,405,238	78,511,761	–	112,916,999
Amortization	2,404,646	(15,207,350)	4,622,437	(8,180,267)
Provision for impairment loss	–	–	2,558,229	2,558,229
Balance at end of year	₱890,336,536	₱3,009,346,639	₱3,663,372,342	₱7,563,055,517

	2023			
	Financial Assets			Total
	At FVPL	At FVOCI	At Amortized Cost	
Balance at beginning of year	₱1,119,422,195	₱2,267,246,124	₱2,869,466,923	₱6,256,135,242
Reclassification	(242,750,706)	242,750,706	–	–
Additions	143,031,176	1,045,962,898	2,141,434,096	3,330,428,170
Maturities and disposals	(150,507,723)	(922,448,798)	(1,613,854,716)	(2,686,811,237)
Fair value changes	(13,696,100)	19,428,384	–	5,732,284
Foreign exchange changes	(36,690,636)	(12,000,040)	–	(48,690,676)
Amortization	2,142,903	(13,030,507)	10,069,312	(818,292)
Provision for impairment loss	–	–	(2,770,657)	(2,770,657)
Balance at end of year	₱820,951,109	₱2,627,908,767	₱3,404,344,958	₱6,853,204,834

Financial Assets at FVPL

This account consists of investments in private and foreign debt securities amounting to ₱890.3 million and ₱821.0 million as at December 31, 2024 and 2023, respectively.

Private debt securities earn annual interest of 2.32% to 8.65% and 1.25% to 9.00% in 2024 and 2023, respectively. Interest income amounted to ₱49.9 million, ₱47.7 million and ₱48.7 million in 2024, 2023 and 2022, respectively, net of amortization of net discount amounting to ₱2.4 million, ₱2.1 million and ₱0.7 million in 2024, 2023 and 2022, respectively (see Note 4).

Equity securities pertain to preferred shares which are listed in the Philippine Stock Exchange Index (PSEi). In 2023, the Company reclassified its equity securities classified as financial assets at FVPL with fair value of ₱242.8 million to financial assets at FVOCI as a result of a change in business model in managing these investment securities. This transaction is a noncash activity.

Financial Assets at FVOCI

This account consists of:

	2024	2023
Debt securities:		
Government - foreign	₱1,188,390,585	₱870,293,780
Private - foreign	950,739,206	1,028,498,441
	2,139,129,791	1,898,792,221
Equity securities - local and foreign	870,216,848	729,116,546
	₱3,009,346,639	₱2,627,908,767

Private and government debt securities earn annual interest of 2.21% to 7.86% and 2.45% to 8.38% in 2024 and 2023, respectively. Interest income amounted to ₱94.2 million, ₱81.1 million and ₱70.4 million in 2024, 2023 and 2022, respectively, net of amortization of net premium amounting to ₱15.2 million, ₱13.0 million and ₱47.2 million in 2024, 2023 and 2022, respectively (see Note 4).

Equity securities pertain to investments in shares listed in the Philippine Stock Exchange Index and other foreign stock exchange markets. Dividend income earned from financial assets at FVOCI amounted to ₱46.7 million, ₱47.8 million and ₱28.9 million in 2024, 2023 and 2022, respectively.

Movements of revaluation reserves on investment securities are as follows:

	2024		
	Fair Value Change	12-month ECL	Total
Balance at beginning of year	(₱239,205,412)	₱14,993,029	(₱224,212,383)
Change in revaluation reserves:			
Fair value changes	27,606,936	-	27,606,936
Foreign exchange changes	5,112,718	-	5,112,718
Transfer to retained earnings	(4,764,761)	-	(4,764,761)
Transfers to profit or loss due to:			
Sale and maturities	5,891,012	-	5,891,012
Provision for impairment loss	-	32,882	32,882
	33,845,905	32,882	33,878,787
Balance at end of year	(₱205,359,507)	₱15,025,911	(₱190,333,596)

	2023		
	Fair Value Change	12-month ECL	Total
Balance at beginning of year	(₱303,466,960)	₱11,010,543	(₱292,456,417)
Change in revaluation reserves:			
Fair value changes	19,428,384	-	19,428,384
Foreign exchange changes	(4,580,379)	-	(4,580,379)
Transfer to retained earnings	38,761,584	-	38,761,584
Transfers to profit or loss due to:			
Sale and maturities	10,651,959	-	10,651,959
Provision for impairment loss	-	3,982,486	3,982,486
	64,261,548	3,982,486	68,244,034
Balance at end of year	(₱239,205,412)	₱14,993,029	(₱224,212,383)

	2022		
	Fair Value Change	12-month ECL	Total
Balance at beginning of year	(P104,343,999)	P9,420,725	(P94,923,274)
Change in revaluation reserves:			
Fair value changes	(175,641,043)	–	(175,641,043)
Foreign exchange changes	(46,545,561)	–	(46,545,561)
Transfer to retained earnings	24,208,256	–	24,208,256
Transfers to profit or loss due to:			
Sale and maturities	(1,144,613)	–	(1,144,613)
Provision for impairment loss	–	1,589,818	1,589,818
	(199,122,961)	1,589,818	(197,533,143)
Balance at end of year	(P303,466,960)	P11,010,543	(P292,456,417)

Movements of revaluation reserves on investment securities segregated for items that will be reclassified or not to profit or loss in subsequent periods are as follows:

	2024	2023	2022
Balance at beginning of year	(P224,212,383)	(P292,456,417)	(P94,923,274)
Items that will be reclassified to profit or loss	(45,088,463)	65,459,076	(216,158,462)
Items that will not be reclassified into profit or loss	78,967,250	2,784,958	18,625,319
Balance at end of year	(P190,333,596)	(P224,212,383)	(P292,456,417)

Financial Assets at Amortized Cost

This account consists of:

	2024	2023
Government debt securities - local	P3,146,237,738	P2,845,963,144
Private debt securities - local	519,483,430	563,288,869
	3,665,721,168	3,409,252,013
Allowance for impairment loss (12-month ECL)	2,348,826	4,907,055
	P3,663,372,342	P3,404,344,958

Government and private debt securities earn annual interest of 2.38% to 10.39%, 2.38% to 12.38%, and 2.38% to 13.00% in 2024, 2023 and 2022, respectively. Interest income amounted to P217.2 million, P165.6 million and P106.4 million in 2024, 2023 and 2022, respectively, net of amortization of net discount amounting to P4.6 million, P10.1 million, and P3.3 million in 2024, 2023 and 2022, respectively (see Note 4).

Movement of allowance for impairment loss on financial assets at amortized cost are as follows:

	2024	2023
Balance at beginning of year	P4,907,055	P2,136,398
Provision (reversal)	(2,558,229)	2,770,657
Balance at end of year	P2,348,826	P4,907,055

Sale of Investment Securities

The Company, in the normal course of business, has disposed various investment securities. The sale resulted to net gain of ₱69.6 million and ₱1.1 million in 2024 and 2022, respectively, and a net loss of ₱10.7 million in 2023.

Impairment Losses

Provision for (reversal of) impairment losses on investment securities and loans receivable recognized in the statements of comprehensive income are as follows:

	Note	2024	2023	2022
Loans receivable	7	₱98,638,964	₱6,476,786	₱-
Financial assets:				
At amortized cost		(2,558,229)	2,770,657	209,568
At FVOCI		32,882	3,982,486	1,589,818
		(2,525,347)	6,753,143	1,799,386
		₱96,113,617	₱13,229,929	₱1,799,386

Dividend Income

Dividend income from equity securities recognized in the statements of comprehensive income are as follows:

	2024	2023	2022
Financial assets at FVOCI	₱46,677,567	₱47,820,624	₱28,936,022
Financial assets at FVPL	-	-	18,504,698
	₱46,677,567	₱47,820,624	₱47,440,720

Accrued Investment Income

This account pertains to interest receivable and dividend receivable from the following:

	Note	2024	2023
Interest receivable:			
Investment securities		₱94,093,117	₱71,193,366
Short-term investments		731,488	1,592,628
Loans receivables:			
Third parties		3,057,564	9,045,787
Related parties	17	619,693	665,617
Dividend receivable -			
Investment securities		36,903	-
		₱98,538,765	₱82,497,398

7. Loans Receivables

This account consists of:

	Note	2024	2023
Salary loans		₱1,014,864,148	₱1,015,861,690
Policy loans		89,964,446	81,823,401
Due from related parties	17	77,479,250	82,313,932
Agents' balances		50,496,197	38,346,449
Mortgage and collateral loans:			
Related party	17	34,742,647	54,595,588
Third parties		3,585,082	5,275,175
Notes receivables		8,773,508	8,898,066
Others		58,246,063	42,589,545
		1,338,151,341	1,329,703,846
Less allowance for impairment loss		181,619,697	82,980,733
		₱1,156,531,644	₱1,246,723,113

Movements in the allowance for impairment loss on loans receivables are as follows:

	Note	2024		
		12-month ECL	Lifetime ECL	Total
Balance at beginning of year		₱64,243,181	₱18,737,552	₱82,980,733
Provision	6	98,638,964	–	98,638,964
Transfer from 12-month ECL to lifetime ECL		(124,657,179)	124,657,179	–
Balance at end of year		₱38,224,966	₱143,394,731	₱181,619,697

	Note	2023		
		12-month ECL	Lifetime ECL	Total
Balance at beginning of year		₱62,104,064	₱34,400,411	₱96,504,475
Provision	6	6,476,786	–	6,476,786
Transfer from 12-month ECL to lifetime ECL		(4,337,669)	4,337,669	–
Write-off		–	(20,000,528)	(20,000,528)
Balance at end of year		₱64,243,181	₱18,737,552	₱82,980,733

		2022		
		12-month ECL	Lifetime ECL	Total
Balance at beginning of year		₱68,006,847	₱108,618,427	₱176,625,274
Transfer from 12-month ECL to lifetime ECL		(5,902,783)	5,902,783	–
Write-off		–	(80,120,799)	(80,120,799)
Balance at end of year		₱62,104,064	₱34,400,411	₱96,504,475

Composition of allowance for impairment loss are as follows:

	Note	2024	2023
Salary loans		₱120,608,573	₱18,916,758
Due from related parties	17	52,350,172	55,403,023
Agents' balances		4,999,651	4,999,651
Notes receivables		2,860,226	2,860,226
Others		801,075	801,075
		₱181,619,697	₱82,980,733

Salary loans consist of loans granted to the employees and teachers of the Department of Education (DepEd). The Company and DepEd entered into a Memorandum of Agreement (MOA) to provide interest-bearing loans to employees and teachers. The loans earn annual interest rate ranging from 7.50% to 9.66% with terms of one to five years. Salary loans also consist of interest-bearing loans granted to members and employees of Tarlac Public School Teachers Association and BPA Management Services, Inc. with interest rate of 12% per annum and term of one to five years.

Policy loans pertain to loans issued to policyholders. These loans are issued with the cash surrender value of the policyholder's insurance policy as collateral. Interest is charged at 10% per annum.

Mortgage and collateral loans earn interest ranging from 5% to 9% per annum with a maximum maturity of 10 years.

Agents' balances pertain to advances to agents that are liquidated or settled through regular deductions from commissions or outright payments. Interest rate is 18% per annum.

Notes receivables pertain to loans to employees that are paid through salary deduction. Interest rates range from 4% to 18% per annum.

Others pertain to receivables from life insurance pools and security fund.

Interest income on loans receivables recognized in the statements of comprehensive income follows (see Note 4):

	Note	2024	2023	2022
Salary loans		₱52,082,993	₱111,716,966	₱75,466,388
Agents' balances		15,795,811	819,219	720,541
Policy loans		8,248,833	8,028,074	8,394,982
Mortgage and collateral loans:				
Related party	17	3,151,707	3,107,801	4,117,761
Third parties		—	24,189	31,147
Notes receivables		985,951	945,978	947,768
Due from related parties	17	—	—	343,233
Others		1,123,367	1,046,649	1,563,294
		₱81,388,662	₱125,688,876	₱91,585,114

8. Investment in a Subsidiary

The Company's investment in a subsidiary pertains to the following:

Name of Subsidiaries	Nature of Business	Percentage of Ownership	Cost	
			2024	2023
Beneficial Financial Advisors, Inc. (BFAI)	Consultancy and leasing	100%	₱12,169,453	₱12,169,453
Less allowance for impairment loss			12,169,453	12,169,453
			₱-	₱-

The principal office of BFAI is located at 3rd floor, Beneficial Life Building, 166 Salcedo Street, Legaspi Village, Makati City.

In 2021, the BOD and stockholders of BFAI approved a resolution on the cessation of BFAI's business operations effective June 30, 2023. The Company recognized impairment loss on its investment in BFAI amounting to ₱12.2 million because the management has assessed that the investment is no longer recoverable. Moreover, the Company has outstanding receivables from BFAI recorded as part of "Due from related parties" under "Loans receivables" account in the statements of financial position amounting to ₱52.4 million and ₱57.2 million as at December 31, 2024 and 2023, respectively, for which impairment loss is also recognized (see Note 17).

9. Property and Equipment

At Revalued Amounts

Movements of property and equipment at revalued amounts are as follows:

Note	2024				Total
	Land	Buildings	Office Condominium		
Revalued amounts					
	₱831,879,999	₱385,245,648	₱65,128,831		₱1,282,254,478
	-	-	180,968		180,968
	831,879,999	385,245,648	65,309,799		1,282,435,446
Accumulated Depreciation					
	-	300,417,643	35,959,303		336,376,946
20	-	123,689	7,255,333		7,379,022
	-	300,541,332	43,214,636		343,755,968
	₱831,879,999	₱84,704,316	₱22,095,163		₱938,679,478

Note	2023				Total
	Land	Buildings	Office Condominium		
Revalued amounts					
	₱831,879,999	₱385,245,648	₱62,510,528		₱1,279,636,175
	-	-	2,618,303		2,618,303
	831,879,999	385,245,648	65,128,831		1,282,254,478
Accumulated Depreciation					
	-	296,782,692	32,102,483		328,885,175
20	-	3,634,951	3,856,820		7,491,771
	-	300,417,643	35,959,303		336,376,946
	₱831,879,999	₱84,828,005	₱29,169,528		₱945,877,532

The latest independent property valuation of land, building and office condominium was performed for December 31, 2022 valuation cut-off date. The appraisal resulted to an increase in revaluation surplus, net of deferred tax, amounting to ₱230.2 million. The Company did not obtain an updated appraisal report as at December 31, 2024 as the management believes that the fair values did not change significantly since the last valuation date.

The Company's property and equipment stated at appraised values are classified under Level 3 in the fair value hierarchy. The description of the valuation techniques used and key inputs to valuation are as follows:

Location	Valuation techniques	Unobservable inputs used	Range (weighted average)
Legazpi Village, Barangay San Lorenzo, Makati City, Metropolitan Manila	Market approach for land and cost approach for improvements	Asking prices per square meter of comparable lots for land, and Replacement Cost for buildings	₱1,000,000 to ₱1,500,000
Cebu Holdings Center, Cardinal Rosales Avenue, Cebu Business Park, Barangay Mabolo, Cebu City	Market approach for office condominium	Selling prices per square meter of comparable condominium units	₱180,518 to ₱195,000
A. Pichon, Sr. Street, Barangay 39-D (Poblacion), Davao City	Market approach for land and cost approach for buildings and other land improvements	Asking prices per square meter of comparable lots for land, and Replacement Cost for buildings	₱50,000 to ₱69,124
Pendatun Avenue, Barangay Dadiangas North, General Santos City	Market approach for land and cost approach for buildings and other land improvements	Reported/Asking prices per square meter for Land; Replacement cost for buildings and other land improvements	₱25,000 to ₱30,000

Details of the valuation techniques used in measuring fair values of the Company's property and equipment are as follows:

- Market data approach involves the comparison of the land to those that are more or less located within the vicinity of the appraised property and are subject of recent sales and offerings. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.
- Cost approach involves an analysis of the buildings by breaking them down into major components such as foundation, columns, beams, floorings, walls, and roofing, among others, by using workable units such as lineal meter, square meter, cubic meter or other appropriate basic unit. The unit costs for each component are developed on the basis of current costs of materials, labor, plant and equipment prevailing in the locality where the building is situated. Indirect costs such as contractor's profits, overhead, taxes and fees are also considered.

In relation to changes in unobservable inputs used, generally, increases or decrease in prices per square meter and current cost of labor and materials are directly proportional to the fair value measurement of property and equipment.

Had the land, building and office condominium were carried at cost less accumulated depreciation, the amounts would have been as follows:

2024				
	Land	Buildings	Office Condominium	Total
Cost	P95,963,907	P140,860,787	P47,883,129	P284,707,823
Accumulated depreciation	-	(84,745,238)	(35,199,796)	(119,945,034)
Carrying amount	P95,963,907	P56,115,549	P12,683,333	P164,762,789

2023				
	Land	Buildings	Office Condominium	Total
Cost	P95,963,907	P140,860,787	P47,883,129	P284,707,823
Accumulated depreciation	-	(79,601,179)	(27,485,955)	(107,087,134)
Carrying amount	P95,963,907	P61,259,608	P20,397,174	P177,620,689

Transfer of revaluation surplus on property and equipment to retained earnings, net of deferred tax, amounted to P2.8 million in 2024 and 2023 and P2.7 million in 2022.

Movements of revaluation surplus recognized in equity are as follows:

2024			
	Cumulative Revaluation Surplus	Deferred Tax (see Note 23)	Net
Balance at beginning of year	P768,256,844	(P192,064,211)	P576,192,633
Transfer to retained earnings	(3,760,601)	940,150	(2,820,451)
Balance at end of year	P764,496,243	(P191,124,061)	P573,372,182

2023			
	Cumulative Revaluation Surplus	Deferred Tax (see Note 23)	Net
Balance at beginning of year	P772,017,445	(P193,004,361)	P579,013,084
Transfer to retained earnings	(3,760,602)	940,151	(2,820,451)
Balance at end of year	P768,256,843	(P192,064,210)	P576,192,633

2022			
	Cumulative Revaluation Surplus	Deferred Tax (see Note 23)	Net
Balance at beginning of year	P468,647,016	(P117,161,754)	P351,485,262
Appraisal increase	306,932,495	(76,733,124)	230,199,371
Transfer to retained earnings	(3,562,066)	890,517	(2,671,549)
Balance at end of year	P772,017,445	(P193,004,361)	P579,013,084

At Cost

Movements of property and equipment at cost are as follows:

	Note	2024		Total
		Transportation Equipment	Office Furniture and Equipment	
Cost				
Balance at beginning of year		₱79,962,107	₱112,992,487	₱192,954,594
Additions		7,539,626	12,890,862	20,430,488
Balance at end of year		87,501,733	125,883,349	213,385,082
Accumulated Depreciation				
Balance at beginning of year		67,563,348	104,909,785	172,473,133
Depreciation	20	4,918,869	10,417,096	15,335,965
Balance at end of year		72,482,217	115,326,881	187,809,098
Carrying Amount		₱15,019,516	₱10,556,468	₱25,575,984

	Note	2023		Total
		Transportation Equipment	Office Furniture and Equipment	
Cost				
Balance at beginning of year		₱76,192,107	₱105,626,877	₱181,818,984
Additions		3,770,000	7,365,610	11,135,610
Balance at end of year		79,962,107	112,992,487	192,954,594
Accumulated Depreciation				
Balance at beginning of year		63,090,131	93,559,429	156,649,560
Depreciation	20	4,473,217	11,350,356	15,823,573
Balance at end of year		67,563,348	104,909,785	172,473,133
Carrying Amount		₱12,398,759	₱8,082,702	₱20,481,461

Additions to property and equipment consist of the following:

	2024	2023	2022
At cost	₱20,430,488	₱11,135,610	₱14,206,668
At revalued amount	180,968	2,618,303	2,941,748
	₱20,611,456	₱13,753,913	₱17,148,416

Depreciation on property and equipment consists of the following (see Note 20):

	2024	2023	2022
At cost	₱15,335,965	₱15,823,573	₱11,622,739
At revalued amount	7,379,022	7,491,771	8,373,550
	₱22,714,987	₱23,315,344	₱19,996,289

The Company has fully depreciated property and equipment that are still in use with cost amounting to ₱112.8 million and ₱167.0 million as at December 31, 2024 and 2023, respectively.

10. Insurance Contract Liabilities

This account consists of:

	2024	2023
Legal policy reserves for:		
Ordinary life policies	P1,800,250,323	P1,939,920,274
Group life policies	1,399,867,675	1,227,120,309
Accident and health riders	40,047,659	29,133,370
	3,240,165,657	3,196,173,953
Policy and contract claims:		
Claims payable	1,834,860,234	1,593,386,357
Maturities and surrenders payable	241,446,911	242,834,830
Policyholders' benefits payable	76,706,925	90,320,249
	2,153,014,070	1,926,541,436
	P5,393,179,727	P5,122,715,389

Claims payable include provision for claims incurred but not yet reported amounting to P751.0 million and P710.9 million as at December 31, 2024 and 2023, respectively.

Movements in legal policy reserves are as follows:

	Note	2024	2023
Balance at beginning of year		P3,196,173,953	P3,042,520,244
Recognized in:			
Profit or loss	19	129,362,339	141,870,234
Other comprehensive loss (income)		(85,370,635)	11,783,475
Balance at end of year		P3,240,165,657	P3,196,173,953

Movement of cumulative remeasurement gain (loss) on legal policy reserves follows:

	2024	2023	2022
Balance at beginning of year	P648,360,984	P660,144,459	P122,998,709
Remeasurement gain (loss) due to changes in discount rates	85,370,635	(11,783,475)	537,145,750
Balance at end of year	P733,731,619	P648,360,984	P660,144,459

In compliance with the IC CL No. 2017-30, the Company appropriated its retained earnings for negative legal policy reserves representing traditional life policies wherein the present value of gross premiums exceeds the present value of benefits and expenses. The appropriation for negative legal policy reserves amounted to P307.2 million and P231.8 million as at December 31, 2024 and 2023, respectively (see Note 16).

Movements in policy and contract claims are as follows:

	Note	2024	2023
Balance at beginning of year		P1,926,541,436	P1,647,867,626
Benefits and claims	19	1,271,541,324	1,403,391,364
Payments		(1,045,068,690)	(1,124,717,554)
Balance at end of year		P2,153,014,070	P1,926,541,436

11. Premium Deposit Fund

Premium deposit fund pertains to deposits of the policyholders. These will be applied against future premiums. At the end of each year, interest is credited to this fund at rates as the Company declares but not less than the lowest interest rate prevailing on the bank savings accounts.

Premium deposit fund amounted to ₱299.3 million and ₱295.6 million as at December 31, 2024 and 2023, respectively. Interest expense amounted to ₱17.9 million and ₱19.3 million in 2024 and 2023, respectively (see Note 21).

12. Insurance Payables

Insurance payables pertain to amounts due to reinsurers arising from premiums ceded under the reinsurance contracts which are payable within 90 days. The movements in this account are as follows:

	Note	2024	2023
Balance at beginning of year		₱75,156	₱21,231,689
Premiums ceded	18	42,952,658	35,913,940
Payments		(42,951,774)	(57,070,473)
Balance at end of year		₱76,040	₱75,156

13. Loans Payable

Loans payable pertain to the credit line facility established by the Company with a foreign bank. The maximum loan amount under the agreement is SGD0.1 million and US\$7.0 million and bears interest rate of 1.50% to 5.10% per annum in 2024 and 2023. The loans are payable on a monthly basis. The credit facility is used to advance the funds needed by the Company in the acquisition of foreign investments.

Outstanding loans payable amounted to nil as at December 31, 2024 and 2023. Interest expense amounted to nil and ₱45,554 in 2024 and 2023, respectively (see Note 21).

The changes in liabilities arising from financing activities as at December 31, 2024 and 2023 are as follows:

	2024		
	Loans Payable	Dividends Payable (see Note 15)	Total
Balance at beginning of year	₱-	₱72,953,533	₱72,953,533
Non-cash changes -			
Reversal of payment due to stale checks	-	253,632	253,632
Balance at end of year	₱-	₱73,207,165	₱73,207,165

	2023		
	Loans Payable	Dividends Payable (see Note 15)	Total
Balance at beginning of year	₱5,309,184	₱73,679,247	₱78,988,431
Changes from financing cash flows:			
Loan payments	(5,309,184)	–	(5,309,184)
Dividends paid	–	(725,714)	(725,714)
Balance at end of year	₱–	₱72,953,533	₱72,953,533

	2022		
	Loans Payable	Dividends Payable	Total
Balance at beginning of year	₱4,811,634	₱73,759,133	₱78,570,767
Changes from financing cash flows:			
Loan availments	497,550	–	497,550
Dividends paid	–	(79,886)	(79,886)
Balance at end of year	₱5,309,184	₱73,679,247	₱78,988,431

14. Accounts Payable and Accrued Expenses

This account consists of:

	2024	2023
Accounts payable	₱82,459,089	₱50,683,550
Accrued expenses	40,701,452	60,390,842
Statutory payables	13,229,561	23,800,611
	₱136,390,102	₱134,875,003

Accounts payable pertain to unpaid service fees and purchase of supplies. These are generally paid within 30 days.

Accrued expenses pertain to accruals for employee benefits, underwriting expenses, commissions, professional and legal fees, utilities, supplies, postage and shipping. These are generally payable within one year.

Statutory payables consist of withholding taxes, premium tax and documentary stamps tax that are payable on the next reporting period.

15. Other Liabilities

This account consists of:

	Note	2024	2023
Life insurance deposits		₱ 189,507,624	₱174,202,866
Dividends payable	13	73,207,165	72,953,533
Agents' fund		35,985,090	32,827,573
Others		1,829,024	1,737,189
		₱300,528,903	₱281,721,161

Life insurance deposits pertain to premiums received from policyholders with contracts that are still for processing and approval.

Dividends payable include amounts payable to stockholders for their share in the dividend declaration of the Company.

Agents' fund consists of withheld commissions from agents for future liabilities that may be incurred by the agent to the Company.

16. Retained Earnings

Unappropriated

Under the Philippine Corporation Code, stock corporations are generally prohibited from retaining surplus profits in excess of 100% of their paid up capital.

The Company's unappropriated retained earnings amounting to ₱1,967.8 million and ₱1,861.8 million as at December 31, 2024 and 2023, respectively, is in excess of its paid-up capital. The retention of excess retained earnings is mainly due to the compliance requirements of IC for minimum statutory net worth. Moreover, the Company intends to use the excess retained earnings for further capital investments.

Appropriated

On May 2, 2017, the IC issued CL No. 2017-30 requiring life insurance companies to appropriate portion of retained earnings for negative legal policy reserves. These reserves pertain to traditional life policies wherein the present value of gross premiums exceeds the present value of benefits and expenses.

Movements of retained earnings appropriated for negative reserves are as follows (see Note 10):

	2024	2023
Balance at beginning of year	₱231,755,842	₱172,643,555
Additional appropriation	75,431,458	59,112,287
Balance at end of year	₱307,187,300	₱231,755,842

17. Related Party Transactions

The table below summarizes the Company's transactions and outstanding balances with its related parties.

	Note	Transactions During the Year		Balance at End of Year		Nature	Terms and Conditions
		2024	2023	2024	2023		
Due from related parties	7						
<i>Subsidiary - BFAI</i>		-	₱1,781,831	₱52,350,172	₱57,184,854	Advances for working capital purposes	Non-interest bearing, unsecured, payable in cash, fully impaired
Entity under common control		-	-	7,162,424	7,162,424	Advances for working capital purposes (Collection)	Non-interest bearing, unsecured, payable in cash, no impairment
Key management personnel		-	(5,000,000)	17,966,654	17,966,654	Advances to officers	Non-interest bearing, unsecured, no impairment, payable in cash
				77,479,250	82,313,932		
Allowance for impairment loss				(52,350,172)	(55,403,023)		
				₱25,129,078	₱26,910,909		
Mortgage loan receivable	7						
Entity under common control		(₱19,852,941)	(₱19,852,941)	₱ 34,742,647	₱54,595,588	Mortgage loan (Payments)	5% interest, payable in 8 years, no impairment, payable in cash
Interest income on:	6						
Mortgage loan receivable		₱3,151,707	₱3,107,801	₱ 619,693	₱665,617	Interest income	Due and demandable

Compensation of Key Management Personnel

The compensation of key management personnel are as follows:

	2024	2023
Salaries and other employee benefits	₱31,551,120	₱54,199,244
Retirement expense	10,617,687	12,014,816
	₱42,168,807	₱66,214,060

18. Net Insurance Premiums

The gross premiums on insurance contracts consist of:

	2024	2023	2022
Direct:			
Group life insurance	₱1,496,096,222	₱1,771,752,064	₱1,786,140,123
Ordinary life insurance	285,552,641	301,947,682	304,212,230
Accident and health	11,959,351	12,266,988	16,265,514
	1,793,608,214	2,085,966,734	2,106,617,867
Assumed -			
Group life insurance	66,369,189	69,191,912	108,866,424
	₱1,859,977,403	₱2,155,158,646	₱2,215,484,291

The reinsurers' share of gross premiums on insurance contracts consists of:

	2024	2023	2022
Group life insurance	₱42,332,505	₱35,320,471	₱54,228,846
Ordinary life insurance	503,923	481,043	(471,033)
Accident and health	116,230	112,426	115,548
	₱42,952,658	₱35,913,940	₱53,873,361

19. Net Insurance Benefits and Claims

Net benefits and claims incurred on insurance contracts consist of (see Note 10):

	2024	2023	2022
Claims	₱1,087,210,114	₱1,137,601,991	₱1,171,153,969
Maturities and surrenders	181,789,518	237,397,061	197,314,133
Experience refunds	1,639,534	43,335,241	1,886,434
Gross benefits and claims	1,270,639,166	1,418,334,293	1,370,354,536
Reinsurers' share	902,158	(14,942,929)	(17,142,932)
	₱1,271,541,324	₱1,403,391,364	₱1,353,211,604

Net change in legal policy reserves consists of:

	2024		
	Gross Change in Legal Policy Reserves	Reinsurers' Share of Change in Legal Policy Reserves	Net (see Note 10)
Ordinary life insurance	(₱54,533,104)	₱-	(₱54,533,104)
Group life insurance	179,531,019	2,860,906	182,391,925
Accident and health	1,503,518	-	1,503,518
	₱126,501,433	₱2,860,906	₱129,362,339

	2023		
	Gross Change in Legal Policy Reserves	Reinsurers' Share of Change in Legal Policy Reserves	Net (see Note 10)
Ordinary life insurance	(P30,517,936)	P-	(P30,517,936)
Group life insurance	166,190,702	5,424,926	171,615,628
Accident and health	772,542	-	772,542
	P136,445,308	P5,424,926	P141,870,234

	2022		
	Gross Change in Legal Policy Reserves	Reinsurers' Share of Change in Legal Policy Reserves	Net
Ordinary life insurance	(P93,560,958)	P-	(P93,560,958)
Group life insurance	251,487,417	(7,418,428)	244,068,989
Accident and health	(2,899,638)	-	(2,899,638)
	P155,026,821	(P7,418,428)	P147,608,393

20. General and Administrative Expenses

This account consists of:

	Note	2024	2023	2022
Service fees		P269,577,381	P278,934,444	P304,963,417
Personnel costs		131,917,733	158,356,478	141,934,813
Agency expenses		84,962,570	59,869,983	59,228,406
Outside services		33,155,639	12,901,354	11,018,902
Professional fees		26,777,679	20,572,277	14,532,322
Depreciation	9	22,714,987	23,315,344	19,996,289
Conferences and meetings		10,634,980	6,144,269	4,853,256
Utilities		8,435,780	8,434,271	7,735,921
Taxes and licenses		7,242,001	6,479,484	10,856,539
Repairs and maintenance		5,652,344	5,730,755	5,218,436
Supplies		5,553,398	5,822,619	6,926,137
Association dues and fees		1,394,127	1,135,506	1,044,407
Insurance		1,352,671	1,150,140	1,235,670
Transportation and travel		492,603	1,575,452	396,500
Trainings and seminars		184,494	632,887	124,963
Others		36,909,829	17,965,287	9,746,195
		P646,958,216	P609,020,550	P599,812,173

Agency expenses include rent, utilities and other expenses incurred for branch and agency operations. Rent expense amounted to P9.8 million in 2024 and 2023 and P10.1 million in 2022 (see Note 24).

Personnel costs consist of:

	Note	2024	2023	2022
Salaries and wages		₱101,814,479	₱102,774,797	₱98,488,740
Retirement benefits cost	22	19,598,443	20,087,449	19,247,188
Other employee benefits		10,504,811	35,494,232	24,198,885
		₱131,917,733	₱158,356,478	₱141,934,813

Other employee benefits pertain to the Company's share in the statutory contributions of employees.

21. Commissions and Other Direct Expenses and Finance Costs and Charges

Commissions and Other Direct Expenses

This account consists of:

		2024	2023	2022
Commissions:				
Group		₱91,782,011	₱144,248,676	₱124,932,070
First year		32,778,564	36,637,515	28,760,433
Reinsurance		8,869,002	1,728,870	18,855,904
Renewal		1,285,904	2,057,396	1,400,256
Direct taxes		41,773,750	44,289,311	43,952,240
		₱176,489,231	₱228,961,768	₱217,900,903

Finance Costs and Charges

This account consists of:

	Note	2024	2023	2022
Interest expense on:				
Premium deposit fund	11	₱17,914,867	₱19,285,067	₱24,267,877
Loans payable	13	–	45,554	147,090
		17,914,867	19,330,621	24,414,967
Bank charges and other service fees		6,567,213	7,755,515	8,152,979
		₱24,482,080	₱27,086,136	₱32,567,946

Bank charges and other service fees represent warehousing fees on investments on treasury bonds and fees for other bank services.

22. Retirement Liability

The Company has a funded, non-contributory defined benefit plan providing retirement benefits for all of its qualified employees. The retirement benefits are based on years of service and compensation on the last year of employment. The latest actuarial report was made for the year ended December 31, 2024.

The components of retirement benefits cost recognized in the statements of comprehensive income are as follows (see Note 20):

	2024	2023	2022
Current service cost	₱13,304,814	₱12,644,611	₱12,682,268
Net interest expense	6,293,629	7,442,838	6,564,920
	₱19,598,443	₱20,087,449	₱19,247,188

The components of net retirement liability presented in the statements of financial position are as follows:

	2024	2023
Present value of defined benefit obligation	₱292,098,105	₱273,913,521
Fair value of plan assets	(161,705,179)	(143,706,457)
	₱130,392,926	₱130,207,064

Movements in the net retirement liability recognized in the statements of financial position are as follows:

	2024	2023
Balance at beginning of year	₱130,207,064	₱119,896,472
Current service cost	13,304,814	12,644,611
Net interest expense	6,293,629	7,442,838
Net remeasurement loss (gain)	4,336,615	5,583,567
Actual contributions	(10,000,000)	(10,000,000)
Benefits paid out of Company fund	(13,749,196)	(5,360,424)
Balance at end of year	₱130,392,926	₱130,207,064

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

	2024	2023
Balance at beginning of year	₱273,913,521	₱244,745,578
Current service cost	13,304,814	12,644,611
Interest cost	15,408,472	16,668,142
Remeasurement loss (gain) due to:		
Changes in financial assumptions	3,816,682	13,664,663
Experience adjustments	(596,188)	(8,449,049)
Benefits paid out of Company fund	(13,749,196)	(5,360,424)
Balance at end of year	₱292,098,105	₱273,913,521

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

	2024	2023
Balance at beginning of year	P143,706,457	P124,849,106
Actual contributions	10,000,000	10,000,000
Interest income	9,114,843	9,225,304
Remeasurement loss	(1,116,121)	(367,953)
Balance at end of year	P161,705,179	P143,706,457

The Company expects to contribute P30.5 million to the retirement plan in the next reporting period.

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

	2024	2023
Government securities	81%	86%
Corporate bonds, trust funds and mutual funds	19%	14%

The plan exposes the Company to the following risks:

- Salary Risk - any increase in the retirement plan participants' salary will increase the retirement plan's liability
- Longevity Risk - any increase in the plan participants' life expectancy will increase the retirement plan's liability
- Investment Risk - if the actual return on plan assets is below the discount rate used in calculating the present value of the retirement liability, a plan deficit will arise.
- Interest Rate Risk - a decrease in the bond interest rate will increase the present value of the retirement liability. However, partially counterbalanced by an increase in the return on the plan assets

The cumulative remeasurement loss (gain) on net retirement liability recognized in other comprehensive income is as follows:

	2024		
	Cumulative Remeasurement Gain (Loss)	Deferred Tax (see Note 23)	Net
Balance at beginning of year	(P1,573,632)	P393,408	(P1,180,224)
Remeasurement loss	(4,336,615)	1,084,154	(3,252,461)
Balance at end of year	(P5,910,247)	P1,477,562	(P4,432,685)

	2023		
	Cumulative Remeasurement Gain (Loss)	Deferred Tax (see Note 23)	Net
Balance at beginning of year	P4,009,935	(P1,002,484)	P3,007,451
Remeasurement loss	(5,583,567)	1,395,892	(4,187,675)
Balance at end of year	(P1,573,632)	P393,408	(P1,180,224)

	2022		
	Cumulative Remeasurement Gain (Loss)	Deferred Tax (see Note 23)	Net
Balance at beginning of year	(₱29,758,927)	₱7,439,732	(₱22,319,195)
Remeasurement gain	33,768,862	(8,442,216)	25,326,646
Balance at end of year	₱4,009,935	(₱1,002,484)	₱3,007,451

The principal assumptions used in determining net retirement liability are as follows:

	2024	2023
Discount rate	6.11%	6.07%
Salary increase rate	6.00%	6.00%

The sensitivity analysis of the retirement liability as at December 31, 2023 to changes in assumptions follows:

	Change in Variables	Increase (Decrease) in Present Value of Defined Benefit Obligation
Discount rate	+1.00%	(₱13,661,887)
	-1.00%	15,431,789
Salary increase rate	+1.00%	15,499,818
	-1.00%	(13,976,984)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on retirement liability as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The maturity analysis of the undiscounted benefit payments as at December 31, 2023 follows:

Period	Amount
Less than 1 year	₱ 14,979,484
1 year to less than 5 years	206,137,513
5 years to less than 10 years	84,368,487
10 years to less than 15 years	146,569,644
15 years to less than 20 years	116,095,230
20 years and above	173,493,864

The average duration of the expected benefit payments at the end of the reporting period is 7.87 years.

23. Income Tax

The current income tax expense represents MCIT in 2024 and RCIT in 2023 and 2022.

The components of net deferred tax liabilities presented in statements of financial position are as follows:

	2024	2023	2022
Deferred tax assets:			
Net retirement liability	₱32,598,232	₱32,551,766	₱29,974,118
Allowance for impairment on loans receivables*	32,317,381	6,894,428	10,275,363
Unrealized foreign exchange loss	-	4,168,775	-
NOLCO	26,380,196	-	-
Excess MCIT	2,703,503	-	-
	93,999,312	43,614,969	40,249,481
Deferred tax liabilities:			
Revaluation surplus on property and equipment	191,124,060	192,064,210	193,004,361
Accrued interest using effective interest rate	76,332,913	75,813,507	63,734,597
Unrealized foreign exchange gain	26,648,731	-	31,366,802
Others	2,415,371	2,415,371	2,415,371
	296,521,075	270,293,088	290,521,131
Net deferred tax liabilities	₱202,521,763	₱226,678,119	₱250,271,650

*Excluding allowance on due from related parties.

The components of net deferred tax liabilities presented in other comprehensive income are as follows:

	Note	2024	2023
Revaluation surplus	9	₱191,124,060	₱192,064,210
Cumulative remeasurement loss on net retirement liability	22	(1,477,562)	(393,408)
		₱189,646,498	₱191,670,802

The presentation of net deferred tax liabilities are as follows:

	2024	2023
Through profit or loss	₱12,875,265	₱35,007,317
Through other comprehensive income	189,646,498	191,670,802
	₱202,521,763	₱226,678,119

The reconciliation between the income tax expense at statutory income tax rate and provision for income tax presented in the statements of comprehensive income is as follows:

	2024	2023	2022
Income tax expense at statutory income tax rate	₱50,704,695	₱36,337,689	₱48,552,306
Tax effects of:			
Interest and dividend income subjected to lower tax rates	(14,086,085)	(9,610,717)	(4,999,342)
Nondeductible expenses	8,658,975	14,137,469	77,964,255
Income exempt from tax	(8,323,114)	(7,614,166)	(8,242,494)
Nontaxable income	(7,076,583)	(597,531)	-
	₱29,877,888	₱32,652,744	₱113,274,725

24. Commitments and Contingencies

Company as a Lessor

As discussed in Note 8 to the financial statements, the BOD of BFAI approved a resolution approving the cessation of BFAI's business operations effective December 15, 2021, and shorten BFAI's term of existence until June 2023. In December 2021, all existing lease agreements with third parties were transferred to the Company. Accordingly, all rental payments will be received by the Company following the cessation of BFAI's business operations.

Rental income recognized amounted to ₱4.3 million in 2024 and ₱4.2 million in 2023 and 2022.

Future minimum rental receivables under the cancellable operating leases are as follows:

	2024	2023
Within one year	₱3,698,668	₱4,096,484
After one year but not more than five years	1,779,937	4,245,687
	₱5,478,605	₱8,342,171

Company as a Lessee

The Company has various lease agreements for its branches and agency offices. The lease periods vary from one (1) year to three (3) years with annual escalation of 5% to 10%. Rent expense included as part of "Agency expenses" in the "General and administrative expenses" account in the statements of comprehensive income amounted to ₱9.8 million in 2024 and 2023 and ₱10.1 million in 2022 (see Note 20). The Company assessed that these lease agreements qualify as leases of low value assets or short-term leases.

Future minimum lease payments under the cancellable operating leases as at December 31, 2024 and 2023 are as follows:

	2024	2023
Within one (1) year	₱8,390,101	₱8,013,838
After one (1) year but not more than five (5) years	1,670,899	2,699,606
	₱10,061,000	₱10,713,444

25. Capital Management and Regulatory Framework

Capital Management Framework

It is the Company's objective that it remains in compliance with all regulatory requirements that would ensure safety and stability of its financial position and that shareholder value is optimized.

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

The Company assesses its capital adequacy annually by adopting an internal capital measurement framework that reflects the regulatory capital definitions and the Company's view of its exposure to risk. In 2024 and 2023, the Company has complied with all imposed capital requirements. In any event that the capital adequacy assessment falls below the minimum standard set, it is the Company's policy to make capital calls and/or liquidate certain investments with substantial reserves.

Regulatory Framework

Regulators are interested in protecting the rights of the policyholders and maintaining close vigil to ensure that the Company is satisfactorily managing affairs for the policyholders' benefit.

At the same time, the regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet liabilities arising from claims and that the risk levels are at acceptable levels.

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

Minimum Statutory Net Worth

On August 5, 2013, the President of the Philippines approved the Republic Act No. 10607 to be known as "The Insurance Code" which provides the new capitalization requirements of all existing insurance companies based on net worth on a staggered basis starting June 30, 2013 up to December 31, 2022. The following presents the amount of required net worth and the schedule of compliance:

<u>Required Net Worth</u>	<u>Compliance Date</u>
₱900,000,000	December 31, 2019
1,300,000,000	December 31, 2022

On January 13, 2015, the IC issued CL No. 2015-02-A which provides for the clarification of minimum capital requirements under Sections 194, 197, 200 and 289 of The New Insurance Code. The said circular supersedes the Department Order Nos. 27-06 and 15-2012 and CL Nos. 22-2008 and 26-2008. The minimum net worth requirements must remain unimpaired for the continuance of the license.

Pursuant to Section 202 of The Insurance Code, the amount of non-admitted assets as at December 31, 2024 and 2023 are as follows:

	2024 (Estimate)	2023 (Actual)
Cash and cash equivalents	P121,443,234	P130,326,773
Short-term investments	-	64,458,355
Insurance receivables	3,143,475	4,360,153
Investment securities	1,461,303,830	1,197,848,006
Loans and receivables	419,760,733	692,404,317
Accrued investment income	17,848,650	18,646,080
Property and equipment:	681,014,369	619,410,650
Other assets	187,892,441	110,319,986
	P2,892,406,732	P2,837,774,320

As at December 31, 2024 and 2023, the Company's net worth and its excess over the requirement are as follows:

	2024 (Estimate)	2023 (Actual)
Total assets	P10,965,743,514	P10,406,951,372
Total liabilities	6,462,369,924	6,198,220,544
Equity	4,503,373,590	4,208,730,828
Less: Non-admitted assets	2,892,406,732	2,837,774,320
Net worth	1,610,966,858	1,370,956,508
Less: Net worth requirement	1,300,000,000	1,300,000,000
Excess over net worth requirement	P310,966,858	P70,956,508

As at December 31, 2024 and 2023, the Company is compliant with the minimum statutory net worth requirements of the IC. The final amount of the net worth as at December 31, 2024 can be determined only after the accounts of the Company have been examined by the IC in accordance with its rules and regulations on the admissibility of assets and liabilities.

RBC Requirements

The Insurance Code provides that the Commissioner may require the adoption of the RBC approach and other internationally accepted forms of capital framework. Together with the insurance industry, the IC is currently in the process of adopting a new RBC approach that would be more tailored to the Philippine insurance industry. In 2016, the IC issued CL No. 2016-68 regarding the Amended RBC framework to be known as "RBC2 Framework" which was effective starting January 1, 2017.

CL No. 2016-68 provides for the RBC2 framework for the life insurance industry which establishes the required amounts of capital to be maintained by the insurance companies in relation to their investment and insurance risks.

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

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

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

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. Tier 2 Capital which includes reserve for appraisal increment and remeasurement gains or losses on retirement pension asset or obligation shall not exceed 50% of Tier 1 Capital. RBC requirement shall be computed based on the formula provided in the RBC2 Framework and shall include asset default risk, insurance pricing risk, interest rate risk and general business risk.

The following table shows how the RBC ratio as at December 31, 2024 and 2023 was determined by the Company based on its internal calculations:

	2024	2023
Tier 1	P3,200,702,474	P2,985,357,432
Tier 2	1,302,671,118	1,223,373,395
Deductions	(2,621,596,800)	(2,246,727,610)
Total available capital	1,881,776,792	1,962,003,217
RBC requirement	1,372,106,342	1,455,813,255
RBC ratio	137%	135%

As at December 31, 2024 and 2023, the Company is compliant with the RBC ratio requirements of the IC. The final amount of the RBC ratio as at December 31, 2024 can be determined only after the accounts of the Company have been examined by the IC in accordance with its rules and regulations on the admissibility of assets and liabilities.

26. Risk Management Objectives and Policies

Insurance Risk

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principal risk the Company faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, actual benefits paid are greater than the original estimate and subsequent development of long-term claims.

Terms and Conditions

The Company principally writes life insurance where the life of policyholder is insured against death, illness, injury or permanent disability, usually for pre-determined amount.

Life insurance contracts offered by the Company mainly include whole life, term insurance and endowment 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.

The risks associated with the life and accident and health products are considered as 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 due to policyholder death experience being different than expected.
- Morbidity risk - risk of loss due to policyholder health experience being different than expected.
- Expense risk - risk of loss arising from expense experience being different than expected.
- Investment return risk - risk of loss arising from actual returns being different than expected.
- Policyholder decision risk - risk of loss due to policyholder experiences (lapses and surrenders) being different than expected.

The Company generally limits its maximum underwriting exposure on life insurance of a single life to ₱3,000,000 of coverage by using yearly renewable term reinsurance. The Company is cognizant of the need to exercise good judgment in the selection and approval of both domestic and foreign companies participating in its reinsurance programs. While reinsurance arrangements do not relieve the Company from its direct obligations to its insured, an efficient and effective reinsurance program substantially limits the Company's exposure to potentially significant losses.

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

	2024		2023	
	Number of Policies	Coverage	Number of Policies	Coverage
Whole life	83,463	₱10,748,305,916	81,491	₱10,728,692,167
Endowment	3,440	445,022,753	4,423	579,045,011
Term	9,985	1,354,267,841	10,640	1,450,319,482
Accident and health	9,641	3,369,753,222	8,618	682,943,878
Group life	877	1,062,853,884,624	868	837,907,688,084
	107,406	₱1,078,771,234,356	106,040	₱851,348,688,622

The table below sets out the concentration of legal policy reserves by type of contract (see Note 10):

	2024	2023
Ordinary life	₱1,800,250,323	₱1,939,920,274
Group life	1,399,867,675	1,227,120,309
Accident and health	40,047,659	29,133,370
	₱3,240,165,657	₱3,196,173,953

Key Assumptions

Material judgment is required in determining the liabilities and in the choice of assumptions relating to insurance contracts. Assumptions in use are based on past experience, current internal data and conditions and external market indices and benchmarks, which reflect current observable market

prices and other published information. Such assumptions are determined as appropriate at inception of the contract and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations. Assumptions are subject to the provisions of The Insurance Code and guidelines set by the IC. For insurance contracts, the Company determines the assumptions in relation to future deaths, illness or injury and investment returns at inception of the contract.

Subsequently, new estimates are developed at each reporting date and liabilities are tested to determine whether such liabilities are adequate in the light of the latest current estimates. The initial assumptions are not altered if the liabilities are considered adequate. If the liabilities are not adequate, the assumptions are altered to reflect the latest current estimates. As a result, the effect of changes in the underlying variables on insurance liabilities and related assets is not symmetrical. Improvements in estimates have no impact on the value of the liabilities and related assets, while significant enough deteriorations in estimates have an impact.

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

Mortality and Morbidity Rates. Assumptions are based on standard industry and national mortality and morbidity tables, according to the type of contract written and which may be adjusted, where appropriate, to reflect the Company's own experiences. Assumptions are differentiated by sex, underwriting class and contract type.

For life insurance policies, increased mortality and morbidity rates would lead to a larger number of claims and claims occurring sooner than anticipated, increasing the expenditure and reducing profits for the shareholders.

Discount Rates. Life insurance liabilities are determined as the sum of the discounted value of the expected benefits, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. The weighted average rate of return is derived based on model portfolio that is assumed to back liabilities, consistent with the long-term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments.

A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for shareholders.

Investment Return. The weighted average rate of return is derived based on a model portfolio that is assumed to back liabilities, consistent with the long-term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments.

An increase in investment return would lead to an increase in profits for the shareholders.

Lapse and Surrender Rates. Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Company's experience and vary by product type, policy duration and sales trends.

An increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders, but later increases are broadly neutral in effect.

Expenses. Administrative expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for shareholders.

The assumptions that have the greatest effect on the statements of financial position and statements of comprehensive income are listed below.

	Mortality and Morbidity Rates		Discount Rates	
	2024	2023	2024	2023
Ordinary life	2017 PICM, 1959 ADB, and 1952 Disability Based on Experience	2017 PICM, 1959 ADB, and 1952 Disability Based on Experience	6.14% to 6.68%	5.99% to 6.99%
Group life	2017 PICM, 1959 ADB, and 1952 Disability Based on Experience	2017 PICM, 1959 ADB, and 1952 Disability Based on Experience	6.14% to 6.68%	5.99% to 6.99%

Sensitivity Analysis

The analysis below is performed for reasonably possible changes in key assumptions, with all other assumptions held constant, on liabilities, income before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities. To demonstrate the impact due to changes in assumptions, sensitivity analysis has been performed based on the prescribed rate by IC for margin for adverse deviation.

The effects of changes in assumptions follow:

Change in Assumptions	2024		
	Increase (Decrease) in Liabilities	Increase (Decrease) in Income Before Tax	Increase (Decrease) in Equity
+10%	(P63,868,157)	P63,868,157	(P24,900,135)
-10%	96,112,661	(96,112,661)	(252,261,896)

Change in Assumptions	2023		
	Increase (Decrease) in Liabilities	Increase (Decrease) in Income Before Tax	Increase (Decrease) in Equity
+10%	(P89,202,572)	P89,202,572	P55,721,147
-10%	122,455,892	(122,455,892)	(393,479,657)

Financial Risk

The Company's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or a combination of risks. Taking risk is core to the insurance business, and the operational risks are inevitable consequence of being in business. The Company's aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date financial information. The Company regularly reviews its risk management policies to reflect changes in markets, products and emerging best practices.

The BOD provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange, interest rate, equity price, credit, liquidity and use of derivative and non-derivative financial instruments, among others.

The BOD is responsible for the management of market, credit and liquidity risks. Their objective is to minimize adverse impacts on the Company's financial performance due to the unpredictability of financial markets. The Internal Audit is also responsible for the independent review of risk assessment measures and procedures and the control environment.

Fair Values of Financial Instruments

The following table sets forth the carrying amount and estimated fair value of financial assets and liabilities recognized as at December 31, 2024 and 2023:

	2024		2023	
	Fair Value	Carrying Amount	Fair Value	Carrying Amount
Financial Assets				
Cash and cash equivalents	₱1,016,950,638	₱1,016,950,638	₱1,051,819,070	₱1,051,819,070
Short-term investments	11,735,929	11,735,929	64,458,355	64,458,355
Insurance receivables	18,322,407	18,322,407	11,842,614	11,842,614
Investment securities	7,605,760,657	7,563,055,517	6,900,760,739	6,853,204,834
Loans receivables	1,153,154,367	1,156,531,644	1,238,998,437	1,246,723,113
Accrued investment income	98,538,765	98,538,765	82,497,398	82,497,398
	₱9,904,462,763	₱9,865,134,900	₱9,350,376,613	₱9,310,545,384

	2024		2023	
	Fair Value	Carrying Amount	Fair Value	Carrying Amount
Financial Liabilities				
Insurance contract liabilities	₱5,393,179,727	₱5,393,179,727	₱5,122,715,389	₱5,122,715,389
Premium deposit fund	299,280,463	299,280,463	295,605,836	295,605,836
Insurance payables	76,040	76,040	75,156	75,156
Accounts payable and accrued expenses*	123,160,541	123,160,541	111,074,392	111,074,392
Other liabilities	300,528,903	300,528,903	281,721,161	281,721,161
	₱6,116,225,674	₱6,116,225,674	₱5,811,191,934	₱5,811,191,934

*Excluding statutory payables amounting to ₱13.2 million and ₱23.8 million as at December 31, 2024 and 2023, respectively.

Due to the normal operating cycle of the Company and short-term nature of cash and cash equivalents, short-term investments, insurance receivables, accrued investment income, insurance contract liabilities, policyholders' dividends payable, premium deposit fund, insurance payables, accounts payable and accrued expenses and other liabilities, their carrying values approximate fair values at year end.

The fair value of financial assets at FVPL and financial assets at FVOCI that are actively traded in organized financial markets is determined by reference to quoted market prices at the close of business on the reporting date. For units in unit trust and shares in open ended investment companies, fair value is by reference to net asset value per unit provided by the counterparty. These financial assets are classified under level 1 of fair value hierarchy.

The fair value of the loans receivables is estimated using the discounted cash flow technique that makes use of risk-free interest rates. The estimated future cash flows and discount rates are based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. Estimated future cash flows are influenced by factors such as economic conditions (including country specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity and financial conditions of counterparties. Discount rates are influenced by risk free interest rates and credit risk. The fair value of loans receivables is classified

under level 2 of fair value hierarchy.

There is no transfer between levels of fair value hierarchy in 2024 and 2023.

Credit Risk

Credit risk is the risk when a party to a financial instrument fails to discharge an obligation and cause the other party to incur a financial loss.

The Company manages the level of credit risk it accepts through a comprehensive credit risk policy setting out the assessment and determination of what constitutes credit risk for the Company; setting up of exposure limits by each counterparty or group of counterparties; right of offset where counterparties are both debtors and creditors; guidelines on obtaining collateral and guarantees; reporting of credit risk exposures; monitoring compliance with credit risk policy; and review of credit risk policy for pertinence and changing environment.

Although the Company has 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 may be unable to meet its obligations assumed under such reinsurance agreements. The Company selects only domestic and foreign companies with strong financial standing and excellent track records which are allowed to participate in the Company's reinsurance programs.

The Company is guided by the rulings of the IC to ensure admissibility of its investment securities.

The 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. Credit risks associated with fixed income investments are managed by the Company by monitoring exposure against pre-established limits set by the regulators and the BOD. Provisions for impaired assets are charged against the carrying value of the asset.

The Company performs credit analysis and review for both retail and corporate financial products to ensure consistency in the risk assessment process. The BOD also ensures that the credit policies and procedures are adequate and constantly evolving to meet the changing demands of the industry.

For debt securities and other bills, external ratings such as Standard & Poor's, Moody's and Fitch's ratings or their equivalent are used by the Company for managing credit risk exposure. Investments in these securities and bills are viewed as a way to gain better credit quality mix and at the same time, maintain a readily available source to meet funding requirements.

With respect to credit risk arising from its financial assets, the table below shows the maximum exposure to credit risk of the Company's financial instruments before credit enhancements:

	2024	2023
Cash in banks and cash equivalents	₱1,016,897,638	₱1,051,766,070
Short-term investments	11,735,929	64,458,355
Insurance receivables	18,322,407	11,842,614
Investment securities	7,563,055,517	6,853,204,834
Loans receivables	1,156,531,644	1,246,723,113
Accrued investment income	98,538,765	82,497,398
	₱9,865,081,900	₱9,310,492,384

The carrying amount of the financial assets represents the gross maximum exposure to credit risk at reporting date except for policy loans and mortgage and collateral loans. The financial effect of collateral or credit enhancement amounted to ₱503.6 million and ₱491.9 million in 2024 and 2023, respectively. The Company holds cash surrender values of policyholder's insurance policy and Transfer Certificate of Title (TCT) for real properties as collaterals.

The Company has no significant concentration of credit risk on any single or group of counterparties. The Company's financial assets are categorized based on its collection experience with the counterparties and classified based on the following credit rating:

- High Grade - these are neither past due nor impaired with settlements obtained from counterparty following the terms of the contracts without much collection effort. The Company's cash in banks and cash equivalents, short-term investments and investment securities are classified under this category.
- Standard Grade - these are also neither past due nor impaired but some reminder follow-ups are performed to obtain settlement from the counterparty. The Company's insurance receivables, loans receivables and accrued investment income are classified under this category.

The following table summarizes the impairment analysis of the Company's financial assets as at December 31, 2024 and 2023. It indicates whether the financial assets were subjected to a 12-month ECL or lifetime ECL allowance and, in the latter case, whether they were credit-impaired.

	2024			Total
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	
Cash in banks and cash equivalents	₱1,016,897,638	₱-	₱-	₱1,016,897,638
Short-term investments	11,735,929	-	-	11,735,929
Insurance receivables	18,322,407	-	-	18,322,407
Investment securities	7,563,055,517	-	-	7,563,055,517
Loans receivables	1,194,756,610	-	143,394,731	1,338,151,341
Accrued investment income	98,538,765	-	-	98,538,765
	₱9,903,306,866	₱-	₱143,394,731	₱10,046,701,597

	2023			Total
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	
Cash in banks and cash equivalents	₱1,051,766,070	₱-	₱-	₱1,051,766,070
Short-term investments	64,458,355	-	-	64,458,355
Insurance receivables	11,842,614	-	-	11,842,614
Investment securities	6,853,204,834	-	-	6,853,204,834
Loans receivables	1,310,966,294	-	18,737,552	1,329,703,846
Accrued investment income	82,497,398	-	-	82,497,398
	₱9,374,735,565	₱-	₱18,737,552	₱9,393,473,117

Liquidity Risk Management

The Company's primary source of funds is cash provided by collection of premiums and net investment income. These funds are used primarily to pay policy benefits, dividends to policyholders, claims, commissions, operating expenses, taxes and licenses and shareholder dividends. Cash flows generated from operating activities are generally invested to support future payment requirements.

The Company maintains a conservative liquidity position that exceeds all the liabilities payable on demand. To strengthen its liquidity further, the Company actively manages and monitors its capital levels, asset levels, matching position, diversification and credit quality of its investments and cash forecasts and actual amounts against established targets.

Based on the Company's historical cash flows, management believes that the cash flow from operating activities will continue to provide sufficient liquidity for the Company to satisfy all future obligations.

The table below summarizes the financial liabilities of the Company which are due within one year based on remaining contractual undiscounted cash flows as at December 31, 2024 and 2023:

	2024	2023
Insurance contract liabilities	₱3,476,174,819	₱3,063,341,496
Premium deposit fund	299,280,463	295,605,836
Insurance payables	76,040	75,156
Accounts payable and accrued expenses*	123,160,541	111,074,392
Other liabilities	300,528,903	281,721,161
	₱4,199,220,766	₱3,751,818,041

**Excluding statutory payables amounting to ₱13.2 million and ₱23.8 million as at December 31, 2024 and 2023, respectively.*

The portion of insurance contract liabilities which are due beyond one year amounted to ₱1,917.00 million and ₱2,059.37 million as at December 31, 2024 and 2023, respectively.

Market Risk

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

Increasing market fluctuations may result in significant impact on the Company's equity, cash flows and profit. Its operating activities as well as its investing and financing activities are affected by changes in foreign exchange rates, interest rates and equity price risks. Market risks arise from foreign currency-denominated financial instruments, investments in debt instruments, as well as from listed equity investments.

The Company manages its market risk by monitoring its exposure to capital markets against established risk tolerance levels.

The Company also has specific policies that allow it to maintain its strong financial position by ensuring that sufficient liquid assets are available to cover its potential funding requirements. The Company invests in various types of assets with a view to matching them with its liabilities of various durations.

Foreign Currency Risk

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

The Company's principal transactions are carried out in PHP and its exposure to foreign currency risk arise primarily with respect to the Company's investments in foreign currency-denominated debt and equity instruments and dealings with foreign reinsurers in its settlement of obligations and receipt of any claim reimbursements, which are denominated in the following currencies:

- United States Dollar (USD)
- Singaporean Dollar (SGD)
- Euro (EUR)
- Australian Dollar (AUD)

- Hong Kong Dollar (HKD)
- Great Britain Pound (GBP)

The table below summarizes the Company's exposure to currency risk on foreign currency-denominated assets and liabilities and total PHP equivalents.

	2024						Total
	USD	SGD	EUR	AUD	HKD	GBP	(PHP)
Financial Assets							
Cash and cash equivalents	\$2,089,993	SGD1,529	EUR91,829	AUD13,728	HKD446	£30,807	₱129,251,965
Accrued investment income	849,822	—	951	23,559	—	391	50,093,972
Investment securities	52,252,459	411,094	276,693	3,040,012	—	122,490	3,175,427,003
Loans and receivables	3,543	—	—	—	—	—	204,952
	\$55,195,817	SGD412,623	EUR369,473	AUD3,077,299	HKD446	£153,688	₱3,354,977,892
Financial Liabilities							
Accounts payable and accrued expenses	\$10,872	SGD—	EUR—	AUD—	HKD—	£—	₱628,883
Insurance contract liabilities	813,016	—	—	—	—	—	47,028,899
Premium deposit fund	1,931	—	—	—	—	—	111,675
Other current liabilities	951	—	—	—	—	—	55,033
	\$826,770	SGD—	EUR—	AUD—	HKD—	£—	₱47,824,490

	2023						Total
	USD	SGD	EUR	AUD	HKD	GBP	(PHP)
Financial Assets							
Cash and cash equivalents	\$2,957,588	SGD51,587	EUR354,795	AUD31,064	HKD1,155,045	£82,211	₱202,950,692
Accrued investment income	726,670	—	—	7,273	—	—	40,511,728
Investment securities	48,958,163	283,754	—	1,883,119	—	60,929	2,798,532,393
Loans and receivables	1,011	—	—	—	—	—	55,979
	\$52,643,432	SGD335,341	EUR354,795	AUD1,921,456	HKD1,155,045	£143,140	₱3,042,050,792
Financial Liabilities							
Accounts payable and accrued expenses	\$10,228	SGD—	EUR—	AUD—	HKD—	£—	₱566,324
Insurance contract liabilities	960,800	—	—	—	—	—	53,199,496
Premium deposit fund	1,931	—	—	—	—	—	106,920
Other current liabilities	951	—	—	—	—	—	52,657
	\$973,910	SGD—	EUR—	AUD—	HKD—	£—	₱53,925,397

For purposes of restating the outstanding balances of the Company's foreign currency-denominated financial assets and liabilities as at December 31, 2024 and 2023, the following exchange rates were applied:

	2024	2023
USD	₱57.85	₱55.37
SGD	42.69	42.09
EUR	60.47	61.47
AUD	36.08	37.95
HKD	7.47	7.11
GBP	72.68	70.76

The following table demonstrates the sensitivity to reasonably possible change in foreign exchange rate, with all other variables held constant, of the Company's income before tax as at December 31, 2024 and 2023:

	2024			2023		
	Increase/ Decrease in Exchange Rate	Effect on Income before Tax	Effect on Equity	Increase/ Decrease in Exchange Rate	Effect on Income before Tax	Effect on Equity
USD	4.64% (4.64%)	₱142,133,983 (142,133,983)	₱118,004,948 (118,004,948)	5.55% (5.55%)	₱150,293,262 (150,293,262)	₱131,015,218 (131,015,218)
SGD	4.30% (4.30%)	653,322 (653,322)	489,992 (489,992)	4.64% (4.64%)	560,382 (560,382)	420,286 (420,286)
EUR	3.09% (3.09%)	616,147 (616,147)	462,110 (462,110)	3.22% (3.22%)	702,258 (702,258)	— —
AUD	1.86% (1.86%)	1,259,011 (1,259,011)	1,952,046 (1,952,046)	2.87% (2.87%)	759,695 (759,695)	2,202,284 (2,202,284)
HKD	4.74% (4.74%)	— —	— —	1.25% (1.25%)	102,655 (102,655)	102,655 (102,655)
GBP	3.34% (3.34%)	307,210 (307,210)	294,021 (294,021)	5.09% (5.09%)	— —	149,891 (149,891)

Interest Rate Risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk.

The Company's market risk policy requires it to manage interest rate risk by maintaining appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities.

A critical element of the Company's risk management process consists of measuring and monitoring the risks associated with fluctuations in market interest rates on the Company's net interest income and ensuring that the exposure in interest rate is kept within acceptable limits.

An efficient matching policy of assets and liabilities arising from insurance and investment contracts are established to keep potential losses within acceptable levels.

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

	2024			
	Up to 1 year	1-3 years	3-5 years	Over 5 years
Financial assets at FVOCI	₱141,908,551	₱148,889,404	₱381,988,264	₱1,465,202,839
Financial assets at FVPL	13,942,380	142,250,875	139,939,897	594,203,384
	2023			
	Up to 1 year	1-3 years	3-5 years	Over 5 years
Financial assets at FVOCI	₱301,351,243	₱230,946,655	₱285,585,104	₱1,079,844,123
Financial assets at FVPL	36,823,542	96,122,874	104,133,802	583,870,891

The following table below presents the impact on income before tax and equity due to a reasonable possible change in the interest rate for the year ended December 31, 2024 and 2023:

	2024		
	Change in Variable	Impact on Income Before Tax	Impact on Equity
USD	5.2899%	₱7,399,405	₱34,766,154
	(5.2899%)	(7,399,405)	(34,766,154)
AUD	4.9578%	60,596	174,553
	(4.9578%)	(60,596)	(174,553)
	2023		
	Change in Variable	Impact on Income Before Tax	Impact on Equity
USD	5.1486%	₱52,677,597	₱97,170,690
	(5.1486%)	(52,677,597)	(97,170,690)
AUD	3.65%	–	215,539
	(3.65%)	–	(215,539)

The impact on the Company's equity, caused by changes in the market value of financial assets, already excludes the impact on transactions affecting the statements of comprehensive income. The impact on the Company's income before tax is caused by changes in the market value of financial assets at FVPL.

In 2024 and 2023, the Company determined the reasonably possible change in interest rates using the percentages changes in weighted average yield rates of outstanding securities for the past five years.

Equity Price Risk

Equity price risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices of individual stocks and the changes in the level of PSEi and other foreign stock exchange indices.

The Company's equity price risk exposure relates to equity shares classified as financial assets at FVPL and FVOCI.

The table below shows the equity impact of reasonably possible change of PSEi and other foreign stock exchange indices as at December 31, 2024 and 2023:

Market Indices	2024		
	Change in Stock Index	Impact on Income Before Tax	Impact on Equity
PSEi	8.04%	–	₱1,420,156
	(8.04%)	–	(1,420,156)
Standard and Poor's Index (SPX)	10.01%	–	305,657
	(10.01%)	–	(305,657)
Market Indices	2023		
	Change in Stock Index	Impact on Income Before Tax	Impact on Equity
PSEi	9.89%	–	₱2,025,280
	(9.89%)	–	(2,025,280)
Standard and Poor's Index (SPX)	13.58%	–	388,253
	(13.58%)	–	(388,253)

The effect on equity is caused by reasonably possible changes in the relevant market indices which lead to changes in the market value of investment securities classified as financial assets at FVOCI. The effect on income is caused by reasonably possible changes in the relevant market indices which lead to changes in the market value of investment securities classified as financial assets at FVPL.

The equity impact is arrived at using the reasonably possible change for the past five years of the relevant market indices and the specific adjusted beta of each stock the Company holds. Adjusted beta is the forecasted measure of the volatility of a security or a portfolio in comparison to the market as a whole.

The impact on the Company's equity already excludes the impact on transactions affecting the statements of comprehensive income.

27. Classification of Statements of Financial Position Accounts

The current portions of the Company's assets and liabilities as at December 31, 2024 and 2023 are as follows:

	2024	2023
Current assets:		
Cash and cash equivalents	₱1,016,950,638	₱1,051,819,070
Short-term investments	11,735,929	64,458,355
Insurance receivables	18,322,407	11,842,614
Investment securities	745,843,537	1,478,901,909
Loans receivables	868,201,877	870,274,847
Accrued investment income	98,538,765	82,497,398
Other current assets	3,061,578	4,344,641
	₱2,762,654,731	₱3,564,138,834
Current liabilities:		
Insurance contract liabilities	₱3,476,174,819	₱3,063,341,496
Premium deposit fund	299,280,463	295,605,836
Insurance payables	76,040	75,156
Accounts payable and accrued expenses	136,390,102	134,875,003
Income tax liability	-	6,342,816
Other liabilities	300,528,903	281,721,161
	₱4,212,450,327	₱3,781,961,468