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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

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, 2025 and 2024, and the statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years ended December 31, 2025, 2024 and 2023, 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, 2025 and 2024, and its financial performance and its cash flows for the years ended December 31, 2025, 2024 and 2023 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), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to the audit of the financial statements of public interest entities 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A, and Annual Report for the year ended December 31, 2025, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A, and Annual Report for the year ended December 31, 2025 are expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.



In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

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.

Report on the Supplementary Information Required under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information on taxes and licenses in Note 28 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the financial statements. Such information is the responsibility of the management of Beneficial Life Insurance Company, Inc. The information has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

SEC Accreditation No. 86981-SEC Group A

Issued March 24, 2020

Valid for Financial Periods 2023 to 2025

BIR Accreditation No. 08-005144-007-2025

Valid until August 10, 2028

IC Accreditation IC-EA-2024-0018-R

Valid for Financial Periods 2024 to 2026

PTR No. 10764005

Issued January 2, 2026, Makati City

April 8, 2026 Makati City, Metro Manila

BENEFICIAL LIFE INSURANCE COMPANY, INC.

STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2025	2024
ASSETS			
Cash and cash equivalents	4	₱654,688,941	₱1,016,950,638
Short-term investments	4	1,161,886	11,735,929
Insurance receivables	5	132,896,199	18,322,407
Investment securities	6	8,401,385,428	7,563,055,517
Loans receivables	7	1,035,983,046	1,156,531,644
Accrued investment income	6	108,178,714	98,538,765
Property and equipment:	9		
At revalued amount		1,546,381,160	938,679,478
At cost		24,703,400	25,575,984
Other assets		68,661,709	136,353,152
		₱11,974,040,483	₱10,965,743,514
LIABILITIES AND EQUITY			
Liabilities			
Insurance contract liabilities	10	₱5,406,927,140	₱5,393,179,727
Premium deposit fund	11	289,849,708	299,280,463
Insurance payables	12	8,013,841	76,040
Accounts payable and accrued expenses	14	131,264,343	136,390,102
Net deferred tax liabilities	23	340,855,218	202,521,763
Net retirement liability	22	135,188,640	130,392,926
Other liabilities	15	341,766,963	300,528,903
Total Liabilities		6,653,865,853	6,462,369,924
Equity			
Capital stock		626,756,494	626,756,494
Additional paid-in capital		489,265,675	489,265,675
Retained earnings:	16		
Appropriated		84,426,456	307,187,300
Unappropriated		2,421,370,205	1,967,826,601
Other comprehensive income		1,698,355,800	1,112,337,520
Total Equity		5,320,174,630	4,503,373,590
		₱11,974,040,483	₱10,965,743,514

See accompanying Notes to Financial Statements.

BENEFICIAL LIFE INSURANCE COMPANY, INC.

STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	2025	2024	2023
REVENUES				
Gross premiums on insurance contracts	18	₱1,435,163,550	₱1,859,977,403	₱2,155,158,646
Reinsurers' share of gross premiums on insurance contracts	18	(44,401,563)	(42,952,658)	(35,913,940)
Net insurance premiums		1,390,761,987	1,817,024,745	2,119,244,706
Interest income	4	438,188,425	474,946,958	444,454,994
Dividend income	6	46,815,694	46,677,567	47,820,624
Net fair value gain on financial assets at fair value through profit or loss (FVPL)	6	15,337,493	14,899,387	–
Rental income	24	4,441,929	4,275,342	4,237,718
Gain on sale of investment securities	6	–	69,629,952	–
Other income		49,897,277	28,118,699	35,482,344
		1,945,442,805	2,455,572,650	2,651,240,386
BENEFITS, CLAIMS AND EXPENSES				
Net benefits and claims incurred on insurance contracts	19	706,638,679	1,271,541,324	1,403,391,364
Net change in legal policy reserves	19	191,100,173	129,362,339	141,870,234
Net insurance benefits and claims		897,738,852	1,400,903,663	1,545,261,598
General and administrative expenses	20	608,993,716	646,958,216	609,020,550
Commission and other direct expenses	21	120,652,292	176,489,231	228,961,768
Insurance taxes		27,062,612	35,963,975	42,174,633
Finance costs and charges	21	23,167,271	24,482,080	27,086,136
Loss on sale of investment securities	6	40,399,652	–	10,651,959
Net fair value loss on financial assets at fair value through profit or loss (FVPL)	6	–	–	13,696,100
		1,718,014,395	2,284,797,165	2,476,852,744
INCOME BEFORE FOREIGN EXCHANGE CHANGES AND IMPAIRMENT LOSSES				
		227,428,410	170,775,485	174,387,642
NET FOREIGN EXCHANGE GAIN (LOSS)				
		70,204,550	128,156,910	(15,806,957)
PROVISION FOR IMPAIRMENT LOSSES ON LOANS AND RECEIVABLES AND INVESTMENT SECURITIES				
	6	(31,029,155)	(96,113,617)	(13,229,929)
INCOME BEFORE INCOME TAX				
		266,603,805	202,818,778	145,350,756
INCOME TAX EXPENSE (BENEFIT)				
	23			
Current		6,479,936	2,703,503	14,481,694
Deferred		(398,861)	(22,132,052)	(21,257,488)
Final		51,555,783	49,306,437	39,428,538
		57,636,858	29,877,888	32,652,744
NET INCOME				
		208,966,947	172,940,890	112,698,012

(Forward)

		Years Ended December 31		
	Note	2025	2024	2023
NET INCOME		₱208,966,947	₱172,940,890	₱112,698,012
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Item that will be reclassified to profit or loss in subsequent periods -</i>				
Change in revaluation reserves on investment securities [debt instruments classified as financial assets at fair value through other comprehensive income (FVOCI)]	6	98,166,017	(45,088,463)	65,459,076
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>				
Revaluation increase on property and equipment - net of deferred tax	9	408,921,154	-	-
Change in revaluation reserves on investment securities (equity instruments classified as financial assets at FVOCI)	6	90,202,324	78,967,250	2,784,958
Remeasurement gain (loss) on legal policy reserves	10	(10,436,502)	85,370,635	(11,783,475)
Remeasurement gain (loss) on retirement liability - net of deferred tax	22	1,994,739	(3,252,461)	(4,187,675)
		490,681,715	161,085,424	(13,186,192)
		588,847,732	115,996,961	52,272,884
TOTAL COMPREHENSIVE INCOME		₱797,814,679	₱288,937,851	₱164,970,896

See accompanying Notes to Financial Statements.

BENEFICIAL LIFE INSURANCE COMPANY, INC.

STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31		
		2025	2024	2023
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		307,187,300	231,755,842	172,643,555
Appropriation (reversal of appropriation)		(222,760,844)	75,431,458	59,112,287
Balance at end of year		84,426,456	307,187,300	231,755,842
Unappropriated				
Balance at beginning of year		1,967,826,601	1,861,791,807	1,843,207,064
Net income		208,966,947	172,940,890	112,698,012
Reversal of appropriation for (appropriation for) negative legal policy reserves	16	222,760,844	(75,431,458)	(59,112,287)
Transfer from revaluation reserves on investment securities	6	18,043,211	4,764,761	(38,761,584)
Transfer of revaluation surplus on property and equipment	9	3,772,602	3,760,601	3,760,602
Balance at end of year		2,421,370,205	1,967,826,601	1,861,791,807
		2,505,796,661	2,275,013,901	2,093,547,649
OTHER COMPREHENSIVE INCOME (LOSS)				
Revaluation Reserves on Investment Securities				
Balance at beginning of year		(190,333,596)	(224,212,383)	(292,456,417)
Change in revaluation reserves	6	188,368,341	33,878,787	68,244,034
Balance at end of year		(1,965,255)	(190,333,596)	(224,212,383)
Revaluation Surplus on Property and Equipment - Net of deferred tax				
	9			
Balance at beginning of year		573,372,182	576,192,633	579,013,084
Transfer of revaluation surplus		(2,829,452)	(2,820,451)	(2,820,451)
Appraisal increase		408,921,154	—	—
Balance at end of year		979,463,884	573,372,182	576,192,633

(Forward)

Years Ended December 31				
	Note	2025	2024	2023
Cumulative Remeasurement Gain on Legal				
Policy Reserves				
	10			
Balance at beginning of year		₱733,731,619	₱648,360,984	₱660,144,459
Remeasurement gain (loss)		(10,436,502)	85,370,635	(11,783,475)
Balance at end of year		723,295,117	733,731,619	648,360,984
Cumulative Remeasurement Gain (Loss) on				
Net Retirement Liability - Net of				
deferred tax				
	22			
Balance at beginning of year		(4,432,685)	(1,180,224)	3,007,451
Remeasurement gain (loss)		1,994,739	(3,252,461)	(4,187,675)
Balance at end of year		(2,437,946)	(4,432,685)	(1,180,224)
		1,698,355,800	1,112,337,520	999,161,010
		₱5,320,174,630	₱4,503,373,590	₱4,208,730,828

See accompanying Notes to Financial Statements.

BENEFICIAL LIFE INSURANCE COMPANY, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31

CASH FLOWS FROM OPERATING ACTIVITIES

Income before income tax		₱266,603,805	₱202,818,778	₱145,350,756
Adjustments for:				
Interest income	4	(438,188,425)	(474,946,958)	(444,454,994)
Unrealized foreign exchange loss (gain)		(70,917,896)	(106,594,924)	12,629,136
Provision for (reversal of) impairment losses on:				
Loans receivables	7	30,000,000	98,638,964	6,476,786
Investment securities	6	1,029,155	(2,525,347)	6,753,143
Loss (gain) on sale of investment securities	6	40,399,652	(69,629,952)	10,651,959
Dividend income	6	(46,815,694)	(46,677,567)	(47,820,624)
Depreciation	9	26,302,084	22,714,987	23,315,344
Retirement benefits cost	22	22,054,782	19,598,443	20,087,449
Finance costs	21	16,460,196	17,914,867	19,330,621
Net fair value loss (gain) on financial assets at FVPL	6	(15,337,493)	(14,899,387)	13,696,100
Gain on sale of property and equipment	9	(1,070,000)	-	-
Operating loss before working capital changes		(169,479,834)	(353,588,096)	(233,984,324)
Decrease (increase) in:				
Short-term investments		10,574,043	52,722,426	(12,276,253)
Insurance receivables		(114,573,792)	(6,479,793)	(3,626,568)
Loans receivables		90,548,598	59,229,061	(48,651,380)
Increase (decrease) in:				
Insurance contract liabilities		3,310,911	355,834,973	420,544,044
Premium deposit fund		(9,612,669)	(14,240,240)	(30,316,014)
Insurance payables		7,937,801	884	(21,156,533)
Accounts payable and accrued expenses		(5,125,759)	1,515,099	7,116,766
Other liabilities		41,302,586	19,851,060	26,919,273
Net cash generated from (used in) operations		(145,118,115)	114,845,374	104,569,011
Income tax paid		(53,551,398)	(60,661,196)	(49,500,908)
Contributions to retirement plan	22	(10,000,000)	(10,000,000)	(10,000,000)
Benefits paid out of Company's fund	22	(4,599,419)	(13,749,196)	(5,360,424)
Net cash provided by (used in) operating activities		(213,268,932)	30,434,982	39,707,679

(Forward)

Years Ended December 31				
	Note	2025	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Investment securities	6	(P2,264,442,156)	(P2,362,550,611)	(P3,330,428,170)
Property and equipment		(21,576,349)	(20,611,456)	(13,753,913)
Other assets		(416,002)	(3,997,717)	(18,867,384)
Proceed from sale or maturities of:				
Investment securities		1,662,383,268	1,876,895,925	2,718,292,398
Property and equipment	9	1,070,000	-	-
Interest received		443,516,344	398,319,781	437,596,503
Dividends received		46,814,938	46,640,664	47,820,624
Net cash used in investing activities		(132,649,957)	(65,303,414)	(159,339,942)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid	13	(16,278,282)	-	(45,554)
Cash dividends paid		(64,526)	-	(725,714)
Loan payments		-	-	(5,309,184)
Cash used in financing activities		(16,342,808)	-	(6,080,452)
NET DECREASE IN CASH AND CASH EQUIVALENTS				
		(362,261,697)	(34,868,432)	(125,712,715)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
		1,016,950,638	1,051,819,070	1,177,531,785
CASH AND CASH EQUIVALENTS AT END OF YEAR				
	4	P654,688,941	P1,016,950,638	P1,051,819,070
NONCASH FINANCIAL INFORMATION				
Reclassification from other asset to construction in progress				
	9	P66,326,627	P-	P-

See accompanying Notes to Financial Statements.

BENEFICIAL LIFE INSURANCE COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025 and 2024

AND FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 and 2023

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 in the business of life insurance. The Company is also licensed to engage in reinsurance business. 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'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 and primarily engaged in owning, investing in and managing properties, shares of stock and other 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, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 were approved and authorized for issuance by the Board of Directors (BOD) on April 8, 2026.

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 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 PFRS Accounting Standards

The material accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability*, effective for annual periods beginning on or after January 1, 2025.

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.

The adoption of the amendments to PFRS Accounting Standards 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, 2025 and have not been applied in preparing the financial statements, are summarized below:

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.

The adoption of PFRS 18 is not expected to have a material impact on the Company’s financial position or financial performance. However, it will result in changes in the presentation, classification, and aggregation of items in the statements of comprehensive income and related disclosures.

Financial Assets and Liabilities

Date of Recognition. The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of a financial instrument.

Initial Recognition and Measurement Financial instruments are initially measured at fair value. Transaction costs are included in the initial measurement of financial instruments, except for those measured at FVPL.

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 assets is based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

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

The Company's cash and cash equivalents, short-term investments, insurance receivables, loans receivable, accrued investment income, and certain debt securities under "Investment securities" 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, debt instruments at FVOCI are subsequently measured at fair value. Interest income using the effective interest method, foreign exchange gains and losses, and impairment losses are recognized in profit or loss. Changes in the fair value are recognized in other comprehensive income. Upon derecognition, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

The Company's investments in government and private debt securities that are managed under a business model achieved through both collection of contractual cash flows and sale are classified under this category.

Equity Instruments at FVOCI. On initial recognition, the Company may irrevocably designate equity instruments that are not held for trading as financial assets 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 are recognized in other comprehensive income and accumulated equity. Upon disposal of these equity instruments, cumulative gains or losses previously recognized in other comprehensive income are not reclassified to profit or loss on disposal but are transferred directly to retained earnings.

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

Financial Assets at FVPL. Financial assets that do not meet the criteria for classification at amortized cost or FVOCI are classified at FVPL. Financial assets at FVPL are subsequently measured at fair value, with changes in fair value recognized in profit or loss. Interest income and dividend income earned on these investments are likewise recognized in profit or loss.

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

Impairment

The Company recognizes an allowance for expected credit losses (ECL) for debt instruments measured at amortized cost and debt instruments measured at FVOCI.

The Company applies the general approach in measuring ECL. Under the general approach, the allowance is measured at an amount equal to 12-month ECL, unless there has been a significant increase in credit risk since initial recognition, in which case, the allowance is measured at an amount equal to lifetime ECL.

In determining whether there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort, including internal and external credit ratings, historical payment experience, aging profile, and forward-looking information.

Reclassification

The Company reclassifies financial assets only when it changes its business model for managing financial assets. Reclassifications are applied prospectively from 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; 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.

Where the Company retains continuing involvement in a transferred financial asset, the asset is recognized to the extent of the Company's continuing involvement.

Financial Liabilities

Classification and Measurement

The Company classifies its financial liabilities at initial recognition as financial liabilities at amortized cost.

Financial liabilities at amortized cost are initially recognized at fair value less directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. 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.

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, the original liability is derecognized and a new liability is recognized. The difference in the carrying amounts is recognized in profit or loss.

If the modification does not result in derecognition, the carrying amount of the liability is adjusted for costs or fees incurred as part of the modification and is amortized over the remaining term of the modified liability.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position only when the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Insurance Contracts

Product Classification

Insurance contracts are contracts under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime unless all rights and obligations are extinguished or expire.

Insurance contracts are classified as contracts with or without discretionary participation features (DPF). DPF represents a contractual right to receive additional benefits, as a supplement to guaranteed benefits, the amount or timing of which is contractually at the discretion of the issuer and are based on the performance of specified contracts or specified assets held by the issuer.

Conventional Long-term Insurance Contracts

These contracts insure events associated with human life such as, death or survival, over a long duration. Premiums are recognized as revenue when due from policyholders. Benefits and claims are recognized as expense when they are incurred or when the policies mature.

A liability for future policy benefits is recognized for insurance contracts in force as at the reporting date. The liability is determined as the present value of expected future benefit payments and related expenses less the present value of expected future premiums arising from the policies. The liability is based on assumptions as to mortality, reserve methodology, and discount rates prescribed or approved by the IC.

Reinsurance Contracts

The Company cedes insurance risk in the normal course of business to reinsurers. Amounts recoverable from reinsurers are recognized as part of "Insurance receivables" in the statements of financial position, while amounts payable to reinsurers are recognized as part of "Insurance payables."

An impairment review is performed at each reporting date or more frequently when there is an indication that amounts due from reinsurers may not be recoverable. Impairment losses are recognized in 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. Premiums and claims on assumed reinsurance are recognized as income and expenses in the same manner as direct insurance business, taking into account the classification of the underlying reinsured contract.

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

Legal Policy Reserves

Legal policy reserves represent liabilities for future contractual benefits on policies in force as at reporting date, as determined based on actuarial valuation performed by an independent appraiser.

The liability is calculated as the present value of future benefits and expenses less the present value of future net premiums arising from the policies, discounted using the appropriate risk-free discount rates prescribed by the IC. The liability is determined by using best estimate assumptions with appropriate provision for adverse deviation. The assumptions vary depending on the product type. Mortality and morbidity assumptions are based on standard mortality tables prescribed by the IC.

Changes in legal policy reserves are recognized in profit or loss under "Net change in legal policy reserves," while changes arising from movements in discount rates are recognized in other comprehensive income under "Remeasurement gain (loss) on legal policy reserves."

Policy and Contract Claims

Policy and contract claims represent liabilities for unpaid claims and benefits arising from death, surrenders and maturities, including claims incurred but not yet reported as at reporting date.

The liability is estimated based on historical claims experience and other available information.

Property and Equipment

Property and equipment, other than land, buildings and office condominium, are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs necessary to bring the asset to its intended location and condition for use. Subsequent costs are capitalized 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. Repairs and maintenance are recognized in profit or loss as incurred.

When property and equipment are disposed of, the cost and the related accumulated depreciation and impairment losses, if any, are derecognized and any resulting gain or loss is recognized in profit or loss.

The Company's land, buildings and office condominium are carried at revalued amounts based on valuations performed by an independent appraiser. Increases in the carrying amount arising from revaluation are recognized in other comprehensive income and accumulated under "Revaluation surplus on property and equipment." Decreases that offset previous increases of the same asset are charged against the revaluation surplus directly in equity; all other decreases are recognized in profit or loss.

Annually, a portion of the revaluation surplus equivalent to the incremental depreciation arising from the revaluation is transferred directly to retained earnings.

Construction in progress represents properties under construction and is stated at cost, including cost of construction and other directly attributable costs. Construction in progress is not depreciated until the relevant assets are completed and available for use. Upon the disposal of a revalued asset, the related revaluation surplus realized from previous valuations is transferred directly 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 residual values, useful lives and depreciation method are reviewed periodically and adjusted prospectively, if appropriate, to ensure that these remain consistent with the expected pattern of economic benefits embodied in the assets.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is any indication that a nonfinancial asset may be impaired. When such indication exists, the Company estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and value-in-use. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and the resulting impairment loss is recognized in profit or loss.

For assets that do not generate independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

The Company also assesses at each reporting date 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 when there has been a change in the estimates used to determine the asset's recoverable amount. The reversal is recognized in profit or loss and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized previously.

Premium Deposit Fund

Premium deposit fund represents premium deposits received from policyholders which earn interest at rates declared by the Company, but not lower than the prevailing minimum interest rates on bank savings deposits. The amount of premium deposits shall not exceed the future contractual premiums of the related insurance contracts. If premiums remain unpaid on the due date and the premium deposit fund balance is sufficient to cover the premiums due, the unpaid premiums are automatically applied against the fund balance.

Equity

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

Additional Paid-in Capital (APIC). Excess of proceeds over the par value of shares issued is recognized as APIC. Incremental costs directly attributable to the issuance of new shares are deducted from APIC.

Retained Earnings. Retained earnings represent accumulated earnings of the Company, less dividends declared and prior period adjustments, if any. Unappropriated retained earnings represent the portion available for dividend declaration, while appropriated retained earnings represent the portion that has been restricted for specific purposes and is therefore is not available for dividend declaration.

Other Comprehensive Income. Other comprehensive income comprises items of income and expense that are not recognized in profit or loss for the year in accordance with PFRS Accounting Standards. These include 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. Items of other comprehensive income that may be reclassified subsequently to profit or loss are presented separately from items that will not be subsequently reclassified to profit or loss.

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. Premium income from life insurance contracts is recognized as revenue when due from policyholders. For single premium contracts, premium income is recognized on the effective date of the policy.

Estimates of premiums due but not yet received as at reporting date are recognized based on historical collection experience and underwriting information and are included in premium income.

Interest Income. Interest income on financial assets measured at amortized cost, FVOCI and FVPL is recognized using the effective interest method.

For financial assets that have become credit-impaired, interest income continues to be recognized based on the original effective interest rate applied to the net carrying amount of the asset.

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 and other operating income 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 year and changes in legal policy reserves, including incurred but not reported (IBNR) claims. Death claims and surrenders are recognized upon receipt of notification, while maturities are recognized when due.

General and Administrative Expenses. General and administrative expenses are recognized as expense when incurred.

Commission and Other Direct Expenses. Commissions and other direct expenses are recognized when the insurance contracts are issued and the related premium income are recognized.

Insurance Taxes. Insurance taxes pertain mainly to premium taxes and documentary stamp taxes on life insurance policies and are recognized as expense when incurred.

Finance Costs and Charges. Finance costs and charges consist mainly of interest expense and bank charges. Interest expense is recognized in profit or loss using the effective interest method.

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.

The Company as a Lessor. Leases where the Company retains substantially all the risks and rewards of ownership of the underlying asset are classified as operating leases. Rental income from operating leases is recognized 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. The Company leases branch and agency office spaces under lease agreements with terms ranging from one (1) year to three (3) years. The Company applies the recognition exemptions for short-term leases and leases of low-value assets. Accordingly, lease payments on these leases are recognized as expense on a straight-line basis over the lease term.

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

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.

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.

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 the 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 financial statements in accordance with PFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the related disclosures in the financial statements. The judgments, estimates and assumptions are based on management's evaluation of relevant facts and circumstances as at the reporting date. Actual results could differ from such estimates.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements.

Identifying the Product Classification. Management assesses whether insurance contracts issued by the Company transfer significant insurance risk and therefore qualify as insurance contracts under PFRS 4. In making this judgment, the Company evaluates whether the occurrence of the insured event could result in the payment of significant additional benefits to policyholders compared with benefits payable if the insured event did not occur. The classification of insurance contracts affects the recognition and measurement of premium income, policy reserves, benefits and claims, and related disclosures in the financial statements.

Classifying the Financial Instruments. The Company exercises judgment in determining the appropriate classification of its financial assets based on the assessment of the business model within which the financial assets are managed and whether the contractual cash flows represent solely payments of principal and interest (SPPI). In determining the applicable business model, the Company considers how groups of financial assets are managed to achieve particular business objectives and how cash flows are realized. The assessment of whether contractual cash flows meet the SPPI criterion requires management judgment in evaluating the contractual terms of the financial instruments.

The classification of financial assets affects their subsequent measurement as financial assets at amortized cost, FVOCI or FVPL, as well as the recognition of related gains, losses and impairment losses in the financial statements.

Defining Default and Credit-Impaired Financial Assets. In determining whether a financial asset is credit-impaired, the Company considers both quantitative and qualitative information, including whether the counterparty is experiencing significant financial difficulty or insolvency, whether the borrower or issuer is past due for a significant period based on the Company's internal credit risk management policies, whether concessions have been granted by the Company due to the borrower's financial difficulty that would not otherwise have been considered, and whether it is probable that the borrower or issuer will enter bankruptcy or financial reorganization.

The assessment of default and credit impairment is applied consistently in measuring expected credit losses (ECL) on financial assets..

Grouping of the Financial Assets for Measurement of ECL on a Collective Basis. For ECL provisions assessed on a collective basis, financial assets are grouped based on shared risk characteristics, such that risk exposures within each group have similar credit risk profiles. For loans receivable, the Company groups exposures based on the type of loan and the geographical location of the borrowers.

Determining the Lease Classification - Company as a Lessor. The Company has entered into lease agreements involving its investment properties and office condominium units. Management exercises judgment in determining whether substantially all the risks and rewards incidental to ownership of the leased assets are retained by the Company.

Based on management's assessment, the Company retains substantially all the significant risks and rewards of ownership of the leased properties and, accordingly, accounts for the leases as operating leases.

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

Determining the Lease Exemptions - Company as a Lessee. The Company has lease agreements for its branches and agency offices. Management exercises judgment in determining whether these lease arrangements qualify as short-term leases or leases of low-value assets under PFRS 16.

Based on management's assessment, the leases qualify for the recognition exemptions provided under PFRS 16. Accordingly, lease payments are recognized as rent expense on a straight-line basis over the lease term instead of recognizing right-of-use assets and lease liabilities.

Rental expense arising from these lease arrangements 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 financial instruments that are actively traded in organized financial markets are determined based on quoted market prices at reporting date. For financial instruments not traded in active markets, fair values are determined using valuation techniques that utilize observable market inputs, where available.

The fair value of financial instruments are disclosed in Note 26.

In determining the fair value of financial instruments and the related fair value hierarchy classification, management exercises judgment in assessing the significance of valuation inputs used in the measurement of the financial assets and liabilities.

Estimating the Legal Policy Reserves. Legal policy reserves are established in accordance with the requirements and guidelines prescribed by the Insurance Commission (IC). The determination of legal policy reserves requires the use of assumptions relating to mortality and morbidity, interest rates, lapse and persistency, expenses, non-guaranteed benefits and margins for adverse deviation, based on standard actuarial valuation methods and assumptions prescribed by the IC.

Changes in these assumptions may materially affect the legal policy reserves recognized in the financial statements.

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

Estimating the Claims Incurred but not Reported. A provision is recognized for claims incurred but not yet reported as at reporting date based on historical claims experience and other available information. The estimation of IBNR claims requires management judgment and the use of assumptions. Actual claims experience may differ from these estimates and may result in subsequent adjustments to the recognized liabilities. Changes in the estimated liability for claims incurred but not reported are recognized in profit or loss in the period the changes are determined.

The carrying amount of IBNR claims included under "Policy and contract claims" is 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 measures allowance for expected credit losses (ECL) on financial assets at amortized cost and debt instruments classified as financial assets at FVOCI using the general approach under PFRS 9. Under this approach, ECL is measured based on either 12-month expected credit losses or lifetime expected credit losses depending on whether there has been a significant increase in credit risk since initial recognition.

The determination of ECL requires management judgment and the use of assumptions, including the assessment of significant increase in credit risk, expected future cash flows, credit risk ratings, historical loss experience and forward-looking economic information.

In assessing whether there has been a significant increase in credit risk, the Company considers reasonable and supportable information available without undue cost or effort, including actual or expected changes in external and internal credit ratings, adverse changes in business or economic conditions, and actual or expected deterioration in the financial condition or operating results of the borrower or issuer.

Changes in assumptions and forecasts may materially affect the allowance for ECL recognized in the financial statements.

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

Estimating the Useful Lives of Property and Equipment. The useful lives of property and equipment are estimated based on the expected period over which the assets will be available for use. The estimates are based on historical experience, internal technical evaluation and industry practices for similar assets. The estimated useful lives, residual values and depreciation method are reviewed annually and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limitations on the use of the assets.

Changes in the estimated useful lives of property and equipment may affect the timing and amount of depreciation expense recognized in the financial statements.

There were no changes in the estimated useful lives of the Company's property and equipment at cost and revalued amounts in 2025 and 2024. The carrying amounts of property and equipment are disclosed in Note 9.

Determining the Revalued Amount of Property and Equipment. The Company carries certain land, buildings and office condominium units at revalued amounts based on valuations performed by an independent appraiser.

The fair values of land were determined primarily using the market data approach, which considers sales transactions and market prices of comparable properties adjusted for factors such as location, size, condition and market conditions. The fair values of buildings and office condominium units were determined using the cost approach, which considers the current replacement cost of the assets less depreciation and obsolescence. The determination of the revalued amounts of property and equipment requires management judgment and the use of assumptions and estimates. Changes in valuation assumptions and market conditions may materially affect the carrying amounts of the revalued properties.

The latest independent valuation of the Company's land, buildings and office condominium units was performed using a valuation cut-off date of December 31, 2025. The carrying amounts of property and equipment carried at revalued amounts are disclosed in Note 9.

Assessing the Impairment of Nonfinancial Assets. The Company assesses whether nonfinancial assets may be impaired whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. Indicators of impairment include significant underperformance relative to historical or projected operating results, significant changes in the manner of use of the assets or business strategy, and significant adverse industry or economic trends.

An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Recoverable amounts are determined for individual assets or, when appropriate, for the cash-generating unit to which the asset belongs.

The determination of recoverable amounts requires management judgment and the use of assumptions and estimates, particularly in determining future cash flows expected to be generated from the assets. Changes in assumptions and estimates may materially affect the recoverable amounts of nonfinancial 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 and Cash Equivalents and Short-term Investments

Cash and Cash Equivalents

This account consists of:

	2025	2024
Cash on hand	₱53,000	₱53,000
Cash in banks	459,750,044	646,986,401
Short-term deposits	194,885,897	369,911,237
	₱654,688,941	₱1,016,950,638

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 ₱1.2 million and ₱11.7 million as at December 31, 2025 and 2024, 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 1.15% to 4.5% and 1.80% to 6.20% in 2025 and 2024, respectively.

Interest Income

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

	Note	2025	2024	2023
Cash and cash equivalents		₱4,913,458	₱12,267,899	₱10,323,452
Short-term investments		11,110,736	19,998,775	14,046,437
Investment securities:	6			
Financial assets at amortized cost		237,158,018	217,157,826	165,566,665
Financial assets at FVOCI		116,250,052	94,215,334	81,127,595
Financial assets at FVPL		44,895,037	49,918,462	47,701,969
Loans receivables	7	23,861,124	81,388,662	125,688,876
		₱438,188,425	₱474,946,958	₱444,454,994

5. Insurance Receivables

This account consists of:

	2025	2024
Due from ceding companies	₱124,391,785	₱9,293,591
Premiums due and uncollected	8,504,414	9,028,816
	₱132,896,199	₱18,322,407

Premiums due and uncollected pertain to uncollected premiums on written policies which are collectible within the Company's 90-day grace period.

Due from ceding companies represents amounts receivable under reinsurance arrangements. These balances typically arise from premiums ceded, claims recoveries, commissions, and other contractual settlements due from ceding companies.

6. Investment Securities

Movements of this account are as follows:

	2025			
	Financial Assets			Total
	At FVPL	At FVOCI	At Amortized Cost	
Balance at beginning of year	₱890,336,536	₱3,009,346,639	₱3,663,372,342	₱7,563,055,517
Additions	254,796,542	886,544,497	1,123,101,117	2,264,442,156
Maturities and disposals	(329,743,619)	(432,736,023)	(922,215,066)	(1,684,694,708)
Fair value changes	15,337,493	184,208,077	–	199,545,570
Foreign exchange changes	25,382,948	48,789,490	–	74,172,438
Amortization	1,299,147	(15,007,674)	(627,819)	(14,336,346)
Provision for impairment loss	–	(45,000)	(754,199)	(799,199)
Balance at end of year	₱857,409,047	₱3,681,100,006	₱3,862,876,375	₱8,401,385,428

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

Financial Assets at FVPL

This account consists of investments in private and foreign debt securities amounting to ₱857.4 million and ₱890.3 million as at December 31, 2025 and 2024, respectively.

Private debt securities earn annual interest of 2.10% to 8.00% and 2.32% to 8.65% in 2025 and 2024, respectively. Interest income amounted to ₱44.9 million, ₱49.9 million and ₱47.7 million in 2025, 2024 and 2023, respectively, net of amortization of net discount amounting to ₱1.3 million, ₱2.4 million and ₱2.1 million in 2025, 2024 and 2023, respectively (see Note 4).

Financial Assets at FVOCI

This account consists of:

	2025	2024
Debt securities:		
Government - foreign	₱1,571,577,876	₱1,188,390,585
Private - foreign	983,228,385	950,739,206
	2,554,806,261	2,139,129,791
Equity securities - local and foreign	1,126,293,745	870,216,848
	₱3,681,100,006	₱3,009,346,639

Private and government debt securities earn annual interest of 2.21% to 7.01% and 2.21% to 7.86% in 2025 and 2024, respectively. Interest income amounted to ₱116.3 million, ₱94.2 million and ₱81.1 million in 2025, 2024 and 2023, respectively, net of amortization of net premium amounting to ₱15.0 million, ₱15.2 million and net discount amounting to ₱13.0 million in 2025, 2024 and 2023, 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 ₱46.8 million, ₱46.7 million and ₱47.8 million in 2025, 2024 and 2023, respectively.

Movements of revaluation reserves on investment securities are as follows:

	2025		
	Fair Value Change	12-month ECL	Total
Balance at beginning of year	(₱205,359,507)	₱15,025,911	(₱190,333,596)
Change in revaluation reserves:			
Fair value changes	184,208,077	–	184,208,077
Foreign exchange changes	(1,187,691)	–	(1,187,691)
Transfer to retained earnings	(18,043,211)	–	(18,043,211)
Transfers to profit or loss due to:			
Sale and maturities	23,116,210	–	23,116,210
Provision for impairment loss	–	274,956	274,956
	188,093,385	274,956	188,368,341
Balance at end of year	(₱17,266,122)	₱15,300,867	(₱1,965,255)
	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)

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:

	2025	2024	2023
Balance at beginning of year	(₱190,333,596)	(₱224,212,383)	(₱292,456,417)
Items that will be reclassified to profit or loss	98,166,017	(45,088,463)	65,459,076
Items that will not be reclassified into profit or loss	90,202,324	78,967,250	2,784,958
Balance at end of year	(1,965,255)	(₱190,333,596)	(₱224,212,383)

Financial Assets at Amortized Cost

This account consists of:

	2025	2024
Government debt securities - local	₱3,446,599,400	₱3,146,237,738
Private debt securities - local	419,380,000	519,483,430
	3,865,979,400	3,665,721,168
Allowance for impairment loss (12-month ECL)	3,103,025	2,348,826
	₱3,862,876,375	₱3,663,372,342

Government and private debt securities earn annual interest of 2.63% to 10.38%, 2.38% to 10.39%, and 2.38% to 12.38% in 2025, 2024 and 2023, respectively. Interest income amounted to ₱237.2 million, ₱217.2 million and ₱165.6 million in 2025, 2024 and 2023, respectively, net of amortization of net premium amounting to ₱0.6 million in 2025 and net discount amounting to ₱4.6 million and ₱10.1 million in 2024 and 2023, respectively (see Note 4).

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

	2025	2024
Balance at beginning of year	₱2,348,826	₱4,907,055
Provision (reversal)	754,199	(2,558,229)
Balance at end of year	₱3,103,025	₱2,348,826

Sale of Investment Securities

The Company, in the normal course of business, has disposed various investment securities. The sale resulted to net loss of ₱40.4 million in 2025, net gain of ₱69.6 million in 2024, and 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	2025	2024	2023
Loans receivable	7	₱30,000,000	₱98,638,964	₱6,476,786
Financial assets:				
At amortized cost		754,199	(2,558,229)	2,770,657
At FVOCI		274,956	32,882	3,982,486
		1,029,155	(2,525,347)	6,753,143
		₱31,029,155	₱96,113,617	₱13,229,929

Dividend Income

Dividend income arises from equity securities classified as financial assets at fair value through other comprehensive income (FVOCI). The Company recognized dividend income amounting to ₱46.8 million, ₱46.7 million, and ₱47.8 million in 2025, 2024, and 2023, respectively. No dividend income was recognized from financial assets at fair value through profit or loss (FVPL).

Accrued Investment Income

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

	Note	2025	2024
Interest receivable:			
Investment securities		₱104,941,578	₱94,093,117
Short-term investments		521,539	731,488
Loans receivables:			
Third parties		2,496,406	3,057,564
Related parties	17	181,532	619,693
Dividend receivable		37,659	36,903
		₱108,178,714	₱98,538,765

7. Loans Receivables

This account consists of:

	Note	2025	2024
Salary loans		₱965,644,772	₱1,014,864,148
Policy loans		93,575,612	89,964,446
Due from related parties	17	77,479,250	77,479,250
Agents' balances		42,097,370	50,496,197
Mortgage and collateral loans:			
Related party	17	14,889,706	34,742,647
Third parties		297,632	3,585,082
Notes receivables		10,975,627	8,773,508
Others		42,642,774	58,246,063
		1,247,602,743	1,338,151,341
Less allowance for impairment loss		211,619,697	181,619,697
		₱1,035,983,046	₱1,156,531,644

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

	Note	2025		Total
		12-month ECL	Lifetime ECL	
Balance at beginning of year		₱38,224,966	₱143,394,731	₱181,619,697
Provision	6	30,000,000	–	30,000,000
Transfer from 12-month ECL to lifetime ECL		(29,382,195)	29,382,195	–
Balance at end of year		₱38,842,771	₱172,776,926	₱211,619,697

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

	Note	2023		Total
		12-month ECL	Lifetime ECL	
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

Composition of allowance for impairment loss are as follows:

	Note	2025	2024
Salary loans		₱150,608,573	₱120,608,573
Due from related parties	17	52,350,172	52,350,172
Agents' balances		4,999,651	4,999,651
Notes receivables		2,860,226	2,860,226
Others		801,075	801,075
		₱211,619,697	₱181,619,697

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	2025	2024	2023
Salary loans		₱10,408,704	₱52,082,993	₱111,716,966
Agents' balances		680,820	15,795,811	819,219
Policy loans		9,602,258	8,248,833	8,028,074
Mortgage and collateral loans:				
Related party	17	1,035,575	3,151,707	3,107,801
Third parties		—	—	24,189
Notes receivables		1,240,351	985,951	945,978
Others		893,615	1,123,367	1,046,649
		₱23,861,124	₱81,388,662	₱125,688,876

8. Investment in a Subsidiary

The Company's investment in a subsidiary follows:

Name of Subsidiary	Nature of Business	Percentage of Ownership	Cost	
			2025	2024
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 ₱52.4 million as at December 31, 2025 and 2024, 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	2025				Total
		Land	Buildings	Office Condominium	Construction in Progress	
Revalued Amounts						
Balance at beginning of year		₱831,879,999	₱390,986,667	₱59,568,781	₱-	₱1,282,435,447
Additions		-	-	-	3,695,533	3,695,533
Reclassification		-	-	-	66,326,627	66,326,627
Appraisal increase		531,453,000	7,843,920	5,931,286	-	545,228,206
Balance at end of year		1,363,332,999	398,830,587	65,500,067	70,022,160	1,897,685,813
Accumulated Depreciation						
Balance at beginning of year		-	311,472,998	32,282,972	-	343,755,970
Depreciation	20	-	6,112,588	1,436,095	-	7,548,683
Balance at end of year		-	317,585,586	33,719,067	-	351,304,653
Carrying Amount		₱1,363,332,999	₱81,245,001	₱31,781,000	₱70,022,160	₱1,546,381,160

	Note	2024			Total
		Land	Buildings	Office Condominium	
Revalued Amounts					
Balance at beginning of year		₱831,879,999	₱390,986,667	₱59,387,813	₱1,282,254,479
Additions		-	-	180,968	180,968
Balance at end of year		831,879,999	390,986,667	59,568,781	1,282,435,447
Accumulated Depreciation					
Balance at beginning of year		-	305,530,071	30,846,876	336,376,947
Depreciation	20	-	5,942,927	1,436,095	7,379,022
Balance at end of year		-	311,472,998	32,282,971	343,755,969
Carrying Amount		₱831,879,999	₱79,513,669	₱27,285,810	₱938,679,478

In 2025, the construction phase of an office unit was substantially completed. Accordingly, the related advances from other assets amounting to ₱66.3 million were classified to construction in progress. The office unit is subject to additional fit-out works and will be transferred to the appropriate asset category once it is ready for occupancy and available for use.

The latest independent property valuation of land, building and office condominium was performed for December 31, 2025, the valuation cut-off date. The appraisal resulted to an increase in revaluation surplus, net of deferred tax, amounting to ₱408.9 million.

The Company's property and equipment stated at appraised values are classified under Level 2 in the fair value hierarchy. The description of the valuation techniques used and key inputs to valuation are as follows:

Location	Valuation techniques	Observable inputs used	Range (weighted average)
Legaspi Village, Barangay San Lorenzo, Makati City, Metropolitan Manila	Market approach for land and cost approach for buildings	Reported/Asking prices per square meter of comparable lots for land, and Replacement Cost for buildings	₱1,413,761 to ₱2,000,000
Cebu Holdings Center, Cardinal Rosales Avenue, Cebu Business Park, Barangay Mabolo, Cebu City	Market approach for office condominium	Asking/Reported prices per square meter. of comparable condominium units	₱167,635 to ₱175,927
A. Pichon, Sr. Street, Barangay 39-D (Poblacion), Davao City	Market approach for land and cost approach for buildings	Reported/Asking prices per square meter of comparable lots for land, and Replacement Cost for buildings	₱70,000 to ₱80,385
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 ₱38,388

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 observable 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 carrying amounts would have been as follows:

	2025			
	Land	Buildings	Office Condominium	Total
Cost	₱95,954,427	₱208,190,404	₱11,356,294	₱315,501,125
Accumulated depreciation	-	(136,982,379)	(8,111,590)	(145,093,969)
Carrying amount	₱95,954,427	₱71,208,025	₱3,244,704	₱170,407,156

	2024			
	Land	Buildings	Office Condominium	Total
Cost	₱95,954,427	₱208,190,404	₱11,356,294	₱315,501,125
Accumulated depreciation	-	(133,304,988)	(8,012,900)	(141,317,888)
Carrying amount	₱95,954,427	₱74,885,416	₱3,343,394	₱174,183,237

Transfer of revaluation surplus on property and equipment to retained earnings, net of deferred tax, amounted to ₱2.8 million in 2025, 2024 and 2023.

Movements of revaluation surplus recognized in equity are as follows:

	2025		
	Cumulative Revaluation Surplus	Deferred Tax (see Note 23)	Net
Balance at beginning of year	₱764,496,242	(₱191,124,061)	₱573,372,182
Appraisal Increase	545,228,206	(136,307,052)	408,921,154
Transfer to retained earnings	(3,772,602)	943,150	(2,829,452)
Balance at end of year	₱1,305,951,846	(₱326,487,963)	₱979,463,884

	2024		
	Cumulative Revaluation Surplus	Deferred Tax (see Note 23)	Net
Balance at beginning of year	₱768,256,843	(₱192,064,210)	₱576,192,633
Transfer to retained earnings	(3,760,601)	940,150	(2,820,451)
Balance at end of year	₱764,496,242	(₱191,124,060)	₱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

At Cost

Movements of property and equipment at cost are as follows:

	Note	2025		Total
		Transportation Equipment	Office Furniture and Equipment	
Cost				
Balance at beginning of year		₱87,501,733	₱125,883,349	₱213,385,082
Additions		6,458,792	11,422,024	17,880,816
Disposals		(5,306,765)	–	(5,306,765)
Balance at end of year		88,653,760	137,305,373	225,959,133
Accumulated Depreciation				
Balance at beginning of year		72,482,217	115,326,881	187,809,098
Depreciation	20	5,732,312	13,021,088	18,753,400
Disposals		(5,306,765)	–	(5,306,765)
Balance at end of year		72,907,764	128,347,969	201,255,733
Carrying Amount		₱15,745,996	₱8,957,404	₱24,703,400

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

Additions to property and equipment consist of the following:

	2025	2024	2023
At cost	₱17,880,816	₱20,430,488	₱11,135,610
At revalued amount	3,695,533	180,968	2,618,303
	₱21,576,349	₱20,611,456	₱13,753,913

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

	2025	2024	2023
At cost	₱18,753,400	₱15,335,965	₱15,823,573
At revalued amount	7,548,684	7,379,022	7,491,771
	₱26,302,084	₱22,714,987	₱23,315,344

In 2025, the Company sold fully depreciated items of property and equipment for aggregate proceeds and gain of ₱1.07 million. This is presented as part of other income.

The Company has fully depreciated property and equipment that are still in use with cost amounting to ₱128.72 million and ₱112.8 million as at December 31, 2025 and 2024, respectively.

10. Insurance Contract Liabilities

This account consists of:

	2025	2024
Legal policy reserves for:		
Ordinary life policies	₱2,107,271,545	₱1,800,250,323
Group life policies	1,269,739,550	1,399,867,675
Accident and health riders	64,691,237	40,047,659
	3,441,702,332	3,240,165,657
Policy and contract claims:		
Claims payable	1,652,485,395	1,834,860,234
Maturities and surrenders payable	250,082,301	241,446,911
Policyholders' benefits payable	62,657,112	76,706,925
	1,965,224,808	2,153,014,070
	₱5,406,927,140	₱5,393,179,727

Claims payable include provision for claims incurred but not yet reported amounting to ₱596.5 million and ₱751.0 million as at December 31, 2025 and 2024, respectively.

Movements in legal policy reserves are as follows:

	Note	2025	2024
Balance at beginning of year		₱3,240,165,657	₱3,196,173,953
Recognized in:			
Profit or loss	19	191,100,173	129,362,339
Other comprehensive loss (income)		10,436,502	(85,370,635)
Balance at end of year		₱3,441,702,332	₱3,240,165,657

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

	2025	2024	2023
Balance at beginning of year	₱733,731,619	₱648,360,984	₱660,144,459
Remeasurement gain (loss) due to changes in discount rates	(10,436,502)	85,370,635	(11,783,475)
Balance at end of year	₱723,295,117	₱733,731,619	₱648,360,984

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 ₱84.4 million and ₱307.2 million as at December 31, 2025 and 2024, respectively (see Note 16).

Movements in policy and contract claims are as follows:

	Note	2025	2024
Balance at beginning of year		₱2,153,014,070	₱1,926,541,436
Benefits and claims	19	706,638,679	1,271,541,324
Payments		(894,427,941)	(1,045,068,690)
Balance at end of year		₱1,965,224,808	₱2,153,014,070

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 ₱289.8 million and ₱299.3 million as at December 31, 2025 and 2024, respectively. Interest expense amounted to ₱16.5 million and ₱17.9 million in 2025 and 2024, 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	2025	2024
Balance at beginning of year		₱76,040	₱75,156
Premiums ceded	18	44,401,563	42,952,658
Payments		(36,463,762)	(42,951,774)
Balance at end of year		₱8,013,841	₱76,040

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 2025 and 2024. 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.

The Company has no outstanding loans payable and has not incurred any interest expense as at and for the years ended December 31, 2025 and 2024. Interest expense incurred in 2023 amounted to ₱45,554 (see Note 21).

The changes in liabilities arising from financing activities as at December 31, 2025 and 2024 are as follows:

	2025		
	Loans Payable	Dividends Payable (see Note 15)	Total
Balance at beginning of year	₱-	₱73,207,165	₱73,207,165
Changes from financing cash flows -			
Dividends paid	-	(64,526)	(64,526)
Balance at end of year	₱-	₱73,142,639	₱73,142,639

	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

14. Accounts Payable and Accrued Expenses

This account consists of:

	2025	2024
Accounts payable	₱84,444,166	₱82,459,089
Accrued expenses	35,198,790	40,701,452
Statutory payables	11,621,387	13,229,561
	₱131,264,343	₱136,390,102

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	2025	2024
Life insurance deposits		₱234,355,960	₱189,507,624
Dividends payable	13	73,142,639	73,207,165
Agents' fund		32,470,995	35,985,090
Others		1,797,369	1,829,024
		₱341,766,963	₱300,528,903

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 ₱2,421.4 million and ₱1,967.8 million as at December 31, 2025 and 2024, 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):

	2025	2024
Balance at beginning of year	P307,187,300	P231,755,842
Additional appropriation	(222,760,844)	75,431,458
Balance at end of year	P84,426,456	P307,187,300

17. Related Party Transactions

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

	Note	Transactions During the Year		Balance at End of Year		Nature	Conditions
		2025	2024	2025	2024		
Due From Related parties	7						
<i>Subsidiary -BFAI</i>		P-	P-	P52,350,172	P52,350,172	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		-	-	17,966,654	17,966,654	Advances to officers	Non-interest bearing, unsecured, payable in cash, no impairment,
Allowance for impairment loss		-	-	(52,350,172)	(52,350,172)		
				P25,129,078	P25,129,078		
Mortgage Loan Receivable	7						
Entity under common control		(P19,852,941)	(P19,852,941)	P14,889,706	P34,742,647	Mortgage loan (Payments)	5% interest, payable in 8 years, no impairment, payable in cash
Interest Income On:	6						
Mortgage loan receivable		P1,035,575	P3,151,707	P181,532	P619,693	Interest income	Due and demandable

Compensation of Key Management Personnel

The compensation of key management personnel are as follows:

	2025	2024
Salaries and other employee benefits	P39,617,136	P31,551,120
Retirement expense	12,539,613	10,617,687
	P52,156,749	P42,168,807

18. Net Insurance Premiums

The gross premiums on insurance contracts consist of:

	2025	2024	2023
Direct:			
Group life insurance	₱1,065,606,412	₱1,496,096,222	₱1,771,752,064
Ordinary life insurance	276,118,262	285,552,641	301,947,682
Accident and health	8,415,383	11,959,351	12,266,988
	1,350,140,057	1,793,608,214	2,085,966,734
Assumed -			
Group life insurance	85,023,493	66,369,189	69,191,912
	₱1,435,163,550	₱1,859,977,403	₱2,155,158,646

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

	2025	2024	2023
Group life insurance	₱44,228,170	₱42,332,505	₱35,320,471
Ordinary life insurance	122,626	503,923	481,043
Accident and health	50,767	116,230	112,426
	₱44,401,563	₱42,952,658	₱35,913,940

19. Net Insurance Benefits and Claims

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

	2025	2024	2023
Claims	₱534,763,082	₱1,087,210,114	₱1,137,601,991
Maturities and surrenders	168,441,314	181,789,518	237,397,061
Experience refunds	4,519,411	1,639,534	43,335,241
Gross benefits and claims	707,723,807	1,270,639,166	1,418,334,293
Reinsurers' share	(1,085,128)	902,158	(14,942,929)
	₱706,638,679	₱1,271,541,324	₱1,403,391,364

Net change in legal policy reserves consists of:

	2025		
	Gross Change in Legal Policy Reserves	Reinsurers' Share of Change in Legal Policy Reserves	Net (see Note 10)
Ordinary life insurance	₱297,569,633	₱-	₱297,569,633
Group life insurance	(104,005,230)	(3,100,238)	(107,105,468)
Accident and health	636,008	-	636,008
	₱194,200,411	(₱3,100,238)	₱191,100,173

	2024		
	Gross Change in Legal Policy Reserves	Reinsurers' Share of Change in Legal Policy Reserves	Net (see Note 10)
Ordinary life insurance	(P54,533,104)	P-	(P54,533,104)
Group life insurance	179,531,019	2,860,906	182,391,925
Accident and health	1,503,518	-	1,503,518
	P126,501,433	P2,860,906	P129,362,339

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

20. General and Administrative Expenses

This account consists of:

	Note	2025	2024	2023
Service fees		P198,722,083	P269,577,381	P278,934,444
Personnel costs		162,440,747	131,917,733	158,356,478
Agency expenses		80,536,128	84,962,570	59,869,983
Outside services		27,987,010	33,155,639	12,901,354
Depreciation	9	26,302,084	22,714,987	23,315,344
Professional fees		16,811,161	26,777,679	20,572,277
Conferences and meetings		13,621,225	10,634,980	6,144,269
Utilities		9,328,322	8,435,780	8,434,271
Taxes and licenses		8,385,188	7,242,001	6,479,484
Supplies		6,652,978	5,553,398	5,822,619
Repairs and maintenance		6,387,432	5,652,344	5,730,755
Association dues and fees		1,518,089	1,394,127	1,135,506
Insurance		1,169,408	1,352,671	1,150,140
Trainings and seminars		270,561	184,494	632,887
Transportation and travel		155,540	492,603	1,575,452
Others		48,705,760	36,909,829	17,965,287
		P608,993,716	P646,958,216	P609,020,550

Agency expenses include rent, utilities and other expenses incurred for branch and agency operations. Rent expense amounted to P9.2 million in 2025 and P9.8 million in 2024 and 2023 (see Note 24).

Personnel costs consist of:

	Note	2025	2024	2023
Salaries and wages		₱109,207,393	₱101,814,479	₱102,774,797
Retirement benefits cost	22	22,054,782	19,598,443	20,087,449
Other employee benefits		31,178,572	10,504,811	35,494,232
		₱162,440,747	₱131,917,733	158,356,478

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:

	2025	2024	2023
Commissions:			
Group	₱46,798,180	₱91,782,011	₱144,248,676
First year	35,141,032	32,778,564	36,637,515
Reinsurance	4,760,165	8,869,002	1,728,870
Renewal	2,612,010	1,285,904	2,057,396
Direct taxes	31,340,905	41,773,750	44,289,311
	₱120,652,292	₱176,489,231	₱228,961,768

Finance Costs and Charges

This account consists of:

	Note	2025	2024	2023
Interest expense on:				
Premium deposit fund	11	₱16,460,196	₱17,914,867	₱19,285,067
Loans payable	13	–	–	45,554
		16,460,196	17,914,867	19,330,621
Bank charges and other service fees		6,707,075	6,567,213	7,755,515
		₱23,167,271	₱24,482,080	₱27,086,136

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, 2025.

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

	2025	2024	2023
Current service cost	₱14,590,291	₱13,304,814	₱12,644,611
Net interest expense	7,464,491	6,293,629	7,442,838
	₱22,054,782	₱19,598,443	₱20,087,449

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

	2025	2024
Present value of defined benefit obligation	₱317,093,762	₱292,098,105
Fair value of plan assets	(181,905,122)	(161,705,179)
	₱135,188,640	₱130,392,926

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

	2025	2024
Balance at beginning of year	₱130,392,926	₱130,207,064
Current service cost	14,590,291	13,304,814
Net interest expense	7,464,491	6,293,629
Net remeasurement loss (gain)	(2,659,649)	4,336,615
Actual contributions	(10,000,000)	(10,000,000)
Benefits paid out of Company fund	(4,599,419)	(13,749,196)
Balance at end of year	₱135,188,640	₱130,392,926

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

	2025	2024
Balance at beginning of year	₱292,098,105	₱273,913,521
Current service cost	14,590,291	13,304,814
Interest cost	17,650,177	15,408,472
Remeasurement loss (gain) due to:		
Changes in financial assumptions	(321,183)	3,816,682
Experience adjustments	(2,324,209)	(596,188)
Benefits paid out of Company fund	(4,599,419)	(13,749,196)
Balance at end of year	₱317,093,762	₱292,098,105

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

	2025	2024
Balance at beginning of year	P161,705,179	P143,706,457
Actual contributions	10,000,000	10,000,000
Interest income	10,185,686	9,114,843
Remeasurement gain (loss)	14,257	(1,116,121)
Balance at end of year	P181,905,122	P161,705,179

The Company expects to contribute P29.8 million to the retirement plan in the next reporting period.

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

	2025	2024
Government securities	86%	81%
Corporate bonds, trust funds and mutual funds	14%	19%

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:

	2025		
	Cumulative Remeasurement Gain (Loss)	Deferred Tax (see Note 23)	Net
Balance at beginning of year	(P5,910,247)	P1,477,562	(P4,432,685)
Remeasurement gain	2,659,649	(664,910)	1,994,739
Balance at end of year	(P3,250,598)	P812,652	(P2,437,946)

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

	2023		
	Cumulative Remeasurement Gain (Loss)	Deferred Tax (see Note 23)	Net
Balance at beginning of year	₱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)

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

	2025	2024
Discount rate	6.27%	6.11%
Salary increase rate	6.00%	6.00%

The sensitivity analysis of the retirement liability as at December 31, 2025 to changes in assumptions follows:

	Change in Variables	Increase (Decrease) in Present Value of Defined Benefit Obligation
Salary increase rate	+1.00%	₱15,710,591
	-1.00%	(14,160,099)
Discount rate	+1.00%	(13,709,553)
	-1.00%	15,492,576

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, 2025 follows:

Period	Amount
Less than 1 year	12,825,423
1 year to less than 5 years	227,223,554
5 years to less than 10 years	93,139,568
10 years to less than 15 years	146,147,189
15 years to less than 20 years	117,293,566
20 years and above	185,696,059

The average duration of the expected benefit payments at the end of the reporting period is 7.43 years.

23. Income Tax

The current income tax expense represents MCIT in 2025 and 2024 and RCIT in 2023.

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

	2025	2024	2023
Deferred tax assets:			
Net retirement liability	₱33,797,163	₱32,598,232	₱32,551,766
Allowance for impairment on loans receivables*	39,817,381	32,317,381	6,894,428
Unrealized foreign exchange loss NOLCO	-	-	4,168,775
Excess MCIT	-	2,703,503	-
	73,614,544	93,999,312	43,614,969
Deferred tax liabilities:			
Revaluation surplus on property and equipment	326,487,963	191,124,060	192,064,210
Accrued interest using effective interest rate	67,836,953	76,332,913	75,813,507
Unrealized foreign exchange gain	17,729,475	26,648,731	-
Others	2,415,371	2,415,371	2,415,371
	414,469,762	296,521,075	270,293,088
Net deferred tax liabilities	₱340,855,218	₱202,521,763	₱226,678,119

*Excluding allowance on due from related parties.

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

	Note	2025	2024
Revaluation surplus	9	₱326,487,963	₱191,124,060
Cumulative remeasurement loss on net retirement liability	22	(812,652)	(1,477,562)
		₱325,675,311	₱189,646,498

The presentation of net deferred tax liabilities are as follows:

	2025	2024
Through profit or loss	₱15,179,907	₱12,875,265
Through other comprehensive income	325,675,311	189,646,498
	₱340,855,218	₱202,521,763

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:

	2025	2024	2023
Income tax expense at statutory income tax rate	₱66,650,951	₱50,704,695	₱36,337,689
Tax effects of:			
Interest and dividend income subjected to lower tax rates	(13,104,476)	(14,086,085)	(9,610,717)
Nondeductible expenses	16,316,399	8,658,975	14,137,469
Income exempt from tax	(8,323,849)	(8,323,114)	(7,614,166)
Nontaxable income	(3,902,167)	(7,076,583)	(597,531)
Income tax at effective tax rate	₱57,636,858	₱29,877,888	₱32,652,744

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 ₱4.4 million, ₱4.3 million and ₱4.2 million in 2025, 2024 and 2023, respectively.

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

	2025	2024
Within one year	₱2,638,384	₱3,698,668
After one year but not more than five years	7,475,043	1,779,937
	₱10,113,427	₱5,478,605

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 ₱9.2 million in 2025 and ₱9.8 million in 2024 and 2023 (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, 2025 and 2024 are as follows:

	2025	2024
Within one (1) year	₱6,613,625	₱8,390,101
After one (1) year but not more than five (5) years	2,154,317	1,670,899
	₱8,767,942	₱10,061,000

25. Capital Management and Regulatory Framework

Capital Management Framework

The primary objectives of the Company's capital management are to maintain a sound capital position, ensure compliance with regulatory capital requirements, adequately protect policyholders and optimize shareholder value. The Company maintains capital at levels higher than the minimum requirements prescribed by the Insurance Commission (IC), including the minimum net worth and Risk-Based Capital (RBC) requirements.

The Company assesses its capital adequacy annually using an internal capital measurement framework that considers regulatory capital requirements and the Company's exposure to risk. As at December 31, 2025 and 2024, the Company has complied with all externally imposed capital requirements. In the event that capital falls below the required minimum, management may implement appropriate capital management measures to restore compliance.

Regulatory Framework

The operations of the Company are subject to the regulatory requirements of the IC. Such regulations include prescribed minimum capitalization, net worth, solvency and RBC requirements intended to ensure that insurance companies maintain adequate capital to meet obligations to policyholders and other liabilities as they fall due.

Minimum Statutory Net Worth

Republic Act No. 10607, otherwise known as "The Insurance Code," prescribes the minimum net worth requirements for insurance companies. As clarified under IC Circular Letter (CL) No. 2015-02-A, the minimum net worth requirement must be maintained unimpaired for the continuation of an insurance company's license.

As at December 31, 2025 and 2024, the amount of required minimum statutory net worth is ₱1.3 billion.

Pursuant to Section 202 of The Insurance Code, the following assets are considered non-admitted assets as at December 31, 2025 and 2024:

	2025	2024
Cash and cash equivalents	₱46,326,709	₱94,954,779
Short-term investments	–	29,041,017
Insurance receivables	–	3,144,315
Investment securities	34,116,491	1,434,636,891
Loans and receivables	539,553,304	501,686,458
Accrued investment income	463,165	17,841,753
Property and equipment:	1,279,322,891	746,125,418
Other assets	42,746,169	177,959,666
	₱1,942,528,729	₱3,005,390,297

As at December 31, 2025 and 2024, the Company's net worth and its excess over the requirement are as follows:

	2025	2024
Total assets	₱11,941,569,486	₱10,929,758,424
Total liabilities	6,621,394,859	6,426,384,832
Equity	5,320,174,627	4,503,373,592
Less: Non-admitted assets	1,942,528,729	3,005,390,297
Less: Non ledger liabilities	-	2,361,975
Net worth	3,377,645,898	1,495,621,320
Less: Net worth requirement	1,300,000,000	1,300,000,000
Excess over net worth requirement	₱2,077,645,898	₱195,621,320

As at December 31, 2025 and 2024, 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, 2025 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 insurance companies to adopt the RBC approach and other internationally accepted capital adequacy frameworks. In 2016, the IC issued CL No. 2016-68 regarding the Amended RBC framework to be known as "RBC2 Framework" which became effective on January 1, 2017.

Under the RBC2 Framework, every life insurance company is required to maintain a minimum RBC ratio of 100% and not fail the trend test prescribed by the IC. Failure to meet the required RBC ratio subjects the insurance company to the corresponding regulatory intervention.

The RBC ratio is calculated by dividing Total Available Capital (TAC) by the RBC requirement. TAC consists of Tier 1 and Tier 2 capital less applicable deductions, subject to limitations prescribed by the IC. RBC requirement considers risks relating to asset defaults, insurance pricing, interest rates and general business operations.

The following table shows the Company's internally computed RBC ratio as at December 31::

	2025	2024
Tier 1	₱3,619,853,573	₱3,200,702,474
Tier 2	1,700,321,054	1,302,671,118
Deductions	(1,855,556,706)	(2,741,969,076)
Total available capital	3,464,617,921	1,761,404,516
RBC requirement	1,288,652,893	1,398,936,466
RBC ratio	269%	126%

As at December 31, 2025 and 2024, the Company is compliant with the RBC ratio requirements of the IC. The final amount of the RBC ratio as at December 31, 2025 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

Insurance risk pertains to the uncertainty of the occurrence, amount and timing of insurance claims and benefit payments. The principal risk faced by the Company under insurance contracts is that actual claims and benefit payments may exceed the carrying amount of insurance liabilities. This risk is influenced by the frequency and severity of claims, actual benefits paid compared with original estimates, and subsequent development of long-term claims.

Terms and Conditions

The Company principally issues life insurance contracts where the policyholder is insured against death, illness, injury or permanent disability, generally for a pre-determined amount. The Company's products mainly include whole life, term insurance, endowment, accident and health, and group life products.

The risks associated with these products are considered underwriting risks, which arise from actual policy experience differing from assumptions used in product pricing.

Underwriting risks include:

- Mortality risk - risk of loss arising from policyholder death experience differing from expectations;
- Morbidity risk - risk of loss arising from policyholder health experience differing from expectations;
- Expense risk - risk of loss arising from actual expenses differing from expectations;
- Investment return risk - risk of loss arising from actual investment returns differing from expectations; and
- Policyholder decision risk - risk of loss arising from policyholder behavior such as lapses and surrenders differing from expectations.

The Company generally limits its maximum underwriting exposure on the life insurance coverage of a single individual to ₱3,000,000 through the use of yearly renewable term reinsurance. The Company exercises due diligence in selecting domestic and foreign reinsurers with strong financial standing and established track records. While reinsurance arrangements do not relieve the Company of its direct obligations to policyholders, an effective reinsurance program substantially limits exposure to potentially significant losses.

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

	2025		2024	
	Number of Policies	Coverage	Number of Policies	Coverage
Whole life	85,535	₱10,712,901,314	83,463	₱10,748,305,916
Endowment	2,659	323,611,572	3,440	445,022,753
Term	10,278	1,393,875,737	9,985	1,354,267,841
Accident and health	10,120	1,081,931,803	9,641	3,369,753,222
Group life	527	228,457,659,937	877	1,062,853,884,624
	109,119	₱241,969,980,363	107,406	₱1,078,771,234,356

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

	2025	2024
Ordinary life	P2,107,271,545	P1,800,250,323
Group life	1,269,739,550	1,399,867,675
Accident and health	64,691,237	40,047,659
	P3,441,702,332	P3,240,165,657

Key Assumptions

Material judgment and estimates are required in determining insurance liabilities and the related assumptions. Assumptions are based on past experience, current internal data, market conditions and other published information. These assumptions are continuously reviewed and updated to ensure that the resulting liabilities remain adequate and reasonable. Assumptions are likewise subject to the provisions of The Insurance Code and guidelines prescribed by the Insurance Commission (IC).

At each reporting date, the Company performs liability adequacy testing to determine whether recognized insurance liabilities remain adequate based on current estimates. If the liabilities are assessed to be inadequate, the assumptions are updated to reflect current expectations.

The key assumptions to which the valuation of insurance liabilities is particularly sensitive are as follows:

Mortality and Morbidity Rates. Assumptions are based on standard industry and national mortality and morbidity tables adjusted where appropriate to reflect the Company's experiences. Assumptions vary by sex, underwriting classification and type of contract.

For life insurance policies, increases in mortality and morbidity rates would generally result in higher claims and insurance liabilities and lower profits.

Discount Rates. Life insurance liabilities are determined based on the discounted value of expected future benefits less the discounted value of expected future theoretical premiums. Discount rates are derived from the expected long-term investment returns of the assets supporting the insurance liabilities and current market conditions.

A decrease in discount rates generally increases insurance liabilities and reduces profits.

Investment Return. Investment return assumptions are based on expected long-term market returns and future economic and financial conditions consistent with the Company's long-term investment strategy.

An increase in investment returns would generally increase profits.

Lapse and Surrender Rates. Lapse assumptions relate to policy terminations arising from non-payment of premiums, while surrender assumptions relate to voluntary policy terminations by policyholders. These assumptions are based on statistical analyses of the Company's experience and vary depending on product type, policy duration and sales trends.

Increases in lapse rates during the early years of policies generally reduce profits, while increases occurring in later years generally have limited impact. *Expenses.* Expense assumptions reflect the expected costs of maintaining and servicing in-force policies, including related overhead costs. These assumptions are based on current expense levels adjusted for expected inflation, where appropriate.

An increase in expenses would generally increase insurance liabilities and reduce profits.

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	
	2025	2024	2025	2024
	2017 PICM, 1959 ADB, and 1952 Disability Based on Experience	2017 PICM, 1959 ADB, and 1952 Disability Based on Experience	5.31% to 6.76% Based on Experience	6.14% to 6.68% Based on Experience
Ordinary life				
Group life				

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 may significantly affect the ultimate liabilities. Sensitivity analysis has been performed based on the r margin for adverse deviation prescribed by the IC.

The effects of changes in assumptions follow:

Change in Assumptions	2025		
	Increase (Decrease) in Liabilities	Increase (Decrease) in Income Before Tax	Increase (Decrease) in Equity
+10%	(P93,543,025)	P93,543,025	P68,735,491
-10%	126,661,561	(126,661,561)	(103,156,284)

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

Financial Risk

The Company is exposed to financial risks arising from its financial instruments, including credit risk, liquidity risk and market risk. The Company's objective is to achieve an appropriate balance between risk and return while minimizing potential adverse effects on financial performance.

The Company's risk management policies are designed to identify, assess and manage financial risks through the establishment of risk limits, controls and monitoring procedures. These policies are regularly reviewed to reflect changes in market conditions, products and emerging practices.

The BOD is responsible for oversight of market, credit and liquidity risks, while Internal Audit independently reviews the effectiveness of risk management processes and controls.

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, 2025 and 2024:

	2025		2024	
	Fair Value	Carrying Amount	Fair Value	Carrying Amount
Financial Assets				
Cash and cash equivalents	₱654,688,941	₱654,688,941	₱1,016,950,638	₱1,016,950,638
Short-term investments	1,161,886	1,161,886	11,735,929	11,735,929
Insurance receivables	132,896,199	132,896,199	18,322,407	18,322,407
Investment securities	8,481,283,518	8,401,385,428	7,605,760,657	7,563,055,517
Loans receivables	1,035,802,495	1,035,983,046	1,153,154,367	1,156,531,644
Accrued investment income	108,178,714	108,178,714	98,538,765	98,538,765
	₱10,414,011,753	₱10,334,294,214	₱9,904,462,763	₱9,865,134,900

	2025		2024	
	Fair Value	Carrying Amount	Fair Value	Carrying Amount
Financial Liabilities				
Insurance contract liabilities	₱5,406,927,140	₱5,406,927,140	₱5,393,179,727	₱5,393,179,727
Premium deposit fund	289,849,708	289,849,708	299,280,463	299,280,463
Insurance payables	8,013,841	8,013,841	76,040	76,040
Accounts payable and accrued expenses*	119,642,956	119,642,956	123,160,541	123,160,541
Other liabilities	341,766,963	341,766,963	300,528,903	300,528,903
	₱6,166,200,608	₱6,166,200,608	₱6,116,225,674	₱6,116,225,674

*Excluding statutory payables amounting to ₱11.62 million and ₱13.2 million as at December 31, 2025 and 2024, respectively.

Due to the 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 amounts approximate their fair values at reporting date.

The fair values of financial assets at FVPL and financial assets at FVOCI that are actively traded in organized financial markets are determined by reference to quoted market prices at reporting date. These financial assets are classified under level 1 of the fair value hierarchy.

The fair value of the loans receivables is estimated using the discounted cash flow technique using market interest rates applicable to financial instruments with similar credit quality and maturity characteristics. These financial assets are classified under level 2 of the fair value hierarchy.

There were no transfers between levels of fair value hierarchy in 2025 and 2024.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company manages credit risk through a comprehensive established credit policies, exposure limits, monitoring procedures and regular evaluation of counterparties. The Company also evaluates the financial condition and creditworthiness of counterparties and monitors compliance with established risk limits.

Although the Company has reinsurance arrangements, it remains directly liable to policyholders. Accordingly, credit exposure exists with respect to reinsurance ceded to the extent that any reinsurer may fail to meet obligations assumed under the reinsurance agreements. The Company transacts only with reinsurers that have strong financial standing and satisfactory track records.

Credit risks associated with fixed income investments are managed through regular monitoring of exposures against limits approved by regulators and the BOD. External credit ratings from recognized rating agencies are considered in evaluating investment quality and credit exposures.

The table below shows the maximum exposure to credit risk of the Company's financial instruments before considering collateral and other credit enhancements:

	2025	2024
Cash in banks and cash equivalents	₱654,688,941	₱1,016,897,638
Short-term investments	1,161,886	11,735,929
Insurance receivables	132,896,199	18,322,407
Investment securities	8,401,385,428	7,563,055,517
Loans receivables	1,035,983,046	1,156,531,644
Accrued investment income	108,178,714	98,538,765
	₱10,334,294,214	₱9,865,081,900

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 and other credit enhancements amounted to ₱503.7 million and ₱503.6 million in 2025 and 2024, respectively. The Company holds cash surrender values of insurance policies and Transfer Certificates of Title (TCT) over real properties as collaterals. The Company has no significant concentration of credit risk with any single counterparty or group of counterparties.

The Company classifies financial assets based on collection experience and credit quality as follows:

- High Grade - financial assets that are neither past due nor impaired and are generally collectible in accordance with contractual terms with minimal collection effort. These include cash in banks and cash equivalents, short-term investments and investment securities.
- Standard Grade - financial assets that are neither past due nor impaired but require periodic follow-up collection efforts. These include insurance receivables, loans receivable and accrued investment income.

The following table summarizes the impairment analysis of the Company's financial assets as at December 31, 2025 and 2024.

	2025			Total
	12-month ECL	Lifetime ECL – not credit impaired	Lifetime ECL – credit impaired	
Cash in banks and cash equivalents	₱654,688,941	₱–	₱–	₱654,688,941
Short-term investments	1,161,886	–	–	1,161,886
Insurance receivables	132,896,199	–	–	132,896,199
Investment securities	8,401,385,428	–	–	8,401,385,428
Loans receivables	1,074,825,817	–	172,776,926	1,247,602,743
Accrued investment income	108,178,714	–	–	108,178,714
	₱10,373,136,985	₱–	₱172,776,926	₱10,545,913,911

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

Liquidity Risk Management

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities as they fall due.

The Company's primary source of liquidity consists of premium collections and investment income. These funds are primarily used to pay policy benefits, claims, commission, operating expenses, taxes and shareholder dividends.

The Company maintains a conservative liquidity position through active monitoring of cash flows, asset-liability matching, investment diversification and maintenance of sufficient liquid assets to meet funding requirements. The Company maintains a conservative liquidity position.

Based on historical cash flows and current projections, management believes that the cash flow from operations and investments will continue to provide sufficient liquidity to meet 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, 2025 and 2024:

	2025	2024
Insurance contract liabilities	₱2,638,424,417	₱3,476,174,819
Premium deposit fund	289,849,708	299,280,463
Insurance payables	8,013,841	76,040
Accounts payable and accrued expenses*	119,642,956	123,160,541
Other liabilities	125,658,052	300,528,903
	₱3,181,588,974	₱4,199,220,766

**Excluding statutory payables amounting to ₱11.62 million and ₱13.2 million as at December 31, 2025 and 2024, respectively.*

The portion of insurance contract liabilities which are due beyond one year amounted to ₱2,768.50 million and ₱1,917.00 million as at December 31, 2025 and 2024, respectively.

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates, market interest rates and equity prices. The Company manages market risk through regular monitoring of exposures against established risk tolerance levels and by maintaining an appropriate mix of investments to support insurance liabilities and funding requirements.

Foreign Currency Risk

Foreign currency risk arises from financial assets and liabilities denominated in foreign currencies, primarily involving investments in foreign currency-denominated debt and equity securities and transactions with foreign reinsurers.

The Company's foreign currency exposures mainly involve United States Dollar (USD), Singapore Dollar (SGD), Euro (EUR), Australian Dollar (AUD), Hong Kong Dollar (HKD), Great Britain Pound (GBP) and Japanese Yen (JPY).

The table below summarizes the Company's exposure to foreign currency risk:

	2025							Total(PHP)
	USD	SGD	EUR	AUD	HKD	GBP	JPY	
Financial Assets								
Cash and cash equivalents	\$241,857	SGD920	EUR6,113	AUD128,460	HKD 446	£35,735	¥73,540,000	₱50,205,960
Accrued investment income	808,888	-	35,031	36,615	-	781	-	51,484,518
Investment securities	55,258,662	376,250	1,985,713	3,724,755	-	254,913	-	3,570,346,059
Loans and receivables	4,103	-	-	-	-	-	-	241,230
	\$56,313,510	SGD377,170	EUR 2,026,857	AUD 3,889,830	HKD 446	£291,429	¥73,540,000	₱3,672,277,767
Financial Liabilities								
Accounts payable and accrued expenses	\$12,625	SGD-	EUR-	AUD-	HKD-	£-	¥-	₱742,226
Insurance contract liabilities	818,261	-	-	-	-	-	-	48,105,533
Premium deposit fund	1,931	-	-	-	-	-	-	113,499
Other current liabilities	13,576	-	-	-	-	-	-	55,932
	\$846,393	SGD-	EUR-	AUD-	HKD-	£-	¥-	₱49,017,190
	2024							Total(PHP)
	USD	SGD	EUR	AUD	HKD	GBP	JPY	
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	JPY-	₱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-	£-	JPY-	₱47,824,490

For purposes of restating foreign currency-denominated financial assets and liabilities, the following exchange rates were applied:

	2025	2024
USD	₱58.79	₱57.85
SGD	45.82	42.69
EUR	69.25	60.47
AUD	39.38	36.08
HKD	7.57	7.47
GBP	79.41	72.68
JPY	0.38	-

The following table demonstrates the sensitivity to reasonably possible changes in foreign exchange rates, with all other variables held constant, on income before tax and equity:

	2025			2024		
	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	4.91% (4.91%)	₱159,550,934 (159,550,934)	₱131,351,300 (131,351,300)	4.64% (4.64%)	₱142,133,983 (142,133,983)	₱118,004,948 (118,004,948)
SGD	5.29% (5.29%)	– –	869,001 (869,001)	4.30% (4.30%)	653,322 (653,322)	489,992 (489,992)
EUR	4.66% (4.66%)	7,113,704 (7,113,704)	5,335,278 (5,335,278)	3.09% (3.09%)	616,147 (616,147)	462,110 (462,110)
AUD	1.89% (1.89%)	1,965,061 (1,965,061)	2,592,112 (2,592,112)	1.86% (1.86%)	1,259,011 (1,259,011)	1,952,046 (1,952,046)
HKD	5.12% (5.12%)	– –	– –	4.74% (4.74%)	– –	– –
GBP	5.35% (5.35%)	1,222,855 (1,222,855)	944,987 (944,987)	3.34% (3.34%)	307,210 (307,210)	294,021 (294,021)
JPY	6.37% (6.37%)	– –	– –	– –	– –	– –

Interest Rate Risk

Interest rate risk is the risk that the value of future cash flows or fair values of financial instruments will fluctuate because of changes in market interest rates.

The Company manages interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments and by matching the durations of assets and liabilities, where practicable.

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

	2025			
	Up to 1 year	1-3 years	3-5 years	Over 5 years
Financial assets at FVOCI	₱215,658,596	₱224,178,992	₱257,023,755	₱1,856,804,186
Financial assets at FVPL	48,482,349	24,010,302	118,292,987	666,623,408
	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

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, 2025 and 2024:

	2025		
	Change in Variable	Impact on Income Before Tax	Impact on Equity
USD	5.3288% (5.3288%)	₱5,505,599 (5,505,599)	₱31,644,665 (31,644,665)
AUD	5.0484% (5.0484%)	1,170,745 (1,170,745)	2,376,019 (2,376,019)
2024			
	Change in Variable	Impact on Income Before Tax	Impact on Equity
USD	5.2899% (5.2899%)	₱7,399,405 (7,399,405)	₱34,766,154 (34,766,154)
AUD	4.9578% (4.9578%)	60,596 (60,596)	174,553 (174,553)

The effect on equity relates to changes in the market value of investment securities classified as financial assets at FVOCI, while the effect on income before tax relates to changes in the market value of investment securities classified as financial assets at FVPL.

The reasonably possible changes in interest rates were determined based on historical movements 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 of financial instruments will fluctuate because of changes in market prices of listed equity securities and market indices.

The Company's exposure to equity price risk relates to equity securities classified as financial assets at FVPL and FVOCI. The table below shows impact of reasonably possible change of PSEi and other foreign market indices on income before income before tax and equity as at December 31, 2025, and 2024:

	2025		
	Change in Stock Index	Impact on Income Before Tax	Impact on Equity
Market Indices			
PSEi	4.47% (4.47%)	₱7,399,405 (7,399,405)	₱34,766,154 (34,766,154)
Standard and Poor's Index (SPX)	12.04% (12.04%)	60,596 (60,596)	174,553 (174,553)
2024			
	Change in Stock Index	Impact on Income Before Tax	Impact on Equity
Market Indices			
PSEi	8.04% (8.04%)	₱– –	₱1,420,156 (1,420,156)
Standard and Poor's Index (SPX)	10.01% (10.01%)	– –	305,657 (305,657)

The effect on equity relates to changes in the market value of investment securities classified as financial assets at FVOCI, while the effect on income before tax relates to changes in the market value of investment securities classified as financial assets at FVPL.

The impact on equity was determined using reasonably possible changes in the relevant market indices over the past five years and the adjusted beta of each security held by the Company.

27. Classification of Statements of Financial Position Accounts

The current portions of the Company's assets and liabilities as at December 31, 2025 and 2024 are as follows:

	2025	2024
Current assets:		
Cash and cash equivalents	₱654,688,941	₱1,016,950,638
Short-term investments	1,161,886	11,735,929
Insurance receivables	132,896,199	18,322,407
Investment securities	1,541,144,045	1,796,025,900
Loans receivables	783,340,937	868,201,877
Accrued investment income	108,178,714	98,538,765
Other current assets	5,730,401	3,061,578
	₱3,227,141,123	₱3,812,837,094
Current liabilities:		
Insurance contract liabilities	₱2,638,424,417	₱2,725,127,860
Premium deposit fund	289,849,708	299,280,463
Insurance payables	8,013,841	76,040
Accounts payable and accrued expenses	131,264,343	136,390,102
Other liabilities	125,658,052	129,747,043
	₱3,193,210,361	₱3,290,621,508

28. Supplementary Information Required by the Bureau of Internal Revenue (BIR)

Revenue Regulations (RR) No. 15-2010

The information for 2025 required by the above regulation is presented below.

Value-added Tax (VAT)

The National Internal Revenue Code of 1997 provides for the imposition of VAT on sales of goods and services. The Company is exempt from VAT being engaged in the business of life insurance.

The Company, however, as a domestic corporation doing life insurance business, is a non-VAT registered company under Section 4.109-1 (B)(e)(6) of RR No. 16-05 or otherwise known as the Consolidated VAT Regulations of 2005. Sales or receipts of life insurance premiums are subject to 2% percentage tax called premium tax under Section 123 of the Tax Code, as amended.

In 2025, the Company paid premium tax amounting to ₱16.4 million presented under “Insurance taxes” account in the statement of comprehensive income.

Revenue Memorandum Circular (RMC) No. 30-08, as amended by RMC 59-08, provides that management fees, rental income, or income earned by the life insurance company from services which can be pursued independently of the insurance business activity are not subject to 2% premium tax but the same are treated as income for services that are subject to the imposition of VAT pursuant to Section 108 of the Tax Code, as amended. The Company has no income from other sources in 2021 that is subject to VAT.

Documentary Stamp Tax (DST)

Pursuant to Republic Act 9243 and Republic Act 10001, the Company is reporting the payment of DST on life insurance policies. In 2025, the Company paid DST amounting to ₱51,100 related to life insurance policies. This amount is presented under “Insurance taxes” account in the statement of comprehensive income.

All Other Local and National Taxes

The Company’s local and national taxes for the year ended December 31, 2025 consist of:

Local	
License and permits	₱6,918,152
Real property tax	746,575
Community tax certificate	12,906
	7,677,633
National	
BIR annual registration	1,130
IC Filing fees and certification fees	560,900
Land transportation office registration fees	115,468
SEC Filing fees	25,027
Others	5,030
	707,555
	₱8,385,188

The above local and national taxes are presented as taxes and licenses under “General and administrative expenses” account in the statement of comprehensive income.

Withholding Taxes

Withholding taxes paid and/or withheld by the Company for the year ended December 31, 2025 are as follows:

	Paid	Accrued	Total
Expanded withholding tax	₱38,881,004	₱3,052,744	₱41,933,748
Final withholding tax	4,317,916	338,941	4,656,857
Withholding tax on compensation	12,169,520	1,423,533	13,593,053
	₱55,368,440	₱4,815,218	₱60,183,658

Tax Assessments

The Company has no pending tax assessment from the BIR as at December 31, 2025.

Tax Cases

The Company has no pending tax case in courts or other regulatory bodies outside the administration of BIR as at December 31, 2025.