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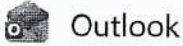
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2025
AUDITED FINANCIAL STATEMENTS

**PHILIPPINE BRITISH LIFE AND GENERAL
INSURANCE COMPANY, INC.**

(Formerly Philippine British Assurance Co., Inc.)
December 31, 2025 and 2024

R. R. TAN AND ASSOCIATES
Certified Public Accountants



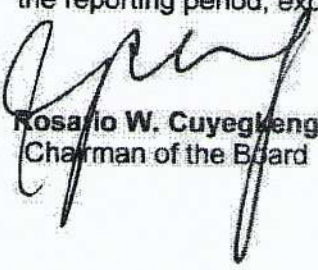
STATEMENT OF MANAGEMENT RESPONSIBILITY


FOR ANNUAL INCOME TAX RETURN

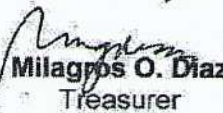
The Management of **PHILIPPINE BRITISH LIFE AND GENERAL INSURANCE COMPANY, INC.** is responsible for all information and representations contained in the Annual Income Tax Return for the period ended December 31, 2025. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the management is responsible for all the information and representations contained in all other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the period ended December 31, 2025 and the accompanying Annual Income Tax Return are in accordance with the books and records of **PHILIPPINE BRITISH LIFE AND GENERAL INSURANCE COMPANY, INC.** complete and correct in all material respects. Management likewise affirms that:

- (a) The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended and pertinent tax regulations and other issuance of the Department of Finance and the Bureau of Internal Revenue.
- (b) Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) **PHILIPPINE BRITISH LIFE AND GENERAL INSURANCE COMPANY, INC.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.


Rosario W. Cuyegkeng
Chairman of the Board


Ian Philippe W. Cuyegkeng
President


Milagros O. Diaz
Treasurer


Signed this 30th day of March 2026.

Philippine British Assurance Company, Inc.

11th floor, Pacific Star Building, Sen Gil Puyat Avenue
Cor. Makati Avenue Brgy Bel-Air, Makati City

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R. R. TAN & ASSOCIATES, CPAs

Unit 1705, Antel Global Corporate Center
Doña Julia Vargas Avenue, Ortigas Center
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PRC-BOA Reg. No. 0132, valid until August 13, 2027
BIR Accreditation No. 07-100995-003-2025, valid until September 1, 2028
SEC Accreditation No. 0132-SEC (Group A), valid to cover audit of
2025-2027 financial statements

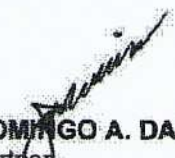
Report of Independent Public Accountants to Accompany Income Tax Return

The Board of Directors and Stockholders
PHILIPPINE BRITISH LIFE AND GENERAL INSURANCE CO., INC.
(Formerly Philippine British Assurance Co., Inc.)
11th floor Pacific Star Building,
Makati Avenue Corner Gil Puyat Avenue,
Makati City

We have audited the financial statements of **PHILIPPINE BRITISH LIFE AND GENERAL INSURANCE CO., INC.** *(Formerly Philippine British Assurance Co., Inc.)* (the "Company") as at and for the year ended December 31, 2025, on which we have rendered the attached report dated March 30, 2026.

In compliance with Revenue Regulation V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the President, manager or principal stockholder of the Company.

R. R. TAN AND ASSOCIATES, CPAs

By:  **DOMINGO A. DAZA, JR**
Partner
CPA Certificate No. 109993
Tax Identification No. 203-917-449
PTR No. 3986699, January 12, 2026, Pasig City
BIR Accreditation No. 07-100997-003-2025, valid until September 1, 2028
PRC-BOA Reg. No. 0132/P-001 valid until August 13, 2027
SEC Accreditation No. 109993-SEC (Group A), valid to cover audit of
2025 financial statements
IC Accreditation No. IC EA-2025-0079-R (Group A), valid to cover audit of
2025 to 2027 financial statements

March 30, 2026
Pasig City

PRC-BOA Reg. No. 0132, valid until August 13, 2027
BIR Accreditation No. 07-100995-003-2025, valid until September 1, 2028
SEC Accreditation No. 0132-SEC (Group A), valid to cover audit of
2025-2027 financial statements

Report of Independent Public Accountants

The Board of Directors and Stockholders
PHILIPPINE BRITISH LIFE AND GENERAL INSURANCE CO., INC.
(Formerly Philippine British Assurance Co., Inc.)
11th floor Pacific Star Building,
Makati Avenue Corner Gil Puyat Avenue,
Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **PHILIPPINE BRITISH LIFE AND GENERAL INSURANCE CO., INC.** *(Formerly Philippine British Assurance Co., Inc.)* (the "Company"), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

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 then ended, in accordance with Philippine Financial Reporting Standard. (PFRSs).

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, 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.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 auditor's 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 auditor's 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 audit.

R. R. Tan & Associates, CPAs

Unit 1705, Antel Global Corporate Center, Doña Julia Vargas Avenue, Ortigas Center, Pasig City 1605

Report on the Supplementary Information Required Under Revenue Regulations (RR) 15-2010 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of **PHILIPPINE BRITISH LIFE AND GENERAL INSURANCE CO., INC.** (Formerly *Philippine British Assurance Co., Inc.*) taken as a whole. The supplementary information disclosed in Note 32 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

R. R. TAN AND ASSOCIATES, CPAs

By: **DOMINGO A. DAZA, JR**

Partner

CPA Certificate No. 109993

Tax Identification No. 203-917-449

PTR No. 3986699, January 12, 2026, Pasig City

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PRC-BOA Reg. No. 0132/P-001 valid until August 13, 2027

SEC Accreditation No. 109993-SEC (Group A), valid to cover audit of 2025 financial statements

IC Accreditation No. IC EA-2025-0079-R (Group A), valid to cover audit of 2025 to 2027 financial statements

March 30, 2026
Pasig City

R. R. Tan & Associates, CPAs

Unit 1705, Antel Global Corporate Center, Doña Julia Vargas Avenue, Ortigas Center, Pasig City 1605

PHILIPPINE BRITISH LIFE AND GENERAL INSURANCE COMPANY, INC.
(Formerly Philippine British Assurance Co., Inc.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

ASSETS	Notes	2025	2024
Cash and cash equivalents	8	P 452,525,740	P 206,339,255
Short-term investments	9	6,349,667	6,425,006
Financial assets	10		
Fair value through profit or loss (FVPL)		158,298,986	121,853,387
Held to maturity (HTM)		987,535,271	1,031,028,785
Available for sale (AFS)		549,188,083	549,451,150
Loans and receivables		33,829,635	28,963,390
Insurance receivables - net	11	1,079,954,886	940,786,255
Reinsurance assets	12	592,700,046	506,826,042
Investment properties	13	296,129,634	321,996,634
Property and equipment - net	14	332,074,028	345,813,784
Deferred acquisition costs	15	269,134,448	259,786,908
Accrued investment income	16	20,927,753	18,721,912
Assets held for sale	18	25,867,000	-
Other assets	17	43,999,352	33,755,664
TOTAL ASSETS		P 4,848,514,529	P 4,371,748,172
LIABILITIES AND EQUITY			
Reserve for unearned premiums	19	P 1,327,743,548	P 1,197,604,870
Insurance claims payable	20	938,749,574	767,928,919
Reinsurance liabilities	22	44,462,034	25,602,634
Deferred reinsurance commission	15	30,189,680	19,644,688
Accounts payable and other liabilities	21	486,793,638	437,234,894
Deferred tax liability - net	31	28,503,845	36,268,051
Pension liability	30	12,381,756	11,552,379
Total Liabilities		2,868,824,075	2,495,836,435
EQUITY			
Share Capital	23	649,500,000	649,500,000
Contributed surplus		84,175,439	84,175,439
Retained earnings - December 31	23		
Appropriated retained earnings		600,000,000	530,000,000
Unappropriated retained earnings		527,299,054	503,150,091
Revaluation reserve on:			
Property and equipment - net of deferred tax		109,562,423	109,562,423
AFS financial assets	10	6,918,768	(2,688,052)
Remeasurement gains on pension liability - net of deferred tax	30	2,234,770	2,211,836
Total Equity		1,979,690,454	1,875,911,737
TOTAL LIABILITIES AND EQUITY		P 4,848,514,529	P 4,371,748,172

See accompanying notes to financial statements

PHILIPPINE BRITISH LIFE AND GENERAL INSURANCE COMPANY, INC.
(Formerly Philippine British Assurance Co., Inc.)
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<i>Notes</i>	2025	2024
Gross premiums earned on insurance contracts	25	P 2,685,378,182	P 2,412,348,509
Reinsurers' share of gross earned premiums	25	(649,020,770)	(527,237,803)
Net insurance revenue		2,036,357,412	1,885,110,706
Investment income and other income	26	123,216,818	134,153,266
Commission income	28	46,054,078	38,568,038
Unrealized fair value gain on investment properties	6,13	-	24,221,967
		2,205,628,308	2,082,053,977
CLAIMS, LOSSES AND ADJUSTMENT EXPENSES			
Insurance claims, losses and adjustment expenses paid - net of salvages and recoveries	20,27	1,385,008,065	1,249,320,666
Paid insurance claims, losses and adjustment expenses recovered from reinsurers	20,27	(269,795,376)	(70,332,926)
Changes in insurance claims payable	27	170,820,655	153,871,798
Changes in reinsurers' share of claims, losses and adjustment expenses	27	(76,104,853)	(174,863,452)
Other underwriting expenses		19,081,402	17,205,377
		1,229,009,893	1,175,201,463
COSTS AND EXPENSES			
Commission expense	28	559,734,916	504,209,990
General and administrative expenses	29	294,729,892	288,839,525
Provision for impairment losses	11	2,835,720	-
Interest expense	32	326,228	195,718
		857,626,756	793,245,233
INCOME BEFORE INCOME TAX EXPENSE		118,991,659	113,607,281
INCOME TAX EXPENSE			
Current	31	30,692,284	23,290,116
Deferred	31	(5,849,588)	5,275,026
		24,842,696	28,565,142
PROFIT FOR THE YEAR		P 94,148,963	P 85,042,139

See accompanying notes to financial statements

PHILIPPINE BRITISH LIFE AND GENERAL INSURANCE COMPANY, INC.
(Formerly Philippine British Assurance Co., Inc.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<i>Notes</i>	2025	2024
PROFIT FOR THE YEAR		P 94,148,963	P 85,042,139
OTHER COMPREHENSIVE INCOME			
Amount to be reclassified to profit or loss in subsequent periods:			
Fair value changes in AFS investments	<i>10</i>	12,308,078	6,298,793
Transferred to profit and loss	<i>10</i>	(2,701,256)	(5,508,188)
		9,606,822	790,605
Amount not to be reclassified to profit or loss in subsequent periods:			
Revaluation during the year		-	18,929,703
Effect of deferred tax		-	(3,043,463)
		-	15,886,240
Amount not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on pension liability	<i>30</i>	30,579	(99,173)
Effect of deferred tax	<i>30</i>	(7,645)	24,793
		22,934	(74,380)
		9,629,756	16,602,465
TOTAL COMPREHENSIVE INCOME		P 103,778,719	P 101,644,604

See accompanying notes to financial statements

PHILIPPINE BRITISH LIFE AND GENERAL INSURANCE COMPANY, INC.
(Formerly Philippine British Assurance Co., Inc.)

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Share Capital (Note 23)		Contributed Surplus		Revaluation reserve on Available-for-Sale Financial Assets (Note 10)		Property and Equipment (Note 6)		Remeasurement Gain on Defined Benefit Obligation (Note 30)		Retained Earnings (Note 23)		Total
	Issued and Outstanding	Subscribed and Paid	Contributed Surplus	Revaluation reserve on Available-for-Sale Financial Assets (Note 10)	Property and Equipment (Note 6)	Remeasurement Gain on Defined Benefit Obligation (Note 30)	Appropriated	Unappropriated	Appropriated	Unappropriated			
Balances, January 1, 2025	P 649,500,000	P -	P 84,175,439	P (2,688,052)	P 109,562,423	P 2,211,836	P 530,000,000	P 503,150,091	P 600,000,000	P (600,000,000)	P 530,000,000	P 1,875,911,737	
Appropriation during the year	-	-	-	-	-	-	-	-	-	-	-	-	
Release of appropriation during the year	-	-	-	-	-	-	-	-	-	-	-	-	
Changes in fair values	-	-	-	9,606,820	-	-	-	-	-	-	530,000,000	9,606,820	
Remeasurement gain on DBO	-	-	-	-	-	22,934	-	-	-	-	-	22,934	
Profit for the year	-	-	-	-	-	-	-	-	-	-	94,148,963	94,148,963	
Balances, December 31, 2025	P 649,500,000	P -	P 84,175,439	P 6,918,768	P 109,562,423	P 2,234,770	P 600,000,000	P 527,299,054	P 530,000,000	P 503,150,091	P 527,299,054	P 1,979,690,454	

	Share Capital (Note 23)		Contributed Surplus		Revaluation reserve on Available-for-Sale Financial Assets (Note 10)		Property and Equipment (Note 6)		Remeasurement Loss on Defined Benefit Obligation (Note 30)		Retained Earnings (Note 23)		Total
	Issued and Outstanding	Subscribed and Paid	Contributed Surplus	Revaluation reserve on Available-for-Sale Financial Assets (Note 10)	Property and Equipment (Note 6)	Remeasurement Loss on Defined Benefit Obligation (Note 30)	Appropriated	Unappropriated	Appropriated	Unappropriated			
Balances, January 1, 2024	P 580,000,000	P 29,500,000	P 84,175,439	P (3,478,657)	P 93,676,183	P 2,266,216	P 435,000,000	P 513,107,952	P 435,000,000	P (530,000,000)	P 435,000,000	P 1,734,267,133	
Issuance During the Year	69,500,000	(29,500,000)	-	-	-	-	-	-	-	-	-	40,000,000	
Appropriation during the year	-	-	-	-	-	-	-	-	-	-	-	-	
Release of appropriation during the year	-	-	-	-	-	-	-	-	-	-	-	-	
Changes in fair values	-	-	-	790,605	-	-	-	-	-	-	(435,000,000)	790,605	
Revaluation increment recognized during the year	-	-	-	-	15,886,240	-	-	-	-	-	-	15,886,240	
Remeasurement loss on DBO	-	-	-	-	-	(74,380)	-	-	-	-	-	(74,380)	
Profit for the year	-	-	-	-	-	-	-	-	-	-	85,042,139	85,042,139	
Balances, December 31, 2024	P 649,500,000	P -	P 84,175,439	P (2,688,052)	P 109,562,423	P 2,211,836	P 530,000,000	P 503,150,091	P 530,000,000	P 503,150,091	P 527,299,054	P 1,875,911,737	

PHILIPPINE BRITISH LIFE AND GENERAL INSURANCE COMPANY, INC.
(Formerly Philippine British Assurance Co., Inc.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Notes	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax expense	P	118,991,659	P 113,607,281
Adjustments for:			
Provision for:			
Reserve for unearned premiums - net		120,369,527	85,412,523
Depreciation	14	26,412,557	20,593,426
Probable losses	11,29	2,835,720	-
IBNR and other reserves		(67,857,844)	(184,388,864)
Pension expense	30	859,956	638,927
Amortization of deferred acquisition cost - net	15	1,197,452	(24,914,795)
Amortization of premium of AFS and HTM investments, net of discounts	10	2,752,823	(421,903)
Unrealized fair value gain on investment properties	13	-	(24,221,967)
(Gain) Loss on disposal of property and equipment	26	(15,500)	7,738
Unrealized gain on fair value changes in FVPL	10	(2,110,648)	(14,610,459)
Gain on sale of available-for-sale securities	10	(2,701,257)	(5,508,188)
Interest expense	32	326,228	195,718
Interest income	26	(92,875,152)	(90,145,543)
Dividend income	26	(16,224,009)	(10,589,419)
Operating Income (Loss) before Working Capital Changes		91,961,512	(134,345,525)
Decrease (Increase) in Operating Assets:			
Insurance receivables		(64,622,275)	(148,093,487)
Loans and receivables		-	(27,137,032)
Reinsurance assets		(77,382,076)	-
Other assets		(12,165,952)	(4,312,799)
Increase (Decrease) in Operating Liabilities:			
Accounts payable and other liabilities		50,348,333	58,478,894
Reinsurance liabilities		18,859,400	14,552,006
Insurance claims payable		162,573,646	163,397,210
Cash provided by (used in) operations		169,572,588	(77,460,733)
Income taxes paid, including final taxes		(30,692,284)	(23,290,116)
Net Cash Provided by (Used in) Operating Activities		138,880,304	(100,750,849)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale/maturities of:			
Short-term investment		6,425,006	6,229,989
Financial assets:			
FVPL		100,741,586	-
Available-for-sale		46,689,678	462,378,692
Held-to-maturity		147,032,279	125,489,426
Loans and receivables		98,151,017	122,398,624
Property and equipment		15,500	591,501
Acquisitions of:			
Short-term investment		(6,349,667)	(6,425,006)
Financial assets:			
FVPL	10	(135,076,537)	(121,853,387)
Available-for-sale	10	(34,118,533)	(303,896,775)
Held-to-maturity	10	(106,291,589)	(231,930,513)
Loans and receivables		(103,017,262)	(147,362,862)
Property and equipment	14	(12,672,801)	(12,668,287)
Investment property	13	-	(14,280,000)
Interest and dividend received		106,893,320	99,430,181
Net Cash Provided by (Used in) Investing Activities		108,421,998	(21,898,417)
CASH FLOWS FROM FINANCING ACTIVITIES			
Amortization of lease liability:			
Principal		(789,589)	(1,287,018)
Interest	32	(326,228)	(195,718)
Proceeds of share capital subscription	23	-	40,000,000
Net Cash Provided by (Used in) Financing Activities		(1,115,817)	38,517,264
NET INCREASE (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		246,186,485	(84,132,002)
CASH AND CASH EQUIVALENTS, JANUARY 1		206,339,255	290,471,257
CASH AND CASH EQUIVALENTS, DECEMBER 31	P	452,525,740	P 206,339,255

See accompanying notes to financial statements

PHILIPPINE BRITISH LIFE AND GENERAL INSURANCE COMPANY, INC.
(Formerly Philippine British Assurance Co., Inc.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

1. Corporate Information

Philippine British Life and General Insurance Company, Inc. (the Company), was originally registered as Philippine British Assurance Co., Inc. with the Philippine Securities and Exchange Commission (SEC) on April 19, 1960. On June 13, 2025, the Board of Directors (BOD) and stockholders approved the amendment of the Articles of Incorporation changing the name of the Corporation and its primary purpose. These amendments were approved by the SEC on October 2, 2025 and by the Bureau of Internal Revenue on December 1, 2025, respectively.

Following the aforementioned approval by SEC and BIR, the Company filed its application for a composite Certificate of Authority (CA) with Insurance Commission (IC) on September 20, 2025. Under the composite CA, the Company is authorized to issue insurance policies upon the lives of individuals as well as non-life insurance indemnifying others against loss, damage or liability arising from unknown or contingent events such as fire and allied lines, motor vehicle, casualty, surety marine cargo, marine hull, comprehensive liability and allied risks. As of March 30, 2026, the application for a composite CA is still pending with IC. Accordingly, as of the said date, the Company still operates under the non-life CA.

The registered office address of the Company is 11th floor Pacific Star Building, Makati Avenue corner Gil Puyat Avenue, Makati City.

The financial statements of the Company as at and for the years ended December 31, 2025 and 2024 were authorized for issue by the Board of Directors on March 30, 2026.

2. Statement of Compliance and Basis of Preparation and Presentation

Statement of Compliance

The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council and SEC pronouncements.

Basis of Financial Statement Preparation and Presentation

The accompanying financial statements have been prepared on a historical cost basis except for financial assets which are fair value through profit or loss, available-for-sale and investment properties which are carried at fair values; and condominium units included under Property and equipment – net which are carried at revalued amounts.

The financial statements are presented in Philippine Peso and all values represent absolute amount except as otherwise indicated.

The Company presents its statements of financial position broadly in order of liquidity. An analysis regarding recovery or settlement of assets and liabilities within twelve months after the end of the reporting period (current) is presented in the Note 32.

3. Changes in Accounting Policies and Disclosures

New Accounting Standards and Amendments to Existing Standards Effective as of January 1, 2025

The accounting policies are consistent with those applied in the prior year, except for PFRS amendments effective January 01, 2025. There has been no early adoption of standards, interpretations, or amendments not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Company.

Amendments to PAS 1, Lack of Exchangeability

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information. The amendments do not have a material impact on the Company's financial statements.

New Accounting Standard, Amendments to Existing Standards and Interpretations Effective Subsequent to December 31, 2025

The standards, amendments and interpretations which have been issued but not yet effective as at December 31, 2025 are disclosed below. Except as otherwise indicated, the Company does not expect the adoption of the applicable new and amended PFRS to have a significant impact on its financial position or performance.

Effective beginning on or after January 1, 2026

Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, Disclosure about Uncertainties in the Financial Statements

The amendments add illustrative examples to several PFRS Accounting Standards intended to improve the reporting of climate-related and other uncertainties in the financial statements, particularly to address stakeholders' concerns about consistency of information within the general-purpose financial reports and sufficient information on climate-related risks and other uncertainties in the financial statements. The examples address topics such as materiality judgements, significant judgements and estimates, and aggregation and disaggregation. The illustrative examples are not an integral part of PFRS Accounting Standards and, as such, do not have an effective date or transition requirements. However, an entity is expected to be entitled to sufficient time to implement any changes to align the information disclosed in its financial statements with the illustrative examples. Determining how much time is sufficient is a matter of judgement that depends on an entity's particular facts and circumstances. Nonetheless, an entity would be expected to implement any changes on a timely basis. The expected adoption will not materially affect the Company.

Amendments to PFRS 9 and PFRS 7, Classification and Measurement of Financial Instruments

The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments. The expected adoption will not materially affect the Company.

Amendments to PFRS 9 and PFRS 7, Contracts Referencing Nature-dependent Electricity

The amendments only apply to contracts that reference nature-dependent electricity such as contracts to buy or sell nature-dependent electricity, as well as financial instruments that reference such electricity. This amendment cannot be applied by analogy to other contracts, items or transactions. The amendments clarify the application of the 'own-use' requirements for in-scope contracts, amend the designation requirements for a hedge item in a cash flow hedging relationship for in-scope contracts and include new disclosure requirements. The expected adoption will not materially affect the Company.

Annual Improvements to PFRS Accounting Standards - Volume 11

The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

- *Amendments to PFRS 1, Hedge Accounting by a First-time Adopter*
The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.
- *Amendments to PFRS 7, Gain or Loss on Derecognition*
The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.
- *Amendments to PFRS 9*
 - a) *Lessee Derecognition of Lease Liabilities*
The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.
 - b) *Transaction Price*
The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15 Revenue from Contracts with Customers' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.
- *Amendments to PFRS 10, Determination of a 'De Facto Agent'*
The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.
- *Amendments to PAS 7, Cost Method*
The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

The expected adoption of these amendments will not materially affect the Company.

Effective beginning on or after January 1, 2027

PFRS17, Insurance Contracts

PFRS 17 replaces PFRS 4 Insurance Contracts for annual periods beginning on or after 1 January 2027. The Company will apply PFRS 17 starting January 1, 2027 with full comparative figures for 2024. A transition team has been created for this purpose to ascertain the impact of transition.

Premium Allocation Approach

The measurement model to calculate the Liability for Remaining claims (LRC) will be the Premium Allocation Approach (PAA). This approach is most appropriate since most of the Company's coverage period is one year or less. For insurance contracts with coverage exceeding one year, PAA

will be applied only if it can be demonstrated that using the PAA would produce a measurement that is a reasonable approximation of the general model. Acquisition cash flows will be expensed as incurred. Discounting and Risk adjustment will not be applied unless the group of contracts is onerous.

Liability for Incurred Claims

Liability for Incurred Claims (LIC) will comprise the present value of future cash flows and the risk adjustments that incorporates all of the available information about the fulfillment cash flows in a way that is consistent with observable market information.

Level of aggregation

PFRS 17 requires an entity to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined first by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together and are established at initial recognition. No group may contain contracts issued more than one year apart. No group may contain contracts issued more than one year apart. The Company has defined groups of insurance and reinsurance contracts issued based on its product lines and underwriting year. The expected profitability of these portfolios at inception is determined based on the existing actuarial valuation models which take into consideration existing and new business.

Onerous group of contracts

The Company issues some contracts before the coverage period starts and the premium becomes due. The Company will determine whether any contracts issued from a group of onerous contracts before the earlier of the beginning of the coverage period and the date when the first payment from a policyholder in the group is due. The Company looks at facts and circumstances to identify if a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognized
- Environmental factors, e.g., a change in market experience or regulations

Changes to presentation and disclosure

For presentation purposes, the Company will aggregate insurance contracts issued and reinsurance contracts held based on portfolios and these will be presented separately in the statement of financial position. The presentation of the insurance revenue account and statement of other comprehensive income will require separate presentation of insurance revenue and service expenses, insurance finance income or expenses and income or expenses from reinsurance contracts held change. There will no longer be items such as gross, net or earned premiums or net claims incurred shown on the insurance revenue account. The Company will also provide disaggregated qualitative information about significant judgements, and changes in those judgements, when applying the standard.

As of December 31, 2025, the full impact of adopting PFRS 17 is not currently estimable.

The Company will apply PFRS 17 by on or after January 1, 2027.

PFRS 18, Presentation and Disclosure in Financial Statements

The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:

- Required totals, subtotals and new categories in the statement of profit or loss
- Disclosure of management-defined performance measures
- Guidance on aggregation and disaggregation

The expected adoption of this standard will not materially affect the Company.

PFRS 19, Subsidiaries without Public Accountability

The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS accounting standards. The application of the standard is optional for eligible entities.

The expected adoption of this standard will not materially affect the Company.

Amendment to PAS 21, Translation to a Hyperinflationary Presentation Currency

The amendments introduce translation requirements for entities translating their financial statements, or the results and financial position of a foreign operation, from a functional currency that is the currency of a non-hyperinflationary economy to a presentation currency that is the currency of a hyperinflationary economy.

The expected adoption of this standard will not materially affect the Company.

Deferred effectivity

PFRS 10, Consolidated Financial Statements and PAS 28, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

These amendments are originally effective from annual periods beginning on or after January 1, 2016. This mandatory adoption date was later on deferred indefinitely pending the final outcome of the IASB's research project on International Accounting Standards 28. Adoption of these amendments when they become effective will not have any impact on the financial statements.

4. Summary of Material Accounting Policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash with original maturities of three months or less that are subject to insignificant risk of changes in value.

Short-term Investments

These are short-term cash investments with original maturities of more than three months but less than one year.

Financial Instruments

Date of Recognition

Financial assets and financial liabilities are recognized in the statements of financial position of the Company when it becomes a party to the contractual provisions of the instrument.

Initial Recognition

All financial assets and financial liabilities are initially recognized at fair value. Except for financial assets and financial liabilities at FVPL, the initial measurement of these financial instruments includes transaction costs.

Determination of Fair Value

The fair value for instruments traded in active market at the reporting date is based on their quoted market price. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate techniques or comparison to similar instruments for which market observable prices exists.

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instruments or based on a valuation technique, the Company recognizes the difference between the transaction price and fair value in the statement of comprehensive income unless it qualifies for recognition as some other type of asset.

Offsetting of Financial Instruments

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

Classification of Financial Instruments

The Company classifies financial assets into the following categories, (i) At fair value through profit or loss (FVPL), (ii) Available-for-sale, (iii) Held-to-maturity and (iv) Loans and receivable. The Company classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities.

The classification depends on the purpose for which the investments were acquired or liabilities incurred and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

- **Financial Assets and Financial Liabilities at FVPL**
Financial assets and financial liabilities at FVPL include financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL. After initial recognition, financial assets and financial liabilities at FVPL are carried at fair value.
Financial asset and financial liability are classified as held for trading if:
 - It has been acquired principally for the purpose of selling in the near future; or
 - It is part of an identified portfolio of financial instruments that the Company manages together and has recent actual pattern of short-term profit-taking; or
 - It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets that is managed and its performance is evaluated on a fair value basis.
- It forms part of a contract containing one or more embedded derivatives.

As of December 31, 2025, and 2024, financial assets under this category amounted to P 158,298,986 and P121,853,387, respectively.

- **Available-for-sale (AFS)**
AFS are non-derivative financial assets that are either designated on this category or not classified in any of the other categories. Subsequent to initial recognition, AFS assets are carried at fair value in the statement of financial position. Changes in the fair value are recognized directly in equity account as "*Revaluation reserve on AFS financial assets*". Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in equity is included in profit or loss for the period.

As of December 31, 2025, and 2024, financial assets under this category amounted to 549,188,083 and P549,451,150, respectively.

- **Loans and Receivables**
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by considering any discount or premium on acquisition and fees that are integral parts of the effective interest rate.

Included under this category are the company's cash and cash equivalents, insurance receivables, reinsurance assets, due from employees, other receivables, security deposits.

- **Held-to-maturity (HTM)**
HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturities wherein the Company has the positive intention and ability to hold to maturity. After initial measurement, HTM assets are carried at amortized cost using the effective interest method, less impairment in value. Amortized cost is calculated by considering any discount or premium on acquisition and fees that are integral parts of the effective interest rate. Any changes to the carrying amount of the investment are recognized in statements of income.

As of December 31, 2025, and 2024, financial assets under this category amounted to P987,535,271 and P1,031,028,785, respectively.

- **Other Financial Liabilities**
Issued financial instruments or their components, which are not designated as at FVPL are classified as other financial liabilities where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by considering any discount or premium on the issue and fees that are integral parts of the effective interest rate. Any effects of restatement of foreign currency-denominated liabilities are recognized in the statement of comprehensive income.

Included under this category are insurance claims payable, reinsurance liabilities, accounts payable and other liabilities.

Reclassification of Financial Assets

A financial asset is reclassified out of the FVPL category when the following conditions are met:

- (i) the financial asset is no longer held for the purpose of selling or repurchasing it the near future; and,
- (ii) there is a rare situation

A financial asset that is reclassified out of the FVPL category is reclassified at its fair value on the date of reclassification. Any gain or loss already recognized in the statement of income is not reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortized cost, as applicable.

Impairment of Financial Assets

The Company assesses at each end of the reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(i) *Assets carried at amortized cost*

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The amount of the loss is recognized in the profit and loss accounts.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed.

Any subsequent reversal of an impairment loss is recognized in the profit and loss accounts, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

(ii) *Assets carried at cost*

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets are subject to impairment review at each end of the reporting period. Impairment loss is recognized when there is objective evidence such as significant financial difficulty of the issuer/obligor, significant or prolonged decline in market prices and adverse economic indicators that the recoverable amount of an asset is below its carrying amount.

Derecognition of Financial Instruments

Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized where:

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

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

Financial Liabilities

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

Accounting Policies for Insurance and Reinsurance Contracts

Insurance Contract

Insurance contract is an agreement under which one party (the insurer), accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured events) adversely affects the policyholder.

Contract classification

The Company issues short-term insurance contracts categorized as (i) Casualty, (ii) Property, (iii) Guaranty and (iv) Short - duration life accident insurance.

Casualty insurance contracts protect the assured against the risk of causing them harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. Property insurance contracts mainly compensate the Company's assured for damages suffered to their properties or for the value of property lost. Short-duration accident insurance protects the assured from the consequences of events such as death or disability.

An insurance contract remains in force at the inception date of policy until its maturity regardless of number of claims reported and for as long as the coverage is sufficient.

Insurance Receivables

These include amounts due to and from agents, brokers and insurance contract holders which comprise the balance of uncollected policy premiums and reinsurance premiums from reinsurers arising from reinsurance contracts measured at amortized cost, using the effective interest method.

Reinsurance

The Company assumes and cedes (Treaty and Facultative) insurance risk in the normal course of business. Reinsurance assets primarily include balances due from both insurance and reinsurance companies for ceded insurance liabilities. Premiums on reinsurance assumed are recognized as revenue in the same manner as they would be if the reinsurance were considered as direct business, considering the product classification of the reinsured business.

Amounts recoverable from reinsurers that relate to paid and unpaid claims and claim adjustment expenses are classified as assets. Reinsurance receivables and the related liabilities are reported separately.

An impairment review is performed on all reinsurance assets when an indication of impairment occurs. Reinsurance assets are impaired only if there is objective evidence that the Company may not receive the amounts due to it under the terms of the contract and that it can be measured reliably.

Reinsurance assets and liabilities are derecognized when the contractual rights are extinguished or expired.

Deferred Acquisition Costs

Commissions and other expenses directly attributable to the production and renewal of insurance contracts are deferred in proportion to premium revenue recognized. Deferred acquisition costs are amortized over the life of the policy in which it was incurred.

Deferred acquisition costs are reviewed at each reporting date and the carrying value is written down to the recoverable amount.

Reserve for Unearned Premiums and Reinsurance Premiums

Reserve for unearned premiums is calculated on the following basis:

- (i) Reserves for unearned premium are calculated using the 24th method based on gross premiums written. Under the 24th method, it is assumed that the average date of issue of all policies written during any one month is the middle of that month.
- (ii) Reserve for unearned premiums on inward treaties is taken up based on the dates the statement is received.

Reserve for reinsurance premium represents the portion of reinsurance premiums ceded computed in the same manner as the reserve for unearned premiums.

The changes in reserve for unearned premiums and reinsurance premiums are reported in the statements of income.

Claim Cost Recognition

Liabilities for unpaid claim costs and claim adjustment expenses relating to insurance contracts are accrued when insured events occur.

The liabilities for unpaid claims are based on the estimated ultimate cost of settling the claims. The method of determining such estimates and establishing reserves are continually reviewed and updated. Changes in estimates of claim cost resulting from continuous review process and differences between estimates and payments for claims are recognized as income or expense of the period in which the estimates are changed or payments are made.

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim. The Company may also have the right to pursue third parties for payment of some or all costs.

Estimates of salvage recoveries are included as a reduction in the measurement of the insurance liability for claims, and salvage property is recognized in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as deduction in the measurement of the insurance liability for claims and are recognized in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

Share in recoveries on claims are evaluated in terms of the estimated realizable values of the salvage recoverable. Recoveries on claims are recognized in profit or loss and expenses in the period the recoveries are determined. Recoverable amounts are presented as part of Reinsurance assets.

Options and Guarantees

Options and guarantees within insurance are treated as derivative financial instruments which are closely related to the host insurance contracts and are therefore not separated subsequently.

Investment Properties

Investment properties consist of properties that are held to earn rentals or for capital appreciation or both and that is not occupied by the company. Investment properties are initially measured at cost, including transaction costs.

After initial recognition, investment property is measured at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. A gain or loss arising from a change in fair value is recognized in profit or loss for the period in which it arise.

Investment property is derecognized when either it has been disposed of, or when the investment property is permanently withdrawn or sold and no future economic benefit is expected from its

disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner-occupation or the commencement of an operating lease to another party. If owner-occupied property becomes an investment property, the Company accounts for such property up to the date of the change in use. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or the commencement of development with a view to sale. Transfers from investment property are recorded using the carrying amount of the investment property as at the date of change in use.

Property and Equipment

Property and equipment, are initially recognized at cost including the costs to get the property ready for its intended use. Subsequent to initial recognition, except condominium units, property and equipment are carried at cost less accumulated depreciation and impairment losses, if any.

Condominium units are subsequently measured at their revalued amounts, less accumulated depreciation and impairment losses recognized after the date of the revaluation. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation surplus is credited to the revaluation surplus included in the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss, in which case the increase is recognized in profit or loss.

Depreciation is computed on a straight-line method over the estimated useful lives of the depreciable assets as follows:

Condominium units	20 years
Condominium improvements	10 years
EDP Equipment	5-10 years
Furniture, fixtures and equipment	10 years
Transportation equipment	5 years
Leasehold improvements	10 years
Right-of-use-asset	Lease term

An asset's residual value, useful life and depreciation method are reviewed periodically to ensure that the period, residual value and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Expenditures for additions, major improvements and renewals are capitalized while minor repairs and maintenance are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in the statement of income for the period.

When the carrying amount of an asset is greater than its estimated recoverable amount, the cost is written down immediately to its recoverable amount. Fully depreciated assets are retained in the accounts until they are no longer in use.

Assets Held for Sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale must be highly probable.

For the sale to be highly probable the following must be met:

- an appropriate level of management must be committed to a plan to sell the asset;
- an active program must have been initiated;

- the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value;
- the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification; and
- actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Noncurrent assets classified as held for sale are measured at the lower of their previous carrying amount, net of any impairment, and fair value less costs to sell.

Impairment of Non-financial Assets

The Company's investment properties and property and equipment are subject to impairment testing. All other individual asset or cash generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less cost to sell and value in use, based on an internal discounted cash flow evaluation. Impairment loss is charged pro-rata to the other assets in the cash generating unit.

All assets are subsequently reassessed for indication that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

Insurance Claims Payable

Liabilities for claims is calculated as the sum of Outstanding claims reserve, claims handling expense, and Incurred but not reported claims (IBNR), with Margin for Adverse Deviation (MfAD). At end of each reporting period, liability adequacy tests are performed, to ensure the adequacy of liabilities for claims.

In calculating IBNR, the following primary reserving methodologies were applied in the valuation process:

- Incurred Chain Ladder/Loss Development Approach
- Paid Chain Ladder/Development Method
- Bornhuetter-Ferguson Incurred Approach
- Bornhuetter-Ferguson Paid Approach

The Actuary determines the appropriateness of the methodology considering the characteristics of the data available. The Actuary also assesses the reliability of the expected loss ratios by obtaining estimates from various sources, such as underwriters, the business plan, market statistics, or from a historic view of profitability and loss ratios. In valuing the claims liabilities, the Actuary also considers other factors such as, but not limited to, varying expense structure in run-off situations, large losses arising from significant past events, operational changes in claims management, underwriting changes such as business mix and premium rate changes, changes in reinsurance program, changes in claims handling process, and external conditions.

To ensure sufficiency of reserves, the Actuary conducts a back-testing exercise by comparing actual and expected experience based on previous valuations. Claim liabilities also include MfAD to allow for inherent uncertainty of the best estimate.

Premium Reserves

Premium reserves refer to all future claim payments arising from future events after the valuation date that are insured under unexpired policies for losses, as well as expenses for policy management and claims settlement, and is computed as the higher of the UPR and URR at a designated level of confidence, on both gross and net of reinsurance basis.

UPR is the reserve for that portion of the premium received which is attributable to a period of risk falling beyond the valuation date, and is recognized as revenue over the period of the policy using the 24th method. URR is an estimate of the total liability (including expenses), at a designated level of confidence, in respect of the risk after the valuation date of policies written prior to that date including expenses for policy management and claims settlement costs. In estimating URR, the Company adopted the loss ratio approach by multiplying the UPR with loss ratios adjusted by considering all potential future payments including but not limited to future claims payments, retrocession costs, unallocated loss adjustment expense and ongoing policy administration costs arising from the unearned portion of premium collected. A computation is performed to determine whether the URR required is greater or less than the UPR.

In performing the test for premium liabilities, the Unearned Risk Reserve (URR) is compared to the Unearned Premium Reserve (UPR). If the URR is greater than the UPR, the excess is set up as an additional premium liability on top of the UPR.

Accounts Payable and Accrued Expenses

Accounts payables are liabilities for goods or services that have been received or provided and have been invoiced or formally agreed with the supplier. Accounts payables are non-interest bearing and are stated at their original invoice amount since the effect of discounting is immaterial.

Accruals are liabilities for goods or services that have been received or provided but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in PFRS 16.

As a Lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset of the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;

- Variable lease payment that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company used a number of practical expedients when applying PFRS 16 to leases previously classified as operating leases under PAS 17. In particular, the Company:

- Did not recognized right-of-use assets and liabilities for leases for which the lease term ends within 12 months from the date of initial application;
- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term.

Short-term Leases and Leases of Low-value Assets

The Company has elected not to recognize right-of-use assets and lease liabilities for the leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a Lessor

When the Company acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Company made an overall assessment of whether the lease transferred substantially the entire risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease is a finance lease; if not, then it was an operating lease. As part of this assessment, the Company considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

Leases where the Company does not transfer substantially all of the risks and rewards of ownership of the asset are classified as operating leases. Rental income is recognized on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Equity

Share capital is determined at par value of shares that have been issued.

Contributed surplus represent additional contribution of stockholders to the Company in compliance with the requirement of the Insurance Commission.

Retained earnings include all current and prior period results of operations as disclosed in the Statements of Income.

Revaluation reserve comprises changes in fair value of Available-for-sale financial assets and revaluation of Property and equipment.

In accordance with the amended Insurance Code, dividend declaration or distribution from accumulated profits remaining on hand can only be made after retaining unimpaired the following:

- The entire paid-up capital stock;
- The net worth required under Section 194;
- The solvency required;
- The legal reserve fund required; and
- A sum sufficient to pay all net losses reported or in the course of settlement and all liabilities for expenses and taxes.

Revenue Recognition

Revenue is recognized only when the Company satisfies a performance obligation by transferring control of the promised services to the customer. Revenue is measured at the transaction price which the entity expects to be entitled in exchange for a good or service. The following specific revenue recognition criteria must also be met before revenue is recognized.

Premiums

Premiums from short duration insurance contracts are recognized as revenue over the period of the contracts using the 24th method. The portion of the premiums written that relate to the unexpired periods of the policies at end of the reporting periods are accounted for as "Reserve for Unearned Premiums" and presented in the liability section of the statement of financial position. The reinsurance premiums ceded that pertains to the unexpired period as at reporting dates are accounted for as "Reserve for reinsurance premium" and lodge under "Reinsurance assets" account in the statements of financial position. The net changes in these accounts between reporting dates are credited or charged against income for the year.

Commission

Reinsurance commissions are recognized as revenue over the period of the contracts. The portion of commissions that relates to the unexpired periods of the policies at the reporting date is accounted for as "Deferred commission income" in the liabilities section of the statement of financial position.

Interest income

Interest income from bank deposits, special savings account, fair value through profit or loss, available-for-sale investments, loans and receivable and held-to-maturity investment is recognized as interest accrues considering the effective yield on the related asset.

Dividend income

Dividend income is recognized when the right to receive dividends is established.

Realized gains and losses

Realized gains and losses on the sale of property and equipment are calculated as the difference between net sales proceeds and the net book value. Realized gains and losses on the sale of AFS financial assets are calculated as the difference between net sales proceeds and the original cost net of accumulated impairment losses. Realized gains and losses are recognized in profit or loss when the sale transaction occurred.

Cost and Expense Recognition

Claims and losses

Claims and losses consist of benefits and claims paid to insured, which include changes in the valuation of insurance liabilities. It further includes internal and external adjustment expenses that are directly related to the processing and settlement of claims. Amounts receivable in respect of salvage and subrogation are also considered. Insurance claims are recorded on the basis of notifications received.

Claims expenses (including those incurred but not reported) are based on the estimated ultimate cost of settling these claims. The method of determining such estimates and establishing reserve are continually reviewed and updated. Changes in estimates of claims cost resulting from the

continuous review process and differences between estimates and payments for claims are recognized as income or expense in the period the estimates are made.

Share in recoveries of claim are evaluated in terms of the estimated realizable values of the salvage or recoveries. Recoveries on settled claims are recognized in profit or loss in the period the recoveries are determined. Recoveries on the unsettled claims are recorded as reinsurance recoverable on losses shown as part of reinsurance assets.

Acquisition cost

Cost that vary with and primarily related to the acquisition of new and renewal insurance contracts such as commissions, certain underwriting, and policy issue cost and inspection fees are deferred and charged to expense in proportion to the premium revenue recognized. Unamortized acquisition costs are shown in the statement of financial position as deferred acquisition cost.

Reinsurance commission

Commissions paid to cedants are deferred and are included in deferred acquisition cost, subject to the same amortization method as that of acquisition costs.

Expense recognition

Expenses are decreases in economic benefits in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

Income Taxes

Current tax liabilities are measured at the amount expected to be paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantially enacted as at the end of the reporting period.

Deferred tax assets and liabilities are recognized using the balance sheet liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized for all deductible temporary differences and the carry-forward of unused tax losses to the extent that it is probable that taxable profit will be available against which the deferred tax asset can be utilized. Deferred tax liabilities are recognized for all taxable differences between the tax basis of the liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates expected to apply to the periods when the asset is realized or the liability is settled.

The carrying amount of deferred tax asset is reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred taxes relating to items recognized directly in equity are reported in other comprehensive income and not in the statement of income.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the statement of income. Only changes in deferred tax assets or liabilities that relate to a change in value of asset or liabilities are charged or credited directly to equity.

Pension Cost

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

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit cost comprises the following:

- a) Service cost
- b) Net interest on the net defined benefit liability or asset; and
- c) Re-measurements of net defined benefit liability or asset

Service cost which includes current service cost, past service cost and gains or losses on non-routine settlements is recognized as expense in profit or loss. Past service cost is recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

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

Foreign Currency Transactions and Translations

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (*the functional currency*). The financial statements are presented in Philippine Peso, the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency at exchange rates prevailing at the time of transaction. Foreign currency gains and losses resulting from settlement of such transaction and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Provisions

Provisions are recognized when present obligation will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example legal disputes for onerous contract.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at end of the reporting period, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain, as a separate asset at an amount not exceeding the balance of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. In addition, long term provisions are discounted at their present values, where time value of money is material.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements.

Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent asset, hence, are not recognized in the financial statements.

Contingencies

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

Events After End of the Reporting Period

Post year-end events that provide additional information about the Company's financial position at the end of the reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

5. Significant Accounting Judgments and Estimates

The Company makes estimates and assumptions that affect the reported amounts of the assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

The following judgments were applied which have the most significant effect on the amounts recognized in the financial statements.

Product classification

All the Company's existing products are insurance contracts as defined in PFRS 4. Insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or where at inception of the contract the level of insurance risk may be significant over time. The significance of insurance risk is dependent on both the probability of an insurance event and the magnitude of its potential effect. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period.

Classification of investments

In classifying its investments, the Company follows the guidance of PAS 39. In making the judgment, the Company evaluates its intention, marketability of the instrument and its ability to hold the investments until maturity.

The classification of investments as at December 31, 2025 and 2024 are as follows:

	2025	2024
Fair value through profit or loss	P 158,298,986	P 121,853,387.00
Available for sale	549,188,083	549,451,150
Held to maturity	987,535,271	1,031,028,785
Loans and receivables	33,829,635	28,963,390

Distinguishing investment properties and owner-occupied properties

The Company determines whether a property qualifies as an investment property. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the delivery of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property.

Investment properties, as of December 31, 2025 and 2024, amounted to P296,129,634 and P321,996,634, respectively.

Estimates

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

Determination of fair value of financial assets

The fair value for assets traded in active market at the reporting date is based on their quoted market price. For all other assets not listed in an active market, the fair value is determined by using appropriate techniques or comparison to similar instruments for which market observable prices exists.

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instruments or based on a valuation technique, the Company recognizes the difference between the transaction price and fair value in the statements of income unless it qualifies for recognition as some other type of asset.

Determining the appraised value of investment properties and property and equipment

The Company determines the appraised value of its investment property and Property and equipment through the use of an independent appraisers. The appraisers value the property through the use of market approach for land and cost approach for building. The description of these methodologies is described in Note 6.

As of December 31, 2025, and 2024, investment properties and property and equipment carried at fair values and revalued amounts are as follows:

		2025		2024
Investment properties	P	296,129,634	P	321,996,634
Property and equipment:				
Condominium units		300,076,926		316,747,866

Estimating allowance for impairment of financial assets

The Company maintains allowance for probable loss at a level considered adequate to provide for potential uncollectible accounts. The level of allowance for doubtful accounts is evaluated by management on the basis of factors affecting collectability of the financial assets. In addition, a review of the accounts designed to identify accounts to be provided with allowance, is made on a continuing basis.

Estimating useful lives of property and equipment

The Company reviews annually the estimated useful lives of property and equipment, based on the period on which the assets are expected to be available for use. It is possible that future results of operation could be materially affected by changes in these estimates. A reduction in the estimated useful lives of property and equipment would increase recorded depreciation and decrease the related asset account.

Property and equipment, net of accumulated depreciation and impairment losses, amounted to P332,074,028 and P345,813,784 as at December 31, 2025 and 2024, respectively. (See Note 14)

Classification of assets held for sale

The Company classifies a noncurrent asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition and its sale must be highly probable. In 2025 management determined that certain lot are available for sale in their present condition within the next 12 months. Management reclassified these lot from "Investment properties" into "Assets held for sale" in the statements of financial position as of December 31, 2025 (see Note 18).

Deferred tax asset

The Company reviews the carrying amounts of deferred tax asset at each reporting date and reduces the deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Estimating of pension liability

The determination of pension liability and pension expense is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rates. Such estimates are subject to significant uncertainty. In accordance with PAS 19, actual results that differ from the Company's assumptions are recognized immediately in OCI in the period in which they arise.

While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may affect the pension liability.

The carrying value of net pension benefit obligation as of December 31, 2025 and 2024 amounted to P12.4 million and P11.6 million, respectively (see Note 30)

Valuation of insurance liability

Estimates have to be made at the reporting date for both the expected ultimate cost of both claims reported and claims Incurred But Not Reported (IBNR). It can take a significant period of time before the ultimate claim cost can be established with certainty and for some types of policies, IBNR claims form the majority of the claims provision. At each reporting date, prior year claims estimates are reassessed for adequacy and changes made are charged to profit or loss.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques such as Chain Ladder method and Bornhuetter-Ferguson method, based on paid and reported claims information.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development, and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years, but can also be further analyzed by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Additional qualitative judgement is used to assess the extent to which past trends may not apply in the future in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking into account all the uncertainties involved.

As at December 31, 2025 and 2024, the carrying values of provision for IBNR including Claims Handling Expense (CHE) and Margin for Adverse Deviation (MfAD) amounted to P337,329,945 and P329,082,937, respectively.

6. Fair Value Measurement

(i) Financial instruments

The fair value of financial instruments and their carrying amounts is as follows:

Category of financial instruments	2025		2024	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
FVPL	P 158,298,986	P 158,298,986	P 121,853,387	P 121,853,387
AFS	549,188,083	549,188,083	549,451,150	549,451,150
HTM	987,535,271	996,108,665	1,031,028,785	1,040,234,544
Loans and receivable	33,829,635	33,829,635	28,963,390	28,963,390
Cash and cash equivalents	452,525,740	452,525,740	206,339,255	206,339,255
Short term investments	6,349,667	6,349,667	6,425,006	6,425,006
Insurance and reinsurance balances receivable	1,568,310,002	1,568,310,002	1,353,036,518	1,353,036,518
Other loans and receivables	33,829,635	33,829,635	28,963,390	28,963,390
Security deposit	11,504,912	11,504,912	10,702,574	10,702,574
Security fund	49,051	49,051	48,439	48,439
Other financial liabilities				
Insurance claims payable	938,749,574	938,749,574	767,928,919	767,928,919
Accounts payable and other liabilities	197,148,481	197,148,481	193,355,816	193,355,816
Reinsurance liabilities	44,462,034	44,462,034	25,602,634	25,602,634

The fair value hierarchy of the Company's financial instruments are summarized in the tables below.

	2025			
	Fair Value	Level 1	Level 2	Level 3
Financial instruments measured at fair value				
FVPL	P 158,298,986	P 158,298,986	P -	P -
AFS				
Government securities	239,996,944	239,996,944	-	-
Corporate debt securities	119,931,265	119,931,265	-	-
Quoted equity securities	85,361,092	85,361,092	-	-
Unquoted equity securities	103,898,782	-	-	103,898,782
Financial instruments for which fair value is disclosed				
HTM				
Government securities	712,025,271	712,025,271	-	-
Corporate securities	327,746,760	327,746,760	-	-

	2024			
	Fair Value	Level 1	Level 2	Level 3
Financial instruments measured at fair value				
FVPL	P 121,853,387	P 121,853,387	P -	P -
AFS				
Government securities	221,565,493	221,565,493	-	-
Corporate debt securities	133,790,181	133,790,181	-	-
Quoted equity securities	90,433,878	90,433,878	-	-
Unquoted equity securities	103,661,598	-	-	103,661,598
Financial instruments for which fair value is disclosed				
HTM				
Government securities	712,487,784	712,487,784	-	-
Corporate securities	327,746,760	327,746,760	-	-

The Company measures fair value of financial assets using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- **Level 1**
Inputs are quoted in active market for identical assets that the entity can access at the measurement date.

Included in Level 1 category are assets and liabilities that are measured in whole or in part by reference to published quotes in an active market.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.
- **Level 2**
Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- **Level 3**
Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Fair values were determined as follows:

- *Cash and cash equivalents, short-term investments*— the fair values are approximately the carrying amounts due there to short-term nature.
- *Quoted debt securities (government and corporate)* – the fair values were determined from the published references from Philippine Dealing System or third party information.
- *Quoted equity securities* - the fair values were determined from the published prices from Philippine Stock Exchange.
- *Unquoted AFS investment* – valuation technique using significant observable inputs. Where valuation technique is not representative of fair values, the acquisition cost is used as fair value.
- *Receivables, deposits and other financial liabilities* - Due to their short duration, the carrying amounts of Receivables, deposits and other financial liabilities in the statement of financial position are considered to be reasonable approximation of their fair values.

(ii) *Non-Financial Assets*

Investment Properties

On March 18, 2025 and December 5, 2024, the certain investment properties in Makati, Parañaque and Quezon city were appraised by an independent firm of appraisers. The fair value was determined in accordance with the prevailing market prices as at December 31, 2025.

The methodologies used to determine fair values are as follows:

- *Market Approach* – a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.
- *Cost Approach* – an approach whereby the fair values is determined as the sum of land value and the correct cost to replace or reproduce the improvements less accumulated depreciation for physical deterioration, functional obsolescence, and

The appraisals resulted to the recognition of unrealized gain on fair value adjustment of investment property of P24.2M in 2024. Fair value is determined using the Market approach under the level 3 of the fair value hierarchy. The highest and best use of these properties is commercial utility. As of December 31, 2025 and 2024, the carrying amount of this account were P296,129,634 and P321,996,634, respectively.

The highest and best use of investment properties is commercial utility.

The description of valuation techniques and inputs used in determining the fair value of investment properties as of December 31, 2025 and 2024 are as follows:

Property location	Property description		2025	2024
Parañaque, Metro Manila	Land only	Fair value	P 88,310,500	P 88,310,500
		Adjustment factors:		
		External Factor	-5%	-5%
		Internal Factor		
		Location	-	-
		Size	+3% to +10%	+3% to +10%
		Accessibility	+3% to +10%	+3% to +10%
		Algebraic Sum of internal factor	+3% to +10%	+3% to +10%
Makati City	Condominium Units	Fair value	P159,263,000	P 159,263,000
		Adjustment factors:		
		External Factor	-10%	-10%
		Internal Factor	-	-
		Location	-5%	-5%
		Size	0% to +15%	0% to +15%
		Algebraic Sum of internal factor	0% to +15%	0% to +15%
Quezon City	Land only	Fair value	P 17,996,400	P 17,996,400
		Adjustment factors:		
		External Factor	-10%	-10%
		Internal Factor	-	-
		Location	0%	0%
		Size	0% to +2%	0% to +2%
		Algebraic Sum of internal factor	0% to +2%	0% to +2%

The estimated fair value of improvements on Parañaque property was estimated using the cost approach. The approach involves estimating the cost to reproduce or replace the improvements at current prices and using current standards of materials and design. Accrued depreciation in value arising from wear and tear, functional obsolescence and other external factors, are deducted. The fair value is estimated at P30.5 million as of December 31, 2024.

Condominium units (included under Property and Equipment)

On February 19, 2024, the Company's Condominium unit was appraised by an independent firm of appraiser. The appraisal resulted to the recognition of revaluation increment of P93.7 million in December 31, 2023, net of deferred income tax.

In 2024, the condominium unit was reappraised resulting to a revaluation increment of P15,886,240, net of deferred income tax.

Fair value is determined using the Market approach under the level 3 of the fair value hierarchy. The highest and best use of these properties is commercial, its current use. The assigned value for condominium units was estimated using the Market Approach.

The description of valuation techniques and inputs used in determining the fair value of investment property as of December 31, 2023 as follows:

Property location	Property description		2025	2024
Makati City	Condominium Units	Fair value	P 300,076,926	P 316,747,866
		Adjustment factors:		
		External Factor	-10%	-10%
		Internal Factor	-	-
		Location	-5%	-5%
		Size	3% to +3%	3% to +3%
		Algebraic Sum of internal factor	-3% to +2%	-3% to +2%

Had the condominium units been carried at cost, its carrying amount would amount to P179.6 million in 2025 and 2024, respectively.

7. Management of Insurance Risk, Financial Risk and Capital

Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated.

Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques. Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Internally, the Company manages its risks through its underwriting strategy and reinsurance arrangements.

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured events.

The concentration of insurance claims as at December 31, 2025 and 2024 is as follows:

	2025			2024		
	Gross	Share of Reinsurer	Net Liability	Gross	Share of Reinsurer	Net Liability
Fire	P 712,177,130	P 466,861,784	P 245,315,346	P 561,463,672	P 391,432,361	P 170,031,311
Motor	152,406,108	3,549,187	148,856,921	142,002,012	2,544,036	139,457,976
Personal accident	9,606,525	1,181,489	8,425,036	9,307,069	1,218,492	8,088,577
Marine	11,690,713	2,037,852	9,652,861	13,179,910	1,817,341	11,362,569
Engineering	16,376,473	6,100,314	10,276,159	9,625,813	3,911,904	5,713,909
Hull	7,378,267	6,721,087	657,180	2,726,600	2,256,820	469,780
Surety	712,025	342,057	369,968	219,416	66,050	153,366
Miscellaneous	28,402,333	1,561,348	26,840,985	29,404,427	9,003,259	20,401,168
	P 938,749,574	P 488,355,118	P 450,394,456	P 767,928,919	P 412,250,263	P 355,678,656

Financial Risk

The Company is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are credit risk, liquidity risk and market risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risk that the Company primarily faces due to the nature of its investments and liabilities is interest rate risk.

Credit Risk

Credit risk is risk due to uncertainty in a counterparty's (also called an obligor) ability to meet its obligation.

Credit risk limit is also used to manage credit exposure which specifies exposure credit limit for each intermediary depending on the size of its portfolio and its ability to meet its obligation based on past experience.

Key areas where the Company is exposed to credit risk are:

- Reinsurers' share of insurance premiums,
- Amounts due from reinsurers on claims already paid,
- Amounts due from insurance contract holders, and
- Amounts due from insurance intermediaries

Exposure

The table below shows the gross maximum exposure to credit risk of the Company as at December 31, 2025 and 2024.

	2025	2024
Cash and cash equivalents*	P 419,200,770	P 167,012,979
Short-term investments	6,349,667	6,425,006
Financial Asset		
FVPL	158,298,986	121,853,387
AFS	549,188,083	549,451,150
HTM	987,535,271	1,031,028,785
Loans and receivables	33,829,635	28,963,390
Insurance receivables	1,089,384,422	947,380,072
Reinsurance assets	488,355,116	412,250,262
Accrued investment income	20,927,753	18,721,912
Security deposit	11,504,912	10,702,574
Security fund	49,051	48,439
	P 3,764,623,666	P 3,293,837,956

*Excludes cash on hand of P33,324,970 in 2025 and P39,326,276 in 2024.

The Company uses the following risk mitigation policies to reduce credit risks:

- Cash in banks and short-term investments are deposited and placed with reputable commercial and universal banks in the Philippines. Moreover, all bank deposits are automatically covered up to a certain amount from Philippine Deposit Insurance Corporation.
- Financial assets that are HTM are debt securities issued and guaranteed by the Philippine government which are considered risk free. HTM investments are lodge under Philippine Depository & Trust Corporation.
- The Company's equity investments classified as AFS are mostly stocks belonging to Philippine Stock Exchange Index (PSEI) with regular trading transaction in the Philippine Stock Exchange. Other AFS investment includes government securities in local currencies and in Investment Management Accounts.
- Insurance balances of brokers and agents have a maximum age of 90 days. Commissions are released only upon full remittance of premiums. Reinsurance arrangements are placed only with reputable reinsurers at industry acceptable terms.
- Accrued investment income is collectible in subsequent period. Interest proceeds are either rolled over to principal balance or credited to savings account.

Credit Quality

The credit quality of group of financial assets are as follows:

(i) Cash-in-banks, cash equivalents and short-term investments

Substantial portion of the Company's cash-in-banks, cash equivalents and short-term investments are maintained in universal and commercial banks thereby limiting the credit risk. Limits are placed on thrift and lower-tier banks. This is consistent with the Company's internal policy on deposit maintenance. Cash-in-bank, cash equivalents and short-term investments classified by type of banks are as follows:

	2025	2024
Universal banks	P 409,466,907	P 159,461,336
Commercial banks	5,003,818	5,909,132
Thrift and rural banks	4,730,045	1,642,511
	P 419,200,770	P 167,012,979

(ii) Fair Value through profit or loss, Available for sale and Held to maturity Investments

The credit risk on investments represents the risk of actual default of the issuer. This risk is managed through limits which considers the type of credit exposure, credit quality and, where needed, maturity, and through regular monitoring and early warning systems. Investment exposures and limits are monitored on a regular basis.

The limits are defined by the following categories:

- Limits on government securities is guided by the existing circulars issued by the Insurance Commission;
- Limits on corporate bonds are based on certain criteria such as total corporate bonds exposure as a percentage of the portfolio, limits by sector based on the credit ratings; currency and monitoring of concentrated exposure;

The credit rating applied by the Company is based on the best available rating from Moody's, Fitch and Standard & Poor's. For specific exposure types, other rating agencies can be used such as AM Best for reinsurance counterparties.

The table below provides information on the credit quality of investments.

	December 31, 2025							
	Rated				Unrated	Total		
	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-				
Debt securities - Local currency								
Fixed-rated treasury bonds	P	-	P	-	P	-	P	771,210,567
Retail treasury bonds	-	-	-	-	-	-	-	141,396,668
Corporate bonds	391,441,265	-	-	-	-	-	-	3,000,000
Debt securities - Foreign currency								
ROP bonds	-	-	-	-	-	-	-	40,414,980
Equity securities	233,458,577	-	-	-	-	-	-	103,898,782
	P624,899,842	P	-	P	-	P	-	P1,059,920,997
								P1,684,820,839
	December 31, 2024							
	Rated				Unrated	Total		
	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-				
Debt securities - Local currency								
Fixed-rated treasury bonds	P	-	P	-	P	-	P	686,665,952
Retail treasury bonds	-	-	-	-	-	-	-	204,524,855
Corporate bonds	319,480,984	-	-	-	-	-	-	3,000,000
Debt securities - Foreign currency								
ROP bonds	-	-	-	-	-	-	-	38,922,486
Equity securities	323,891,528	-	-	-	-	-	-	103,591,598
	P643,372,512	P	-	P	-	P	-	P1,036,704,891
								P1,680,077,403

(i) Insurance, reinsurance and other receivables

Credit risk on Insurance, reinsurance and other receivables reflects possible losses due to unexpected default or deterioration in the credit standing of counterparties and debtors. The scope of credit risk alleviation includes risk-mitigating contracts on reinsurance arrangements and setting up maximum credit terms with agents.

Credit risk can arise also due to the purchase of reinsurance or other risk mitigation contracts. The Company minimizes this risk through policies on counterparty selection, collateral requirements and diversification. This risk is mitigated through close monitoring of outstanding counterparty default positions. Diversification and avoidance of low rated exposures are key elements in the mitigation of this risk.

The Company also limits its exposure to credit losses from its reinsurance business by entering into master netting arrangements with counterparties. Master netting arrangements do not generally result in an offset of assets and liabilities in the Statement of financial position, as transactions are usually settled on a gross basis. However, the credit risk associated with favorable contracts (asset position) is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are settled on a net basis. The Company maintains a normal credit term of 90 days for insurance balances receivable. Past due accounts are those outstanding more than 90 days.

Exposure to credit risk on other receivable is low considering that these receivables is collected through salary deduction or deducted from the commissions due to them, as the case maybe. These counterparties have a good credit standing with no history of default. Credit risk on Security deposits is minimal since a significant portion of which can be applied to cover rentals due.

Impairment for specific credit risk is established if there is objective evidence that Company will not be able to collect all amounts due in accordance with contractual terms. The amount of the impairment is the difference between the carrying amount and the recoverable amount. Conditions for write-off may be that the debtor's bankruptcy proceedings have been reached and and/or guarantors are insolvent, all normal recovery efforts have been exhausted, or the economic loss period (i.e., the period within which all expenses will exceed the recoverable amount) has been reached.

The aging analysis of Receivables, reinsurance and other receivables that are not impaired are as follows:

		2025					
		No. of days past due					
		30 days	60 days	90 days	180 days		Total
Due from agents and brokers	P	77,542,444	P202,948,733	P306,101,803	P164,719,633	P	751,312,612
Due from ceding companies		31,629,526	1,327,205	1,424,103	29,328,832		63,709,667
Reinsurance recoverable on paid losses		5,163,949	15,491,845	237,522,397	-		258,178,191
Other receivable		3,829,635	-	-	-		3,829,635
	P	118,165,554	P 219,767,783	P 545,048,303	P 194,048,465	P	1,077,030,105

		2024					
		No. of days past due					
		30 days	60 days	90 days	180 days		Total
Due from agents and brokers	P	271,439,727	P209,774,570	P144,039,098	P 73,946,214	P	699,199,609
Due from ceding companies		4,322,800	5,403,501	44,308,704	-		54,035,005
Reinsurance recoverable on paid losses		3,616,192	10,848,575	166,331,348	-		180,796,115
Other receivable		47,685,302	-	-	-		47,685,302
	P	327,064,021	P 226,026,646	P 354,679,150	P 73,946,214	P	981,716,031

The table below provides information on the concentration of credit risk as of December 31 by type of financial assets:

		December 31, 2025					
		Cash & cash equivalents	Short-term investments	Available-for-sale	Held-to-maturity	Receivables	Total
Insurance	P	-	P -	P -	P -	P1,507,299,000	P 1,507,299,000
Financial institutions		419,200,770	6,349,667	189,259,875	3,000,000	-	617,810,312
Government		-	-	239,996,944	713,025,271	-	953,022,215
Holding companies		-	-	30,859,034	61,240,000	-	92,099,034
Property		-	-	67,095,948	115,760,000	-	182,855,948
Oil, power and energy		-	-	14,420,879	87,510,000	-	101,930,879
Info. and comm. tech.		-	-	5,982,117	2,000,000	-	7,982,117
Food and beverage		-	-	-	5,000,000	-	5,000,000
Services and others		-	-	1,573,286	-	-	1,573,286
	P	419,200,770	P 6,349,667	P 549,188,083	P 987,535,271	P 1,507,299,000	P 3,469,572,791

		December 31, 2024					
		Cash & cash equivalents	Short-term investments	Available-for-sale	Held-to-maturity	Receivables	Total
Insurance	P	-	P -	P -	P -	P1,298,863,347	P 1,298,863,347
Financial institutions		167,012,979	6,425,006	114,169,187	3,000,000	-	290,607,172
Government		-	-	221,565,493	708,547,800	-	930,113,293
Holding companies		-	-	42,543,237	85,583,385	-	128,126,623
Property		-	-	97,055,349	130,947,599	-	228,002,948
Oil, power and energy		-	-	40,637,810	95,950,000	-	136,587,810
Info. and comm. tech.		-	-	24,286,360	2,000,000	-	26,286,360
Food and beverage		-	-	207,770	5,000,000	-	5,207,770
Services and others		-	-	8,985,944	-	-	8,985,944
	P	167,012,979	P 6,425,006	P 549,451,150	P 1,031,028,785	P 1,298,863,347	P 3,052,781,267

Liquidity Risk

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

Liquidity risk is a risk due to uncertain liquidity. An institution may suffer liquidity problem when its credit rating falls. The Company is also exposed to liquidity risk if markets on which it depends on are subject to loss of liquidity.

Contractual maturities of financial assets and liabilities as at December 31, 2025 and 2024 are presented below:

2025 (In thousand)	Contractual maturities			Total
	< 1 year	> 1 year < 5 years	>5 years	
Financial assets that are :				
Cash and cash equivalents	P 419,201	P -	P -	P 419,201
Short-term investments	6,350	-	-	6,350
AFS	359,928	-	-	359,928
HTM	-	533,000	436,320	969,320
Loans and receivable	33,830	-	-	33,830
Insurance receivables	1,089,384	-	-	1,089,384
Reinsurance assets	488,355	-	-	488,355
Accrued investment income	20,928	-	-	20,928
Security deposit	11,505	-	-	11,505
Security fund	49	-	-	49
Financial liabilities that are:				
Insurance claims payable	938,750	-	-	938,750
Accounts payable and other liabilities	136,866	-	-	136,866
Reinsurance liabilities	44,462	-	-	44,462

2024 (In thousand)	Contractual maturities			Total
	< 1 year	> 1 year < 5 years	>5 years	
Financial assets that are :				
Cash and cash equivalents	P 167,013	P -	P -	P 167,013
Short-term investments	6,425	-	-	6,425
AFS	355,355	-	-	355,355
HTM	52,476	540,580	427,020	1,020,076
Insurance receivables	947,380	-	-	947,380
Reinsurance assets	412,250	-	-	412,250
Accrued investment income	18,722	-	-	18,722
Security deposit	10,703	-	-	10,703
Security fund	48	-	-	48
Financial liabilities that are:				
Insurance claims payable	767,929	-	-	767,929
Accounts payable and other liabilities	136,866	-	-	136,866
Reinsurance liabilities	25,603	-	-	25,603

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

Market Risk

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

Market risk is the risk to an institution's financial condition from volatility in the price movements of the assets contained in a portfolio. Market risk represents what the Company would lose from price volatilities. Market risk can be measured as the potential gain or loss in a position or portfolio that is associated with a price movement of a given probability over a specified time horizon.

The Company manages market risk by evenly distributing capital among investment instruments, sectors and geographical areas.

The Company structures the levels of market risk it accepts through a sound market risk policy based on specific guidelines. This policy constitutes certain limits on exposure of investments mostly with top-rated banks, which are selected on the basis of the bank's credit ratings, capitalization and quality servicing being rendered to the Company. Also, the said policy includes diversification benchmarks of investment portfolio to different investment types duly approved by the IC, asset allocation reporting and portfolio limit structure. Moreover, control of relevant market risks can be addressed through compliance reporting of market risk exposures to the IC, regular monitoring and review of the Company's investment performance and upcoming investment opportunities for pertinence and changing environment.

Sensitivity analysis of market risk exposures follows:

i. Currency risk

No foreign currency forward contracts are outstanding as at December 31, 2025 and 2024 to hedge the foreign currency accounts.

The carrying values of financial assets exposed to currency risk at the end of reporting period are as follows:

	2025		2024	
	Phil. Peso	US \$	Phil. Peso	US \$
Cash and cash equivalents	P 100,050,866	\$ 1,701,835	P 9,523,816	\$ 164,644
ROP bonds	40,414,980	687,447	38,922,486	672,876
Accrued interest	773,744	13,161	489,575	8,464

* The exchange rate used was P58.79 in 2025 and P57.845 in 2024 to US \$ 1.00.

As of December 31, 2025 and 2024 the sensibility analyses on foreign currency risk is insignificant.

ii. Interest rate risk

The Company's exposure to risk for changes in market interest rates relates primarily to the debt instrument which are subject to variable interest rates. The Company follows prudent policies in managing its exposures to interest rate fluctuations, and constantly monitors assets.

The Company's exposure to interest rate risk is as follows:

Security	2025			2024		
	Face value	Coupon rate	Re-pricing	Face value	Coupon rate	Re-pricing
Retail treasury bond	P 141,000,000	3.70% to 6.25%	fixed	P 216,280,000	3.70% to 6.25%	fixed
Fixed rate treasury note	746,760,000	5.875% to 10.25%	fixed	659,286,000	3.375% to 10.25%	fixed
ROP bonds	38,206,552	3.375% to 8.00%	fixed	584,816,000	3.375% to 8.00%	fixed
Corporate bonds	395,370,000	3.52% to 8.03%	fixed	458,420,000	3.52% to 8.03%	fixed
Time deposit	324,337,656	2.50% to 5.70%	monthly/ quarterly	82,290,543	2.50% to 6.10%	monthly/ quarterly

The sensitivity analyses have been determined based on the exposure to interest rates for debt instrument subject to repricing. Given that the interest rate increases or decreases by 200 basis point will not have a material effect on its investment income.

iii. Price risk

The sensitivity analysis for equity risk illustrates how changes in the fair value of equity securities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual equity issuer, or factors affecting all similar equity securities traded in the market.

Management monitors movements of equity price on a monthly basis by assessing the expected changes in the different portfolio due to parallel movements of a 10% increase or decrease in the Philippine stock exchange index (PSEi).

With all other variables held constant, a 10% movement in the stock exchange would result in an impact on equity of P21 million in 2025 and P30 million in 2024. This does not affect income since changes in fair value of AFS investments are taken to equity.

iv. Operational risk

Operational risk is the risk of loss from system failure, human error, fraud or external events. When controls fail to perform, operational risk can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risk but initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage risk. Controls include effective segregation of duties, access controls, authorization and reconciliation procedures, staff education and assessment processes. Business risk such as changes in environment, technology and industry are monitored through the Company's strategic planning and budgeting processes.

Capital management

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in economic conditions and risk characteristics of the Company's activities and externally imposed capital requirements.

The company regards the following as the capital it manages as at December 31, 2025 and 2024.

	2025	2024
Share capital	P 649,500,000	P 649,500,000
Contributed surplus	84,175,439	84,175,439
Retained earnings	1,127,299,054	1,033,150,091
	P 1,860,974,493	P 1,766,825,530

Net worth Requirement

Externally imposed capital requirements are set and regulated by the Insurance Commission (IC). The requirements are put in place to ensure sufficient solvency margins. Further objectives are set by the Company to maintain a strong credit rating and healthy capital ratios in order to support its business objectives and maximize shareholders value.

Pursuant to IC Circular No. 2015-02-A, dated January 13, 2015 issued on the basis of Republic Act 10607 known as the Revised Insurance code, domestic insurance companies under the supervision of IC must have a net worth of at least P250 million by December 31, 2013. The minimum net worth of a particular company shall remain unimpaired at all times and shall increase to the amounts as follows:

	Minimum network	Compliance date
P	900,000,000	December 31, 2019
	1,300,000,000	December 31, 2022

Insurance Memorandum Circular 22-2008 further clarified that the paid-up capital should remain intact and unimpaired at all times, the statements of financial position should show that the net worth is at least equal to the actual paid up capital.

As at December 31, 2025 and 2024, the Company is in compliance with the required minimum paid-up capital. The statutory net worth is based on Regulatory Accounting Policies and may be determined only after the accounts of the Company have been examined by the IC.

Risk-Based Capital Requirement

The IC has adopted a three (3) pillar risk-based approach to solvency which comprise the following:

- Quantitative requirements in relation to the calculation of capital requirements and recognition of eligible capital;
- Governance and risk management requirement tht consists of supervisory review process which may include a supervisory adjustment to capital; and
- Disclosure requirement designed to encourage market discipline

The minimum RBC ratio is set at 100% which are required to be maintained at all times. Failure to meet the minimum RBC ratio shall subject the Company to the corresponding regulatory intervention which has been defined at various levels as follows:

- Company Action Event – the RBC is less than 100% but not below 75%, the Company is required to identify the conditions that contributed to the event and will provide corrective actions that company intend to take including future projections of financial position and analysis of operations.
- Regulatory Action Event – the RBC is less than 75% but not below 50%, the Company is submit an RBC plan and IC will perform an examination of the Company including its RBC plan.
- Authorized and Mandatory Control Event – the RBC is less than 50%, the IC is required to place Company under regulatory control.

The RBC ratio is calculated as Total Available Capital divided by the RBC requirement. TAC shall include the (i) paid-up capital, (ii) other capital surplus and (iii) Special surplus funds to the extent authorized by IC.

Internal calculations of RBC ratio as at December 31, 2025 and 2024 revealed the following:

	2025	2024
Total Available Capital	P 1,950,399,630	P 1,848,103,963
RBC requirement	398,385,168	369,168,365
RBC ratio	490%	501%

The computation of RBC is based on the regulatory accounting policy in accordance the Philippine Insurance Code. The RBC can be determined only after the accounts of the Company have been examined by the IC.

8. Cash and Cash Equivalents

This account consists of:

	2025		2024	
Cash on hand	P	33,324,970	P	39,326,276
Cash in banks		101,212,780		91,147,440
Cash equivalents		317,987,990		75,865,539
	P	452,525,740	P	206,339,255

Cash on hand consists of petty cash fund, claims fund, commission fund, postage stamps fund and revolving fund.

Cash in bank and cash equivalents earn interest at an annual interest rates ranging from 0.88% to 4.50% in 2025 and 0.23% to 6.10% in 2024. Interest income earned on these deposits amounted to P 7,978,753 in 2025 and P6,921,921 in 2024. (See Note 26)

9. Short-term Investments

This account consists of time deposit with the maturity of more than three months but less than one year from the date acquired. As of December 31, 2025 and 2024, the balance of short-term investment amounted to P6,349,667 and P6,425,006, respectively.

Short-term investments earn interest at annual interest rates ranging from 2.75% to 4.50% in 2025 and 3.30% to 10.25% in 2024. Interest income earned on these investments amounted to P97,921 in 2025 and P63,010 in 2024. (See Note 26)

10. Financial Assets

The reconciliation of the carrying amounts of financial assets at the beginning and end of the year is as follows:

	As of December 31, 2025					
		FVPL	AFS	HTM	Loans & Receivable	Total
Gross carrying value						
Balance at the beginning of year	P	121,853,387	P 549,451,150	P 1,031,028,785	P 28,963,390	P 1,731,296,712
Additions		135,076,537	34,118,533	106,291,589	103,017,262	378,503,921
Disposal/Maturity		(100,741,586)	(43,988,421)	(147,032,279)	(98,151,017)	(389,913,303)
Amortization of premium/discount		-	-	(2,752,824)	-	(2,752,824)
Changes in fair value		2,110,648	9,606,821	-	-	11,717,469
Balance at the end of the year	P	158,298,986	P 549,188,083	P 987,535,271	P 33,829,635	P 1,728,851,975

	As of December 31, 2024					
		FVPL	AFS	HTM	Loans & Receivable	Total
Gross carrying value						
Balance at the beginning of year	P	-	P 687,030,326	P 924,165,795	P 3,999,152	P 1,615,195,273
Additions		121,853,387	303,896,775	231,930,513	147,362,862	805,043,537
Disposal/Maturity		-	(442,266,556)	(125,489,426)	(122,398,624)	(690,154,606)
Amortization of premium/discount		-	-	421,903	-	421,903
Changes in fair value		-	790,605	-	-	790,605
Balance at the end of the year	P	121,853,387	P 549,451,150	P 1,031,028,785	P 28,963,390	P 1,731,296,712

Financial assets at Fair Value through Profit or Loss (FVPL)

Investment that are designated at FVPL as of December 31, 2025 and 2024 represent equity securities, debt instruments, and mutual funds amounting to P158,298,986 and P121,853,387, respectively. These investments are measured at fair value. Fair value is determined in manner described in Note 6.

Mark-to-market gain on these investments amounted to P2,110,648 and P14,610,459 in 2025 and 2024 respectively. (see Note 26)

Available-for-sale financial assets

The breakdown of this account is as follows:

	2025	2024
Acquisition cost		
Government securities	P 234,907,995	P 220,181,622
Corporate debt securities	121,369,784	136,491,039
Quoted equity securities	82,052,754	91,804,944
Unquoted equity securities	103,938,782	103,661,598
	542,269,315	552,139,203
Change in fair value		
Government securities	5,088,949	1,383,871
Corporate debt securities	(1,438,519)	(2,700,858)
Quoted equity securities	3,268,338	(1,371,066)
	6,918,768	(2,688,053)
	P 549,188,083	P 549,451,150

Realized gains on these investments reported in the statements of income are as follows:

	2025	2024
Interest (see Note 26)	P 25,585,862	P 28,734,407
Dividends (see Note 26)	16,224,009	10,589,419
Gain on sale of AFS investment (see Note 26)	2,701,257	5,508,188

The reconciliation of unrealized fair value gains (losses) are as follows:

	2025	2024
Balance at beginning of year	P (2,688,053)	P (3,478,658)
Fair value gains(losses) taken to:		
Other comprehensive income (OCI)	12,308,078	6,298,793
Profit and loss		
Gain on sale	(2,701,257)	(5,508,188)
Balance at end of year	P 6,918,768	P (2,688,053)

Unquoted equity securities are as follows:

	2025	2024
ProCredit Pte. Ltd.	P 53,733,239	P 53,591,598
ARQCapital Two Holdings, Inc.	50,000,000	50,000,000
Others	205,543	70,000
	P 103,938,782	P 103,661,598

- ProCredit Pte. Ltd. is a company incorporated under the laws of Singapore. The Company subscribed to 257,893 shares at subscription price of US \$ 3.3735 per share. ProCredit Pte Ltd. holds interest in a financing company based in Singapore.

- ARQCapital Two Holdings, Inc. is a company incorporated in the Philippines. On July 1, 2024, the Company subscribed to 2 million preferred shares at subscription price of P25 per share. ARQCapital Two Holdings, Inc. provides business loans to SMEs in the Philippines.

Held-to-Maturity (HTM) Investments

Investments classified as HTM are as follows:

	2025		2024	
Government securities	P	694,810,000	P	697,616,000
Corporate bonds		274,510,000		322,460,000
		969,320,000		1,020,076,000
Unamortized discount/premium		18,215,271		10,952,785
	P	987,535,271	P	1,031,028,785

Government securities have a maximum term of 15 years with coupons rates ranging from 5.28% to 9.25% in 2025 and 3.37% to 10.25% in 2024. As of December 31, 2025, Government securities with face value of P337,890,000 are deposited with the Insurance Commission in accordance with the provision of the Insurance Code as security for the benefit of the policyholders and creditors of the Company.

Corporate bonds are issued by various private corporations for a period ranging from 2 year to 15 years and bears interest at the rate of 3.38% to 8.03% in 2025 and 3.52% to 8.03% in 2024, payable quarterly or semi-annually.

The net changes in unamortized premium/discount charged/credited to interest income amounted to P7,262,486 in 2025 and P1,292,990 in 2024.

Interest income realized on HTM investments amounted to P59,212,616 in 2025 and P53,235,996 in 2024. (See Note 26)

The maturity profile of this account is presented below:

	2025		2024	
Due within 12 months	P	-	P	52,476,000
Due after 1 year but less than 5 years		533,000,000		540,580,000
Due beyond five years		436,320,000		427,020,000
	P	969,320,000	P	1,020,076,000

Loans and receivable

The breakdown of this account is as follows:

	2025		2024	
Due from FIST-AMC, Inc.	P	-	P	27,934,066
Other receivables		791,901		882,489
Advances to employees		145,162		-
Real estate mortgage receivable		-		146,835
Other loans		32,892,572		-
	P	33,829,635	P	28,963,390

Due from FIST-AMC represents the proceeds for the redemption of Investment in FIST-AMC. The balance as of December 31, 2024 was fully collected in January 2025.

The maturity profile of Real estate mortgage loan receivable as at December 31, 2025 and 2024 is as follows:

		2025		2024
Due in:				
12 months	P	-	P	146,835
More than 12 months		-		-
	P	-		146,835

Advances to employees are amounts granted to employees which are subject to liquidation or deduction from salaries.

Other receivable includes receivable from trust funds and social security system.

11. Insurance Receivables - Net

The breakdown of this account is as follows:

		2025		2024
Due from agents and brokers	P	760,765,693	P	705,816,970
Reinsurance recoverable on paid losses		258,178,191		180,796,115
Due from ceding companies		63,709,667		54,035,005
Funds held by ceding companies		6,730,871		6,731,982
		1,089,384,422		947,380,072
Allowance for impairment losses		(9,429,536)		(6,593,817)
	P	1,079,954,886	P	940,786,255

Premium receivables have an average term 90 days to 120 days. Premium receivables represent premiums on written policies.

Reinsurance recoverable on paid losses pertains to the Company's receivables from the reinsurers for their share on the losses paid by the Company.

Due from ceding companies and reinsurers pertains to premiums collectible resulting from treaty and facultative acceptances from ceding companies.

Funds held by ceding companies pertain to the portion of the premium withheld by ceding companies in accordance with the reinsurance contracts.

There is no concentration of credit risk with respect to insurance receivables, as the Company has a diverse base of agents, brokers and reinsurers.

The movement in allowance for impairment losses as of December 31, 2025 and 2024 is as follows:

		2025		2024
Balance, beginning of the year	P	6,593,817	P	6,734,725
Provision		2,835,720		-
Accounts written-off		-		(140,908)
Balance, ending of the year	P	9,429,537	P	6,593,817

12. Reinsurance Assets

This account consists of:

	2025		2024
Reserve for reinsurance premium (see Note 19)	P 104,344,930	P	94,575,779
Reinsurance recoverable on unpaid losses (see Note 20)	488,355,116		412,250,263
	P 592,700,046	P	506,826,042

As of December 31, 2025 and 2024, management believes that reinsurance assets are fully recoverable and that no impairment loss is necessary.

13. Investment Properties

The details of investment properties are as follows:

2025		Lots	Land and Building	Condominium units	Total
Acquisition costs					
Balance at beginning of year	P	43,867,000	P 118,866,500	P 159,263,134	P 321,996,634
Reclassification (see Note 18)		(25,867,000)	-	-	(25,867,000)
Balance at end of year	P	18,000,000	P 118,866,500	P 159,263,134	P 296,129,634

2024		Lots	Land and Building	Condominium units	Total
Acquisition cost					
Balance at beginning of year	P	25,867,000	P 104,490,000	P 153,137,667	P 283,494,667
Acquisitions during the year		14,280,000	-	-	14,280,000
Fair value increase (See Note 6)		3,720,000	14,376,500	6,125,467	24,221,967
Balance at end of year	P	43,867,000	P 118,866,500	P 159,263,134	P 321,996,634

Rental income earned from these investment properties amounted to P5,349,600 and P7,350,000 in 2025 and 2024, respectively. (see Note 26)

14. Property and Equipment – Net

The breakdown of this account is as follows:

2025	Condominium units	Condominium Improvement	EDP Equipment	Transportation Equipment	Fixtures and Equipment	Leasehold Improvements	Right-of- Use Asset	Total
Costs								
At January 1, 2025	P 316,747,866	P 6,959,782	P 106,184,990	P 7,587,751	P 8,161,751	P 14,445,046	P 3,993,681	P 464,080,867
Additions	-	-	6,161,605	148,929	1,299,300	5,062,967	-	12,672,801
Disposal/Decrecognition	-	-	-	(59,732)	-	-	-	(59,732)
At December 31, 2025	316,747,866	6,959,782	112,346,595	7,676,948	9,461,051	19,508,013	3,993,681	476,693,936
Accumulated depreciation and and impairment losses								
At January 1, 2025	-	582,666	96,369,969	6,531,508	4,714,067	7,715,071	2,353,802	118,267,083
Depreciation	16,570,940	695,978	5,751,773	126,795	1,044,663	1,337,305	785,103	26,412,557
Disposal/Decrecognition	-	-	-	(59,732)	-	-	-	(59,732)
At December 31, 2025	16,570,940	1,278,644	102,121,742	6,598,571	5,758,730	9,052,376	3,138,905	144,619,998
Net Carrying Value								
At December 31, 2025	P 300,076,926	P 5,681,138	P 10,224,853	P 1,078,377	P 3,702,321	P 10,455,637	P 854,776	P 332,074,028

2024	Condominium units	Condominium Improvement	EDP Equipment	Transportation Equipment	Fixtures and Equipment	Leasehold Improvements	Right-of-Use Asset	Total
Costs								
At January 1, 2024	P 304,565,333	P -	P 103,289,746	P 9,027,318	P 8,247,644	P 13,363,302	P 3,982,833	P 442,476,176
Additions	-	6,959,782	2,895,244	-	1,731,517	1,061,744	-	12,688,287
Revaluation (See Note 6)	12,182,533	-	-	-	-	-	372,401	12,554,934
Disposal/Derecognition	-	-	-	(1,439,567)	(1,817,410)	-	(361,553)	(3,618,530)
At December 31, 2024	316,747,866	6,959,782	106,184,990	7,587,751	8,161,751	14,445,046	3,993,681	464,080,867
Accumulated depreciation and impairment losses								
At January 1, 2024	-	-	88,530,544	7,942,256	5,050,599	6,651,587	1,625,761	109,700,747
Depreciation	9,007,799	582,666	7,839,425	128,819	881,639	1,063,484	1,069,594	20,693,426
Disposal/Derecognition	(9,007,799)	-	-	(1,439,567)	(1,218,171)	-	(361,553)	(12,027,090)
At December 31, 2024	-	582,666	96,369,969	6,531,508	4,714,067	7,715,071	2,353,802	118,267,083
Net Carrying Value								
At December 31, 2024	P 316,747,866	P 6,377,116	P 9,815,021	P 1,056,243	P 3,447,684	P 6,729,975	P 1,639,879	P 345,813,784

Depreciation of property and equipment charged to operations amounted to P26,412,557 in 2025 and P20,593,426 in 2024. (see Note 29)

15. Deferred Acquisition Costs and Deferred Reinsurance Commission

Movements of this account during the year are as follows:

2025	Deferred acquisition cost	Deferred reinsurance commission	Net DAC
Balances, beginning	P 259,786,908	P 19,644,688	P 240,142,220
Net changes in acquisition cost (see Note 28)	9,347,540	10,544,992	(1,197,452)
	P 269,134,448	P 30,189,680	P 238,944,768

2024	Deferred acquisition cost	Deferred reinsurance commission	Net DAC
Balances, beginning	P 227,312,189	P 12,084,764	P 215,227,425
Net changes in acquisition cost (see Note 28)	32,474,719	7,559,924	24,914,796
	P 259,786,908	P 19,644,688	P 240,142,221

As at December 31, 2025 and 2024, management believes that deferred acquisition cost are fully recoverable and that no impairment loss is necessary.

16. Accrued Investment Income

The breakdown of this account is as follows:

	2025	2024
Accrued interest receivable on:		
Held to maturity investment	P 16,465,449	P 14,873,023
Available for sale financial asset	3,828,422	3,748,887
Cash and cash equivalents	481,796	68,500
Short-term investments	48,961	31,502
Dividend receivable	103,125	-
	P 20,927,753	P 18,721,912

17. Other Assets

This account consists of:

	2025	2024
Security deposit	P 11,504,912	P 10,702,574
Prepayments	32,445,389	23,004,651
Security fund	49,051	48,439
	P 43,999,352	P 33,755,664

The description of these accounts is as follows:

- Security deposits consist mainly of rental and utility deposits in relation to the Company's rental of office space and bid deposits in compliance with bidding agreements.
- Prepayments represent deferred input VAT pertaining to 12% indirect tax paid by the Company in the course of the Company's trade or business on local purchase of services and capital goods. These are available for offset against output VAT in subsequent periods.
- Security fund was created under Section 365 of Presidential Decree (PD) No. 612 as amended under PD No. 1640, to be used for payment of allowed claims against insolvent insurance companies. The balance of the fund represents the Company's contribution to the fund. The balance of the fund earns interest at rates determined by the IC annually.

18. Assets Held for Sale

During 2025, the Company reclassified thirteen (13) parcels of land situated in various locations. Management committed to a plan to dispose of these properties and determined that the criteria for classification as non-current assets held for sale has been satisfied.

The parcels of land, previously classified as investment properties, were reclassified to non-current assets held for sale. The carrying amount of these properties amounted to P25,867,000 as of December 31, 2025.

The properties are available for immediate sale in their present condition and are being actively marketed. Management expects the sale to be completed within one (1) year from the date of classification.

19. Reserve for Unearned Premiums

The analysis of this account is as follows:

	2025			2024		
	Direct business	Ceded	Net	Direct business	Ceded	Net
Balances, January 1	P 1,197,604,870	P 94,575,779	P 1,103,029,091	P 1,097,104,725	P 79,488,157	P 1,017,616,568
Policies written						
during the year	2,815,516,860	658,789,922	2,156,726,938	2,512,848,654	542,325,425	1,970,523,229
Premiums earned						
during the year	(2,685,378,182)	(649,020,770)	(2,036,357,412)	(2,412,348,509)	(527,237,803)	(1,885,110,706)
Balances, December 31	P 1,327,743,548	P 104,344,931	P 1,223,398,617	P 1,197,604,870	P 94,575,779	P 1,103,029,091

In accordance with IC circular 2016-67, Premium liabilities for each class of business shall be determined as the higher of Unearned Premium Reserve (UPR) and Unexpired Risk Reserve (URR).

UPR is calculated using the 24th method for all classes of business, on a gross of reinsurance basis. URR is calculated as the best estimate of future obligation, expenses for policy management and claims settlement cost. URR may be estimated as the unearned premium for each class of business multiplied by ultimate loss ratio and adjusted for future expenses.

The actuarial valuation result for premium liabilities for the year ended December 31, 2025 and 2024 is as follows:

	Gross		Net	
	2025	2024	2025	2024
UPR (a)	P 1,327,743,548	P 1,197,604,870	P 1,223,398,617	P 1,103,029,090
URR (b)				
Best Estimate of Future Obligation	678,039,000	568,623,000	598,552,000	517,969,000
Maintenance Expense	59,906,000	55,060,000	59,906,000	55,060,000
Claims Handling Expense	4,804,000	4,301,000	4,804,000	4,301,000
Margin for Adverse Deviation	171,757,534	151,216,669	106,481,721	97,932,357
URR (b)	914,506,534	779,200,669	769,743,721	675,262,357
Premium Liability (whichever is higher between a and b)	P 1,327,743,548	P 1,197,604,870	P 1,223,398,617	P 1,103,029,090

20. Insurance Claims Payable

Outstanding claims will become payable and materialize into claims paid when the amounts of insured losses suffered by policyholders were ascertained and agreed, without any contractual maturity date. The timing of future cash outflow arising from the provision is not ascertainable but is likely to fall within 3 years.

The provision is sensitive to many factors such as interpretation of circumstances, judicial decisions, economic conditions, climatic changes and is subject to uncertainties such as:

- Uncertain as to whether an event has occurred which would give rise to a policyholder suffering an insured loss;
- Uncertainty as to the extent of policy coverage and limits applicable; and
- Uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring.

The analysis of this account is shown below:

	2025			2024		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Balances, January 1	P 767,928,919	P 412,250,263	P 355,678,656	P 614,057,121	P 237,386,811	P 376,670,310
Claims and losses incurred - net of recoveries	1,319,751,720	226,070,230	1,093,681,490	1,156,954,464	107,747,378	1,049,207,086
Provision for incurred but not reported claims	236,077,000	119,830,000	116,247,000	246,238,000	137,449,000	108,789,000
Claims and losses paid - net of reinsurer's share	(1,385,008,065)	(269,795,376)	(1,115,212,689)	(1,249,320,666)	(70,332,926)	(1,178,987,740)
	P 938,749,574	P 488,355,116	P 450,394,458	P 767,928,919	P 412,250,263	P 355,678,656

In accordance with IC circular 2016-67, claims liabilities for both direct business, assumed treaty and reinsurance business shall be calculated as the sum of outstanding claims reserve, claims handling expense and IBNR.

Claims handling expense was computed on a net insurance basis using the Kittle's Refinement to the Classical Paid-to-Paid Ratio Method that explicitly recognized that claims handling expense is incurred as claims are reported, even if no loss payments are made.

Margin for Adverse Deviation (MfAD) is included to allow the inherent uncertainty of the best estimate of the policy reserves and to consider the variability of claims experience with a class of business, the diversification between classes of business and conservatism in the best estimate. MfAD is set to 100% as of December 31, 2025 and 2024.

The actuarial valuation result for Claims liabilities for the year ended December 31, 2025 and 2024 is as follows:

	Gross		Net of Reinsurance	
	2025	2024	2025	2024
Outstanding Claims Reserve	P 601,419,628	P 438,845,982	P 285,779,678	P 208,906,781
Claims Handling Expense	1,146,000	867,000	1,146,000	867,000
Incurred But Not Reported (IBNR)	236,077,000	246,238,000	116,247,000	108,789,000
MfAD	100,106,946	81,977,937	47,221,780	37,115,875
	P 938,749,574	P 767,928,919	P 450,394,458	P 355,678,656

21. Accounts Payable and Other Liabilities

This account consists of:

	2025	2024
Taxes payable	P 193,570,059	P 158,615,372
Commissions payable	187,763,886	155,337,940
Accounts payable	8,357,112	17,733,308
Lease liability (see Note 32)	1,027,483	1,543,463
Access fees payable	-	18,741,105
Other liabilities	96,075,098	85,263,706
	P 486,793,638	P 437,234,894

The terms and conditions of these accounts are as follows:

- Taxes payable consists of documentary stamp tax, output tax, premium tax and other taxes that are usually paid and remitted on the following month.
- Commissions payable are liabilities to brokers and agents for uncollected premiums. The amounts are settled within 12 months.
- Access fees payable are liabilities to network and dental access fees for the rights to the facilities of their accredited hospitals.
- Accounts payable are liabilities for supplies and services that have been provided. The amounts are due and demandable.
- Other liabilities represent government dues which are usually paid and remitted on the following month after the reporting date.

Management believes that the carrying amounts are the reasonable approximation of their fair values as at December 31, 2025 and 2024.

22. Reinsurance Liabilities

The movements of this account are as follows:

	2025		2024	
Balance at the beginning	P	25,602,634	P	11,050,628
Additions		658,789,922		542,325,426
Reductions		(639,930,522)		(527,773,420)
Balance at the end of year	P	44,462,034	P	25,602,634

23. Equity

Share capital

The Company's share capital is as follows:

	2025		2024	
	Shares	Amount	Shares	Amount
Authorized - P10.00				
par value per share	80,000,000	P 800,000,000	80,000,000	P 800,000,000
Issued and outstanding				
Balance at beginning of the year	64,950,000	649,500,000	58,000,000	P 580,000,000
Issued during the year	-	-	6,950,000	69,500,000
Balance at the end of year	64,950,000	P 649,500,000	64,950,000	P 649,500,000

Appropriated Retained Earnings

At the special meeting held on December 5, 2025 and December 20, 2024, the Board of Directors approved the appropriation of the retained earnings for the following purposes:

	2025		2024	
Purchase/repair/refurbishment of office condominium for selected branches	P	60,000,000	P	60,000,000
Renovation of selected branch offices		25,000,000		20,000,000
Investment in financial assets		430,000,000		400,000,000
Purchase of IT equipment, hardware and softwares		85,000,000		50,000,000
	P	600,000,000	P	530,000,000

The above appropriations are expected to be implemented in one to two years.

The BOD authorized the release of previously appropriated Retained earnings to Unappropriated Retained earnings amounting to P530 million.

24. Insurance Contracts – Terms, Assumption and Sensitivities

Terms and Condition

The major classes of general insurance written by the Company include motor, property, casualty, marine and engineering. Risks covered under those policies generally have a duration of 12 months.

For general insurance contracts, claims provisions (comprising provisions for claims reported by policyholders and IBNR claims) are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred and are estimated based on known facts at the reporting date.

The provisions are reviewed quarterly as part of a regular ongoing process as claims experience develops; certain claims are settled and further claims are reported. Outstanding claims provisions are not discounted for the time value of money.

The measurement process primarily includes projections of future claims through the use of historical experience statistics. In certain cases, where there is a lack of reliable historical data on which to estimate claims development, relevant benchmarks of similar business are used in developing claims estimates. Claims provisions are separately analyzed by geographical area and class of business. In addition, claims are usually assessed by loss adjusters.

Assumptions

The measurement of insurance contract liabilities is based on assumptions derived from the Company's historical experience, adjusted to reflect current conditions and expectations of future developments. These assumptions include, among others, estimates of future cash flows arising from claims, such as average claim costs, claim frequency, claim handling expenses, and claims inflation for each accident year.

The Company applies judgment in assessing the extent to which historical trends may not be representative of future experience. This includes consideration of non-recurring events, as well as changes in external factors such as economic conditions, market developments, public behavior relating to claims, judicial decisions, and regulatory or legislative changes.

Internal factors are also considered in the determination of assumptions, including changes in portfolio mix, underwriting practices, policy terms and conditions, and claims handling procedures.

Key assumptions further reflect the time value of money and financial risks, including variations in discount rates, the timing of claims settlement, and exposure to foreign currency exchange rate movements, where applicable.

Sensitivities

The general insurance claims provision is sensitive to key assumptions. The sensitivity of certain assumptions, such as legislative changes, uncertainty in the estimation process, and delays between the occurrence and reporting of claims, cannot be quantified with certainty at the reporting date. Due to these uncertainties, the ultimate liabilities may vary as a result of subsequent developments. Any differences arising from reassessments of ultimate liabilities are recognized in subsequent financial statements.

The sensitivity analysis below has been prepared to illustrate the impact of reasonably possible changes in key assumptions, with all other assumptions held constant, on profit or loss and other comprehensive income. Assumptions may be interrelated and may not change independently; accordingly, the resulting impact may not be linear. Therefore, the results of the sensitivity analysis should be interpreted with care.

The figures presented below demonstrate the effect of a 5% variation in the loss ratio in determining the estimated ultimate liabilities.

Loss Development Table

Loss development table for the year 2025 and 2024, gross and net of the reinsurer's share is as follows:

Accident Year	Gross Insurance Contract Liabilities in 2025										Total	
	2015 and prior	2016	2017	2018	2019	2020	2021	2022	2023	2024		2025
Estimate of Ultimate Claim Cost												
End of Accident year	P 444,191,719	P 414,934,912	P 243,827,943	P 186,309,818	P 429,781,016	P 684,217,435	P 608,208,305	P 934,699,816	P 992,980,968	P 1,324,720,523	P 1,347,168,189	
One year later	848,017,418	550,145,708	285,938,019	348,114,040	594,428,306	696,621,862	919,459,016	984,125,844	1,033,585,727	1,471,050,080	-	P 1,471,050,080
Two years later	951,737,381	562,726,212	317,785,472	356,578,934	624,203,652	899,107,574	990,782,167	1,064,895,713	-	-	-	1,064,895,713
Three years later	964,816,288	563,847,155	309,427,280	361,410,663	630,038,328	684,459,661	921,528,656	1,008,351,746	-	-	-	1,008,351,746
Four years later	967,299,398	563,950,863	309,421,380	362,346,384	634,072,278	688,589,130	926,780,656	-	-	-	-	926,780,656
Five years later	968,099,686	563,928,509	309,421,380	363,444,747	637,869,082	688,589,130	-	-	-	-	-	688,589,130
Six years later	968,115,290	563,928,509	309,421,380	363,833,654	637,869,082	-	-	-	-	-	-	637,869,082
Seven years later	968,115,290	563,928,509	309,421,380	363,833,654	-	-	-	-	-	-	-	363,833,654
Eight years later	968,115,290	563,928,509	309,421,380	-	-	-	-	-	-	-	-	309,421,380
Nine years later	968,115,290	563,928,509	-	-	-	-	-	-	-	-	-	563,928,509
Ten years later	968,115,290	-	-	-	-	-	-	-	-	-	-	968,115,290
Total	968,115,290	563,928,509	309,421,380	363,833,654	637,869,082	688,589,130	926,780,656	1,008,351,746	1,064,895,713	1,471,050,080	1,347,168,189	9,349,943,429
Cummulative Payments to Date	968,115,290	563,928,509	309,421,380	363,833,654	637,869,082	688,589,130	915,699,169	999,946,962	1,042,126,325	994,337,328	927,327,026	8,411,193,655
Liability Recognized in the Statement of Financial Position	P -	P -	P -	P -	P -	P -	P -	P 8,404,784	P 22,709,388	P 476,712,752	P 419,841,163	P 938,749,574

Accident Year	Gross Insurance Contract Liabilities in 2024										Total	
	2014 and prior	2015	2016	2017	2018	2019	2020	2021	2022	2023		2024
Estimate of Ultimate Claim Cost												
At the End of Accident Year	P 341,147,618	P 103,044,101	P 414,934,912	P 243,827,943	P 186,309,818	P 429,781,016	P 684,217,435	P 608,208,305	P 934,699,816	P 992,980,968	P 1,324,720,523	P 1,347,168,189
One Year Later	685,070,949	162,946,469	550,145,708	285,938,019	348,114,040	594,428,306	696,621,862	919,459,016	984,125,844	1,033,585,727	-	1,033,585,727
Two Years Later	773,073,659	178,663,722	562,726,212	317,785,472	356,578,934	624,203,652	899,107,574	990,782,167	-	-	-	990,782,167
Three Years Later	784,172,073	180,644,215	563,847,155	309,427,280	361,410,663	630,038,328	684,459,661	921,528,656	-	-	-	921,528,656
Four Years Later	785,327,912	181,971,486	563,950,863	309,421,380	362,346,384	634,072,278	688,589,130	-	-	-	-	688,589,130
Five Years Later	785,701,158	182,398,528	563,928,509	309,421,380	363,444,747	637,869,082	-	-	-	-	-	637,869,082
Six Years Later	785,716,762	182,398,528	563,928,509	309,421,380	363,833,654	-	-	-	-	-	-	363,833,654
Seven Years Later	785,716,762	182,398,528	563,928,509	-	-	-	-	-	-	-	-	309,421,380
Eight Years Later	785,716,762	182,398,528	563,928,509	-	-	-	-	-	-	-	-	563,928,509
Nine Years Later	785,716,762	182,398,528	-	-	-	-	-	-	-	-	-	182,398,528
Ten Years Later	785,716,762	-	-	-	-	-	-	-	-	-	-	785,716,762
Total	785,716,762	182,398,528	563,928,509	309,421,380	363,833,654	637,869,082	688,589,130	921,528,656	980,782,167	1,033,585,727	1,324,720,523	7,802,374,118
Cummulative Payments to Date	785,716,762	182,398,528	514,858,116	309,421,380	362,950,208	637,869,082	688,589,130	908,157,476	985,576,265	887,819,638	671,088,614	7,034,445,199
Liability Recognized in the Statement of Financial Position	P -	P -	P 48,070,393	P -	P 883,446	P -	P -	P 13,371,180	P 5,205,902	P 45,766,089	P 653,631,909	P 767,928,919

Accident Year	Net Insurance Contract Liabilities in 2025											Total	
	2015 and prior	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
Estimate of Ultimate Claim Cost													
End of Accident year	P 363,845,053	P 414,859,942	P 243,722,869	P 185,847,545	P 429,598,843	P 557,615,473	P 514,740,808	P 766,489,972	P 973,945,614	P 1,115,973,730	P 1,131,169,256	P	1,131,169,256
One year later	712,875,709	515,506,005	285,798,610	347,322,073	594,273,527	611,123,980	592,697,818	840,933,227	1,011,364,392	1,139,776,305	-	-	1,139,776,305
Two years later	753,121,804	562,708,478	307,644,010	355,786,967	623,993,069	605,640,387	612,080,236	847,470,869	1,034,119,543	-	-	-	1,034,119,543
Three years later	766,788,064	563,828,422	309,285,818	360,618,696	629,234,039	605,738,458	596,048,702	860,284,549	-	-	-	-	860,284,549
Four years later	768,024,056	563,932,129	309,279,917	361,554,417	633,117,201	608,782,373	597,581,225	-	-	-	-	-	597,581,225
Five years later	768,626,679	563,909,776	309,279,917	362,652,780	636,914,005	608,782,373	-	-	-	-	-	-	608,782,373
Six years later	768,628,850	563,909,776	309,279,917	363,041,687	636,914,005	-	-	-	-	-	-	-	636,914,005
Seven years later	768,628,850	563,909,776	309,279,917	363,041,687	-	-	-	-	-	-	-	-	363,041,687
Eight years later	768,628,850	563,909,776	309,279,917	-	-	-	-	-	-	-	-	-	309,279,917
Nine years later	768,628,850	563,909,776	-	-	-	-	-	-	-	-	-	-	563,909,776
Ten years later	768,628,850	-	-	-	-	-	-	-	-	-	-	-	768,628,850
Total	768,628,850	563,909,776	309,279,917	363,041,687	636,914,005	608,782,373	597,581,225	860,284,549	1,034,119,543	1,139,776,305	1,131,169,256	-	8,013,487,486
Cumulative Payments to Date	768,628,850	563,909,776	309,279,917	363,041,687	636,914,005	597,471,770	853,594,450	1,017,050,484	951,892,832	892,526,885	-	-	7,563,093,029
Liability Recognized in the													
Statement of Financial Position	P - - P	- - P	- - P	- - P	- - P	- - P	109,455 P	6,690,099 P	17,069,059 P	187,863,473 P	238,642,371 P	-	450,394,457

Accident Year	Net Insurance Contract Liabilities in 2024											TOTAL	
	2014 and prior	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
Estimate of Ultimate Claim Cost													
At the End of Accident Year	P 265,092,218	P 98,752,834	P 414,859,942	P 243,722,869	P 185,847,645	P 429,598,843	P 567,615,473	P 514,740,808	P 766,489,972	P 973,945,614	P 1,115,973,730	P	1,115,973,730
One Year Later	555,432,118	157,443,591	515,506,005	285,798,610	347,322,073	594,273,527	611,123,980	592,697,818	840,933,227	1,011,364,392	-	-	1,011,364,392
Two Years Later	580,527,795	172,594,009	562,708,478	307,644,010	355,786,967	623,993,069	605,640,387	612,080,236	847,470,869	-	-	-	847,470,869
Three Years Later	592,121,103	174,574,952	563,828,422	309,285,818	360,618,696	629,234,039	605,738,458	596,048,702	-	-	-	-	596,048,702
Four Years Later	592,121,823	175,902,233	563,932,129	309,279,917	361,554,417	633,117,201	608,782,373	-	-	-	-	-	608,782,373
Five Years Later	592,297,405	176,329,274	563,909,776	309,279,917	362,652,780	636,914,005	-	-	-	-	-	-	636,914,005
Six Years Later	592,299,576	176,329,274	563,909,776	309,279,917	363,041,687	-	-	-	-	-	-	-	636,914,005
Seven Years Later	592,299,576	176,329,274	563,909,776	309,279,917	-	-	-	-	-	-	-	-	363,041,687
Eight Years Later	592,299,576	176,329,274	563,909,776	-	-	-	-	-	-	-	-	-	309,279,917
Nine Years Later	592,299,576	176,329,274	-	-	-	-	-	-	-	-	-	-	563,909,776
Ten Years Later	592,299,576	176,329,274	-	-	-	-	-	-	-	-	-	-	176,329,274
Total	592,299,576	176,329,274	563,909,776	309,279,917	363,041,687	636,914,005	608,782,373	596,048,702	847,470,869	1,011,364,392	1,115,973,730	-	6,821,414,301
Cumulative Payments to Date	592,299,576	176,329,274	514,859,116	309,279,917	363,041,687	636,914,005	608,782,373	595,600,637	843,756,169	980,633,041	844,240,850	-	6,465,735,645
Liability Recognized in the													
Statement of Financial Position	P - - P	- - P	- - P	- - P	- - P	- - P	- - P	448,055 P	3,714,700 P	30,731,351 P	271,732,880 P	-	355,678,556

25. Premiums

Analysis of premiums is as follows:

2025	Direct		Total	Ceded	Net premiums	
	Business	Assumed			Retained	
Premiums written	P 2,738,929,032	P 76,587,827	P 2,815,516,859	P 658,789,921	P 2,156,726,938	
Changes in unexpired risk	(131,019,217)	880,540	(130,138,677)	(9,769,151)	(120,369,526)	
Net	P 2,607,909,815	P 77,468,367	P 2,685,378,182	P 649,020,770	P 2,036,357,412	

2024	Direct		Total	Ceded	Net premiums	
	Business	Assumed			Retained	
Premiums written	P 2,432,208,326	P 80,640,328	P 2,512,848,654	P 542,325,426	P 1,970,523,228	
Changes in unexpired risk	(100,742,086)	241,941	(100,500,145)	(15,087,623)	(85,412,522)	
Net	P 2,331,466,240	P 80,882,269	P 2,412,348,509	P 527,237,803	P 1,885,110,706	

26. Investment and Other Income - net

Sources of investment income and other income are as follows:

	2025	2024
Interest income on:		
Cash equivalents (see Note 8)	P 7,978,753	P 6,921,921
Short term investments (see Note 9)	97,921	63,010
Financial assets (see Note 10)		
Available for sale debt securities	25,585,862	28,734,407
Held to maturity debt securities	59,212,616	53,235,996
Dividend income (see Note 10)	16,224,009	10,589,419
Mark-to-market gain on FVPL investment (see Note 10)	2,110,648	14,610,459
Gain on sale of AFS investments	2,701,257	5,508,188
Loss on disposal of investment property	15,500	(7,738)
Gain on foreign exchange	3,142,691	5,916,036
Rental income (see Note 13)	5,349,600	7,350,000
Other income	797,961	1,231,569
	P 123,216,818	P 134,153,266

27. Claims, Losses and Adjustment Expenses

Analysis of claims, losses and adjustment expenses paid is as follows:

	2025	2024
Insurance claims, losses and adjustment expenses paid - net of salvages and recoveries (see Note 20)	P 1,385,008,065	P 1,249,320,666
Paid Insurance claims, losses and adjustment expenses	(269,795,376)	(70,332,926)
Net benefits claims, losses and adjustment expenses paid (Note 20)	1,115,212,689	1,178,987,740
Changes in insurance claims payable		
Claims and losses payable	162,573,647	163,397,210
Change in provision for IBNR	8,247,008	(9,525,412)
Total change in insurance claims payable	170,820,655	153,871,798
Changes in reinsurers' share of claims, losses and adjustment expenses	(76,104,853)	(174,863,452)
	94,715,802	(20,991,654)
Net Insurance benefits and claims	P 1,209,928,491	P 1,157,996,086

28. Commission Expense and Commission Income

The composition of this account is as follows:

	2025		2024	
	Commission expense	Commission income	Commission expense	Commission income
Direct business	P 564,264,675	P -	P 532,050,261	P -
Reinsurance business	4,817,782	56,599,070	4,634,449	46,127,962
Total	569,082,457	56,599,070	536,684,710	46,127,962
Increase/(Decrease) in DAC/DRC (see Note 15)	(9,347,540)	(10,544,992)	(32,474,719)	(7,559,924)
	P 559,734,916	P 46,054,078	P 504,209,990	P 38,568,038

Standard commission rate for direct and reinsurance business ranges from 17.5% to 50%.

29. General and Administrative Expenses

General and administrative expenses consist of:

	2025	2024
Salaries, allowances and other benefits	P 139,481,062	P 141,736,992
Transportation, communication and postage	30,173,214	23,897,008
Depreciation (see Note 14)	26,412,557	20,593,426
Representation and entertainment	15,039,987	9,087,119
Information and technology expense	13,718,533	13,200,833
Agency development expenses	10,053,372	8,526,989
Rental (see Note 32)	8,719,260	7,983,139
Supplies	7,949,462	7,222,075
Taxes and licenses	7,258,047	15,210,340
Professional fees	6,806,221	5,674,944
Condominium dues	6,314,807	4,920,481
Utilities	4,012,596	4,691,548
Trust fees and bank charges	3,650,633	4,068,973
Advertising	2,641,186	1,484,456
Pension expense (see Note 30)	859,956	638,926
Insurance	531,756	345,971
Repairs and maintenance	395,945	2,148,815
Professional development	151,542	50,232
Miscellaneous	10,559,757	17,357,257
	P 294,729,892	P 288,839,525

Miscellaneous expenses consist of dues and subscriptions, bidding expenses, Christmas party expenses, bereavement pays, and office sanitation.

30. Pension Liability

The Company maintains a non-contributory defined benefit plan covering all regular and permanent employees. Benefits are based on the employee's final plan salary and years of service. At regular intervals, an actuarial valuation is made to determine if the retirement benefits due to the employee is not below the framework of Republic Act 7641, otherwise known as "Retirement Pay Law". The Company provides additional post employment healthcare benefits to the employees which are also unfunded.

The following information summarizes the components of defined benefit costs, the funded status and the amounts recognized as defined benefit liability.

The retirement benefits expense recognized in the statement of income is as follows:

		2025		2024
Current service cost	P	293,457	P	276,852
Net interest cost		566,499		362,074
	P	859,956	P	638,926

Remeasurement gain recognized in OCI consists of the following:

		2025		2024
Balance, January 1	P	2,211,836	P	2,286,216
Remeasurement gain (loss) recognized in OCI		30,579		(99,173)
		2,242,415		2,187,043
Effect of deferred tax		(7,645)		24,793
Balance, December 31	P	2,234,770	P	2,211,836

The changes in pension liability are as follows:

		2025		2024
Balance, January 1	P	11,552,379	P	10,814,279
Retirement expense recognized in profit or loss		859,956		638,927
Remeasurement (gain) loss recognized in OCI		(30,579)		99,173
Balance, December 31	P	12,381,756	P	11,552,379

Actuarial assumptions used to determine retirement benefits are as follows:

	2025	2024
Discount rate	6.09%	6.13%
Salary rate increase	3.00%	3.00%
Mortality rate	2017 PICM	2017 PICM
Disability rate	1952 Disability Study, Period 2, Benefit 5	1952 Disability Study, Period 2, Benefit 5
Turnover rate	A scale ranging from 12% at age 18 to 0% at age 65	A scale ranging from 12% at age 18 to 0% at age 65

The sensitivity analysis based on reasonably possible changes of each significant assumption on the defined benefit liabilities as of December 31, 2025 and 2024 is as follows:

		2025		2024
Discount rate				
Decrease by 1%	P	12,606,881	P	11,791,177
Increase by 1%		(12,176,611)		(11,334,739)
Salary rate increase				
Decrease by 1%		(12,112,800)		(11,275,363)
Increase by 1%		12,669,789		11,849,719

The average year of service is 30.13 in 2025 and 29.13 in 2024.

The maturity profile of the undiscounted benefit payments based on normal retirements for the year 2025 and 2024:

	2025	2024
One to less than five years	P 11,653,063	P 11,270,387
More than 5 years to 10 years	649,425	630,350
More than 10 years to 20 years	3,456,632	3,317,296
More than 25 years to 30 years	-	-

The average duration of the expected benefit payments at the end of the reporting period is 2.01 years in 2025 and 2.33 years in 2024.

31. Income Taxes

The major components of provision for income tax for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Current		
Regular/MCIT	P 11,507,578	P 5,291,264
Final	19,184,706	17,998,851
Deferred	(5,849,588)	5,275,026
	P 24,842,696	P 28,565,142

The reconciliation of tax on pretax income computed at the applicable statutory rates to tax expense is as follows:

	2025	2024
Statutory income tax	P 29,747,915	P 28,401,820
Adjustments for:		
Non-taxable income and income subjected to final tax	(28,648,144)	(12,198,808)
Nondeductible expense/taxable other income	2,627,633	900,450
Unrecognized temporary differences	21,115,292	11,461,680
Actual provision for income tax	P 24,842,696	P 28,565,142

Significant component of Company of deferred tax assets and liabilities recognized in the financial statements is as follows:

	2025	2024
Deferred tax assets		
Claims and losses incurred but not reported (IBNR)	P 41,153,695	P 36,692,969
Allowance for impairment of financial assets	2,357,384	1,648,454
Effect of PFRS 16	43,177	56,581
	43,554,256	38,398,004
Deferred tax liabilities		
Unrealized foreign exchange gain	785,673	1,479,009
Unrealized fair value gain on property and equipment and investment property	70,527,504	72,449,766
Remeasurement gains on pension liability	744,924	737,279
	72,058,101	74,666,055
Net deferred tax for liability	P (28,503,845)	P (36,268,051)

The movements of deferred tax assets and liabilities are as follows:

	2025					
	Beginning	Changes taken to		Ending		
		Profit and loss	Equity			
Deferred tax assets	P 38,398,004	P 5,156,252	P -	P		P 43,554,256
Deferred tax liabilities	74,666,055	693,336	1,914,618			72,058,101
	P (36,268,051)	P 5,849,588	P 1,914,618	P		P (28,503,845)

	2024					
	Beginning	Changes taken to		Ending		
		Profit and loss	Equity			
Deferred tax assets	P 36,881,966	P 1,516,038	P -	P		P 38,398,004
Deferred tax liabilities	62,602,200	(6,791,062)	(5,272,793)			74,666,055
	P (25,720,234)	P (5,275,024)	P (5,272,793)	P		P (36,268,051)

32. Other Significant Matters

Deferral of adoption of PFRS 9

In 2025 and 2024, the Company continues to apply the temporary exemption from PFRS 9 as permitted by the amendments to PFRS 4 Applying PFRS 9 with PFRS 4 issued in 2016. The temporary exemption from applying the PFRS 9 is applicable until the mandatory effectivity of PFRS 17 for entities whose activities are predominantly connected with issuing contracts within the scope of PFRS 4. The predominance test, as required by the standard, was performed using the Statement of financial position as of December 31, 2017. Accordingly, the Company's gross liabilities arising from insurance contracts within the scope of PFRS 4 is equivalent to 83% of the total carrying amount of all its liabilities. No re-assessments have been performed at subsequent date because there was no substantial change in the business of Company that would require such re-assessment.

As the Company is eligible to apply the temporary exemption from applying PFRS 9, the Board of Directors decided to align the effective date of PFRS 9 to the mandatory adoption date of PFRS 17. The following information on fair value disclosure, credit risk exposure and credit concentrations are presented as required by the amended standard.

- (i) The fair value of financial assets as at December 31, 2025 and 2024 classified between those that meet and those that does not meet the Solely Payment of Principal and Interest (SPPI) criteria and the changes in fair value are presented below:

	Fair values as of December 31, 2025		Fair values as of December 31, 2024	
	Meets the SPPI test	Does not meet the SPPI test	Meets the SPPI test	Does not meet the SPPI test
Cash and cash equivalents	P 419,200,770	P -	P 167,012,979	P -
Short-term investments	6,349,667	-	6,425,006	-
HTM	987,535,271	-	1,031,028,785	-
AFS	359,928,209	189,259,874	355,355,674	194,095,476
Loans and receivables	33,829,696	-	28,963,390	-
Insurance-related receivables	1,507,299,000	-	1,298,863,348	-
Accrued investment income	20,927,753	-	18,721,912	-
Other receivables	3,829,635	-	10,751,013	-
	P 3,338,900,001	P 189,259,874	P 2,917,122,107	P 194,095,476

Financial assets that meet the SPPI criteria in PFRS 9 are those whose cash flows comprise solely payments of principal and interest on principal outstanding.

(ii) Information about the credit risk exposure of financial assets that meets the SPPI test is as follows:

As of December 31, 2025						
	Neither Past Due nor Impaired		Past Due but		Total	
	Rated	Unrated	Unimpaired	Impaired		
Cash and cash equivalents	P -	P 419,200,770	P -	P -	P 419,200,770	
Short-term investments	-	6,349,667	-	-	6,349,667	
HTM	987,535,271	-	-	-	987,535,271	
AFS	119,931,265	239,996,944	-	-	359,928,209	
Loans and receivables	-	33,829,696	-	-	33,829,696	
Accrued investment income	-	20,927,753	-	-	20,927,753	
Insurance-related receivables	-	1,568,310,003	-	-	1,568,310,003	
Other receivables	-	11,553,963	-	-	11,553,963	
	P 1,107,466,536	P 2,300,168,796	P -	P -	P 3,407,635,332	

As of December 31, 2024						
	Neither Past Due nor Impaired		Past Due but		Total	
	Rated	Unrated	Unimpaired	Impaired		
Cash and cash equivalents	P -	P 167,012,979	P -	P -	P 167,012,979	
Short-term investments	-	6,425,006	-	-	6,425,006	
HTM	1,031,028,785	-	-	-	1,031,028,785	
AFS	133,790,181	221,565,493	-	-	355,355,674	
Loans and receivables	-	28,963,390	-	-	28,963,390	
Accrued investment income	-	18,721,912	-	-	18,721,912	
Insurance-related receivables	-	1,298,863,348	-	-	1,298,863,348	
Other assets	-	10,751,013	-	-	47,685,302	
	P 1,164,818,966	P 1,752,303,141	P -	P -	P 2,954,056,396	

The ratings used above is consistent with the ratings used in Note 7.

(iii) Information about the credit concentration of financial assets that meets the SPPI test is as follows:

December 31, 2025					
	Government	Financial		All others	Total
		Institutions			
Cash and cash equivalents	P -	P 419,200,770		P -	P 419,200,770
Short-term investments	-	6,349,667		-	6,349,667
FVPL					
HTM	713,025,271	-		274,510,000	987,535,271
AFS	239,996,944	119,931,265		-	359,928,209
Loans and receivables	-	-		33,829,696	33,829,696
Accrued investment income	-	-		20,927,753	20,927,753
Insurance-related receivables	-	-		1,568,310,003	1,568,310,003
Other assets	-	-		11,553,963	11,553,963
	P 953,022,215	P 545,481,702		P 1,909,131,415	P 3,407,635,332

	December 31, 2024						
	Government		Financial Institutions		All others		Total
Cash and cash equivalents	P	-	P	167,012,979	P	-	P 167,012,979
Short-term investments		-		6,425,006		-	6,425,006
FVPL							
HTM		708,547,800		3,000,000		319,480,985	1,031,028,785
AFS		221,565,493		133,790,181		-	355,355,674
Loans and receivables						28,963,390	28,963,390
Accrued investment income						18,721,912	18,721,912
Insurance-related receivables		-		-		1,298,863,348	1,298,863,348
Other assets		-		-		10,751,013	10,751,013
	P	930,113,293	P	290,607,172	P	1,879,746,106	P 2,917,122,107

Contingencies

In the normal course of business, the Company may become defendant in lawsuits involving settlement of insurance claims. The Company recognized adequate provisions in its books to cover possible losses that may be incurred on these claims. In the opinion of management, liabilities arising from these claims, if any, will not have material effect on the Company's financial position and will have no material impact in the financial statements, taken as a whole.

Leases

The Company is party to various agreements to lease properties that are used as head office and branches. The lease terms ranges from 1 to 2 years renewable at the option of both parties. Among others, the lease agreement has the following terms and condition:

- Payment of fixed monthly rent for a period of 1 to 2 years
- Payment of security deposit and advance rental
- Annual escalation of rental rates

The table below presents the expenses related to the Company's lease arrangements as reported in the statement of income.

	2025		2024	
Rent Expense				
Short term leases	P	8,719,260	P	7,983,139
Depreciation of right-of-use asset		1,058,712		1,089,594
Interest expense on lease liability		326,228		195,718
	P	10,104,199	P	9,268,451

As of December 31, 2025 and 2024, the carrying amount of right-of-use asset amounted to P854,776 and P1,639,879, respectively. (see Note 14)

The maturity profile of lease liabilities as of December 31, 2025 and 2024 is as follows:

	2025		2024	
Due in:				
12 months	P	499,036	P	889,062
More than 12 months		528,447		654,401
	P	1,027,483	P	1,543,463

Current and non-current distinction

The Company's current assets and current liabilities are presented below:

	2025		2024	
	Current assets	Non-current assets	Current assets	Non-current assets
Cash and cash equivalents	P 452,525,740	P -	P 206,339,255	P -
Fair value through profit or loss	158,298,986	-	121,853,387	-
Available-for-sale	549,188,083	-	549,451,150	-
Held to maturity investments	-	987,535,271	52,476,000	978,552,785
Loans and receivables	33,829,635	-	28,963,390	-
Short term investments	6,349,667	-	6,425,006	-
Other assets	32,445,389	11,553,963	23,004,651	10,751,013
Insurance receivables	1,079,954,886	-	940,786,255	-
Reinsurance assets	592,700,046	-	506,826,042	-
Accrued investment income	20,927,753	-	18,721,912	-
Investment properties	-	296,129,634	-	321,996,634
Property and equipment	-	332,074,028	-	336,805,985
Asset held for sale	25,867,000	-	-	-
Deferred acquisition costs	269,134,448	-	259,786,908	-
	P 3,221,221,633	P 1,627,292,896	P 2,714,633,956	P 1,648,106,417

	2025		2024	
	Current liabilities	Non-current liabilities	Current liabilities	Non-current liabilities
Accounts payable and other liabilities	P 485,766,155	P 1,027,483	P 436,580,494	P 6,543,400
Reinsurance liabilities	44,462,034	-	25,602,634	-
Insurance claims payable	938,749,574	-	767,928,919	-
Reserve for unearned premiums	1,327,743,548	-	1,197,604,870	-
Deferred tax liability	-	28,503,845	-	36,268,051
Pension liability	-	12,381,756	-	11,552,379
Deferred reinsurance commission	30,189,680	-	19,644,688	-
	P 2,826,910,991	P 41,913,084	P 2,447,361,605	P 48,474,830

The Company classifies all other assets and liabilities as non-current.

An asset is current when it is:

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

The Company classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in norm
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the end of the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the end of the reporting period.

The Company classifies all other liabilities as non-current.

Reclassification

Certain accounts in 2024 financial statements were reclassified to conform with 2025 financial statement presentation.

Non-cash Investing and Financing Activities

The Company's non-cash investing and financing activities in 2025 and 2024 are as follows:

- Transfer of P600 million from Unappropriated retained earnings to Appropriated retained earnings and release of Appropriated retained earnings to Unappropriated retained earnings of P530 million. (see Note 23)
- Reclassification of investment property to asset held for sale amounting to P25,867,000 in 2025.

33. Supplementary Information Required Under Revenue Regulations 15-2010

The Bureau of Internal Revenue (BIR) issued Revenue Regulations 15-2010 which requires additional tax information to be disclosed in the Notes to Financial Statements. The following information covering the calendar year ended December 31, 2025 is presented in compliance thereto.

- The details of VAT output tax declared in the Company's 2025 VAT returns and their related accounts are as follows:

	Amount subject to VAT		Output tax	
Premiums	P	1,970,290,422	P	236,434,851

- The VAT input tax claimed is broken down as follows:

Balance at the beginning of the year	P	-
Current year' domestic purchases/payments for:		
Goods		4,079,278
Services		130,388,511
Applied against output tax		(134,467,789)
	P	-

- The premium tax on personal accident insurance paid and accrued amounted to P9,826,544.
- Documentary stamp taxes paid and accrued during the year amounted to P190,298,534, relating to insurance policies.
- The fire service tax paid and accrued for insurance policies amounted to P12,089,760.
- The withholding tax paid/accrued, by category are as follows:

Tax on compensation and benefits	P	7,686,089
Expanded withholding tax		65,404,285

- The details of taxes and licenses presented under administrative expenses in the Company's statement of income are as follows:

Local	
Community tax	P 21,791
Local government taxes	1,253,089
National	
IC supervision and filing fees	416,081
Other regulatory fees and licenses	5,567,086
	P 7,258,047