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:

Name	Passport	Issued at	Issued & Expiry Date
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. I;
Series of 2025.

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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

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

	Note	December 31 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	2024	2023	2022
		Years Ended December 31		
NET INCOME		**₱172,940,890**	₱112,698,012	₱80,934,500
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will be reclassified to profit or loss in subsequent periods -				
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)
Items that will not be reclassified to profit or loss in subsequent periods:				
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 - ₱1 par value				
Authorized - 1,000,000,000 shares				
Issued and outstanding - 626,756,494 shares		**₱626,756,494**	₱626,756,494	₱626,756,494
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)

		Years Ended December 31		
	Note	**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

	Note	Years Ended December 31		
		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	**(₱2,362,550,611)**	(₱3,330,428,170)	(₱2,590,608,566)
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	**₱1,016,950,638**	₱1,051,819,070	₱1,177,531,785

See accompanying Notes to Financial Statements.

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 PFRS 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 unlikeliness 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 it 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	**₱53,000**	₱53,000
Cash in banks	**646,986,401**	753,994,938
Short-term deposits	**369,911,237**	297,771,132
	₱1,016,950,638	₱1,051,819,070

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 ₱11.7 million and ₱64.5 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		**₱12,267,899**	₱10,323,452	₱7,743,929
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
		₱474,946,958	₱444,454,994	₱327,824,109

5. Insurance Receivables

This account consists of:

	2024	2023
Due from reinsurers	**₱9,293,591**	1,575,086
Premiums due and uncollected	**9,028,816**	₱10,267,528
	₱18,322,407	₱11,842,614

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			
	At FVPL	At FVOCI	At Amortized Cost	Total
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			
	At FVPL	At FVOCI	At Amortized Cost	Total
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	(₱104,343,999)	₱9,420,725	(₱94,923,274)
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	(₱303,466,960)	₱11,010,543	(₱292,456,417)

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	**(₱224,212,383)**	(₱292,456,417)	(₱94,923,274)
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	**(₱190,333,596)**	(₱224,212,383)	(₱292,456,417)

Financial Assets at Amortized Cost

This account consists of:

	2024	2023
Government debt securities - local	**₱3,146,237,738**	₱2,845,963,144
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
	₱3,663,372,342	₱3,404,344,958

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 ₱217.2 million, ₱165.6 million and ₱106.4 million in 2024, 2023 and 2022, respectively, net of amortization of net discount amounting to ₱4.6 million, ₱10.1 million, and ₱3.3 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	**₱4,907,055**	₱2,136,398
Provision (reversal)	**(2,558,229)**	2,770,657
Balance at end of year	**₱2,348,826**	₱4,907,055

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:

		2024		
	Note	**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**

		2023		
	Note	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	Cost 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** Land	Buildings	Office Condominium	Total
Revalued amounts					
Balance at beginning of year		**₱831,879,999**	**₱385,245,648**	**₱65,128,831**	**₱1,282,254,478**
Additions		**–**	**–**	**180,968**	**180,968**
Balance at end of year		**831,879,999**	**385,245,648**	**65,309,799**	**1,282,435,446**
Accumulated Depreciation					
Balance at beginning of year		**–**	**300,417,643**	**35,959,303**	**336,376,946**
Depreciation	20	**–**	**123,689**	**7,255,333**	**7,379,022**
Balance at end of year		**–**	**300,541,332**	**43,214,636**	**343,755,968**
Carrying Amount		**₱831,879,999**	**₱84,704,316**	**₱22,095,163**	**₱938,679,478**

	Note	2023 Land	Buildings	Office Condominium	Total
Revalued amounts					
Balance at beginning of year		₱831,879,999	₱385,245,648	₱62,510,528	₱1,279,636,175
Additions		–	–	2,618,303	2,618,303
Balance at end of year		831,879,999	385,245,648	65,128,831	1,282,254,478
Accumulated Depreciation					
Balance at beginning of year		–	296,782,692	32,102,483	328,885,175
Depreciation	20	–	3,634,951	3,856,820	7,491,771
Balance at end of year		–	300,417,643	35,959,303	336,376,946
Carrying Amount		₱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	**₱95,963,907**	**₱140,860,787**	**₱47,883,129**	**₱284,707,823**
Accumulated depreciation	**–**	**(84,745,238)**	**(35,199,796)**	**(119,945,034)**
Carrying amount	**₱95,963,907**	**₱56,115,549**	**₱12,683,333**	**₱164,762,789**

	2023			
	Land	Buildings	Office Condominium	Total
Cost	₱95,963,907	₱140,860,787	₱47,883,129	₱284,707,823
Accumulated depreciation	–	(79,601,179)	(27,485,955)	(107,087,134)
Carrying amount	₱95,963,907	₱61,259,608	₱20,397,174	₱177,620,689

Transfer of revaluation surplus on property and equipment to retained earnings, net of deferred tax, amounted to ₱2.8 million in 2024 and 2023 and ₱2.7 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	**₱768,256,844**	**(₱192,064,211)**	**₱576,192,633**
Transfer to retained earnings	**(3,760,601)**	**940,150**	**(2,820,451)**
Balance at end of year	**₱764,496,243**	**(₱191,124,061)**	**₱573,372,182**

	2023		
	Cumulative Revaluation Surplus	Deferred Tax (see Note 23)	Net
Balance at beginning of year	₱772,017,445	(₱193,004,361)	₱579,013,084
Transfer to retained earnings	(3,760,602)	940,151	(2,820,451)
Balance at end of year	₱768,256,843	(₱192,064,210)	₱576,192,633

	2022		
	Cumulative Revaluation Surplus	Deferred Tax (see Note 23)	Net
Balance at beginning of year	₱468,647,016	(₱117,161,754)	₱351,485,262
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	₱772,017,445	(₱193,004,361)	₱579,013,084

At Cost

Movements of property and equipment at cost are as follows:

		2024		
	Note	**Transportation Equipment**	**Office Furniture and Equipment**	**Total**
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**

		2023		
	Note	Transportation Equipment	Office Furniture and Equipment	Total
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	**₱1,800,250,323**	₱1,939,920,274
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
	₱5,393,179,727	₱5,122,715,389

Claims payable include provision for claims incurred but not yet reported amounting to ₱751.0 million and ₱710.9 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		**₱3,196,173,953**	₱3,042,520,244
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		**₱3,240,165,657**	**₱3,196,173,953**

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

	2024	2023	2022
Balance at beginning of year	**₱648,360,984**	₱660,144,459	₱122,998,709
Remeasurement gain (loss) due to changes in discount rates	**85,370,635**	(11,783,475)	537,145,750
Balance at end of year	**₱733,731,619**	₱648,360,984	₱660,144,459

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 ₱307.2 million and ₱231.8 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		**₱1,926,541,436**	₱1,647,867,626
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		**₱2,153,014,070**	₱1,926,541,436

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 2024	Transactions During the Year 2023	Balance at End of Year 2024	Balance at End of Year 2023	Nature	Terms and Conditions
Due from related parties	7						
Subsidiary - BFAI		–	₱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	(₱30,517,936)	₱–	(₱30,517,936)
Group life insurance	166,190,702	5,424,926	171,615,628
Accident and health	772,542	–	772,542
	₱136,445,308	₱5,424,926	₱141,870,234

	2022		
	Gross Change in Legal Policy Reserves	Reinsurers' Share of Change in Legal Policy Reserves	Net
Ordinary life insurance	(₱93,560,958)	₱–	(₱93,560,958)
Group life insurance	251,487,417	(7,418,428)	244,068,989
Accident and health	(2,899,638)	–	(2,899,638)
	₱155,026,821	(₱7,418,428)	₱147,608,393

20. General and Administrative Expenses

This account consists of:

	Note	**2024**	2023	2022
Service fees		**₱269,577,381**	₱278,934,444	₱304,963,417
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
		₱646,958,216	₱609,020,550	₱599,812,173

Agency expenses include rent, utilities and other expenses incurred for branch and agency operations. Rent expense amounted to ₱9.8 million in 2024 and 2023 and ₱10.1 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	**₱143,706,457**	₱124,849,106
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	**₱161,705,179**	₱143,706,457

The Company expects to contribute ₱30.5 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	**(₱1,573,632)**	**₱393,408**	**(₱1,180,224)**
Remeasurement loss	**(4,336,615)**	**1,084,154**	**(3,252,461)**
Balance at end of year	**(₱5,910,247)**	**₱1,477,562**	**(₱4,432,685)**

	2023		
	Cumulative Remeasurement Gain (Loss)	Deferred Tax (see Note 23)	Net
Balance at beginning of year	₱4,009,935	(₱1,002,484)	₱3,007,451
Remeasurement loss	(5,583,567)	1,395,892	(4,187,675)
Balance at end of year	(₱1,573,632)	₱393,408	(₱1,180,224)

	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:

Required Net Worth	Compliance Date
₱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	**₱121,443,234**	₱130,326,773
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
	₱2,892,406,732	₱2,837,774,320

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	**₱10,965,743,514**	₱10,406,951,372
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	**₱310,966,858**	₱70,956,508

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	**₱3,200,702,474**	₱2,985,357,432
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**	2017 PICM, 1959 ADB, and 1952 Disability	**6.14% to 6.68%**	5.99% to 6.99%
Group life	**Based on Experience**	Based on Experience	**Based on Experience**	Based on Experience

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:

	2024		
Change in Assumptions	**Increase (Decrease) in Liabilities**	**Increase (Decrease) in Income Before Tax**	**Increase (Decrease) in Equity**
+10%	**(₱63,868,157)**	**₱63,868,157**	**(₱24,900,135)**
-10%	**96,112,661**	**(96,112,661)**	**(252,261,896)**

	2023		
Change in Assumptions	Increase (Decrease) in Liabilities	Increase (Decrease) in Income Before Tax	Increase (Decrease) in Equity
+10%	(₱89,202,572)	₱89,202,572	₱55,721,147
-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			
	12-month ECL	**Lifetime ECL - not credit impaired**	**Lifetime ECL - credit impaired**	**Total**
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			
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total
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

<u>Liquidity Risk Management</u>

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						
	USD	**SGD**	**EUR**	**AUD**	**HKD**	**GBP**	**Total (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						
	USD	SGD	EUR	AUD	HKD	GBP	Total (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%**	**₱142,133,983**	**₱118,004,948**	5.55%	₱150,293,262	₱131,015,218
	(4.64%)	**(142,133,983)**	**(118,004,948)**	(5.55%)	(150,293,262)	(131,015,218)
SGD	**4.30%**	**653,322**	**489,992**	4.64%	560,382	420,286
	(4.30%)	**(653,322)**	**(489,992)**	(4.64%)	(560,382)	(420,286)
EUR	**3.09%**	**616,147**	**462,110**	3.22%	702,258	–
	(3.09%)	**(616,147)**	**(462,110)**	(3.22%)	(702,258)	–
AUD	**1.86%**	**1,259,011**	**1,952,046**	2.87%	759,695	2,202,284
	(1.86%)	**(1,259,011)**	**(1,952,046)**	(2.87%)	(759,695)	(2,202,284)
HKD	**4.74%**	**–**	**–**	1.25%	102,655	102,655
	(4.74%)	**–**	**–**	(1.25%)	(102,655)	(102,655)
GBP	**3.34%**	**307,210**	**294,021**	5.09%	–	149,891
	(3.34%)	**(307,210)**	**(294,021)**	(5.09%)	–	(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:

	2024		
Market Indices	**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)**

	2023		
Market Indices	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

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COVER SHEET

SEC Registration Number

0	0	0	0	0	0	1	6	6	8	0

Company Name

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARY

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

7TH FLOOR BENEFICIAL LIFE BUILDING, 166 SALCEDO STREET, LEGASPI VILLAGE, MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AASFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
corpsec@benlife.com.ph	(+632) 8818 8671	09992297694

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
6784	Any Day in June	DECEMBER 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
MA. SIGRID R. PINLAC	corpsec@benlife.com.ph	(+632)8818 8671	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.